

Bank of Bahrain and Kuwait B S C

Fair Practice Code for Lenders

Bank of Bahrain & Kuwait BSC, with a view to setting out Fair Lending Practices in a transparent manner has adopted the following Fair Practice Code in relation to its lending activities.

The Fair Practices code applies to the following areas:

- Application for loans and their processing
- Loan appraisal and terms / conditions
- Disbursement of loans including changes in terms and conditions
- Post disbursement supervision.
- Other general provisions.

1. Applications for loans and their processing:

A. Retail Customers –

- i. The loan application forms would include information about the fees / charges, if any, payable for processing, the amount of such fees refundable in case of non-acceptance of the application, prepayment options including additional charges payable for such prepayment.
- ii. The loan application will be made available to the customer on request at free of cost.
- iii. The receipt of every loan application would be acknowledged
- iv. After verifying the documents, in case additional details / information / documents are required, the Bank would intimate the borrower immediately.
- v. In case of applications for loans within Rs.2 lacs, the Bank would dispose of the loan application, within 4 weeks of receiving full information / details / documents. .

B. Corporate and MSME customers –

- i. The credit facilities are provided based on customer selection and risk assessment for these segments.
- ii. The loan application form for MSME customers as per Annexure “A” upto Rs.10 MM will be made available for customers free of cost.
- iii. In respect of all other loans there is no standardized application form for the time being.
- iv. After verifying the documents, in case, additional details / information / documents are required, the Bank would intimate the borrower immediately.

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2. Loan appraisal and terms / conditions:

- i. Loan application submitted by the Borrower will be processed as per bank's policy guidelines.
- ii. Margin and security stipulation is not taken as substitute for due diligence on credit worthiness of the borrower.
- iii. The sanction of credit limit along with the terms and conditions thereof will be conveyed in writing and borrower's acceptance of such terms and conditions (mentioning clearly that the acceptance is given with his full knowledge) in writing will be kept on record.
- iv. A copy of the loan agreement along with a copy each of all enclosures quoted in the loan agreement would be furnished to the borrower.
- v. Terms and conditions and other caveats governing credit facilities given by the Bank after negotiation would be reduced in writing and duly certified copy of the same by the authorized official along with copy of the loan agreement with copies of all enclosure furnished to the borrower.
- vi. Approval or disallowance of facilities, such as, drawings beyond the sanctioned limit / honoring the cheques issued for the purpose other than specifically agreed to in the credit sanction / disallowing drawings on a borrowal account on its classification as a non performing asset or on account of non compliance with the terms and conditions of sanction etc. would be solely at the discretion of the Bank.
- vii. Any enhancement of credit limits is at the discretion of the Bank after taking a review of the credit limits sanctioned.
- viii. The Bank does not have an obligation to meet further credit needs of the borrowers on account of growth in business etc. without proper review of credit facilities.
- ix. In case of lending under consortium arrangement, the participating banks would decide the timeframe to complete appraisal of the proposal and communicate the decision to the applicant. The Bank will abide by the decision of the consortium.

3. Disbursement of loans including changes in terms and conditions:

- i. The Bank would ensure timely disbursement of loans sanctioned in conformity with the terms and conditions of the sanction.
- ii. The Bank would give notice of 30 days, any changes in terms and conditions including interest rates, service charges etc. to the borrower concerned.
- iii. The Bank would also ensure that the changes in interest rates and charges are effected only prospectively.
- iv. Consequent upon such changes any supplemental deeds documents or writing are required to be executed, the same shall also be advised to the Borrower.

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- v. Further, availability of facility will be subject to execution of such deeds, documents or writings.
- vi. The Bank would notify clearly about the default interest / penal interest rate to the customer.

4. Post disbursement supervision:

- i. The bank would carry out post-disbursement supervision in accordance with normal banking practice, the terms of sanction, and the guidelines issued by the Reserve Bank of India from time to time.
- ii. Before taking a decision to recall / accelerate payment or performance under the agreement or seeking additional securities, the bank would give notice to borrowers, for a period as specified in the loan agreement or a reasonable period if no such condition exists in the loan agreement.
- iii. All securities pertaining to the loan would be released on receipt of full and final payment of the loans subject to any legitimate right of lien for any other claim that the Bank may have against borrowers or as guarantors.
- iv. If such right of set off is to be exercised, borrowers shall be given due and proper notice with requisite details.

5. General:

- i. The bank would refrain from interference in the affairs of the borrowers except for what is provided in the terms and conditions of the loan sanction documents (unless new information, not earlier disclosed by the borrower, has come to the notice of the Bank).
- ii. This however does not imply that the bank's right of recovery and enforcement of security under law as well as appointment of nominee directors, where required, is affected by this commitment.
- iii. The Bank will not discriminate on the grounds of sex, caste and religion in the matter of lending. However, this does not preclude the Bank from participating in credit-linked schemes framed for weaker sections of the society.
- iv. In the matter of recovery of loans, the bank would not resort to undue harassment or use of force.
- v. When a request for transfer of borrowal account is received, either from the borrower or from a bank / financial institution which proposes to take-over the account, the consent or otherwise i.e., objection of the bank, if any, would be conveyed within 21 days from the date of receipt of such request.

6. Grievance Redressal Mechanism:

In case of any complaints / grievances / disputes etc, the applicant / borrower may contact:

- i. The respective Branch Managers at Hyderabad / Aluva / New Delhi.



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- ii. Vice-President - Operations, at Mumbai Office
- iii. The Country Head & CEO-India at Mumbai Office.

The Bank would ensure that a response is provided within a period of 15 days.