



# **BANK'S FAIR PRACTICES CODE**

**April 2014**

## **Fair Practices Code for ICICI Bank**

The Fair Practices Code for ICICI Bank seeks to provide transparency and clarity to the Bank's borrowers with regard to their transactions with the Bank.

These guidelines relate only to the domestic banking business of ICICI Bank. The guidelines for the international business would be separately framed in line with lenders' liability laws and regulations applicable in various countries where ICICI Bank has established or proposes to establish a presence.

### **1. Loan applications and processing**

The loan application forms would be comprehensive to include information about processing fees and other charges, fees refundable in the case of non acceptance of application, pre-payment options and charges, if any, penalty for delayed repayments, if any, conversion charges for switching loan from fixed to floating rates or vice versa, existence of any interest reset clause and any other matter which affects the interest of the borrower. Further, such information would also be made available to the customer through the product information brochures and such other communication containing the product related features, in addition to being an integral part of the facility terms. The Bank would also inform the all-in-cost to the customers.

A system would be devised, whereby acknowledgment for receipt of loan application forms would be given. However, in case of wholesale banking, for the credit proposals which originate through detailed interaction with the borrowers, an application/ acknowledgment process may not be followed.

The Bank would ordinarily verify the loan applications received within 2 month from the date of receipt of loan applications. If additional details / documents are required, the Bank would intimate the borrowers. The Bank will convey in writing, the main reason(s) which led to the rejection of the loan application normally within 2 months from the date of receipt of loan applications.

### **2. Loan appraisal and terms/conditions**

The Bank will ensure that there is proper assessment of credit requirement and creditworthiness of borrowers. Stipulation of margin and security will be based on due diligence and creditworthiness of borrowers in line with extant Credit Policy of the Bank. The methodologies for assessment have been detailed in the various policy/product notes of the Bank. The assessment will be based on all credit related and such other information as may be called for/collected by the Bank.

The Bank would convey to the borrower the credit limit and details of facilities along with the terms and conditions thereof and keep the borrower's acceptance on

record. Terms and conditions and other caveats governing credit facilities given by the Bank, would be reduced in writing between the Bank and the borrower and communicated to the borrower, under the signatures of authorised

official. A copy of the facility terms along with related documents would be furnished to the borrower.

As far as possible, the facility terms will stipulate terms & conditions relating to the credit facilities that are solely at the discretion of the Bank. These may include approval or disallowance of facilities, such as drawings beyond the sanctioned limits, honouring cheques issued for the purpose other than specifically agreed to in the credit sanction and disallowing drawing on a borrower account on its classification as a nonperforming asset or in the event of default or on account of non-compliance with the terms of sanction. The Bank would not have an obligation to meet further requirements of the borrowers on account of growth in business etc. without proper review of credit limits.

In case of lending under consortium arrangement where the Bank is a participant, the Bank would endeavor to complete appraisal of proposals in a time bound manner to the extent feasible and communicate to the client the decision on financing or rejection of the proposal within a reasonable time.

### **3. Disbursements of loans including changes in terms and conditions**

The Bank will ensure timely disbursement of loans sanctioned in conformity with the terms and conditions governing such sanction.

The Bank will give notice of any change in the terms and conditions including interest rates, service charges etc. The Bank would ensure that changes in interest rates and charges are effected only prospectively (unless otherwise required by regulation/law).

### **4. Post disbursement supervision**

The post disbursement supervision by lenders, particularly in respect of loans up to Rs. 0.2 million would be constructive with a view to taking care of any "lender-related" genuine difficulty that the borrower may face. Inappropriate occasions such as bereavement in the family or events of similar nature will require being avoided for making calls or visits.

Before taking decision to recall / accelerate payment or performance under the facility terms or seeking additional securities, the Bank would give notice to borrowers, as specified in the facility terms or a reasonable period if no such condition exists in facility terms (unless the security is in jeopardy).

The Bank would release all securities on receiving payment of loan or realisation of loan subject to any legitimate right or lien for any other claim lenders may have against borrowers. If such right of set off is to be exercised, borrowers will be given

notice about the same and the documents under which lenders are entitled to retain the securities.

## **5. General**

In case of receipt of request for transfer of borrower account, either from the borrower or from a bank, 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 request.

The Bank reserves the right to enforce security for recovery of dues in the form and manner and on the terms and conditions stipulated in the facility terms in case of default in payment or on the occurrence of any other event of default. In the matter of recovery of loans, the Bank will not resort to undue harassment viz. persistently bothering the borrowers at odd hours, use of force for recovery of loans.

The Bank would refrain from intervening in the affairs of the borrowers except as provided in the terms and conditions of the facility terms, unless new information, not disclosed by the borrower, has come to the notice of the Bank.

The Bank would not discriminate on grounds of sex, caste and religion in the matter of lending.

An appropriate grievance redressal mechanism would be put in place whereby disputes arising out of the decisions of Bank's functionaries would be heard and disposed off.