

Dated 29 October 2014

FAIR PRACTICES CODE FOR LENDING

CA-CIB India has laid down this code of conduct for its Indian Operations, in accordance with the guidelines issued by the Reserve Bank of India (RBI).

Adherence to laid down procedures and a transparent approach shall be observed at all levels during the following process –

Applications for loans and loan processing

- All facilities offered to customers should be based on a request made by the customers.
- An acknowledgement for receipt of loan application shall be provided to the applicant. Time frame within which loan applications will be disposed of is to be indicated in acknowledgement of such applications.
- The loan applications shall be generally disposed of within a maximum period of 60 days from the date of receipt of Loan application with all the required documents and information from the applicant including information from the applicant's other bankers in case of multiple/consortium lending.
- All loan applications pending beyond the time-line mentioned above shall be reviewed by the Bank's local management, to examine the reasons and to initiate steps for speedy disposal.
- All credit facilities offered to customers shall be after establishing direct contact with the relevant personnel in those organisations, and not through brokers or other middlemen.
- All credit facilities offered to customers shall be detailed with terms and conditions, charges, processing fees (if any), documentation, collateral, pricing, pre-payment options and charges, if any, penalty for delayed repayments if any, conversion charges for switching loan from fixed to floating rate or vice versa, existence of any interest rate reset clause and other matter which affects the interest of the customer, etc in an Offer Letter to the customer. The fees/charges shall be non-discriminatory. The facility will be operative only after formal acceptance by the customer, of the Offer Letter.
- The Bank shall not levy any charges or fees which are not initially disclosed to the customer.
- In case any application for credit facilities is rejected, the Bank shall convey the main reason(s) which, in the opinion of the Bank have led to rejection of the loan application.

Loan Appraisal

- Loan appraisal shall be completed in a time bound and transparent manner and shall be need based depending on the customer's requirements.
- During the process of risk analysis for setting up credit facilities for the customer, the customer will be kept informed of the status of the exercise as well as the proposed time frame, within the overall time-frame specified above.
- For the risk analysis exercise, requests for information of a financial or other operating nature, including plant visits will also be intimated to the customer and confidentiality of the information gathered will be ensured, where required.
- In case of the proposed facilities being rejected, if the customer so desires, the reasons for the decline will be communicated to the customer.
- The risk analysis exercise will essentially focus on the capability and willingness of the customer. Any collateral / guarantee offered will only be a secondary consideration in this matter.
- The risk assessment exercise will be essentially cash flow based, to determine the capability of the customer to meet his commitments out of normal operations.

Loan Disbursement

- The Bank has adopted standardized documentation for all types of credit facilities.
- For the purposes of executing the required documentation, the formats of the Bank for the relevant documents shall be forwarded to the customers, for their perusal and discussions, prior to finalisation.
- The Offer Letter should be a comprehensive document, which forms the basis of all other documents executed to put the proposed facility into operation. It should include a description of the facility, rights and obligations of both parties, tenor, pricing, security / collateral / guarantee structures, events of default, documentation requirements, covenants if any, besides any other mutually agreed clauses.
- Once the Offer Letter has been accepted formally by the customer, efforts should be made to make the disbursement on a timely basis.
- Disbursement should be subject to satisfactory execution of mutually agreed documents.
- Any change in terms and conditions such as pricing, should be with prospective effect and not retrospective effect, in normal circumstances.

Post Disbursal Supervision

- Periodic statements/ certificates/ reports from the counterparty, as mutually agreed should be collected and reviewed on a regular basis.
- In case of financial covenants, adherence to the same on a mutually agreed basis should be verified periodically.

Termination/Settlement

- In the case of a decision to terminate the facilities, notice period should be as mutually agreed in the documentation, or for a reasonable amount of time, if no such notice period has been defined.
- When the credit facility has been repaid /settled by the counterparty, securities / documents should be released in a timely manner, within a maximum period of 15 days. The customer shall be adequately compensated for any delay beyond 15 days if the reason for the delay is on account of any deficiency in service on the part of the Bank. If securities / documents are required to be retained for realisation of any legitimate right or claim, the customer shall be given due notice with details of the relevant claim.

Recovery

- In the case of recovery of amounts from borrowers in distress, the procedure should be based on the principle of fairness and there will be no undue harassment or inconvenience caused to the borrower.

Transfer of Borrowal accounts

- In case of receipt of request for transfer of borrowal account, 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, should be conveyed within 21 days from the date of receipt of request.

Request for Consent Letters / No objection letters

- In case the customer requires a consent letter / NOC / solvency certificate / balance confirmation etc. for any legitimate business reason, the same shall be communicated in a timely manner.

Grievance Procedure

- In the event of any grievance being communicated to the Bank, the Senior Country Officer along with the Compliance Officer will determine the compliance or otherwise with these guidelines and duly communicate the same to the grievance holder.

This code shall be subject to review as and when required.

+ + +