

Annexure 30: FAIR PRACTICE CODE FOR LENDING**Introduction**

On the basis of recommendations of the working group on lenders liability laws constituted by the Government of India, RBI has issued guidelines for introducing Fair Practices Code for lenders and advised to adopt broad guidelines and frame the fair practices code. Further, RBI vide para 326 of the Reserve Bank of India (Commercial Banks – Responsible Conduct) Master Directions dated November 28, 2025 have mandated that banks shall adopt the broad instructions mentioned therein and frame the Fair Practices Code duly approved by its Board of Directors.

DCB Bank's Fair Practice Code for Lenders aims to put in place a fair and transparent Policy regarding the transactions of the Bank with its borrowers, co-applicants and guarantors (collectively referred to as "borrower" or "applicant" in the rest of this document, as applicable).

Scope:

This Policy is applicable for all lending products offered by the bank including micro-finance loans.

1. Applications for loans and their processing

- Loan application forms will be comprehensive in respect of all categories of loans, irrespective of the amount of loan sought by the borrower. With a view to bringing in fairness and transparency, the Bank will transparently disclose to the borrower all information about fees / charges payable for processing the loan application, the amount of fees refundable if loan amount is not sanctioned / disbursed, 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.
- Such information will also be displayed on the website of DCB Bank for all categories of loan products.
- DCB Bank will not levy, in addition to a processing fee, certain charges which are not initially disclosed to the borrower. Levying such charges subsequently without disclosing the same to the borrower is an unfair practice.
- DCB Bank will ensure that all information relating to charges / fees for processing are invariably disclosed in the loan application forms.
- Further, DCB Bank will inform 'all-in-cost' to the customer to enable him / her to compare the rates charges with other sources of finance. It will also be ensured that such charges / fees are non-discriminatory.
- DCB Bank will devise a system of giving acknowledgement for receipt of all loan applications.
- **Loan applications excluding MSE:** Applications will be properly acknowledged by the Bank. If all the required information and documents are made available, the proposal for facilities upto Rs. 5.00 lacs shall be disposed of in 2 weeks' time and others not exceeding 4 weeks.

- **MSE loan applications:** Loan applications will be disposed of within stipulated time frame as mentioned below, from the date of receipt of application complete in all respects and accompanied by documents as per check list. The above is in line with RBI Master Directions and the Bank's SME Credit Policy.
 - Application for credit limits upto ₹25 lakhs – within 2 weeks
 - Application for credit limits upto ₹100 lakhs – within 3 weeks
 - Application for credit limits upto ₹500 lakhs – within 4 weeks
 - Application for credit limits over ₹500 lakhs – within reasonable time frame (8 weeks)

All facilities approved are to be disbursed within 3 working days from the date of compliance of all terms of sanction and completion of all documentation formalities.

- Acceptance of login fee, processing fee and / or all other charges to be taken from the applicant which shall be disclosed initially in a transparent manner.
- If there is any change in the terms and conditions of the loan, a revised sanction letter is to be issued or that letter which is advising the new terms and conditions should have a mention that all other terms and conditions mentioned in original sanction letter and loan agreement shall also be applicable.

2. Timelines for Credit Decisions

- DCB Bank is required to carry out necessary due diligence before arriving at credit decisions, timely and adequate availability of credit is a pre-requisite for successful implementation of large projects. Therefore, DCB Bank will clearly delineate the procedure for disposal of loan proposals, with appropriate timelines, and institute a suitable monitoring mechanism for reviewing applications pending beyond the specified period. However, there will not be any compromise on due diligence requirements. DCB Bank will also make suitable disclosures on the timelines for conveying credit decisions through its website, notice boards, product literature, etc.
- DCB Bank will verify the loan applications within a reasonable period of time. If additional details / documents are required, it will intimate the same to the borrower immediately.
- In case of all categories of loans irrespective of any threshold limits, including credit card applications, DCB Bank will convey in writing, the main reason(s) which, in the opinion of DCB Bank after due consideration, led to rejection of the loan applications within stipulated time as given in Paragraph 1.
- The Bank shall make suitable disclosures on the timelines for conveying credit decisions through its website, notice boards, product literature, etc

3. Loan appraisal and terms/conditions

- DCB Bank will ensure that there is proper assessment of credit application of the borrower. DCB Bank will not use margin and security stipulation as a substitute for due diligence on credit worthiness of the borrower.
- DCB Bank will convey to the borrower the credit limit along with the terms and conditions thereof and keep the borrower's acceptance of these terms and conditions given with his / her full knowledge on record.
- Terms and conditions and other caveats governing credit facilities arrived at after negotiation by DCB Bank and the borrower will be reduced in writing and duly certified by the authorized official. DCB Bank will invariably furnish a copy of the loan agreement along with a copy each of all enclosures quoted in the loan agreement to the borrower(s) at the time of sanction / disbursement of loan.
- As far as possible, the loan agreement will clearly stipulate credit facilities that are solely at the discretion of DCB 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 borrowal account on its classification as a non-performing asset or on account of non-compliance with the terms of sanction. It may also be specifically stated that DCB Bank does 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 the case of lending under consortium arrangement, the participating lender DCB Bank will evolve procedures to complete appraisal of proposals in a time bound manner to the extent feasible and communicate their decisions on financing or otherwise within a reasonable time.

Disbursement of loans including changes in terms and conditions

- DCB Bank will ensure timely disbursement of loans sanctioned in conformity with the terms and conditions governing such sanction. DCB Bank will give a reasonable notice of at least 30 days for any change in the terms and conditions including interest rates, service charges etc. It shall also be ensured that changes in interest rates and charges are affected only prospectively.
- The quantum and reason for penal charges will be clearly disclosed to the customers in the loan agreement and most important terms & conditions / Key Fact Statement (KFS) as applicable, in addition to being displayed on DCB Banks website under Interest rates and Service Charges.
- Borrowers will be required to furnish periodic information to enable monitoring and review of credit facilities from time to time as per the terms of the sanction and as and when DCB Bank believes that it needs the information in case of an event which could have material impact on the borrowers' business and / or DCB Bank's facilities.
- DCB Bank may review whether to allow further drawing or not in the event of fresh information about the borrower becoming available or known.

- For credit facilities linked to other benchmark rates (as may be specified by the Reserve Bank of India from time to time), any revision in the benchmark rate will be communicated to the borrower through the website or any other means of communication such as sms or email or physical letters.
- DCB Bank will charge interest from the date of actual disbursement of the funds to the customer. In case of disbursement by cheque/DD, the interest will be charged from actual date of handover of the instrument.
- DCB Bank will charge interest only for the period for which the loan was outstanding.
- DCB Bank will collect advance instalments and not take the full loan amount for charging interest.
- DCB Bank will adopt practices and encourage applicants to use online account transfers in lieu of cheques being issued for loan disbursals.

4. Post disbursement supervision

- Post disbursement supervision by DCB Bank, particularly in respect of loans up to ₹2 lakh, will be constructive with a view to taking care of any "lender-related" genuine difficulty that the borrower may face.
- Before taking a decision to recall / accelerate payment or performance under the agreement or seeking additional securities, DCB Bank will give reasonable notice to the borrower(s) as specified in the loan agreement or a reasonable period if no such condition exists in the loan agreement.
- DCB Bank will release all securities on receiving payment of loan or realisation of loan subject to any legitimate right or lien for any other claim it may have against the borrower. If such right of set off is to be exercised, the borrower(s) shall be given notice about the same with full particulars about the remaining claims and the documents under which DCB Bank is entitled to retain the securities till the relevant claim is settled / paid.
- Adequate notice will be given to borrowers before taking decisions to recall/accelerate payments or performance under the agreement or seeking additional securities.

General

- DCB Bank will restrain from interference in the affairs of the borrower(s) 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 DCB Bank).
- DCB Bank will not discriminate on grounds of sex, caste and religion in the matter of lending. However, this does not preclude DCB Bank from participating in credit-linked schemes framed for weaker sections of the society.

- In the matter of recovery of loans, DCB Bank will not resort to undue harassment, viz., persistently bothering the borrower(s) at odd hours, use of muscle power for recovery of loans, etc.
- 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 lending bank, if any, shall be conveyed within 21 days from the date of receipt of request.
- Bank's existing grievance redressal mechanism will resolve disputes arising in this regard. Such a mechanism shall ensure that all disputes arising out of the decisions of the bank's functionaries are heard and disposed of at least at the senior higher level.
- The Board of Directors shall also provide for periodical review of the compliance of the Fair Practices Code and the functioning of the grievance redressal mechanism at various levels of controlling offices. A consolidated report of such reviews shall be submitted to the Board at regular intervals, at least once in a half-year.
- The Fair Practices Code will also be put on its website and given wide publicity.
- A copy will also be forwarded to the Reserve Bank.
- Borrowers will not be unduly harassed in the recovery process. When customers do not adhere to the repayment schedule and become delinquent, the BC staff or any person authorized by DCB Bank will follow up with the customer, for collection of dues, through written communications, telephonic reminders or visits by its representatives to the borrowers' place or residence. DCB Bank will follow the Policy on Collection of Dues and Repossession of Securities in letter and spirit.
- Adequate training on Code of Conduct for BC employees will be conducted by DCB employees on a periodic basis.
- Borrowers' complaints including any established inappropriate behavior by its employees or the employees of the outsourced agency shall be examined as per the Grievance Redressal Policy of the Bank.
- DCB Bank will provide a clear, concise, one-page Key Fact Statement/ fact sheet/schedule, as per the RBI prescribed format, to all individual borrowers as and when required across various stages of the loan processing as well as in case of any change in any terms and conditions.
- Whenever reminders for non-compliance of material terms and conditions of loan are sent to borrowers, the applicable penal charges will be communicated. Further, any instance of levy of penal charges and the reason therefore shall also be communicated.

Review of the Policy:

This policy will be reviewed by the Board Biennially or earlier in case of any event requiring review, e.g change in business scenario or change in regulatory guidelines.
