



FIRSTRAND BANK

FAIR PRACTICES CODE

December 2021

Preamble

FirstRand Bank, post a strategic review of its operations in April 2021, is in the process of winding down its operations and is not soliciting any further lending/liability business. All the credit exposures have been run down to Nil as on date and the client accounts have been closed.

Fair Practices Code for FirstRand Bank Limited

As directed by the Reserve Bank of India, from time to time through its circulars, FirstRand Bank ('the Bank') has adopted Fair Practice Code for Lenders as approved by its Management Board ('MANBO'). The Fair Practices Code seeks to provide transparency and clarity to the Bank's borrowers with regard to their domestic banking business/transactions with the Bank. It may further be noted that FirstRand Bank primarily deals with the wholesale segment (i.e., non-retail, large corporates) borrowers and every credit facility/loan transaction is consummated with the mutual consent of the Bank/Borrower.

1. Credit facility/loan applications and processing

- A Credit Facility Tracker is put in place to track the credit facilities originated through detailed interaction with the Borrowers.
- The Bank would ordinarily verify the credit facility applications received within 2 months from the date of origination. If additional details/documents are required, the Bank would intimate the borrowers. In case of rejection of any credit facility, the same would be communicated to the Borrower providing reasons thereof.
- The Facility Letters (to be jointly signed by the Bank and its Borrowers) 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 the credit facilities from fixed to floating rates or vice versa, existence of any interest-reset clause and any other matter which affect the interest of the Borrower, all-in-costs, etc.

2. Credit 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 Bank would convey to the Borrower, vide the Facility Letter, 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 communicated in writing between the Bank and 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, honoring 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 non-performing 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 Borrower the decision on financing or rejection of the proposal within a reasonable time.

3. Disbursements of credit facilities including changes in terms and conditions

- The Bank will ensure timely disbursement of credit facilities 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 INR 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 the 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 full repayment/servicing of credit facilities or realisation of credit facilities 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, the 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 outstanding credit facilities, the Bank will not resort to undue harassment, viz., persistently bothering the borrowers at odd hours, use of force for the recovery.
- 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 gender, caste and religion in the matter of providing credit facilities.
- An appropriate grievance redressal mechanism would be put in place whereby disputes arising out of the decisions of the Bank's functionaries would be heard and disposed off.
- This Code is proposed to be reviewed on an annual basis or as and when the extant regulatory guidelines are amended.