

UNITY SMALL FINANCE BANK LIMITED

FAIR PRACTICE CODE

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1. INTRODUCTION

This policy provides framework to Unity Small Finance Bank Limited, hereinafter referred to as the (“**Bank**”) to ensure fairness and transparency while dealing with loan proposals from customers. It aims to facilitate effective and transparent interaction between the Bank and its borrowing customers. It lays down procedures to ensure clarity, transparency, timeliness and responsiveness in Bank’s relationship with the borrowing customers at all stages of the loan cycle – sales/marketing, loan application/request, processing, sanction, disbursement, monitoring and administration.

2. LOAN APPLICATION

In the loan application form, the Bank shall provide comprehensive information including information about fees and charges if any payable for processing and amount of such fees refundable, if any in case of non-acceptance of application, prepayment options and other matter which affects the interest of the borrowers, for all the categories of loans, irrespective of the amount of loan sought by them.

3. LOAN PROCESSING

The Bank shall provide acknowledgement for receipt of all loan applications indicating the time frame within which the application will be disposed of.

The Bank shall verify the loan application and if additional details / documents are required, these will be sought from the applicant.

For all categories of loans and irrespective of any threshold limits, the Bank will be expected to process the application without delay. In case the application is turned down, the Bank will convey in writing or through email to the applicant the reasons for rejection within one month.

4. LOAN APPRAISAL AND TERMS AND CONDITIONS

1. 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 Lending 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.

2. The bank shall 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 full knowledge on record.

3. Bank will provide a copy of the loan agreement along with a copy of each of the enclosures quoted in the loan agreement to all the borrowers after due execution of the documents as per terms of sanction letter even when no

specific request in this regard has been made by the borrower.

4. 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.

5. DISBURSEMENT OF LOANS

The Bank shall promptly arrange for disbursement of loans immediately upon compliance of all the terms and conditions of sanction & execution of relevant documents.

In case the Bank desires to change the terms and conditions of the loans (such as disbursement schedule, interest rates, service charges, prepayment charges etc) notice is required to be furnished to the respective borrower in vernacular language or a language understood by the borrower.

6. POST DISBURSEMENT SUPERVISION

1. To provide customers with copies of documents executed by them against receipt of request from customer
2. To process requests received from customers for premature closure of their loan by way of borrowing from another Bank/financial institution and communicate Bank's consent or otherwise, within 21 days from the date of receipt of request
3. To ensure periodic information is provided to customers about the status of their loan account by providing statements of accounts
4. To seek and obtain necessary information from the customers for monitoring the conduct of their accounts during the tenure of the loan/advance
5. To ensure that the Bank exercises the right to enforce security for recovery of their dues in case of default or non-adherence to terms of sanction, subject to observing the normal procedures in this regard
6. To refrain from interfering in the affairs of the customer except to the extent as provided in the terms and conditions of sanction (unless new information, not disclosed earlier by the customer, has come to the notice of the Bank)
7. To promptly communicate any decision of the Bank to recall the loan or accelerate the payment etc. giving the customer 15 days' time for repaying/accelerating repayment of loan
8. To ensure that all securities be released on receiving full repayment of the loan from the borrower, subject to any legitimate right of lien for any other claim the Bank may have against the borrower, in which case suitable notice would be issued to the customer with full details about the residual claims and the documents under which the Bank is entitled to retain the securities till the relevant claims are settled

9. To ensure that the customers are not unduly harassed during recovery/collection of the loan dues

7. GENERAL

1. 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.

2. The Bank shall not resort to undue harassment viz. persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans, etc

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

4. An appropriate grievance redressal mechanism has been put in place whereby disputes arising out of the decisions of Bank's functionaries would be heard and disposed off in the manner prescribed under the grievance redressal policy of the Bank.

8. REVIEW AND AMENDMENTS

- In addition to the requirements as stated in this Policy, the provisions as mentioned in the RBI Regulations shall be followed (to the extent applicable).
- The Policy will be reviewed as and when required by the Board.
- Any changes proposed to the Policy shall be subject to the approval of the Board of Directors of the Company.
- The Policy shall stand automatically updated in case of any amendments announced by RBI.
- In the event where there is conflict between this Policy and the RBI Regulations, the latter shall prevail.