

Fair Lending Practices Code (FLPC)

Please visit : www.ucobank.com

(A) PREAMBLE

FAIR LENDING PRACTICES CODE (FLPC for short) is adopted by UCO Bank (hereinafter referred to as 'the Bank'), which aims to achieve the best lending practices while providing services to its borrowers in India. It aims to deliver seamless services with high standard of ethics and professionalism while adhering to the relevant regulatory guidelines. An associate objective is to facilitate customer awareness by holding regular interactions with them.

(B) Codes of Lending:

- To provide in a professional manner, efficient, courteous, diligent and speedy services in the matter of lending.
- Not to discriminate on the basis of religion, caste, sex, descent or any of them. However, this does not preclude the Bank from participating in credit scheme framed for weaker sections of the society.
- To be fair and honest in advertising and marketing of Loan Products.
- To provide customers with accurate and timely disclosure of terms, costs, rights and liabilities as regards to loan transactions.
- If sought, to provide such assistance or advice to customers for availing loans in a fair and transparent manner.
- To attempt in good faith to resolve any disputes or differences with customers by setting up complaint redressal cells within the Bank.
- To scrupulously comply with all the regulatory requirements.
- To spread general awareness about potential risks involved in borrowing from the Bank by way of various loans and encourage customers to take independent financial advice and not act only on representations from the Banks and the Bank will not resort to mis-selling of any loan product.

(C) FAIR PRACTICES:

1. Product Information:

- i. A prospective customer would be given all the necessary information adequately explaining the range of loan products available with the Bank to suit his / her needs.
- ii. On exercise of choice, the customer would be given the relevant information about the loan product of choice which shall include information about the margin requirements, interest rate, method of calculation of interest in the loan account, amount of refundable fee in case of non-acceptance of application, fees/charges payable for processing, pre-payment options and charges, 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 etc.
- iii. Borrower shall be provided with a checklist of the documents to be submitted (compliant with legal and regulatory requirements) along with the loan application form to submit the application complete in all respects. If required, the Bank shall assist the borrower in filling up the loan application form.
- iv. The Bank will follow the time norms for disposal of loan applications in line with the 'Citizens' Charter' as stated below:

Authority	Time limit
Proposal falling within the delegated power of Branch :	30 days
Proposal falling within the delegated power of Zone :	45 days
Proposal falling within the delegated power of Head Office :	60 days
Proposal falling within the delegated power of Board :	90 days

Above time limit will be counted from the date of receipt of complete proposal.

This time limit is the maximum time within which the loan application is to be disposed off. Scheme or segment specific time limit fixed / to be fixed by the Bank as published in **Citizens Charter in the Bank's** website shall continue subject to the time limits, as above.

- v. The details mentioned by the borrower in the loan application shall be verified by contacting him/her at his/her residence or on business telephone numbers or through any alternative channels or physically visiting his/her residence or business addresses through agencies appointed by the Bank for this purpose, if deemed necessary by the Bank.
- vi. The Customers will be explained about the process till sanction and disbursement of loan and would be informed of the timeframe within which all the processes will be completed ordinarily at the Bank.
- vii. The Customer would be informed of the names and phone numbers of branches and the persons whom he can contact for the purpose of loan to suit his/her needs.
- viii. The Customer would be informed about the procedure involved in servicing and closure of the loan taken.

2. APPRAISAL/DISBURSEMENT OF LOANS/POST DISBURSEMENT SUPERVISION

- I. The Bank shall ensure that there is proper assessment of credit application taking into account various guidelines issued from time to time and take decision to sanction or to reject the application.
- II. Need-based credit requirement of the borrowers shall be assessed as per the guidelines of the Bank. Margin and security stipulation shall be based on the credit-worthiness of the borrowers.

- III. If a credit facility is sanctioned, the Bank shall invariably convey the same to the borrower mentioning, the details thereof and all the terms and conditions and other caveats governing the same. The sanction letter shall be signed by the authorised official and acknowledgement of the same, mentioning that the borrower has agreed to abide by all the terms and conditions as mentioned there in, shall be obtained.
- IV. The Bank shall specifically indicate that the credit facilities are given solely at the discretion of the Bank. This includes allowing drawing beyond sanctioned limits, allowing drawing against cheques in clearing/ collection, honouring cheques issued for purposes other than specifically agreed in the credit sanction, disallowing drawings in the account classified as non performing asset (NPA) or on account of non-compliance of terms and conditions.
- V. The disbursement of credit facility shall be solely at the discretion of the Bank and the Bank may disallow facility, keeping in view its exigencies; the Bank may disallow drawing beyond the sanctioned limits. Cheques issued for the purpose other than specifically stated in the credit sanction or in the agreement will be dishonoured/returned.
- VI. Drawing in the account may be disallowed on its classification as a non performing asset (NPA) or on account of non-compliance with the terms of sanction or agreement.
- VII. The Bank shall not be under obligation to meet further requirements of the borrowers on account of growth in business, etc. without proper review of credit limits.
- VIII. In case of lending under consortium arrangement, the loan proposal shall be disposed of within the prescribed time norms provided the applications/ proposals are received together with required details/ information supported by requisite financial and operating statements and decision on financing or otherwise shall be communicated to the applicant within a prescribed time.
- IX. The Bank shall, invariably supply authenticated copies of all loan documents executed by the borrower at the Bank's cost along with the copy of all enclosures quoted in the loan agreement at the time of disbursement of facility. However, for providing additional authenticated copies, actual cost incurred by the Bank shall be levied.

- X. The Bank will have an absolute right to pass on to the Credit Reference Agencies the details of loan accounts of its customers in such manner and through such medium as the Bank in its absolute discretion may think fit.
- XI. The Bank will give written receipt for all title documents taken as security/ collateral for any loan.
- XII. The disbursement of loans sanctioned shall be made in time in conformity with the terms and conditions governing such sanction.
- XIII. Changes, if any, in the terms & conditions including interest rates, service charges etc. shall be advised to the borrowers. Changes in interest rate and charges shall be made effective only prospectively. Besides, service charges, rate of interest, etc. shall also be made available on the Bank's website.
- XIV. Before taking decision to recall/accelerate payment or performance under the agreement or seeking additional securities, notice shall be given to the borrowers, (except in exigencies) for a period as specified in the loan agreement or 30 days if no such condition exists in the loan agreement.
- XV. The Bank will provide the borrower with an annual statement of account of his/her Loans/Advances. The Bank will provide the borrower with the loan statement, more often, if required, at a cost which will be indicated in the Tariff Schedule available on the Bank's website.
- XVI. The Bank shall release the original movable/immovable property documents and remove charges registered with any registry within a period of 30 days after full repayments/settlement of the loan amount.
- XVII. In order to address the contingent event of demise of the sole borrower or joint borrowers, the Bank shall have a well laid out procedure for return of original movable/immovable property documents to the legal heirs.
- XVIII. The Bank shall return to the borrower all the securities / original movable/ immovable property documents / title deeds to mortgaged property and remove charges registered with any registry including Central Registry for Securitization, Asset Reconstruction and Security Interest (CERSAI) within 30 days of the repayment of all dues agreed to or contracted. If any right

to set off is to be exercised for any other claim, the branch concerned will give due notice with full particulars about the other claims and retain the securities/ documents / title to mortgaged property till the relevant claim is settled / paid.

- XIX. In case of delay in releasing of original movable / immovable property documents or failing to file charge satisfaction form with any registry including CERSAI beyond 30 days after full repayment/ settlement of personal loan, the branches shall communicate to the borrower reasons for such delay. In case where the delay is attributable to the Bank, the borrower shall be compensated by the Bank at the rate of Rs. 5,000/- for each day of delay as per RBI guidelines. Payment of compensation and powers for payment of compensation shall be dealt with in accordance with the Bank's existing Customer Compensation policy. Accordingly, the relevant provisions of the policy with regard to "Customer Compensation" issued by Operation & Service Department from time to time shall be adhered to.
- XX. In the event of branch losing the securities / original movable/ immovable property documents / title deeds that the borrower had provided to the branch when he/she availed a loan, branch shall compensate the borrower for the loss. The branch shall issue a certificate indicating the securities / original movable/ immovable property documents / title deeds lost and extend all assistance to the borrower in obtaining duplicate documents, etc. at the Bank's cost.

3. Interest Rates/ Default Interest

3.1. Interest Rates for different loan products would be disseminated using the following :

- i. The Bank's Web site
- ii. Through prominent display in the branches and at other delivery points
- iii. Through other means, as available from time to time

3.2 Customers would be entitled to receive periodic updates on the interest rates applicable to their accounts.

3.3 On demand, customers can have full details of method of application of interest.

3.4 The Bank would notify clearly about the default interest/penal charges rates to the prospective customers.

4. Penal charges in loan account

- Penalty, if charged, for non-compliance of material terms and conditions of loan contract by the borrower shall be treated as 'penal charges' and shall not be levied in the form of 'penal interest' that is added to the rate of interest charged on the advances. There shall be no capitalisation of penal charges.
- The quantum of penal charges shall be reasonable and commensurate with the noncompliance of material terms and conditions of loan contract without being discriminatory within a particular loan / product category.
- The quantum and reason for penal charges shall be clearly disclosed by the Bank to the customers in the loan agreement and most important terms & conditions / Key Fact Statement (KFS) as applicable.
- Whenever reminders for non-compliance of material terms and conditions of loan are sent to borrowers, the applicable penal charges shall be communicated. Further, any instance of levy of penal charges and the reason there for shall also be communicated.

5. Revision in Interest Rates:

- i. The Bank would notify immediately or as soon as possible any revision in the existing interest rates and make them available to the customers through any of the ways as listed in Para 3.1.
- ii. Interest Rate revisions to the existing customers would be intimated within 7 working days from the date of change through notifications in the Bank's Website/ media/ notice board at branches.

6. Charges:

- i. The Bank would notify details of all charges payable by the customers in relation to their loan account.
- ii. The Bank would make available for the benefit of prospective customers all the details relating to charges generally in respect to their retail products in the media specified in Para 3.1.
- iii. Any revision in charges would be notified in advance and would also be made available through any of the ways, as listed in Para 3.1.

7. Terms and Conditions for Lending:

- i. The Bank would ordinarily give an acknowledgement of receipt of loan request and if demanded by the customer, a copy of the application form duly acknowledged would also be given, as soon as the customer chooses to avail a product or service of his choice.
- ii. Immediately after the decision to sanction the loan, the Bank would show draft of the documents that the customer is required to execute and would explain, if demanded by the customer, the relevant terms and conditions for sanction and disbursement of loan.
- iii. Loan Application forms, Draft documents or such other papers to be signed by a customer shall comprehensively contain all the terms and conditions relating to the product or service of his choice.
- iv. Reasons for rejection of all categories of loans irrespective of any threshold limits, shall be conveyed in writing.
- v. Before disbursement of loan and on immediate execution of the loan documents, the Bank shall deliver a copy of the documents to the customers.

8. Accounting Practices:

- i. The Bank would provide regular statement of accounts, unless not found necessary by the customers.
- ii. The Bank would notify relevant due dates for application of agreed interest, penal charges, default interest, and charges if they are not mentioned in the Loan applications, documents or correspondence.
- iii. The Bank would notify in advance any change in accounting practices which would affect the customer before implementation

9. Information Secrecy

- i. All personal information of the customer would be confidential and would not be disclosed to any third party unless agreed to by customer. The term 'Third party' excludes all Law enforcement agencies, Credit Information Bureau, Reserve Bank of India, other banks/ financial and lending institutions.
- ii. Subject to above Para, customer information would be revealed only under the following circumstances.
 - If the Bank has a legal obligation to do so.
 - If it is in the Public Interest to reveal the information.
 - If the interest of the Bank require disclosure.

10. Financial Distress:

- i. The Bank would sympathetically reckon cases of financial distress of its customers.
- ii. Customers would be encouraged to inform about their financial distress as soon as possible.
- iii. The Bank would adequately train the operational staff to give patient hearing to the customers in financial distress and would try to render such help as may be possible in its view.

11. Other General practices

- The Bank will not interfere in the affairs of the borrowers 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 the Bank).
- In the matter of recovery of loans, 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. Recovery Agent, if appointed, will contact customers via phone or physical visit only between 8.00 AM to 07.00 PM on weekdays (excepting Sundays)
- 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 lender, if any, shall be conveyed within 21 days from the date of receipt of request.
- Besides treating all the personal information of the customer as private and confidential and revealing the information in exceptional cases as mentioned in the Code, the Bank will not use the personal information of the customer for marketing purposes, unless specifically authorized by the customer to do so.
- The written permission of the customer(s) will be required before giving any banker's reference about him/ them.
- The customer(s) will be explained of the extent of his rights under the existing legal framework for accessing the personal records that the Bank holds about him/ them.
- The permission of the customer (borrower) will be obtained for giving confidential information about his finances to the person giving the guarantee or other security for his (borrower's) liabilities or to their legal adviser.

- When a customer borrower avails a loan facility involving immovable property or movables as primary or collateral security, branch concerned will advise him/her the functioning of CERSAI and the fact that their records will be available for search by any lender or any other person desirous of dealing with the property / assets. The Bank will notify its charge to CERSAI.
- Complaints arising with regard to non-compliance of Fair Practice Code shall be dealt with in accordance with the existing Grievances Redressal Mechanism including reporting thereof.

12. Grievance Redressal

- a) The Bank would have a Grievance Redressal Cell/ Department/ Centre within the organization. The grievance will be properly addressed, considering the existing grievance redressal mechanism.
- b) The Bank would make available all details, namely.
 - Where a complaint can be made
 - How a complaint should be made
 - When to expect a reply
 - Whom to approach for redressal of grievance etc., to the customers individually on demand and through any of the ways, listed in Para 3.1.
- c) Response to a complaint whether positive or negative or requiring more time for redressal would generally be given within a maximum period of four weeks from the date of receipt of complaint, unless the nature of complaint is such that requires verification of voluminous facts and figures.

13. Reference

The Bank shall adhere to the regulatory guidelines issued by RBI/Government from time to time in respect of fair lending practices. Some of the circulars issued by RBI in this regard re listed below:

- Master Circular- Loans and Advances Statutory and Other Restrictions (RBI/2015-16/95 DBR.No.Dir.BC.10/13.03.00/2015-16, Dated-01/07/2015)
- Fair Practices Code for Lenders Charging of Interest (RBI/2024-25/30 DOS.CO.PPG.SEC.1/11.01.005/2024-25, dated-29/04/2024).
- Fair Lending Practice Penal Charges in Loan Accounts (RBI/2023-24/53 DOR.MCS.REC.28/01.01.001/2023-24, Dated-18/08/2024).
- Responsible Lending Conduct - Release of Movable / Immovable Property Documents on Repayment/ Settlement of Personal Loans (RBI/2023-24/60 DOR.MCS.REC.38/01.01.001/2023-24, dated 13/09/2023)