

Guiding Principles & Code of Conduct

for

Collection and Recovery of dues from borrowers

Salient features of the guiding principles and code of conduct in terms of the relevant policy approved by the Bank's Board of Directors for collection and recovery of dues from its borrowers are furnished below, for the information of all concerned.

1. The Collections and Recovery procedures of the Bank are framed in due consideration of the dignity of the borrowers. The Policy aspires to foster borrowers' confidence and long term relationship through courtesy, fair treatment and judicious persuasion. The Bank's recovery procedure shall be based on legally valid and acceptable practices. It shall not resort to unethical practices or unduly coercive tactics in the process of recovery of loans and advances.
2. The Bank shall maintain absolute transparency in collection of dues from borrowers and furnish all relevant details of the dues to the borrower as and when called for.
3. As the Bank is the custodian of public money and it is in the interest of the Bank as well as its investors, depositors and other stakeholders to collect and recover the money lent to its borrowers, the Bank shall initiate collection and recovery steps/actions in time, without, however, violating any of the applicable laws/provisions/rules and regulations and with due consideration of all the rights of the borrowers as provided under relevant laws.
4. The repayment schedule for any loan sanctioned by the Bank is fixed taking into account the repaying capacity and cash flow pattern of the borrower. The Bank shall keep the borrowers informed of the type (fixed or floating) and the method of calculation of interest. The borrowers shall also be informed of the pattern of appropriation of the amount of repayments towards interest, fees, charges and the principal portion of the outstanding amount. Generally, the Bank expects its borrowers to adhere to the repayment schedule agreed to and approach the Bank for assistance and guidance, only in case of genuine difficulty in meeting their repayment obligations.
5. The Bank shall initiate any legal or recovery measures including repossession of securities and realization of the same, in a fair and transparent manner, after giving due notice to the borrowers and complying with all the formalities required under the applicable laws. The Bank's Policy aims at recovery of its dues in the event of default and not whimsical deprivation of the property offered as security. Consequently, the Policy reckons fairness and transparency in valuation, repossession and realization of security, by adopting follow up measures for recovery of dues and repossession / realization of security in accordance with the law.
6. The Bank shall resort to repossession of securities, only as the last resort for realisation of its dues and not with the intention of depriving the borrower of the securities/assets. Accordingly, the Bank shall consider returning the securities to the borrower, after repossession but before concluding the sale transaction, provided the dues are cleared in full. If the amounts are repaid in full, possession of the seized assets shall be given back to the borrower within a reasonable time, with permission from competent authority of the Bank.
7. The Bank shall arrange for sale of the repossessed securities in a transparent manner after issuing sale notice of sale to the borrower and apply the proceeds net of any expenses incurred for custody and sale of the assets towards realisation of the dues. The Bank will have right to recover from the borrower the balance due, if any, after adjusting sale proceeds of the security, as above. Excess amount if any, obtained on sale of security will be returned to the borrower after meeting all the related expenses, provided

the Bank doesn't have any other claims against the borrower/guarantor/co-obligants who owned the security.

Code of Conduct for Authorized Collection staff (Loan Collectors)

1. Code of conduct for Telephone calls

- i. The collection staff shall contact the borrower, only for a relevant purpose and to the extent necessary.
- ii. The collector must greet the person answering the telephone politely and establish the identity of the person as the borrower. Only after establishing the identity of the person, shall any mention of the finance or past dues be made.
- iii. The Bank shall introduce a system of voice recording of all phone calls made for collection.
- iv. Collector must introduce himself/herself, the Bank and the reason for the call.
- v. The collector must inform the borrower of the status of the delinquency and the amount to be remitted.
- vi. If necessary, the collector must courteously and accurately explain the consequences of non-payment, including any legal remedies available to the Bank.
- vii. Collectors shall not use threatening, abusive or profane language or use loud voice in the course of communication.
- viii. If the borrower expresses inability to pay the amount requested, the caller shall ascertain the reason from him/her. In case the reason given is justifiable, the caller shall suggest an alternative payment arrangement, for example, rescheduling the debt etc. based on the merits of each case.
- ix. The collectors shall not seek unjustified amounts, like demanding amounts not due as per agreement with the borrower.
- x. Time of the phone calls shall be generally between 8 a.m. to 7 p.m. only.
- xi. Also, there may be instances where a borrower may ask that contact be made at other or more restricted times. In such cases, the reasonable wishes of the borrower shall be respected, and contact limited to the times requested by the borrower.
- xii. However, a collector may alter the time of contact, if the collector has not been able to contact the borrower after reasonable efforts over a reasonable period of time during normal hours or at the times requested by the borrower.

2. Sending notices

- i. In case of default in payment of instalments, clearing dues or complying with the terms and conditions of sanction like non-submission of periodical stock/receivable statements, financial statements etc., besides contacting over phone, written/printed notice may also be sent to the borrower or guarantor, as the case may be, through post or courier.
- ii. The notices addressed to the borrower/guarantor shall be issued in sealed covers.
- iii. The contents of the notices shall be polite and simple. The notice shall be preferably in vernacular language and in a format approved by the Legal Department of the Bank.
- iv. Normally an ordinary notice shall be sent prior to issuing recall / legal notice.
- v. Notices shall specify the consequences for non-compliance and provide a reasonable time to settle the dues/rectify the deficiency, during which time no other recovery action shall be taken.

3. Visits / Face-to-Face Contacts

- i. Collectors (Authorized loan collection staff) shall meet the borrower in person when such contact is necessary and reasonable as per the level of delinquency of the loan.
- ii. The borrower should be contacted ordinarily at the place of his/her choice and in the absence of any specified place, at the place of his/her residence and if unavailable at the residence, at the place of business/occupation.

- iii. While meeting the borrower, the collector shall first identify the person before making any mention of the finance or the delinquency, to ensure that the person being dealt with is none other than the borrower. This must be done every time the borrower is met, before divulging any information about the debt, the process for its recovery or other confidential information.
- iv. Having established the borrower's identity, the collector shall then introduce himself/herself and the Bank. The authority to represent the Bank for follow up and recovery of dues should be made known to the borrower at the first instance/request, by displaying the ID Card/authority letter issued by the Bank and the purpose of the meeting shall be explained.
- v. The Bank's collectors shall respect the privacy of the borrowers/guarantors/co-obligants. No information about the borrower's debt or dues shall be provided to any third parties, including close relatives or friends of the borrower/guarantor/co-obligant.
- vi. Collectors must not give any misleading statement or false representation/ promises to borrowers.
- vii. All workplace contact shall be as per the borrower's normal working hours if known, or 9.00 AM to 5.00 PM on weekdays. If the borrower himself/herself provides a time for the meeting, the collector shall preferably follow that time. Normally, the Bank's representatives shall contact the borrower at his/ her residence between 8.00 AM and 7.00 PM, unless the special circumstances of his/her business or occupation requires the Bank to contact at a different time.
- viii. The collector shall not attempt to frighten, intimidate or embarrass the borrower.
- ix. Collectors must follow the Bank's official dress code while on duty, as per the Bank's Policy.
- x. The Bank is committed to ensure that all written and verbal communication with its borrowers shall be polite and in simple business language; the Bank's officials shall follow civil manners for interaction with borrowers.
- xi. As far as possible, a borrowers' request to avoid visits at a particular time or at a particular place should be honoured.
- xii. The efforts made for recovery of dues and copies of communication sent to the borrowers, shall be documented and kept on record.
- xiii. Inappropriate occasions, such as bereavement in the family or such other calamitous occasions, if known to the Bank shall be avoided for making calls/visits to collect dues.

4. Engagement of Recovery Agents

The Bank may appoint Recovery Agents or Business Correspondents and utilize their services for collection of dues and repossession of securities, as given below:

- a) The details of the recovery agency firms/companies or Business Correspondents engaged by the bank shall be posted on Bank's website for information of all concerned.
- b) Recovery agents from the approved panels only shall be engaged by the Bank.
- c) In case the Bank engages service of such recovery/enforcement/seizure agent for any recovery case, the identity of the agent will be disclosed to the borrower.
- d) Recovery agents engaged by the Bank will be required to follow a code of conduct covering their dealings with customers.
- e) Where a grievance/complaint has been lodged, the Bank shall not forward cases to recovery agencies till the grievance/complaint lodged by the concerned borrower is finally disposed of. However, where the bank is convinced, with appropriate proof, that the borrower is continuously making frivolous/vexatious complaints, recovery proceedings through the recovery agents will be taken up, even if a grievance/complaint is pending.

(Updated in May 2021 by Risk Management Department)

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