

CAPITAL SMALL FINANCE BANK LIMITED

Fair Practices Code
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CAPITAL SMALL FINANCE BANK LIMITED

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Fair Practices Code

1. Personal Banking

Capital Small Finance Bank Limited is governed by a voluntary Code, which sets standards of fair banking practices for member banks of Indian Banks' Association to follow when they are dealing with individual customers. It provides valuable guidance to the branches in their day to day operations. The Code applies to:

- 1.1 Current, Savings and all other deposit accounts
- 1.2 Collection and remittance services offered by the Bank
- 1.3 Foreign exchange services
- 1.4 Card products
- 1.5 Third party products offered through our network

(Commitments outlined in this Code are applicable under normal operating environment. In the event of force majeure, Bank may not be able to fulfill the commitments under this code.

2. Salient features of the Code:

- 2.1 Branches have to act fairly and reasonably in all their dealings with the customers.
- 2.2 Branches have to help the customers to understand how our financial products and services work by giving information about them in English/local language.
- 2.3 Branches have to deal quickly and sympathetically in handling the customer complaints.
- 2.4 Branches have to help the customers to choose products and services which meet their needs.
- 2.5 Branches have to give clear information explaining the key features of the services and products
- 2.6 Branches have to tell the customer what information we need from him to prove his identity and address to comply with legal and regulatory requirements (i.e. KYC Norms)
- 2.7 Branches have to request the customer for additional information about his and his family to build a data base but such information can be furnished by the customer only if they wish and the branches should not compel the customer to furnish this information at the time of opening the account.
- 2.8 Once an account is opened, branches have to tell the customers the complete details about nomination facilities.
- 2.9 The branch should inform the customers that they can find out about our interest rates by:

- looking at the notices in the branches
- calling in our branches
- looking on our website; or
- asking the staff

- 2.10** When a person becomes a customer, branches have to give him information on interest rates which apply to his accounts and when we will pay interest on his deposits or debit interest on his loan accounts.
- 2.11** When a person becomes a customer, the branches have to give him upfront details of any charges applicable to the products chosen by him including ATM cards.
- 2.12** When a person becomes a customer or accepts a product for the first time, the branches have to give him the relevant terms and conditions for the services required by him. Branches have to ensure that all advertising and promotional materials are clear, fair and not misleading.
- 2.13** The branches have to normally provide the customer with a statement of accounts periodically as per our policy. The customer can ask us to provide him with account statements more often than is normally available, but there may be a charge for this service.
- 2.14** The branches have to inform the customer about the clearing cycle, including when the customer can withdraw money after lodging collection instruments and when he will start to earn interest.
- 2.15** Branches have to inform the customers to count notes and ensure correctness before leaving the cash counter.
- 2.16** The customer is to be requested to avoid writing anything on the face of the notes and co-operate with us by remitting notes in unstapled/unstitched conditions as required under RBI's clean note policy.
- 2.17** The branches shall act upon mandates given by the customer for direct debits (say ECS) and other standing instructions.
- 2.18** The branch shall keep the original cheques paid from the customer's account for such periods as required by law.
- 2.19** The branches have to provide the customers the details of the Foreign Exchange services, exchange rates, charges that apply to foreign exchange transactions and also regulatory requirements.
- 2.20** In the event of the cheque book, pass book or ATM/Debit card of the customer is lost/stolen or that someone else knows the customer's PIN or other security information, upon getting the information from the customer, the branch shall take immediate steps to prevent these from being misused.
- 2.21** The branches have to give the customers the PIN (personal identification number) separately for their card.
- 2.22** The branch shall tell the customer about our systems to allow them to choose or change their

PIN. This should make it easier for them to remember the PIN of their choice.

2.23 The branches shall treat all the personal information of the customer as private and confidential (even when they are no longer a customer). The branches shall not reveal transaction details of the customer's account to a third party, including entities in their group, other than in the following three exceptional cases when the Banks are allowed to do so:

- if the branch has to give the information by law
- if there is a duty to the public to reveal the information
- if our interests require the branch to give the information (for example, to prevent fraud) but the branch shall not use this as a reason for giving information about the customer or customer's account (including name and address) to anyone else.

2.24 Please advise the customer to inform the branch as soon as possible whenever he change his/her:

- name
- address
- phone number or
- e-mail address

2.25 Branches have to advise the customers to check their statement or pass book or credit card statement regularly. If there is an entry, which seems to be wrong, they should tell the branch as soon as possible so that the branch can sort it out.

2.26 If the branch needs to investigate a transaction of the customer's account, the customer should cooperate with the branch and the police or any other authority, if the branch need to involve them. Please inform this point to the customers at the time of opening the account.

2.27 The customers are to be advised to take the following precautions:

2.27.1 It is essential that the customers take care of their cheques, passbook, cards, PINs and other security information to help prevent fraud and protect their accounts. The customers should be requested to ensure that they follow the advice given below:

- Not to keep the cheque book and cards together
- Not to keep the blank cheque leaves signed
- Not to allow anyone else to use their card, PIN, password or other security information
- If the PIN number is to be changed, new PIN number should be chosen carefully
- Always learn the PIN, password and other security information and destroy the notice as soon as it is received.
- The PIN, password or other security information should not be written down or recorded anywhere.
- To take reasonable steps to keep the card safe and the PIN, password and other security information secret at all times.
- Not to divulge the account details, pass word or other security information to anyone.

2.27.2 Customer is to be informed that if he acts fraudulently, he will be responsible for all the resulting losses.

2.27.3 Wherever possible, reasons for rejection of loans should be conveyed to the customer.

Note: For Grievance Redressal Mechanism please refer the Bank's Grievance Redressal Policy.

3. Lending

3.1 Applications for Loan:

In the loan application form, the Bank shall provide comprehensive information including information about fees and charges levied applicable in Loans & advances for Processing and Servicing in the Loan A/c.

3.2 Fees & Charges

Loan Application forms applicable to all categories of borrowers irrespective of loan amount, will henceforth contain information about the fees/charges payable, if any, for processing, the amount of such fees refundable in the case of non-acceptance of application, pre-payment options and any other matter which affects the interest of the borrower, to enable a comparison with other banks and to facilitate informed decision by the borrower.

3.3 Processing

- The Bank shall provide acknowledgment for receipt of all loan applications on the receipt of all the papers/documents/information as per the checklist already issued by the Bank.
- 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 to the applicant the reasons for rejection at the earliest.
- All Loan applications will be disposed off within a period of 30 days from the date of receipt of duly completed loan application with all the requisite information/documents as per the checklist. The time frame is for proposals upto the level of Managing Director. In case of the proposals falling within the powers of Credit Sanctioning Committee and Board of Directors, the proposals may take more than 30 days.

3.4 Loan Appraisal and Terms and Conditions

- The sanctioning authority will be expected to ensure proper assessment of the credit application as per the extant instructions and credit policy of the bank. The availability of adequate margin and security will not be a substitute for due diligence on the creditworthiness of the customer.
- All the terms and conditions and other caveats will be duly communicated by an authorized official of the Bank to the customer in writing.
- A copy of the loan agreement along with all the enclosures quoted in the loan agreement will be furnished to the customer at the time of issue of the sanction letter.
- The acceptance of the customer will be obtained on the sanction letter/ or on a separate sheet with the customer's signature under the caption "I/WE ACCEPT ALL THE TERMS AND CONDITIONS WHICH HAVE BEEN READ AND UNDERSTOOD BY ME/US AND A COPY OF THE AGREEMENT HAS ALSO BEEN DELIVERED TO ME BY THE BANK".
- The sanction letter / loan agreement will clearly state that the credit facilities will be

extended solely at the discretion of the Bank and that drawings under the following circumstances will be solely at the discretion of the Bank.

- Drawings beyond the drawing power / sanctioned limits.
- Honoring of cheques issued for the purpose other than specifically stipulated in the sanction.
- Drawings in an account once it is classified as NPA.
- No drawings will be allowed in case of non-compliance of the terms and conditions by the borrower.
- Meeting further requirements of the borrower on account of growth in business will be subject to proper review of the credit limits.

3.5 Disbursement of Loans including changes in Terms & Conditions

- The disbursement will be done immediately on compliance of all the terms and conditions of the sanction by the borrower and the branches need not refer to the sanctioning authority for disbursement.
- Any changes in the terms and conditions of the sanction such as interest and charges will be notified to the borrower before effecting the changes.
- Any changes in interest rate and charges will be effected only prospectively after giving due notice to the borrower.

3.6 Post Disbursement Supervision

- The post disbursement supervision, such as submission of periodical reports and periodic inspection, will be stipulated at the time of issue of the sanction letter. The sanction letter would also mention whether the Bank or the borrower will bear the cost of inspection.
- The Bank will issue notices to the borrowers in advance in case the Bank decides to recall the advance / accelerate the payment / accelerate the performance under the loan agreement. Or seek additional securities.
- The Bank shall release all securities on receiving payment of loan. However, the Bank may decide to exercise the right to set off any legitimate right or lien for any other claim against borrower. In case the Bank decides to retain the security, the borrower will be notified about the remaining claims and the documents under which the Bank is entitled to retain the security till the relevant claim is paid / settled.

3.7 Others

- The Bank will not interfere in the affairs of the borrowers except where provided for in the terms and conditions of the loan sanction documents, such as periodic inspection, scrutiny of books of accounts, verification of stocks and book debts, and scrutiny of QIS statements.
- In case any information not disclosed earlier by the borrower has come to the notice of the Bank, the Bank will have the right to elicit the necessary information from the borrower and initiate action to protect its interest.
- While, the Bank may participate in credit-linked schemes framed for weaker sections of the society, the Bank shall not discriminate on grounds of sex, caste and religion in the matter of lending.
- In respect of recovery of outstanding dues, the Bank shall act in accordance with the Recovery Policy of the Bank and repossess the securities. Bank is already having model policy on Code for collection of dues and repossession of securities.
- In the case of receipt of request for transfer of borrowal account, either from the borrower or from other banks / FIs which propose to take over the loan, the Banks' consent or objection, if

any, shall be conveyed within 21 days from the date of receipt of request.

4. Grievance Redressal

Though the sanction of the loans will be at the sole discretion of the Bank, borrowers will have an opportunity to appeal against the decision of the Bank's functionaries. Any such grievance received from the borrower will be heard and disposed of by the authority as under:

Grievance against decision of	Reviewing Authority
Branch Head	Sr. Vice President (Credit)
Sr. Vice President (Credit), Vice President(Credit)	Managing Director

In order to enhance value and relevance to the borrowers this code would be under review from time to time. The Bank would, therefore, greatly value any suggestions for improvement.