

Code of Conduct for Collection of Dues and Repossession of Security

1. Introduction:

SBM Bank (India) Limited's ('the Bank') Code of Conduct (CoC) for Collection of Dues and Repossession of Security is built around dignity and respect to customers. Bank will not follow policies that are coercive in collection of dues. The CoC is built on courtesy and principles of fair treatment. The bank believes in following fair practices with regards to collection of dues and repossession of security and thereby fostering customer confidence and long-term relationship. The bank and its representatives are expected to always follow the Code of Conduct during their interaction with the customers. The repayment schedule for any loan sanction by the bank will be fixed considering paying capacity and cash flow pattern of the borrower. The bank will explain to the customer upfront the method of calculation of interest and how the Equated Monthly Instalment (EMI) or any other mode of repayment will be appropriated against interest and principal due from the customers. The method of collection of EMI (say post-dated cheque, direct debit, ECS, ACH etc.) would be fixed taking into consideration the convenience of the borrower. The bank would expect the customer to adhere to the repayment schedule agreed to and approach the bank for assistance and guidance in case of genuine difficulty in meeting repayment obligations. Bank's security repossession process aims at recovery of dues in the event of default and is not aimed at whimsical deprivation of the property/asset. The CoC recognizes fairness and transparency in repossession, valuation, and realization of security. All the practices adopted by the Bank for follow up and recovery of dues and repossession of security will be in consonance with the law. Security repossession would commence after other attempts by the Bank to discuss with the borrower the means to resolve the default situations have failed. In exceptional situations, the Bank has the right to repossess the financed asset, as a preventive measure, even in instances where there has been no default but on account of misstatement of information by the customer that is in violation to the terms and conditions of the loan agreement.

(Code of Conduct to be followed as per the RBI guidelines (RBI/2007-2008/296 DBOD.No.Leg.BC.75 /09.07.005/2007-08)

2. General Guidelines:

All the members of the staff or any person authorized to represent our Bank in collection or/and security repossession would follow the guidelines set out below:

The customer would 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 his/her residence, at the place of business/occupation.

Identity and authority of persons authorized to represent the Bank for follow up and recovery of dues would be made known to the customers at the first instance. The Bank Internal Staff or any person authorized to represent the Bank in collection of dues or/and security repossession will identify himself / herself and display the authority letter issued by the Bank and upon request.

The Bank would respect privacy of its borrowers. It shall however be noted that contacting the borrower on phone or personal visits for recovery of dues will not be construed as an intrusion of the privacy of the borrower.

The Bank is committed to ensure that all written and verbal communication with its borrowers will be in simple business language and Bank will adopt civil manners for interaction with borrowers.

The Bank's representatives will contact the borrower between 0800 hours and 1900 hours, unless under special circumstances wherein the customer's business or occupation requires the Bank to contact at a different time, post due consent from his/her side.

Borrower's requests to avoid calls at a particular time or at a particular place would be honoured as far as possible.

The Bank will document the efforts made for the recovery of dues and gist of interactions with the borrowers. All telephonic interaction with the borrower is recorded.

Inappropriate occasions such as bereavement in the family or such other calamitous occasions will be avoided for making calls/visits to collect dues.

The Bank has a range of digital modes of payment available for the customer to enable them to repay their overdue payments in a quick and easy manner. These modes are shared periodically with the customers during our communication campaigns with the customers.

3. Grievance Redressal and Credit counselling:

The Bank believes in handling customer issues with adequate empathy and sympathy, with special emphasis towards senior citizens and customers under stress, and engages in discussion, when in receipt of any such concerns raised, to amicably redress the same. For customers under stress, the Bank has a process of credit counselling customers who express the desire to avail the same. The purpose of such counselling is to look at the problem in a wholistic manner, and support stressed customers to overcome the same. With these objectives in mind, the Bank provides multiple channels – telephonic, email, branch walk in - to customers to provide feedback on the services of the Bank as well as lodge their requests and grievances. The Bank aims to ensure quick and effective handling of such customer requests and grievance, as well as prompt corrective & preventive action (including correction of the process, wherever required) in order to avoid recurrence. All assistance will be given to resolve disputes or differences regarding dues in a mutually acceptable and in an orderly manner. The Bank's Grievance Redressal Policy is available on the website which can be referred to for further details.

4. Giving notice to borrowers:

While telephonic reminders or visits by the Bank's representatives to the borrower's place or residence will be used as loan follow up measure, the Bank will not initiate any legal or other recovery measures including repossession of the security without giving due notice in writing. The minimum time that would be given to the borrower to pay the debt would be 7 (seven) days failing which the Bank would proceed to take possession of the asset. However, if the customer deliberately avoids acknowledging or establishing contact with the Bank, then the Bank will be free to proceed with the repossession of the security.

5. Repossession of Security:

Repossession of security is aimed at recovery of dues and not to deprive the borrower of the property/asset. The recovery process through repossession of security will involve repossession, valuation of security and realization of security through appropriate means. All these would be carried out in a fair and transparent manner. Repossession will be done only after issuing the final notice as detailed above. Due process of law will be followed while taking repossession of the property. The Bank will take all prudent measures for ensuring safety and security of the property after taking custody.

Information on secured assets possessed under the SARFAESI Act, 2002

Sl. No	Branch Name	State	Borrower Name	Guarantor Name	Registered address of the Borrower	Registered address of the Guarantor	Outstanding amount (in ₹)	Asset Classification	Date of Asset classification	Details of security possessed	Name of the Title holder of the security possessed
				(wherever applicable)		(wherever applicable)					

6. Valuation and Sale of Property:

Valuation and sale of property (The word “property” herein this paragraph shall mean “immovable property” only) repossessed by the bank will be carried out as per law and in a fair and transparent manner. In case of loans against property, the sale of the property shall be conducted in such manner as may deem fit by the Bank in accordance with the provisions of the SARFAESI Act / DRT Act or any other law as applicable. The property shall be valued by the registered valuers as per extant provision prescribed under SARFAESI Act /DRT Act and where sale of property is envisaged through auction or tender, same will be published in two leading newspapers out of which one shall be in a local vernacular paper. The Bank will have right to recover from the borrower the balance due if any, after sale of property. Excess amount if any, obtained on sale of property will be returned to the borrower/mortgagor after meeting all the related expenses incurred by the Bank provided that the Bank is not having any other claim against the said borrower. In the case of hypothecated assets, other than property, post repossession, the Bank shall have right to conduct an independent valuation of the said asset and would sell the same (after giving minimum 7 (seven) days notice to the borrower(s). The borrower shall be liable to pay to the Bank any loss suffered on account of such sale and in case, there is an excess amount which is realized after the sale of the asset, the Bank shall, in reasonable time, refund it to the customer provided the borrower does not owe any other liability to the Bank.

7. Opportunity for the borrower to take back the security:

As indicated earlier in the CoC document the Bank will resort to repossession of security only for the purpose of realization of its dues as a last resort and not with intention of depriving the borrower of the property/asset. Accordingly, the Bank will be willing to consider handing over possession of property/asset to the borrower any time after repossession and before concluding sale transaction, provided the Bank dues are cleared in full. If satisfied with the genuineness of

borrower's inability to pay the loan instalments as per the schedule, which resulted in the repossession of security, the Bank may consider handing over the property/asset within 7 (seven) days after receiving the instalments in arrears. However, this would be subject to the Bank being convinced of the arrangements made by the borrower to ensure timely repayment of remaining instalments in the future.

8. Engagement of recovery agent:

The Bank utilizes the services of recovery agents for collection of dues and repossession of securities. Recovery agents will be appointed as per regulatory guidelines issued in this regard. In this respect:

Only recovery agents from the empanelled vendors will be engaged by the Bank.

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.

The recovery agents engaged by the Bank will be required to follow a code of conduct covering their dealings with customers.

In case of any grievances received by the Bank, in relation to the practices or procedure adopted by the representatives, which is not in line with the Bank's code of conduct, the same is addressed as per the Grievance Redressal Policy.

The Bank's Code of Conduct for Collection of Dues and repossession of Security is available for all customers on the bank's website and is also shared with them during our regular communication. We believe in creating awareness between our customers towards the same to ensure fair treatment in an unbiased manner.

It has been observed that the agents employed by REs have been deviating from the extant instructions governing the outsourcing of financial services. In view of concerns arising from the activities of these agents, it is advised that the REs shall strictly ensure that they or their agents do not resort to intimidation or harassment of any kind, either verbal or physical, against any person in their debt collection efforts, including acts intended to humiliate publicly or intrude upon the privacy of the debtors' family members, referees and friends, sending inappropriate messages either on mobile or through social media, making threatening and/or anonymous calls, persistently calling the borrower and/or calling the borrower before 8:00 a.m. and after 7:00 p.m. for recovery of overdue loans, making false and misleading representations, etc."

Inappropriate occasions such as bereavement in the family or such other calamitous occasions and important social functions such as marriages will be avoided for making calls / visits to collect dues.

Bank's recovery procedure shall be based on good manners, impartial treatment, and persuasion.

SBM BANK's representatives shall treat its defaulters with respect and dignity. SBM BANK shall contact people other than the Borrowers only to locate the borrower.

The SBM BANK staff or any person authorized to represent the SBM BANK in collection of dues or/and security repossession identifies himself / herself and displays the Identity card/authority letter issued by the SBM BANK upon request.

All communication/letters to the customer either through mail or through telegrams shall be handled directly by the SBM BANK as appropriate. Mail dunning / telegrams/ Posts/ phonograms/SMS etc. shall be in a format approved by Collections Unit of the SBM BANK.

Customers may use SBM BANK's grievance redressal mechanism/ escalation matrix in case of any concerns or grievances pertaining to collection of dues & recovery.