

# Fair Practices Code

April 2025

## Fair Practices Code for ICICI Bank

The Fair Practices Code for ICICI Bank seeks to provide transparency and clarity to the Bank's borrowers with regard to their transactions with the Bank.

These guidelines relate only to the domestic banking business of ICICI Bank.

The guidelines for the international business would be separately framed in line with lenders' liability laws and regulations applicable in various countries where ICICI Bank has established or proposes to establish a presence.

### 1. Loan applications and processing

The loan application forms would be comprehensive to include information about processing fees and other charges<sup>1</sup>, fees refundable in the case of non acceptance of application, pre-payment options and charges, if any, 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 and any other matter which affects the interest of the borrower. Further, such information would also be made available to the customer through the product information brochures and such other communication containing the product related features, in addition to being an integral part of the facility terms. The Bank would also inform the all-in-cost to the customers. Key Facts Statement is provided to all retail and MSME term loan customers as per extant guidelines.

No loan related and ad hoc service charges/inspection charges to be levied on priority sector loans as per the limits prescribed in the Priority Sector Lending guideline issued by RBI from time to time.

A system would be devised, whereby acknowledgment for receipt of loan application forms would be given. In case of loans to non-individual borrowers where the credit proposals are originated through detailed interaction with the borrowers, an application/acknowledgment process may not be followed, however requests from the borrower would be obtained for availing the facility.

The Bank would ordinarily verify the loan applications/requests received within 2 months from the date of receipt of loan applications/requests. If additional details/documents are required, the Bank would intimate the borrowers. The Bank will convey in writing the decision (approval/rejection) of the loan application/request within 2 months from the date of submission of all information by the customer required by the Bank for processing the loan application/request.

As per extant guideline, timeline for credit decisions for loans up to ₹25 lakhs to units in the Micro and Small Enterprises (MSE) borrowers shall not be more than 14 working days. For loans above the aforementioned limit, timelines shall be as per the Board approved timelines.

<sup>1</sup> Framework for levy of Service and Penal charges by the Bank dated 12.04.2024

At the time of sanction of EMI based floating personal loans<sup>2</sup>, the Bank will clearly communicate to the borrowers about the possible impact of change in benchmark interest rate on the loan leading to changes in EMI and/or tenor or both. Subsequently, any increase in the EMI/ tenor or both on account of the above will be communicated to the borrower through appropriate channels.

## 2. Loan appraisal and terms/conditions

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 Credit 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.

The Bank would convey to the borrower the credit limit and details of facilities along with the terms and conditions thereof and keep the borrower's acceptance on record. Terms and conditions and other caveats governing credit facilities given by the Bank, would be reduced in writing between the Bank and the borrower and communicated to the borrower, under the signatures of authorised official. A copy of the facility terms along with related documents would be furnished to the borrower.

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.

In case of lending under consortium arrangement where the Bank is a participant, the Bank would endeavor to complete appraisal of proposals in a time bound manner to the extent feasible and communicate to the client the decision on financing or rejection of the proposal within a reasonable time.

## 3. Disbursements of loans including changes in terms and conditions

The Bank will ensure timely disbursement of loans sanctioned in conformity with the terms and conditions governing such sanction.

<sup>2</sup> As defined in RBI Circular on XBRL Returns – Harmonization of Banking Statistics' dated January 04, 2018

The Bank will give notice of any change in the terms and conditions including interest rates, service charges etc. The Bank would ensure that changes in interest rates and charges are effected only prospectively (unless otherwise required by regulation/law).

#### 4. Post disbursement supervision

The Bank charges interest from the date of actual disbursement of the funds to the customer. For the loans being disbursed by cheque, interest is charged from the date of handover of the cheque. Interest is charged only for the period for which the loan was outstanding.

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' Further there shall be no capitalisation of penal charges.

The post disbursement supervision by lenders, particularly in respect of loans up to ₹ 0.2 million would be constructive with a view to taking care of any "lender-related" genuine difficulty that the borrower may face. Inappropriate occasions such as bereavement in the family or events of similar nature will require being avoided for making calls or visits.

Before taking decision to recall / accelerate payment or performance under the facility terms or seeking additional securities, the Bank would give notice to borrowers, as specified in the facility terms or a reasonable period if no such condition exists in facility terms (unless the security is in jeopardy).

The Bank would release all securities on receiving payment of loan or realisation of loan subject to any legitimate right or lien for any other claim lenders may have against borrowers. If such right of set off is to be exercised, borrowers will be given notice about the same and the documents under which lenders are entitled to retain the securities.

#### For EMI based floating personal loans<sup>2</sup> -

At the time of reset of interest rates the Bank will communicate to the borrowers where reset is applicable, the option for change in tenure/EMI/both, switch from existing floating rate to fixed rate of interest & part-payment/full payment of loan is provided to customer.

<sup>2</sup> As defined in RBI Circular on XBRL Returns – Harmonization of Banking Statistics' dated January 04, 2018

## 5. General

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.

The Bank reserves the right to enforce security for recovery of dues in the form and manner and on the terms and conditions stipulated in the facility terms in case of default in payment or on the occurrence of any other event of default. In the matter of recovery of loans, the Bank will not resort to undue harassment viz. persistently bothering the borrowers at odd hours, use of force for recovery of loans.

The Bank will release all the original movable / immovable property documents Personal Loans<sup>2</sup> and remove charges registered with any registry within a period of 30 days after full repayment/ settlement of the loan account.

In case of loss/damage to original movable/immovable property documents, either in part or in full, the Bank will assist the borrower in obtaining duplicate/certified copies of the movable / immovable property documents and will bear the associated costs.

The Bank would refrain from intervening in the affairs of the borrowers except as provided in the terms and conditions of the facility terms, unless new information, not disclosed by the borrower, has come to the notice of the Bank.

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

An appropriate grievance redressal mechanism would be put in place whereby disputes arising out of the decisions of Bank's functionaries would be heard and disposed off.

<sup>2</sup> As defined in RBI Circular on XBRL Returns – Harmonization of Banking Statistics' dated January 04, 2018

## Definitions

### Definition of personal loan and consumer credit as per RBI guideline on XBRL Returns – Harmonization of Banking Statistics

Consumer credit refers to the loans given to individuals, which consists of

- (a) loans for consumer durables,
- (b) credit card receivables,
- (c) auto loans (other than loans for commercial use),
- (d) personal loans secured by gold, gold jewellery, immovable property, fixed deposits (including FCNR(B)), shares and bonds, etc., (other than for business / commercial purposes),
- (e) personal loans to professionals (excluding loans for business purposes), and
- (f) loans given for other consumptions purposes (e.g., social ceremonies, etc.). However, it excludes (a) education loans, (b) loans given for creation/ enhancement of immovable assets (e.g., housing, etc.), (c) loans given for investment in financial assets (shares, debentures, etc.), and (d) consumption loans given to farmers under KCC. For risk weighting purposes under the Capital Adequacy Framework, the extant regulatory guidelines will be applicable.

Personal loans refers to loans given to individuals and consist of

- (a) consumer credit (as detailed above)
- (b) education loan,
- (c) loans given for creation/ enhancement of immovable assets (e.g., housing, etc.), and
- (d) loans given for investment in financial assets (shares, debentures, etc.).