

RHDFCL Co-Lending Policy

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1- Introduction

Reserve Bank of India (RBI) through its circular of Transfer and Distribution of Credit Risk Directions, 2025 dated 28th Nov 2025 vide circular number- RBI/DOR/2025-26/352 DOR.STR.REC.271/21.04.048 /2025-26 and Reserve Bank of India (Non-Banking Financial Companies– Credit Facilities) Directions, 2025 dated 28th Nov 2025 vide circular number- RBI/DOR/2025-26/347 DOR.CRE.REC.266/07-01-008/2025-26 has introduced revised Co-lending arrangement where R HDFCL/the Company/Religare Housing Development Finance Corporation Ltd can enter into a lending arrangement with any Regulated Entity for extension of credit to the borrowers, subject to compliance with the extant prudential regulations.

In view of this and to broaden the scope of co-lending, comprehensive revised Directions on co-lending arrangements (CLA) are now being issued with the objective of providing specific regulatory clarity on such arrangements.

Co-lending Agreement refers to an arrangement, formalised through an *ex-ante* agreement, between a RE which is originating the loans ('originating RE' referred as R HDFCL) and another RE which is co-lending ('Co-Lending Partner), to jointly fund a portfolio of loans, comprising of either secured or unsecured loans, in a pre-agreed proportion, involving revenue and risk sharing.

2- Applicability

- 1- These Directions shall be applicable to R HDFCL's Co-lending Arrangement with any Regulated Entity:
 - a) Commercial Banks (excluding Small Finance Banks, Local Area Banks and Regional Rural Banks);
 - b) All-India Financial Institutions; and,
 - c) Non-Banking Financial Companies (including Housing Finance Companies).
- 2- These Directions shall not apply to loans sanctioned under multiple banking, consortium lending, or syndication.
- 3- R HDFCL shall not enter into any CLA which is not compliant with these Directions.
- 4- Existing CLAs shall be in compliance with the existing regulations and new CLAs after

1st Jan 2026, shall be in compliance with new Co-lending regulations.

3- Policy Approval

The Policy and any significant changes therein shall be approved by the Board of Directors.

Review of Policy Approval

The Policy shall be reviewed and updated as and when required by the applicable rules and regulations.

4- General Guidelines

- a- The Co-lending credit policy of R HDFCL shall suitably incorporate provisions relating to respective CLAs, including the internal limit for the proportion of their lending portfolio; target borrower segments; due diligence of the partner entities; customer service and grievance redressal mechanism.
- b- All required details of CLA shall be disclosed appropriately to the concerned borrower as laid down on 'Key Facts Statement (KFS) for Loans & Advances under Reserve Bank of India (Non-Banking Financial Companies – Responsible Business Conduct) Directions, 2025 dated 28th Nov 2025 as amended from time to time.

5- Sanction amount/exposure

Under a CLA, R HDFCL shall be required to retain a minimum 10 per cent share of the individual loans in its books.

6- Customer Interest Rate (Pricing) and Other Fees/ Charges

- a- The interest rate and any other fees / charges on the underlying loans charged to the borrower shall be based on the contractual agreement between R HDFCL and the co-lending partner. The final interest rate charged to the borrower shall be the blended interest rate which is calculated as an average rate of interest derived from the interest rates charged by respective partner- R HDFCL & Co-lending partner, as per their internal lending policies and risk profile of the same or similar borrower, weighted by the proportionate funding share of R HDFCL and Co-Lending Partner under CLA.

Example Calculation:

Suppose a loan of ₹10,00,000 is co-lend by:

Co-Lending Partner (80%): ₹8,00,000 at 10% p.a.

Originator Partner (20%): ₹2,00,000 at 14% p.a.

Blended Interest Rate = $(8,00,000/10,00,000 \times 10\%) + (2,00,000/10,00,000 \times 14\%) = 8\% + 2.8\% = 10.8\%$ p.a.

- b- Any change in rates by RHDFCL and Co-Lending Partner under CLA will be made as per their respective credit policy and extant regulatory norms, and the same shall be reflected in the updated blended rate and communicated to the borrower.
- c- Any fees / charges payable by the borrower in addition to the blended interest rate shall be incorporated in computation of annual percentage rate (APR) and disclosed appropriately in the KFS.
- d- RHDFCL shall lay down the objective criteria for fees/ charges payable for lending services, depending upon relevant factors such as the nature of service provided, quantum of loan, etc. Such fees/ charges shall not involve, directly or indirectly, any element of credit enhancement/ default loss guarantee unless permitted otherwise.

Explanation:

(1) Credit enhancement means a contractual arrangement in which an entity provides some degree of added protection to other parties to a transaction so as to mitigate the credit risk of their acquired exposures.

(2) Default loss guarantee is a contractual arrangement between RHDFCL and co-lending partner, under which the former guarantees to compensate the latter, for loss due to default up to a certain percentage of the loan portfolio, specified upfront. Any other implicit guarantee of similar nature linked to the performance of the loan portfolio of the RE and specified upfront, shall also be covered under the definition of DLG.

7- Documentation for Co-lending cases:

- a. The agreement to be entered between the CLA partners (RHDFCL and Co-Lending Partner) shall include detailed terms and conditions of the arrangement; the criteria for selection of borrowers; specific product lines and areas of operation; fees payable for lending services such as customer acquisition, underwriting, pricing, servicing, monitoring, and recovery of specific loan or loan portfolio, etc.

performed by RHDFCL, if any; provisions related to segregation of responsibilities; time-frame for exchanging critical information; customer interface and customer protection issues and grievance redressal mechanism.

Explanation: Lending Services shall refer to the set of activities related to lending such as customer acquisition, underwriting, pricing, servicing, monitoring and recovery of specific loan or loan portfolio etc performed by RHDFCL.

- b. The loan agreement signed with the borrower shall make an upfront disclosure regarding the segregation of the roles and responsibilities (such as sourcing, and servicing) of RHDFCL and Co-Lending Partner. RHDFCL will be the single point of interface with the customer. Any subsequent change in customer interface shall only be done after prior intimation to the borrower. The loan agreement shall also appropriately disclose suitable provisions related to customer protection and grievance redressal mechanism.

8- Operational Arrangements

- a. The CLA shall entail an irrevocable commitment on the part of Co-Lending partner to take into its books, on back to back basis, its share of the individual loans as originated by RHDFCL.
- b. The CLA shall ensure that the respective shares of RHDFCL & Co-lending partner will be reflected in the books of both partners without delay after disbursement by RHDFCL to the borrower, in any case not later than 15 calendar days from the date of disbursement.
- c. RHDFCL shall also ensure that it transfers the loan under CLA only to the co-lending partner, as per the ex-ante agreement and as specified in the KFS at the time of sanction of loan.
- d. If RHDFCL is unable to transfer the share of the exposure to the co-lending partner under CLA within 15 calendar days for any reason, then the loan/s shall remain on the books of RHDFCL and can be transferred to other eligible lenders only under the provisions of Reserve Bank of India (Non-Banking Financial Companies - Transfer and Distribution of Credit Risk) Directions, Nov 28th, 2025..
- e. Each co-lending partner shall maintain a borrower's account individually for its

respective share.

9. Loan balances

RHDFCL/ Co-Lending Partner shall maintain individual borrower's accounts and RHDFCL shall generate and share a single unified statement with the borrower in-line with Master Co-Lending Agreement of RHDFCL and Co-lending partner.

10- Accounting Norms:

RHDFCL shall adhere to the applicable accounting standards, while booking of unrealised profit under CLAs, if applicable. However, such profits shall be deducted from CET 1 capital or net owned funds for meeting regulatory capital adequacy requirement till the maturity of such loans.

11- Escrow Account

RHDFCL and Co-Lending Partner shall open an escrow type common account for pooling respective loan contributions for disbursement as well as to appropriate loan repayments from borrowers, in-line with Master Co-Lending Agreement of RHDFCL and Co-lending Partner.

12- Inspection & Audit

The loans under the CLA shall be included in the scope of internal/ statutory audit within RHDFCL and Co-lending Partner to ensure adherence to their respective internal guidelines, terms of the agreement and applicable regulatory requirements.

13- Business Continuity Plan (BCP)

RHDFCL has adopted BCP to ensure uninterrupted service to the borrowers till repayment of the loans to the borrowers; same policy shall be applicable for the loans under the Co-lending agreement.

14- Know Your Customer (KYC)/Anti-Money Laundering Norms (AML)

RHDFCL and Co-Lending Partner shall also comply with RBI (NBFC- Know Your Customer) Directions, 28th Nov 2025 vide RBI/DOR/2025-26/361 DOR.AML.REC.No.280/14.01.003/2025-

26 and updated from time to time, which already permit regulated entities, at their option, to rely on customer due diligence done by a third party, subject to specified conditions. KYC (Know Your Customer) norms and AML (Anti Money Laundering) Guidelines as applicable shall be complied with.

15- Customer related issues and Grievance Redressal

- i. RHDFCL shall be the single point of interface for the customers and shall enter into a loan agreement with borrower, which shall clearly contain the features of the arrangement and the roles and responsibilities between the respective RHDFCL and Co-Lending Partner.
- ii. It shall be the responsibility of RHDFCL to explain to the end borrower regarding the products offered under Master Co-lending Agreement between RHDFCL & Co-Lending Partner and their explicit consent shall be taken, as agreed under Master Co-lending Agreement.
- iii. RHDFCL will be primarily responsible for providing the required customer service and grievance redressal to the borrower.
- iv. However, any complaint registered by a borrower with RHDFCL, suitable arrangement must be put in place by Co-Lending Partner to resolve any complaint registered by a borrower with RHDFCL within 30 days and in case, the complaint is not resolved within 30 days, the borrower would have the option to escalate the same with the concerned Ombudsman.
- v. The extant guidelines relating to customer service and fair practices code and the obligations enjoined upon both the lenders therein shall be applicable mutatis mutandis in respect of loans given under the arrangement.
- vi. The ultimate borrower may be charged an all-inclusive interest rate as may be agreed upon by both the lenders conforming to the extant guidelines applicable to both.

16- Reporting to credit information companies (CICs)

Each Co-Lending partner shall adhere to the extant requirements of reporting to CICs for their respective share of the loan account, as per the provisions of the Credit Information Companies (Regulation) Act, 2005 and the Rules and Regulations issued by RBI therein,

from time to time.

17- Default Loss Guarantee

RHDFCL may provide default loss guarantee up to five per cent of loans outstanding in respect of loans under CLA in form of Cash/Fixed Deposit/Bank Guarantee as per mutually agreed terms between co-lending partners and same should be specified in Co-Lending agreement as well. Provision of such default loss guarantee shall be governed *mutatis mutandis* in terms of the Reserve Bank of India NBFC- Credit Facilities Directions 2025- Chapter III for Digital lending as amended from time to time.

18- Asset Classification Norms

- a- Each partner shall apply a borrower-level asset classification for their respective exposures to a borrower under CLA, implying that if either of the co-lending partner classifies its exposure to a borrower under CLA as SMA / NPA on account of default in the CLA exposure, the same classification shall be applicable to the exposure of the other co-lending partner to the borrower under CLA.
- b- RHDFCL shall put in place a robust mechanism for sharing relevant information in this regard on a near-real time basis, and in any case latest by end of the next working day.

19- Transfer of Loan Exposures

Any subsequent transfer of loan exposures originated under CLA to third parties/between Regulated Entities, shall be strictly in compliance with the provisions of Reserve Bank of India (Non-Banking Financial Companies - Transfer and Distribution of Credit Risk) Directions, Nov 28th, 2025). Such transfers to a third party will be done only with the mutual consent of both RHDFCL and co-lending partner.

20. Security and Charge Creation

RHDFCL/ Co-lending Partner shall arrange for creation of security and charge as well as CERSAI registration as per mutually agreeable terms.

21. Co-branding of documents:

Co-Branding of Documents will be done as per agreed terms prescribed in Master Co-Lending Agreement of both lenders- R HDFCL & Co-Lending Partner.

22. Safe custody of loan documents

Executed documents custody can be kept with R HDFCL/Co-Lending Partner, as per Master Co- Lending Agreement executed between the parties.

23- Collection

Collection and recovery mechanism shall be adopted as per Master Co- Lending Agreement.

24- Disclosures

- a- R HDFCL shall disclose on their website a list of all active CLA partners.

- b- R HDFCL shall also make appropriate disclosures in their financial statements, under 'Notes to Accounts', relating to necessary details of CLAs on an aggregate basis. The details will include quantum of CLAs, weighted average rate of interest, fees charged / paid, broad sectors in which CLA was made, performance of loans under CLA, details related to default loss guarantee, if any, etc. The disclosure shall be done on quarterly/annual basis, as applicable.

Notwithstanding anything above, the policy shall be guided by the extant RBI guidelines and clarifications available thereof from time to time.