AHAM HOUSING FINANCE PRIVATE LIMITED

CO-LENDING POLICY

The Reserve Bank of India circular no. RBI/2020-21/63 FIDD.CO.Plan.BC.No.8/04.09.01/2020-21 dated November 05, 2020, has issued guidelines on co-lending of loans by banks and NBFCs for lending to the priority sector. The arrangement entailed joint contribution of credit at the facility level by both the lenders and also sharing of risks and rewards.

The primary focus of the scheme christened as the "Co-Lending Model" (CLM) is to improve the flow of credit to the unserved sector of the economy and make available funds to the ultimate beneficiary at an affordable cost, considering the lower cost of funds from banks and a greater reach of the NBFCs.

Accordingly, Aham Housing Finance Private Limited ("AHFPL") in compliance with this circular is adopting the following policy on Co-lending of loans

OBJECTIVE:

Aham Housing Finance Private Limited (The "Company") is a registered housing finance company registered with National Housing Bank. In order to serve our customers more efficiently and to enable the growth of our business, the Company will enter into Co-lending arrangements with other Banks / financial institutions / NBFCs ("Co-Lenders") for its existing and new products/ segments.

APPROVALS NORMS:

The Company shall appraise the applications as per the existing credit norms and shall recommend to the Co-Lender proposals as found relevant for joint lending. The Co-Lender shall also independently assess the risks and requirements of the applicant borrowers. The loan agreement would be tripartite in nature, wherein, both the Co-Lenders shall be parties as lenders to the loan agreement with the customer.

MODELS:

The company may enter into the co-lending arrangement on the basis of any of the following models:

A) The arrangement would entail joint contribution of credit at the facility level, by both the company and Co-Lenders.

B) The Co-Lenders shall take over its share in the exposure after disbursement of the loan on a back-to-back basis subject to due diligence.

COMMERCIAL:

a) Interest Rate-

The Company and the Co-lenders shall have the flexibility of pricing their part of exposure in accordance with internal pricing strategies, however, the ultimate customer shall be charged an all-inclusive interest rate. Upon repayment, the interest shall be shared between Company and the Co-lenders in proportion to their share of credit and interest.

b) Risk and rewards-

Both models would involve sharing of risks and rewards between the Co-Lenders for ensuring appropriate alignment of respective business objectives, as per the mutually decided agreement between the Co-Lenders. A minimum 20% of the credit risk by way of direct exposure shall be on the Company's books till maturity and the balance will be on the Co-Lender's books.

c) Fess and expense sharing-

Appropriation between the Company and Co-lenders may be mutually decided, basis agreement with the individual Co-Lenders.

d) Servicing Fees-

Would be agreed mutually between the Company and Co-Lenders.

FUND MANAGEMENT:

The Company and Co-Lender shall maintain each individual borrower's account for their respective exposures. The Master Agreement shall clearly specify the manner of appropriation between the Company and Co-Lenders.

PROVISIONING:

In the event of default, provisions shall be provided in books for the mentioned loan (Company part) as per Company's board-approved policy. Any additional provisions shall be made on a case-to-case basis.

OPERATING ASPECT:

Standard Operating Process

A detailed Standard Operating Process (SOP) would be created in discussion with the Co-Lenders following the co-lending Master Agreement being entered into, to suitably detail the Credit Appraisal process within the SOP.

Geographical scope-

Co-lending opportunities will be explored across all branches of the Company.

Customer Service and grievance redressal-

i. The Company shall be the single point of interface for the customers and shall enter into a loan agreement with the borrower, which shall clearly contain the features of the arrangement and the roles and responsibilities of the Company and Co-Lender. The Company, being the front-ending lender, will be primarily responsible for providing the required customer service and grievance redressal to the borrower. However, any complaint registered by a borrower with the Company shall also be shared with the Co-Lender, and in case, the complaint is not resolved within 30 days, the borrower would have the option to escalate the same with the concerned Banking Ombudsman/ Ombudsman for NBFCs.

ii. All the details of the arrangement shall be disclosed to the customers upfront, and their explicit consent shall be taken.

iii. The extant guidelines relating to customer service and fair practices code and the obligations enjoined upon the Co-Lender and Company therein shall be applicable mutatis mutandis in respect of loans given under the arrangement.

OTHERS:

Assignment of Loan

Any assignment of a loan provided under the CLM by the company to a third party can be done only with the consent of the Co-lenders.

Monitoring

The framework for monitoring and recovery of the loan, shall be guided as per mutually agreed terms with the individual co-lending partners.

Business Continuity plan

Company shall ensure uninterrupted service to their borrowers, on-boarded under the CLM, till repayment of the loans even in the event of termination of co-lending arrangement between the Company and Co-lenders.

Internal and Statutory Audit

The loans under the CLM shall be included in the scope of internal/statutory audit to ensure adherence to company internal guidelines, terms of the agreement and extant regulatory requirements.