| SAMUNNATI FINANCE PRIVATE LIMITED | |
|---|---|
| **POLICY** | Policy on Co-Lending Arrangements |
| **Reviewing Authority:** | Board of Directors |
| **Approving Authority:** | Board of Directors |
| **Original Issue Date:** | December 20, 2024 |
| **Version No.:** | 3 |
| **Date of approval by Policy Approval Committee** | May 16, 2026 |
| **Effective Date:** | December 20, 2024 |
| **Date of last review** | May 19, 2026 |
| **Review Cycle:** | Annually or as recommended by the Board of Directors |

## 1. Context & Background

The Reserve Bank of India has updated consolidated directions on Co-Lending Arrangements vide its circularRBI/DOR/2025-26/352
DOR.STR.REC.271/21.04.048/2025-26 dated November 28, 2025. "Reserve Bank of India (Non-Banking Financial Companies - Transfer and Distribution of Credit Risk) Directions, 2025"
The objective of this policy is to establish a structured framework for entering into and managing Co-Lending Arrangements (CLA) with other regulated entities (REs), in compliance with the RBI Directions, 2025, ensuring prudent risk sharing, customer protection, and operational transparency

## 2. Purpose

As per the Master Circular – Priority Sector Lending- Targets and Classification issued by RBI, the total priority sector lending (PSL) for domestic scheduled commercial banks (excluding Regional Rural Banks and Small Finance Banks) should be 40% of Adjusted Net Bank Credit or credit equivalent amount of off-balance sheet exposure, whichever is higher. Further, there are also sub-targets as a percentage of ANBC or CEOBE (Whichever is higher) to be achieved by bank's specifically for agriculture (18%), micro enterprises (7.5%), and weaker sections (12.0% in a phased manner). Commercial banks are required to meet the PSL requirement specified in the aforesaid circular. However, banks often get impacted due to outreach & infrastructure to reach out to the communities living in geographically remote areas. Consequently, apart from direct funding, banks have been exploring several options for meeting the minimum requirement. This step is taken by RBI to provide a competitive edge for credit to the priority sector and to mitigate the challenges faced by the banks on priority sector loans. The NBFCs operate on low-cost infrastructures and have reach to the remote locations. Coming together with NBFCs shall assist the banks to meet their PSL requirements with ease.

Given that Samunnati Finance Private Limited ("Samunnati" or "Company") is lending to the agricultural sector, a large majority of the clientele of Samunnati would qualify as eligible PSL assets, if the facility were to be extended by a Commercial Bank.. Co-Lending provides a great opportunity for Samunnati to co-opt commercial banks into our customers, increase the diversity of products that can be made available to the end-customers, as well as decrease the blended cost of lending to the customers. The impact of these steps would be the mainstreaming of our customers and agri value chains as an asset class with the commercial banks.

---

The new directions applies to Co-lending arrangements(CLA) entered into by the organization with

- Commercial Banks(excluding SFBs, LABs, RRBs)
- All-India Financial Institutions
- Non-Banking Financial Companies (including HFCs)

Digital lending arrangements involving co-lending shall also be governed by this policy, in conjunction with RBI's Digital Lending Directions.

The RBI Directions shall not apply to loans sanctioned under multiple banking, consortium lending, or syndication

All co-lending arrangements entered into by any Regulated Entites are to be compliant with these Directions.

3. **Partnership Feature & Benefits**

The primary focus of the Co-Lending Arrangement (CLA) is to "improve the flow of credit to the unserved and underserved 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 greater reach of the NBFCs.

Samunnati would work with partner RE's that would exhibit the following characteristics:

- The capability of the partner to collaborate with Samunnati on the partnership
- The ability of the partner to understand our business model
- Willingness and ability of the partner to align with Samunnati's processes, its speed of execution and flexibility of approach – key features of the Samunnati offering

Banks engaging in CLA for loans eligible to be classified under priority sector lending in terms of Master Directions – Reserve Bank of India (Priority Sector Lending – Targets and Classification) can claim priority sector status in respect of their share of credit under the CLA

4. **Definitions**

- **CLA:** A formal arrangement between an originating RE and a partner RE to jointly fund loans in a pre-agreed proportion.
- **Originating RE:** The entity originating the loan
- **Partner RE:** The entity co-lending the loan.

5. **Governance and Internal Controls**

- Samunnati or any other RE under a CLA shall be required to retain a minimum 10 per cent share of the individual loans in its books.

- The credit policy of Samunnati shall suitably incorporate provisions relating to CLAs, including:
  - The internal limit for the proportion of their lending portfolio under CLAs;
  - Target borrower segments.
  - Due diligence of the partner entities.
  - Customer service and grievance redressal mechanism
  - The objective criteria for fees/charges payable for lending services, based on nature of service provided, quantum of loan etc. Such fees /charges should not involve directly or indirectly, any element of credit enhancement/default loss guarantee unless permitted otherwise

Explanation : "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

Default loss guarantee is a contractual arrangement, called by whatever name, between the originating RE and partner RE, under which the former guarantees to compensate the latter, for loss due to default up to a certain percentage of the loan portfolio of the RE, 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

**6. Agreement and Documentation:**

The agreement to be entered between the CLA partners 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 (lending services refers 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 Samunnati or its Agents)
- Provisions related to segregation of responsibilities
- Time frame for exchanging critical information
- Customer interface and customer protection issues and Grievance redressal mechanism

The agreement to be entered with the borrower shall include:

- Segregation of the roles and responsibilities of the concerned RE's and Samunnati with reference to sourcing, servicing etc. The RE partner who will be the single point of interface with the customer should be defined.
- Any subsequent change in the entity which will be the customer interface between Samunnati and its co-lending partner can only be done after prior intimation to the borrower
- The Loan agreement should include details related to customer protection, Grievance redressal mechanism
- Issuance of a Key Fact statement (KFS) – Should include details of the CLA. 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 appropriate. 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
- The interest rate and any other fees/charges on the underlying loans charged to the borrower shall be based on the contractual agreement.
- 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 the respective RE's, as per their internal lending policies and risk profile of the same or similar borrower, weighted by the proportionate funding share of the concerned RE under the CLA

**Scenario 1: Fixed interest rates**
Customers are offered fixed interest rate throughout life of loan.

| **Example 1** | | | **Example 2** | |
|---|---|---|---|---|
| **Blended interest rate calculations** | **RE** | **NBFC/other RE** | **RE** | **NBFC /other RE** |
| Benchmark Interest Rate | 8% | 9% | 8% | 9% |
| Spread | 2% | 3% | 2% | 3% |

| | | | | |
|---|---|---|---|---|
| Interest rate to consumer | 10% (A) | 12% (B) | 10% (A) | 12% (B) |
| Loan contribution ratio | 80%(C) | 20%(D) | 70%(C) | 30%(D) |
| Blended interest rate (A*C)+(B*D)= E | 10.40% | | 10.60% | |

- Any change in rates by respective REs under CLA will be made as per their credit policy and extant regulatory norms, and the same shall be reflected in the updated blended rate and communicated to the borrower

**7. Operational Arrangements**

- The Partner RE, basis the CLA, shall have an irrevocable commitment to take into its books on a back to back basis, its share of the individual loans after disbursement by Originating RE to the borrower, in any case, not later than 15 calendar days from the date of disbursement
- Originating RE should ensure that it transfers the Loan under the CLA only to the partner RE, as per the agreement and as specified in the KFS issued at the time of sanction of the loan
- If the Originating RE is unable to transfer the share of the exposure to the partner RE under the CLA within 15 calendar days for any reason, then the loan shall remain in the books of the originating RE and can be transferred to the other eligible lenders only under the provisions of **Reserve Bank of India (Non-Banking Financial Companies - Transfer and Distribution of Credit Risk) Directions, 2025**. – Part A - Transfer of Loan exposures
- Any subsequent transfer of loan exposures originated under CLA to third parties, or any *inter-se* transfer of such loan exposures between REs, shall be strictly in compliance with the provisions of the above referred circular. Such transfers to a third party requires mutual consent of both the originating and the partner RE.
- Both originating and partner RE shall maintain a borrower's account individually for its respective share
- All transactions (disbursements / repayments) between the REs, as well as with the borrower, shall be routed through an escrow account maintained with a bank (which could also be one of the REs involved in CLA). The agreement shall clearly specify the manner of appropriation between the
- originating and partner REs.
- The loans under the CLA shall be included in the scope of internal/ statutory audit at Samunnati to ensure adherence to their respective internal guidelines, terms of the agreement and applicable regulatory requirements.
- Samunnati shall implement a business continuity plan to ensure uninterrupted service to their borrowers till repayment of the loans, in the event of termination of the CLA between the RE's
- Partner RE may rely upon the Originating RE for "Customer Identification Process"as per the provisions of the Master Directions – Know Your Customer (KYC)
- Samunnati shall be guided by the Fair Practices Code and Grievance Redressal Mechanism in place

**8. Reporting and Compliance:**

- Samunnati and its partner RE shall report their share of the loan account to the Credit Information Companies (CICs)
- Both the RE's shall apply a borrower-level asset classification for their respective exposures to a borrower under the CLA. For eg if one of the RE's classifies its exposure to a borrower under the CLA

as SMA/NPA on account of default in the CLA exposure, the same classification shall be applicable to the exposure of the other RE to the borrower under CLA\

- REs 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

**9. Default Loss Guarantee**

Originating RE may provide default loss guarantee up to five per cent of loans outstanding in respect of loans under CLA. Provision of such default loss guarantee shall be governed in terms of the MD-DLG as amended from time to time.

**10. Disclosures**

- Samunnati shall disclose on its website, list of all active CLA partners
- Samunnati shall make disclosures in their financial statements under "Notes to Accounts",relating to necessary details of CLAs on an aggregate basis including:
    - 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

Such disclosures shall be made on an annual basis by Samunnati