

ADITYA BIRLA HOUSING FINANCE LIMITED

Policy for determination of Interest Rates, Processing and Other charges

(Version: ABHFL/Policy for determination of Interest rates and other charges /April 18,
2024/1.2)

Table of Contents:

Sr. No.	Table of Content
1	Document Owner, Version Control & Review Process
2	Interest Rate Model
3	Penal Charges / Late Payment Charges
4	Processing / Documentation and other charges
5	Change in Lending Rate

1. Document Owner, Version Control & Review Process:

Particulars	Details
Version Control	This version dated April 18 2024 is the third Policy for determination of Interest Rates, Processing and Other changes by Aditya Birla Housing Finance Limited. The Policy may be reviewed in line with the changes in the regulatory framework / if warranted by changing market dynamics.
Version No.	ABHFL/ Policy for determination of Interest Rates and other charges /April 18 2024/1.2
Document Owner(s)	Head – Product
Frequency of Review	<ul style="list-style-type: none"> • This policy would be reviewed annually or earlier if deemed necessary • Reviews and modifications during the year based on specific need may be undertaken • Any change in regulatory requirements will mandatorily necessitate a review of the Policy. Such changes and approvals shall be deemed to be a part of the policy until the policy is comprehensively reviewed.
Process for modification / review	Sign off from the following will be required for any modifications / revisions in this document: <ul style="list-style-type: none"> • Head – Product • MD & CEO, ABHFL • Asset Liability Management Committee, wherever applicable and • Board of Directors of the Company.

2. Omnibus Clause:

All extant & future master circulars/directions/guidelines/guidance notes issued by National Housing Bank (NHB) and / the Reserve Bank of India (RBI) from time to time would be the directing force for the Co-lending Policy of Aditya Birla Housing Finance Limited (“ABHFL”) and will super cede the contents of this Policy.

3. Interest Rate Model:

The interest rate applicable to any loan product of Aditya Birla Housing Finance Limited ("ABHFL") shall be determined with reference to the following factors:

- The rate of interest shall be determined based on the cost of borrowed funds, tenor of loan, liquidity conditions prevailing in the market, cost of operations, credit risk arising from the borrower or pool of borrowers and the minimum profit margin.
- The customer level credit risk premium as mentioned above shall be based on credit and default risk of the customer as assessed from profile & risk rating of customer, earning and repayment ability of the customer, nature and value of primary and collateral securities, repayment track record of the customers, external ratings of the customers, industry trends, Credit Bureau ratings amongst other factors.
- The rate of interests for the same product and tenor availed during same period by different borrowers need not be standardized. It could vary from borrower to borrower depending upon consideration of any or combination of above factors. The annualized rate of interest would be intimated to the customer. The interest rates would be offered on fixed, floating, semi-fixed basis. The ABHFL reference rates ("ARR") for the floating rates would be reviewed on a periodic basis and revised interest rates will be intimated to the customer. The ARR is determined by a combination of customer segment, customer profession and product and is determined from time-to-time basis decision in Asset Liability Management Committee and segment wise ARR shall be displayed on ABHFL website
- In case of staggered disbursements, the rate of interest would be subjected to review and the same may vary according to the prevailing rate at the time of disbursement or as may be decided by ABHFL.
- The rate of interest may also be reviewed, wherever applicable, subject to applicable regulatory guidelines, during the tenor of loan for any significant increase in credit risk.

4. Penal Charges / Late Payment Penalty / non-compliance with material terms and conditions of loan contract:

ABHFL may levy penal charges / Late payment penalty for delay or default in making payments of any dues or for non-compliance with any material terms and conditions stipulated in the loan agreement, sanction letter or Most Important Terms Conditions ("MITC"). Such charges shall be disclosed in the MITC.

5. Processing / Documentation and other charges:

All processing/ documentation and other charges recovered are expressly stated in the Loan Agreement / Sanction letter and MITC. They vary based on the asset financed, the exposure limit, expenses incurred in the geographical location, customer segment and generally represent the cost incurred in rendering services to the customers.

6. Change in ARR / Benchmark rate:

The Asset-Liability Management Committee is authorized to make modifications in the ARR / Benchmark rates, if required, from time to time and review the interest rates, processing charges, documentation charges and other charges, on a periodic basis.

In case of Home loans to individual borrowers:

1. At the time of sanction, the customers shall be communicated about the possible illustrative impact of change in benchmark interest rate on the loan leading to changes in EMI and/or tenor or both.
2. At the time of reset of floating interest rates on account of changes in ARR / Benchmark rates,
 - ABHFL shall provide the borrowers an option to switch over to a fixed rate loan. The switch from floating rate of interest to fixed rate of interest shall be subject to levy of switch fees as prescribed under the Most Important Terms and Conditions ("MITC").
 - ABHFL shall, depending upon the repayment capacity of the borrower, effect the change on the tenure of the loan / EMI / combination of both and communicate the same to the borrower. The borrower may approach ABHFL through any of the available channels within such reasonable period as may be prescribed to change the impact. No fees / charges shall be levied in such cases where the borrower approaches ABHFL within the prescribed period and if the change is commensurate with the repayment capacity of the borrower. Any change exercised by the borrower will be affected prospectively.
3. At any point during the tenor of the loan the borrowers would also have an option to opt for:
 - a. enhancement in EMI or elongation of tenor or for a combination of both options. This shall be subject to the eligibility norms as prescribed under ABHFL's policy and subject to the charges as prescribed under MITC. ABHFL should take into consideration that the elongation of tenor in case of floating rate loan should not result in negative amortisation and / or tantamount to restructuring and
 - b. to prepay, either in part or in full, at any point during the tenor of the loan by reaching out to ABHFL through available channels, subject to levy of foreclosure charges/ pre-payment penalty as prescribed under the MITC.