



Nido Co-Lending Policy

Nido Home Finance Limited (Formerly known as Edelweiss Housing Finance Limited)

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1. INTRODUCTION

1.1 BACKGROUND

Pursuant to the Reserve Bank of India (“RBI”) circular dated September 21, 2018 on co-origination of loans by Banks and NBFCs for lending to priority sectors, the Board of Directors of Nido Home Finance Limited (Formerly known as Edelweiss Housing Finance Limited) (“Nido”) approved co-lending policy in its meeting dated September 18, 2019.

In terms of the Board approved policy, Nido has entered into Co-origination tie-ups with several banks and commenced business for MSME Priority sector lending.

Reserve Bank of India then issued a circular dated November 05th, 2020 on Co-Lending by Banks and NBFCs (Including Housing Finance Companies) to Priority Sector (RBI/2020-21/63, FIDD.CO.Plan.BC.No.8/04.09.01/2020-21) (“Circular”) superseding its earlier circular dated September 21, 2018 on co-origination by banks and NBFCs for lending to priority sectors. Under this Circular of RBI Co-Origination between Bank and NBFC, the policy was rechristened as Co-Lending Model (“CLM”) and the Circular introduced changes to bring operational flexibility to the lenders.

Subsequently Reserve bank of India has issued a comprehensive revised Directions on co-lending arrangements (CLA) dated August 06, 2025 (effective 1st January 2025) with the objective of providing specific regulatory clarity on the permissibility of arrangements between regulated entities, while addressing some of the prudential as well as conduct related aspects.

The aim of this Policy is to align the Co-lending Policy with this circular and this policy supersedes the earlier Board approved policy.

Revised guidelines were issued in supersession of the erstwhile circular Co-Lending by Banks and NBFCs to Priority Sector FIDD.CO.Plan.BC.No.8/04.09.01/2020- 21

1.2 PURPOSE

Nido has received enquiries from major banks/NBFC’s* to mutually explore Co-lending opportunity this includes expression of interest from some of our existing co-lending partner Banks/NBFC’s. Nido’s key objective is to promote business growth by leveraging the strength of Nido and the partner bank/NBFC (“Co-lending partner”). This document is to formulate the CLM Policy for Nido.

Nido proposes to engage with eligible banks/NBFC’s for exploring CLM opportunities across its existing and new products / segments which qualify as per the Circular.

*For the purpose of this document, the term *Major Banks/Housing Finance Companies (HFCs)* shall refer to all Commercial Banks, excluding Small Finance Banks, Local Area Banks, and Regional Rural Banks, as well as all Non-Banking Financial Companies (NBFCs), including Housing Finance Companies.

The term CLM refers to an arrangement, formalized through an ex-ante agreement, between Nido Home Finance Limited which is originating the loans and another bank/HFC which is co-lending to jointly fund a portfolio of secured loans, in a pre-agreed proportion, involving revenue and risk sharing.

The term CLA and CLM shall be used interchangeably within the scope of this document.

1.3 SCOPE

The scope of this policy covers the products and guidelines to engage with eligible banks/NBFC's for exploring CLM opportunities across its existing and new products / segments. Existing CLAs (i.e., the lending arrangements executed before the date of issuance of RBI Directions on August 06, 2025) and new CLAs entered into prior to the effective date shall also be covered under the scope of this policy.

Also, the scope for partnering with for CLM opportunities shall be in compliance with RBI guidelines.

The borrower segment shall not be confined to Priority Sector Lending (PSL) and shall cater to a range of borrower segments across all economic sectors in line with Nido's Credit Policies.

2. Nido ENGAGEMENT WITH BANKS/NBFC'S UNDER CLM

Nido shall, based on discussion with eligible Banks/NBFC's, enter into CLM Master Agreements for implementing the new comprehensive CLM model.

The CLM shall entail an irrevocable commitment on the part of partner to take into its books, on back to back basis, its share of the individual loans as originated by the Nido. The CLM shall ensure that the respective shares of the partners are reflected in the books of both partners without delay after disbursement by Nido to the borrower, in any case not later than 15 calendar days from the date of disbursement. If the Co-lending partner exercises its discretion regarding taking into its books the loans originated by Nido per the CLM Master Agreement, the arrangement will be akin to a direct assignment transaction. Accordingly, the bank/HFC taking over the loan shall ensure compliance with all the requirements in terms of Guidelines on Transactions Involving Transfer of Assets through Direct Assignment of Cash Flows and the Underlying Securities issued vide RBI/2011-12/540 DBOD.No.BP.BC-103/21.04.177/2011-12 dated May 07, 2012 and RBI//2012- 13/170 DNBS. PD. No.301/3.10.01/2012-13 August 21, 2012 respectively, as updated from time to time, except for Minimum Holding Period (MHP) which shall be applicable in such transactions undertaken in terms of this CLM as per the Reserve Bank of India (Co-Lending Arrangements) Directions, 2025.

3. PRODUCTS FOR CO-LENDING

Nido will agree a common product program with the Co - lending partner. The product program will include the origination and disbursement policies and guidelines, in consultation with the Co-lending partner.

3.1 PRODUCT PROGRAM/ASSIGNMENT PARAMETERS

The agreement to be entered between the CLM 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, if any; provisions related to segregation of responsibilities; timeframe for exchanging critical information; customer interface and customer protection issues and grievance redressal mechanism.

3.2 ORIGINATION

Nido shall identify and refer the potential customers to the Co-lending partner only if the customer complies with the underwriting Criteria applicable and shall include all customer segments as defined in the comprehensive revised Directions on co-lending arrangements (CLA) dated August 06,2025 (effective 1st January 2025).

4. GEOGRAPHICAL STAGE

We propose to explore Co-lending opportunity across the Nido Network and in partnership with other Banks/NBFCs/HFCs.

5. CO-LENDING GUIDELINES

The proposed CLM arrangements are for the sector as eligible under the Circular from time to time. The key features of the proposed policy are summarized below:

5.1 BOARD APPROVED POLICY

- Nido shall share copies of this policy with Co-lending partner, if required
- The Board approved CLM policy shall be placed on Nido's official website to comply with the Circular

5.2 SHARING OF RISK AND REWARDS

For all loans under CLM arrangements Nido will directly hold exposure as per the extant RBI policy. Nido should hold minimum 10% of the credit risk (10 % share of the individual loans on Nido's books) until maturity. Any change in loan limit shall be subject to agreed appropriate terms and the nature of the mutual agreement with Co-lending partner.

5.3 COMMERCIALS

- Interest rate- The ultimate borrower may be charged an all-inclusive blended interest rate as may be agreed upon by Nido & Co-lending partner (“Co-lenders”) conforming to the extant guidelines applicable to both and as agreed in the SOP
- Any change in rates by respective partner 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.
- Fees and Expense sharing for other activities- Appropriation between the Co-lenders may be mutually decided basis mutual CLM Master agreement with Co-lending partner. Same shall be determined 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.
- AUM / Servicing Fees / Any other commercial terms– Would be agreed mutually between Co-lenders.
- All the commercial terms & conditions need to be signed off by the board approved authorized signatory for each Co-lending partner.

5.4 DUE DILIGENCE (KNOW YOUR CUSTOMER)

Nido will adhere to Extending Master Direction – Know Your Customer (KYC) Direction, 2016 issued vide RBI/2019-20/235 DOR.NBFC (HFC).CC.No.111/03.10.136/2019-20 dated May 19,2020 and updated from time to time and any other regulation as stipulated by RBI from time to time

5.5 STANDARD OPERATING PROCEDURES

Nido to form a detailed Standard Operating Procedures (SOP) with each partner following the CLM master agreement.

5.6 CREDIT APPRAISAL

Nido has an existing underwriting framework, and all the loans will be evaluated based on the existing diligence process. The Credit appraisal process shall be suitably adapted to adhere to the mutually agreed SOP with Co-lending partner as may be required from time to time. The SOP shall include details such as 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 etc.

Co-lending partner shall be entitled and responsible to independently assess the credit risks of the applicant borrowers being proposed under CLM.

5.7 LOAN SANCTION

Under the CLM arrangements, the process of sanction letter issuances and the loan agreement execution would be detailed in the SOP as mutually agreed with Co-lending partner.

5.8 BORROWER LOAN DOCUMENTATION

Necessary disclosures in the Borrower Loan Agreement would be required as mandated in the applicable RBI guidelines. The loan-agreement with the borrower shall also appropriately disclose suitable provisions related to customer protection, and grievance redressal mechanism.

All required details of CLA shall be disclosed appropriately to the concerned borrower as laid down under RBI Circular on 'Key Facts Statement (KFS) for Loans & Advances' dated April 15, 2024 as amended from time to time.

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 concerned partners, including clear identification of the entity being 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

5.9 AUDIT

The loans under the CLM shall be included in the scope of internal/statutory audit within the Co-lending partner and Nido to ensure adherence to their respective internal guidelines, terms of the agreement and extant regulatory requirements.

5.10 CUSTOMER SERVICE & GRIEVANCE REDRESSAL

- Nido shall be the single point of interface for the customers and shall generate a single unified statement of the Borrower Loan under CLM, through appropriate information sharing arrangements with the Co-lending partner. All the details of the arrangement shall be disclosed to the customers upfront, and their explicit consent shall be taken.

- The extant guidelines relating to customer service and fair practices code and the obligations enjoined upon the Co-lending partner and Nido therein shall be applicable in respect of loans given under the arrangement.
- Nido shall be responsible for grievance redressal, wherein suitable arrangement must be in place as per RBI/NHB guidelines.

5.11 ESCROW ACCOUNTS

Nido & Co-lending partner shall maintain each individual borrower's account for their respective exposures. However, all transactions (disbursements/repayments) between the Co-lending partner and Nido relating to CLM shall be routed through an escrow account maintained with the banks, in order to avoid inter-mingling of funds. The Master Agreement shall clearly specify the manner of appropriation between Nido & Co-lending partner. Nido and the Co-lending partner shall open escrow accounts with the Bank acting as the Escrow Bank.

5.12 MONITORING & RECOVERY

Nido already has a loan monitoring and Early Alert Process for all the loan segments and the same will be followed for CLM loans. Addition / Modification to the existing process will be done from time to time to maintain a healthy credit book. The salient features of the exposure monitoring process are as follows:

- The Review & Monitoring will be performed both at the portfolio level and at the account level following the delinquency and the asset classification norms as directed by the regulators.
- We may engage with external agencies for improving the efficacies of our collection process and use publicly available databases to assist in the monitoring of the underlying exposure.
- Nido would be responsible for conducting the periodic monitoring of the facilities and sharing the information with the co-lending bank. The format and frequency shall be agreed bi-laterally with the partner Bank.
- Nido would be monitoring the facility and lead collection and recovery efforts for the CLM Loans, including invocation of credit guarantee, Insurance claims. Nido would also do necessary client engagement for recovery of the loan proceeds. The proceeds recovered by Nido will be shared with Co-lending bank on pro-rata basis for the risk exposure. The cost of providing the recovery agency services would be agreed in the CLM Master Agreement.

5.13 SECURITY & CHARGE CREATION

For CLM Loans the security and charge where applicable will be created as agreed between the Co-lenders.

5.14 PROVISIONING/REPORTING REQUIREMENT

Nido will follow the asset classification and provisioning requirements, as per applicable RBI guidelines. Nido shall also carry out the respective reporting requirements including reporting to Credit Information Companies as per applicable law and regulations for its portion of lending. In case, if Co-lending partner, due to their internal guidelines, wants to create any prudent provisioning, then it shall not impact the other Co-lending partner.

5.15 DIRECT ASSIGNMENT TRANSACTION BETWEEN Nido & CO-LENDING PARTNER

Loans originated by Nido and subsequently approved by Co-lending partner, would be assigned to Co-lending partner under an Assignment and Servicer Agreement. The process for such agreements, inter alia including standard formats and agreed turn-around time shall be mutually agreed with Co-lending partner as part of the SOP.

5.16 ASSIGNMENT/CHANGE IN LOAN LIMITS

Co-lenders can enter into a third-party loan assignment agreement with the consent of the other party for assigning their share in the CLM Loan by complying with the Circular

5.17 BUSINESS CONTINUITY PLAN

Notwithstanding termination of CLM Master Agreement, Co-lenders should ensure that Borrower servicing shall be rendered till each loan originated under this CLM agreement is completely repaid or settled as detailed in the SOP agreed with the Co-lending partner.

5.18 REPRESENTATION & WARRANTY CLAUSE

The CLM Master Agreement may contain necessary clauses on representations and warranties as per RBI guidelines.

5.19 DISCLOSURES

In addition to the applicable disclosure requirements under extant regulations, Nido shall also prominently disclose on their website a list of all active CLA partners. Nido shall also make appropriate disclosures in their financial statements as defined in the circular.

6. REVIEW & AMENDMENT

Co-lending policy shall be annually reviewed in accordance with any regulatory/statutory requirement and shall be approved by the Board of the Company.