SMFG India Home Finance Co. Ltd.

Fair Practice Code

(January 2026)

Contents

Glossary

NHB	National Housing Bank
DSA	Direct Selling Agency
HFC	Housing Finance Companies
RBI	Reserve Bank of India

1. Background

This Fair Practice Code (the Code) is aimed at providing all the stakeholders, especially customers, effective overview of practices followed by the Company in respect of the financial facilities and services offered to its customers. This Code is drawn up keeping in view the Reserve Bank of India (Housing Finance Companies) Directions, 2025.

2. Scope

This code would apply to all the products and services, whether provided by the Company, its intermediaries or Digital Lending Platforms (self-owned and/or under an outsourcing arrangement) across the counter, over phone, by post, through interactive electronic devices, on the internet or by any other means of delivery.

The broad objectives of the Code are, to:

- promote good and fair practices by setting minimum standards in dealing with customers
- increase transparency so that the customers could have an understanding of what could be reasonably expected services
- promote a fair and cordial relationship between customer and the Company to foster confidence in the housing finance system

3. Policy Principles

a. Application for loans and their processing -:

- The Loan application form and critical correspondence (including change in terms and conditions) shall be made in vernacular, or a language as understood by borrower.
- The Company shall transparently disclose to the borrower all information about fees/ charges, processing fees, interest and penal charges where applicable, refundable/ non-refundable charges/interest if any. In other words, The Company shall disclose 'all-in-cost' inclusive of all charges involved in processing/sanctioning in a transparent manner. The Company shall also ensure that such charges/ fees are non-discriminatory.
- The Company shall not charge any fees, charges, etc. which are not mentioned in MITC/ KFS, to borrowers at any stage during the term of loan, without their explicit consent.
- Loan application forms issued by the Company shall include necessary information, which affect the interest of the borrower so that the customer could do a meaningful comparison with the terms and conditions offered by other HFCs and take an informed decision.
- The Company shall issue acknowledgement for receipt of loan applications. The time frame within which loan applications to be disposed shall also be indicated in the acknowledgement.
- The loan application form shall indicate the documents required to be submitted.

b. Loan Appraisal and Terms & Conditions

- All particulars required for processing the loan application shall be collected at the time of receiving the application and the customer shall also be informed immediately that for any additional information, if required, he would be contacted again.

- The Company shall convey in writing, through a sanction letter or otherwise, the amount of loan sanctioned along with all terms and conditions including annualized rate of interest, method of application, EMI structure, pre-payment charges, penal charges (if any) and hold the acceptance of the customer on record.
- The Company shall furnish a copy of the loan agreement along with copies of all enclosures at the time of sanction/disbursement of loans, against acknowledgement.
- Purpose of loan shall be clearly mentioned in the sanction letter, loan agreement and MITC/KFS executed with the customers.
- In case, the loan applied for is not sanctioned, the reasons for rejection shall be communicated to the customers in writing.
- The Company shall ensure that the penal charges for late repayment is in "bold" fonts in the loan agreement.

c. Disbursement of loans including changes in terms and conditions

- Disbursement shall be made in accordance with disbursement schedule given in loan agreement/ sanction letter.
- The customers shall be notified in the language understood by the borrower of any change in the terms & conditions including disbursement schedule, interest rates, penal charges (if any), service charges, prepayment charges, other applicable fee/ charges etc. and such changes in interest rates and charges would be affected only prospectively. A suitable condition to this effect shall be incorporated in the loan agreement.
- If any changes are to the disadvantage of the customer, the customer may, within 60 days, without notice, close the account or switch, without paying any extra charges or interest.
- Any decision to recall / accelerate payment or any performance under the agreement or seeking additional securities should be in consonance with the loan agreement.
- All securities pertaining to the loan would be released on receipt of full and final payment of the loans, subject to any legitimate right or lien, and set-off for any other claim that the Company may have against the borrowers. If such right of set-off is to be exercised, the borrower shall be given notice about the same, with full particulars about the remaining claims and the conditions under which the Company is entitled to retain the securities until the relevant claim is settled / paid.
- The Company shall release all the original movable/ immovable property documents and remove charges registered with any registry within 30 days after full repayment/ settlement of loan account.
- Borrowers can collect these documents from the base branch or another office as detailed in the loan sanction letter. In case of the borrower's demise, the documents will be returned to legal heirs as per the procedure listed on the Company's website.
- If there is a delay beyond 30 days in release of property documents, from the Company's side, the Company will inform the borrower of such a delay and compensate at ₹5,000 per day for each day of delay. For lost or damaged documents, the Company will assist the borrower to obtain copies of documents and bear associated costs. This compensation is in addition to any other legal rights the borrower may have.

d. <u>Reset of Floating Interest Rate on Equated Monthly Instalments (EMI) based PLs</u>

When approving floating rate personal loans, the company will
- Inform borrowers about potential EMI/tenor changes due to interest rate fluctuations
- Offer a fixed rate switch option during interest rate resets
- Allow borrowers to choose between increasing EMI, extending the loan tenor, or both, and to prepay anytime
- Disclose all related charges transparently
- Ensure loan tenor extensions do not result in negative amortization
- Provide quarterly statements with loan details

e. <u>Complaints and Grievance Redressing Mechanism</u>

The Company shall adhere to the laid down Grievance Redressal Mechanism within the organization to resolve complaints and grievances.

The Company aims to provide the best customer service among peers and should consistently strive on creating a robust and efficient customer service platform. All customer complaints or grievances related to insurance shall be acknowledged by the Company within 3 days and resolution will be done within 14 days of receipt of complaint in the form and manner specified in Grievance Redressal Mechanism.

Towards this objective, the Board of Directors has laid down the following grievance redressing mechanism within the organization to resolve complaints and grievances of the customers.

i. <u>Level – 1</u>

The Company shall have a system and procedure for receiving, registering and disposing of complaints and grievances at each of its offices including those received online. The customers should be informed the following details
- Where to find details of procedure for handling complaints fairly and quickly.
- Whom to complain to (Level 1)
- How to complain
- When to expect a reply
- Whom to approach for redressing (Level 2)
- What to do if not happy about the outcome (Level 3)

In addition, the customers should be offered the following options

- Telephone: The customers can call the Contact Centre on our toll-free number 1800 102 1003 during 9.30am to 6.30 pm (Monday to Saturday) excluding 4th Saturday and Public Holidays
- Email: Customers can also send their grievances through dedicated e-mail ID: grihashakti@grihashakti.com
- Letters: Written letters addressed to corporate office at Inspire BKC, Unit No. 504, Level 5, Main Road G Block, Bandra Kurla Complex, Bandra (East), Mumbai-400051.
- Visit: Customers may physically visit the Customer Service Officer at the Service Branch and make a requisition with the said branch during following visiting hours:

Branch timings:	9:30am to 6:30pm
	(Monday to Saturday except 1st Saturday & public holidays);
Payment timings:	9:30am to 6:00pm (Monday to Friday);
	9:30 am to 4:00pm (Saturday)
	All timings excluding 1st Saturday & public holidays

ii. Level - 2

If the resolution received at Level - 1 fails to meet the expectations, the customer should have the option to write to the Company's "Customer Complaint Redressal Cell", at CCRC@grihashakti.com and/or the Corporate Office address provided above.

iii. Level - 3

If the customer is still dissatisfied with the resolution received, the customer may refer the matter to the Company's "Grievance Redressal Officer" at GRO@grihashakti.com and/or contact via telephone on Grievance Redressal Officer number 022 – 65483456 and/or the Corporate Office address provided above.

In case the customer is still dissatisfied with the response received or where no response is received within one month, the customer may as per the RBI regulations, approach the Complaint Redressal Cell of National Housing Bank by lodging complaint online on the website of NHB or through post to NHB, New Delhi. (Complaint Redressal Cell, Department of Regulation & Supervision, National Housing Bank, 4th Floor, Core 5A, India Habitat Centre, Lodhi Road, New Delhi -110 003.)

The Company should maintain the following protocol while handling customer complaint:

- Acknowledgement/ response containing the name & designation of the official who should deal with the grievance should be sent to the customer within a week.
- A complaint reference number should be provided and the customer should be informed of the progress within a reasonable period of time.
- After examining the matter, the Company shall send the customer its final response or explain why it needs more time to respond and shall endeavour to do so within six weeks of receipt of a complaint. The final response shall also inform the customer as to how to take complaint further if not satisfied.

This grievance redressing procedure shall be publicized as per regulatory requirement. The Company will clearly display it in all its offices/branches and made it available on the Company's website.

Any appeal cases received through CPGRAMS/ GRIDS etc. will be reviewed by an authority at higher level of GRO.

f. Interest Charged:

To ensure that there the Customers are not charged excessive interest rate and charges on loans and advances, the Board of the Company shall adopt a Policy for determining Interest Rates, Processing and Other Charges including penal charges. This policy shall be put up on the web-site. The policy shall take into account relevant factors such as cost of funds, margin and risk premium and determine the rate of interest to be charged for loans and advances.

- The Company shall lay down appropriate internal principles and procedures in determining interest rates and processing and other charges.
- The Company shall also put in place an internal mechanism to monitor the process and the operations so as to ensure adequate transparency in communications with the borrowers.
- The Company shall adopt an interest rate model taking into account relevant factors and determine the rate of interest to be charged for loans and advances. The rate of interest and the approach for gradation of risk and rationale for charging different rate of interest to different categories of borrowers shall be disclosed to the borrower or customer in the application form and communicated explicitly in the sanction letter.
- The updated rates of interest and the approach for gradation of risks shall also be made available on the website.
- The rate of interest and penal charges (if any) must be annualised rate so that the borrower is aware of the exact rates that would be charged to the account.
- The quantum and reason for penal charges shall be clearly disclosed to the customers in the loan agreement, MITC and sanction letter, in addition to being displayed on website under Interest rates and Service Charges.
- Instalments collected from borrowers should clearly indicate the bifurcation between interest and principal.
- Whenever reminders for non-compliance of material terms and conditions of loan are sent to borrowers, the applicable penal charges shall be communicated. Further, any instance of levy of penal charges and the reason therefor shall also be communicated.
- The Company shall ensure that interest is charged from the date of actual disbursement of funds or date of handover of cheque, as the case may be.

g. <u>Advertising, Marketing and Sales</u>

The Company shall ensure that:

- All advertising and promotional material is clear, and not misleading.
- All advertising and promotional material related to any service or product should indicate applicable interest rate, fees and charges and also aver that the full particulars of relevant terms and conditions could be had on request or on website.
- The information on interest rates, common fees and charges should be provided in the form of notices at the branches, through telephone or help-lines, on the Company's website and through designated staff / helpdesk or through service guide / tariff schedule.
- The third parties providing support services should handle customer's personal information (if any) with the same degree of confidentiality and security as the Company does.
- The communications to the customers on products or promotional offers should be sent only if it is consented by the customers through some mode or other
- A Board approved code of conduct shall be adopted for the Direct Selling Agencies (DSAs) and appropriate action (including making good the loss) should be taken if any violation of this Code is reported. The code of conduct should prescribe the DSA to identify themselves while approaching customers for selling products.

h. Guarantors

When a person consents to guarantee a loan, He/she shall be informed in detail about the following:

- liability as guarantor, the amount committed, whether the liability is limited or not and the circumstances under which the guarantee could be invoked.
- the Company's right to recourse to other monies of the guarantor with the Company, if the guarantor fails to pay the liability on call
- time and circumstances under which the guarantee should be discharged as well as the manner in which the Company should notify the same
- where the Company had made a claim on the guarantor on account of the default of the principal debtor, the liability of the guarantor is immediate and in case the said guarantor refuses to comply with the demand made by the Company despite having sufficient means to make payment of the dues, such guarantor would also be treated as a wilful defaulter.

The Company shall keep the guarantor informed of any material adverse changes that it may become aware of in the financial position of the borrower for whom the guarantee was offered.

i. Loans Sourced over Digital Lending Platforms

Wherever digital lending platforms are engaged as agents to source borrowers and/ or to recover dues, the following instructions should be complied with:

- Names of digital lending platforms engaged as agents should be disclosed on the Company website.
- Digital lending platforms engaged as agents should be directed to disclose upfront to the customer, the Company's name on whose behalf they are interacting with the customer.
- Immediately after sanction but before execution of the loan agreement, the sanction letter should be issued to the borrower on the letter head of the Company
- A copy of the loan agreement along with a copy each of all enclosures quoted in the loan agreement should be furnished to all borrowers at the time of sanction/disbursement of loans.
- Effective oversight and monitoring should be ensured over the digital lending platforms engaged the Company.
- Adequate efforts shall be made towards creation of awareness about the grievance redressal mechanism.

j. Privacy and Confidentiality

All the personal information of customers, whether provided by the customers or otherwise, shall be treated as private and confidential and should not be revealed to anyone, including other companies in the group, except for the following purposes:

- Information to be given by law
- For a duty towards the public at large
- Company's interests require to give the information to prevent fraud. However, it should not be used as a reason for giving information about customer or customer accounts (including

customer name and address) to anyone else, including other companies in the group, for marketing purposes.

- On the customer's request or consent.
- If the Company receives a request to give a reference, it shall do so, only after a written permission of the customer.
- The Company should not use customer's personal information for marketing purposes by anyone including for in-house purposes unless the customer specifically authorizes the same.
- The customer shall be informed the extent of his / her rights under law for accessing personal information that the Company holds, through a Privacy Policy posted on the website of the Company.

k. General

i. The Company shall not interfere in the affairs of the borrower except for the purposes provided in the Loan Agreement unless new information not earlier disclosed by the borrower has come to the notice of the Company.

ii. In case of receipt of a request from the borrower for transfer of the borrowal account, the consent or otherwise i.e. objection of the Company, if any, shall be conveyed within 21 days from the date of receipt of such request. Such transfer shall be as per transparent contractual terms in consonance with law.

iii. Whenever loans are given, Company shall explain to the customer the repayment process by way of amount, tenure and periodicity of repayment. However, if the customer does not adhere to repayment schedule, a defined process in accordance with the laws of the land shall be followed for recovery of dues. The process will involve reminding the customer by sending him/ her notice or by making personal visits and/or repossession of security if any.

iv. The Company would not resort to undue harassment, viz., persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans etc. In this regard, the company shall adopt board approved code of conduct for recovery agent as per extant regulation wherein our staff or any person authorized to represent the Company in collection of dues are extensively trained.

v. The Company shall ensure that staff do not resort to intimidation or harassment of any kind, either verbal or physical, against any person in their debt collection efforts, including acts intended to humiliate publicly or intrude upon the privacy of the debtors' family members, referees and friends, sending inappropriate messages either on mobile or through social media, making threatening and/ or anonymous calls, persistently calling the borrower and/ or calling the borrower before 8:00 a.m. and after 7:00 p.m. for recovery of overdue loans, making false and misleading representations, etc.

vi. In the matter of recovery of loans, the company shall follow the usual measures as per the laid down guidelines and existing provisions and would operate within the legal framework and in compliance with the applicable laws and regulations.

vii. The Company shall not charge pre-payment levy or penalty on pre-closure of housing loans under the following situations:

- Where the housing loan is on floating interest rate basis and pre-closed from any source.
- Where the housing loan is on fixed interest rate basis and the loan is pre-closed by the borrower out of their own sources.

  - It may be noted that the expression “own sources” for the purpose means any source other than by borrowing from a bank/HFC/NBFC and/or a financial institution.

  - All dual/ special rate (combination of fixed and floating) housing loans will attract the pre-closure norms applicable to fixed/ floating rate depending on whether at the time of pre-closure, the loan is on fixed or floating rate. In case of a dual/ special rate housing loans, the pre-closure norm for floating rate will apply once the loan has been converted into floating rate loan, after the expiry of the fixed interest rate period. This applied to all such dual/ special rate housing loans being foreclosed hereafter. It is also clarified that a fixed rate loan is one where the rate is fixed for entire duration of the loan

viii. The Company shall not impose foreclosure charges/ pre-payment penalties on any floating rate term loan sanctioned for purposes other than business to individual borrowers, with or without co-obligant(s).

ix. In respect of loans and advances sanctioned or renewed on or after January 1, 2026, the Company shall not impose foreclosure charges/ pre-payment penalties on loans with sanctioned amount/ limit up to Rs. 50 lakhs granted for business purpose to individuals and MSEs[1], with or without co-obligant(s).

  - The Directions at para vii. and viii. above shall be applicable irrespective of the source of funds used for pre-payment of loans, either in part or in full, and without any minimum lock-in period. Further, the term ‘loans’ shall include term loans as well as demand loans.

  - Applicability of above Directions for dual/ special rate loans will depend on whether the loan is on floating rate at the time of pre-payment.

  - Term “MSE” shall be as defined in Micro, Small and Medium Enterprises Development (MSMED) Act, 2006

x. In case of term loans, pre-payment charges shall be based on the amount being prepaid.

xi. The Company shall not levy any charges/ fees where pre-payment is affected at the instance of the Company. Further, no charges/ fees shall be levied by the Company retrospectively at the time of pre-payment of loans, which were earlier waived off by the Company

xii. The applicability or otherwise of pre-payment charges shall be clearly disclosed in the sanction letter, loan agreement, MITC/KFS. No pre-payment charges which have not been disclosed as specified herein shall be charged by the Company.

xiii. On receipt of request for pre-closure, the Company shall issue an acknowledgement to borrowers covering additional requirement, if any, for issuance of foreclosure letter and shall also communicate timeline for issuance of the foreclosure letter as per MITC / KFS of the loan or the regulatory stipulation whichever is earlier.

xiv. To facilitate quick and good understanding of the major terms and conditions of housing loan agreed upon between HFC and the individual borrower, company shall obtain a document containing the most important terms and conditions (MITC)/ Key Fact Statement (KFS) of such loan in all cases in the suggestive format as per Annex XII. The document will be in addition to the existing loan and security documents being obtained by the Company. Company shall prepare the said document in duplicate and in the language understandable by the borrower. Duplicate copy duly executed between the Company and the borrower should be handed over to the borrower under acknowledgement.

xv. Display of various key aspect such as service charges, interest rates, Penal charges (if any), services offered, product information, time norms for various transactions and grievance redressal mechanism, etc. is required to promote transparency in the operations of HFCs.

xvi. HFCs shall follow the instructions on “Notice Board”, “Booklets/ Brochures”, “Website”, “Other Modes of Display” and on “Other Issues”.

xvii. Company shall display about their products and services in any one or more of the following languages: Hindi, English or the appropriate local language.

xviii. Company shall not discriminate on grounds of sex, caste and religion in the matter of lending. Further, Company shall also not discriminate visually impaired or physically challenged applicants on the ground of disability in extending products, services, facilities, etc. However, this does not preclude Company from instituting or participating in schemes framed for different sections of the society.

xix. This Fair Practices Code preferably be in the vernacular language or a language as understood by the borrower) shall be made available to the borrower at the Company’s branches /offices and website and the same will be shared with customers on demand.

xx. The Company shall ensure that staff are trained to provide relevant information about the Code and to put the Code into practice.

xxi. Outsourcing of any activity will not diminish its obligations and the onus of compliance with these directions and shall rest solely with the Company.

xxii. The Company shall abide by the extant regulation in relation to customer service and updation/rectification of credit information

4. <u>Report on compliance to the Code</u>

A periodical review (at least annually) of the compliance of the Fair Practices Code and the functioning of the grievance's redressal mechanism shall be carried out by the Company and the report of such reviews shall be submitted to the Committee of the Board / Board.