



Suryoday Small Finance Bank Limited (“SSFBL” or “the Bank”) introduces mortgage loans linked to the 1-year Government of India Treasury Bill Benchmark Rate.

Treasury Bill linked Mortgage Loans

1. Meaning of Treasury Bill Benchmark linked Lending Rate (TBLR)

Treasury Bill Benchmark linked Lending Rate (TBLR) is an external benchmark linked lending rate introduced by SSFBL with effect from 01 May, 2018 for its mortgage loans.

2. Treasury bill benchmark rate

Treasury Bill (T-Bill) is a short term debt issuance of up to one year from the Government of India. These instruments are issued at a discount and redeemed at the face value on maturity, which provides the interest rate return on the security. Financial Benchmarks India Private Limited (FBIL) is an independent benchmark administrator and provides daily T Bill rate Benchmarks which are available at <http://www.fbil.org.in/>.

3. Financial Benchmarks India Pvt. Ltd (FBIL)

Basis Reserve Bank of India recommendation, Financial Benchmarks India Pvt. Limited (FBIL) was jointly promoted by Fixed Income Money Market & Derivative Association of India (FIMMDA), Foreign Exchange Dealers’ Association of India (FEDAI) and Indian Banks’ Association (IBA). It was incorporated in December 2014 under the Companies Act 2013. It was recognized by Reserve Bank of India as an independent Benchmark administrator on 2nd July, 2015.

The main object of the company is to act as an administrator of the Indian interest rate and foreign exchange benchmarks and to introduce and implement policies and procedures to handle the benchmarks. FBIL reviews each benchmark to ensure that the benchmarks accurately represent the economic realities of the interest that it intends to measure.

4. Calculation of the TBLR

The TBLR which will serve as the reference rate will be determined by the using the 1-year Treasury bill reference rate published By **Financial Benchmarks India Private Limited (FBIL)**.

The T Bill rates are determined and published on a daily basis by FBIL. The Bank will use the 1-year T Bill benchmark as of a specific date of a month to determine TBLR. The details with respect to the same are provided in the loan agreement.

5. Transparency

The TBLR is published by an external benchmark administrator which was set up under recommendation from the RBI. It is a completely independent entity and is not owned by any one bank. The reference rate is published by FBIL and is publicly available at www.fbil.org.

In relatively more developed financial markets, there is a common concept of an External Benchmark /reference rate basis which all the variable rate products are linked to for interest rate movements. This ensures relatively higher transparency and even allows the borrowers to learn and track the movement of the benchmarks independently.

TBLR is our step in a similar direction to provide our customers with a simple to understand, convenient to track, and transparent reference rate for mortgage loans.

6. Benefit of TBLR

TBLR is based on a publicly available rate which is published by an independent benchmark administrator recognized by RBI. The Monetary policy and key rate changes by RBI also influence movement in Treasury bill rates and consequently the T Bill benchmark rates published by FBIL.

Having a loan linked to a FBIL T Bill Rate would provide a customer a reference rate which is simple to calculate and also enable them to conveniently and independently track the movement in their interest rates. The FBIL T Bill benchmark data is published by FBIL on a daily basis and is available on their website www.fbil.org.in

7. Calculation of interest rate on loan under TBLR framework

For new mortgage loans booked from 01 May, 2018, the interest rate on the loan may be benchmarked to the TBLR. The customer interest rate = TBLR as applicable during that month + Spread.

The credit spread is determined as per Bank's internal policy. The customer also has an option to avail the loan at fixed rate of interest.

8. Review of TBLR rate

The Bank shall review and publish the TBLR every month. The change to the TBLR shall be duly communicated to customers with TBLR linked loans. The T Bill reference rate published by FBIL on a predetermined date will be used as the basis for TBLR. In the event of that particular date being a holiday, the next working day's rate will be used.

9. TBLR reset dates

The interest rate on the linked loan will be reset on a monthly basis. The TBLR rate published by SSFBL is available at SSFBL website at www.suryodaybank.com.

10. Switch from TBLR to fixed rate of interest at a later date

That is not permissible. Once the rate of interest is linked to TBLR, customers can not opt for linking to fixed rate of interest at a later date.