

## INTEREST RATE MODEL POLICY

### 1. INTRODUCTION

This policy provides the principles and procedures Nissan Renault Financial Services India Private Limited (NRFSI) would follow in determining the interest rates, processing fee and other charges applicable to its customers for Dealer Wholesale Financing, Personal Loans to group employees, Retail Financing new and used cars and any other type of funding.

This policy is prepared based on the regulations issued by Reserve Bank of India (RBI) vide its Circular DNBS / PD / CC No. 95/ 03.05.002/ 2006-07 dated May 24, 2007 advised to the Boards of Non-Banking Financial Companies. Finance Companies ("NBFC") to lay out appropriate internal principles and procedures in determining interest rates, processing and other charges. Further, RBI vide circular DNBS (PD)C.C. No. 133 /03.10.001/ 2008-09 January 2, 2009, advised the NBFCs to adopt appropriate interest rate models taking into account relevant factors and to disclose the rate of interest, gradations of risk and rationale for charging different rates of interest to different category of borrowers.

### 2. PRINCIPLES FOR DETERMINING INTEREST RATES

The Board shall have the oversight for the Interest Rate Policy of the Company. The Company decides on the interest rates for each of its loan product from time to time, based on advice, discussion and consideration given by the Asset Liability management Committee within the purview of Interest Rate Policy.

The Company shall disclose the interest rate applicable to a loan transaction in the loan documentation and the customer will not be compelled to sign the same unless the same is acceptable.

The interest rate will be decided based on the approval authority defined in this policy after considering the factors including but not limited to:

**Weighted Average cost of funds** based on the actual cost of borrowed funds as well as estimated future funding costs. It shall consider tenor premium, market liquidity, refinance avenues, cost of capital required, and RBI policies on credit flow.

**Operational cost** which includes various kinds of fixed and variable costs like employee expenses, operations costs, sales and marketing expenses, collections cost etc

**Credit risk cost** which includes credit risk and default risk in the products

**Return of Asset:** The Company strives to achieve certain level of return of asset based on its business plans and objectives.

While deciding the charges, the practices followed by the competitors in the market would also be taken into consideration in addition to factors listed above.

**Approval Authority:** For Retail Loan products, the interest rate will be approved by MD. For Wholesale products, the interest rate will be approved by Credit Committee/MD.

### 3. RATE OF INTEREST AND COMMUNICATION TO CUSTOMERS

The interest rates would be offered on fixed basis.

The interest would be charged on monthly or longer rests based on the product to product.

Interest rates would be intimated to the customers at the time of sanction/ availing of the loan and the EMI apportionment towards interest and principal dues would be made available to the customer.

The interest shall be deemed payable immediately on the due date as communicated and no grace period for payment of interest is allowed unless communicated to the customer explicitly in the sanction letter.

Interest Rate Policy and schedule of charges shall be uploaded on the website of the company and updated from time to time.

Interest changes would be prospective in effect and intimation of change of interest or other charges or tenor would be communicated to customers in a mode and manner deemed fit by NRFSI in line with the RBI guidelines thereof.

In case of staggered disbursements, the rates of interest would be subjected to review and the same may vary according to the prevailing rate at the time of disbursements or as may be decided by NRFSI.

### 4. APPROACH FOR GRADATION OF RISK AND KEY CONSIDERATION POINTS

NRFSI follows a discrete interest rate model / policy whereby the rate of interest for same product and tenor availed during same period by customers would not be a standardized one but could be different for different customers depending upon consideration of any or combination of a few or all factors which are listed below:

- Interest rates would also be based on the customer specific risk factors such as customer segment, job and education profile, income and assets, past repayment track record, tenor of customer relationship, external credit rating, nature and value of primary and collateral securities, guarantee, ancillary business relationship and opportunities, etc. The interest rate would be based upon considerations of any or combination of a few or all factors listed out herein.
- Interest rates would also be based on the customer specific risk factors such as customer segment, job and education profile, income and assets, past repayment track record, tenure of customer relationship, external credit rating, nature and value of primary and collateral securities, guarantee, ancillary business relationship and opportunities, etc.

# NISSAN RENAULT FINANCIAL SERVICES INDIA PRIVATE LIMITED

## SEGMENT WISE INTEREST RATES

Business Segment	Rate of Interest (%) per annum
<b>RETAIL LOAN</b>	
New Car loans	Up to 13%
Used Car loans	Up to 18%
Personal Loans	Up to 14%
<b>WHOLESALE/DEALER FUNDING</b>	
Inventory funding	Up to 13.5%
Term loan	Up to 14.5%
Spares parts funding	Up to 14.5%

Note: For charges refer schedule of charges as approved by the Management Committee from time to time.

## 5. WAIVER/REFUNDS

No claims for refund or waiver of such interest /fees/any charges / additional interest would normally be entertained by NRFSI and it is the sole discretion of NRFSI to deal with such requests, if any.

## 6. EXCEPTION APPROVAL & REVIEW

The Board of Directors of NRFSI would review the policy based on business requirements. Any deviations to the policy would be approved by the Management Committee.

Annual review of this policy shall be performed by the Management Committee and placed before the Board for its approval.