

Community Finance Pvt. Ltd.

Policy for Determining Interest Rates, Processing & Other Charges

Collection Amount Appropriation Policy

The Reserve Bank of India (RBI) had advised the Boards of Non-Banking Finance Companies (“NBFC”) to layout an appropriate internal principles and procedures in determining the interest rates, processing and other charges (Circular DNBS / PD / CC No. 95/ 03.05.002/ 2006-07 dated May 24, 2007). In addition to the same, the RBI advised the NBFCs to adopt appropriate interest rate models considering the 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 (Circular DNBS (PD) C.C. No. 133/ 03.10.001/ 2008-09 January 2, 2009).

In view of the RBI Guidelines as cited above and to provide transparency to the customers, Community Finance has agreed to follow the following internal guiding principles. Accordingly, an interest rate model is laid out by the board of Community Finance Private Limited (the “Company”). This policy should always be looked at in conjunction with the RBI guidelines, directives, circulars and instructions. The board reserves the right to change these policies basis the changing business environment, market conditions. The company will ensure the application of best industry practices so long as such practice does not conflict with or violate RBI guidelines. In case of any changes in the basis for determining the interest rates, processing and other charges, the same will be updated on the website for consumer awareness and convenience.

The policy for determining Interest Rates, Processing and Other Charges in Community Finance Private Limited is as follows:

Interest Rate:

1. The interest rate charged to the customers will be linked to the CFPL-PLR where applicable.
2. The final lending rate for various customers will be arrived at after taking into account the risk premium based on the inherent nature of the customer, credit and default risk in the related customer segment, historical performance of similar homogeneous customers, profile of the customer, tenure of relationship with the customer, repayment track record of the customer in case of existing customer, subventions available, deviations permitted, future potential, group strength, overall customer yield, nature and value of primary and collateral security, and other facets. Such information is gathered based inter alia on information provided by the customers, credit reports, market intelligence and information gathered by field inspection of the customer's premises.
3. The interest rates could be offered on fixed or variable basis.
4. Interest rates would be intimated to the customers at the time of sanction / availing of the loan and EMI apportionment towards interest and principal dues would be made available to the customer.
5. While deciding the interest rate and other charges, the rates followed by the competitors in the market would also be taken into consideration.
6. Since transparency in lending products is the key objective, the company will exhibit the information of the CFPL-PLR on the website.

Penal Interest / Late Payment Charges:

1. Besides normal interest, the Company may decide to collect penal interest / late payment charges for any delay or default in making payments of any dues.
2. These penal interest / late payment charges for different products or facilities would be decided and revised by the Company from time to time.
3. These penal charges are collected to deter customer from delaying and ensuring that the customer understands the value of payment on time.
4. Some charges taken will be to cover the administration costs of attempting to meet customer again also for the delay in EMI receipt
5. The customer will be educated that these delays will have impact on customer credit ratings and bureau scores and will impact his future borrowings from various lenders
6. No claims for refund or waiver of such charges/ penal interest / additional interest will normally be entertained by the company. The Company reserves the sole discretion to deal with such requests, if any.

Processing / Documentation and Other Charges:

1. All processing / documentation and other charges will be expressly stated in the loan documents.
2. These costs may vary based on the loan product, exposure limit, customer segment, geographical location and generally represent the cost incurred in rendering the services to the customers.
3. The market practices followed by other competitors would also be taken into consideration while deciding the charges. Under special cases, the documentation and processing charges may be reduced or waived basis the discretion of the company.

Others

The interest rate models, CFPL-PLR and other charges applicable shall be reviewed by the Asset-Liability Committee (ALCO) on a quarterly basis. Recommendations suitable for the organization, basis the review, will be made to the Board, as necessary.

Community Finance Private Limited offers a competitive annualized interest rate across the entire range of product offerings. The [Interest Rates*](#) for our loan / customer segments / products vary and are based on the following parameters:

- Customer Profile
- Segmentation of the Customer
- Loan Tenure
- Geographical situation of Customer's Residence
- Nature of Collateral provided by the Customer
- Existing relationship with Community Finance
- Customer Risk Profile

Mortgage, Support and Clean Loans

18% to 25% per annum floating rate of interest. Floating rate of interest is linked to the CFPL retail prime lending rate.

Joint Liability Group Loans

25% to 28% per annum

*The interest rate would be computed on a daily balances basis and changed on monthly rest at the rate as stated in the loan agreement.

Interest rates are subject to change at any point of time at the sole discretion of CFPL