



Interest Rate Disclosure

The interest rate of Pioneer Financial is driven by the benchmark rate of Pioneer Financial plus the risk premium associated with the borrower.

Interest rate to the borrower = Benchmark Rate + Risk premium

Benchmark Rate

Pioneer Financial's benchmark rate is a function of the following factors:

- Cost of Capital and Cost of Equity as well as Pioneer Financial's Capital Structure
- Operating costs
- Tenor Premium
- Negative carry involved in maintaining liquidity

Risk Premium

The risk premiums of the borrower are based on the following factors:

- **Industry risk**
 - o Asset quality, profitability, earning and funding volatility, competition, regulatory impact etc of the borrower's industry
- **Business Risk**
 - o Asset quality, market position, resource profile etc of the borrower
- **Management Risk**
 - o Corporate governance, integrity and competence of the promoters, track record of the management team, composition of the board etc.
- **Financial Risk**
 - o Capital Structure, Profitability, Liquidity etc of the borrower

- **Product Premium** – Depends on nature and risk associate with the product
- **Strength of the security/ collateral**

Interest Rate Communication

- Facility details, amount sanctioned, annualised interest rate, tenure of the loan, additional interest or any additional charges will be shared in the sanction/facility letter
- Pioneer Financial may levy additional charges for default/ delay in interest payment.
Default interest rates will be clearly communicated in the sanction letter
- Apart from these, there could be processing fees as well as documentation charges as well for a facility.

Points to note

- Interest rates offered could be on fixed rate basis or floating / variable rate basis.
- The rate of interest for the same product and tenor availed during same period by different customers need not be standardized.
- The final lending rate applicable to each customer will be assessed based on various risk factors. In exceptional circumstances, based on risk perception, interest rates may fall outside the range indicated above.