

### **Gradation of Risk approach for Customer Internal Rate of interest**

The Company follows gradation of risk approach for determining the range for customer internal rate of interest. The range for customer internal rate of interest is determined by product segment. Further in each product segment, the range of customer internal rate of interest is determined by various factors including but not limited to the borrowing cost, sourcing and operation cost incurred for the business segment, expected return on asset and equity, competition scenario, relationship history, future potential and risk premium. The risk premium will encompass tenure risk in related business segment, profile of borrower and expected credit losses in similar segment of customer / business.