

Loan Interest Rate Report for I38PQUQS96

Loan Details

Loan ID: I38PQUQS96
Borrower Age: 56
Monthly Income: ₹85,994
Loan Amount: ₹50,587
Credit Score: 520 (Poor)
Loan Term: 36 months
DTI Ratio: 44%
Co-Signer: Yes

Calculated Interest Rate: 15.23%

The interest rate was determined based on a risk-adjusted pricing model considering the following factors:

1. Credit Score (Major Risk Factor)

- **Score:** 520 (Poor)
- **Impact:** +8.50% to base rate
- **Justification:** Scores below 580 indicate high default risk historically.

2. Debt-to-Income Ratio

- **DTI:** 44%
- **Impact:** +2.25% adjustment
- **Justification:** Exceeds preferred 36% threshold, indicating strained cash flow.

3. Loan-to-Income Ratio

$$LTI = \frac{\text{Loan Amount}}{\text{Annual Income}} = \frac{50,587}{85,994 \times 12} = 4.9\%$$

- **Impact:** Neutral (Low LTI partially offsets other risks)

4. Employment Stability

- **Months Employed:** 80 (6.6 years)
- **Impact:** -0.75% reduction
- **Justification:** Long tenure reduces job instability risk.

5. Co-Signer Mitigation

- **Impact:** -1.50% reduction
- **Justification:** Secondary repayment source decreases lender risk.

Rate Calculation Breakdown

Base Rate = 6.50%
+ Credit Score Adjustment = +8.50%
+ DTI Adjustment = +2.25%
– Employment Stability = –0.75%
– Co-Signer Benefit = –1.50%
Final Rate = 15.00%
+ Risk Margin = +0.23%
Approved Rate = 15.23%

Risk Comparison Benchmark

Factor	Impact
Credit Score (520)	High Risk
DTI (44%)	Elevated Risk
Co-Signer Present	Risk Mitigated
Employment Tenure	Stable

Conclusion

The 15.23% rate reflects:

- High baseline risk from poor credit history
- Partial mitigation from co-signer and stable employment
- Alignment with market rates for similar risk profiles