

CAPITAL SMALL FINANCE BANK LTD.

Dear Customer,

We are privileged to have your continued patronage. We wish to draw your kind attention towards RBI guidelines related to classification of accounts as overdue/NPA:

1. Interest and installments/EMIs are to be paid on or before due dates. Accounts where these dues are not received on due dates are treated as overdue. The basis for SMA classification shall be as under:

Loans other than revolving facilities		Loans in the nature of revolving facilities like cash credit/overdraft	
SMA Subcategories	Basis for classification – Principal or interest payment or any other amount wholly or partly overdue	SMA Subcategories	Basis for classification – Outstanding balance remains continuously in excess of the sanctioned limit or drawing power, whichever is lower, for a period of
SMA-0	Upto 30 days		
SMA-1	More than 30 days and upto 60 days	SMA-1	More than 30 days and upto 60 days
SMA-2	More than 60 days and upto 90 days	SMA-2	More than 60 days and upto 90 days

For example:- If due date of a loan account is March 31, 2021, and full dues are not received before the Bank runs the day-end process for this date, the date of overdue shall be March 31, 2021. If it continues to remain overdue, then this account shall get tagged as SMA-1 upon running day-end process on April 30, 2021 i.e. upon completion of 30 days of being continuously overdue. Accordingly, the date of SMA-1 classification for that account shall be April 30, 2021.

Similarly, if the account continues to remain overdue, it shall get tagged as SMA-2 upon running day-end process on May 30, 2021 and if continues to remain overdue further, it shall get classified as NPA upon running day-end process on June 29, 2021.

2. Cash credit/Overdraft (CC/OD) account is classified as NPA if it is 'out of order'. In order to determine 'out of order' status of CC/OD accounts on a continuous basis, an account shall be treated as 'out of order; if:
 - i. The outstanding balance in the CC/OD account remains continuously in excess of the sanctioned limit/drawing power for 90 days, or
 - ii. The outstanding balance in the CC/OD account is less than the sanctioned limit/drawing power, but there are no credits continuously for 90 days, or the outstanding balance in the CC/OD account is less than the sanctioned limit/drawing power but credits are not enough to cover the interest debited during the previous 90 days period.

Loan accounts classified as SMA-0/1/2 or NPA have an adverse impact on customer's CRILIC & CIBIL Score. This also affects External Risk Rating done by Credit Rating Agencies and Internal Risk Ratings done by the bank. Further, this may result in higher ROI to be charged and levy of penal interest.

We request and hope that you being one of our prestigious customers, will be meticulous in ensuring that your dues are always paid on or before the due dates, so as to avoid your accounts slipping to SMA-0/1/2 or NPA in terms of revised IRAC guidelines of RBI.

We look forward for your continued support and assure of our best services. You are most welcome to contact the nearest branch in case of any clarification.
