

ADDENDUM – IRAC Norms

Small Business Banking- Loan Application/Account No. [

] additional terms and conditions

With reference to the RBI circular on Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances – Clarifications dated November 12, 2021 you additionally request and agree to the following:

- **[Unsecured Business Loans]** To kindly deduct my EMI and other repayment/charges in terms of my Term Loan account on ___ of every month year commencing from ___/___/20___. I understand that if I do not pay my EMI on the above-mentioned date, my account will be considered as 'Overdue' from the end of that date. (Strike off if not applicable)
- **[Secured Term Loans]** To kindly deduct my Principal Installment and other repayment/charges in terms of my Term Loan account on ___ of every month commencing from ___/___/20___. Kindly deduct my interest and other repayment/charges in terms of my Term Loan on the day of every month commencing from ___/___/20___. I understand that if I do not pay my dues on the above-mentioned date, my account will be considered as 'Overdue' from the end of that date.
- **[CC/OD]** To kindly deduct my interest and other repayment/charges in terms of my CC/OD account on 1st of every month commencing from ___/___/20___. I understand that if I do not pay my dues on the above-mentioned date, my account will be considered as 'Overdue' from the end of that date. (Strike off if not applicable)
- My frequency of repayment shall be at **MONTHLY** rests. (Strike off if not applicable)
- I shall be required to pay my principal, interest and all other charges on _____, _____, _____ (Strike off if not applicable)
- I understand that the circular DBR.No.BP.BC.45/21.04.048/2018-19 dated June 7, 2019 on 'Prudential Framework for Resolution of Stressed Assets' requires the lenders to recognize incipient stress in borrower accounts, immediately on default, by classifying them as special mention accounts (SMA). Accordingly, the date of SMA/NPA shall reflect the asset classification status of my loan account at the day-end of that calendar date. An illustration of such classification is as follows:
 - **SMA 0** - If due date of a loan account is March 31, 2021, and full dues are not received on this date, the account shall be SMA 0 on day end of March 31, 2021.
 - **SMA 1** - If it continues to remain overdue, then this account shall get tagged as SMA-1 upon completion of 30 days of being continuously overdue i.e. April 30, 2021.
 - **SMA 2** - If the account continues to remain overdue, it shall get tagged as SMA-2 on May 30, 2021
 - **NPA** – If the account continues to remain overdue further, it shall get classified as NPA on June 29, 2021

Please note the additional terms and conditions as specified above shall form an integral part and shall be read in conjunction with the Loan Agreement executed by you, as if these additional terms and conditions have been specifically incorporated therein.

I/We have read the terms & conditions mentioned in this letter & accept the same.

(1) _____, (2) _____, (3) _____
Signature of Customer/Borrower.