

JOHN DEERE FINANCIAL INDIA PRIVATE LIMITED

CUSTOMER EDUCATION LITERATURE

OBJECTIVE:

With a view to increasing awareness among borrowers of John Deere Financials India Private Limited (JDFIPL), this document covers the concept of Dues, Over Dues and specification of Special Mention Account (SMA) / Non-Performing Asset (NPA) classification etc. & related provisions for ease of understanding.

1. Meaning of term 'Dues':

The term 'Dues' mean, the principal / interest/ any charges levied on the loan account which are payable as per the repayment schedule fixed by JDFIPL & agreed by the borrower as per the loan agreement.

2. Meaning of term 'Overdue account':

An account is classified as “Overdue” if any amount due to JDFIPL is not paid on the due date as per the repayment schedule fixed by JDFIPL & agreed by the borrower as per the loan agreement. The amount may refer to principal or interest or any other amount due (whether wholly or partly due).

The date of classifying a loan account as “**Overdue**” shall be the date on which the amount was due but not paid by the borrower.

3. Meaning of term 'Days past due' (DPD):

It is the number of days for which your account has remained in overdue status.

For example, if on the due date, full dues are not received by JDFIPL before its day-end processes are run, the account shall become overdue by 1 day (that is 1 DPD). Accounts at 1 DPD are also called as SMA-0.

The customer needs to ensure that all payments due are received & realized by JDFIPL before its day end processes are run on or before the due date. Further, if the due date falls on a non-working day, the borrower has to ensure that the repayment is made on or before the due date.

4. What is a Stressed Account?

Borrowers are required to pay the EMI / instalment at the periodic intervals per the repayment schedule fixed by JDFIPL & agreed by the borrower as per the loan agreement. In case such EMI / Instalments / interest or any other dues are not paid on or before the due date on agreed terms, such account is called as a 'stressed account'.

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5. What is a Special Mention Account (SMA)?

A Loan account showing symptoms of stress as evidenced by a default in payment of dues will be classified as 'Special Mention Accounts (SMA)'. Such accounts if not regularized within 90 days gets classified as 'Non-Performing Asset' (NPA).

6. Classification of accounts as SMA / NPA?

An account is classified as Special Mention Account (SMA) or Non-Performing Account (NPA) based on days past due (DPD). Classification of borrower accounts as SMA as well as NPA shall be done as part of day-end process for the relevant date and the SMA or NPA classification date shall be the calendar date for which the day end process is run. In other words, the date of SMA/NPA shall reflect the asset classification status of an account at the day-end of that calendar date.

Classification	Basis for classification (Payment of principal or interest or any other amounts wholly or partly overdue)
SMA-0	An account remaining overdue for up to 30 days
SMA-1	An account remaining overdue for more than 30 days & up to 60 days
SMA-2	An account remaining overdue for more than 60 days & up to 89 days
NPA	An account remaining overdue for 90 days or above

7. Example of SMA & NPA classifications:

- A. **SMA-0** : If due date of a loan account is March 31, 2022, and full dues are not received before the JDFIPL runs the day-end process for this date, the date of overdue shall be March 31, 2022 and the account will be classified as SMA-O as March 31, 2022.
- B. **SMA – 1**: If due date of a loan account is March 31, 2022, and full dues are not received before the JDFIPL runs the day-end process on April 30, 2022, account shall be classified as SMA-1 on April 30, 2022.
- C. **SMA – 2**: If due date of a loan account is March 31, 2022, and full dues are not received before the JDFIPL runs the day-end process on May 30, 2022, account shall be classified as SMA-2 on May 30, 2022.
- D. **NPA** : If due date of a loan account is March 31, 2022, and full dues are not received before the JDFIPL runs the day-end process on June 29, 2022, account shall be classified as NPA on June 29, 2022.

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8. Frequency of classification of Accounts as SMA /NPA :

Lending institutions undertake the process of classification of Accounts as SMA NPA on daily basis during the Day-end-Process.

9. Whether all loan accounts of borrower will be classified as SMA/NPA if one of his loan account is classified as SMA/ NPA?

Yes, NPA classification is borrower wise and not loan account wise. If any one of your loan account gets classified as SMA/NPA, your other loan accounts with JDFIPL will be classified as SMA/NPA.

For example, if you have availed two loans from JDFIPL and only one loan account is in overdue status, both the loans shall get tagged as “Overdue” even if the second loan is duly serviced or is in Current status.

10. Upgradation of accounts classified as NPA:

Loan accounts classified as NPA may be upgraded as ‘standard’ assets only if entire arrears of interest and principal are paid by the borrower. This would mean that any partial payment, such as payment of only interest, only principal or only one instalment, shall not result in the upgradation of the loan account.

Hence, once a loan account is classified as an NPA, it shall remain as such till the time the entire outstanding dues are repaid. Hence, there would be no downgrade from NPA to SMA it can only directly be classified as 0 DPD.

11. What is the impact on the borrower if account is slipped to Stress/NPA?

Any delinquency in the loan account as mentioned above is reported to Central Repository Information of Large Credit (CRILC), Credit Information Companies etc. which impacts the credit score and history of the borrowers adversely.