

Customer Awareness

Concepts of Overdue, Special Mention Accounts (SMA) and Non-Performing Assets (NPA)

1. Meaning of 'Due' and 'Overdue'

- **Dues:** The principal and/or interest levied on a loan account that are payable within the period stipulated in the sanction terms.
- **Overdue:** Any amount due to the Bank under a credit facility is treated as 'Overdue' if it is not paid on or before the due date (fixed by the Bank and agreed by the borrower).

The classification of borrower accounts as SMA or NPA is conducted automatically as part of the Bank's Day-end process for the relevant date. If full dues are not received before the day-end process run on the stipulated due date, the account will be immediately flagged as overdue.

2. Classification as Special Mention Account (SMA)

Borrower accounts showing symptoms of stress or a delay in the payment of dues are classified as Special Mention Accounts (SMA). For term loans, the basis for SMA classification is as follows:

SMA Sub-categories	Basis for classification (Principal or interest payment wholly or partly overdue)
SMA-0	Up to 30 days
SMA-1	More than 30 days and up to 60 days
SMA-2	More than 60 days and up to 90 days

3. Classification as Non-Performing Asset (NPA)

A loan account shall be classified as a Non-Performing Asset (NPA) if the interest and / or principal instalment remains overdue for a period of **more than 90 days**.

4. Illustrative Example of SMA/NPA Classification

To clarify the day-end asset classification process, please refer to the following illustrative calendar example:

- **Due Date:** Assume the due date for payment of a loan instalment and/or interest is March 31.
- **SMA-0:** If full dues are not received by the Bank till March 31, the account will become overdue and shall be classified as SMA-0 i.e. upon running of day-end process on March 31.

- **SMA-1:** If the account remains continuously overdue upon completion of 30 days, it shall be classified as SMA-1 i.e. upon running of day-end process on April 30 .
- **SMA-2:** If the account remains continuously overdue upon completion of 60 days, it shall be classified as SMA-2 i.e. upon running of day end process on May 30.
- **NPA:** If the account remains continuously overdue upon completion of 90 days, it shall be classified as NPA i.e. upon running of day-end process on June 29.

5. Upgradation of Accounts Classified as NPA

A loan account classified as an NPA will be upgraded to a 'Standard' asset category **only** after all overdues in all loans of the borrower are cleared by the borrower.

If overdues in any loan account exceed 90 days, all loans of the borrower with the Bank will be classified as NPA.

This basic information about overdues, SMAs, NPA, upgradation, etc., is given for the benefit of customers, and the same may be changed as per guidelines of RBI/Government of India, with or without any prior intimation. SMA/NPA reporting is carried out as per regulatory guidelines to Central Repository Information of Large Credit (CRILC) and Credit Information Companies (CICs) as may be applicable from time to time, which impacts the credit history of the borrower. The borrowers are encouraged to refer to the guidelines of the RBI, available on its website (www.rbi.org.in) and other official sources for keeping themselves updated in the matter. Borrowers may reach out to the Bank on [info\[at\]eximbankindia\[dot\]in](mailto:info@eximbankindia.in) for any additional inputs/clarifications.