

Customer Awareness - Regarding Classification of Loan Account as SMA AND NPA

*Pursuant to RBI circular no. RBI/DOR/2025-26/356 DOR.STR.REC.No.275/21.04.048/2025-26 on
'Prudential norms on Income Recognition, Asset Classification and Provisioning, pertaining to
Advances – Clarifications' dated Nov. 28, 2025*

SMA/NPA ACCOUNT CLASSIFICATION

1. An amount shall be treated as overdue if it is not paid on the due date, specified in the Loan Agreement.
2. A Loan account shall be classified as Special Mention Account ("SMA") and Non-Performing Asset (NPA) depending on the number of days the loan remains overdue. The logic of classification into SMA and NPA is given below.

SMA Sub-Categories	Basis for classification Principal or interest payment or any other amount whole or partly overdue
SMA – 0	Upto 30 days
SMA – 1	More than 30 days and upto 60 days
SMA – 2	More than 60 days and upto 90 days
NPA	More than 90 days

Accordingly, the date of SMA/NPA shall reflect the asset classification status of the loan account as of every day-end. An illustration of classification is given below:

Classification as:	Example I	Example II
Original Due Date	5 April 2025	2 July 2025
SMA – 0	5 April 2025 end of day	1 August 2025 end of day
SMA – 1	5 May 2025 end of day	31 August 2025 end of day
SMA – 2	4 June 2025 end of day	30 September 2025 end of day
NPA	4 July 2025 end of day	30 October 2025 end of day

3. Borrower accounts classified as NPAs shall be upgraded as "standard" only if entire arrears of interest and principal are paid by the Borrower. For e.g. if a loan is classified as NPA on 4 July 2025 with an overdue of Rs.50,000/-, the account shall be upgraded to standard only after receipt of all outstanding arrear EMIs as on the date of receipt, which would include, but not limited to the current overdue of Rs.50,000/-