

Customer Education on SMA/NPA

The note proposes various asset classification that will be identified and tagged in our system for the advances that we intend to launch.

Currently this is in line with the Master Direction – Reserve Bank of India (Non-Banking Financial Company–Scale Based Regulation) Directions, 2023 (as amended from time to time).

Any guidelines issued by the regulators in this aspect will supersede this policy on immediate basis.

Asset Classification & Applicable Provisioning

A. Kreditbee Personal Loan portfolio (KB_PL):

Asset class description	Asset class	Overdue (number of days)		Provisioning (%) on Principal	Provisioning (%) on Interest Portion
		From	To	Unsecured Exposure	Unsecured Exposure
STANDARD	STD	0	0	0.40	0.40
STANDARD (SMA-0)	STD	1	30	0.40	0.40
STANDARD (SMA-1)	STD	31	60	0.40	0.40
STANDARD (SMA-2)	STD	61	90	0.40	0.40
SUB STANDARD	SUB STD	91	150	10.00	0.00
DOUBTFUL	DBT 1	151	160	100.00	0.00
	DBT 2	161	170	100.00	0.00
	DBT 3	171	180	100.00	0.00
LOSS	LOSS	180+		100.00	0.00

(to be written off)				
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B. Other loans

Asset class description	Asset class	Overdue (number of days)		Provisioning (%) on Principal		Provisioning (%) on Interest Portion
		From	To	Secured Exposure	Unsecured Exposure	Secured & Unsecured Exposure
STANDARD	STD	0	0	0.40	0.40	0.40
STANDARD (SMA-0)	STD	1	30	0.40	0.40	0.40
STANDARD (SMA-1)	STD	31	60	0.40	0.40	0.40
STANDARD (SMA-2)	STD	61	90	0.40	0.40	0.40
SUB STANDARD	SUB STD	91	450	10.00	10.00	0.00
DOUBTFUL	DBT 1	451	810	20.00	100.00	0.00
	DBT 2	811	1530	30.00	100.00	0.00
	DBT 3	1531+	-	50.00	100.00	0.00
LOSS (to be written off)	LOSS	An asset which has been identified as loss asset by respective Business Heads and Chief Risk Officer of the Company or		100.00	100.00	0.00

		internal or external auditor or by the Reserve Bank during the inspection of the Company, to the extent it is not written off; and an asset which is adversely affected by a potential threat of non-recoverability due to either erosion in the value of security or non-availability of security or due to any fraudulent act or omission on the part of the borrower. The same to be approved by Managing Director / Chief Executive Officer of the Company.			
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Note: 12 months is considered as 360 days.

- Asset classification will be borrower-wise and not facility-wise. All the facilities granted to the borrower will be treated as non-performing and not any particular facility or part thereof which has become irregular.
- Provisioning will be applicable on outstanding principal and interest. However, as interest is suspended for NPA, provisioning will be applicable only on principal.
- In case, any fraud is reported in any of the accounts, 100% will be provided in such accounts irrespective of the asset/accounting classification at that stage.

Early recognition of Stress

Standard assets which are showing signs of stress as identified below shall be separately tagged as 'Special Mention Accounts' (SMA) and monitored for prompt and effective corrective actions.

SMA Sub-categories	Basis for classification
SMA – 0	Principal or interest payment overdue for upto 30 days. Some examples to identify such stress are detailed in Annexure I below.
SMA – 1	Principal or interest payment overdue between 31 days – 60 days
SMA – 2	Principal or interest payment overdue between 61 days – 90 days