Regulation R – 8: Classification of Assets and Provisioning Requirements

Guidelines for Classification and Provisioning of General Loans

Category	Determinant	Treatment of Income	Provisioning to be made
Other Assets Especially Mentioned (OAEM)	Where mark-up or principal is overdue for 30 days or more but less than 60 days.	NIL.	No provisioning Required.
Substandard	Where mark-up or principal is overdue for 60 days or more but less than 90 days.	The unrealized interest / profit / mark-up / service charges on NPLs shall be suspended and credited to memorandum account.	25% of outstanding principal net of liquid assets realizable without recourse to a court of law.
Doubtful	Where mark-up or principal is overdue for 90 days or more but less than 180 days.	As above.	50% of outstanding principal net of liquid assets realizable without recourse to a court of law.
Loss	Where mark-up or principal is overdue for 180 days or more.	As above.	100% of outstanding principal net of liquid assets realizable without recourse to a court of law.