

**The following are the policy guidelines adopted by Bank with regard to implementation of the Resolution Framework 2.0 as per the Board approved policy of the Bank for Personal Loans and Small Business Loans.**

In view of the prolonged COVID pandemic, the economic fallout has led to significant financial stress for borrowers across the board. RBI vide notification RBI/2021-22/46 DOR.STR.REC.20/21.04.048/2021-22 dated June 4, 2021 issued guidelines on Resolution Framework – 2.0: Resolution of Covid-19 related stress of Individuals and Small Businesses (other than MSME).

**Resolution Framework 2.0: Resolution of COVID-19 stress for Individuals and Small Businesses (other than MSME)**

1	<p><b>Eligibility &amp; Applicability for availing the resolution framework</b></p>	<p>➤ <b>The following borrowers shall be eligible for resolution plan under the Framework 2.0.</b></p> <p><b>a) Individual (Personal) Loans:</b></p> <p>The Resolution Framework 2.0 is applicable to Individuals who have availed Personal Loans from the Bank. Personal loans as defined in the Circular DBR.No.BP.BC.99/08.13.100 /2017-18 dated January 4, 2018 on "XBRL Returns –Harmonization of Banking Statistics", which is as under; Personal loans refer to loans given to individuals and consist of:-</p> <ol style="list-style-type: none"> <li>a) Consumer credit,</li> <li>b) Education loan,</li> <li>c) Loans given for creation/ enhancement of immovable assets (e.g., housing, etc.), and</li> <li>d) Loans given for investment in financial assets (shares, debentures, etc.).</li> </ol> <p>Consumer credit refers to the loans given to individuals, which consists of:</p> <ol style="list-style-type: none"> <li>a) Loans for consumer durables,</li> <li>b) Auto loans (other than loans for commercial use),</li> <li>c) Personal loans secured by gold, gold jewellery, immovable property, shares and bonds, etc., (other than for business/ commercial purposes),</li> <li>d) Personal loans to professionals (excluding loans for business purposes), and</li> <li>e) Loans given for other consumptions purposes (e.g., social ceremonies, etc.).</li> </ol> <p><b>The Resolution Framework 2.0 is not applicable to loans against fixed deposits and credit facilities sanctioned by the Bank to its own staff / personnel.</b></p> <p><b>b) Individual Loans for business purposes:</b></p> <p>Individuals having aggregate exposure, including non-fund based facilities, of all lending institutions to the borrower not more than Rs.50 crore as on March 31, 2021.</p>
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2	<p><b>Exposure not eligible under Resolution Framework 2.0</b></p>	<ul style="list-style-type: none"> <li>➤ MSME,</li> <li>➤ Credit facilities provided by lending institutions to their own personnel/staff,</li> <li>➤ Loans against fixed deposits.</li> <li>➤ Farm credit, Loans to Primary Agricultural Credit Societies (PACS), Farmers' Service Societies (FSS) and Large-sized Adivasi Multi- Purpose Societies (LAMPS) for on-lending to agriculture.</li> <li>➤ Exposure of financial service providers.</li> <li>➤ Exposure of Government bodies.</li> <li>➤ Exposure of housing finance companies.</li> </ul>
3	<p><b>The following criteria may be considered to establish that the borrower is under stress on account of COVID-19:-</b></p>	<ul style="list-style-type: none"> <li>➤ Borrower's Unit is shut down, non-operating / operating with low capacity utilization due to non-availability of adequate manpower, non-availability of or inadequate availability of raw materials.</li> <li>➤ Disruption arising out of lockdown, containment zones and other restrictions of Business premise of borrower for long period.</li> <li>➤ Cancellation / deferment of work orders or drop in demand.</li> <li>➤ Changes in Government / regulatory policies which affects the continuity of the business.</li> <li>➤ Halting or slow-down of project under implementation,</li> <li>➤ Inadequate transportation facilities for transport of goods/people,</li> <li>➤ Death of key promoter director / managerial personnel due to COVID, which disrupted business decision administration &amp;</li> </ul>

		<p>operations,</p> <ul style="list-style-type: none"> <li>➤ Non-realization of debtors or elongation of realization period,</li> <li>➤ Any other factors arising due to COVID which has impacted the financial /repayment ability of the borrower.</li> </ul>
4	<b>Restructuring process under Resolution Framework 2.0 for Individuals &amp; Small Business loans</b>	<p><b>The resolution plans consists of the following:</b></p> <ul style="list-style-type: none"> <li>➤ Modification of terms of the advances, which would generally include, among others, alteration of repayment period / repayable amount / the amount of installments / rate of interest (due to reasons other than competitive reasons).</li> <li>➤ Rescheduling the payment of interest outstanding/accruing on term loans into FITL/ deferment or conversion into FITL.</li> <li>➤ Conversion of irregularities or a portion in outstanding working capital limits into WCTL (Working Capital Term Loan)/ FITL (Funded Interest Term Loan) payable over a period.</li> <li>➤ Existing Loan Accounts can be restructured and Additional Credit Facilities can be sanctioned to the borrower without downgrade in Asset Classification.</li> </ul>
5	<b>Moratorium Period for Restructured Accounts</b>	<ul style="list-style-type: none"> <li>➤ The moratorium period, if granted, may be for a maximum of two years, and shall come into force immediately upon implementation of the resolution plan.</li> <li>➤ The extension of the residual tenor of the loan facilities may also be granted to borrowers, with or without payment moratorium. The overall cap on extension of residual tenor, inclusive of moratorium period if any permitted, shall be two years.</li> </ul>
6	<b>Invocation &amp; Implementation</b>	<p><b>Invocation-</b></p> <ul style="list-style-type: none"> <li>➤ The restructuring of the borrower account shall be invoked by September 30, 2021.</li> <li>➤ The decisions on restructuring applications shall be communicated in writing to the applicant by the lending institutions within 30 days of receipt of such applications.</li> <li>➤ The decision to invoke shall be taken by each lending institution having exposure to a borrower independent of invocation decisions taken by other lending institutions, if any, having exposure to the same borrower.</li> </ul> <p><b>Implementation-</b></p> <ul style="list-style-type: none"> <li>➤ The restructuring of the borrower account is implemented within 90 days from the date of invocation.</li> <li>➤ Deemed to be implemented subject to fulfillment of conditions</li> </ul>
7	<b>Asset Classification</b>	<p><b>Account Status after 01.04.2021-</b></p> <ul style="list-style-type: none"> <li>➤ A/c should remain standard till the date of invocation. From Invocation to implementation, if it slipped to NPA, it can be upgraded to 'Standard' as on date of implementation of Resolution plan.</li> </ul> <p><b>If Resolution Plan is implemented:</b></p> <ul style="list-style-type: none"> <li>➤ May be classified as Standard asset till the implementation of plan, regardless of actual performance of the borrower w.r.t. the additional credit facility.</li> </ul> <p><b>If Resolution Plan is not implemented:</b></p> <ul style="list-style-type: none"> <li>➤ If the resolution plan is not implemented within the stipulated timelines, the asset classification of the additional</li> </ul>

		<p>finance sanctioned will be as per the actual performance of the borrower with respect to such additional finance or performance of the rest of the credit facilities, whichever is worse.</p> <p><b>Post Implementation Performance and Asset Classification-</b></p> <ul style="list-style-type: none"> <li>➤ The subsequent asset classification will be as per Master Circular - Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances dated July 1, 2015 (“extant IRAC norms”).</li> </ul>						
8	<b>Provision and Reversal of Provision</b>	<p><b>Provision-</b> <u>Higher of :</u></p> <ul style="list-style-type: none"> <li>➤ Provision held as per IRAC norms immediately before implementation or,</li> <li>➤ 10 % of the renegotiated debt exposure of the lending institution post implementation (residual debt including non-fund based facilities).</li> </ul> <p><b>Reversal of Provision-</b></p> <ul style="list-style-type: none"> <li>➤ Half can be reversed on repayment of 20% of residual Debt, without slipping into NPA and remaining half upon paying another 10% of residual debt, without slipping into NPA.</li> </ul>						
9	<b>Additional Rate of Interest</b>	<p>Restructuring of advances under Resolution Framework – 2.0, additional interest shall be charged over the existing applicable rate of interest on aggregate loan amount* as under:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Restructuring Loan Amount</th> <th style="text-align: center;">Additional Rate of Interest Charged</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Upto 10.00 lakh</td> <td style="text-align: center;">NIL</td> </tr> <tr> <td style="text-align: center;">Above 10 Lakh</td> <td style="text-align: center;">0.50% over the existing applicable rate of interest of aggregate loan amount*.</td> </tr> </tbody> </table> <p>Restructured borrowers may be allowed to restored the Rate of interest as per eligible regular rate (without additional ROI applied as mentioned above to Restructuring of advances under Resolution Framework – 2.0) on satisfactory performance** during the specified period*** with adherence to the restructuring conditions during that period.</p> <p><b>*Aggregate Loan amount</b> consist of sanction amount of Cash Credit/Overdraft facility and outstanding amount of Term Loan)</p> <p><b>**Satisfactory Performance</b> means no payment (interest and/or principal) shall remain overdue for a period of more than 30 days. In case of cash credit / overdraft account, it means that the outstanding in the account shall not be more than the sanctioned limit or drawing power, whichever is lower, for a period of more than 30 days.</p> <p><b>***Specified Period</b> means a period of 1 year from the commencement of the first payment of interest or principal, whichever is later.</p>	Restructuring Loan Amount	Additional Rate of Interest Charged	Upto 10.00 lakh	NIL	Above 10 Lakh	0.50% over the existing applicable rate of interest of aggregate loan amount*.
Restructuring Loan Amount	Additional Rate of Interest Charged							
Upto 10.00 lakh	NIL							
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10	<b>Disclosure and Credit Reporting</b>	<p><b>Disclosure-</b></p> <ul style="list-style-type: none"> <li>➤ Bank shall make disclosure in their annual financial statements for restructure accounts as per format proscribed in RBI Circular.</li> </ul>						

		<b>Credit Reporting-</b> <ul style="list-style-type: none"><li>➤ The credit reporting with CICs in respect of borrowers where the resolution plan is implemented under the above scheme, shall reflect the "Restructured on account of Covid 19" status of the account.</li></ul>
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Above information is a gist of the Resolution Framework 2.0 implemented by Bank for Individuals and Small Businesses, which are subject to RBI/Bank's guidelines in the matter. Customers are requested to contact their branch for further details.