



प्रधान कार्यालय, HEAD OFFICE
रिटेल बैंकिंग विभाग/Retail Banking Department

**COMPREHENSIVE POLICY ON RESOLUTION FRAMEWORK FOR RETAIL LOAN
ACCOUNTS WITH COVID-19-RELATED STRESS-**
(“Resolution Framework 2.0”)

The Reserve Bank of India vide its circular DOR. NO. BP. BC/3/21.04.048/2020-21 dated August 6, 2020 on Resolution Framework for COVID-19 related stress (Resolution Framework-1.0) permitted one-time restructuring of personal loans, while classifying such exposures as Standard, subject to certain specified conditions. Pursuant to the said circular and after due approval from Board, restructuring scheme for personal loans vide HOB. NO. 114/128 dated 08-09-2020 was implemented.

2. Second wave of Covid-19 pandemic in India in the recent weeks and the consequent containment measures by the local governments and authorities to check the spread of the pandemic has started to impact income and employment of many borrowers and created new uncertainties in their capacity to service the loans. In order to alleviate the potential stress to individual borrowers and small businesses, RBI vide its circular No. DOR. STR. REC. 11/21.04.048/2021-22 dated 05-05-2021 has once again permitted lenders to extend various reliefs including restructuring of loans. Gist of the circular is as under:

- i. Banks are permitted to restructure Retail and personal loans availed for consumption/business purposes
- ii. Borrowers account should have been standard as on 31.03.2021 and the exposure ought not to have been more than Rs.25 crores.
- iii. The resolution process under this window shall be treated as invoked when the lending institution and the borrower agree to proceed with the efforts towards finalising a resolution plan to be implemented in respect of such borrower.

Policy on restructuring of Retail & Personal Loans under COVID 2.0

1. Introduction:

- 1.1. This policy shall be called Policy on restructuring of Retail & Personal Loans under COVID package 2.0
- 1.2. This shall become operational from the date of approval by Board of the Bank.

2. Scope and applicability:

- 2.1. This policy applies to:
 - 2.1.1. Resolution of advances to individuals who have availed Retail/Personal loans: for the purpose of consumption and personal needs. Retail/Personal loans for the purpose of this policy shall mean the following nature of loans, viz: Consumer loans, Education loans, Housing/Home loans Auto loans etc
- 2.2. Resolution of Retail loans availed by individuals for business purposes including working capital support to the borrowers under stress who have availed benefit of restructuring under earlier COVID package 1.0 as per the policy of the Bank will be governed by Policy on restructuring MSME and Business Loans under COVID 2.0
- 2.3. Borrowers can opt for resolution/restructuring under the policy on or before 30.09.2021 and upon implementation of the resolution plan in terms of this policy their accounts would continue to be classified as standard for the purpose of Prudential norms for asset classification and provisioning.

3. Eligibility criteria for availing restructuring:

- 3.1. Under this policy retail and personal loans availed by individuals/professionals for purposes other than business viz., Personal and vehicle loans to Doctors under Doctor Plus scheme; OD against pledge of securities and also the individual accounts under Pool Buyout etc., including without limitation those personal loans under various scheme codes, namely; LA601, LA602, LA605, LA606, LA611, LA612, LA615, LA621, LA625, LA626, LA628, LA722. LA751 to LA757; OD290 (LAP) of the Bank **excluding staff loans.**

4. Conditions precedent for relief under this Policy:

- 4.1. Under this policy the following conditions precedent should be satisfied before any retail/personal loan is considered for restructuring, namely;
 - a) The credit facilities to the borrower was classified as Standard in the books of the Bank as on March 31, 2021.
 - b) The borrower should not have availed of any resolution/restructuring in terms of the Resolution Framework – 1.0 subject to the special exemption if any mentioned herein
 - c) The borrower accounts / credit facilities shall not belong to the categories listed in sub-clauses (a) to (e) of the Clause 2 of the Annex to the Resolution Framework 1.0, read with the response to Sl. No. 2 of FAQs

on Resolution Framework for Covid-19 related stress (Revised on December 12, 2020).

5. Formalities to be followed:

- 5.1. Relief and resolution by way restructuring under this policy shall be based on “opt in” by the borrower that is to say; the reliefs under this policy will be available only upon borrowers specific request and upon submission of suitable declaration that his income and cash flows are under strain due to COVID related stress.
- 5.2. Date on which, letter from the borrower along with the declaration in the Format as set out in Annexure II requesting restructuring is received at the Bank will be treated as date of invocation of restructuring under this Policy.
- 5.3. Resolution/Restructuring plan should be finalised and implemented within 90 days from the date of invocation
- 5.4. Accounts where request letters for restructuring are received on before 30.09.2021 are eligible for being considered restructuring under the policy

6. Features of the resolution/restructuring plan:

- 6.1. Resolution/restructuring plan implemented in any account of the borrower, may *inter alia* contain following features, viz;
 - i. Rescheduling dues including over dues/instalments
 - ii. Funding of interest accrued by way of Funded Interest Term Loan
 - iii. Revision or Reworking of EMIs.
 - iv. Payment holiday for a period not more than 24 months.
 - v. Concessions in the rate of interest, service charges
 - vi. Waiver of penal interest for non-compliance if any for reasons beyond the control of the borrower and due to COVID lock downs.
 - vii. Change in payment terms such that is to say EMIs into Balloon repayments or Bullet repayment of portion of the loan/outstanding vice versa
 - viii. All of the above, any combination of the above.

7. Validity and amendments to the Policy:

- 7.1. This policy shall be in force till 31st December 2021 that is to say 30.09.2021 being the last date of invocation as well as 90 days window for implementation of the Plan. Any change and amendments to the Policy shall be with the Board of the Bank.

8. Overriding effect of RBI guidelines:

- 8.1. Notwithstanding anything contained in this policy, in the event of any inconsistency between this policy and the RBI guidelines, Bank shall follow RBI guidelines and any change or amendment to the RBI guidelines covering this policy shall automatically be deemed to incorporated in the policy without any further act or deed on the part of the Bank
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