

THE GOA URBAN COOPERATIVE BANK LTD.

Policy on restructuring of Advances to Individuals and Small Business under Resolution framework -2.0

The Bank, at Present, is having a policy on Restructuring of Advances formulated earlier in September, 2020 in accordance with the guidelines issued by Reserve Bank of India under Resolution Framework-1.0 to support MSME Enterprises that have become stressed due to COVID-19 Pandemic.

Now, we have received RBI Circular no RBI/2021-22/31DOR.STR. REC .1/21.04.048/2021-22 dated 05/05/2021 under Resolution Framework-2.0 in respect of restructuring of Advances to Individuals and Small business which are stressed due to COVID-19 Pandemic.

Eligibility Criteria for restructuring of Advances to Individuals and Small Businesses :

(i) The Individuals who have availed of personal loans (personal loans refers to loans given to individuals which consist of consumer credit, education loan, loans given for creation/enhancement of immovable assets e.g. housing etc., and loans given for investment in financial assets i.e shares debentures etc.) excluding the credit facilities provided by the Bank to their own personnel/staff.

(ii) The individuals who have availed loans & advances for business purposes and small businesses, including those engaged in retail & wholesale trade, other than those classified as Micro, Small and Medium Enterprises as on March 31, 2021 & to whom the Bank have aggregate exposure of not more than ₹25 crore as on March 31, 2021.

(iii) The borrower's account was classified as 'Standard Asset' as on March 31, 2021 and the borrower should not have availed of any resolution in terms of the Resolution framework-1.0 subject to special exemption mentioned at clause 22 of the above mentioned circular wherein the Banks are permitted to increase the moratorium period/ extend residual tenor granted under Resolution framework-1.0 subject to overall cap of two years.

(iv) In respect of the individuals who have availed loans & advances for business purposes and small businesses, including those engaged in retail & wholesale trade, other than those classified as Micro, Small and Medium Enterprises as on March 31, 2021 & to whom the Bank have aggregate exposure of not more than ₹25 crore as on March 31, 2021, where resolution plans has been implemented in terms of Resolution Framework-1.0, the Banks are permitted, as one time measure, to review the working capital sanctioned limits and/or drawing power

based on a reassessment of the working capital cycle, reduction of margins etc., without the same being treated as restructuring. The decision with regards to the same shall be taken by the Bank by September 30, 2021, with margins and working capital limits being restored to the levels as per the resolution plan implemented under Resolution Framework-1.0, by March 31, 2022.

(v) The restructuring would follow a receipt of a request to that effect from the borrowing units. The borrower has to justify that the restructuring is necessitated on account of the economic fallout from COVID-19.

(vi) Such restructured account shall be subject to supervisory review with regard to their justifiability on account of the economic fallout from COVID-19 & has to be monitored by the concerned Branch Manager.

Features of the policy

(i) The said restructure policy include rescheduling of payments, conversion of any interest accrued or to be accrued into another credit facility, revisions in working capital sanctions, granting of moratorium etc. based on an assessment of income streams of the borrower.

(ii) The moratorium period, if granted, shall be for a maximum of two years.

(iii) The eligible borrower's account shall continue to be classified as standard till the date of invocation of resolution under this policy and for this purpose, the date of invocation shall be the date on which both the borrower and the Bank have agreed to proceed with a resolution plan under this policy.

(iv) The last date for invocation of resolution permitted under this policy is 30th September, 2021.

(v) The resolution plan shall have to be finalized & implemented within 90 days from the date of invocation of the resolution process under this policy.

(vi) The resolution plan shall be deemed to be implemented only if all the following conditions are met :

a) all related documentation, including execution of necessary agreements between the Bank & borrower and collateral provided, if any, are completed by the Bank in consonance with the resolution plan being implemented.

b) the changes in the terms of conditions of the loans get duly reflected in the books of the Bank.

c) borrower is not in default with the Bank as per the revised terms.

Provisioning

(i) The Bank shall keep provisions from the date of implementation, which are higher of the provisions held as per the extant IRAC norms immediately before implementation, or 10% of the residual debt of the borrower.

(ii) Half of the above provisions may be written back upon the borrower paying at least 20% of the residual debt without slipping into NPA post implementation of the plan and the remaining half may be written back upon the borrower paying another 10% of the residual debt without slipping into NPA subsequently.

Disclosures & Credit provisioning

(i) The Bank shall make disclosures as per the format prescribed in Format-X in their Financial Statements for the quarters ending September 30, 2021 & December 31, 2021. Further, the Bank shall also make half yearly disclosures as per Format B prescribed in Resolution Framework- 1.0

(ii) The credit reporting by the Bank in respect of restructure of advances to individual Borrowers & Small Business shall reflect the 'restructured due to COVID-19' status of the account. The credit history of the borrowers shall consequently be governed by the respective policies of the Credit Information Companies as applicable to accounts that are restructured.

The Bank retains the right to resolve/remove difficulties in the course of this process to be in accordance with RBI circular dated 05/05/2021

This Policy on restructuring of Advances to Individuals and Small Businesses is placed before the Board of Directors for noting & approval of the said Scheme for execution.

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