

## **CBHFL'S POLICY ON "RESOLUTION FRAMEWORK FOR COVID 19 RELATED STRESS"-2**

### **Preamble**

R.B.I 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") had provided a window to enable lenders to implement a resolution plan in respect of eligible corporate exposures without change in ownership, and personal loans, while classifying such exposures as Standard, subject to specified conditions. In line with the said notification CBHFL adopted a Policy on "Resolution framework for COVID 19 related stress. However, considering the recent surge in the Country and its impact in the economy, RBI on 5<sup>th</sup> May 2021, again came out with a Resolution Framework - 2.0: Resolution of Covid-19 related stress of Individuals and Small Businesses to provide them a resolution plan.

This policy is framed in line with the **RBI's resolution Framework to provide relief to the CBHFL's borrowers who have suffered financial crises in the Covid pandemic.**

### **Resolution Plan & implementation:**

We may extend moratorium in all the eligible accounts up to maximum of 2 Years (including previous moratorium as availed by respective borrower), wherein we will not create any demand in the system for those borrowers till the specified period and post that residual Tenor will be extended up to that extent as mentioned in point no. 12 of the circular under "Permitted features of resolution plans and implementation"

**"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. 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".**

As increase in residual tenor can be given to accounts with or without payment moratorium.

### **Eligibility:**

- All borrowers' accounts classified as Standard as on March 31, 2021.
- All borrowers' accounts which have slipped into NPA between invocation and implementation (**after March 31, 2021 till date of implementation**) to be upgraded as Standard and considered under resolution plan.
- All borrowers' having stress on account of Covid-19 and is presently facing any of the following issues:
  - ✓ Any of the borrowers' or his/her family member have been infected by Covid-19 and/or death in family due to Covid-19.
  - ✓ No Business activity / no revenue generation due to lockdown.
  - ✓ Loss of Job / Salary cut down.

**Invocation of resolution process:**

- Application to be received from borrowers' for resolution plan and decision to be communicated to the borrowers' within 30 days by CBHFL.
- The resolution plan should be finalised and implemented within 90 days from the date of invocation of the resolution process under this window
- Last date of invocation of resolution plan for the Company will be September 30, 2021.

**Provisioning:**

Provisioning in these accounts will be made on the outstanding balance in these accounts as on date of implementation (10%). Half of the above provisions will 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.

**Convergence of the norms for loans resolved previously:**

- No borrowers' loan has been restructured under Resolution framework - 1.0 provided if the resolution plan permitted moratorium of no moratorium of less than 2 years, The overall caps on moratorium and / or extension of residual tenor granted under Resolution Framework - 1.0 and this framework combined, can be two years.
- Moratorium to eligible accounts will be extended up to maximum of 2 Years considering previous moratorium availed by the respective borrowers'.

**Disclosures and Credit Reporting:**

- Disclosures as per the format prescribed in Format-X to be published quarterly in financial statements for the quarters ending September 30, 2021 and December 31, 2021. The resolution plans implemented in terms of Part A of this framework should also be included in the continuous disclosures required as per Format-B prescribed in the Resolution Framework - 1.0.

and

- CBHFL is also required to publish only annual financial statements shall make the required disclosures in their annual financial statements, along with other prescribed disclosures
- The credit reporting by the lending institutions in respect of borrowers where the resolution plan is implemented under Part A of RBI's Circular RBI/2021-22/31, DOR.STR.REC.11/21.04.048/2021-22, Dated- May 5, 2021 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.

.....

**Approving Authority**

.....

Restructuring Proposal shall be recommended by the Branch Manager to the Head Office. Restructuring a Loan account shall be approved by the Committee comprising of Managing Director, General Manager, Head of Recovery and Head of Credit not below the Senior Manager Grade.



**Encl:**

1. Standard Template for Resolution Framework - 2.0
2. Format X
3. Format B

Standard Template for Resolution Framework - 2.0 Resolution of Covid-19 related stress of Individuals and Small Businesses		
<b>Borrower Details</b>	Name	
<b>Co-Borrower Details</b>	Name	
<b>Guarantor Details</b>	Name	
<b>Loan Account Detail</b>	Product - HL/LAP	
	A/c No	
	Loan Amount	
	EMI	
	Tenor	
	EMI Start Date	
	Loan O/s as on date of request for restructuring 2.0	
<b>Income Considered</b>	Borrower/Co-Borrower/Both	
<b>Income Category</b>	Salaried/SENP/SEP	
<b>If, Salaried</b>	Details of Employer	Ltd Co./ Pvt Ltd Co./State Government/Central Government/Others
<b>Income Details</b>	Previous Income	Current Income
<b>Proof or Reduction</b>	Previous Salary Slip	Current Salary Slip
<b>If, SENP</b>	Business Details	
<b>Income Details</b>	Previous Income -	Current Income -
<b>Proof or Reduction</b>	Business Proof	Business Proof
<b>If, SEP</b>	Professional Details	
<b>Income Details</b>	Previous Income -	Current Income -
<b>Proof or Reduction</b>	Any proof barring service being provided	
Appraisal/ Eligibility Assessment		
<b>Eligibility Criteria</b>	<b>Account Classification as on</b>	Standard

	<b>March 31, 2021</b>	
	<b>Account classification as on (Date of Request)</b>	<b>Standard / Sub Standard (If Sub standard to be considered as standard)</b>
	<b>Medical Criteria</b>	Borrowers' / Any Family Member affected by Covid-19 If Yes, Copy of relevant Reports and other medical certificates to be obtained
		Death of any Borrowers' / Any Family Member due to Covid-19 If Yes, Copy of relevant Reports and other medical certificates to be obtained
	<b>Income Criteria</b>	If Salaried
		Job Loss Proof to be obtained
		Salary / Wage Reduction by 25% Proof to be obtained
		If SENP / SEP
		No Business / Service Activity Business Proof
		No Revenue Generation due to lockdown Business Proof
<b>Previous Moratorium / Restructuring Details</b>	<b>Convergence of the norms for loans resolved previously</b>	Moratorium Aailed
		If Yes Period in Months
		If No Complete 2 Years can be considered
		Account Restructured under Resolution Framework 1.0 Yes / No
		If Yes Complete Tenor of Moratorium and Restructuring should be max 2 Years.

<b>Final Decision</b>	<b>Resolution Framework 2.0</b>	Eligible	Addendum and Affidavit to be executed
		Not Eligible	Rejected
<b>Prepared By</b>	<b>Recommended By</b>		<b>Approved By</b>
<b>Branch Officer</b>	<b>Branch Manager</b>		<b>Regional Manager</b>

**Format for disclosures to be made in the quarters ending September 30, 2021  
and December 31, 2021**

Sl. No	Description	Individual Borrowers		Small businesses
		Personal Loans	Business Loans	
(A)	Number of requests received for invoking			
(B)	Number of accounts where resolution plan has			
(C)	Exposure to accounts mentioned at (B) before implementation of the plan			
(D)	Of (C), aggregate amount of debt that was			
(E)	Additional funding sanctioned, if any, including between invocation of the plan			
(F)	Increase in provisions on account of the			

## Format for disclosures to be made half yearly starting September 30, 2021

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at the end of the previous half-year (A)	Of (A), aggregate debt that slipped into NPA during the half-year	Of (A) amount written off during the half-year	Of (A) amount paid by the borrowers during the half-year	Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at the end of this half-year
Personal Loans					
Others					
Total					

\* As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016