GCB Restructuring Policy
Citibank N.A. India

September 2020

Created date: 09-06-2021

1. Background

Pursuant to the guidelines rolled out by the Reserve Bank of India (RBI), vide Circular - RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21, dated 6th Aug 2020, Sub: Resolution Framework for COVID-19-related Stress (hereafter referred as the Restructuring Circular / the Circular), the erstwhile approved Board policy note, is being updated to include the following:

- Credit cards minimum amount due post moratorium
- Risk Mitigation Programs across GCB

1.1. The moratorium announced on 27th March 2020 further extended on 23rd May 2020 ended on 31st August 2020. The moratorium construct allows interest accrual on the outstanding balances during the moratorium period. Consequently, interest and the applicable taxes (GST) have continued to accrue and billed to customers' monthly statements while payments have not been received for these balances. Specific to cards, during the moratorium, average min due amounts for enrolled customers have swollen by 25% and the monthly enrolment of around 180M is reflective of the financial stress faced by the borrowers, thereby creating the need for restructuring support after the moratorium ends.

2. Restructuring circular

2.1. The economic fallout of the Covid-19 pandemic has led to significant financial stress for borrowers. The regulator acknowledges these fallouts in the Restructuring Circular. They have provided a special provision for payment relief to all categories of stressed borrowers, while maintaining the asset classification as 'Standard'.

2.2. The circular covers the conditions for the Resolution Framework for COVID-19-related Stress and provides the approach divided into "Resolution of stress in Personal Loans" & "Resolution of Other exposures". The circular further covers "Asset classification and provisioning" and "Disclosures and Credit Reporting".

3. Applicability

3.1. The circular requires Board approved policies to be put in place for Resolution Plans for each business.

3.2. Under the guidelines, Personal Loans include credit cards, home loans and personal loans.

4. Restructuring products proposed (Cards) :

4.1. In accordance to the Restructuring circular and its provisions, following restructuring products are being proposed as resolution plans to provide flexibility to the stressed credit card borrowers at the end of moratorium. (i) Realigning Credit card minimum dues & (ii) Risk Mitigation EMI option (iii) Interest Reduction (iv) Interest Waiver

4.2. Realigning Credit card minimum dues:

4.3. The minimum due (min due) charged during this period (same as for the overall portfolio) is higher of 5% of balances plus current month over limit amount and EMIs, or 1% of retail and cash balances and current month interest, taxes, EMIs, over limit amount for a standard account, i.e., not in default. Further, unpaid MAD from previous month needs to be included.

The accumulated amounts of interest and taxes (unpaid during the moratorium), if fully included in the min due post moratorium, i.e., September statement, would require customers to pay as high as 25%+ of the billed balances. Such large amounts payable in a single tranche immediately after the moratorium would be difficult for customers and may lead to large-scale defaults. Refer example in Annexure A.

4.4. With the objective of alleviating stress of the enrolled customers (evidenced though the moratorium enrolments) and prevent large-scale defaults, the min due to be billed post moratorium would continue as cited in point 4.3. It will include only current month's billed interest, taxes, EMIs and charges over and above a portion of principal (interest accrued during the prior month will be added to the principal). However, it will not include the unpaid MAD from the Moratorium period.

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This would typically translate into 5% of the billed dues in September thereby making it convenient for stressed customers to pay down the accumulated balances in smaller amounts while retaining their bureau records (marked Standard per the restructuring circular).

4.5. Given the high number of such impacted customers (184M as at end Aug'20) with outstanding amount of ~USD 278MM, the following approach is proposed to record customer's consent for the Resolution Plan, as required under the guidelines:.

- The communication for the restructured min due should be sent specifically to each customer. This is proposed to be sent through (Email and SMS).
- The communication should clearly call out that if only the Minimum Amount Due is paid, interest will continue to accrue on the outstanding balances (including accumulated interest) and the applicable interest rates should be mentioned as well.
- In case the customers do not wish to undertake this Resolution Plan, the customers should be provided an option for an alternate Resolution Plan or to make regular payments.

Customer communication clearly lays down the customer implications of taking this plan. E.g. that this will be reflected as "restructured" in credit bureau etc)

4.6. Risk mitigation Programs (RIMIT, Interest Reduction and Interest Waiver):

4.7. A COVID Risk Mitigation (RIMIT) program to assist customers in financial distress by rescheduling payments. This program will assist customers to pay their outstanding to the bank through a rescheduling and conversion of the outstanding (retail, cash & instalments balances along with all charges) into an instalment loan of up to 24 months as per the resolution framework.

When a customer takes a RIMIT loan, further unsecured facilities will be blocked and account will be flagged as "Restructured" in the credit bureau in line with the requirements of the circular. The cards will be blocked for any further usage. Bookings under this tenor extension program are expected to be ~ USD 31 MM.

There may be customers for whom we may require a longer assistance time frame than what the COVID resolution framework permits i.e. 24 months since they are under significant financial distress. These customers will be offered the standard Risk mitigation programs including Rewrites (going upto 48 months) and settlements which are outside the purview of this Resolution Framework.

4.8. NPA and Bureau reporting: Delinquency will be measured based on the new loan payment amount. Loss recognition occurs at 120dpd as per global policy requirement and Non-performing asset recognition at 90 dpd. Customers that undertake the RIMIT program will be flagged on the Credit bureau as “Restructured” in line with the requirements of this circular. Additionally, the RIMIT program will be included for TDR provisioning for the purpose of global reporting.

4.9. For customers who didn’t undertake the Moratorium program earlier and come back now, we plan to address their re-structuring needs through COVID risk mitigation programs based on exception approval (up to 5%) from Head - Collections and Head – Unsecured Policy Approval to keep the process tight.

4.10. For COVID Risk mitigation – there will be documentation exchanged for the RIMIT through email.

4.11. Lite Income Assessment process: The customers who have taken Moratorium have demonstrated healthy payment trends in the past (Pre-COVID), vis-à-vis customers who have not taken up Moratorium. Hence, we believe that the “Lite Income Assessment” will be sufficient as these customers may be temporarily experiencing financial difficulty but have demonstrated good payment behavior prior to COVID-19.

- Income assessment will be based on Declared income from the customer during the telephonic conversation with the collection agent -on a recorded line. Eligibility to service the revised EMI will then be done based on system income (taken at the time of booking of the card) and declared income (as mentioned in Point 1), whichever is lower.
- Collections Trail: Details of the customer interaction will be captured on collections system in the form of feedback/ trail.
- Good Faith Payment: Customer to pay the first EMI as agreed in Point 3 before the booking of the restructured plan on system - Good faith payment.
- Customer Communication: Post booking , communication will be shared with the customer on the registered email id capturing the details of the restructured plan

5. Eligibility conditions

5.1. For Min due proposal, eligible customers will receive the relaxation. The proposal is to continue with calculating dues at 5% of outstanding (refer point 4.3 for details).

5.2. Individuals being offered the RIMIT program, Interest Waiver and Interest Reduction belong to the Bucket 0 & 1 as of 31st March 2020. There was no enrollment for Cards in March, so if moratorium enrollment is the criteria, it has to be 01st April /31st March. Customers could have made payments between start and end of moratorium as well so only latest outstanding can be considered. However, credit facilities provided by the Bank to its own personnel/staff shall not be eligible for resolution under this framework.

5.3 The key requirements and exposure expected across the key programs is as per the table below.

Requirements	Minimum Due Realignment	RIMIT EMI Program	Interest Reduction	Interest Waiver
Eligibility	Bucket 0 and 1 customers as of 31st March 2020	Bucket 0 and 1 customers as of 31st March 2020	Bucket 0 and 1 customers as of 31st March 2020	Bucket 0 and 1 customers as of 31st March 2020
Exposure expected	184M accounts with exposure of USD 278 MM	USD 30.9 MM	USD 10.9 MM	USD 9.1 MM
Bureau Status	"Restructured"* if payment received is less than the amount that would have been normally due (i.e. including accumulated interest during moratorium)	"Re-structured"	"Re-structured"	"Re-structured"
Due Diligence parameters	On Moratorium as of 31August, 2020	Detailed as per grid 5.5.1	Detailed as per grid 5.5.2	Detailed as per grid 5.5.3

* The bureau reporting as "Re-structured" is not an automated process and will require time to allow for system build. The Proposal is to request additional time from the regulator and CCC will be updated in this regard.

5.3 Program offering:

- **Customers with 4 or 5 Months on Moratorium –** RIMIT will be primarily offered to customers who have been on the moratorium for a longer period 4/5 months. These customers are experiencing extreme financial distress and hence such customers are likely to take up a longer term program. The program hierarchy that will be followed for these customers is RIMIT followed by Interest Reduction and subsequently the Interest Waiver.
- **Customers with 3, 2 or 1 Month on Moratorium –** Interest Reduction and Interest Waiver: For the customers who have been on the moratorium for <=3 months, the expectation is that they are more likely to take up the short tenor programs including the 12 month Interest rate reduction program @24% (vs. BAU APR of 42%) or the one-time interest waiver and hence we plan to offer these programs on priority for these customers. The program hierarchy that will be followed for these customers is Interest Reduction followed by the Interest Waiver, and finally RIMIT.

  In addition, to the RIMIT Program we are looking at an Interest rate reduction and Interest waiver (Partial or full interest is waived for past or future payments when a customer makes at minimum, a full principal payment) as additional programs to assist customers through financial difficulty.

5.4 Disclosures, Reporting and Provisioning Requirements

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All cases booked under the COVID 19 Resolution Program shall be considered and reported as Standard till the execution of the specific Risk Mitigation program.

The Bank shall keep provisions held as per the extant IRAC norms immediately before implementation, or 10 percent of the total debt (residual debt), whichever is higher. The Bank shall keep these provisions from the date of implementation. Provisioning and reversals of provisions will be undertaken in line with the RBI guidelines and based on the approach approved by the CRO.

The credit reporting by the Bank in respect of borrowers where the resolution plan is implemented under this facility shall reflect the "restructured" status of the account if the resolution plan involves renegotiations that would be classified as restructuring under the Prudential Framework.

5.5 Program Features

These programs (RIMIT, Interest Reduction and Interest Waiver) will be open between 01 Sep until 31 December 2020.

Table 5.5.1 RIMIT EMI Program

Criteria	RIMIT EMI Program
Tenor (Maximum)	Capped to 24 months as per Resolution framework
Delinquent Bucket (customer level)	Bucket 0 and 1 customers as of 31st March 2020
Interest Rate	Up to 12%
Card Block	Permanent Block
Write off Logic	Delinquency will be measured based on the new loan payment amount. Loss recognition occurs at 120dpd. Non Accrual at 90 dpd.
Bureau Update	Bureau reporting for RIMIT to take place as "Re-structured"(For New Cards) & Null for Old card
Minimum Installment	EMI Over balance > 2.5%. Systemic check in place for EMI to cover at least 50% of the Original (At the time of RIMIT booking) Min Due payment of the customer.
Fresh Plastic Issuance	Yes, once the customer completes the payment on the RIMIT EMI program in full, he will be re-assessed for a fresh plastic issuance based on fresh under-writing
Good Faith Payment	Yes
Rewrite History	No prior Rewrite History
Principal Waiver	Not Allowed

Table 5.5.2 Interest Reduction Program

Criteria	Interest Reduction
Tenor (Maximum)	Capped to 12 months as per Resolution framework
Delinquent Bucket (customer level)	Bucket 0 and 1 customers as of 31st March 2020
Interest Rate	Up to 24%
Card Block	Temporary Block
Write off Logic	Loss recognition occurs at 180dpd. Non Accrual at 90 dpd.
Bureau Update	"Re-structured"
Payment Required	5% Minimum Due payment based on 24% APR
Good Faith Payment	Good faith payment in the form of min due will be collected at the time of enrollment

Table 5.5.3 Interest Waiver Program

Criteria	Interest Waiver
Number of months Interest Waiver	Capped at 1 month's interest for 1 month min due payment
Delinquent Bucket (customer level)	Bucket 0 and 1 customers as of 31st March 2020
Card Block	No Temporary Block applicable
Write off Logic	Loss recognition occurs at 180dpd. Non-Accrual at 90 dpd.
Bureau Update	"Re-structured"
Payment Required	5% Minimum Due payment
Good Faith Payment	Good faith payment in the form of min due will be collected at the time of enrollment

6. Restructuring products proposed (PIL & Ready Credit) :

Personal loans and Ready Credit are included within the product Personal loans as per the XBRL Returns Harmonization of banking statistics, point 1, Annex 1 (Page 1) (Refer detailed definition on page 13/14).
However, for personal loans the typical loan is a longer tenor typically a 48 month loan with higher loan amounts (Average loan outstanding on moratorium of ~INR 400M). Hence, these customers are expected to require a longer assistance time frame than what the COVID resolution framework permits i.e 24 months since they are under significant financial distress.

Ready Credit is a significantly small portfolio with an ENR of USD 62MM and has limited customers on the moratorium.

Therefore, we propose to address these re-structuring needs of the PIL and Ready Credit customers Rewrites (going up to 24 months). These programs in our view will help ease payments for customers experiencing financial distress.

However, credit facilities provided by the Bank to its own personnel/staff shall not be eligible for resolution under this framework.

All cases booked under the COVID 19 Resolution Program shall be considered and reported as Standard till the execution of the specific Risk Mitigation program.

The Bank shall keep provisions held as per the extant IRAC norms immediately before implementation, or 10 percent of the total debt (residual debt), whichever is higher. The Bank shall keep these provisions from the date of implementation. Provisioning and reversals of provisions will be undertaken in line with the RBI guidelines and based on the approach approved by the CRO.

The credit reporting by the Bank in respect of borrowers where the resolution plan is implemented under this facility shall reflect the "restructured" status of the account if the resolution plan involves renegotiations that would be classified as restructuring under the Prudential Framework.

7. Governance Framework: The Unsecured business shall constitute a review group, as below to review the Risk mitigation volumes, take up and performance (as applicable) and track versus the planned estimates with a weekly cadence. Data for this shall be provided by the Collections team, for the Group's review, every week.

Estimated Booking	RIMIT	Interest Reduction	Interest Waiver	TOTAL
# Take up Cap Over the Program across all months (Total)	13517	8001	7766	29284
% Bookings (#)	60%	20%	20%	100%
$ Bookings Cap Over the Program (Total)	30.9	10.9	9.1	50.9
% Bookings ($)	61%	21%	18%	100%

The review group will review this MIS every week and will be empowered to place temporary holds, on further bookings on any programme. Ratification shall be sought at the levels of 25% (Level 1), 65% (Level 2) and up 100% (Level 3), where these %'s represent the total take up under the programme.

Collections to share a weekly tracker including program wise take up and overall Collections portfolio and productivity metrics including Flow rates, GCL, Promise and Kept rates.

Review Group: The review group as defined below

1. Shall receive weekly MIS
2. Designated individuals shall ratify the continuance, as per the levels above

Designation	Name
Cards and Unsecured Lending Business Head	Mr. Arjun Chowdhry (65-100%)
Consumer Operations Head	Mr. Arvind Singla (65-100%)
Consumer Risk Head	TBD as replacement hiring underway (65-100%)
Unsecured Risk Head	Ms. Simran Khanna (Up to 65%)
Unsecured Collection Head	Mr. Sandeep Jain (Up to 65%)
Cards Portfolio and Rewards Head	Mr. Prashant Sinha (Up to 65%)
Cards, PIL and RC Business Head	Mr. Saurabh Vadhera (Up to 65%)

8. Restructuring products proposed (Mortgage) :

8.1 Background:

The RBI Circular covers the conditions for the Resolution Framework for COVID-19-related stressed accounts and categorises them under “Resolution of stress in Personal Loans” & “Resolution of Other exposures”. The Circular further covers “Asset classification and provisioning” and “Disclosures and Credit Reporting” of loans under the framework.

Mortgage Business offers a suite of Risk Mitigation programs which are designed to address customer’s financial stress both in the short term and long term. These rehabilitation programs include Forbearance, Extension and Rewrite.

The short term programs in the above suite of programs is being considered for the purpose of Covid 19 Stress Resolution Framework as per RBI Circular.

8.2 Eligibility and Application:

The above mentioned COVID 19 resolution framework shall be applicable for Individual borrowers who have taken a Home Loan (Salaried and Self Employed) or a Cash out (Salaried) Loan for personal use and subsequently availed of the Moratorium Relief Program.

For all Mortgage MSME borrowers, policy under the MSME circular (RBI/2020-21/17 DOR.No.BP.BC/4/21.04.048/2020-21 dated 6th Aug 2020) would be applicable and would be covered under the existing Prudential Framework.

Customers outside the above two categories, who approach the Bank for rehabilitation would be covered under the existing Prudential Framework.

However, credit facilities provided by the Bank to its own personnel/staff shall not be eligible for resolution under this framework.

Furthermore any exposure of the Bank to Financial Service providers shall be outside the purview of the resolution framework. Financial Service Provider is defined under Section 3(16) and 3(17) of the Insolvency and Bankruptcy Act 2016.

8.3 Resolution Process:

The eligible borrowers’ accounts shall continue to be classified as Standard till the date of invocation of resolution under this framework. 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 framework.

The last date of invocation of resolution plan under the framework shall be December 31st 2020 and the plan has to be implemented no later than 90 days from the date of invocation.

The resolution under the framework, as suggested by RBI, shall be executed using the suite of short-term (maximum 24 months) Risk Mitigation programs approved by the Bank.

8.4 Restructuring Programs Proposed:

Mortgage Business offers a suite of Risk Mitigation programs which are designed to address customer's financial stress both in short term and long term. These rehabilitation programs include Forbearance, Extension and Rewrite.

For the purpose of compliance to the COVID 19 Stress Resolution Framework, following Short Term programs (maximum 24 months) may be offered to the stressed customers requiring restructuring:

1. **Forbearance**: Reduction of APR to reduce EMIs by maximum 50% over a period of 24 months.

Criteria	Forbearance Program
Target Customers	- Individual borrowers who have taken a Home Loan (Salaried and Self Employed) or a Cash out (Salaried) Loan and subsequently availed of the COVID 19 Moratorium Relief Program. - Month on books (MOB) >=12 months - Time till maturity –for the loan account on which forbearance is done- should be at least 2 years - Accounts which have been rehabilitated before are NOT eligible.
Delinquency	- Customers cannot more than 30 days past due as on 1st March 2020.
Relief Period	- Maximum relief period to be 24months. No extensions/repricing allowed within this period
Tenor Extension	- Max allowed tenor extension is 10 years - Max end-to-end tenor permitted will be 25 / 20 years for Home loans / PPTL respectively
EMI reduction	- During the relief period monthly repayment to be reduced; however it must be > monthly interest being charged to ensure that the loan is amortizing during the relief period. - Min 10% / Max 50% reduction from current EMI levels.
Review and Approval Process	- Fresh valuation needs to be done - CIBIL Bureau report to be pulled for review by approver. - Portfolio Risk Head to approve all forbearance basis recommendation from RCM - Any waiver of principal and interest to be approved by Country Credit Director/Portfolio Risk Head as per delegation.
Pricing	- Interest rate to be lowered for the forbearance period. - This will require specific approval from Portfolio Risk Head (up to 2%) and Business Manager/Country Credit Director (> 2%).
Exception	- Any exception to above to be approved by Country Credit Director only

2. Extension: Tenor extension of 1 month (Maximum 4 times during the tenor of loan)

Criteria	Tenor extension of 1 month
Target Customers	- Individual borrowers who have taken a Home Loan (Salaried and Self Employed) or a Cash out (Salaried) Loan and subsequently availed of the COVID 19 Moratorium Relief Program. - Loan to be minimum 12 month in existence
Delinquency	- Customers cannot more than 30 days past due as on 1st March 2020.
Extension Period	- Two Tenor extensions should be at least 12 months apart - Maximum Tenor extension at any point of time - 1 Month - Maximum 4 months extension during the life of the loan
EMI	Unchanged
Accounting	- Interest outstanding, Bounce cheque charges and penal interest to be waived & Principal to remain part of the balance - Pricing will remain unchanged
Non Accrual / Write off	- Non-Accrual and Write off as per policy
Approval Authority	- Portfolio Risk Head / Country Credit Director post concurrence from Regional Risk
Documentation	- NACH/SI mandate to be replenished
Exception	- Any exception to above to be approved by Country Credit Director only

Long Term and other Programs (outside the purview of Covid-19 stress Resolution framework but falling under Prudential Framework)

1. **Rewrites:** Rewrite is a workout solution to be offered only to the customers facing difficulty in repaying the original EMI. It refers to creating a new loan from an existing open or closed-end loan (whether current or delinquent) that significantly changes the original terms and conditions, including EMI, interest rate and tenor.

Compromise settlement are not allowed and excluded from the resolution plan framework.

8.5 Proposed Process of execution:

Customers who approach the Bank for rehabilitation under the RBI Resolution Framework shall be assessed on applicability and eligibility based on the internal policies and processes of the Bank.

The Collection team along with the Credit Initiation team shall jointly appraise the financial situation of the customer and recommend the specific short term or long-term Risk Mitigation program for rehabilitation.

The invocation shall be completed within 31st December 2020 and execution shall happen within maximum 90 days from date of invocation.

8.6 Reporting and Provisioning requirements (Local GAAP and Bureau):

All cases booked under the COVID 19 Resolution Program (Under Extension or Forbearance) shall have a newly created product code for the purpose of tracking and reporting.

All such cases shall be considered and reported as Standard till the execution of the specific Risk Mitigation program.

Post execution of the program, the cases under COVID 19 Resolution Program shall be reported as Restructured Accounts in the Credit Bureaus.

The Bank shall keep appropriate provisions held as per the extant IRAC norms prior to the execution of the resolution plan or 10 percent of the total debt (residual debt) whichever is higher. Provisioning and reversals of provisions will be undertaken in line with the RBI guidelines and based on the approach approved by the CRO.

The Bank shall keep these provisions from the date of implementation.

9. Restructuring products proposed (ABF):

9.1 The policy shall be applicable to borrowers who are classified as Standard, but not in default for more than 30 dpd as on March 1, 2020 and continue to remain standard till the date of invocation of the resolution plan.

The following categories shall not be eligible for a resolution plan under this policy:

- MSME borrowers whose aggregate exposure to lending institutions collectively, is INR 25 crore or less as on March 1, 2020.
- Farm credit as listed in Paragraph 6.1 of Master Direction FIDD.CO.Plan.1/04.09.01/ 2016-17 dated July 7, 2016.

For these borrowers policy under the MSME circular would be applicable.
The borrower would be required to submit an application via written communication to the bank stating their current outstanding, exact details of the request and detailed rationale.
The invocation of the scheme shall be completed by December 31, 2020.

9.2 The ABF business shall constitute a standing committee as below to review the application in a timely manner. Minimum of three individuals, one of which would be from Risk unit at a minimum, would be required to complete the quorum.

Standing Committee

Designation	Name
ABF Business Head	Mr. Rohit Ranjan
ABF Risk Head	Mr. Arun Jain
ABF Collection Head	Mr. Manzoor Ahmed
ABF Collection Strategy	Mr. Manish Agarwal
Zonal Risk Manager	Respective for the region
Zonal Collection Head	Respective for the region

The collections unit shall coordinate the restructuring proposal and present to the standing committee.
The bank shall have the right to accept or reject an application based on the merits of each application. The bank is not bound to accept every application.
The restructuring plan may include rescheduling of payments / granting of moratorium, based on an assessment of cash flows of the borrower by the standing committee, subject to a maximum of two years. The overall tenor of the loan would accordingly, get extended

9.3 Asset Classification and Provisioning

- If a resolution plan is implemented in adherence to the provisions of this policy, the asset classification of borrowers' accounts classified as Standard shall be retained as such upon implementation, whereas the borrowers' accounts which may have slipped into NPA between invocation and implementation may be upgraded as Standard, as on the date of implementation of the plan.
- The credit reporting by the Bank in respect of borrowers where the resolution plan is implemented under this facility shall reflect the "restructured" status of the account if

the resolution plan involves renegotiations that would be classified as restructuring under the Prudential Framework.

  - The Bank shall keep provisions held as per the extant IRAC norms immediately before implementation, or 10 percent of the total debt (residual debt), whichever is higher. The Bank shall keep these provisions from the date of implementation.
  - The additional provisions maintained, if any, by the Bank in terms of the circular DOR.No.BP.BC.63/21.04.048/2019-20 dated April 17, 2020 in respect of such borrowers, to the extent not already reversed, may be utilised for meeting the provision requirements in all cases under this Policy.

- Reversal of Provisions: Half of the provisions may be reversed upon repayment of 20 percent of the carrying debt, the other half may be reversed upon repayment of another 10 per cent of the carrying debt without slipping into NPA subsequently. Provisioning and reversals of provisions will be undertaken in line with the RBI guidelines and based on the approach approved by the CRO.

9.4 Other Considerations

- Accounts which do not fulfill the required eligibility conditions for resolution under this policy, shall be considered for resolution under the Prudential Framework.

  If any of the timelines stipulated in the circular are breached at any point, the resolution process shall cease to apply immediately in respect of the borrower concerned and shall be fully governed by the Prudential Framework.

9.5 Exception approval

Any exception to the above proposed policy shall require approval from Country CRO and relevant Business Head.

Annexure A

RBI - Resolution
Framework for COVID

Annexure B

Conditions for the Resolution Framework for COVID-19-related Stress – Point 1

"1. The framework shall be applicable to eligible borrowers – corporate persons or otherwise – subject to the conditions specified herein. Part A of this Annex pertains to requirements specific to resolution of personal loans and Part B pertains to resolution of other eligible borrowers."

Conditions for the Resolution Framework for COVID-19-related Stress – Point 3

"3. The lending institutions shall frame Board approved policies pertaining to implementation of viable resolution plans for eligible borrowers under this framework, ensuring that the resolution under this facility is provided only to the borrowers having stress on account of Covid19. The Board approved policy shall, inter alia, detail the eligibility of borrowers in respect of whom the lending institutions may be willing to consider the resolution, and shall lay down the due diligence considerations to be followed by the lending institutions to establish the necessity of implementing a resolution plan in respect of the concerned borrower."

A. Resolution of Stress in Personal Loans – Point 9*

"9. The resolution plans may inter alia include rescheduling of payments, conversion of any interest accrued, or to be accrued, into another credit facility, or, granting of moratorium, based on an assessment of income streams of the borrower, subject to a maximum of two years. Correspondingly, the overall tenor of the loan may also get modified commensurately. The moratorium period, if granted, shall come into force immediately upon implementation of the resolution plan."

**Personal loan are defined in the XBRL Returns Harmonization of banking statistics, point 1, Annex 1 (Page 2) including Credit Cards and Personal Loans. Refer excerpt below.*

Srl.	*Data Element*	*Harmonised Definition*
1	*Consumer Credit*	*Consumer credit refers to the loans given to individuals, which consists of (a) loans for consumer durables, (b) credit card receivables, (c) auto loans (other than loans for commercial use), (d) personal loans secured by gold, gold jewellery, immovable property, fixed deposits (including FCNR(B)), shares and bonds, etc., (other than for business / commercial purposes), (e) personal loans to professionals (excluding loans for business purposes), and (f) loans given for other consumptions purposes (e.g., social ceremonies, etc.). However, it excludes (a) education loans, (b) loans given for creation/ enhancement of immovable assets (e.g., housing, etc.), (c) loans given for investment in financial assets (shares, debentures, etc.), and (d) consumption loans given to farmers under KCC. For risk weighting purposes under the Capital Adequacy Framework, the extant regulatory guidelines will be applicable.*
2	*Personal loans*	*Personal loans refers to loans given to individuals and consist of (a) consumer credit, (b) education loan, (c) loans given for creation/ enhancement of immovable assets (e.g., housing, etc.), and (d) loans given for investment in financial assets (shares, debentures, etc.).*

Resolution Framework for COVID-19-related Stress – Point 7
"The eligible borrowers' accounts should continue to be classified as Standard till the date of invocation of resolution under this framework. For this purpose, the date of invocation shall be the date on which both the borrower and lending institution have agreed to proceed with a resolution plan under this framework."

Resolution Framework for COVID-19-related Stress – Point 10
"The resolution plan shall be deemed to be implemented only if all of the following conditions are met: a. all related documentation, including execution of necessary agreements between lending institutions and borrower and collaterals provided, if any, are completed by the lenders concerned 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 lending institutions; and,

c. borrower is not in default with the lending institution as per the revised terms."

Resolution Framework for COVID-19-related Stress – Point 5
"5. Accounts which do not fulfil the required eligibility conditions to be considered for resolution under this framework may continue to be considered for resolution under the Prudential Framework, or the relevant instructions as applicable to specific category of lending institutions where the Prudential Framework is not applicable."

Prudential Norms Applicable to Restructuring – Annex 1, Point1
"1.Restructuring is an act in which a lender, for economic or legal reasons relating to the borrower's financial difficulty, grants concessions to the borrower. Restructuring may involve modification of terms of the advances / securities, which would generally include, among others, alteration of payment period / payable amount / the amount of instalments / rate of interest; roll over of credit facilities; sanction of additional credit facility/ release of additional funds for an account in default to aid curing of default / enhancement of existing credit limits; compromise settlements where time for payment of settlement amount exceeds three months."