**Feroke Co-operative Urban Bank Ltd. No. D2640**

**Policy on Resolution Framework – 2.0- Resolution of Covid-19 related stress of Individuals and Small Businesses**

As per this policy the credit exposures are classifying as Standard upon implementation of the resolution Framework 2.0 subject to the conditions specified hereafter.

**A. The facility is available for maximum 2 years with following conditions:**

1. The Borrower who should not have availed of any resolution in terms of the Resolution Framework – 1, or
2. If availed of the Resolution Framework – 1.0, and where the resolution plans had permitted no moratoria or moratoria of less than two years and / or extension of residual tenor by a period of less than two years, the Bank shall permitted to use this window to modify such plans**only** to the extent of increasing the period of moratorium / extension of residual tenor subject to the caps of two years and the consequent changes necessary in the terms of the loan for implementing such extension.

Note: The overall caps on moratorium and / or extension of residual tenor granted under Resolution Framework – 1.0 and this framework combined, shall be two years.

**B. Eligibility**: The Borrower whose credit facility was classified as Standard as on **March 31, 2021 and having the following conditions:**

1. Individuals who have availed of personal loans.
2. Individuals who have availed of loans and advances for business purposes and have aggregate exposure of not more than Rs.25 Cr as on March 31, 2021.
3. Small businesses, including those engaged in retail and wholesale trade, other than those classified as micro, small and medium enterprises as on March 31, 2021, and have aggregate exposure of not more than Rs.25 Cr as on March 31, 2021.

6. Any resolution plan implemented in breach of the stipulations of this policy shall be fully governed by MC on IRAC Norms-UCBs dated July 1, 2015.

**C. Invocation of resolution process**

1. Receive the application for resolution process for invocation of the resolution.
2. Assess the eligibility of the borrower under this window.
3. The borrower agreed to proceed with condition of resolution.
4. Date of the agreement for the resolution process is called date of Invocation which should be within 30 days of receipts of application..

Note: Last date of invocation: September 30, 2021.

**D. Permitted features of resolution plans and implementation**

**Resolution plan:**

1. Rescheduling of payments,
2. Conversion of any interest accrued or to be accrued into another credit facility
3. Revisions in working capital sanctions,
4. Granting of moratorium etc. based on an assessment of income streams of the borrower.

**Moratorium Period:** Maximum period two years inclusive of moratorium period if any.

**Period of implementation Plan:** Ninety days from the date of invocation.

**E. Asset classification and provisioning**

**Asset Classification:** The Account is treated as Standard.

**Provisioning:** 10 percent of the renegotiated debt exposure. Half of the provision may be written back upon the borrower paying at least 20 per cent 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 per cent of the residual debt without slipping into NPA subsequently.

Provided that in respect of exposures other than personal loans, the above provisions shall not be written back before one year from the commencement of the first payment of interest or principal (whichever is later) on the credit facility with longest period of moratorium.

The provisions required to be maintained under this policy, to the extent not already reversed, shall be available for the provisioning requirements when any of the accounts, where a resolution plan had been implemented, is subsequently classified as NPA.

For further details and reporting format please see the RBI’s MC on Resolution Framework – 2.0: Resolution of Covid-19 related stress of Individuals and Small Businesses (DOR.STR.REC.11/21.04.048/2021-22) dated May 5, 2021.

(Approved as per Board Resolution No. 07/02/21-22 dated 31/05/2021)