

RESOLUTION FRAMEWORK 2.0

Framework 1: Advances to MSME Sector

Parameter	Norms
Eligible Borrowers	<p>a. Customers should be classified as MSME customer as of 31st March 2021 in terms of the Gazette Notification S.O. 2119 (E) dated June 26, 2020.</p> <p>If the borrower is not registered in the Udyam Registration portal, such registration shall be required to be completed before the date of implementation of the resolution plan.</p> <p>b. GST Registered wherever applicable as on 31st March 2021.</p> <p>c. Aggregate exposure, including non-fund-based loan exposure, of all the lending institutions to the borrower not to exceed 50 crores as of 31st March 2021</p> <p>d. Standard Account as on 31st March 2021</p> <p>e. Borrower account not to be restructured in any of the previous MSME restructuring circulars.</p> <p>f. The Restructuring is required by the Borrower only on account of economic fallout due to Covid-19.</p>
Invocation & Implementation	<p><u>Invocation date</u> – The restructuring 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. The decisions on applications received by the Bank from customers for invoking restructuring under this facility shall be communicated in writing to the applicant within 30 days of receipt of such applications.</p> <p>The decision to invoke the restructuring under this resolution framework shall be taken by RBL Bank having exposure to a borrower independent of invocation decisions taken by other lending institutions, if any, having exposure to the same borrower.</p> <p><u>Last date of invocation</u> – 30th Sep 2021</p> <p><u>Date of implementation</u> - The restructuring of the borrower account is implemented within 90 days from the date of invocation.</p> <p>Restructuring would be treated as implemented if the following conditions are met:</p> <ol style="list-style-type: none"> 1. All related documentation, including execution of necessary agreements between the Bank and borrower / creation of security charge / perfection of securities is completed; and 2. The new capital structure and / or changes in the terms and conditions of the existing loans get duly reflected in the books of the Bank and the borrower
MSME Restructuring	<p>The resolution plan would involve modification of terms of the advances / securities, which may include, among others, alteration of repayment period / repayable 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; sanction of additional credit facilities to address the financial stress of the borrower on account of Covid19, even if existing debt is not re-negotiated; conversion of any interest accrued, or to be accrued, into another credit facility;</p>

	granting of moratorium; granting reassessed / enhanced working capital limits, drawing power and reduction in margins; etc.
Review of sanctioned limits / drawing power of MSME customer without the same being treated as restructuring.	In respect of accounts of borrowers which were restructured in terms of the MSME restructuring circulars, lending institutions are permitted, as a 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 regarding above shall be taken by lending institutions by September 30, 2021. The reassessed sanctioned limit / drawing power shall be subject to review by the lending institution at least on a half yearly basis and the renewal / reassessment at least on an annual basis. The annual renewal/reassessment shall be expected to suitably modulate the limits as per the then-prevailing business conditions.
Asset classification & Provisioning	Asset Classification - In respect of restructuring plans implemented as per this provision, asset classification of borrowers classified as standard may be retained as such, whereas the accounts which may have slipped into NPA category between April 1, 2021, and date of implementation may be upgraded as 'standard asset', as on the date of implementation of the restructuring plan.

Repayment Options available to the borrower	<ol style="list-style-type: none"> 1. Regular EMI payment Method 2. Principal & Interest moratorium up to two years and thereafter servicing EMI for the balance tenor either thru step-up EMI model or regular EMI payment method 3. Principal moratorium up to two years i.e., Interest Only Payment for up to 2 years and EMI servicing for the balance tenor either thru step-up EMI model or regular EMI payment method 4. Payment Schedule as per the envisaged Cash Flows of the borrower. <p>If customer has given 2nd or 3rd option, then it will come into effect immediately upon implementation of resolution plan.</p>
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Framework 2: Advances to Individuals and small businesses

Parameter	Norms
Eligible Borrowers	<ul style="list-style-type: none"> a. Individuals who have availed of personal loans (as defined in the Circular DBR.No.BP.BC.99/08.13.100/2017-18 dated January 4, 2018, on “XBRL Returns – Harmonization of Banking Statistics”), excluding the credit facilities provided by lending institutions to their own personnel/staff. b. Individuals who have availed of loans and advances for business purposes and to whom the lending institutions have aggregate exposure of not more than Rs.50 crore as on March 31, 2021. c. 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 to whom the lending institutions have aggregate exposure of not more than Rs.50 crore as on March 31, 2021. d. Borrower should not have availed of any resolution in terms of the Resolution Framework – 1.0. If availed, relaxation of the earlier resolution given to customer is allowed to the extent mentioned in the parameter for “Convergence of the norms for loans resolved previously” given below. e. Eligible borrower is in stress on account of the economic fallout from Covid-19
Non-eligible exposures	<p>The following categories of borrowers / credit facilities will not be eligible for a resolution plan under this framework:</p> <ul style="list-style-type: none"> a. Farm credit as listed in Paragraph 6.1 of Master Direction FIDD.CO.Plan.1/04.09.01/2016-17 dated July 7, 2016 (as updated) or other relevant instructions as applicable to specific category of lending institutions, except, except for loans to allied activities, viz., dairy, fishery, animal husbandry, poultry, beekeeping and sericulture are excluded from the scope of the Resolution Framework. Subject to the above, loans given to farmer households would be eligible for resolution under the Resolution Framework if they do not meet any other conditions for exclusions listed in the Resolution Framework. b. Loans to Primary Agricultural Credit Societies (PACS), Farmers’ Service Societies (FSS) and Large-sized Adivasi Multi- Purpose Societies (LAMPS) for on-lending to agriculture c. Exposures of lending institutions to financial service providers. Financial service providers will have the same meaning as in sub-section (17) of Section 3 of the Insolvency and Bankruptcy Act, 2016 d. Exposures of lending institutions to Central and State Governments; Local Government bodies (e.g. Municipal Corporations); and, body corporates established by an Act of Parliament or State Legislature e. Exposures of housing finance companies where the account has been rescheduled in terms of para 2(1)(zc)(ii) of the Master Circular – The Housing Finance Companies (NHB) Directions, 2010 after 1st March, 2020, unless a resolution plan under this framework has been invoked by other lending institutions. However, from August 6, 2020, any resolution necessitated on

	<p>account of the economic fallout of Covid-19 pandemic, will be undertaken only under this framework.</p> <ul style="list-style-type: none"> f. Credit Facilities provided by Bank to their own personnel / staff shall not be eligible for resolution under this framework. g. Consumption loans given to farmers under KCC are also not eligible under this framework. h. MSME borrowers whose aggregate exposure to lending institutions collectively, is Rs.50 crore or less as on March 31, 2021. These borrowers are covered separately in MSME Advances Restructuring Scheme
Invocation & Implementation	<p><u>Invocation date</u> – The restructuring shall be treated as invoked when the Bank and the borrower agree to proceed with the efforts towards finalising a restructuring plan to be implemented in respect of such borrower.</p> <p>In respect of applications received from customers for invoking resolution process under this window, <u>the assessment of eligibility for resolution as per the instructions contained in RBI circular and the Board approved policy put in place as above shall be completed</u>, and the decision on the application shall be communicated in writing to the applicant by the Bank within 30 days of receipt of such applications.</p> <p>The decision to invoke the resolution process under this window shall be taken by the Bank having for a borrower independent of invocation decisions taken by other lending institutions, if any, having exposure to the same borrower.</p> <p><u>Last date of invocation</u> – 30th Sep 2021</p> <p><u>Date of implementation</u> - The restructuring of the borrower account is implemented within 90 days from the date of invocation.</p> <p><u>The resolution plan shall be deemed to be implemented only if all of the following conditions are met:</u></p> <ul style="list-style-type: none"> 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.
Permitted features of resolution plans and implementation	<ul style="list-style-type: none"> a. The resolution plans implemented under this window may inter alia 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. However, compromise settlements are not permitted as a resolution plan for this purpose. b. 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

	<p>on extension of residual tenor, inclusive of moratorium period if any permitted, shall be two years.</p> <p>c. The resolution plan may also provide for conversion of a portion of the debt into equity or other marketable, non-convertible debt securities issued by the borrower, wherever applicable, and the same shall be governed in terms of Paragraphs 30-32 of the Annex to the Resolution Framework – 1.0.</p> <p>d. The instructions contained in the circular DOR.No.BP.BC/13/21.04.048/2020-21 dated September 7, 2020 on “Resolution Framework for COVID-19-related Stress – Financial Parameters” shall not be applicable to resolution plans implemented under this window.</p> <p>e. Any resolution plan implemented in breach of the stipulations of this circular shall be fully governed by the Prudential Framework for Resolution of Stressed Assets issued on June 7, 2019 (“Prudential Framework”), or the relevant instructions as applicable to specific category of lending institutions where the Prudential Framework is not applicable.</p>
Maximum Tenure / Moratorium period	<p>The Maximum eligible Tenure in case of term loans will be residual Tenure of the loan + 2 years (with or without moratorium).</p> <p>Moratorium on Principal & or Interest, if granted, will be subject to maximum period of 2 years and should come into effect immediately upon implementation of resolution plan.</p>
Additional Finance to meet interim liquidity requirement of the borrower & asset classification of the same.	<p>In respect of borrowers where the resolution process has been invoked, lending institutions are permitted to sanction additional finance even before implementation of the plan in order to meet the interim liquidity requirements of the borrower. This facility of additional finance may be classified as ‘Standard’ till implementation of the plan regardless of the actual performance of the borrower in the interim. However, if the resolution plan is not implemented within the stipulated timelines, the asset classification of the additional finance sanctioned will be as per the actual performance of the borrower with respect to such additional finance or performance of the rest of the credit facilities, whichever is worse.</p>
Convergence of the norms for loans resolved previously	<p>Modification of resolution plans granted earlier under resolution framework 1.0 is allowed on the below circumstances.</p> <p>a. Earlier resolution plan executed with no moratorium or moratorium of less than two years and / or</p> <p>b. Extension of residual tenor by a period of less than two years,</p> <p>Such plans can be modified only to the extent of increasing the period of moratorium / extension of residual tenor subject to 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 and the consequent changes necessary in the terms of the loan for implementing such extension.</p> <p>This will also be allowed as per the invocation & implementation parameter mentioned above.</p> <p>For loans where modifications are implemented, the instructions regarding asset classification and provisioning shall continue to be as per the Resolution Framework – 1.0.</p>
Working capital support for small	<p>In respect of accounts of borrowers mentioned below, whose accounts were restructured in terms of the resolution framework 1, lending institutions are permitted,</p>

businesses where resolution plans were implemented previously	<p>as a 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.</p> <ol style="list-style-type: none"> Individuals who have availed of loans and advances for business purposes and to whom the lending institutions have aggregate exposure of not more than Rs.50 crore as on March 31, 2021. 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 to whom the lending institutions have aggregate exposure of not more than Rs.50 crore as on March 31, 2021. <p>The decision with regard to above shall be taken by lending institutions by September 30, 2021 with the 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.</p> <p>The above measures shall be contingent on Bank satisfying that the same is necessitated on account of the economic fallout from COVID-19.</p>
Credit and Bureau reporting	<p>The credit reporting by the Bank in respect of borrowers where the resolution plan is implemented under Part A of this window 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.</p>
Grievance Redressal Mechanism	<p>For grievance redressal pertaining to restructuring of your facility you may write to us at: Loanrestructure@rblbank.com. You may refer to the Bank’s Grievance Redressal policy in the Bank Policies section on: www.rblbank.com</p>

Repayment Options available to the borrower	<ol style="list-style-type: none"> Regular EMI payment Method Principal & Interest moratorium up to two years and thereafter servicing EMI for the balance tenor either thru step-up EMI model or regular EMI payment method Principal moratorium up to two years i.e., Interest Only Payment for up to 2 years and EMI servicing for the balance tenor either thru step-up EMI model or regular EMI payment method Payment Schedule as per the envisaged Cash Flows of the borrower. <p>If customer has given 2nd or 3rd option, then it will come into effect immediately upon implementation of resolution plan.</p>
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