CITIZENCREDIT
CO-OPERATIVE BANK LTD
(A Scheduled Multi-State Bank)

POLICY DOCUMENT ON COVID-19 REGULATORY RELIEF PACKAGE

(Extension from June 01, 2020 to August 31, 2020)

1. Objective :

As the world economy including the Indian economy is presently faced with the COVID-19 pandemic, the Prime Minister Mr. Narendra Modi on March 24, 2020 announced a 21 day complete lockdown of the country and which is presently extended up to May 31, 2020. The country began facing the effects of the pandemic since the beginning of March 2020.

The objective of this policy is to provide relief to borrowers, in order to mitigate the burden of debt servicing brought about by disruptions on account of COVID-19 pandemic and to ensure the continuity of viable businesses.

The policy is based on the instructions issued by Reserve Bank of India vide their Circular No. RBI/2019-20/186 DOR.No.BP.BC.47/21.04.048/2019-20 dated March 27, 2020; Cir No. RBI/2019-20/220 DOR.No.BP.BC.63/21.04.048/2020-21 dated April 17, 2020 and Cir no. RBI/2019-20/244 DOR.No.BP.BC.71/21.04.048/2019-20 dated May 23, 2020

Eligibility:

Moratorium of six months on payment of all installments (Installments will include (i) principal and/or interest components; (ii) bullet repayments; (iii) Equated Monthly installments) falling due between March 1, 2020 and August 31, 2020 in respect of all borrowers.

Deferment of interest on working capital facilities for six months from March 01, 2020 to August 31, 2020 / Conversion of accumulated interest from March 01, 2020 to August 31, 2020 into funded interest term loan (FITL).

2. Types of Relief :

a) Rescheduling of Principal and Interest Repayment – Term Loans

b) Rescheduling of Interest – Working Capital facilities.

c) Easing of Working Capital Financing.

d) Classification as Special Mention Account (SMA) and Non-Performing Asset (NPA).

a) Rescheduling of Payments – Term Loans

(i) All term loans (including agricultural term loans, retail and crop loans) i.e. all types of loans with installment and/or interest/ EMI repayments to be granted moratorium from March 01, 2020 to August 31, 2020.

*Installments include (i) installment of principal and /or interest component (ii) bullet repayments (iii) Equated Monthly Installments.

(ii) Interest on all the loans, will continue to accrue on the outstanding portion of the term loans during the moratorium period.

- In case of Principal Equitably Distributed accounts (Non-EMI) - The amount of interest accrued for the period from March 1, 2020 to August 31, 2020 will be capitalized to the outstanding and principal/ installment reworked accordingly, taking into account the additional six months tenure.

- In case of Equated Monthly Installment accounts (EMI)- The amount of interest accumulated for the period March 1, 2020 to August 31, 2020 will be capitalized to the principal outstanding and EMI reworked accordingly, taking into account the additional six months tenure.

(iii) Penal interest will not be charged on the interest accruing on the term loan, between March 01, 2020 and August 31, 2020. However it will continue to be charged on overdue amounts outstanding as on March 1, 2020.

(iv) The repayment schedule for all such loans as also the residual tenor, will be shifted across the board as under:

- In case of Principal Equitably Distributed accounts (Non-EMI) – The revised Principal /installment amount will be recalculated on September 1, 2020 after capitalising the interest accrued between March 01, 2020 and August 31, 2020 for the residual tenure + additional 6 months.

- In case of Equated Monthly Installment accounts (EMI)- The EMI will be recalculated on September 1, 2020 after capitalizing the interest accrued between March 01, 2020 and August 31, 2020. The revised EMI will be applicable w.e.f September 1, 2020 for the residual tenure + additional 6 months.

(v) The revised repayment schedule for both EMI and Non-EMI accounts will be conveyed to all borrowers.

b) Rescheduling of Interest – Working Capital facilities

(i) In respect of working capital facilities sanctioned in the form of cash credit/ overdraft limits, the recovery of interest accrued in respect of all such facilities during the moratorium period from March 1, 2020 upto August 31, 2020 will be deferred.

(ii) The accrued interest at the end of the moratorium period will be converted into a funded interest term loan(FITL) which shall be repayable not later than March 31, 2021.

(iii) The repayment of the FITL will be permitted by the Bank either in instalments OR based on the cash flow of the borrower, but not later than March 31, 2021.

(iv) No penal interest will be charged on the interest accruing in the account between March 1, 2020 and August 31, 2020. However, it will continue to be charged on overdue amounts outstanding as on March 1, 2020.

(iv) Regular operations may continue in the account, pending the servicing of interest, as above.

c) Easing of Working Capital Financing

(1) In respect of working capital facilities sanctioned in the form of Cash credit / Overdraft limits to borrowers facing stress on account of the economic fallout of the pandemic, the Bank may, as a one-time measure permit to:

(i) recalculate the 'drawing power' by reducing the margins till August 31, 2020. However, in all such cases where such a temporary enhancement in drawing power is considered, the margins shall be restored to the original levels by March 31, 2021; and/or,

(ii) revise the working capital sanctioned limits upto March 31, 2021, based on a reassessment of the working capital cycle.

Accordingly, working capital sanctioned limits of the borrowers facing stress on account of the economic fallout of the pandemic will be reviewed upto March 31, 2021 based on an assessment of their working capital cycle with the available data.

(2) The borrower claiming relief under (c)(1) above will provide necessary justification that the claim for relief is due to the impact of the economic fallout on the business, due to COVID-19.

(3) The Borrowers will be advised that the Bank is subject to RBI's supervisory review, with regard to the justification accepted by the Bank on account of the economic fallout from COVID-19.

d) Classification as Special Mention Account (SMA) and Non-Performing Asset (NPA)

(i) Since the moratorium/deferment/recalculation of the 'drawing power' / conversion of accumulated interest into FITL/ reassessment of working capital cycle, as above, and the changes in the credit terms permitted to the borrower is specifically to enable the borrower to tide over economic fallout from COVID-19, the same will not be treated as concession or change in terms and conditions of loan agreements due to financial difficulty of the borrower. Consequently, such a measure by itself shall not result in asset classification downgrade.

(ii) In respect of term loan accounts classified as Standard as on February 29, 2020, even if overdue, the moratorium period, wherever granted in respect of term loans in terms of para 2 (a) above, shall be excluded by the Bank from the number of days past due, for the purpose of asset classification under the IRAC norms. The asset classification for such accounts shall be determined on the basis of the revised due dates and the revised repayment schedule.

(iii) Similarly, in respect of working capital facilities sanctioned in the form of cash credit / overdraft ("CC/OD"), where the account is classified as standard, including SMA, as on February 29, 2020 the deferment period, wherever granted in terms of para 2 (b) above, shall be excluded for the determination of out of order status.

3. Customer responsibility

(i) To be aware of the COVID-19 regulatory package by visiting the Bank's website / contacting their respective branch.

(ii) To provide necessary justification of the impact on working capital due to COVID-19 if claiming relief under Sr.no. 2(c) above. Borrower to approach the Bank for such relief.

(iii) To continue to service repayment obligations in case of available means / adequate cash flows as the relief's are a deferment and not a waiver.

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