CBOA Extends a Hearty Welcome To Promotion Aspirants



Glimpses of Important Recent Changes in Credit Related Matters

With Best Wishes from L Jagennath

ECAI Rating - 378/23, 516/24& 520/24

- Exposure above Rs 25 cro to be ECAI Rated
- If not additional interest to be charged as under
- Exposure above Rs 25 cro upto Rs 100 cro additional interest of 0.50% (earlier 0.25%)
- Above Rs 100 cro 1% (earlier 0.50%)
- ED CAC is the authority to waive ECAI rating
- Even in cases where ECAI rating is waived by specific authorities additional interest as above to be collected unless specifically permitted by ECAI rating waving authority.
- Waiver is valid till next review / renewal

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ECAI Rating

- ECAI accepted by the bank for Domestic Rating 520/24
- Credit Analysis and Research Ltd. (CARE)
- CRISIL Ratings Ltd. (CRISIL)
- India Ratings Ltd (Formerly Fitch Ratings India Pvt Ltd. [FITCH])
- ICRA Ltd. (ICRA)
- ACUITE Ratings and Research Ltd (Erstwhile SMERA)
- INFOMERICS Valuation and Rating Pvt Ltd. (INFOMERICS)
- As per RBI guidelines ratings by Brickwork ratings India Pvt Ltd not valid from 12.10.2022

ECAI Rating

- Modification in 608/24 Domestic Rating
- 608/24 – Fresh rating from Brickwork Ratings India Pvt Ltd for bank loans not exceeding Rs 250 cro can be accepted wef 10.7.24
- International Rating Agencies:516 & 520
- Fitch Ratings Ltd. (FITCH)
- Moody's Investor Services Ltd. (MOODY'S)
- Standard & Poor Rating Agencies Ltd. (S&P)

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Down Gradation of Risk Rating and Additional interest 349/23,258/24, 477/24 & 520/24

- Immediately on receipt of the External Rating or internal rating based on audited annual accounts of the borrower, the account shall be reviewed.
- In case of deterioration in the risk rating grade, the pricing (including concession) shall be reviewed to examine the need for continuation or withdrawing the concession, if any, permitted.
- However, till the time the process of review of pricing is completed, additional interest over & above the contracted rate to be levied

Down Gradation of Risk Rating and Additional interest 349/23,258/24 477/24, 520/24

- **Down Gradation of Risk Rating (External) – Additional interest to be charged as under:**

Existing	New Rating	Add Int	New Rating	Addl Int	New Rating	Add Int
AAA	AA	0.50%	A,BBB,BB,B, C	1%	D	1.50%
AA	A	0.50%	BBB,BB, C	1%	D	1.50%
A	BBB	0.50%	BB,B,C,	1%	D	1.50%
BBB	BB	0.50%	B,C,	1%	D	1.50%
BB	B	0.50%	C	1%	D	1.50%
B	C	0.50%			D	1.50%
C					D	1.50%

In all the cases if it becomes unrated, additional interest to be charged is 1% 477/24

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ECAI - 477/24

- Customers having ECAI rating withdrawn/suspended/expired or without bank's name and exposure details in respective press release by rating agencies are to be treated as unrated exposures.
- In cases where the external rating agency has classified the account as "Issuer Not Co-Operating", in such cases, additional rate of interest shall be applicable as per the revised external rating published by the rating agency.

Down gradation of internal Ratingn 349/23,258/24 520

- **Down Gradation of Risk Rating (Internal) – Additional interest to be charged as under:**

Existing	New Rating	Add Int	New Rating	Addl Int	New Rating	Add Int
CNR I	CNR II	0.50%	CNRIII to CNR XI	1%	CNR D	1.50%
CNR II	CNR III	0.50%	CNR IV to CNR XI	1%	CNR D	1.50%
CNR III	CNR IV	0.50%	CNR V to CNR XI	1%	CNR D	1.50%
CNR IV	CNR V	0.50%	CNR VI to CNR XI	1%	CNR D	1.50%
CNR V	CNR VI	0.50%	CNR VII to CNR XI	1%	CNR D	1.50%

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Important Points- 349/23,258/24,520

- **Down Gradation of Risk Rating (Internal) – Additional interest to be charged as under:**

Existing	New Rating	Add Int	New Rating	Addl Int	New Rating	Add Int
CNR VI	CNR VII	0.50%	CNRVIII to CNR XI	1%	CNR D	1.50%
CNR VII	CNR VIII	0.50%	CNR IX to CNR XI	1%	CNR D	1.50%
CNR VIII	CNR IX	0.50%	CNR X to CNR XI	1%	CNR D	1.50%
CNR X	CNR XI	0.50%			CNR D	1.50%

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Rating Grades

CNR I	Minimal Risk I
CNR II	Minimal Risk II
CNR III	Low Risk I
CNR IV	Low Risk II
CNR V	Low Risk III
CNR VI	Normal Risk
CNR VII	Moderate RiskI
CNR VIII	Moderate Risk II
CNR IX	High Risk I
CNR X	High Risk II
CNR XI	High Risk III
CNR D	Default Grade

Important Points- 349/23,258/24,520

- ✓ If both internal and external ratings are available, additional interest etc to be charged based on external rating.
- ✓ If external rating is not available additional interest is based on internal rating.

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Important Points- 349/23,258/24,520

- If down gradation is by 2 notches and more
- 25% additional collateral in the form of immovable properties or any other approved securities to be obtained within 6 months of down gradation
- The additional interest shown in the table to be charged till additional collateral is obtained.

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Important Points- 349/23,258/24 & 477/24 520

- If additional collateral not obtained within in 6 months additional interest of 1% over and above the additional interest shown in the table to be charged.
- In all the cases the concerned sanctioning authority can reduce the additional interest, additional collateral etc.

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Down Gradation and Risk Rating 801/23

- If down gradation by one notch no need for fresh valuation if the previous valuation report is not more than 6 months old. Otherwise within 3 months
- If down gradation is by 2 notches then fresh valuation to be taken within 3 months of down gradation irrespective of the date of previous valuation.
- Applicable for both fixed and inventory

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Upgradation of Rating: 757/23, 258/24,520

- ✓ If upgradation of rating takes place interest concession to be given as under: External rating upgradation

Existing ----------Revised----------

	AAA	AA	A	BBB
AA	0.25%			
A	0.50%	0.25%		
BBB	1.00%	0.75%	0.50%	
BB	1.25%	1.00%	0.75%	0.75%
B	1.25%	1.25%	1.00%	0.75%
C	1.25%	1.25%	1.25%	1.00%
D	1.25%	1.25%	1.25%	1.25%

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Important Points 757/23, 258/24, 520

Existing ----------Revised----------

	CNR I	CNR II	CNR III	CNR IV	CNR V	CNR VI	CNR VII
CNR IV	0.15%	0.15%					
CNR V	0.15%	0.15%					
CNRVI	0.25%	0.25%	0.15%	0.15%			
CNR VII	1.00%	1.00%	0.50%	0.50%	0.25%		
VIII	1.00%	1.00%	0.50%	0.50%	0.25%	0.25%	
IX	1.25%	1.00%	1.00%	0.75%	0.50%	0.50%	0.25%
X	1.25%	1.25%	1.00%	0.75%	0.75%	0.50%	0.50%
XI	1.25%	1.25%	1.25%	1.00%	0.75%	0.75%	0.50%
CNR D	1.25%	1.25%	1.25%	1.25%	1.00%	0.75%	0.75%

Important Points 757/23, 258/24,520

- ✓ Whenever there is an upgradation in the external or internal rating of the Borrower, for exposures above Rs. 7.50 Crores which are subject to be rated under CIRM or are eligible to be rated by ECAIs, concession in the rate of interest may be given by the branches, Offices.
- ✓ The ultimate rate should not fall below RLLR or MCLR
- ✓ All sanctions terms and conditions to be in place

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Important Points 757/23, 258/24, 520

- ✓ **Where both external and internal ratings are available, benefit of reduction in ROI shall be given only on upgradation of external ratings.**

- ✓ **The concessions shall be valid till the next review/renewal/reset of the credit facilities.**

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Important Changes in Valuation 349/23 & 801/23

- It is the practice of the bank to appoint more than one valuer in respect of valuation of assets having high value.
- Bank shall obtain minimum 2 independent valuation reports from 2 empanelled valuers in respect of loan accounts where the value of individual property (Land and Building) obtained as collateral for the loan is **Rs 5 crore** (earlier Rs 10cro) and above.
- When value differs?

Important Changes in Valuation 801/23

- ✓ First ascertain whether both the reports used the same bases for valuation.
- ✓ If bases for valuation is different then average of both the valuations are taken to arrive at the notional value of the property.
- ✓ If bases of valuation is same and the variation is within 15% average of the two to be taken to arrive at the notional value

Important Changes in Valuation 801/23

- If the bases is the same and the variation is more than 15%, then bank will get valuation from an empaneled 'A' category valuer and the lowest of the three to be taken. Cost of third valuation to be borne by the bank.
- Bank to examine the valuation of the highest one and call for explanation and if the explanation is not satisfactory then steps to be taken for deletion from Panel.

Important Changes in Valuation 801/23

- In respect of *valuation of Fixed assets/ current assets* including book debts, it is to be ensured that atleast one assignment is allotted per panel valuer
- There shall not be any valuer / stock auditor who has not been given any assignment during the FY. Circles to collect data from branches and Ros to place a consolidated note to Circle Head on half yearly basis for the period ending 31st May and 30th Nov

Important Changes in Valuation 801/23

- Maximum number of valuation work in respect of current assets that can normally be entrusted to a stock auditor in a FY is Six **(earlier 3).** Any deviation Circles to report to CP Section RM Wing.
- No such guidelines for Fixed asset Valuer

Important Changes in Valuation 801/23

- ✓ **Guidelines in respect of Third Party Entities (Valuers) involved in Fraud:**
- ✓ **TPE undertaking Stock Audit, Lenders Independent Engineers (LIE), Techno Economic Viability Consultants (TEV), SARFAESI valuers revaluation to be done in all the accounts where such TPE gave valuation in the last one year.**
- ✓ **In respect of Fixed Assets, revaluation to be done in 10% of the loan accounts where valuation done by such TPEs in the last six months**

Important Changes in Valuation 801/23

- ✓ If valuation to be got done by a valuer empanelled for one Circle by another Circle permission from RM wing HO to be obtained.
- ✓ This is not applicable for Circle Offices coming under the same State. But the maximum number of entrustment of such valuation for fixed assets and Current Assets from neighboring Circle in the same state not to exceed 3 in a Financial year.

Important Changes in 349/23 258/24 520

- **Valuation of Vehicle:**
- **Insured Declared Value (IDV) as per latest valid insurance policy or depreciated value by applying Written down value method at 20% whichever higher is to be considered**
- **Valuation of Immovable Property:**
- **Once in 3 years**
- **Circle Head CAC can reduce the frequency to allow concession in interest rate and for additional credit.**
- **If valuation is carried out at frequency less than 33 months (earlier 36 months) value of property to be taken at 85% of the latest valuation and valuation to be given by a valuer other than the one who gave earlier valuation.**

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Important Changes in 378/23 516/24

- **Valuation in respect of loans to commercial Real Estate:**
- **Normally once in three years.**
- **If the account appears in SMA 1, shows any early warning signals or on occurrence of any adversities affecting the marketability of the property, valuation shall be obtained once in a year.**

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Important Changes in 378/23 516/24

- **Valuation in respect of NPA – All types of Loan irrespective of amount**
- **Ensure assets are availlble**
- **Allow for a normal cooling period of one quarter for upgrdation**
- **If continues to be NPA fresh valuation to be taken within 6 months of account turning NPA**
- **This is applicable only if unexpired period of existing valuation is 6 moths or more**
- **If existing valuation already completed 3 years when the account is classified as NPA valuation to be taken immediately and then once in 3 years For provisioning Realizable value of security to be taken**

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Important Changes in 349/23 & 258/24 520

- So far classification of an account for High Risk is based on Marks. **Revised guidelines: 349/23**
- Additional parameter to be taken into account while Risk Rating to classify High Risk:
- Account continuously classified as SMA 2 in the last 3 months
- Interest coverage ratio is less than 1 and no fresh infusion of capital proposed by the entity for meeting the deficit
- Current ratio is less than 1 (wherever bench mark current ratio norms are applicable)

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DELEGATION OF POWERS 257,539/24

- Whether a borrower can avail credit facilities from more than one branch?
- Each borrower to avail all the credit facilities from a single branch. (except loans against our deposit to depositors)
- If customer needs finance from another branch Circle Head CAC of the branch in which facility is sought to permit the same.
- Whose permission is needed to transfer loan accounts of parties from one branch to another within the Circle and to a different Circle and apportionment of limits?
- Within the Circle – Circle Head CAC upto its delegated powers - Beyond this and to Other Circles -CGM/GM HO and above authorities
- Limits already apportioned can continue if there are no chages in terms and conditions wrt the apportioned limit

Modification in Interest against Deposit 621&624/2023 257/24 539

- ✓ Loans against domestic term deposit standing in the name of the depositor
- ✓ Normal Margin 10%
- ✓ Interest rate:
- ✓ 2% above the deposit rate for loan upto and inclusive of Rs 2 cro
- ✓ 1% above the deposit rate for loan above Rs 2 cro

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Modification in Interest against Deposit 621&624/2023 257/24 539

- ✓ Loans against domestic term deposit standing in the name of the depositor – Delegation for reduction in margin & interest

<----Loan upto Rs 2 cro--→ ←--- Above Rs 2 cro-------→

Authority	Minimum Margin	Rate of interest over deposit rate	Authority	Minimum Margin	Rate of interest over deposit rate
Branch in charge	10% No Power	2% No Power	Branch in charge	10% No Power	1% No Power
ROHeadCAC	10% No Power	1%	ROHeadCAC	10% No power	1% No Power
CircleHeadCAC	5%	1%	CircleHeadCAC	5%	1% No power
CGM/GM HO CAC	5%	0.75%	CGM/GMHO CAC	5%	0.70%
ED CAC	5%	0.50%	ED CAC	5%	0.50%
Board CAC	5%	Beyond the delegated power of EDCAC	Board CAC	5%	Beyond the delegated power of EDCAC

Loans against deposit for Employees 451/2018

- **Loans against our term deposits to employees and others who are eligible for preferential interest rate on deposits. (92/24)**

Loan amount	Interest Rate
Upto Rs 1 lac	0.25% above the deposit rate
>Rs 1 lac upto Rs 5 lac	0.50% above the deposit rate
>Rs 5 lac upto Rs 10 lac	1.00% above the deposit rate
>Rs 10 lac	As applicable to Customers

For loans above Rs 10 lac Circle Head CAC can reduce ROI upto 1% above the deposit rate. This is for the entire loan amount without any slab rate as above 257/24 & 539/24

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DELEGATION OF POWERS

- **Loans against our Domestic Term Dep: Rs in lacs**

Branch	TO Depositors	TO Third Party	Minors Deposit
Scale I	25	5	1
Scale II / Cr Manager in VLB/ELB	50	8	2
Scale III /SM in VLB/ELB	75	10	3
CM in VLB / Specialised Brs	1000	300	25
AGM/DGM in ELB Spe Brs	1000	500	500
DGM/AGM heading LCBs	5000	500	500

Margin 10%- MSME Sulabh do not have power

DELEGATION OF POWERS

- **Loans against our Domestic Term Dep: Rs in lacs**

Branch	Depositors	Third Party	Minors Deposit
DM RO CAC	1000	500	25
AGM RO CAC (Other than RO Head)	1500	1000	Full Powers
RO Head CAC	Full Power	2500	Full Powers
DM CO CAC	1000	500	25
AGM CO CAC	2500	1500	Full Power
DGM CO CAC & Above authorities	Full power	DGM CO CAC 3500 CO Head and above Full Powers	Full Power

Margin 10%- MSME Sulabh do not have power

DELEGATION OF POWERS

Loans against our NRE/FCNR Dep: Margin 25%

Scale 4 and above can reduce it to 10%

Branch	Depositors	Third Party
Scale I	30	3
Scale II /Cr Manager in VLB/ELB	100	5
Scale III / SM in VLB/ELB	100	7.50
CM	300	300
AGM/DGM	Full Powers	Full Powers

Checking CBS parameters vs Sanction

479/23

Parameters	Term Loan	OD/OCC
Rate of Interest	LNM 10	CHM 07
Tenor	LNM 10	CHM 07
Margin	LNM 34	CHM 06
Moratorium Period	LN 522	
Sanctioned Limit	LNM 10	CHM 07
Primary & Collateral Security	LNM 34/ BAM 74	CHM 06/ BAM 74
Customer Account Relationship maintenance	CI 142	CI 142

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Checking CBS parameters vs Sanction

479/23

Parameters	Term Loan	OD/OCC
Internal Rating	BA 188	BA 188
External Rating	BA 189	BA 189
UDYAM Reg Number	CIM 22	CIM 22
LEI	CIM 17 / CIM 22	CIM 17 / CIM 22
Passport Details	CIM 61	CIM 61
Sanctioning Authority	BA 020	CHM 07

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Revised guidelines for obtaining LEI for Non Individual Borrowers – 296/22 & 516/24

Total Exposure	Time Line – On or Before
Rs 5 cro & above upto and inclusive of Rs 10 cro	30.4.2025
Above Rs 10 cro and upto and inclusive of Rs 25 cro	30.4.2024
Above Rs 25 cro and less than Rs 50 cro	30.4.2023

Not Applicable for Individual Borrowers & Departments/Agencies of Central / State Govt - Exposure from all banks and other Financial Institutions including investment exposure – Limit or outstanding balance whichever is higher.

Revised guidelines for obtaining LEI for Non Individual Borrowers – 296/22 & 516/24

- ✓ New borrower entities not eligible for loan without LEI, 20 digit alpha numeric code- world wide financial transaction - Clearing Corporation of India Ltd -
- ✓ Existing entities – no renewals, not enhancements, no additional limit, no adhoc – with out LEI
- ✓ All proposals submitted to sanctioning authority to incorporate in the first page of the note the LEI with validity date. All sanction communication to branches / offices to contain the same

Project Appraisal 787/23

All Medium and Long Term proposal for proposed projects including infrastructure are eligible for Project Appraisal. (PA)

For new borrowers – PA is to be done if the project cost is Rs 1000 lac and above (Rs 500 lac)

For existing Customers:

Internal Rating Low (CNR I to CNR V) and Normal Risk (CNR)VI or externally rated BBB or better	Dealing for less than 3 years with our bank Rs 1500 lac and above project cost (1000 lac)	Dealing for 3 years and more with our bankRs 2000 lac and above project cost (RS 1000 lac)
MR (CNR VII & CNR VIII) or External Rating BB	Rs 1000 lac and above Rs 500 lac & above)	Rs 1000 lac and above Rs 500 lac and above

Red colour existing

Project Appraisal 787/23

- For Project Cost above Rs 400 lac for New Customers and above Rs 750 lac for existing customers Agriculture Term loans will be appraised by Agricultural Innovation Centre (AIC). Revised from Rs 200 and 500 lac respectively

- Validity Period of Solvency and Capability Certificates: Maximum one year from the date of issuance.