बिहार राज्य सहकारी बैंक लि०
THE BIHAR STATE CO-OPERATIVE BANK LTD.

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Ref. No. .... *Date* ....

कार्यालय आदेश

बैंक के निदेशक मंडल की संपन्न दिनांक 27.07.2026 की बैठक के मद संख्या-07 में लिए गए निर्णय के आलोक में वित्तीय वर्ष 2026-27 हेतु बनायी गयी Compromise Settlement and Technical Write Off पॉलिसी को अंगीकृत किया गया है।

उक्त पालिसी के माध्यम से बैंक के NPA में कमी लाने, पुराने एवं कठिन वसूली वाले ऋण खातों में अधिकतम संभव वसूली सुनिश्चित करने तथा पात्र खातों में नियमानुसार Compromise Settlement/One Time Settlement (OTS) एवं Technical/Prudential Write-off की प्रक्रिया अपनाने के उद्देश्य से बैंक द्वारा "Compromise Settlement and Technical/Prudential Write-off Policy" अंगीकृत की गई है।

उक्त नीति वित्तीय वर्ष 2026-27 के लिए प्रभावी रहेगी तथा आवश्यकता के अनुसार सक्षम प्राधिकारी की स्वीकृति से इसकी अवधि बढ़ाई जा सकेगी।

अतः बैंक की सभी शाखाओं/संबंधित विभागों को निदेशित किया जाता है कि उक्त नीति का अनुपालन पॉलिसी में उल्लेखित व्यवस्था के अनुसार करना सुनिश्चित करें। यह आदेश तत्काल प्रभाव से लागू होगा।

विश्वासभाजन

ह/-
अरविन्द कुमार पासवान
(प्रबंध निदेशक)

प्रतिलिपि: BSCB/Loan/N.F./14/2024/1798 **दिनांक:** 02.09.2026

1. **सभी उपमहाप्रबंधक, बिहार राज्य सहकारी बैंक लि० को सूचनार्थ एवं आवश्यक कार्यार्थ।**
2. **सभी शाखा प्रबंधक, बिहार राज्य सहकारी बैंक लि० को सूचनार्थ एवं आवश्यक कार्यार्थ।**

02/9/26
(प्रबंध निदेशक)

THE BIHAR STATE CO-OPERATIVE BANK LTD.

COMPROMISE SETTLEMENT AND TECHINCAL WRITE-OFFS POLICY

Approved by B.O.D Vide Board Item No 07 Dated 27.07.2026

<u>**The Bihar State Co-Operative Bank Ltd.**</u>
<u>**Ashok Rajpath, Patna-04.**</u>

<u>**Policy of Compromise/OTS/Technical write off**</u>

In view of high old NPA accounts, which are before migration of Bank to CBS, it is essential for The Bihar State Cooperative Bank to adopt a Board approved policy for Compromise, OTS and Technical Write-off as per RBI guideline.

The Policy of Compromise/OTS/write off in vogue has been prepared taking into consideration the guidelines/circulars issued by Reserve Bank of India vide RBI/DOR/2025-26/312 DOR.STR.REC.231/21.04.048/2025-26 November 28, 2025 Reserve Bank of India (Rural Co-operative Banks – Resolution of Stressed Assets) Directions, 2025 [updated as on July 01, 2026] .

These guidelines aimed at strengthening the process for all regulated entities. It also further emphasizes the need for settlement policy and focuses on maximizing recovery and minimizing expenses with permissible sacrifice. As it has been mandated to have a Board Approved Policy for undertaking compromise settlement. As per NABARD this policy should be brought to the notice of the Statutory Auditors of the Bank.

A. Compromise/ OTS settlements:-

1. GENERAL : In terms of extant guidelines of RBI, policy needs to put in place non-discretionary One Time Settlement of Non-Performing Accounts (NPAs), salient features of which shall be as under:

2. Units/borrowers to be covered: It shall cover all NPAs of the borrower as at the end of previous quarter. Any eligible borrower who is in default and classified as NPA in the books of the Bank, intending to clear the outstanding dues through compromise settlement can submit a written proposal to the Bank, such proposal received shall be examined and reverted within 30 days on its acceptance or rejection by the competent authority.

   There may be cases where the guarantors in NPA account/s come forward for settlement proposals so as to release their guarantee/security or discharge them from payment of dues. Such proposals would be treated 'At Par' with the proposal received from the borrower classified as NPA.
3. The objective of compromise settlements shall be to maximize the possible recovery from a distressed borrower at minimum expense, in the best interest of the bank.
4. Compromise settlement is not available to borrowers as a matter of right; rather it is a discretion to be exercised by a bank based on its commercial judgement.
5. The compromise settlements and technical write-offs shall be without prejudice to any mutually agreed contractual provisions between a bank and a borrower relating to future

contingent realizations or recovery by the bank, subject to such claims not being recognised in any manner on the balance sheet of the bank at the time of the settlement or subsequently till actual realization of such receivables. Provided that any such claims recognised on the balance sheet of the bank shall render the arrangement to be treated as restructuring.

6. Notwithstanding paragraph 5, compromise settlements where the time for payment of the agreed settlement amount exceeds three months shall be treated as restructuring.
7. Any arrangement involving part settlement with the borrower shall also fall under the definition of restructuring and shall be governed by the provisions applicable thereto.
8. Technical write-off is an accounting procedure undertaken by a bank to cleanse the balance sheets of bad debts which are either considered unrecoverable or whose recovery is likely to consume disproportionate resources of the lenders. However, such technical write-offs do not entail any waiver of claims against the borrower and thus the bank's right to recovery shall not be undermined in any manner. The legal obligation of the borrowers as well as the costs of such defaults for them remain unchanged vis-à-vis the position prior to technical write-offs.
9. In case of partial technical write-offs, the prudential requirements in respect of residual exposure, including provisioning and asset classification, shall be with reference to the original exposure.
10. Provided that the amount of provision including the amount representing partial technical write-off shall meet the extant provisioning requirements, as computed on the gross value of the asset.
11. There shall be a reporting mechanism to the next higher authority, at least on a quarterly basis, with respect to compromise settlements and technical write offs approved by a particular authority. Provided that compromise settlements and technical write-offs approved by the MD & CEO / Board Level Committee shall be reported to the Board.
12. The Board shall mandate a suitable reporting format so as to ensure adequate coverage of the following aspects at the minimum:
    (1) trend in number of accounts and amounts subjected to compromise settlement and/or technical write-off (q-o-q and y-o-y);
    (2) out of (1) above, separate breakup of accounts classified as fraud, red Flagged, wilful default and quick mortality accounts;
    (3) amount-wise, sanctioning authority-wise, and business segment / asset class wise grouping of such accounts;
    (4) extent of recovery in technically written-off accounts.

13. ELIGIBLE ACCOUNTS:

- NPA accounts under Doubtful-I, Doubtful-II, Doubtful- III, Loss category (Audited and Certified By CA) (including Technical Write-off accounts)
- Cases pending before Courts.
- Cases where OTS was earlier approved but not implemented and has already been declared failed on or before previous quarter.
- Clean Overdraft in Saving Bank and Current Account including overdraft granted under PMJDY which are classified as NPA.

14. INELIGIBLE ACCOUNTS

- All Sub-Standard NPA Accounts are not eligible under this scheme.
- Fraud (RBI Reported)/Willful Default/Criminal Action Cases.

- Loan against liquid securities e.g. LIC/NSCs/KVPs,
- Staff Accounts.

15. The minimum amount for Lok Adalat/compromise/OTS will be as under (Applicable to All Retail Loans and Agriculture Loan (Except financed to DCCBs):

Asset Classification	***Age of NPA***	***Maximum Waiver on Interest Accrued after Date of NPA***
DB-I	***Overdue Above 03 Years to 04 Years***	***Up to 60%***
DB-II	***Overdue Above 04 Years to 06 Years***	***Up to 70%***
DB-III	***Overdue Above 06 Years to 10 Years***	***Up to 80%***
DB-III	***Above 10 Years***	***Up to 100%***
Loss Asset	***As decided by Competent Authority***	***Up to 100%***
Death of Loanee (DB-1, DB-2, DB-3 or Loss)	***Applicable irrespective of NPA Age***	***Up to 100% of Interest Accrued after Date of NPA***

Special Provision for Deceased Borrowers

- In case of death of the borrower, the Competent Authority may allow waiver of up to 100% of the interest accrued after the date of classification of the account as NPA, irrespective of whether the account is classified as Doubtful-I, Doubtful-II, Doubtful-III or Loss Asset, subject to submission of the borrower's death certificate and payment of the principal outstanding (or such amount as approved under the compromise settlement).:
- The legal heirs or guarantor agree to settle the account by paying the entire principal outstanding together with any other amount, if any, as decided by the Competent Authority.
- A certified copy of the death certificate of the borrower shall be produced.
- The concession shall not affect the Bank's right to proceed against the guarantor, legal heirs, or the secured assets until the compromise amount is fully realized.
- The proposal shall be duly recommended by the Branch Manager and approved by the Competent Authority.

16. Where Market value of Securities (Security held with Bank as primary security or Collateral security) is more than 100% of Balance Outstanding as on date of receipt of proposal, such cases shall not be covered under this Special OTS Scheme.

17. Repayment of compromise settlement: The Unit / borrower eligible shall deposit at least 25% (upfront amount) of the sum offered along with the proposal. The settlement amount approved by the competent authority shall be repaid entirely inclusive of the sum deposited with the proposal, within one month. The competent authority may allow a maximum Three- month time from the date of approval subject to interest cost as decided by the competent authority or waive, in equal installments.

In case of default in payment of agreed full dues or any of the installments as per the terms of settlement, the Bank reserves the right to cancel the OTS and shall withdraw all the relief/ sacrifice given and restore the original dues and deposit made by borrower for the purpose of OTS will be treated as normal deposit.

18. On receipt of the full sum of the OTS approve, Bank shall withdraw all legal cases filed/pending before any forum and file consent decree accordingly and shall also release the charges over the security interest created.

Wherever borrower/s has filed cases against the Bank / made counter claim in any court or tribunal, settlement under the scheme shall be subject to withdrawal of such cases/ counterclaim.

19. the competent authority for compromise settlements is mentioned in B (10).

20. Cooling Period: In respect of **Other Than farm credit borrowers** subject to compromise settlements, there shall be a cooling period of 12 months for fresh exposures to such borrowers.

B. Technical/ Prudential Write-off (PWO):

1. In furtherance to the extended comprehensive guidelines on settlement and technical write off, Bank can now henceforth undertake technical write off/prudential write off exercise, in those NPA accounts which are opened at least 5 (Five) Years older than CBS migration and/or prior to 01/01/2013, for accounting purpose only without entailing any waiver of claims against the borrower and guarantors without affecting right to recover in any way. As such Bank may consider technical / prudential write off exercise in the following cases: The NPA accounts / bad debts which are either considered as unrecoverable or whose recovery is likely to consume dis-appropriate resources of the Bank.

2. NPAs classified as Loss Assets and / or Doubtful 3 which are provided fully 100% to the extent of outstanding of its Running Ledger. All legal process i.e. Notices, Personal Contact, Legal Notice, Certificate Case, FIR has been completed but fail to recover dues.

3. Borrower is absconding or non-availability of proper address, Bankrupt or insolvent.

4. Loan Document file reported missing on/or before. (Cutoff date will be decided by MD/DGM).

5. OTS proposal not settled through Lok Adalat.

6. The borrower/s – NPA accounts wherein technical / prudential write off undertaken shall not be benefited in any manner and their legal obligations as well as the cost of such defaults for them remains unchanged vis-à-vis the position prior to technical write off.

7. For identity of the continuation of NPA accounts post technical write off shall reflect Running Ledger balance of Rs. 100/- minimum and entailing right to recover entire sum with interest, cost from time to time.

8. The technical / prudential write off shall be for the accounting purpose only and all legal remedies available shall be followed suitably.

9. The bank reserve the right to write off in whole or in part any debt or other sums.

10. **Approval Authority for One Time Settlement (OTS) Cases**

- Delegation of power for such approval's rests with an authority (individual or committee, as the case may be) which is at least one level higher in hierarchy than the authority vested with power to sanction the credit / investment exposure.

- Provided that any official who was part of sanctioning the loan (as individual or part of a committee) shall not be part of the approving the proposal for compromise settlement of the same loan account, in any capacity.

- proposals for compromise settlements in respect of borrowers classified as fraud or wilful defaulter, shall require approval of the Board in all cases.

Validity:

This policy is valid for FY 2026-27. It can be extended as per the requirement of Bank and after the approval of competent authority.

The Bihar State Co-operative Bank Ltd.
Proposal for Technical Write Off

Name of Branch: **Date:**

1. Name and address of Borrower:

2. Father's Name :

3. Contact No. of Borrower :

4. Account No. :

5. Date of Sanction :

6. Amount Sanctioned :

7. Sanctioning Authority with Name and Designation:

8. Purpose :

9. Primary Security :

10. Present value of Pr. Security :

11. Collateral Security :

12. Present Value of Coll. Security:

13. Date of NPA with classification:

14. Provision :

15. Outstanding as on NPA date :

16. RI as on date of proposal for

    Technical Write Off :

17. Total Outstanding :

18. Revenue Loss :

19. Tech. Write Off Amount (Sl No 17-Rs.100):

20. Net Means of Borrower :

21. Net Means of Guarantor :

22. Details of Steps taken for recovery:

(Date of Notices, Legal Notice, Certificate Case,

Suit Filed, FIR etc) :

23. Brief History of Account :

24. Causes of Technical Write Off with Branch Manager's recommendation:

25. Recommendation of Loan/Working Committee:

26. Technical Write off sanctioned by BoD: