

Policy and FAQs on Restructuring under Resolution Framework 2.0

Since beginning of the 2020, the spread of COVID-19 has been disrupting businesses and general life across globe in a big way. It has caused a massive loss of human lives and economy across industries and across countries and the same is continued.

There was nation-wide lockdown for almost two quarters in 2020 in every state and city of India and it caused GDP of India dropped by 24.4% in Q1 and by 7.3% in Q2 of 2020, in Q3 a growth of 0.4% was registered.

The covid19 case peaked in India in Sept 20, before a second surge hit in March 2021.

To support borrowers that may have been impacted due to the COVID 19 Pandemic and resultant stress, Govt of India and RBI have announced various measures including one-time restructuring guidelines announced last years to enable the lenders to implement a resolution plan for borrowers in stress while classifying such exposures as Standard, subject to specified conditions.

In continuation of efforts to provide relief to MSME, small businesses and individual borrowers, RBI has announced Resolution Framework – 2.0: Resolution of Covid-19 related stress of Individuals and Small Businesses and Resolution Framework 2.0 – Resolution of Covid-19 related stress of Micro, Small and Medium Enterprises (MSMEs) (collectively 'Resolution Framework 2.0'), which contains a set of measures which are broadly in line with the contours of the Resolution Framework - 1.0, with suitable modifications.

By implementing the relief measures announced in Resolution Framework 2.0, Standard Chartered Bank (SCB or Standard Chartered Bank) endeavors to help facilitate revival of activities and enable our customers to focus on their well-being in this challenging situation.

This document outlined the SCB's policy on the same and explains the same in FAQ format for easier understanding.

Frequently Asked Questions (FAQs):

Q1. What are the guidelines with respect to Resolution Framework 2.0 issues by RBI? How does it help me to manage the loan repayment?

Ans. As per the RBI guidelines under Resolution Framework 2.0, bank and financial Institutions are advised to offer restructuring of the loans to borrowers impacted by the pandemic without a downgrade in asset classification. As per the guidelines, banks can grant relaxation in the repayment conditions for the credit facilities to borrowers who are COVID-19 impacted. The measures may include, among others, increase in loan repayment period, change in EMI, offer moratorium as per the bank's policy, within the guidelines issued by of RBI.

Q2. What type of credit facilities are eligible for restructuring and are there any other conditions for loans / facility to be eligible?

Ans. In line with the RBI guidelines and Standard Chartered Bank's internal policy, following categories of loans are covered in the Resolution Framework 2.0.

Individual Loans taken for personal use (personal loan, Credit Card, Car loan, Home loan, loan against property etc.) (other than loans taken by

Individual loans taken for business purposes.

- Loans taken by Small business borrowers including retail and wholesale traders
- Loan availed by MSME enterprises who are covered as micro, small or medium enterprise as on March 31, 2021 in terms of the Gazette Notification S.O. 2119 (E) dated June 26, 2020.

Q3. What are the basic qualifying criteria for restructuring for different category of borrowers?

Ans. Resolution under this facility is extended only to borrowers having stress on account of Covid19.

Apart from it, below are the borrower-wise criterion-

Individual Loans and Small Business Category

- For individual borrowers where end use of loan was business use and small business borrowers including retail and wholesale traders, the banking system exposure (both fund and non-fund based) should be \leq INR 50 Crores as on 31st March 21.
- Individuals who have availed personal loans (Personal Loan/Home Loan/LAP/Credit Card etc.). There is no upper limit on banking exposure on such clients.
- Only those borrowers whose loans with SCB are current (no overdue) or overdue upto 29 days (upto 29 DPD-days past due) on 1st Mar 2020.
- Only borrower classified as standard (<90 DPD) by SCB as on March 31, 2021.
- Borrower accounts should not have availed of any resolution in terms of the Resolution Framework – 1.0.
- Not available for staff of SCB
- Farm credits are not eligible under this program

MSME Borrowers

- Borrower's banking system exposure (both fund and non-fund based) should be \leq INR 50 Crores as on 31st March 21.
- Borrowers account should be 'standard asset (< 90 days past due)' as on March 31, 2021.
- Borrowers account should be 'standard asset (< 90 days past due)' as on March 1, 2020.
- Borrowing entity to be GST-registered on the date of implementation of the structuring OR should be exempt from GST Registration as per exemption limit prescribed as on March 31, 2021.
- Borrower should be registered in the Udyam Registration portal, if not registered such registration shall be required to be completed before the date of implementation of the restructuring plan for the plan to be treated as implemented.
- The borrower's account was not restructured in terms of the RBI circulars DOR.No.BP.BC/4/21.04.048/2020-21 dated August 6, 2020; DOR.No.BP.BC.34/21.04.048/2019-20 dated February 11, 2020; or DBR.No.BP.BC.18/21.04.048/2018-19 dated January 1, 2019 (collectively referred to as MSME restructuring circulars), or the circular DOR.No.BP.BC/3/21.04.048/2020-21 dated August 6, 2020 on "Resolution Framework for COVID-19-related Stress.

Q4. How to apply for restructuring of the credit facilities?

Ans. The borrowers can use any of the following channels to apply or request for restructuring of their credit facilities:

- contact the customer care service team at their email id SCOPE.Care@sc.com with details of the loan account no. / credit card details
- Visit the nearest branch of Standard Chartered Bank.

- Contact your Relationship Manager (RM), if there is an RM allocated

Q5. What is the timeline for implementation of the restructuring Plan?

Ans. The plan restructuring plan should be invoked by 31st Sept 2021, the restructuring plan should be implemented with 90 days of invocation. Last date of implementation is 31st Dec 2021.

Q6. When can restructuring plan be implemented?

Ans. The restructuring plan shall be deemed to be implemented only if all the following conditions are met;

- Related documentation, including execution of necessary agreements between SCB and borrower and collaterals provided if any as per plan.
- Changes in the terms of conditions of the loans get duly reflected in the books of SCB; and
- Borrower is not in default with SCB as per the revised terms.

Q7. Is there any further relief possible for borrowers who have availed relief last year under Resolution Framework 1.0?

Ans. Below are the changes/modification permitted for these borrowers-

Individual and Small Business Category

In cases restructuring plans under Resolution Framework 1.0 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, this window can be used to modify such plans only to the extent of increasing the period of moratorium / extension of residual tenor upto 2 years, and the consequent changes necessary in the terms of the loan for implementing such extension. The overall caps on moratorium and / or extension of residual tenor granted under Resolution Framework – 1.0 and Resolution Framework 2.0 combined, shall be two years.

MSME Category

In respect of accounts of borrowers which were restructured in terms of the MSME restructuring circulars, as a one-time measure, working capital sanctioned limits and / or drawing power can be reviewed based on a reassessment of the working capital cycle, reduction of margins, etc. The reassessed sanctioned limit / drawing power shall be subject to review 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.

Q8. What are the options of restructuring plans available to the borrower?

Ans. After assessing the impact of the financial stress on the borrower, Standard Chartered Bank may offer suitable relief in the repayment period of the credit facility resulting reduction in EMI amount of the borrower and/or ease repayment terms.

As per the SCB's internal policy, SCB can provide following restructuring options (one or combination):

- Rescheduling of payments, including increase in tenure of loan.
- Capitalization of any interest accrued, or to be accrued, into another credit facility
- Granting of payment (interest/principle/both) moratorium for a maximum period of 2 years.

- Conversion of a portion of debt into equity or other marketable, non-convertible debt securities issued by the borrower
- In case of credit card customers, conversion of card outstanding into loan on card. Credit limit on the card would be blocked in such scenario.

Increase in tenure would be limited to 2 years for individuals and small business accounts. A longer period of increase is permitted for MSME.

SCB reserves the right of approval/refusal of application for restructuring and deciding terms of restructuring plan.

Q9. If the borrower has applied for restructuring, can it be considered as having been accepted and implemented by SCB?

Ans. No, the application or request for restructuring of credit facility does not guarantee its acceptance, as SCB is expected to establish impact of COVID and viability of the resolution plan.

Standard Chartered Bank will review the application based on its internal policies. Standard Chartered Bank will decide on application and on the terms of relief in case of acceptance of application.

The borrower may also need to submit documents for decisioning or implementation of restructuring plan, as requested by SCB.

Please note that the borrowers may be also advised to opt for the restructuring program, outside Resolution Framework 2.0. within ambit of Prudential Framework as advised by RBI (RBI Circular no. DBR.No.BP.BC.45/21.04.048/2018-19) in case the requirements of borrower's business are not fully addressed by Resolution Framework 2.0.

Q10. How the acceptance of restructuring plan be communicated by the borrower?

Ans. The borrower needs to accept the terms of restructuring either on phone (on recorded lines) for products like credit cards/personal loans or by visiting a branch of Standard Chartered Bank to accept the restructuring for products like Home loans, Loans against Property, Business working Capital facility and Business Instalment Loans / Guaranteed Instalment Loans. (Note: Within 30 days from the date of intimation of acceptance by Standard Chartered Bank, the borrower is required to visit the loan servicing branch of Standard Chartered Bank and complete the documentation. If the borrower fails to submit the required documents within 30 days from the date of intimation of acceptance by the SCB, the application or request for restructuring may be cancelled. In such cases, the borrowers will need to continue making the payment as per the original repayment schedule of the credit facility).

Q11. What are the documents to be submitted to SCB apart from application for availing of the restructuring?

Ans. For assessment of impact of COVID-19 and the viability of the resolution plan, following documents would need to be submitted (as per availability).

Loans to Individual Salaried Borrowers

- Bank account statement (where salary is getting credited) along with latest salary slips for 2 months and 2 months prior to Feb 2020.
- Proof of salary reduction/job loss.

Self Employed (MSME/Small Business) borrowers

- Bank statements of latest 6 months
- GST returns of latest 2 quarters (if applicable).
- Contract/work order copies
- In case of Lease Rental Discounting- proof for dip in rentals, copy of revised rent agreements.

SCB may require checking bureau records and/or may ask additional information, documents and/or additional collateral to process the application of the borrowers.

Q12. How can I submit these documents?

Ans. Borrowers needs to submit these documents along with the application for restructuring of facility. The documents can be submitted at a nearby branch of Standard Chartered Bank OR handed over to the Relationship Manager. For the Credit card and Personal Loans borrowers, these may be also submitted to the borrower servicing team at the email id- SCOPE.Care@sc.com.

Q13. Can I apply for restructuring/resolution plan of multiple loans that I have with Standard Chartered Bank?

Ans. Yes, you can apply for restructuring/resolution plan of multiple credit facilities with Standard Chartered Bank.

Q14. Will Standard Chartered Bank restructure all these facilities?

Ans. Standard Chartered will review the borrower's application in line with RBI circulars and its internal policies. Depending on the borrower's financial stress and based on its internal policy, Standard Chartered Bank may approve restructuring request in all or some of the credit facilities.

Q15. Can a borrower apply for restructuring of part outstanding towards a credit facility?

Ans. No, restructuring of partial outstanding is not permitted.

Q16. Will a settlement of loan, which is done between the borrower and Standard Chartered Bank, come under the purview of Resolution Framework 2.0?

Ans. No, any settlement independently done between the borrower and Standard Chartered Bank will not come under the purview of Resolution Framework 2.0.

Q17. Will there be any change in the credit bureau status, post restructuring of credit facilities?

Ans. credit bureau status of the respective credit facilities of the borrower may get updated as "restructured "or "COVID restructured".

Q18. How much time will Standard Chartered Bank require to review application for restructuring?

Ans. Standard Chartered Bank will review the application / request for restructuring and provide decision within 30 working days from the date of receipt of request and requisite documents.

Q.19. Would there be any additional interest charged for restructuring of the credit facility?

Ans. No additional interest will be charged on such credit facilities. Interest rate applicable for the existing facility for all term loans would be applicable for the loan rebooked under the relief program and repayment terms as agreed under the relief program would be applicable.

However, in case of credit card restructuring, since card outstanding will get converted into personal loan, the rate of interest of 'loan on card' would get charged.

Q.20. Whether borrowers will be allowed to carry on further transactions from their credit card/ EMI on card in which the outstanding amount is already under restructuring?

Ans. The card will be blocked once restructured into a personal loan. Standard Chartered Bank will decide whether to allow further transactions in this card at any point of time in future.

Q.21. What is the minimum outstanding amount on the loans / credit card to be eligible for restructuring for individuals who have availed personal loans?

Ans. No minimum loan amount / limit has been fixed for offering relief to borrower, SCB has the discretion to allow the restructuring as per its internal guidelines and supporting details submitted by borrower.

Q.22. Whether credit facilities disbursed after March 31, 2021 will be eligible for restructuring under this program?

Ans. No, any credit facility disbursed after March 31, 2021 will not be eligible for restructuring under this program. These borrowers may be offered restructuring under Prudential Framework for Resolution of Stressed Assets (RBI Circular no. DBR.No.BP.BC.45/21.04.048/2018-19).

Q.23. What is the process for restructuring for Loan Against Securities (LAS) accounts?

Ans. Loan Against Securities (LAS) accounts are not covered under this restructuring program due to the nature of the loan facility. For any assistance required for Loan against Securities related accounts, borrowers can approach SCB through customer care or contact his / her LAS Relationship Manager (RM).

Q.24. If an MSME account was standard on March 1, 2020, but subsequently slipped into NPA and again was standard as on 31st March 2021, will such accounts be eligible for resolution plan under this framework?

Ans. Yes, such account is eligible under the scheme.

Q.25. If an MSME loan account was more than 90 DPD on March 1, 2020, but subsequently got regularized through receipt of overdue, will such accounts be eligible for resolution plan under this framework?

Ans. Such accounts are ineligible for resolution under the Resolution Framework 2.0 as it is applicable only for eligible MSME borrowers which were classified as standard, but not in default for more than 30 days as on March 1, 2020 and 31st March 2021. However, such accounts may still be resolved under the Prudential Framework guidelines issued by RBI and as per SCB's internal policy.

Q.26. If an individual or small business (non MSME) account was upto 29 DPD as on March 1, 2020, but subsequently slipped into NPA and again was standard as on 31st March 2021, will such accounts be eligible for resolution plan under this framework?

Ans. Yes, such account is eligible under the scheme.

Q.27. If an individual or small business (non MSME) account was more than 29DPD on March 1, 2020, but subsequently got regularized through receipt of overdue, will such accounts be eligible for resolution plan under this framework?

Ans. Such accounts are ineligible for resolution under the Resolution Framework 2.0 as it is applicable only for eligible individual and small business borrowers which were classified standard with less than 30 DPD as on March 1, 2020 and less than 90 DPD as on March 31, 2021. However, such accounts may still be resolved under the Prudential Framework guidelines issued by RBI and as per SCB's internal policy.

Q.28. How can a borrower raise his complaint/issue if he is not getting satisfactory solution?

Ans. Borrower can raise the grievances as per bank's grievance redressal policy. The link of policy is as below- <https://av.sc.com/in/content/docs/in-updated-grevience-redressal.pdf>