

### **FAQs on Resolution Framework for Covid-19 related stress for Retail Banking Clients**

Since beginning of the 2020, we have seen spread of COVID-19 across the globe including India and it has impacted lives of our clients, staff and community at large. The economic activities across the country saw impact and the cash flows for business across segments have come under stress. Government, Reserve bank of India and Standard Chartered Bank (“Bank”) has taken steps to ease the pressure on the clients by differing the repayment of loans by implementing moratorium on repayment for a period of 6 months (in 2 consecutive phases of 3 months moratorium) and implementing the Emergency Credit Line Guarantee Scheme (ECLGS) launched by the Government of India.

As gradual unlock process has started for last few months, activities and businesses of our clients are resuming but the income flow may see stress for some time and some client may face a short-term income challenge.

To support clients that may have been impacted due to the COVID 19 Pandemic and resultant stress, RBI has announced one-time restructuring guidelines to address the requirements, under the Prudential Framework, to enable the lenders to implement a resolution plan for client in stress while classifying such exposures as Standard, subject to specified conditions.

Through these relief measures and the one-time restructuring, we endeavour to help facilitate revival of activities and enable our customers to focus on their well-being in this challenging situation.

To clarify some of the common queries on the one-time restructuring program, we have provided responses below to some of the frequently asked questions (FAQs) on restructuring of credit facilities.

#### **Frequently Asked Questions (FAQs):**

**Q1.** What are the guidelines with respect to onetime restructuring guidelines issues by RBI? How does it help me to manage the loan repayment?

**Ans.** As per the RBI guidelines, bank and financial Institutions are advised to offer a onetime restructuring of the loans to clients impacted by the pandemic. As per the guidelines, banks can grant relaxation in the repayment condition for the credit facility to borrowers in times of economic difficulty. The measures may include, among others, increase in loan repayment period, change in EMI, offer interest only period as per the bank’s policy, within the guidelines issued by of RBI.

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

**Ans.** In line with the RBI guidelines and Standard Chartered’s Internal policy, following categories of loans are covered in the relief program.

- 1 Borrowings offered to Individual borrowers / Personal Loans category (other than their bank’s own personnel / staff)
  - Credit card outstanding balances and loans availed on basis of the credit card limit
  - Personal loans to Individuals
  - Home loans and loan against property offer to Individual borrowers

- 2 Borrowers classified as 'Others' (total banking exposure above INR 250 Mio)
  - Loan against Property
  - Business Instalment Loan / Guaranteed Instalment loans
  - Business working capital credit facility
- 3 Borrowers classified as MSME with banking exposure upto INR 250 Mio
  - Loan against Property
  - Business Instalment Loan / Guaranteed Instalment loans
  - Business working capital credit facility

For clients in all the above categories, the borrowers account should be 'standard asset (< 90 days past due)' but not in default for more than 29 days with the bank as on March 1, 2020 and account should be < or = 89 DPD (days past due) as on the date of approval by the Bank of the clients request for restructuring.

Guidelines make it clear that such relaxation can be offered only to clients that may be facing stress on the cash flow / income due to the impact of the ongoing COVID19 pandemic. Standard Chartered Bank would need to assess the impact on cash flow / income of the client's and thus may need to assess the viability of the restructuring basis the supporting documentation provide by the borrowing clients.

**Q3.** 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:

1. contact the customer care service team at their email id Card.Loan@sc.com with details of the loan account no / credit card details
2. Visit the nearest branch of Standard Chartered Bank.
3. Contact your Relationship Manager (RM)

**Q4.** What is the timeline for implementation of the restructuring plan?

**Ans.** The borrower needs to submit request for restructuring of credit facilities for Bank to be able to assess application and offer the facility on or before 31<sup>st</sup> December 2020. Please allow us enough time for application processing.

**Q5.** What are the restructuring options 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, reduce EMI amount of the borrower and/or ease repayment terms.

- As per the Bank's internal policy, following resolution options are available:
  - Rescheduling of payments, based on an assessment of income streams of the borrower, subject to a maximum increase in repayment tenure by upto one year for unsecured loans and upto two years for secure facility.
  - Conversion of any interest accrued, or to be accrued, into another credit facility

- Granting of Principal moratorium for a maximum period of 6 months
- Correspondingly, the overall tenor of the loan may also get modified commensurately.
- Restructuring, if granted or approved by Standard Chartered bank, shall come into force immediately upon implementation of the resolution plan.
- In case of credit card customers, entire card outstanding may be converted to loan on card at prevailing rate of interest for personal loan and credit limit on the card would be blocked till the repayment of the loan on card in full is made.

**Q6.** If the borrower has applied for restructuring, can it be considered as having been accepted and implemented by Bank? How does one apply for relief program?

**Ans.** No, the application or request for restructuring of credit facility does not guarantee its acceptance, as the Bank is expected to establish impact of COVID and viability of the resolution plan., Standard Chartered Bank will review the application on the basis of its internal policies and borrowers would be advised of the acceptance of the application along with the terms of relief offered OR rejection of the application in case the restructuring of debt is not found to be viable.

Please note that the borrowers may be also advised to opt for the restructuring program, outside of the one-time COVID resolution framework, to help them to ease the repayment terms as per the internal policy subject to regulatory guidelines. Please note these accounts restructured outside the COVID resolution framework, would be classified as restructured and reported to relevant authority as per the applicable guidelines.

The borrower needs to accept the terms of restructuring on phone (on recorded lines) for credit cards and personal loans. Borrowers will need to visit a branch of Standard Chartered Bank to accept the resolution plan for products like Home loans, Loans against Property, Business working Capital facility and Business Instalment Loans / Guaranteed Instalment Loans. The borrower may also need to submit further documents, if any, as requested by the Bank.

(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 Bank, the application or request for restructuring would be cancelled. In such cases, the borrowers will need to continue making the payment as per the original repayment schedule of the credit facility(ies)).

**Q7.** What are the documents to be submitted to Bank along with the application for availing of the restructuring facility?

**Ans.** For assessment of impact of COVID and the viability of the resolution plan, following documents would need to be submitted (Bank may require additional information, documents and/or additional collateral to process the application of the borrowers).

### **Loans to Individual borrower**

#### **Salaried Borrowers**

- Bank account statement (where salary is getting credited) along with salary slips for 2 months prior to Feb 2020 and latest 2 months.
- Proof of loss of job from previous employer (in case of loss of job) along with Customer's declaration of current unemployment, due to loss of job

#### Self Employed Borrowers

- Latest 2 years audited financial statements for financial years (FY 2018-2019 and 2019-2020). In case the FY 20 financials are not yet audited, projected/provisional statements for financial year 2020-21 to be submitted along with audited financial statement FY 2019-2020 with relevant annexures to be submitted.
- Bank account statements along with income documents (IT Return with all annexures) from 01<sup>st</sup> April 2019 till date.
- GST returns (if applicable) or Chartered Accountant certified turnover statement (if GST is not applicable) from 01<sup>st</sup> April 2019 onwards.

#### Loans to Non-individual / Corporates borrowers

- Latest 2 years audited financial statements for financial years (FY 2018-2019 and 2019-2020). In case the FY 20 financials are not yet audited, projected/provisional statements for financial year 2020-21 to be submitted along with audited financial statement FY 2019-2020 with relevant annexures to be submitted.
- Bank account statements along with income documents (IT Return with all annexures) from 01<sup>st</sup> April 2019 till date.
- GST returns (if applicable) or Chartered Accountant (CA) certified turnover statement (if GST is not applicable) from 01<sup>st</sup> April 2019 onwards.
- CA certificate for overall exposure of the entity in banking system (as per the format provided by Standard Chartered Bank)
- Loan & Liability statement of Proprietor/ Partners/ Directors.
- For commercial business, contract in hand details to be provided

For loans to non-individual/corporates, the borrower should be in compliance with the financial ratios as recommended by the RBI appointed expert committee for the specific sectors and shall be subject to Standard Chartered Bank's internal policy.

In cases where multiple lending institutions are involved, consent from lenders is to be obtained (75% by value of total o/s and 60% by number of the lending institutions)

In case of Lease Rental Discounting, the proof for dip in rentals and a copy of revised rent agreements are required.

**Q8.** 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 Client servicing team at the email id- [Card.Loan@sc.com](mailto:Card.Loan@sc.com).

**Q9.** Can I apply for restructuring of multiple loans that I have with Standard Chartered Bank?

**Ans.** Yes, you can apply for restructuring of multiple credit facilities with Standard Chartered Bank. Please note that a borrower can apply for restructuring only once under this on-time restructuring programme.

**Q10.** Will Standard Chartered Bank restructure all these facilities?

**Ans.** Standard Chartered will review the borrower's application for restructuring of credit facilities in line with its internal policy. 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. Standard Chartered Bank will communicate its decision to the borrower.

**Q11.** Can a borrower apply for restructuring of part of his/her outstanding towards a credit facility?

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

**Q12.** Will a settlement, which is done between the borrower and Standard Chartered Bank, come under the purview of restructuring?

**Ans.** No, any settlement independently done earlier between the borrower and Standard Chartered Bank will not come under the purview of restructuring.

**Q13.** Will borrowers against whom Standard Chartered Bank has initiated legal recourse for recovery of dues (including action under the SARFAESI Act) be eligible for restructuring?

**Ans.** No, these borrowers are not eligible for restructuring of their credit facilities.

**Q14.** Will there be any change in the credit bureau status, post restructuring of credit facilities?

**Ans.** The credit bureau status of the respective credit facilities of the borrower will be updated as “restructured”.

**Q15.** How much time will Standard Chartered Bank require to review my application for restructuring?

**Ans.** Standard Chartered Bank will endeavour to review the application / request for restructuring within 10 working days from the date of receipt of your request with the requisite documents from the borrower as required by Standard Chartered Bank.

Thereafter, the Bank will communicate the acceptance or rejection of the application to the borrower via SMS and e-mail.

**Q16.** Would there be any additional interest charged for restructuring of the credit facility?

**Ans.** No additional interest will be charged on credit facilities which will be restructured. 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.

**Q17.** What type of borrower’s / credit facilities are not eligible for restructuring (personal loans & other than personal loans category)?

**Ans.** The following type of borrower(s) / credit facility(ies) are not eligible for restructuring under RBI’s Resolution Framework:

- 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.
- 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 shall 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 March 1, 2020, unless a resolution plan under this framework has been invoked by other lending institutions.

MSME borrowers with total exposure to lending institutions (Banks and NBFC’s) collectively of Rs. 25 crore or less can apply for restructuring under the RBI’s MSME restructuring scheme as per notification dated January 01, 2019 (as may be updated, modified and extended from time to time) and Standard Chartered Bank’s internal guidelines

Standard Chartered Bank also requests its self-employed customers to register themselves as MSME through the Udyam portal of the Government, wherever applicable prior to applying for restructuring.

Udyam portal link: <https://udyamregistration.gov.in/Government-of-India/Ministry-of-MSME/online-registration.htm>

**Q.18.** Whether customers 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

**Q.19.** What is the minimum outstanding amount on the Loans / Credit card to be eligible for restructuring?

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

**Q.20.** Whether credit facility(ies) disbursed after March 1, 2020 will be eligible for restructuring?

**Ans.** No, any credit facility disbursed after March 1, 2020 will not be eligible for restructuring.

**Q.21.** What is the process for restructuring for Loan Against Securities (LAS) accounts?

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

**Q.22.** If a loan account was more than 30 DPD on March 1, 2020, but subsequently got regularised through receipt of overdue, will such accounts be eligible for resolution plan under this framework?

**Ans.** Such accounts are ineligible for resolution under the one-time restructuring, as the one-time restructuring is applicable only for eligible borrowers which were classified as standard, but not in default for more than 29 days as on March 1, 2020. However, such accounts may still be resolved under the Prudential Framework guidelines issued by RBI and as per bank's internal policy.

**Q.23.** The definition of MSME had been changed by the Government vide Gazette notification dated June 26, 2020. As the reference date for the Resolution Framework is March 1, 2020, which definition of MSMEs will be applicable for the purpose of eligibility or otherwise for resolution under the Resolution Plan?

**Ans.** For the purpose of eligibility for resolution under the Resolution Framework, the definition of MSME that would be applicable is the one that existed as on March 1, 2020