

SBI CARDS AND PAYMENT SERVICES LIMITED

Resolution Framework 2.0 Resolution for COVID 19-related stress of Individuals & Small Businesses

The Reserve Bank of India vide its Circular DOR .No.BP.BC/3/21.04.048/2020-21 dated August 6 2020 on “ Resolution Framework for Covid – 19 related Stress “ (Resolution Framework – 1.0) had provided a window to implement a resolution Plan in respect of eligible borrowers while classifying such exposures as Standard subject to specified conditions. The resurgence of COVID -19 pandemic in India in the recent weeks and the consequent containment measures to check the spread of the pandemic may impact the recovery process and create new uncertainties. With the objective of alleviating the potential stress to individual borrowers and small businesses, RBI announced a set of measures vide Circular no RBI/2021-22/31 DOR.STR.REC.11/21.04.048/2021-22. dated May 5, 2021 (Annex B). SBI Card (also referred to as “SBIC” hereinafter) has framed the Resolution Framework 2.0 based on the tenets as enumerated in the said RBI guidelines. This Policy is applicable to Customers where the repayment capability has been temporarily impaired due to COVID-19 related stress. This policy framework is valid till 30 September 2021, for the eligible accounts as defined below.

Eligibility Criteria

For Customers applying for Resolution Framework 2.0

Retail Cards- Any Covid-19 stress impacted customer shall be considered eligible based on the below criteria:

- Customers who were classified as Standard as on 31 March 2021.
- Customer must not have availed any resolution under the RBI RE 1.0 program (Resolution Framework for COVID 19-related stress dated 6 August 2020) except those accounts where modification in the resolution plan is allowed under this policy/framework
- Customers who do not have an active restructured/settled account.
- Customer is not an employee of SBIC

Commercial/Business Cards (at an Entity level)-

Small businesses, including those engaged in retail and wholesale trade, other than those classified as micro, small and medium enterprises as on March 31, 2021, and to whom the lending institutions have aggregate exposure of not more than Rs.25 crore as on March 31, 2021.

Any Covid-19 stress impacted customer entity shall be considered eligible based on the below criteria:

- The credit facilities / investment exposure to the entity was classified as Standard as on March 31, 2021.
- Entity must be sole proprietorship or partnership firm
- Entities having aggregate exposure (sanctioned amount) with all lenders is < Rs 25 crore (across all lenders) as of 31st March'2021
- Entity must not have availed any resolution under the RBI RE 1.0 program except those accounts where modification in the resolution plan is allowed under this policy/framework

For Customers applying for modification of resolution granted under Resolution Framework 1.0 (Resolution Framework for COVID 19-related stress dated 6 August 2020)

Retail Cards-

- Customers which were classified as Standard as on 31 March 2021 .
- Original tenor of the resolution program must be less than 24 months.
- Total tenure (original, + extended tenure) granted to the borrower cannot exceed 24 months

Commercial/Business Cards (at an Entity level)- NA as none of SBIC Corporate Borrowers had availed resolution under the Resolution Framework 1.0

Process to Avail the Resolution Program

The policy shall be available on the website of SBI Card

All Applications will be subject to due diligence criteria specified below and the decision shall be communicated to customers within 30 days of application. In case of any customer grievances the same will be addressed through a specific Grievance Redressal Cell which will be set up within the Customer Services Function.

The customers will be required to provide a specific declaration that they are having temporary financial difficulties on account of COVID 19 related stress.

Due Diligence Process

All the criteria listed above will be checked using data available with SBIC or collected from other sources e.g. Credit Bureaus , Data Partners etc. Additionally, the Customer / Entity must have missed at least one payment as on the statement date since December 31, 2020.

Repayment Capability

The repayment capability will be assessed using income information either provided by customer by way of a document or estimated by SBIC using the above data sources

For corporate card relationships,

The resolution plan shall be approved by SBI Card basis request received by the corporate authorized personnel. Latest audited financials not more than 12 months old shall be required from the entity.

Implementation of Resolution framework- Applicable to Eligible Accounts

The following provisions shall apply for the resolution framework

- The resolution must be invoked not later than September 30, 2021 and must be implemented within 90 days from the date of invocation for all accounts. The date of invocation shall be the date on which SBI Card and cardholder have agreed to proceed with the plan.
- Explicit Consent shall be obtained from cardholders/legal entity for the resolution plan and same shall be retained/stored in line with conditions stipulated in SBI Card Document Retention Guidelines.
- Resolution plan will mean – Balance conversion into EMIs with a maximum tenure of 24 months . For RBI RE 1.0 the same will be Original tenure + tenure extended to be less than 24 months .
- SBIC may also give payment holidays to select segments of customers.
- The Interest rate will be approved in the Pricing committee as per the Pricing Policy.
- Any resolution plan implemented in breach of the stipulations mentioned in this policy shall be governed by extant RBI norms on resolution of stressed assets.

Provisioning

Provisioning shall start from the date of the implementation of the resolution plan and shall be higher of extant provisions as per IND-AS provision methodology held before implementation or 10% of the total exposure on the restructured accounts post implementation. Holding and release of provision shall be based on RBI and internal guidelines.

Asset Classification

- Upon implementation of the agreed plan such accounts will be classified as Standard . Accounts which will slip into NPA between the date of invocation and implementation date shall also be upgraded to Standard as on the date of implementation of the plan.
- Asset classification post implementation shall be as per the extant RBI norms on asset classification

Disclosure & Reporting

- SBIC will in its Quarterly Financial statements disclose details of the programs as per the formats prescribed in the Circular Annexed in A and B.
- The credit reporting by the lending institutions in respect of borrowers where the resolution plan is implemented shall reflect the “restructured due to COVID 19” status of the account. The credit history of the borrowers shall consequently be governed by the respective policies of the credit information companies as applicable to accounts that are restructured.