

SBI CARDS AND PAYMENT SERVICES LIMITED

Resolution Framework for COVID 19-related stress

In view of the economic fallout on account of the Covid-19 pandemic and with the intent to facilitate revival of real sector activities and mitigate the impact on the ultimate borrowers, the Reserve Bank of India has issued guidelines on 6th August 2020 on Resolution Framework for COVID-19-related Stress vide circular no.RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21(Annex A:Resolution of Stress in Personal Loans). SBI Card has framed the Resolution Framework on COVID-19 – related stress (“Policy”) based on the tenets as enumerated in the said RBI guidelines. This Policy is applicable to accounts where the repayment capability has been temporarily impaired due to COVID-19 related stress. This policy framework is valid till 31st December’2020 for the eligible accounts as defined below.

1. Eligibility Criteria

For retail card relationships, any Covid-19 stress impacted account shall be considered eligible based on the below criteria:

- Accounts which were classified as Standard and-not in default for more than 30 days on 1st March ’2020 and are Standard on the day of invocation
- The accounts should not be classified as NPA in the preceding 12 months from 1st March’ 2020
- Account should have been enrolled for moratorium between 1st Mar’2020 and 31st Aug’2020 OR not have paid total minimum due at least once during this period.
- This policy is not applicable SBI Card employee accounts.
- Accounts which have been restructured/settled and the necessary letters have been issued in this regard to the customers between Mar’2020 and Jul’2020 shall not be eligible for this program.

SBI Card shall create a list of accounts eligible for this resolution framework based on assessment of COVID-19 stress at an account level.

The eligibility will be defined at an individual account level and not at a customer level. If a customer has multiple accounts and if only one account meets the above eligibility criteria, then only that account shall be offered the benefits of the framework. The other account shall continue to operate as is with no changes.

For corporate card relationships, the resolution plan shall be approved by SBI Card basis request received by the corporate authorized personnel.

For accounts enrolled for the restructuring, actions can be taken on the account as per existing risk segmentation.

2. Implementation of Resolution framework- Applicable to Eligible Accounts

The following provisions shall apply for the aforementioned resolution framework

- a) The resolution must be invoked not later than December 31, 2020 and has to be implemented within 90 days from the date of invocation for retail accounts and within 180 days for corporate accounts. The date of invocation shall be the date on which SBI Card and cardholder have agreed to proceed with the plan.
- b) Consent shall be obtained from cardholders for the resolution plan.
- c) Resolution plan shall mean conversion of the existing balance (without any waiver) into a term loan (restructuring) for a period up to 24 months at applicable interest rate. The existing interest rate applied for restructured accounts are in the range of 13%-19% based on stage of delinquency and selection of tenure between 3 and 24 months.

3. 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 or 10% of the total exposure on the restructured accounts. Holding and release of provision shall be based on extant RBI and internal guidelines.

4. Asset Classification

- a) Upon implementation of the agreed plan, the asset classification of such accounts shall remain as Standard. Accounts which slipped into NPA between invocation and implementation shall also be upgraded to Standard as on the date of implementation of the plan. Any prior reporting till the implementation date shall also be modified to Standard.
- b) Asset classification post implementation shall be as per the extant RBI norms on asset classification
- c) The credit reporting in respect of customer where the resolution plan is implemented under this facility shall reflect the “restructured” status of the account if the resolution plan involves renegotiations that would be classified as restructuring under the Prudential Framework.
- d) 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.