



A. Resolution Framework 2.0 for COVID-19-related Stress of Individuals, Small Businesses:

Requirements	Bank compliance
1. Eligibility of borrowers in respect of whom the Bank shall be willing to consider the resolution	<p>1. Individuals who have availed of personal loans as defined in the Reserve Bank of India circular no. DBR.No.BP.BC. 99/08.13.100/2017-18 dated January 4, 2018 on "XBRL Returns – Harmonization of Banking Statistics", excluding the credit facilities provided to staff of the Bank. The eligible borrowers who have availed personal loans as per above referred RBI circular are as under:</p> <p>a. Personal loan: Personal loans refers to loans given to individuals and consist of:</p> <p>(i) consumer credit - Consumer credit refers to the loans given to individuals, which consists of (a) loans for consumer durables, (b) credit card receivables, (c) auto loans (other than loans for commercial use), (d) personal loans secured by gold, gold jewellery, immovable property, fixed deposits (including FCNR(B)), shares and bonds, etc., (other than for business / commercial purposes), (e) personal loans to professionals (excluding loans for business purposes), and (f) loans given for other consumptions purposes (e.g., social ceremonies, etc.). However, it excludes (a) education loans, (b) loans given for creation/ enhancement of immovable assets (e.g., housing, etc.), (c) loans given for investment in financial assets (shares, debentures, etc.), and (d) consumption loans given to farmers under KCC. For risk weighting purposes under the Capital Adequacy Framework, the extant regulatory guidelines will be applicable.</p> <p>b. Education loan,</p> <p>c. Loans given for creation/ enhancement of immovable assets (e.g., housing, etc.),</p> <p>d. Loans given for investment in financial assets (shares, debentures, etc.)</p> <p>2. Individuals who have availed of loans and advances for business purposes and to whom the lending institutions have aggregate exposure of not more than Rs.25 crore as on March 31, 2021.</p> <p>3. Small businesses, including those engaged in retail and wholesale trade, other than those classified as micro,</p>

	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. (A separate restructuring package has been advised for MSME borrowers).
2. Necessity of implementing a resolution work.	<p>The COVID pandemic has impacted businesses and individuals in terms of income generation. The Bank will examine the following symptoms of the fallout of effect of COVID – 19 and decide on the necessity of implementing a resolution plan in respect of the concerned borrower.</p> <ol style="list-style-type: none"> Inability to maintain stipulated margin on continuous basis Failed to make timely payment of installments of principal and interest of personal loans availed by the borrower due delay in receipt of income. Decline in sales and fall in profits in case of non-salaried class. Delay/decrease in payment of salary/wages by the employer. Retrenchment from job by the employer Any other genuine difficulty faced due to COVID-19 related stress
3. Permitted features of resolution plans and implementation	<ol style="list-style-type: none"> Rescheduling of payments, Conversion of any interest accrued or to be accrued into another credit facility, Revisions in working capital sanctions, Granting of moratorium etc. <p>However, compromise settlements are not permitted as a resolution plan for this purpose</p> <ol style="list-style-type: none">
4. Moratorium period	The moratorium period, if granted, may be for a maximum of two years, and shall come into force immediately upon implementation of the resolution plan. The extension of the residual tenor of the loan facilities may also be granted to borrowers, with or without payment moratorium. The overall cap on extension of residual tenor, inclusive of moratorium period if any permitted, shall be two years
5. Asset classification	<ol style="list-style-type: none"> Asset classification of borrowers' accounts classified as Standard may be retained as such upon implementation, whereas the borrowers' accounts which may have slipped into NPA between invocation and implementation may be upgraded as Standard, as on the date of implementation of the resolution plan. In respect of borrowers where the resolution process has been invoked, Bank may be permitted to sanction additional finance even before implementation of the plan in order to meet the interim liquidity requirements of the borrower. This facility of additional finance may be classified as 'Standard' till implementation of the plan regardless of the actual performance of the borrower in the interim. However, if the resolution plan is not implemented within the stipulated timelines, the asset classification of the additional finance

	sanctioned will be as per the actual performance of the borrower with respect to such additional finance or performance of the rest of the credit facilities, whichever is worse.
6. Working capital support for small businesses where resolution plans were implemented previously	<p>In respect of eligible borrowers, above where resolution plans had been implemented in terms of the Resolution Framework – 1.0, lending institutions are permitted, as a one-time measure, to review the working capital sanctioned limits and / or drawing power based on a reassessment of the working capital cycle, reduction of margins, etc. without the same being treated as restructuring. The decision with regard to above shall be taken by the Bank by September 30, 2021, with the margins and working capital limits being restored to the levels as per the resolution plan implemented under Resolution Framework – 1.0, by March 31, 2022.</p> <p>The above measures shall be contingent on the Bank satisfying themselves that the same is necessitated on account of the economic fallout from COVID-19. Further, accounts provided relief under these instructions shall be subject to subsequent supervisory review with regard to their justifiability on account of the economic fallout from COVID-19</p>
7. The last date for invocation of resolution	September 30, 2021

B. Resolution Framework 2.0 for COVID-19-related Stress of Small and Medium Enterprises (MSMEs):

<p>In view of the uncertainties created by the resurgence of the COVID-19 pandemic in India in the recent weeks, the Reserve Bank of India has advised to extend the facility of restructuring existing loans without a downgrade in the asset classification subject to the following conditions:</p> <ol style="list-style-type: none"> 1) The borrower should be classified as a micro, small or medium enterprise as on March 31, 2021(Gazette Notification S.O. 2119 (E) dated June 26, 2020). 2) Depending on the cash flow of the activity, Bank may consider granting a further repayment holiday of up to 6 months from the date of restructuring. However, the repayment period of the restructured loan should not exceed 120 months from the date of original sanction. 3) The borrowing entity is GST-registered on the date of implementation of the restructuring. However, this condition will not apply to MSMEs that are exempt from GST-registration. This shall be determined on the basis of exemption limit obtaining as on March 31, 2021. 4) The aggregate exposure, including non-fund based facilities, of all lending institutions to the borrower does not exceed Rs.25 crore as on March 31, 2021. 5) The borrower's account was a 'standard asset' as on March 31, 2021
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- 6) The borrower's account was not restructured in terms of
 - a. RBI circular no. RBI/2018-19/100 DBR.No.BP.BC.18/21.04.048/ 2018-19 dated 01.01.2019,
 - b. RBI circular no. RBI/2019-20/160 DOR.No.BP.BC.34/21.04.048/ 2019-20 dated 11.02.2020
 - c. RBI Circular no. RBI/2020-21/17 DOR.No.BP.BC/4/21.04.048/ 2020-21 dated 06.08.2020
- 7) The restructuring of the borrower account should be done before September 30, 2021. For this purpose.
- 8) If the borrower is not registered in the Udyam Registration portal, 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.
- 9) All other instructions specified in the circular no. 168/63/ADV/2020 dated 24.08.2020 (RBI circular no. DOR.No.BP.BC/4/21.04.048/ 2020-21 dated August 6, 2020) shall remain applicable.
- 10) In respect of accounts of borrowers which were restructured in terms of the MSME restructuring circulars, Bank is permitted, as a one-time measure, to review the working capital sanctioned limits and / or drawing power based on a reassessment of the working capital cycle, reduction of margins, etc. without the same being treated as restructuring. The decision with regard to above shall be taken by bank by September 30, 2021. The reassessed sanctioned limit / drawing power shall be subject to review by the Bank 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.
- 11) The above measures shall be contingent on the Bank satisfying itself that the same is necessitated on account of the economic fallout from Covid-19. Further, accounts provided relief under these instructions shall be subject to subsequent supervisory review with regard to their justifiability on account of the economic fallout from Covid-19.

C. Eligible Borrowers can contact for redressing of grievance and for clarification

Branch where the borrower has availed the credit facility.

Emails of Regional Office

Bagalkot: bgkro@kvgbank.com

Vijayapur: bjpro@kvgbank.com

Belaganvi: bgmro@kvgbank.com

Chikkodi: ckdro@kvgbank.com

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