

SECRETARIAL DEPARTMENT**POLICY FOR DETERMINATION OF MATERIALITY OF ANY EVENT/INFORMATION****1. Preface:**

The Board of Directors (the “Board”) of The Karnataka Bank Ltd (the “Company”/the “Bank”) has adopted the following policy and procedures with regard to determination of materiality of events or information which are required to be disclosed to the Stock Exchanges in terms of Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations). This Policy has been formulated in accordance with the following:

- Clause (ii) of sub-regulation (4) of Regulation 30 of the Listing Regulations.

2. Purpose of the Policy:

The purpose of this Policy is for determination of Materiality of events and information based on criteria specified under clause (i) of sub-regulation (4) of Regulation 30 of the Listing Regulations and to ensure that the Bank shall make disclosure of events/information to the Stock Exchanges as specified in para A and B of Part A of Schedule III of the Listing Regulations.

DETERMINATION OF MATERIALITY OF EVENTS AND INFORMATION based on criteria specified under clause (i) of sub-regulation (4) of Regulation 30 and Regulation 51 (1) & (2) of the Listing Regulations:**3. Criteria for determination of materiality of events / information:**

The Bank shall consider the criteria as specified in clause (i) of sub-regulation 4 of Regulation 30 of the Listing Regulations for determination of materiality of events/information.

4. Disclosure of events or information:**a. The following events/information specified in para A of Part A of Schedule III to the Listing Regulations upon occurrence of which the Bank shall make disclosure to the Stock Exchanges without any application of the guidelines for materiality:**

- i. Acquisition(s) (including agreement to acquire), Scheme of Arrangement (amalgamation/ merger/ demerger/restructuring), or sale or disposal of any unit(s), division(s) or subsidiary of the Bank or any other restructuring.

Explanation: For the purpose of this sub-para, the word 'acquisition' shall mean,-

- a. acquiring control, whether directly or indirectly; or
- b. acquiring or agreeing to acquire shares or voting rights in, a company, whether directly or indirectly, such that -
 - the Bank holds shares or voting rights aggregating to five per cent or more of the shares or voting rights in the said company, or

- there has been a change in holding from the last disclosure made under sub-clause a) of clause (ii) of the Explanation to this sub-para and such change exceeds two per cent of the total shareholding or voting rights in the said company.
- ii. Issuance or forfeiture of securities, split or consolidation of shares, buyback of securities, any restriction on transferability of securities or alteration in terms or structure of existing securities including forfeiture, reissue of forfeited securities, alteration of calls, redemption of securities etc.
 - iii. Revision in Rating(s).
 - iv. Outcome of Meetings of the Board of Directors: The Bank shall disclose to the Exchange(s), within 30 minutes of the closure of the meeting, held to consider the following:
 - a) dividends and/or cash bonuses recommended or declared or the decision to pass any dividend and the date on which dividend shall be paid/dispatched;
 - b) any cancellation of dividend with reasons thereof;
 - c) the decision on buyback of securities;
 - d) the decision with respect to fund raising proposed to be undertaken;
 - e) increase in capital by issue of bonus shares through capitalization including the date on which such bonus shares shall be credited/dispatched;
 - f) reissue of forfeited shares or securities, or the issue of shares or securities held in reserve for future issue or the creation in any form or manner of new shares or securities or any other rights, privileges or benefits to subscribe to;
 - g) short particulars of any other alterations of capital, including calls;
 - h) financial results;
 - i) decision on voluntary delisting by the listed entity from stock exchange(s).

Provided that in case of board meetings being held for more than one day, the financial results shall be disclosed within thirty minutes of end of the meeting for the day on which it has been considered.

- v. Agreements (viz. shareholder agreement(s), joint venture agreement(s), family settlement agreement(s) (to the extent that it impacts management and control of the listed entity), agreement(s)/treaty(ies)/contract(s) with media companies) which are binding and not in normal course of business, revision(s) or amendment(s) and termination(s) thereof.
- vi. Fraud/defaults by promoter or key managerial personnel or by the Bank or arrest of key managerial personnel or promoter.
- vii. Change in directors, key managerial personnel (Managing Director, Chief Executive Officer, Chief Financial Officer , Company Secretary etc.), Auditor and Compliance Officer.
- vii (a): In case of resignation of the auditor of the listed entity, detailed reasons for resignation of auditor, as given by the said auditor, shall be disclosed to the stock exchanges as soon as possible but not later than twenty four hours of receipt of such reasons from the auditor.

- vii (b): Resignation of independent director including reasons for resignation: In case of resignation of an independent director, the following disclosures shall be made to the stock exchanges by the Bank within seven days from the date of resignation:
- a. The letter of resignation along with detailed reasons for the resignation of independent directors as given by the said director,
 - b. Names of the listed entities in which the resigning director holds directorships, indicating the category of directorship and membership of board committees, if any.
 - c. The independent director shall, along with the detailed reasons, also provide a confirmation that there are no other material reasons other than those provided.
 - d. The confirmation as provided by the independent director above shall also be disclosed to the stock exchanges along with the detailed reasons as specified in sub-clause (a) and (b) above.

viii. Appointment or discontinuation of share transfer agent.

ix. Winding-up petition filed by any party / creditors.

x. Issuance of Notices, call letters, resolutions and circulars sent to shareholders, debenture holders or creditors or any class of them or advertised in the media by the Bank.

xi. Proceedings of Annual and extraordinary general meetings of the Bank.

xii. Amendments to memorandum and articles of association of the Bank, in brief.

xiii. (a) Schedule of Analyst or institutional investor meet and presentations on financial results made by the Bank to analysts or institutional investors;

Explanation: For the purpose of this clause 'meet' shall mean group meetings or group conference calls conducted physically or through digital means.

(b) Audio or video recordings and transcripts of post earnings/quarterly calls, by whatever name called, conducted physically or through digital means, simultaneously with submission to the recognized stock exchange(s), in the following manner:

- (i) the presentation and the audio/video recordings shall be promptly made available on the website and in any case, before the next trading day or within twenty-four hours from the conclusion of such calls, whichever is earlier;
- (ii) the transcripts of such calls shall be made available on the website within five working days of the conclusion of such calls.

b. The following events/information specified in para B of Part A of Schedule III to the Listing Regulations upon occurrence of which the Bank shall make disclosure to the Stock Exchanges after following the procedural guidelines as given in para 5 of this Policy:

- i. Change in the general character or nature of business brought about by arrangements for strategic, technical, manufacturing, or marketing tie-up, adoption of new lines of business or closure of operations of any unit/division (entirety or piecemeal).
- ii. Capacity addition or product launch.
- iii. Awarding, bagging/receiving, amendment or termination of awarded/bagged orders/contracts not in the normal course of business.

- iv. Agreements (viz. loan agreement(s) (as a borrower) or any other agreement(s) which are binding and not in normal course of business) and revision(s) or amendment(s) or termination(s) thereof.
 - v. Disruption of operations of any one or more units or division of the Bank due to natural calamity (earthquake, flood, fire etc.), force majeure or events such as strikes, lockouts etc.
 - vi. Effect(s) arising out of change in the regulatory framework applicable to the Bank.
 - vii. Litigation(s)/dispute(s)/regulatory action(s) with impact.
 - viii. Fraud/defaults etc. by Directors (other than key managerial personnel) or employees of the Bank.
 - ix. Options to purchase securities including any ESOP/ESPS Scheme.
 - x. Giving of guarantees or indemnity or becoming a surety for any third party.
 - xi. Granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals.
- c. Any other information/event viz. major development that is likely to affect business, e.g. emergence of new technologies, expiry of patents, any change in accounting policy that may have a significant impact on the accounts, etc., and brief details thereof and any other information which is exclusively known to the listed entity which may be necessary to enable the holders of securities of the listed entity to appraise its position and to avoid the establishment of a false market in such securities.
- d. Disclosure of Information having bearing on performance/operation of the Listed Entity and/or Price Sensitive Information: Non-Convertible Securities [(Ref Regulation 51(2))]**
- a. The listed entity shall promptly inform the stock exchange(s) of all information which shall have bearing on performance/operation of the listed entity or is price sensitive or shall affect payment of interest or redemption payment of non-convertible securities including :
 - i. expected default in the timely payment of interest, redemption payment or both in respect of the non-convertible securities as soon as the same becomes apparent;
 - ii. any attachment or prohibitory orders restraining the listed entity from transferring non-convertible securities from the account of the registered holders along-with the particulars of the numbers of securities so affected , the names of the registered holders and their demat account details;
 - iii. any action which shall result in the redemption, reduction, cancellation, retirement in whole or in part of any non-convertible securities
 - iv. any action that shall affect adversely payment of interest on non-convertible debt securities including default by issuer to pay interest on non-convertible debt securities or redemption amount;
 - v. any change in the form or nature of any of its non-convertible securities that are listed on the stock exchange(s) or in the rights or privileges of the holders thereof and make an application for listing of the securities as changed, if the stock exchange(s) so require;
 - vi. any changes in the general character or nature of business/activities, disruption of operation due to natural calamity, and commencement of commercial production / commercial operations;

- vii. any events such as strikes and lock outs which have a bearing on the interest payment/principal repayment capacity;
- viii. details of any letter or comments made by debenture trustees regarding payment/non-payment of interest on due dates, payment/non-payment of principal on the due dates or any other matter concerning the security, listed entity and /or the assets along with its comments thereon, if any;
- ix. delay/ default in payment of interest/principal amount /redemption for a period of more than three months from the due date;
- x. any instance(s) of default/delay in timely repayment of interests or principal obligations or both in respect of the debt securities including, any proposal for re-scheduling or postponement of the repayment programmes of the dues/ debts of the listed entity with any investor(s)/lender(s).
- xi. any major change in composition of its board of directors, which may amount to change in control as defined in Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
- xii. the following approvals by board of directors in their meeting:-
 - a. the decision to pass any interest payment;
 - b. short particulars of any increase of capital whether by issue of bonus securities through capitalization, or by way of right securities to be offered to the debt security holders, or in any other way;
- xiii. all information, report, notices, call letters, circulars, proceedings, etc concerning non-convertible debt securities;
- xiv. Outcome of meetings of the board of directors to the Exchange(s), within thirty minutes of the closure of the meeting, held to consider the following:
 - a. the decision with respect to fund raising proposed to be undertaken by way of non-convertible securities;
 - b. financial results:
- xv. intimation related to any change in terms of issue or redemption or exercising of call/ put options;
- xvi. intimation related to any change in covenants or breach of covenants under the terms of non-convertible debentures;
- xvii. intimation related to forfeiture of unclaimed interest or principal amount;
- xviii. intimation related to any change in the debenture trustee or Credit Rating Agency or Registrar;
- xix. intimation of comfort/guarantee or any credit enhancement provided by the listed entity to a third party
- xx. any other information/change that:
 - a. shall affect the rights and obligations of the holders of the non-convertible securities; and
 - b. is not in the public domain but necessary to enable the holders of the non-convertible securities to comprehend the true position and to avoid the creation of a false market in such listed securities.

5. Procedural Guidelines for determination of materiality of events/ information:

In order to ensure that the Bank complies with the disclosure obligations under Regulations 30 and Regulation 51 of the Listing Regulations, the Board has established an internal system as given below for reporting any event/information which may require disclosure so that the event/ information can be properly assessed and decision can be made regarding its disclosure to the Stock Exchanges.

- i. Heads of the Departments who are responsible for relevant areas of Bank's operations upon becoming aware of any event/information which may possibly be material or of which they are unsure as to its materiality, in consultation with the respective General Manager In-Charge of the Department shall inform the Chief Financial Officer or in his/her absence, the Company Secretary about such an event/information & disclosure shall be made by such persons as authorized under Market Disclosure Policy.
- ii. The Chief Financial Officer, or in his/her absence the Company Secretary, in consultation with the Managing Director & CEO may:
 - a. Review the event/information and take necessary steps to verify its accuracy;
 - b. Assess whether the event/information is required to be disclosed to the Stock Exchanges under the Listing Regulations;
 - c. Report the matter for external legal advice where it is not certain about materiality of event/information.

The procedure to be followed in relation to the lodgement of announcement of material event / information is as follows:

- i. **Prepare draft announcement to the Stock Exchanges:** If the event/ information is material, the Company Secretary will prepare a draft announcement to the Stock Exchanges which is factual and expressed in clear manner and obtain approval of the Managing Director & CEO of the Bank.
- ii. **Lodge Announcements:** The Company Secretary on behalf of the Bank will lodge or arrange for lodgment of the announcement with the Stock Exchanges.
- iii. **Post announcement on website:** After lodgment of the announcement with the Stock Exchanges, the Company Secretary will arrange to place it on the website of the Bank. All the announcements made under this Policy shall be kept on the website for a period of six months.

6. Communication of this Policy

For all new General Managers and Directors, a copy of this Policy shall be handed on their reporting to the duty. For all the existing General Managers and Directors, a copy of this Policy shall be handed over within one month of the adoption of this Policy by the Board of Directors of the Bank. This Policy shall also be posted on the web-site of the Bank.

7. Amendment:

Any change in the Policy shall be approved by the Board of Directors of the Bank. The Board of Directors shall have the right to withdraw and/or amend any part of this Policy or the entire Policy, at any time, as it deems fit, or from time to time, and the decision of the Board in this respect shall be final and binding.

8. Review:

This policy may be reviewed by the Board **on annual basis and** also at such interval as may be deemed necessary having regard to the regulatory changes, prudence and operational requirements.
