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CIN : L85110KA1924PLC001128

SECRETARIAL DEPARTMENT

17.05.2024

HO:SEC:35:2024-25

1. The Manager
Listing Department
National Stock Exchange of India Limited
Exchange Plaza,C-1, Block G
Bandra-Kurla Complex, Bandra (E)
MUMBAI-400 051
Scrip Code: **KTKBANK**

2. The Manager
Listing Department
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
MUMBAI-400 001
Scrip Code: **532652**

Madam / Dear Sir,

Sub: Intimation under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Pursuant to Regulation 30 and Clause 20 (b) of Para A of Part A of Schedule III and other applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we inform that, the Adjudication Committee of Executive Directors of the Reserve Bank of India (RBI) vide its order dated May 14, 2024 imposed a monetary penalty of ₹59,10,000 (Rupees Fifty Nine Lakh Ten Thousand only) on the Bank for non-compliance with certain directions issued by RBI on 'Interest Rate on Deposits' and 'Prudential Norms on Income Recognition, Asset Classification and Provisioning Pertaining to Advances'. This penalty has been imposed in exercise of powers vested in RBI conferred under the provisions of Section 47 A (1) (c) read with Sections 46 (4) (i) of the Banking Regulation Act, 1949.

The penalty has been levied consequent to non-compliance with RBI directions as per supervisory findings in the Statutory Inspection for Supervisory Evaluation (ISE 2022) of the Bank conducted by the RBI with reference to the Bank's financial position as on March 31, 2022.

The Bank has since initiated / taken corrective measures as necessary in line with the stipulations of the RBI to ensure compliance with extant guidelines on an ongoing basis.

We further inform that, there is no impact on financial, operation or other activities of the Bank, other than the above penalty.

The details of the aforementioned order is placed as Annexure A in terms of Regulation 30 of the SEBI (LODR) Regulations, 2015, and a copy of the RBI Press Release dated May 17, 2024 in this regard is also attached herewith.

We request you to take the same on record and arrange for dissemination.

Yours faithfully,

Sham K
Company Secretary & Compliance Officer

Annexure A

Sl. No.	Details of events needed to be provided	Details / Information of such events
1	Name of the authority	Adjudication Committee of Executive Directors of the Reserve Bank of India ("RBI").
2	Nature and details of the action(s) taken, initiated or order(s) passed	Imposition of monetary penalty of ₹59,10,000 (Rupees Fifty-Nine Lakh Ten Thousand only) on the Bank.
3	Date of receipt of direction or order, including any ad-interim or interim orders, or any other communication from the authority	Order of the Adjudication Committee of Executive Directors of the RBI dated May 14, 2024 was received on May 17, 2024.
4	Details of the violation(s) / contravention(s) committed or alleged to be committed.	<p>Non-compliance with certain directions issued by RBI on 'Interest Rate on Deposits' and 'Prudential Norms on Income Recognition, Asset Classification and Provisioning Pertaining to Advances'.</p> <p>The charges against the Bank were that, the Bank (i) had opened savings deposit accounts in the name of certain ineligible entities and (ii) failed to review / renew certain loan accounts within the prescribed period and yet did not classify these accounts as Non-Performing Assets.</p>
5	Impact on financial, operation or other activities of the listed entity, quantifiable in monetary terms to the extent possible	There is no impact on financial, operation or other activities of the Bank, other than the penalty of ₹59,10,000 (Rupees Fifty-Nine Lakh Ten Thousand only).



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

वेबसाइट : www.rbi.org.in/hindi

Website : www.rbi.org.in

ई-मेल/email : helpdoc@rbi.org.in



संचार विभाग, केंद्रीय कार्यालय, शहीद भगत सिंह मार्ग, फोर्ट, मुंबई - 400 001

Department of Communication, Central Office, Shahid Bhagat Singh Marg, Fort, Mumbai - 400 001 फोन/Phone: 022 - 2266 0502

May 17, 2024

Reserve Bank of India imposes monetary penalty on Karnataka Bank Ltd.

The Reserve Bank of India (RBI) has, by an order dated May 14, 2024 imposed a monetary penalty of ₹59,10,000 (Rupees Fifty Nine Lakh Ten Thousand only) on Karnataka Bank Ltd. (the bank) for non-compliance with certain directions issued by RBI on 'Interest Rate on Deposits' and 'Prudential Norms on Income Recognition, Asset Classification and Provisioning Pertaining to Advances'. This penalty has been imposed in exercise of powers vested in RBI conferred under the provisions of section 47 A (1) (c) read with sections 46 (4) (i) of the Banking Regulation Act, 1949.

The Statutory Inspection for Supervisory Evaluation (ISE 2022) of the bank was conducted by RBI with reference to its financial position as on March 31, 2022. Based on supervisory findings of non-compliance with RBI directions and related correspondence in that regard, a notice was issued to the bank advising it to show cause as to why penalty should not be imposed on it for its failure to comply with the directions. After considering the bank's reply to the notice, oral submissions made during the personal hearing and examination of additional submissions made by it, RBI found, *inter alia*, that the following charges against the bank were sustained, warranting imposition of monetary penalty. The bank (i) had opened savings deposit accounts in the name of certain ineligible entities and (ii) failed to review / renew certain loan accounts within the prescribed period and yet did not classify these accounts as Non-Performing Assets.

The action is based on deficiencies in regulatory compliance and is not intended to pronounce upon the validity of any transactions or agreement entered into by the bank with its customers. Further, imposition of monetary penalty is without prejudice to any other action that may be initiated by RBI against the bank.

Press Release: 2024-2025/326

(Puneet Pancholy)
Chief General Manager