



COMPLIANCE CERTIFICATE

(Pursuant to Regulation 163(2), PART III of Chapter V of the SEBI (Issue of Capital and Disclosure Requirements) Regulations 2018 including any amendment/modifications thereof)

To,
The Board of Directors
The Karnataka Bank Limited (the "Bank")
P.B.No. 599, Mahaveera Circle NA Kankanady,
Mangalore Karnataka - 575002

Dear Sir/Madam,

Practicing Company Secretary's Certificate on the compliance with the requirements of Chapter V of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2018, as amended (the "SEBI ICDR Regulations"), in relation to proposed preferential issue of 37,72,730 (Thirty-seven Lakhs Seventy-Two Thousand Seven Hundred and Thirty Only) Equity shares of Face Value of Rs. 10/- each ("Equity Share") by Karnataka Bank Limited.

1. This certificate is issued in accordance with the terms of our engagement *vide* letter dated 25th January 2024.
2. We have been requested by the Board of Directors of **The Karnataka Bank Limited ("the Bank")** having CIN L85110KA1924PLC001128 and having its registered office P.B.No. 599, Mahaveera Circle NA Kankanady, Mangalore, Karnataka – 575002, India to certify that the proposed preferential issue of 37,72,730 (Thirty-Seven Lakhs Seventy-Two Thousand Seven Hundred And Thirty Only) Equity Shares with an issue price of INR 265.06 (Rupees Two Hundred Sixty-Five And Six Paise Only) (including a premium of INR 255.06 per Equity Share) aggregating to an amount upto INR 100 crores (Rupees Hundred Crores Only) ('Proposed Preferential Issue'). The Proposed Preferential Issue was approved at the meeting of Board of Directors of the Company held on 27th January 2024, subject to shareholders' approval, are in compliance with the requirements of "Chapter V - Preferential Issue" of the SEBI (ICDR) Regulations and the applicable provisions of the Companies Act, 2013 (the

BMP & Co. LLP



Page 1 of 9

“Act”) and rules framed thereunder. This certificate is required to be annexed along with the Postal Ballot notice to be dispatched to the Shareholders and hosted on the website of the Company as per requirement of Regulation 163(2) of the SEBI (ICDR) Regulations. The Preferential offer shall be made to the following proposed Allottee: (hereinafter referred to as “Proposed Allottee”)

Sr. No	Name of the Proposed Allottee	Permanent Account Number	Number of Equity Shares to be issued
1.	ICICI Lombard General Insurance Company Limited	AAACI7904G	37,72,730
Total			37,72,730

3. The accompanying statement set out in **Annexure A** contains working for arriving at minimum issue price issued by M/s B K Ramadhyani & Co LLP, Chartered Accountant (FRN: 002878S/S200021).

Management's Responsibility

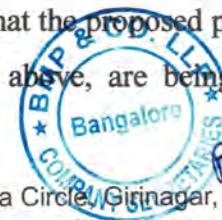
4. The preparation of the accompanying Statement, including the preparation and maintenance of relevant supporting records and documents, is the responsibility of the Management of the Company. This responsibility includes designing, implementation, and maintenance of internal control relevant to the preparation and presentation of the Statement and applying an appropriate basis for preparation and making judgments and estimates that are reasonable in the circumstances.
5. Management is also responsible for providing all relevant information to the SEBI, and/or BSE/ The National Stock Exchange Limited.
6. The Management is also responsible for ensuring that the Company complies with the below requirements of the SEBI (ICDR) Regulations:
- a) Determination of the relevant date, being the date thirty days prior to the date on which the meeting of Shareholders is held to consider the proposed preferential issue;

- b) Determination of the minimum price of equity shares being higher of:
- A. The 90 trading days Volume Weighted Average Price of the related equity shares quoted on the recognized stock exchange preceding the relevant date;
 - B. The 10 trading days Volume Weighted Average Price of the related equity shares quoted on the recognized stock exchange preceding the relevant date;
 - C. Regulation 164(1) states that if the Articles of Association of the issuer provide for a method of determination which results in a floor price higher than that determined under these regulations, then the same shall be considered as the floor price for equity shares to be allotted pursuant to the preferential issue. - **Articles of Association of the Company does not provide for a method of determination for valuation of shares which results in a floor price higher than that determined under ICDR Regulations.**
 - D. Regulation 166A states that the said preferential issue, which will result in allotment of more than five per cent of the post issue fully diluted share capital of the Company, to an allottee or to allottees acting in concert, and the same shall require a Valuation Report from an Independent Registered Valuer for determining the price. – **Not applicable as the AOA does not provide for valuation of shares and the issue to the allottees being allotted individually is less than 5% of the share capital.**
- c) Compliance of the applicable laws and ensuring the authenticity of documents and Information furnished.
- d) Compliance with the requirements of the SEBI ICDR Regulations.

Practicing Company Secretary's Responsibility

7. Pursuant to the requirements of Regulation 163(2) of Chapter V of the SEBI ICDR Regulations, as amended, it is our responsibility to provide limited assurance that the proposed preferential issue of Equity Shares to the proposed allottee as mentioned above, are being made in

BMP & Co. LLP



Page 3 of 9

accordance with the requirements of "**Chapter V- Preferential Issue**" of the SEBI ICDR Regulations to the extent applicable and applicable provisions of the Act and rules framed thereunder.

On the basis of the relevant management inquiries, necessary representations and information received from/furnished by the management of the Company ("**Management**"), as required under the aforesaid Regulations, we have verified that the issue is being made in accordance with the requirements of these Regulations as applicable to the preferential issue. More specifically, we have performed the following procedures to confirm the compliance with required conditions:

- a) Reviewed the Memorandum of Association and Articles of Association of the Company;
- b) Reviewed the present capital structure including the details of the authorised, subscribed, issued, paid up share capital of the Company along with the shareholding pattern.
- c) Obtained and read a certified copy of resolutions of the Board of Directors of the Company (**the "Board"**) dated 27th January 2024 approving the Issuance of 37,72,730 (Thirty-seven lakhs seventy-two thousand seven hundred and thirty only) Equity Shares with an issue price of INR 265.06 (Rupees Two hundred sixty-five and six paise only) aggregating to an amount upto INR 100 crores (Rupees One Hundred Crore Only) for cash, on preferential basis to Non-Promotor Group (Qualified Institutional Buyers) (referred to as the "**Proposed Allottee**") of the face value of Rs. 10/- (Rupees Ten Only) per share and at a premium of INR 255.06 (Rupees Two Hundred Fifty-five and Six paise only) per Equity Shares, subject to the approval of the Members of the Company and the requisite regulatory approvals;
- d) Reviewed the list of proposed allottee.
- e) Obtained and read the Postal Ballot notice dated 27th January 2024, containing the proposed special resolution and the corresponding explanatory statement under Section 102 of the Act seeking approval of the members of the Company preferential issue of

Equity Shares at an issue price of INR 265.06 (Rupees Two hundred sixty-five and six paise only) per Equity Shares, at a premium of INR 255.06 (Rupees Two Hundred Fifty-five and Six paise only) per Equity Share:

- i) Read Postal Ballot notice dated 27th January 2024 to verify the following disclosure in explanatory statement as required under Companies Act, 2013 & the Companies (Share Capital and Debentures) Rules, 2014, Companies (Prospectus and Allotment of Securities) Rules, 2014 and regulation 163(1) of the SEBI ICDR Regulations -
- the objects of the proposed preferential issue;
 - the maximum number of equity shares to be issued;
 - the intent of the promoters, directors or key managerial personnel of the issuer to subscribe to the offer;
 - the shareholding pattern of the issuer before and after the proposed preferential issue;
 - the time frame within which the proposed preferential issue shall be completed;
 - the identity of the natural persons who are the ultimate beneficial owners of the shares proposed to be allotted and/ or who ultimately control the proposed allottee except in the case of listed company, mutual fund, scheduled commercial bank, Insurance company registered with the Insurance Regulatory and Development Authority of India where the regulation exempts disclosure of ultimate beneficial owner of such proposed allottee;
 - the percentage of post preferential issue capital that may be held by the allottee(s) and change in control, if any, in the issuer consequent to the preferential issue;

- undertaking that the issuer shall re-compute the price of the specified securities in terms of the provision of these regulations where it is required to do so;
 - undertaking that if the amount payable on account of the re-computation of price is not paid within the time stipulated in these regulations, the specified securities shall continue to be locked-in till the time such amount is paid by the allottees.
 - disclosures specified in Schedule VI of the SEBI ICDR Regulations, if the issuer or any of its promoters or directors is a willful defaulter or a fraudulent borrower.
 - the current and proposed status of the allottee post the preferential issues namely, non-promoter and promoter.
- ii) to verify the tenure of the convertible securities of the Company that it shall not exceed eighteen months from the date of their allotment. – **Not Applicable.**
- iii) to verify the lock-in period as required under regulation 167 of the regulations is mentioned in the Explanatory Statement annexed to the Postal Ballot notice. – **The Lock in requirement set out in Regulation 167(6) will not be applicable as the proposed allottee is an insurance company registered with the Insurance Regulatory and Development Authority of India.**
- iv) to verify the terms for payment of consideration and allotment as required under regulation 169 of the regulations.
- a) The computation of the minimum issue price of Equity Shares to be allotted in Preferential issue is in accordance with the Regulations. The Minimum issue Price for the proposed Preferential issue of the Company, based on the Chapter V of SEBI ICDR Regulations, have been worked out at INR 265.06/- per equity share.

- b) With respect to compliance with minimum price for proposed preferential issue in accordance with Regulation 164 read with Regulation 166A of the SEBI ICDR Regulations, we have relied on the certificate issued by the M/s B K Ramadhyani & Co LLP, Chartered Accountant (FRN: 002878S/S200021)
- c) Noted the Relevant Date is **25th January 2024**, being thirty days prior to the date on which the resolution to be passed.
- d) Board/shareholders' resolution and statutory registers to verify that promoter(s) or the promoter group has not failed to exercise any warrants of the Company which were previously subscribed by them; - **Not Applicable.**
- e) Valuation report of Independent Registered Valuer for pricing of infrequently traded shares - **Not Applicable**
- f) Confirmation of payment of Annual listing fees for the financial year 2023-2024 in respect of equity shares of the Company listed on BSE Limited and NSE Limited;
- g) Confirmed that Pre-Preferential Issue shareholding of the proposed allottee are held in dematerialized form; – **Not applicable as the proposed allottee does not have any existing shares in the Company.**
- h) Reviewed the statutory registers of the Company and list of shareholders issued by RTA:
- a) to note that the equity shares are fully paid up.
- b) all equity shares held by the proposed allottee in the Company are in dematerialised form. – **Not applicable as the proposed allottee does not have any existing shares in the Company.**
- i) Reviewed the disclosures under the SEBI (Prohibition of Insider Trading) Regulations, 2015 & the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, if any, made by proposed allottee during the 90 trading days preceding the relevant date;

- j) Reviewed the details of buying, selling and dealing in the equity shares of the Company by the proposed allottee, ~~promoter or promoter group~~ during the 90 trading days preceding the relevant date;
- k) Obtained confirmation from the Registrar and Transfer Agent (RTA) of the Company that none of the Proposed Allottees have sold or transferred any equity shares of the Company during the 90 trading days preceding the Relevant Date i.e., 25th January 2024 and till the date of execution of this certificate; - **Pursuant to exemption provided vide Regulation 158(5) of SEBI (ICDR) Regulations the same is Not applicable, as the proposed allottee is an insurance company registered with the Insurance Regulatory and Development Authority of India.**
- l) Verified the Permanent Account Number ("PAN") of the Proposed Allottee subscribing to the Preferential Issue from the copy of PAN card; and
- m) Conducted relevant management inquiry and obtained representation from the Management in this regard.

Conclusion

8. Based on our examination of such information/documents, explanation and written representations furnished to us by the management and employees of the Company and to the best of our knowledge and belief, we hereby certify that proposed preferential issue is being made in accordance with the requirements of the Chapter V of the SEBI (ICDR) Regulations to the extent applicable and applicable provisions of the Act and rules framed thereunder except with respect special resolution of shareholders which is expected to be passed through the Postal Ballot on 27th February 2024. Accordingly, we confirm that the proposed preferential issue is being made in accordance with the requirements contained in SEBI (ICDR) Regulations.



Restriction on Use

9. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the ICDR Regulations and this Certificate is addressed to and provided to the Board of Directors of the Company Solely with the purpose of placing it before the shareholders of the Company (on the website of the Company) so as to provide them requisite information for approving the proposed preferential issue and for the purpose of further submission to the Stock exchanges and should not be used by any person or for any other purpose.

For BMP & Co. LLP,
Company Secretaries



Pramod S M

Designated Partner

FCS No.: 7834

CP No.: 13784

Place: Bangalore

Date: 27th January 2024

UDIN: **F007834E003318405**