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IMPORTANT: You must read the following disclaimer before continuing.

PLEASE READ THIS NOTICE CAREFULLY. IT APPLIES TO ALL PERSONS WHO VIEW THIS WEBSITE. VIEWING THIS INFORMATION MAY NOT BE LAWFUL IN CERTAIN JURISDICTIONS. PLEASE NOTE THAT THE DISCLAIMER SET OUT BELOW MAY BE ALTERED OR UPDATED. YOU SHOULD READ IT IN FULL EACH TIME YOU VISIT THE WEBSITE. BY ACCESSING THIS INFORMATION ON THIS WEBSITE, YOU AGREE TO THE TERMS AND CONDITIONS BELOW, INCLUDING ANY MODIFICATIONS THAT MAY BE MADE TO THEM FROM TIME TO TIME.

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THESE MATERIALS ARE BEING MADE AVAILABLE ON THIS WEBSITE BY THE KARNATAKA BANK LIMITED (THE "**BANK**") SOLELY TO COMPLY WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED ("**SEBI ICDR REGULATIONS**") AND THE COMPANIES ACT, 2013 AND THE RULES MADE THEREUNDER, EACH AS AMENDED ("**COMPANIES ACT**").

MAKING THE PLACEMENT DOCUMENT DATED MARCH 27, 2024 (THE "**PLACEMENT DOCUMENT**") AVAILABLE IN ELECTRONIC FORMAT ON THIS WEBSITE DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY THE EQUITY SHARES OF THE BANK ("**EQUITY SHARES**") IN THE QUALIFIED INSTITUTIONS PLACEMENT ("**ISSUE**") IN ANY JURISDICTION.

THIS DISCLAIMER APPLIES TO ALL PERSONS WHO VIEW THIS WEBSITE. THE FOLLOWING DISCLAIMER APPLIES TO THE PLACEMENT DOCUMENT IN RELATION TO THE ISSUE OF THE BANK FILED WITH BSE LIMITED AND NATIONAL STOCK EXCHANGE OF INDIA LIMITED (TOGETHER, THE "**STOCK EXCHANGES**"). YOU ARE ADVISED TO READ THIS DISCLAIMER CAREFULLY BEFORE READING, ACCESSING OR MAKING ANY OTHER USE OF THE PLACEMENT DOCUMENT.

THE EQUITY SHARES OFFERED IN THE ISSUE HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**U.S. SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES EXCEPT PURSUANT TO A TRANSACTION EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. THE EQUITY SHARES OFFERED IN THE ISSUE ARE BEING OFFERED AND SOLD ONLY OUTSIDE THE UNITED STATES IN "OFFSHORE TRANSACTIONS" AS DEFINED IN AND IN RELIANCE ON REGULATION-S UNDER THE U.S. SECURITIES ACT.

THE PLACEMENT DOCUMENT HAS NOT BEEN AND WILL NOT BE FILED AS A PROSPECTUS OR A STATEMENT IN LIEU OF A PROSPECTUS WITH ANY REGISTRAR OF COMPANIES IN INDIA UNDER THE COMPANIES ACT. THE PLACEMENT DOCUMENT HAS BEEN FILED AS A PRIVATE PLACEMENT OFFER LETTER WITH THE STOCK EXCHANGES. THE PLACEMENT DOCUMENT IS EXCLUSIVE TO THE RECIPIENT AND IS NOT INTENDED AND DOES NOT CONSTITUTE AN OFFER OR A SOLICITATION OR INVITATION OF AN OFFER TO SUBSCRIBE TO THE SECURITIES DESCRIBED IN THE PLACEMENT DOCUMENT TO THE GENERAL PUBLIC OR ANY PERSON OR CLASS OF INVESTORS OTHER THAN ELIGIBLE QUALIFIED INSTITUTIONAL BUYERS, AS DEFINED IN THE SEBI ICDR REGULATIONS. THE PLACEMENT DOCUMENT HAS NOT BEEN REVIEWED AND APPROVED BY ANY REGULATORY AUTHORITY IN INDIA OR ABROAD, INCLUDING THE SECURITIES AND EXCHANGE BOARD OF INDIA, THE RESERVE BANK OF INDIA, ANY REGISTRAR OF COMPANIES IN INDIA OR ANY STOCK EXCHANGE

IN INDIA. THE PLACEMENT DOCUMENT IS NOT AND SHOULD NOT BE CONSTRUED AS AN INVITATION, OFFER OR SALE OF ANY SECURITIES TO THE PUBLIC IN INDIA.

NONE OF THE BANK, THE BOOK RUNNING LEAD MANAGERS (AS DEFINED IN THE PLACEMENT DOCUMENT) AND ANY OF THEIR RESPECTIVE AFFILIATES, ACCEPTS ANY LIABILITY WHATSOEVER, DIRECT OR INDIRECT, THAT MAY ARISE FROM THE USE OF THE INFORMATION CONTAINED ON THIS WEBSITE. ACCESS TO THIS WEBSITE OR THE PLACEMENT DOCUMENT DOES NOT CONSTITUTE A RECOMMENDATION BY THE BANK, THE BOOK RUNNING LEAD MANAGERS, ANY OF THEIR RESPECTIVE AFFILIATES OR ANY OTHER PARTY TO SUBSCRIBE TO OR BUY OR SELL THE EQUITY SHARES OFFERED IN THE ISSUE.

THE PLACEMENT DOCUMENT WILL NOT BE CIRCULATED OR DISTRIBUTED TO THE PUBLIC IN INDIA OR ANY OTHER JURISDICTION, AND WILL NOT CONSTITUTE A PUBLIC OFFER IN INDIA OR ANY OTHER JURISDICTION.

THE INFORMATION IN THE PLACEMENT DOCUMENT IS AS OF THE DATE THEREOF AND NEITHER THE BANK, ITS DIRECTORS NOR THE BOOK RUNNING LEAD MANAGERS ARE UNDER ANY OBLIGATION TO UPDATE OR REVISE THE PLACEMENT DOCUMENT TO REFLECT CIRCUMSTANCES ARISING AFTER THE DATE THEREOF.

THE ISSUE, AND THE DISTRIBUTION OF THE PLACEMENT DOCUMENT IS BEING MADE TO QUALIFIED INSTITUTIONAL BUYERS AS DEFINED UNDER THE SEBI ICDR REGULATIONS ("**QIBs**") WHICH ARE NOT RESTRICTED FROM PARTICIPATING IN THE ISSUE UNDER THE APPLICABLE LAWS, INCLUDING IN RELIANCE UPON CHAPTER VI OF THE SEBI ICDR REGULATIONS AND SECTIONS 42 AND 62, AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT.

YOU ARE ACCESSING THIS WEBSITE AT YOUR OWN RISK AND IT IS YOUR RESPONSIBILITY TO TAKE PRECAUTIONS TO ENSURE THAT IT IS FREE FROM VIRUSES AND OTHER ITEMS OF A DESTRUCTIVE NATURE. NONE OF THE BANK, THE BOOK RUNNING LEAD MANAGERS OR ANY OF THEIR RESPECTIVE AFFILIATES, DIRECTORS, OFFICERS OR EMPLOYEES WILL BE LIABLE OR HAVE ANY RESPONSIBILITY OF ANY KIND FOR ANY LOSS OR DAMAGE THAT YOU INCUR IN THE EVENT OF ANY FAILURE OR DISRUPTION OF THIS WEBSITE, OR RESULTING FROM THE ACT OR OMISSION OF ANY OTHER PARTY INVOLVED IN MAKING THIS WEBSITE OR THE DATA CONTAINED THEREIN AND MADE AVAILABLE TO YOU, OR FROM ANY OTHER CAUSE RELATING TO YOUR ACCESS TO, INABILITY TO ACCESS, OR USE OF THE WEBSITE OR THESE MATERIALS. IT IS YOUR RESPONSIBILITY TO TAKE PRECAUTIONS TO ENSURE THAT YOUR ACCESS TO THIS WEBSITE AND THE MATERIALS CONTAINED THEREIN IS FREE FROM VIRUSES AND OTHER ITEMS OF A DESTRUCTIVE NATURE.

THE PLACEMENT DOCUMENT MAY NOT BE DISTRIBUTED IN WHOLE OR IN PART, TO ANY OTHER PERSON. FAILURE TO COMPLY WITH THIS DISCLAIMER MAY RESULT IN A VIOLATION OF THE APPLICABLE LAWS.

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THE KARNATAKA BANK LIMITED

The Karnataka Bank Limited (the "**Bank**", "**KBL**" or "**Issuer**") was incorporated on February 18, 1924 as "The Karnataka Bank Limited" under the Indian Companies Act, 1913. In the past, Sringeri Sri Sharada Bank Limited, Chitaldurg Bank Limited and Bank of Karnataka Limited have merged with our Bank. Our Bank is classified as an 'A' Class Scheduled Commercial Bank, in India. For further details, please see the section entitled "*General Information*" on page 295.

Registered Office: P.B. No. 599, Mahaveera Circle, Kankanady, Mangalore – 575 002, Karnataka, India
Telephone: +91 0824 2228182/ +91 9819153962 | **Email:** comsec@ktkbank.com | **Website**: www.karnatakabank.com | **CIN**: L85110KA1924PLC001128

Issue of up to 26,431,718 equity shares of face value of ₹ 10 each of our Bank (the "**Equity Shares**") at a price of ₹ 227.00 per Equity Share (the "**Issue Price**"), including a premium of ₹ 217.00 per Equity Share, aggregating up to ₹ 6,000.00 million (the "**Issue**")*. For details, please see the section entitled "*Summary of the Issue*" on page 36.
**Subject to Allotment of Equity Shares pursuant to the Issue*

THIS ISSUE IS BEING UNDERTAKEN IN RELIANCE UPON CHAPTER VI OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED (THE "SEBI ICDR REGULATIONS") AND SECTION 42 OF THE COMPANIES ACT, 2013, AS AMENDED, READ WITH RULE 14 OF THE COMPANIES (PROSPECTUS AND ALLOTMENT OF SECURITIES) RULES, 2014, AS AMENDED (THE "PAS RULES") AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013 AND RULES FRAMED THEREUNDER, EACH AS AMENDED (THE "COMPANIES ACT").

OUR BANK HAS PREPARED THIS PLACEMENT DOCUMENT SOLELY FOR PROVIDING INFORMATION IN CONNECTION WITH THE ISSUE. THE ISSUE AND DISTRIBUTION OF THIS PLACEMENT DOCUMENT IS BEING MADE TO ELIGIBLE QIBs (AS DEFINED HEREINAFTER) IN RELIANCE UPON CHAPTER VI OF THE SEBI ICDR REGULATIONS, SECTION 42 OF THE COMPANIES ACT, 2013, AS AMENDED, READ WITH RULE 14 OF THE PAS RULES AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013, AS AMENDED AND THE RULES PRESCRIBED THEREUNDER. THIS PLACEMENT DOCUMENT IS PERSONAL TO EACH PROSPECTIVE INVESTOR AND DOES NOT CONSTITUTE AN OFFER OR INVITATION OR SOLICITATION OF AN OFFER TO THE PUBLIC OR TO ANY OTHER PROSPECTIVE INVESTOR OR CLASS OF INVESTORS WITHIN OR OUTSIDE INDIA OTHER THAN ELIGIBLE QIBs. THIS PLACEMENT DOCUMENT SHALL BE CIRCULATED ONLY TO SUCH ELIGIBLE QIBs WHOSE NAMES ARE RECORDED BY OUR BANK PRIOR TO MAKING AN INVITATION TO SUBSCRIBE TO THE EQUITY SHARES.

YOU MAY NOT AND ARE NOT AUTHORISED TO: (1) DELIVER THIS PLACEMENT DOCUMENT TO ANY OTHER PERSON; OR (2) REPRODUCE THIS PLACEMENT DOCUMENT IN ANY MANNER WHATSOEVER OR (3) RELEASE ANY PUBLIC ADVERTISEMENTS OR UTILISE ANY MEDIA, MARKETING OR DISTRIBUTION CHANNELS OR AGENTS TO INFORM THE PUBLIC AT LARGE ABOUT THE ISSUE. ANY DISTRIBUTION OR REPRODUCTION OF THIS PLACEMENT DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS INSTRUCTION MAY RESULT IN A VIOLATION OF THE COMPANIES ACT, 2013, AS AMENDED, SEBI ICDR REGULATIONS OR OTHER APPLICABLE LAWS OF INDIA AND OF OTHER JURISDICTIONS.

INVESTMENTS IN EQUITY SHARES INVOLVE A HIGH DEGREE OF RISK AND PROSPECTIVE INVESTORS SHOULD NOT INVEST IN THE ISSUE UNLESS THEY ARE PREPARED TO TAKE THE RISK OF LOSING ALL OR PART OF THEIR INVESTMENT. PROSPECTIVE INVESTORS ARE ADVISED TO CAREFULLY READ "*RISK FACTORS*" ON PAGE 67 BEFORE MAKING AN INVESTMENT DECISION RELATING TO THE ISSUE. EACH PROSPECTIVE INVESTOR IS ADVISED TO CONSULT ITS OWN ADVISORS ABOUT THE CONSEQUENCES OF AN INVESTMENT IN THE EQUITY SHARES ISSUED PURSUANT TO THE PRELIMINARY PLACEMENT DOCUMENT AND THIS PLACEMENT DOCUMENT (AS DEFINED HEREINAFTER). PROSPECTIVE INVESTORS SHALL CONDUCT THEIR OWN DUE DILIGENCE ON THE EQUITY SHARES AND THE BANK. IF YOU DO NOT UNDERSTAND THE CONTENTS OF THE PRELIMINARY PLACEMENT DOCUMENT AND THIS PLACEMENT DOCUMENT, YOU SHOULD CONSULT AN AUTHORIZED FINANCIAL ADVISOR AND/OR LEGAL ADVISOR.

The Equity Shares of our Bank are listed on BSE Limited ("**BSE**") and National Stock Exchange of India Limited ("**NSE**", and together with BSE, the "**Stock Exchanges**"). The closing price of the Equity Shares on BSE and NSE as on March 26, 2024 was ₹ 230.15 and ₹ 230.25 per Equity Share, respectively. Our Bank has received in-principle approvals pursuant to Regulation 28(1)(a) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "**SEBI Listing Regulations**") for listing of the Equity Shares to be issued pursuant to the Issue, from BSE and NSE on March 15, 2024 and March 14, 2024, respectively. Our Bank shall make applications to the Stock Exchanges for obtaining final listing and trading approvals for the Equity Shares to be issued pursuant to the Issue. The Stock Exchanges assume no responsibility for the correctness of any statements made, opinions expressed or reports contained herein. Admission of the Equity Shares to be issued pursuant to the Issue for trading on the Stock Exchanges should not be taken as an indication of the merits of our Bank or the Equity Shares.

A copy of the Preliminary Placement Document and this Placement Document, which includes disclosures prescribed under Form PAS-4 (as defined hereinafter), has been delivered to the Stock Exchanges. Our Bank shall also make the requisite filings with the Registrar of Companies, Karnataka at Bangalore ("**RoC**") within the stipulated period as required under the Companies Act, 2013, as amended and the PAS Rules. The Preliminary Placement Document and this Placement Document has not been reviewed by the Securities and Exchange Board of India ("**SEBI**"), the Reserve Bank of India ("**RBI**"), the Stock Exchanges, the RoC or any other regulatory or listing authority, and is intended only for use by Eligible QIBs. The Preliminary Placement Document and this Placement Document has not been and shall not be filed as a prospectus with the RoC, shall not be circulated or distributed to the public in India or any other jurisdiction, and the Issue shall not constitute a public offer in India or any other jurisdiction.

Invitations, offers and sales of Equity Shares to be issued pursuant to the Issue shall only be made pursuant to the Preliminary Placement Document, together with the Application Form (as defined hereinafter), this Placement Document and the Confirmation of Allocation Note (as defined hereinafter). For further details, please see the section entitled "*Issue Procedure*" beginning on page 235. The distribution of the Preliminary Placement Document and this Placement Document or the disclosure of its contents without our Bank's prior consent to any person other than Eligible QIBs and persons retained by Eligible QIBs to advise them with respect to their purchase of Equity Shares is unauthorised and prohibited. Each prospective investor, by accepting delivery of this Placement Document, agrees to observe the foregoing restrictions and to make no copies of this Placement Document or any documents referred to in this Placement Document.

The Equity Shares offered in the Issue have not been and will not be registered under the United States Securities Act of 1933, as amended ("**U.S. Securities Act**"), or the securities laws of any state of the United States and may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any applicable state securities laws. The Equity Shares offered in the Issue are being offered and sold only outside the United States in "offshore transactions", as defined in and in reliance on Regulation S under the U.S. Securities Act ("**Regulation S**") and in accordance with the applicable laws of the jurisdictions where such offers and sales are made. For the selling restrictions in certain other jurisdictions, see "*Selling Restrictions*" on page 253. See "*Transfer Restrictions and Purchaser Representations*" on page 262 for information about transfer restrictions that apply to the Equity Shares sold in the Issue.

The information on the websites of our Bank, any website directly or indirectly linked to our Bank's website or on the respective websites of the Book Running Lead Managers (as defined hereinafter) or of their respective affiliates, does not constitute or form part of this Placement Document, and prospective investors should not rely on any such information contained in, or available through, any such websites for their investment in this Issue.

This Placement Document is dated March 27, 2024.

BOOK RUNNING LEAD MANAGERS	
AMBIT Acumen at work	Avendus Next is the only level
AMBIT PRIVATE LIMITED	**AVENDUS CAPITAL PRIVATE LIMITED**

TABLE OF CONTENTS

NOTICE TO INVESTORS

Our Bank has furnished and accepts full responsibility for all of the information contained in this Placement Document and confirms that to the best of its knowledge and belief, having made all reasonable enquiries, this Placement Document contains all information with respect to our Bank and the Equity Shares, which is material in the context of the Issue. The statements contained in this Placement Document relating to our Bank, its Subsidiary and the Equity Shares are in all material respects, true, accurate and not misleading, and the opinions and intentions expressed in this Placement Document with regard to our Bank, its Subsidiary and the Equity Shares are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions and information presently available to our Bank. There are no other facts in relation to our Bank, its Subsidiary and the Equity Shares, the omission of which would, in the context of the Issue, make any statement in this Placement Document misleading in any material respect. Further, our Bank has made all reasonable enquiries to ascertain such facts and to verify the accuracy of all such information and statements. Unless otherwise stated, all information in this Placement Document is provided as of the date of this Placement Document and neither our Bank nor the Book Running Lead Managers have any obligation to update such information to a later date.

The information contained in this Placement Document has been provided by our Bank and other sources identified herein. Ambit Private Limited and Avendus Capital Private Limited (the "**Book Running Lead Managers**") have not separately verified the information contained in the Preliminary Placement Document and this Placement Document (financial, legal, or otherwise). Accordingly, neither the Book Running Lead Managers, nor any of their respective shareholders, employees, counsels, officers, directors, representatives, agents, associates or any other affiliates make any express or implied representation, warranty or undertaking, and no responsibility or liability is accepted by the Book Running Lead Managers or any of their respective shareholders, employees, counsels, officers, directors, representatives, agents, associates or any other affiliates as to the accuracy or completeness of the information contained in the Preliminary Placement Document and this Placement Document or any other information supplied in connection with us or the Issue or the distribution of the Preliminary Placement Document and this Placement Document. Each person receiving the Preliminary Placement Document and this Placement Document acknowledges that such person has not relied on any of the Book Running Lead Managers or on any of their respective shareholders, employees, counsel, officers, directors, representatives, agents, associates or any other affiliates in connection with such person's investigation of the accuracy of such information or such person's investment decision, and each such person must rely on its own examination of our Bank, its Subsidiary and the merits and risks involved in investing in the Equity Shares issued pursuant to the Issue.

No person is authorised to give any information or to make any representation not contained in this Placement Document and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of our Bank, or by or on behalf of the Book Running Lead Managers.

The Equity Shares have not been approved, disapproved or recommended by any regulatory authority in any jurisdiction, including SEBI. No authority has passed on or endorsed the merits of the Issue or the accuracy or adequacy of the Preliminary Placement Document and this Placement Document. Any representation to the contrary may be a criminal offence in certain jurisdictions.

Subscribers of the Equity Shares offered in the Issue were deemed to make the representations, warranties, acknowledgements and agreements set forth in sections entitled "*Representations by Investors*", "*Selling Restrictions*" and "*Transfer Restrictions and Purchaser Representations*" beginning on pages 5, 253 and 262, respectively.

The distribution of this Placement Document or the disclosure of its contents without the prior consent of our Bank to any person, other than Eligible QIBs specified by the Book Running Lead Managers or their representatives, and those retained by Eligible QIBs to advise them with respect to their purchase of the Equity Shares is unauthorized and prohibited. Each prospective investor, by accepting delivery of this Placement Document, agrees to observe the foregoing restrictions and to make no copies of this Placement Document or any documents referred to in this Placement Document. Any reproduction or distribution of this Placement Document, in whole or in part, and any disclosure of its contents to any other person is prohibited.

The distribution of this Placement Document and the issue of the Equity Shares may be restricted in certain jurisdictions under applicable laws. As such, this Placement Document does not constitute, and may not be used for, or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. In particular, no action has been taken by our Bank and the Book Running Lead Managers that would permit an offering of the Equity Shares or distribution of this Placement Document in any jurisdiction, other than India, where action for that purpose is required. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and neither the Preliminary Placement Document nor this Placement Document, nor any offering material in connection with the Equity Shares may be distributed or published in or from any country or jurisdiction, except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. In particular, the Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and may not be offered or sold in the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. The Equity Shares offered in the Issue are being offered and sold only outside the United States in "offshore transactions" as defined in and in reliance on Regulation S. For the selling restrictions in certain other jurisdictions, see "*Selling Restrictions*" on page 253.

In making an investment decision, the prospective investors must rely on their own examination of our Bank, its Subsidiary and the Equity Shares and the terms of the Issue, including the merits and risks involved. The prospective investor should not construe the contents of the Preliminary Placement Document and this Placement Document as legal, business, tax, accounting or investment advice. The prospective investors should consult their own counsel and advisors as to business, investment, legal, tax, accounting and related matters concerning the Issue. In addition, neither our Bank nor the Book Running Lead Managers are making any representation to any subscriber to the Equity Shares offered in this Issue regarding the legality of an investment in the Equity Shares by such subscriber under applicable laws and regulations. Prospective investors of the Equity Shares should conduct their own due diligence on whether they are able to subscribe to the Equity Shares in accordance with all applicable laws and regulations.

Each investor, purchaser, offeree or subscriber of the Equity Shares in the Issue is deemed to have acknowledged, represented and agreed that it is eligible to invest in India and in our Bank under Indian law, including under Chapter VI of the SEBI ICDR Regulations and Section 42 of the Companies Act, 2013, read with Rule 14 of the PAS Rules, and that it is not prohibited by SEBI or any other statutory, regulatory or judicial authority in India or any other jurisdiction from buying, selling or dealing in securities including the Equity Shares or otherwise accessing the capital markets in India.

This Placement Document does not purport to contain all the information that any Eligible QIB may require. This Placement Document contains summaries of certain terms of documents, which summaries are qualified in their entirety by the terms and conditions of such documents. Further, this Placement Document has been prepared for information purposes in relation to this Issue only and upon the express understanding that it will be used for the purposes set forth herein.

The information on the website of our Bank, www.karnatakabank.com, any website directly or indirectly linked to the website of our Bank or on the respective websites of the Book Running Lead Managers and of their affiliates, does not constitute nor form part of the Preliminary Placement Document and this Placement Document. The prospective investors should not rely on any such information contained in, or available through, any such websites.

REPRESENTATIONS BY INVESTORS

All references to "you" and "your" in this section are to the prospective Bidders in the Issue. By Bidding and/or subscribing to any Equity Shares under this Issue, you are deemed to have represented, warranted, acknowledged, undertaken and agreed to our Bank and the Book Running Lead Managers, as follows:

1. Your decision to subscribe to the Equity Shares to be issued pursuant to the Issue has not been made based on any information relating to our Bank which is not set forth in the Preliminary Placement Document and this Placement Document;

2. You are a "**Qualified Institutional Buyer**" as defined in Regulation 2(1)(ss) of the SEBI ICDR Regulations and not excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations, having a valid and existing registration under applicable laws and regulations of India, and undertake to (i) acquire, hold, manage or dispose of any Equity Shares that are Allotted (hereinafter defined) to you in accordance with Chapter VI of the SEBI ICDR Regulations, the Companies Act, 2013 and all other applicable laws; and (ii) comply with all requirements under applicable law in this relation, including reporting obligations, requirements/ making necessary filings, if any, in connection with the Issue or otherwise accessing capital markets;

3. You are eligible to invest in India under applicable law, including the RBI and FEMA Rules (as defined hereinafter) and any notifications, circulars or clarifications issued thereunder, and have not been prohibited by SEBI or any other regulatory authority, statutory authority or otherwise, from buying, selling or dealing in securities or otherwise accessing capital markets in India;

4. If you are not a resident of India, but a QIB, you are an Eligible FPI (and are not an individual, corporate body or a family office) having a valid and existing registration with SEBI under the applicable laws in India, and you confirm that you are not a FVCI or a multilateral or bilateral development financial institution and that you are not an AIF or VCF whose sponsor and manager is not Indian owned and controlled in terms of the FEMA Rules. You also confirm that you are eligible to invest in India under applicable laws, including those issued by the RBI, and the FEMA Rules, and any notifications, circulars or clarifications issued thereunder, and have not been prohibited by SEBI or any other regulatory or statutory authority or otherwise, from buying, selling or dealing in securities or otherwise accessing capital markets in India. You will make all necessary filings with appropriate regulatory authorities, including RBI, as required pursuant to applicable laws. Additionally, you are aware that, in terms of the SEBI FPI Regulations, you are not permitted to acquire 10% or more of the post-Issue Equity Share capital of our Bank. Further, you confirm that you are not an FVCI;

5. You will provide the information as required under the Companies Act, 2013 and the PAS Rules for record keeping by our Bank, including your name, complete address, phone number, e-mail address, permanent account number and bank account details and such other details as may be prescribed or otherwise required even after the closure of the Issue;

6. **You are eligible to invest and hold the Equity Shares of our Bank in accordance with the FDI policy, read along with the press note no. 3 (2020 Series), dated April 17, 2020, issued by the Department for Promotion of Industry and Internal Trade, Government of India and the related amendments to the FEMA Rules, wherein if the beneficial owner of the Equity Shares is situated in or is a citizen of a country which shares land border with India, foreign direct investments can only be made through the Government approval route, as prescribed in the FEMA Rules. You confirm that no government approval is required under the FEMA Rules, as mandated under the Companies (Share Capital and Debentures) Rules, 2014 and the Companies (prospectus and Allotment of Securities) Rules, 2014, as amended;**

7. You are able to purchase the Equity Shares in the Issue accordance with the restrictions described in section entitled "*Selling Restrictions*" on page 253 and you hereby make the representations, warranties, acknowledgements, undertakings and agreements in section entitled "*Selling Restrictions*";

8. If you are Allotted Equity Shares pursuant to the Issue, you shall not sell the Equity Shares so acquired, for a period of one year from the date of Allotment (hereinafter defined), except on the floor of the Stock Exchanges (additional restrictions apply if you are in certain other jurisdictions), and in accordance with any other resale restrictions applicable to you. You hereby make the representations, warranties, acknowledgements, undertakings and agreements in sections entitled "*Selling Restrictions*" and "*Transfer Restrictions and Purchaser Representations*" beginning on pages 253 and 262, respectively;

9. You are aware that the Preliminary Placement Document and this Placement Document has not been, and will not be, filed as a prospectus with the RoC under the Companies Act, 2013, the SEBI ICDR Regulations or under any other law in force in India and, no Equity Shares will be offered in India or overseas to the public or any members of the public in India or any other class of investors, other than Eligible QIBs. You acknowledge that the Preliminary Placement Document and this Placement Document has not been reviewed, verified or affirmed by SEBI, the RBI, the Stock Exchanges, the RoC or any other regulatory or listing authority;

10. You are entitled to and have the necessary capacity to subscribe for and acquire the Equity Shares under the laws of all relevant jurisdictions applicable to you and that you have fully observed such laws and you have the necessary capacity and have obtained all necessary consents and authorisations, as may be required and complied and shall comply with all necessary formalities to enable you to participate in the Issue and to perform your obligations in relation thereto (including without limitation, in the case of any person on whose behalf you are acting, all necessary consents and authorizations to agree to the terms set out or referred to in the Preliminary Placement Document and this Placement Document), and will honour such obligations;

11. Neither our Bank, the Book Running Lead Managers nor any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or other affiliates are making any recommendations to you or advising you regarding the suitability of any transactions they may enter into in connection with the Issue and your participation in the Issue is on the basis that you are not, and will not, up to the Allotment of the Equity Shares, be a client of the Book Running Lead Managers. Neither the Book Running Lead Managers nor any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or other affiliates has any duty or responsibility to you for providing the protection afforded to their clients or customers or for providing advice in relation to the Issue and are not in any way acting in any fiduciary capacity in relation to you;

12. You acknowledge that all statements other than statements of historical fact included in this Placement Document, including, without limitation, those regarding our business strategy, plans and objectives of management for future operations (including development plans and objectives relating to our business), are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause actual results to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and environment in which we will operate in the future. You agree not to place undue reliance on forward-looking statements, which speak only as of the date of this Placement Document. You acknowledge that none of our Bank, the Book Running Lead Managers or any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or other affiliates assumes any responsibility to update any of the forward-looking statements contained in this Placement Document;

13. You are aware that the Equity Shares are being offered only to Eligible QIBs on a private placement basis and are not being offered to the general public, or any other category of investors other than the Eligible QIBs and the Allotment shall be on a discretionary basis, i.e., at the discretion of our Bank, in consultation with the Book Running Lead Managers;

14. You have been provided a serially numbered copy of the Preliminary Placement Document and this Placement Document, and have read it in its entirety, including in particular the section entitled "*Risk Factors*" beginning on page 67;

15. In making your investment decision, you have (i) relied on your own examination of our Bank, our Subsidiary, the Equity Shares and the terms of the Issue, including the merits and risks involved, (ii) made and will continue to make your own assessment of our Bank, our Subsidiary and the Equity Shares and the terms of the Issue based solely on the information in the Preliminary Placement Document and this Placement Document and no other representation by us or any other party, (iii) consulted your own independent counsels and advisors or otherwise have satisfied yourself concerning without limitation, the effects of local laws (including tax laws), (iv) relied solely on the information contained in the Preliminary Placement Document and this Placement Document and no other disclosure or representation by our Bank or the BRLMs or any other party, (v) received all information that you believe is necessary or appropriate in order to make an investment decision in respect of our Bank and the Equity Shares, and (vi) relied upon your own investigation and resources in deciding to invest in the Issue;

16. Neither the Book Running Lead Managers nor any of their respective shareholders, investors, directors, officers, employees, counsels, representatives, agents or other affiliates, has provided you with any tax advice or otherwise made any representations regarding the tax consequences of purchase, ownership and disposal of the Equity Shares (including, but not limited to, the Issue and the use of proceeds from the Equity Shares). You will obtain your own independent tax advice from a reputable service provider and will not rely on the Book Running Lead Managers or any of their respective shareholders, investors, directors, officers, employees, counsels, representatives, agents or other affiliates, when evaluating the tax consequences in relation to the Equity Shares (including, in relation to the Issue and the use of proceeds from the Equity Shares). You waive, and agree not to assert any claim against us, either of the Book Running Lead Managers or any of their respective shareholders, investors, directors, officers, employees, counsels, representatives, agents or other affiliates, with respect to the tax aspects of the Equity Shares or as a result of any tax audits by tax authorities, wherever situated;

17. You are a sophisticated investor and you and any managed accounts for which you are subscribing for the Equity Shares (i) are each able to bear the economic risk of the investment in the Equity Shares, (ii) will not look to our Bank and/or the Book Running Lead Managers or any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or other affiliates, for all or part of any such loss or losses that may be suffered in connection with the Issue, including losses arising out of non-performance by our Bank of any of its respective obligations or any breach of any representations and warranties by our Bank, whether to you or otherwise, (iii) are able to sustain a complete loss on the investment in the Equity Shares, (iv) have no need for liquidity with respect to the investment in the Equity Shares, and (v) have no reason to anticipate any change in your or their circumstances, financial or otherwise, which may cause or require any sale or distribution by you or them of all or any part of the Equity Shares. You are seeking to subscribe to the Equity Shares in the Issue for your own investment and not with a view to resell or distribute;

18. If you are acquiring the Equity Shares for one or more managed accounts, you represent and warrant that you are authorized in writing, by each such managed account to acquire the Equity Shares for each managed account and make the representations, warranties, acknowledgements, undertakings and agreements herein for and on behalf of each such account, reading the reference to 'you' to include such accounts;

19. You are not a 'promoter' of our Bank (as defined under the SEBI ICDR Regulations or the Companies Act, 2013);

20. You have no rights under a shareholders' agreement or voting agreement, no veto rights or right to appoint any nominee director on the Board of Directors of our Bank, other than the rights, if any, acquired in the capacity of a lender not holding any Equity Shares, the acquisition of which, shall not deem you to be a 'promoter';

21. You acknowledge that you have no right to withdraw or revise your Bid downwards after the Issue Closing Date (as defined herein);

22. You are eligible to Bid for and hold Equity Shares so Allotted together with any Equity Shares held by you prior to the Issue. You further confirm that your aggregate holding after the Allotment of the Equity Shares shall not exceed the level permissible as per any applicable law;

23. The Bid made by you would not ultimately result in triggering an open offer under the SEBI Takeover Regulations (as defined herein) and you shall be solely responsible for compliance with all other applicable provisions of the SEBI Takeover Regulations;

24. Your aggregate holding, together with other Eligible QIBs participating in the Issue that belong to the same group or are under common control as you, pursuant to the Allotment under the Issue shall not exceed 50% of the Issue Size. For the purposes of this representation:

    a. Eligible QIBs "belonging to the same group" shall mean entities where (a) any of them controls, directly or indirectly, through its subsidiary or holding Bank, not less than 15% of the voting rights in the other; (b) any of them, directly or indirectly, by itself, or in combination with other persons, exercise control over the others; or (c) there is a common director, excluding nominee and independent directors, amongst an Eligible QIBs, its subsidiary or holding Bank and any other QIB; and

    b. 'Control' shall have the same meaning as is assigned to it under the SEBI Takeover Regulations (as defined herein).

25. You are aware that (i) applications for in-principle approval, in terms of Regulation 28 of the SEBI Listing Regulations, for listing and admission of the Equity Shares and for trading on the Stock Exchanges, were made and such in-principle approval has been received by our Bank from each of the Stock Exchanges, and (ii) final applications will be made for obtaining listing and trading approvals from the Stock Exchanges only after Allotment, and that there can be no assurance that such approvals will be obtained on time or at all. Neither, our Bank nor the Book Running Lead Managers nor any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or other affiliates shall be responsible for any delay or non-receipt of such final listing and trading approvals or any loss arising therefrom;

26. You are aware that in accordance with Section 12B of the Banking Regulation Act, 1949 read with the RBI (Acquisition and Holding of Shares of Voting in Banking Companies) Directions, 2023, dated January 16, 2023 and the Guidelines On Acquisition and Holding of Shares or Voting Rights in Banking Companies, dated January 16, 2023, no person (along with his relatives, associate enterprises or persons acting in concert with) can acquire or hold 5% or more of the total paid-up share capital of our Bank, or be entitled to exercise 5% or more of the total voting rights of our Bank, without prior approval of the RBI. Accordingly, you hereby represent that your (direct and indirect) aggregate holding in the paid-up share capital of our Bank, whether beneficial or otherwise:

    (i) after subscription to the Equity Shares in the Issue by you, your relatives, your associate enterprises or persons acting in concert with you, aggregated with any pre-Issue shareholding in our Bank of you, your relatives, your associate enterprises or persons acting in concert; or

    (ii) after subscription to the Equity Shares in the Issue by you aggregated with any pre-Issue shareholding in our Bank of you, your relatives, your associate enterprises or persons acting in concert with you;

    shall not amount to 5% or more of the total paid-up share capital of our Bank or would not entitle you to exercise 5% or more of the total voting rights of our Bank, except with the prior approval of the RBI;

27. You shall not undertake any trade in the Equity Shares credited to your beneficiary account with the Depository Participant until such time that the final listing and trading approvals for the Equity Shares are issued by the Stock Exchanges;

28. You are aware that in terms of the requirements of the Companies Act, 2013, as amended, upon Allocation, our Bank has disclosed the names and percentage of post-Issue shareholding of the proposed Allottees in this Placement Document. However, disclosure of such details in relation to the proposed Allottees in this Placement Document will not guarantee Allotment to them, as Allotment in the Issue shall continue to be at the sole discretion of our Bank, in consultation with the Book Running Lead Managers;

29. You agree in terms of Section 42 of the Companies Act, 2013 and Rule 14 of the PAS Rules, that our Bank shall make necessary filings with the RoC as may be required under the Companies Act, 2013;

30. You acknowledge that the Preliminary Placement Document did not, and this Placement Document does not, confer upon or provide you with any right of renunciation of the Equity Shares offered through the Issue in favour of any person;

31. You are aware the pre-Issue and post-Issue shareholding pattern of our Bank, as required by the SEBI Listing Regulations, will be filed by our Bank with the Stock Exchanges, and that if you, together with any other Eligible QIBs belonging to the same group or under common control, are Allotted more than 5% of the Equity Shares in this Issue, our Bank shall be required to disclose the name of such Allottees and the number of Equity Shares Allotted to the Stock Exchanges and the Stock Exchanges will make the same available on their website and you consent to such disclosures being made by our Bank;

32. You are aware and understand that the Book Running Lead Managers have entered into a placement agreement with our Bank, whereby the Book Running Lead Managers have, subject to the satisfaction of certain conditions set out therein, severally and not jointly, undertaken to use their reasonable efforts to seek to procure subscription for the Equity Shares on the terms and conditions set out therein;

33. The contents of the Preliminary Placement Document and this Placement Document are exclusively the responsibility of our Bank and that neither the Book Running Lead Managers nor any person acting on its or their behalf, nor any of their respective shareholders, directors, officers, employees, counsels, advisors, representatives, agents and other affiliates or any of the counsels or advisors to the Issue has or shall have any liability for any information, representation or statement contained in the Preliminary Placement Document and this Placement Document or any information previously published by or on behalf of our Bank and will not be liable for your decision to participate in the Issue based on any information, representation or statement contained in the Preliminary Placement Document and this Placement Document or otherwise. By accepting participation in the Issue, you agree to the same and confirm that the only information you are entitled to rely on, and on which you have relied in committing yourself to acquire the Equity Shares is contained in this Placement Document, such information being all that you deem necessary to make an investment decision in respect of the Equity Shares, and you have neither received nor relied on any other information, representation, warranty or statement made by, or on behalf of, the Book Running Lead Managers or our Bank or any other person and neither the Book Running Lead Managers nor our Bank or any of their respective shareholders, directors, officers, employees, counsels, advisors, representatives, agents and other affiliates, including any view, statement, opinion or representation expressed in any research published or distributed by them and the Book Running Lead Managers and their respective shareholders, directors, officers, employees, counsels, advisors, representatives, agents and other affiliates will not be liable for your decision to accept an invitation to participate in the Issue based on any other information, representation, warranty, statement or opinion;

34. You acknowledge that neither the Book Running Lead Managers nor any of their respective affiliates have any obligation to purchase or acquire all or any part of the Equity Shares purchased by you in the Issue or to support any losses directly or indirectly sustained or incurred by you for any reason whatsoever in connection with the Issue, including non-performance by our Bank of any of its obligations or any breach of any representations and warranties by our Bank, whether to you or otherwise;

35. You acknowledge that (i) an investment in the Equity Shares involves a high degree of risk and that the Equity Shares are, therefore, a speculative investment, (ii) you have sufficient knowledge, sophistication and experience in financial and business matters so as to be capable of evaluating the merits and risk of the purchase of the Equity Shares, and (iii) you are experienced in investing in private placement transactions of securities of companies in a similar stage of development and in similar jurisdictions and have such knowledge and experience in financial, business and investments matters that you are capable of evaluating the merits and risks of your investment in the Equity Shares;

36. You are subscribing to the Equity Shares to be issued pursuant to the Issue in accordance with applicable laws and by participating in this Issue, you are not in violation of any applicable law, including but not limited to the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended ("**SEBI Insider Trading Regulations**"), the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003, as amended, and the Companies Act, 2013, as amended;

37. Either (i) you have not participated in or attended any investor meetings or presentations by our Bank or its agents with regard to our Bank or this Issue; or (ii) if you have participated in or attended any Bank presentations: (a) you understand and acknowledge that the Book Running Lead Managers may not have the knowledge of the statements that our Bank or its agents may have made at such Bank presentations and are therefore unable to determine whether the information provided to you at such meetings or presentations included any material misstatements or omissions, and, accordingly you acknowledge that Book Running Lead Managers have advised you not to rely in any way on any such information that was provided to you at such meetings or presentations, and (b) you confirm that, to the best of your knowledge, you have not been provided any material information that was not publicly available;

38. You agree that any dispute arising in connection with the Issue will be governed by and construed in accordance with the laws of Republic of India, and the courts in Mumbai, India shall have sole and exclusive jurisdiction to settle any disputes which may arise out of or in connection with this Placement Document;

39. You understand that the Equity Shares issued pursuant to the Issue will, be credited as fully paid and will rank pari passu in all respects with the existing Equity Shares including the right to receive dividend and other distributions declared;

40. You will make the payment for subscription to the Equity Shares pursuant to this Issue from your own bank account. In case of joint holders, the monies shall be paid from the bank account of the person whose name appears first in the application;

41. You are aware that in terms of the FEMA Rules (as defined hereinafter), and any notifications, circulars or clarifications issued thereunder, the total holding by each FPI including its investor group (which means common ownership of more than fifty percent or common control) shall be below 10% of the total paid-up Equity Share capital of our Bank and the total holdings of all FPIs put together shall not exceed the sectoral cap applicable to our Bank. Hence, Eligible FPIs may invest in such number of Equity Shares in the Issue such that (i) the individual investment of the FPI in our Bank does not exceed 10% of the post-Issue paid-up Equity Share capital of our Bank on a fully diluted basis, and (ii) the aggregate investment by FPIs in our Bank does not exceed the sectoral cap applicable to our Bank. In case the holding of an FPI or investor group increases to 10% or more of the total paid-up Equity Share capital, on a fully diluted basis, such FPI shall divest the excess holding within a period of five trading days from the date of settlement of the trades resulting in the breach. If however, such excess holding has not been divested within the specified period of five trading days, the entire shareholding of such FPI will be re-classified as FDI, subject to the conditions as specified by SEBI and the RBI in this regard and compliance by our Bank and the investor with applicable reporting requirements;

42. You represent that you are not an affiliate of our Bank or the Book Running Lead Managers or a person acting on behalf of such affiliate;

43. You are aware and understand that you are allowed to place a Bid for Equity Shares. Please note that submitting a Bid for Equity Shares should not be taken to be indicative of the number of Equity Shares that will be Allotted to a successful Bidder. Allotment of Equity Shares will be undertaken by our Bank, in its absolute discretion, in consultation with the Book Running Lead Managers;

44. Each of the representations, warranties, acknowledgements and agreements set out above shall continue to be true and accurate at all times up to and including the Allotment and the listing and the trading of the Equity Shares sold in the Issue. You agree to indemnify and hold our Bank and the Book Running Lead Managers and their respective affiliates and their respective directors, officers, employees and persons in control of such persons harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the representations, warranties, acknowledgements, agreements and undertakings made by you in the Preliminary Placement Document and this Placement Document. You agree that the indemnity set out in this paragraph shall survive the resale of the Equity Shares by, or on behalf of, the managed accounts; and

45. You agree that our Bank, the Book Running Lead Managers and their respective affiliates, directors, officers, employees and persons in control of such persons and others will rely on the truth and accuracy of the foregoing representations, warranties, acknowledgements, agreements and undertakings, which are given to the Book Running Lead Managers and our Bank and are irrevocable.

OFFSHORE DERIVATIVE INSTRUMENTS

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, as amended ("**SEBI FPI Regulations**"), FPIs, including the affiliates of the Book Running Lead Managers, who are registered as category I FPI can issue, subscribe and deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it in India, as its underlying) (all such offshore derivative instruments are referred to herein as "**P-Notes**") and persons who are eligible for registration as category I FPIs can subscribe to or deal in such P-Notes provided that in the case of an entity that has an investment manager who is from the Financial Action Task Force member country, such investment manager shall not be required to be registered as a Category I FPI. The above-mentioned category I FPIs may receive compensation from the purchasers of such instruments. Such P-Notes can be issued post compliance with the KYC norms and such other conditions as specified by SEBI from time to time. P-Notes have not been, and are not being offered, or sold pursuant to the Preliminary Placement Document and this Placement Document. This Placement Document does not contain any information concerning P-Notes or the issuer(s) of any P-notes, including, without limitation, any information regarding any risk factors relating thereto.

Subject to certain relaxations provided under Regulation 22(4) of the SEBI FPI Regulations, investment by a single FPI including its investor group (multiple entities registered as FPIs and directly or indirectly, having common ownership of more than 50% or common control) is not permitted to be 10% or above of our post-Issue Equity Share capital on a fully diluted basis. The SEBI has, vide a circular dated November 5, 2019, issued the operational guidelines for FPIs, designated depository participants and eligible foreign investors (the "**FPI Operational Guidelines**"), to facilitate implementation of the SEBI FPI Regulations. In terms of such FPI Operational Guidelines, the above mentioned restrictions shall also apply to subscribers of offshore derivative instruments and two or more subscribers of offshore derivative instruments having common ownership, directly or indirectly, of more than 50% or common control shall be considered together as a single subscriber of the offshore derivative instruments. Further, in the event a prospective investor has investments as an FPI and as a subscriber of offshore derivative instruments, these investment restrictions shall apply on the aggregate of the FPI and offshore derivative instruments investments held in the underlying Bank.

Further, in accordance with the FDI policy, read along with the Press Note No. 3 (2020 Series), dated April 17, 2020, issued by the Department for Promotion of Industry and Internal Trade, Government of India and the related amendments to the FEMA Rules, investments where the beneficial owner of the Equity Shares is situated in or is a citizen of a country which shares land border with India, can only be made through the Government approval route, as prescribed in the Consolidated FDI Policy. Additionally, our Bank confirms that no government approval is required under the FEMA Rules, as mandated under the Companies (Share Capital and Debentures) Rules, 2014 and the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended. These investment restrictions shall also apply to subscribers of offshore derivative instruments.

Any P-Notes that may be issued are not securities of our Bank and do not constitute any obligation of, claims on or interests in our Bank. Our Bank has not participated in any offer of any P-Notes, or in the establishment of the terms of any P-Notes, or in the preparation of any disclosure related to any P-Notes. Any P-Notes that may be offered are issued by, and are the sole obligations of, third parties that are unrelated to our Bank. Our Bank and the Book Running Lead Managers do not make any recommendation as to any investment in P-Notes and do not accept any responsibility whatsoever in connection with any P-Notes. Any P-Notes that may be issued are not securities of the Book Running Lead Managers and do not constitute any obligations of or claims on the Book Running Lead Managers. Respective affiliates of the Book Running Lead Managers which are Eligible FPIs may purchase the Equity Shares in the Issue, and may issue P-Notes in respect thereof, in each case to the extent permitted by applicable law.

Prospective investors interested in purchasing any P-Notes have the responsibility to obtain adequate disclosures as to the issuer(s) of such P-Notes and the terms and conditions of any such P-Notes from the issuer(s) of such P-Notes. Neither SEBI nor any other regulatory authority has reviewed or approved any P-Notes or any disclosure related thereto. Prospective investors are urged to consult their own financial,

legal, accounting and tax advisors regarding any contemplated investment in P-Notes, including whether P-Notes are issued in compliance with applicable laws and regulations.

Also please see the sections entitled "*Selling Restrictions*" and "*Transfer Restrictions and Purchaser Representations*" beginning on pages 253 and 262, respectively.

DISCLAIMER CLAUSE OF THE STOCK EXCHANGES

As required, a copy of the Preliminary Placement Document and this Placement Document has been submitted to each of the Stock Exchanges. The Stock Exchanges do not in any manner:

(1) warrant, certify or endorse the correctness or completeness of the contents of the Preliminary Placement Document and this Placement Document;

(2) warrant that the Equity Shares issued pursuant to this Issue will be listed or will continue to be listed on the Stock Exchanges; or

(3) take any responsibility for the financial or other soundness of our Bank, its management or any scheme or project of our Bank.

It should not for any reason be deemed or construed to mean that the Preliminary Placement Document and this Placement Document has been cleared or approved by the Stock Exchanges. Every person who desires to apply for or otherwise acquire any Equity Shares may do so pursuant to an independent inquiry, investigation and analysis and shall not have any claim against the Stock Exchanges whatsoever, by reason of any loss which may be suffered by such person consequent to or in connection with, such subscription/ acquisition, whether by reason of anything stated or omitted to be stated herein, or for any other reason whatsoever.

DISCLAIMER CLAUSE OF THE RBI

Our Bank has a valid banking license dated April 4, 1966, issued by the Reserve Bank of India under section 22(1) of the Banking Regulation Act, 1949. However, the RBI does not accept any responsibility or guarantee about the present position as to the financial soundness of our Bank or for the correctness of any of the statements or representations made or opinions expressed by our Bank and for repayment of deposits/ discharge of liability by our Bank. It is distinctly understood that the Preliminary Placement Document and this Placement Document should not in any way be deemed or construed to be approved or vetted by RBI.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

In this Placement Document, unless otherwise specified or the context otherwise indicates or implies, references to 'you', 'your', 'offeree', 'purchaser', 'subscriber', 'recipient', 'investors', 'prospective investors' and 'potential investor' are to the Eligible QIBs who are the prospective investors in the Equity Shares issued pursuant to the Issue, references to the 'Bank' or the 'Issuer' are to The Karnataka Bank Limited on a standalone basis and references to 'we', 'us' or 'our' are to The Karnataka Bank Limited together with its Subsidiary on a consolidated basis.

In this Placement Document, references to 'INR', '₹', 'Rs.', 'Indian Rupees' and 'Rupees' are to the legal currency of India and to 'USD', 'U.S. Dollars' and 'US$' are to the legal currency of the United States. All references herein to 'India' are to the Republic of India and its territories and possessions and the 'Government' or the 'Central Government' or the 'State Government' are to the Government of India, central or state, as applicable. All references herein to the 'US' or the 'U.S.' or the 'United States' are to the United States of America and its territories and possessions.

References to the singular also refer to the plural and one gender also refers to any other gender, wherever applicable.

Financial and other information

The financial year of our Bank commences on April 1 of each calendar year and ends on March 31 of the following calendar year, and, unless otherwise specified or if the context requires otherwise, all references to a particular 'financial year', 'Fiscal Year', 'fiscal', 'Fiscal' or 'FY' are to the 12-month period ended on March 31 of that year and references to a particular 'year' are to the calendar year ending on December 31 of that year.

Our Audited Financial Statements and the Unaudited Condensed Interim Financial Statements are included in this Placement Document. In terms of the RBI guidelines dated April 27, 2021, our Bank is required to appoint a minimum of two joint statutory auditors. Our Bank has appointed Sundaram & Srinivasan, Chartered Accountants, Kalyaniwalla & Mistry LLP, Chartered Accountants, and Ravi Rajan & Co LLP, Chartered Accountants as its joint statutory auditors (collectively, the "**Joint Statutory Auditors**") pursuant to a Shareholders' resolution dated August 29, 2023 respectively. For further details, please see the section entitled "*Our Joint Statutory Auditors*" on page 294.

Our Bank publishes its financial statements in Indian Rupees. Our Bank presents its financial statements under the Banking Regulation Act following Indian GAAP and other RBI issued guidelines/circulars. Indian GAAP differs from accounting principles with which prospective investors may be familiar in other countries, including generally accepted accounting principles followed in the U.S. ("**U.S. GAAP**") or International Financial Reporting Standards ("**IFRS**"). Our Bank does not attempt to quantify the impact of U.S. GAAP or IFRS on the financial data included in this Placement Document, nor does our Bank provide a reconciliation of its Audited Financial Statements to IFRS or U.S. GAAP. Accordingly, the degree to which the financial statements included in this Placement Document will provide meaningful information is entirely dependent on the reader's familiarity with Indian GAAP and applicable RBI guidelines. Any reliance by persons not familiar with Indian GAAP and applicable RBI guidelines on the financial disclosures presented in this Placement Document should accordingly be limited.

Our Bank's management primarily utilises our Bank's standalone financial information to monitor the operational strength and performance of our Bank's business and, hence, unless stated otherwise, the financial information in this Placement Document is based on our Bank's standalone financial information. Unless otherwise stated or unless the context requires otherwise, the financial information contained in this Placement Document is derived from the Audited Financial Statements and the Unaudited Condensed Interim Financial Statements. For further details, please see the section entitled "*Financial Information*" on page 296.

Our Audited Financial Statements are prepared in thousands and the Unaudited Condensed Interim Financial Statements for the nine months ended December 31, 2023 and December 31, 2022 are prepared in millions. Except for the Audited Financial Statements and the Unaudited Condensed Interim Financial Statements the nine months ended December 31, 2023 and December 31, 2022, figures in this Placement Document have been presented in millions or in whole numbers where the numbers have been too small to present in crores unless stated otherwise.

In this Placement Document, references to "Thousands" represents "1,000", "Lakh" represents "100,000", "million" represents "1,000,000", "crore" represents "10,000,000", and "billion" represents "1,000,000,000".

Certain figures contained in this Placement Document, including financial information, have been subject to rounding adjustments. Any discrepancies in any table between the totals and the sum of the amounts listed are due to rounding off. All figures in decimals have been rounded off to the second decimal. In certain instances, (i) the sum or percentage change of such numbers may not conform exactly to the total figure given, and (ii) the sum of the figures in a column or row in certain tables may not conform exactly to the total figure given for that column or row. Unless otherwise specified, all financial numbers in parenthesis represent negative figures.

Certain non-GAAP financial measures

The body of generally accepted accounting principles is commonly referred to as "GAAP." Our Bank's management believes that the presentation of certain non-GAAP financial measures provides additional useful information to potential investors regarding our Bank's performance and trends related to our Bank's financial condition and results of operations. Accordingly, we believe that when non-GAAP financial information is viewed together with GAAP financial information, potential investors are provided with a more meaningful understanding of our Bank's ongoing operating performance and financial results.

Our Bank uses a variety of financial and operational performance indicators to measure and analyse our Bank's financial condition and operational performance from period to period, and to manage its business. Our Bank's management also uses other information that may not be entirely financial in nature, including statistical and other comparative information commonly used within the Indian banking industry to evaluate our Bank's financial and operating performance. For these reasons, our Bank has included certain non-GAAP financial measures in this Placement Document, including, among others: gross total advances, total deposits, credit to deposit ratio (gross), yield on advances, cost of funds, net interest income, other income, interest income, total income, interest expense, net interest margin, cost to income ratio, profit after tax, return on average equity, return on average assets, credit cost, gross NPAs, gross NPAs ratio, net NPAs, net NPAs ratio, provisioning coverage ratio (including technical write off), tier I capital adequacy ratio, tier II capital adequacy ratio, total capital adequacy ratio, CASA ratio and total assets; as well as certain other metrics based on or derived from those non-GAAP financial measures. These financial and operational performance indicators have limitations as analytical tools. These non-GAAP financial measures are not calculated in accordance with Indian GAAP and, therefore, should not be viewed as substitutes for performance or profitability measures under Indian GAAP. As a result, these financial and operational performance indicators should not be considered in isolation from, or as a substitute for, analysis of our historical financial performance, as reported under Indian GAAP and presented in the standalone financial statements included in this Placement Document. Our Bank's use of these terms may vary from the use of similarly titled measures by other banks due to potential inconsistences in the method of calculation and differences due to items subject to interpretation and, as such, they may not be comparable to similar financial or performance indicators used by other banks or financial institutions.

The Ministry of Corporate Affairs, in its press release dated January 18, 2016, issued a roadmap for implementation of Ind AS for scheduled commercial banks, insurers, insurance companies and non-banking financial companies. This roadmap requires all financial institutions (including our Bank) to prepare Ind AS-based financial statements for the accounting periods beginning from April 1, 2018 onwards with comparatives for the periods ending March 31, 2018 and thereafter. However, the RBI through a circular dated March 22, 2019 has deferred the implementation of Ind AS for scheduled commercial banks, insurers, insurance companies and non-banking financial companies until further notice.

As per the roadmap given by the RBI *vide* its circular dated February 11, 2017, the transition to Indian Accounting Standards ("**Ind AS**") in banks was to commence from the accounting period beginning April 1, 2018 onwards. However, the RBI *vide* its circular no. DBR.BP.BC.No.29/21. 07.001/2018-19 dated March 22, 2019 has deferred the implementation of Ind-AS in Banks till further notice. Our Bank has set up a Steering Committee headed by the Managing Director and also a sub-committee called IFRS Working Group involving the stakeholder departments to facilitate, on a continuous basis, the process of implementation of Ind AS in the Bank. As stipulated by RBI, Bank has been submitting the proforma Ind AS financial statements at half yearly intervals. For further information, please see "*Risk Factors - Indian accounting principles differ from those which* *prospective investors may be familiar with in other countries. In addition, the effects of the planned convergence with, and adoption of, IFRS are uncertain.*" on page 76.

INDUSTRY AND MARKET DATA

Our Bank has not commissioned any industry report for the purposes of this Placement Document. Industry and market data as well as economic data included in this Placement Document has been obtained or derived from government bodies, professional organizations and analysts, data from other external sources and other publicly available information. Industry publications generally state that the information contained in such publications has been obtained from publicly available documents from various sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Accordingly, no investment decisions should be made on the basis of such information.

Although our Bank believes that the industry and market data used in this Placement Document is reliable, it has not been independently verified by our Bank or the Book Running Lead Managers or any of their affiliates or advisors.

This data is subject to change and cannot be verified with complete certainty due to limits on the availability and reliability of the raw data and other limitations and uncertainties inherent in any statistical survey. In many cases, there is no readily available external information (whether from trade or industry associations, government bodies or other organizations) to validate market-related analysis and estimates, so we have relied on internally developed estimates.

The extent to which the market and industry data used in this Placement Document is meaningful depends solely on the reader's familiarity with and understanding of the methodologies used in compiling such data. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in "*Risk Factors - Statistical and industry data in this Placement Document may be incomplete or unreliable*" on page 96. The extent to which the market and industry data used in this Placement Document is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Placement Document that are not statements of historical fact constitute 'forward-looking statements'. The prospective investors can generally identify forward-looking statements by terminology such as 'aim', 'anticipate', 'believe', 'continue', 'can', 'could', 'estimate', 'expect', 'goal', 'intend', 'may', 'objective', 'plan', 'potential', 'project', 'pursue', 'shall', 'seek to', 'should', 'will', 'will continue', 'will pursue', 'would', 'will achieve' 'will likely result', 'is likely' or other words or phrases of similar import. Similarly, statements that describe the strategies, objectives, plans or goals of our Bank are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements.

The forward-looking statements appear in a number of places throughout this Placement Document and include statements regarding the intentions, beliefs or current expectations of our Bank concerning, amongst other things, the expected results of operations, financial condition, liquidity, prospects, growth, strategies and dividend policy of our Bank and the industry in which we operate. In addition even if the result of operations, financial conditions, liquidity and dividend policy of our Bank, and the development of the industry in which we operate, are consistent with the forward-looking statements contained in this Placement Document, those results or developments may not be indicative of results or developments in subsequent periods.

All statements regarding our expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our Bank's business strategy, planned projects, revenue and profitability (including, without limitation, any financial or operating projections or forecasts), new business and other matters discussed in this Placement Document that are not historical facts. These forward-looking statements contained in this Placement Document (whether made by our Bank or any third party), are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of our Bank to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. All forward-looking statements are subject to risks, uncertainties and assumptions about our Bank that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement.

Important factors that could cause the actual results, performances and achievements of our Bank to be materially different from any of the forward-looking statements include, among others:

- An increase in our portfolio of NPAs or provisioning requirements mandated by the RBI.
- Adverse effects on our business and financial performance due to an increase in the level of restructured loans in our portfolio and inadequate performance of our restructured loans.
- Exposure to various categories of borrowers, depositors and industry sectors, and defaults by any large borrower, premature withdrawal of deposits or a deterioration in the performance of any of these industry sectors in which we have significant exposure.
- Any change in lending rates applicable to the agricultural sector in which we make significant advances.
- Concentration of our Bank's branches in Karnataka making us dependent on the general economic conditions and activities in this state.
- Our Bank facing asset liability mismatches, which could adversely affect our liquidity and, consequently, our business, results of operations and financial condition.
- The vulnerability of our business to interest rate risk, and to any volatility in such interest rates.
- Any volatility in housing or commercial real estate prices.
- The possibility of not securing longer-term funding from deposits for our operations when we need it or at a cost that is not favourable or at a competitive cost.
- Heavy reliance of our business operations on our information technology systems.

Additional factors that could cause actual results, performance or achievements of our Bank to differ materially include, but are not limited to, those discussed under the sections entitled "*Risk Factors*", "*Industry Overview*", "*Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" beginning on pages 67, 157, 173 and 132, respectively.

By their nature, certain of the market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, any future gains, losses or impact on net income and net income could materially differ from those that have been estimated, expressed or implied by such forward-looking statements or other projections.

The forward-looking statements contained in this Placement Document are based on the beliefs of the management, as well as the assumptions made by, and information currently available to, the management of our Bank. Although our Bank believes that the expectations reflected in such forward-looking statements are reasonable at this time, it cannot assure the prospective investors that such expectations will prove to be correct. Given these uncertainties, the prospective investors are cautioned not to place undue reliance on such forward-looking statements. In any event, these statements speak only as of the date of this Placement Document or the respective dates indicated in this Placement Document, and our Bank or the Book Running Lead Managers undertake no obligation to update or revise any of them, whether as a result of new information, future events, changes in assumptions or changes in factors affecting these forward-looking statements or otherwise.

If any of these risks and uncertainties materialise, or if any of our Bank's underlying assumptions prove to be incorrect, the actual results of operations or financial condition of our Bank could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to our Bank are expressly qualified in their entirety by reference to these cautionary statements.

ENFORCEMENT OF CIVIL LIABILITIES

Our Bank is a limited liability company incorporated under the laws of India. All our Directors, Key Managerial Personnel and Senior Management named herein are residents of India, and majority of the assets of our Bank are located in India. As a result, it may be difficult or may not be possible for the prospective investors outside India to affect service of process upon our Bank or such persons in India, or to enforce against them judgments of courts outside India.

India is not a signatory to any international treaty in relation to the recognition or enforcement of foreign judgments. However, recognition and enforcement of foreign judgments is provided for under Section 13 and Section 44A of the Code of Civil Procedure, 1908, as amended ("**Civil Procedure Code**"). Section 13 of the Civil Procedure Code provides that a foreign judgment shall be conclusive regarding any matter directly adjudicated upon between the same parties or between parties litigating under the same title, except:

(a) where the judgment has not been pronounced by a court of competent jurisdiction;

(b) where the judgment has not been given on the merits of the case;

(c) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognise the law of India in cases in which such law is applicable;

(d) where the proceedings in which the judgment was obtained were opposed to natural justice;

(e) where the judgment has been obtained by fraud; and

(f) where the judgment sustains a claim founded on a breach of any law then in force in India.

Section 44A of the Civil Procedure Code provides that a foreign judgment rendered by a superior court (within the meaning of that section) in any jurisdiction outside India which the Government has by notification declared to be a reciprocating territory, may be enforced in India by proceedings in execution as if the judgment had been rendered by a district court in India. However, Section 44A of the Civil Procedure Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalties and does not include arbitration awards. Under Section 14 of the Civil Procedure Code, a court in India will, upon the production of any document purporting to be a certified copy of a foreign judgment, presume that the foreign judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on record but such presumption may be displaced by proving want of jurisdiction.

Each of the United Kingdom of Great Britain and Northern Ireland, United Arab Emirates, Republic of Singapore and Hong Kong, have been declared by the Government to be reciprocating territories for the purposes of Section 44A of the Civil Procedure Code, but the United States of America has not been so declared. A foreign judgment of a court in a jurisdiction which is not a reciprocating territory may be enforced only by a new suit upon the foreign judgment and not by proceedings in execution. The suit must be brought in India within three years from the date of the foreign judgment in the same manner as any other suit filed to enforce a civil liability in India. Accordingly, a judgment of a court in the United States may be enforced only by a fresh suit upon the foreign judgment and not by proceedings in execution.

It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive or inconsistent with public policy of India, and it is uncertain whether an Indian court would enforce foreign judgments that would contravene or violate Indian law. Further, any judgment or award denominated in a foreign currency would be converted into Rupees on the date of such judgment or award and not on the date of payment. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to repatriate outside India any amount recovered, and any such amount may be subject to income tax in accordance with applicable laws.

EXCHANGE RATES

Fluctuations in the exchange rate between the Rupee and foreign currencies will affect the foreign currency equivalent of the Rupee price of the Equity Shares on the Stock Exchanges. These fluctuations will also affect the conversion into foreign currencies of any cash dividends paid in Rupees on the Equity Shares, if any.

The following table sets forth information with respect to the exchange rates between the Rupee and the U.S. dollar (in ₹ per USD), for the periods indicated. The exchange rates are based on the reference rates released by the RBI and Financial Benchmarks India Private Limited (the "**FBIL**"), which are available on the website of the RBI and FBIL. No representation is made that any Indian Rupee amounts could have been, or could be, converted into U.S. dollars at any particular rate, the rates stated below, or at all.

(₹ per USD)

	Period End (1)	Average (2)	High (3)	Low (4)
Financial Year ended^:				
March 31, 2023	82.22	80.39	83.20	75.39
March 31, 2022	75.81	74.51	76.92	72.48
March 31, 2021	73.50	74.27	76.81	72.29
Nine months ended				
December 31, 2023	83.12	82.71	83.40	81.65
December 31, 2022	82.79	79.77	83.20	75.39
Month ended^:				
February 29, 2024	82.92	82.96	83.09	82.84
January 31, 2024	83.08	83.12	83.33	82.85
December 31, 2023	83.12	83.28	83.40	83.02
November 30, 2023	83.35	83.30	83.39	83.13
October 31, 2023	83.27	83.24	83.27	83.15
September 30, 2023	83.06	83.05	83.26	82.66

Source: www.rbi.org.in and www.fbil.org.in

Notes:

(1) The price for the period end refers to the price as on the last trading day of the respective fiscal year or monthly period.

(2) Represents the average of the official rate for each working day of the relevant period.

(3) Maximum of the official rate for each working day of the relevant period.

(4) Minimum of the official rate for each working day of the relevant period.

**Period end, high, low and average rates are based on the FBIL reference rates and rounded off to two decimal places.*

^If the RBI/ FBIL reference rate is not available on a particular date due to a public holiday, exchange rates of the previous working day have been disclosed. The RBI/ FBIL reference rates are rounded off to two decimal places.

DEFINITIONS AND ABBREVIATIONS

This Placement Document uses the definitions and abbreviations set forth below, which you should consider when reading the information contained herein.

The following list of certain capitalised terms used in this Placement Document is intended for the convenience of the reader/ prospective investor only and is not exhaustive.

Unless otherwise specified, the capitalised terms used in this Placement Document shall have the meaning as defined hereunder. Further any references to any agreement, document, statute, rules, guidelines, regulations or policies shall include amendments made thereto, from time to time.

The words and expressions used in this Placement Document but not defined herein, shall have, to the extent applicable, the meaning ascribed to such terms under the Companies Act, 2013, the SEBI ICDR Regulations, the SCRA, the Depositories Act or the rules and regulations made thereunder. Notwithstanding the foregoing, terms used in the sections entitled "Industry Overview", "Taxation", "Financial Information" and "Legal Proceedings" beginning on pages 157, 272, 296 and 283, respectively, shall have the meaning given to such terms in such sections.

General terms

Term	Description
"the Bank" or "our Bank" or "the Issuer" or "KBL"	The Karnataka Bank Limited, a public limited company incorporated under the Companies Act, 2013 and having its registered office at P.B. No. 599, Mahaveera Circle, Kankanady, Mangalore – 575 002, Karnataka, India
"Us", "we" or "our"	Collectively, our Bank together with its Subsidiary, on a consolidated basis

Bank related terms

Term	Description
"Articles" or "Articles of Association" or "AoA"	Articles of association of our Bank, as amended from time to time
Audit Committee	Audit committee of our Bank as disclosed in the section entitled "*Board of Directors and Senior Management*" on page 205
Audited Financial Statements	The Audited Consolidated Financial Statements and the Audited Standalone Financial Statements
Audited Consolidated Financial Statements	The audited consolidated financial statements of our Bank and its Subsidiary together referred to as the "**Group**", as of and for the years ended March 31, 2023, March 31, 2022 and March 31, 2021 which have been prepared and presented based on historical cost convention and accrual basis of accounting, unless otherwise stated and are in accordance with the requirements prescribed under Section 29 and third schedule of the Banking Regulation Act, 1949. The accounting and reporting policies of our Bank used in the preparation of these financial statements are in conformity with generally accepted accounting principles in India ("**Indian GAAP**"), circulars and guidelines issued by the RBI from time to time, and the Accounting Standards notified under section 133 of the Companies Act, 2013 read together with Para 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Rules, 2021 to the extent applicable and practices generally prevalent in the banking industry in India
Audited Standalone Financial Statements	The audited standalone financial statements of Bank as of and for the years ended March 31, 2023, March 31, 2022 and March 31, 2021 which have been prepared and presented based on historical cost convention and accrual basis of accounting, unless otherwise stated and are in accordance with the requirements prescribed under Section 29 and third schedule of the Banking Regulation Act, 1949. The accounting and reporting policies of our Bank used in the preparation of these financial statements are in conformity with Indian GAAP, the circulars and guidelines issued by the RBI from time to time, the Accounting Standards notified under section 133 of the Companies Act, 2013, read together with para 7 of Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Rules, 2021 to the extent applicable and practices generally prevalent in the banking industry in India
"Auditors" or "Joint Statutory Auditors"	The current statutory auditors of our Bank, namely, Sundaram & Srinivasan, Chartered Accountants, Kalyaniwalla & Mistry LLP, Chartered Accountants and Ravi Rajan & Co LLP, Chartered Accountants
"Board of Directors" or "Board" or "our Board" or "Directors"	The board of directors of our Bank or any duly constituted committee thereof

Term	Description
Committee of Directors	The committee of our Board of Directors formed with respect to this Issue, as disclosed in the section entitled "*Board of Directors and Senior Management*" on page 214
Corporate Social Responsibility Committee	Corporate social responsibility committee of our Bank, as disclosed in the section entitled "*Board of Directors and Senior Management*" on page 214
Equity Shares	Equity shares of our Bank having a face value of ₹ 10 each
Executive Director(s)	The executive Directors of our Bank, being Srikrishnan Hari Hara Sarma and Sekhar Sridhar Rao
Independent Director(s)	The non-executive, independent Directors of our Bank as disclosed in "*Board of Directors and Senior Management*" on page 205
"Key Managerial Personnel" or "KMP(s)"	Key managerial personnel as decided by our Bank as disclosed in "*Board of Directors and Senior Management*" on page 216
"Memorandum of Association" or "MoA"	Memorandum of Association of our Bank, as amended from time to time
Nomination and Remuneration Committee	Nomination and remuneration committee of our Bank as disclosed in the section entitled "*Board of Directors and Senior Management*" on page 213
Non-Executive Directors	The Directors not being Executive Directors nor Independent Directors, as disclosed in "*Board of Directors and Senior Management*" on page 205
Registered Office	The registered office of our Bank located at P.B. No. 599, Mahaveera Circle, Kankanady, Mangalore – 575 002, Karnataka, India
Registrar of Companies or RoC	Registrar of Companies, Karnataka at Bangalore
Risk and Capital Management Committee	Risk and capital management committee of our Bank, as disclosed in the section entitled "*Board of Directors and Senior Management*" on page 213
"Senior Management" or "SM(s)"	Senior management of our Bank, in accordance with Regulation 2(1)(bbbb) of the SEBI ICDR Regulations as disclosed in the section entitled "*Board of Directors and Senior Management*" beginning on page 216
Shareholders	The holders of the Equity Shares of our Bank
Stakeholders and Customer Relations Committee	Stakeholders and customer relations committee of our Bank, as disclosed in the section entitled "*Board of Directors and Senior Management*" on page 213
Subsidiary	The subsidiary of our Bank, in accordance with Section 2(87) of the Companies Act and applicable accounting standards, whose financials are consolidated with that of our Bank, being KBL Services Limited For further details, please see the section entitled "*Organizational Structure*" on page 204
Unaudited Condensed Interim Financial Statements	The Unaudited Condensed Interim Consolidated Financial Statements and the Unaudited Condensed Interim Standalone Financial Statements
Unaudited Condensed Consolidated Interim Financial Statements	Our unaudited condensed consolidated interim financial statements comprising the condensed consolidated balance sheet as at December 31, 2023, the condensed consolidated statement of profit and loss and the condensed consolidated cash flow statement for the nine months ended December 31, 2023, and other explanatory notes of our Bank prepared in accordance with the recognition and measurement principles laid down in Accounting Standard 25 'Interim Financial Reporting' ("**AS 25**") prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder, the relevant provisions of the Banking Regulation Act, 1949, the circulars, guidelines and directions issued by the RBI from time to time and other recognized accounting principles generally accepted in India
Unaudited Condensed Standalone Interim Financial Statements	Our unaudited condensed standalone interim financial statements comprising the unaudited condensed standalone balance sheet as at December 31, 2023, the condensed standalone statement of profit and loss and condensed standalone cash flow statement for the nine months ended December 31, 2023, and other explanatory notes of our Bank prepared in accordance with the recognition and measurement principles laid down in Accounting Standard 25 'Interim Financial Reporting' ("**AS 25**") prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder, the relevant provisions of the Banking Regulation Act, 1949, the circulars, guidelines and directions issued by the Reserve Bank of India from time to time and other recognized accounting principles generally accepted in India

Issue related terms

Term	Description
"Allocated" or "Allocation"	Allocation of Equity Shares in connection with the Issue, in consultation with the Book Running Lead Managers, following the determination of the Issue Price to Eligible QIBs on the basis of Application Forms submitted by them, in compliance with Chapter VI of the SEBI ICDR Regulations

Term	Description
"Allotment" or "Allotted" or "Allot"	Allotment and issue of Equity Shares pursuant to this Issue
Allottees	Eligible QIBs to whom Equity Shares of our Bank are issued pursuant to this Issue
Application Form	Form (including any revisions thereof) which will be submitted by the Eligible QIBs for registering a Bid in the Issue during the Issue Period
Application Amount	With respect to a Bidder shall mean the aggregate amount paid by such Bidder at the time of submitting a Bid in the Issue, including any revisions thereof
Bid(s)	Indication of an Eligible QIB's interest including all revisions and modifications of interest, as provided in the Application Form, to subscribe for the Equity Shares pursuant to the Issue. The term "Bidding" shall be construed accordingly
Bid Amount	With respect to each Bidder, the amount determined by multiplying the price per Equity Share indicated in the Bid by the number of Equity Shares Bid for by such Bidder
Bidder(s)	Any prospective investor, being an Eligible QIB, who makes a Bid pursuant to the terms of the Preliminary Placement Document and this Placement Document and the Application Form
"Book Running Lead Managers" or "BRLMs"	Together, Ambit Private Limited and Avendus Capital Private Limited
"CAN" or "Confirmation of Allocation Note"	Note, advice or intimation sent only to successful Bidders confirming the Allocation of Equity Shares to such Successful Bidders after determination of the Issue Price and requesting payment for the entire applicable Issue Price for all Equity Shares Allocated to such Successful Bidders
Closing Date	The date on which Allotment of Equity Shares pursuant to the Issue shall be made, i.e., on or about Thursday, March 28, 2024
Designated Date	The date of credit of Equity Shares to the demat accounts of the Bidders, as applicable, to the respective Eligible QIBs
Eligible FPI(s)	Foreign portfolio investor as defined under the SEBI (Foreign Portfolio Investors) Regulations, 2019, as amended (other than individuals, corporate bodies and family offices), and including persons who have been registered under the SEBI (Foreign Portfolio Investors) Regulations, 2019, as amended, that are eligible to participate in this Issue and excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations.
Eligible QIBs	QIBs which were eligible to participate in this Issue and which are (i) not, (a) excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations or (b) restricted from participating in the Issue under the applicable laws. However, FVCIs are not permitted to participate in the Issue.
Escrow Account	A non-interest bearing, no-lien, current bank account without any cheques or overdraft facilities, opened with the Escrow Bank, subject to the terms of the Escrow Agreement, into which the Application Amount were deposited by Eligible QIBs and refunds, if any, shall be remitted to unsuccessful Bidders as set out in the Application Form
Escrow Bank	Karnataka Bank Limited acting through its branch office situated at Mahaveera Circle, Post Box No. 599, Kankanady, Mangalore – 575 002, Karnataka, India
Escrow Agreement	Agreement dated March 11, 2024, entered into by and amongst our Bank, the Escrow Bank and the Book Running Lead Managers for collection of the Bid Amount and remitting refunds, if any, of the amounts collected, to the Bidders
Floor Price	The floor price of ₹ 231.43 per Equity Share, which has been calculated in accordance with Chapter VI of the SEBI ICDR Regulations. In terms of the SEBI ICDR Regulations, the Issue Price cannot be lower than the Floor Price Our Bank has offered a discount of 1.91% on the Floor Price in terms of Regulation 176 of the SEBI ICDR Regulations, and pursuant to the approval of the shareholders of our Bank accorded through their resolution passed on February 27, 2024
Issue	Issue and allotment of 26,431,718 Equity Shares of face value ₹10 each at a price of ₹ 227.00 per Equity Share, including a premium of ₹ 217.00 per Equity Share, pursuant to the Preliminary Placement Document aggregating to approximately ₹ 6,000.00 million*. **Subject to Allotment of Equity Shares pursuant to the Issue*
Issue Closing Date	Wednesday, March 27, 2024, the date after which our Bank (or Book Running Lead Managers on behalf of our Bank) ceased acceptance of Application Forms and the Application Amount
Issue Opening Date	March 21, 2024, the date on which our Bank (or the Book Running Lead Managers on behalf of our Bank) commenced acceptance of the Application Forms and the Application Amount
Issue Period	Period between the Issue Opening Date and the Issue Closing Date, inclusive of both

Term	Description
	days, during which prospective Bidders submitted their Bids, including any revision thereof along with the Bid Amount
Issue Price	A price per Equity Share of ₹ 227.00
Issue Size	Aggregating up to ₹ 6,000.00 million comprising up to 26,431,718 Equity Shares* **Subject to Allotment of Equity Shares pursuant to the Issue*
Mutual Fund Portion	10% of the Equity Shares proposed to be Allotted in this Issue, which is available for Allocation to Mutual Funds
Net Proceeds	The aggregate proceeds of the Issue after deducting fees, commissions and expenses of the Issue. For further details regarding the use of the Net Proceeds, see "*Use of Proceeds*" on page 110
Placement Agreement	Placement agreement dated March 14, 2024, by and amongst our Bank and the Book Running Lead Managers
Placement Document	This placement document dated March 27, 2024 issued by our Bank in accordance with the provisions of Chapter VI of the SEBI ICDR Regulations and the provisions of the Companies Act, 2013 and the rules made thereunder
Preliminary Placement Document	The preliminary placement document along with the Application Form, dated March 21, 2024 issued in accordance with Chapter VI of the SEBI ICDR Regulations and the provisions of the Companies Act, 2013 and the rules made thereunder
"QIBs" or "Qualified Institutional Buyer"	Qualified institutional buyer, as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations
QIP	Qualified institutions placement under Chapter VI of the SEBI ICDR Regulations and applicable provisions of the Companies Act, 2013, read with the applicable provisions of the PAS Rules
Refund Amount	The aggregate amount to be returned to the Bidders who have not been Allocated Equity Shares for all or a part of the Bid Amount submitted by such Bidder pursuant to the Issue
Refund Intimation	The intimation from our Bank to relevant Bidders confirming refund of the Refund Amount to their respective bank accounts
Relevant Date	March 21, 2024, which is the date of the meeting in which the Committee of Directors decided to open the Issue
Successful Bidder(s)	The Bidders who have Bid at or above the Issue Price, duly paid the Application Amount and who will be Allocated Issue shares
Stock Exchanges	NSE and BSE
Wilful Defaulter	An entity or person categorised as a wilful defaulter by any bank or financial institution or consortium thereof, in terms of regulation 2(1)(lll) of the SEBI ICDR Regulations.
Working Day	Any day other than second and fourth Saturday of the relevant month or a Sunday or public holiday or a day on which scheduled commercial banks are authorised or obligated by law to remain closed in Mumbai, India or a trading day of the Stock Exchanges, as applicable

Conventional and general terms / abbreviations

Term	Description
"INR" or "Rupees" or "₹" or "Indian Rupees" or "Rs."	Indian Rupees
ADR	Average daily rate
AGM	Annual general meeting
AIF(s)	Alternative investment funds, as defined and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
Banking Regulation Act	The Banking Regulation Act, 1949, as amended
Basel III	A global regulatory framework for more resilient banks and banking systems published by our Bank for International Settlements. RBI issued guidelines on the implementation of Basel III capital regulations in India on May 2, 2012 and revised as per notification issued by the RBI on March 27, 2014
Basel Committee	Basel Committee on Banking Supervision
BFS	Board for Financial Supervision
BOLT	BSE On-line Trading
BSE	BSE Limited
CAR	Capital Adequacy Ratio
CBDT	Central Board of Direct Taxes
CBI	Central Bureau of Investigation
CBRE	CBRE South Asia Private Limited
CCI	Competition Commission of India

Term	Description
CDR	Corporate debt restructuring
CDSL	Central Depository Services (India) Limited
CENVAT	Central value added tax
CEX	Customs & Central Excise duties
CGST	Central Goods and Services Tax
CIN	Corporate identity number
Civil Procedure Code	The Code of Civil Procedure, 1908, as amended
CNB	Corresponding New Bank as defined under Section 2(d) the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970, as amended
Companies Act, 1956	The erstwhile Companies Act, 1956, as amended and the rules made thereunder
Companies Act, 2013 or Companies Act	The Companies Act, 2013, as amended and the rules made thereunder
Consolidated FDI Policy	Consolidated FDI policy issued by the Department for Promotion of Industry and Internal Trade Ministry of Commerce and Industry, Government, with effect from October 15, 2020
CRILC	Central Repository of Information on Large Credits
CrPC	Code of Criminal Procedure, 1973, as amended
CSR	Corporate social responsibility
CY	Calendar Year
Data Protection Act	Personal Data Protection Act, 2023
Depositories Act	The Depositories Act, 1996, as amended
Depository	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participant) Regulations, 1996, as amended
Depository Participant	A depository participant as defined under the Depositories Act
DPIIT	Department for Promotion of Industry and Internal Trade
DRT	Debt Recovery Tribunal
DRT Act	The Recovery of Debts and Bankruptcy Act, 1993, as amended
EGM	Extraordinary general meeting
EHS	Environment, health and safety
ESIRDA Amendment Act	The Enforcement of Security Interest and Recovery of Debts Laws and Miscellaneous Provisions (Amendment) Act, 2016, as amended
FBIL	Financial Benchmarks India Private Limited
FDI	Foreign direct investment
FDI	Foreign Direct Investment
FEMA	The Foreign Exchange Management Act, 1999, and the regulations issued thereunder, each as amended
FEMA Rules	The Foreign Exchange Management (Non-Debt Instruments) Rules, 2019, as amended
FIEL	Financial Instrument and Exchange Law of Japan
“Financial Year” or “Fiscal Year(s)” or “Fiscal” or” FY”	Period of 12 months ended March 31 of that particular year, unless otherwise stated
Form PAS-4	Form PAS-4 as prescribed under the PAS Rules
FPI	Foreign portfolio investors as defined under the SEBI FPI Regulations and includes a person who has been registered under the SEBI FPI Regulations
FPI Operational Guidelines	SEBI’s circular dated November 5, 2019 on the operational guidelines for FPIs, designated depository participants and eligible foreign investors
Framework for Resolution of Stressed Assets	RBI’s Prudential Framework for Resolution of Stressed Assets dated June 7, 2019
FVCI	Foreign venture capital investors as defined under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000 and registered with SEBI thereunder
GDP	Gross domestic product
Government / GoI	Government of India, unless otherwise specified
GST	Goods and services tax
Guidelines on Digital Lending	Guidelines on digital lending issued by RBI on September 2, 2022
HUF	Hindu undivided family
IBC	The Insolvency and Bankruptcy Code
ICAI	The Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards
IGA	Intergovernmental agreement between United States and India, which potentially modifies the FATCA withholding regime
Ind AS	Indian accounting standards as notified by the MCA *vide* Companies (Indian Accounting Standards) Rule 2015, as amended
Indian GAAP	Generally accepted accounting principles in India

Term	Description
Income Tax Act	The Income-tax Act, 1961, as amended
IRDAI	Insurance Regulatory and Development Authority of India
MCA	The Ministry of Corporate Affairs, Government of India
MOICT	The Ministry of Industry, Commerce and Tourism
MSME	Micro, small and medium enterprise
Mutual Fund	A mutual fund registered with the SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended
NABARD	National Bank for Agriculture and Rural Development
NBFC	Non-banking financial company
NEAT	National Exchange for Automated Trading
NRI	Non-resident Indian
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
NSO	National Statistics Office
Ordinance	The Banking Regulation (Amendment) Ordinance, 2020
ORFS	Online Returns Filing System
PAN	Permanent account number
PAS Rules	The Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended
PAT	Profit After Tax
PFIC	Passive foreign investment company
PGCIL	Power Grid Corporation of India Limited
PMLA	Prevention of Money Laundering Act, 2002
Prospectus Regulation	Prospectus Regulation (EU) 2017/1129 (and any amendment thereto)
QCCP	Qualified Central Counter Party
RBI	The Reserve Bank of India
RDB Act	The Recovery of Debts and Bankruptcy Act, 1993 as amended by the Enforcement of Security Interest and Recovery of Debts Laws and Miscellaneous Provisions (Amendment) Act, 2019
Res	Regulated Entities
Regulation S	Regulation S under the U.S. Securities Act
RoC	The Registrar of Companies, Karnataka at Bangalore
SARFAESI Act	Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, as amended
SBI	State Bank of India
SCB	Scheduled commercial bank(s)
SCRA	The Securities Contracts (Regulation) Act, 1956, as amended
SCRR	The Securities Contracts (Regulation) Rules, 1957, as amended
SEBI	Securities and Exchange Board of India
SEBI Act	The Securities and Exchange Board of India Act, 1992, as amended
SEBI FPI Regulations	The Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, as amended
SEBI Insider Trading Regulations	The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended
SEBI ICDR Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended
SEBI Listing Regulations	The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended
SEBI Takeover Regulations	The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011, as amended
SEC	The United States Securities and Exchange Commission
SECC Regulations	The Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018, as amended
SIDBI	Small Industries Development Bank of India
SME	Small and medium enterprise
Short Sale Directions	Short Sale (Reserve Bank) Directions, 2018
SI-NBFC	Systemically important non-banking financial companies
Stock Exchanges	BSE and NSE
STT	Securities transaction tax
UPSI	Unpublished price sensitive information
U.S. GAAP	Generally accepted accounting principles in the United States of America
“U.S.$” or “U.S. dollar” or “USD”	United States Dollar, the legal currency of the United States of America
“USA” or “U.S.” or “United States”	The United States of America
U.S. Securities Act	The U.S. Securities Act of 1933, as amended

Term	Description
VCF	Venture capital fund
Wages Code	Code on Wages, 2019
Wilful Defaulter	An entity or person categorised as a wilful defaulter by any bank or financial institution or consortium thereof, in terms of Regulation 2(1)(lll) of the SEBI ICDR Regulations

Technical / Industry related terms / abbreviations

Term/Abbreviation	Full form/Description
AFO(s)	Agriculture field officer(s)
AFS	Available for sale
AI/ML	Artificial intelligence / machine learning
AMC(s)	Asset management company(ies)
ANBC	Adjusted net bank credit
ARC	Asset reconstruction company
ATM	Automated teller machine
AWS	Amazon web services
BHIM	Bharat interface for money
BRE	Business rule engine
BSA(s)	Business sourcing agent(s)
CASA	Current accounts and savings account
CEOBE	Credit equivalent of off-balance sheet
CMD	Credit monitoring department
CPI	Consumer price index
CR(s)	Cash recyclers
CRAR	Capital-to-risk asset ratio
CRR	Cash reserve ratio
CRM	Customer relationship management
DCB	Department of co-operative bank supervision
DST(s)	Direct sales teams
DSA(s)	Direct selling agents
ELFRMS	Enterprise level fraud risk management solution
EXIM Bank	Export-Import Bank of India
GNPA	Gross non-performing asset
GVA	Gross value added
HFC	Housing finance companies
HFT	Held for trading
HTM	Held-to-maturity
IMPS	Immediate payment system
IT	Information technology
LAF	Liquidity adjustment facility
MSF	Marginal standing facility
NII	Net interest income
NIM	Net interest margin
NPA	Non-performing asset
NNPA	Net non-performing asset
NSFR	Net stable funding ratio
P2M	Person to merchant
P2P	Peer to peer
PAT	Profit after tax
PBI	Primary bank index
PSB	Private sector bank
PSL	Priority sector lending
RWA	Risk weighted assets
SDF	Standing deposit facility
SEM	Search engine marketing
SEO	Search engine optimization
SHG(s)	Self-help group(s)
SLR	Statutory liquidity ratio
JLG(s)	Joint liability group(s)
LCR	Liquidity coverage ratio
LEF	Large exposures framework
LSP	Lending service providers
MVP	Minimum viable products

Term/Abbreviation	Full form/Description
NEFT	National electronic funds transfer
NLS	Near line site
RTGS	Real time gross settlement
UPI	Unified payments interface
UCB	Urban co-operative bank
Y-o-y	Year on year

SUMMARY OF BUSINESS

Overview

With over 100 years of existence, we are one of the well-established private sector banks in India, offering wide range of banking products and services to approximately 12.93 million customers as of December 31, 2023 including corporate, retail, agriculture and MSME customers. Operating under "banking with legacy, embracing the future", we have been on a transformational journey since 2000.

Incorporated on February 18, 1924 in Mangaluru, Karnataka, we are a professionally managed scheduled commercial bank. Our Bank's principal business activities consist of retail banking, wholesale banking and treasury. We deliver a wide range of banking products and services to our customers through a variety of channels, including bank branches, ATMs, call centres, internet banking and mobile phone banking. As of December 31, 2023, our Bank's pan-Indian presence is spread across 21 states and 3 union territories, through a network of 904 branches and 1,482 ATMs and CRs.

Our banking segments include: (i) corporate / wholesale banking; (ii) retail banking (including MSMEs and agriculture); (iii) treasury; and (iv) other banking operations. Our branch network is complemented by our alternative service delivery channels such as internet banking, mobile phone banking, digital banking solutions, Aadhar-enabled payment system, point of sales, QR payments, UPI, 24*7 contact centre, mPassbook, micro-ATMs, prepaid gift cards, and payment gateway services and business correspondent services, through tie-ups, as part of financial inclusion.

***Corporate / wholesale banking*:** Our corporate / wholesale banking business includes our corporate and commercial portfolio, which consists of products and services that cater to the business needs of large companies, public enterprises and private companies/firms etc. These products and services include various fund and non-fund based products, such as term loans, working capital facilities, foreign exchange services, structured finance and trade financing products like letter of credit and guarantees, bill discounting etc.

Our segmental revenue from corporate banking advances business was ₹ 26,201.78 million, ₹ 24,918.29 million, ₹ 29,368.76 million, ₹ 21,130.64 million and ₹ 25,102.95 million as of March 31, 2021, March 31, 2022, March 31, 2023, December 31, 2022 and December 31, 2023, respectively. As a percentage of our Bank's total advances, advances in the corporate/wholesale segment accounted for 47.01%, 51.90%, 49.78%, 52.02% and 52.65% respectively in Fiscal 2021, Fiscal 2022 and Fiscal 2023 and the nine months ended December 31, 2022 and December 31, 2023.

***Retail banking*:** Our Bank offers a wide spectrum of personal banking products in the retail segment. The retail credit products include home loans, automobile loans, personal loans, education loans, loans against term deposits, Loans against securities, gold loans, small business loans and agriculture loans. We also offer banking products to priority sectors including agriculture, MSME, housing and education with a specific focus on offering products to the MSME sector.

In order to augment the retail business, our Bank has introduced the concept of, *inter alia*, DSTs, in addition to the existing channels through the network of branches, DSAs, BSAs and dealer tie-ups.

Our retail banking liability portfolio consists of CASA and term deposit services. A banking relationship through a current accounts/saving accounts opens gateway of service offerings to the customers like international debit card, internet banking, mobile banking, co-branded credit cards, third party products from our channel partners, alternative delivery channels etc. Our Bank leverages its digital capabilities, with over 88% of CASA accounts being opened through the Bank's digital onboarding solutions.

The retail banking lending division has four specialized wings namely: agriculture, forex, MSMEs and others. There is a separate agriculture credit support group that functions in the retail finance division to exclusively deal in agriculture credit. In agricultural finance, we offer a wide variety of products under various schemes such as 'KBL Agro Processing Scheme', 'KBL Instant Agri Credit Scheme', 'Kisan Credit Card Scheme', 'KBL Agri Gold Scheme', 'Krishik Sarathi Scheme', 'Krishik Pushpankura Scheme', 'Krishik Sinchana Scheme', amongst others, to individual farmers or joint borrowers, small and marginal farmers and such other persons engaged in agricultural or allied activities.

Our retail loans increased from ₹ 298,669.28 million as on March 31, 2021 to ₹ 308,622.11 million as on March

31, 2023 to ₹ 331,257.50 million as on December 31, 2023. As a percentage of our Bank's total advances, our Bank's advances in the retail segment accounted for 52.99%, 48.10%, 50.22%, 47.98% and 47.35% respectively in Fiscal 2021, Fiscal 2022 and Fiscal 2023 and the nine months ended December 31, 2022 and December 31, 2023.

Brief details in relation to our activities in the MSME and agriculture segment are provided below:

MSME: Our Bank offers various types of MSME products to the public to fulfil their financial needs. We provide a range of banking products such as working capital finance, term loans, business finance products, both fund-based and non-fund based, suited to all sectors of the industry. Some of our products, namely, 'KBL Contractor Mitra', 'KBL Micro Mitra' and 'KBL Export Mitra' focus on particular segments of the public, while schemes like KBL MSME are open for all kinds of MSME customers. In order to support the financial needs of women entrepreneurs, we offer the 'KBL Mahila Udyog' product. In November 2023, we launched the 'KBL Commercial Vehicle without Collaterals' scheme to cater to the needs of contractors and transport operators. In February 2024, we also launched the 'KBL Equipment Loan' scheme for buyers of, *inter alia*, medical equipment, backhoe loaders, crushing plants, road rollers, dumpers and cranes. Further, in order to ensure funding to the unserved and underserved sector of the economy through NBFCs and also to augment priority sector advances, we have entered into co-lending arrangements with various MSME and agriculture focussed NBFCs.

Our Bank is also registered as a financier on the TReDS platform, set up to provide finance to MSMEs.

Agriculture: In order to augment PSL and also to ensure achievement of sub-targets under PSL, our Bank has increased the number of AFOs and sales officers at branch level to reach farmers, SHGs and JLGs effectively. Our Bank conducts special campaigns regularly to focus mainly on loans to weaker sections of the society. Further, the tie up with business correspondents and business facilitators have started improving business generation. In the past few years, our Bank has taken steps in increasing lending to SHGs and micro-finance.

Moreover, our Bank continuously explores the possible participation in emerging digital disruption in the agriculture sector for business expansion by having partnership and tie-ups with agri-tech companies. Our Bank is constantly making efforts to increase its portfolio under PSL and conducts regular review to, *inter alia*, discuss various strategies, action plans and monitor performance.

Treasury: Our Bank's treasury operations comprise primarily of statutory reserves management such as SLR and CRR, liquidity management, investment and trading activities and foreign exchange activities. As part of liquidity management, our Bank's Treasury department primarily invests in sovereign debt instruments and other fixed income securities. Our Bank also deals with mutual funds, certificates of deposits and floating rate instruments in order to manage short-term surplus liquidity. Our Bank has an integrated Treasury at Mumbai and offers a wide range of products and services to customers such as forward contracts, foreign exchange products and services etc. We maintain the SLR through a portfolio of the central government, state government and government-guaranteed securities and other approved securities that we actively manage to optimize yield and benefit from price movements. We are also involved in the trading of debt securities, equity securities and foreign exchange within permissible limits. As a percentage of our Bank's total assets, our Bank's net investments accounted for 25.27%, 24.07%, 23.55%, 23.24% and 22.21% respectively in Fiscal 2021, Fiscal 2022 and Fiscal 2023 and the nine months ended December 31, 2022 and December 31, 2023.

Other banking operations: As part of our other banking operations, we offer a comprehensive range of ancillary products and services such as depository services, online trading, ASBA facility, locker facilities, safe custody facility, bill payment services, online and off-line fee collection services, mobile and internet banking services, payment and remittance services and FASTag. We offer these services through physical banking channels as well as digital channels including, *inter alia*, internet banking, mobile banking and e-lobbies. We are also registered with the IRDAI as a corporate agent for distribution of insurance products. For Fiscal 2021, Fiscal 2022 and Fiscal 2023 and the nine months ended December 31, 2022 and December 31, 2023 our Bank generated fee based income amounting to ₹ 6,817.81 million, ₹ 7,378.82 million, ₹ 8,605.09 million, ₹ 6,096.53 million and ₹ 6,243.69 million, respectively, representing 8.93%, 10.28%, 10.48%, 10.42% and 8.92% of our Bank's total income for such period.

Digital strategies: Our Bank has been upgrading IT systems and technology to ensure integration between our existing infrastructure and our new digital banking products and set up robust information technology which enables anywhere anytime banking through alternate delivery channels. Our digital strategy is based on offering an omnichannel experience, API driven open banking architecture and personalization of customer experience through the use of data analytics. For further details, please see "– *Competitive Strengths – Emphasis on digital strategies and partnerships*" on page 183.

The following table highlights certain recent awards received by our Bank:

Date	Description
October 16, 2023	Our Bank was awarded the digital marketing award for 'Stop Kidding Yourself' campaign at the Pitch BFSI Marketing Awards, 2023.
September 25, 2023	Our Bank was awarded the 'ET Edge ICONIC Brands of India – 2023'.
June 10, 2023	Our Bank was awarded with 'Exemplary Digital Transformation Strategy' and 'Outstanding Data Analytics Initiative' by Elets Banking and Finance.
June 2, 2023	Our Bank was awarded under three categories at the INFOSYS Finacle Innovation Awards 2023, namely, 'Transformation Excellence' (Platinum), 'Process Innovation' (Platinum) and 'Channel Innovation' (Gold).

As a professionally managed organisation, we are guided by the experience of our Board of Directors and Senior Management, which consists of professionals with experience in banking, accounting and auditing. The experience of our Board and senior management team has enabled us to develop an understanding of industry-specific aspects of our business and operations. For details, see "*Board of Directors and Senior Management*" on page 205.

The table below sets forth summaries of certain of the Bank's standalone key operating and financial performance parameters, as of and for the periods indicated below:

(₹ in million, except percentage data)

Particulars	Nine months ended December 31, 2023	Nine months ended December 31, 2022	Fiscal 2023	Fiscal 2022	Fiscal 2021
Gross total advances(1)	697,409.72	636,733.38	613,027.83	577,693.41	527,250.91
Total deposits(2)	921,953.90	845,965.33	873,680.12	803,868.45	756,548.62
Credit to deposit ratio (terminal) (in %)(3)	75.64%	75.27%	70.17%	71.86%	69.69%
Yield on advances (in %)(4)	9.92%	9.20%	9.41%	8.84%	9.05%
Cost of funds (in %)(5)	5.34%	4.60%	4.74%	4.74%	5.40%
Interest Income(6)	60,979.42	52,509.23	72,202.31	62,216.64	62,324.15
Other Income(7)	8,995.07	5,973.44	9,925.75	9,538.77	14,042.02
Total Income(8)	69,974.49	58,482.67	82,128.06	71,755.41	76,366.17
Interest Expense(9)	36,332.47	29,258.77	40,351.27	37,306.28	40,492.27
Net interest income(10)	24,646.95	23,250.46	31,851.04	24,910.36	21,831.88
Net interest margin (in %)(11)	3.57%	3.63%	3.70%	3.18%	2.91%
Cost to income ratio (in %)(12)	50.55%	47.90%	47.14%	52.57%	46.81%
Profit after Tax(13)	10,320.40	8,264.85	11,802.43	5,086.20	4,825.70
Return on average equity (in %)(14)	15.18%	14.74%	15.42%	7.41%	7.65%
Return on average assets (in %)(15)	1.32%	1.14%	1.21%	0.56%	0.57%
Credit Cost (in %)(16)	0.67%	0.90%	1.48%	1.04%	2.38%
Gross NPAs(17)	25,367.17	20,857.28	22,929.08	22,508.21	25,884.05
Gross NPAs ratio (in %)(18)	3.64%	3.28%	3.74%	3.90%	4.91%
Net NPAs(19)	10,600.58	10,408.84	10,212.68	13,769.66	16,450.52
Net NPAs ratio (in %)(20)	1.55%	1.66%	1.70%	2.42%	3.19%
Provisioning coverage ratio (including technical write off) (in %)(21)	80.75%	80.21%	80.86%	73.47%	69.99%
Tier I capital adequacy ratio (in %)(22)	13.66%	12.20%	14.18%	12.65%	12.34%
Tier II capital adequacy ratio (in %)(23)	2.22%	2.93%	3.27%	3.01%	2.51%
Total capital adequacy ratio (in %)(24)	15.88%	15.13%	17.45%	15.66%	14.85%
CASA ratio (in %)(25)	31.45%	31.91%	32.97%	32.97%	31.49%
Total Assets	1,099,899.61	995,722.43	990,583.39	915,839.93	856,154.29

Notes:

(1) Gross total advances = Total of all customer advances/lending portfolio of our Bank to whom our Bank has extended loans/advances, includes CC/OD, term loan, bills, demand loans, staff loans etc.

(2) Total deposits = Total of all customer deposits with our Bank (liability) including current accounts, savings accounts and term deposit accounts.

(3) Credit to deposit ratio (terminal) (in %) = (Total advances divided by deposits) x 100
(4) Yield on advances (in %) (annualised) = (Interest on advances divided by average advances) x 100
(5) Cost of funds (in %) (annualised) = (Interest expenses divided by average interest-bearing liabilities) x 100
(6) Interest income = Includes interest and discount on all types of loans and advances like cash credit, demand loans, overdrafts, export loans, term loans, domestic and foreign bills purchased and discounted (including those rediscounted), interest on debt instruments (including Government securities), overdue interest and also penal interest, interest subsidy, etc., if any, relating to such advance/bills.
(7) Other income = All income other than interest income
(8) Total income = Interest income plus other income
(9) Interest expense = These are interest paid on deposits and borrowings. It includes interest paid on all types of deposits including deposits from individuals, banks and other institutions, discount/ interest on all borrowings and refinance (including those from the RBI, other banks and financial institutions). All other payments like interest on participation certificates, penal interest paid, etc. also form part of interest expenses.
(10) Net interest income = Total interest earned less total interest expended
(11) Net interest margin (in %) (annualised) = (Net interest income divided by average interest earning assets) x 100
(12) Cost to income ratio (in %) = (Operating expenses divided by net total income) x 100
(13) Profit after tax = Total income less total expenses less all provisions including tax provisions
(14) Return on average equity (in %) (annualised) = (Net profit divided by average equity) x 100
(15) Return on average assets (in %) (annualised) = (Net profit divided by average working fund) x 100
(16) Credit cost (in %) = (Provision for NPA/Net advances) x 100
(17) Gross NPAs = Total NPA portfolio of our Bank includes substandard, doubtful and loss
(18) Gross NPAs ratio (in %) = (Gross NPA divided by Gross advances) x 100
(19) Net NPAs = Gross NPAs less provisions less balances held under ECGC/CGC less SL suspense
(20) Net NPAs ratio (in %) = (Net NPA divided by Net Advances) x 100
(21) Provisioning coverage ratio (including technical write off) (in %) = [(Closing NPA provisions + Balance lying in technical write off GL+ Balances held in DICGC/ECGC + Balances held in SL-Suspense GL) divided by (Gross NPA + Balance lying in technical write off GL)] x 100
(22) Tier I capital adequacy ratio (in %) = [Total Tier 1 capital (Equity plus reserves under Tier I) divided by Total risk weighted assets] x 100
(23) Tier II capital adequacy ratio (in %) = (Total eligible provisions plus Tier II Capital divided by Total risk weighted assets) x 100
(24) Total capital adequacy ratio (in %) = (Total of Tier I and Tier II capital divided by Total risk weighted assets) x 100
(25) CASA ratio (in %) = [Total of current account deposits (including overdue deposits) plus Savings Bank deposits divided by Total Deposits] x 100

Credit rating

As of the date of this Placement Document, we have received the following credit ratings on our debt from ICRA.

Instrument	Amount *(₹ in million)*	Rating action
Tier – II	6,200.00	ICRA A (Positive); re-affirmed and outlook revised to positive from stable
Certificates of deposit	15,000.00	ICRA A1+; reaffirmed

SUMMARY OF THE ISSUE

The following is a general summary of the terms of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Placement Document, including the sections entitled "*Risk Factors*", "*Use of Proceeds*", "*Placement*", "*Issue Procedure*" and "*Description of the Equity Shares*" beginning on pages 67, 110, 251, 235 and 268, respectively.

Issuer	The Karnataka Bank Limited
Face Value	₹ 10 per Equity Share
Issue Price	₹ 227.00 per Equity Share
Floor Price	₹ 231.43 per Equity Share, which has been calculated in accordance with Chapter VI of the SEBI ICDR Regulations. However, our Bank has offered a discount of 1.91% on the Floor Price in accordance with the approval of the shareholders of our Bank accorded through their resolution passed on February 27, 2024 and in terms of Regulation 176(1) of the SEBI ICDR Regulations.
Issue Size	Aggregating up to ₹ 6,000.00 million comprising up to 26,431,718 Equity Shares of our Bank, at a premium of ₹ 217.00 per Equity Share.* **Subject to Allotment of Equity Shares in the Issue* A minimum of 10% of the Issue Size i.e. up to 2,643,172 Equity Shares, was available for Allocation to Mutual Funds only and the balance 23,788,546 Equity Shares were made available for Allocation to all Eligible QIBs, including Mutual Funds. In case of under-subscription in the portion available for Allocation to Mutual Funds, such undersubscribed portion was Allotted to other Eligible QIBs.
Date of resolutions passed by the Board authorizing the Issue	January 27, 2024
Date of shareholders' resolution authorizing the Issue	February 27, 2024
Eligible Investors	Eligible QIBs, to whom the Preliminary Placement Document and this Placement Document and the Application Form are circulated and who were eligible to bid and participate in the Issue. The list of Eligible QIBs to whom the Preliminary Placement Document and Application Form was delivered and determined by our Bank in consultation with the Book Running Lead Managers. For further details, please see the section entitled "*Issue Procedure – Eligible QIBs*", "*Selling Restrictions*" and "*Transfer Restrictions and Purchaser Representation*" beginning on pages 240, 253 and 262, respectively.
Dividend	See the sections entitled "*Description of the Equity Shares*" and "*Dividends*" beginning on pages 268 and 131, respectively.
Equity Shares issued and outstanding immediately prior to the Issue	350,946,761 Equity Shares
Equity Shares issued and outstanding immediately after the Issue	377,378,479 Equity Shares* **Subject to Allotment of Equity Shares in the Issue*
Issue Procedure	This Issue has been made only to Eligible QIBs in reliance on Section 42 of the Companies Act, read with Rule 14 of the PAS Rules, and all other applicable provisions of the Companies Act and Chapter VI of the SEBI ICDR Regulations. For further details, please see the section entitled "*Issue Procedure*" beginning on page 235.
Listing and trading	Our Bank has obtained in-principle approvals dated March 15, 2024 and March 14, 2024 in terms of Regulation 28(1)(a) of the SEBI Listing Regulations from BSE and NSE, respectively, for listing of the Equity Shares to be issued pursuant to the Issue. Our Bank will make applications to each of the Stock Exchanges after Allotment to obtain final listing approval for the Equity Shares. The trading of the Equity Shares would be in dematerialized form and only in the cash segment of each of the Stock Exchanges. Our Bank will make applications to each of the Stock Exchanges after Allotment to obtain trading approval for the Equity Shares after the Allotment and credit of Equity Shares to the beneficiary account with the Depository Participant, respectively.

Lock-up	For details in relation to lock-up, please see the section entitled "*Placement – Lock-up*" on page 251 for a description of restrictions on our Bank in relation to the Equity Shares.	
Transferability restrictions	The Equity Shares to be issued pursuant to this Issue shall not be sold for a period of one year from the date of Allotment, except on the floor of the Stock Exchanges. For details in relation to other transfer restrictions, please see the section entitled "*Transfer Restrictions and Purchaser Representations*" beginning on page 262.	
Use of proceeds	The gross proceeds from the Issue are approximately ₹ 6,000.00 million.* **Subject to Allotment of Equity Shares in the Issue* Please see the section entitled "*Use of Proceeds*" beginning on page 110 for additional information regarding the use of proceeds from the Issue.	
Risk factors	See the section entitled "*Risk Factors*" beginning on page 67 for a discussion of risks you should consider before participating in the Issue.	
Closing Date	The Allotment is expected to be made on or about Thursday, March 28, 2024.	
Ranking	The Equity Shares to be issued pursuant to the Issue shall be subject to the provisions of the Memorandum of Association and Articles of Association and shall rank *pari passu* with the existing Equity Shares of our Bank, including in respect of voting rights and dividends. The holders of Equity Shares (as on the record date) will be entitled to participate in dividends and other corporate benefits, if any, declared by our Bank after the Closing Date, in compliance with the Companies Act, 2013, the SEBI Listing Regulations and other applicable laws and regulations. Equity shareholders may attend and vote in shareholders' meetings in accordance with the provisions of the Companies Act, 2013. For further details, please see the sections entitled "*Dividends*" and "*Description of the Equity Shares*" beginning on pages 131 and 268, respectively.	
Security codes for the Equity Shares	ISIN	INE614B01018
	BSE Code	532652
	NSE Symbol	KTKBANK

SELECTED FINANCIAL INFORMATION

The following tables set forth selected financial information and should be read together with the applicable financial statements included in the section entitled "Financial Information" beginning on page 296.

Our Bank's management primarily utilises our Bank's standalone financial information to monitor the operational strength and performance of our Bank's business. In order make the standalone financial information presented in this Placement Document comparable, certain standalone line items as at March 31, 2021 and 2022 and for Fiscal 2021 have been reclassified in this Placement Document compared to how they are classified in the Audited Standalone Financial Statements. For details, see the notes to the tables.

This selected standalone financial information should also be read along with the sections entitled "Selected Statistical Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 45 and 132, respectively,

Our Unaudited Condensed Interim Financial Statements and Audited Financial Statements are presented in the section entitled "Financial Information" beginning on page 296.

SUMMARY OF BALANCE SHEET DERIVED FROM THE AUDITED STANDALONE FINANCIAL STATEMENTS

(*₹ in million*)

Particulars	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
CAPITAL AND LIABILITIES			
Capital	3,123.52	3,111.74	3,108.79
Reserves and surplus	79,010.10	67,835.57	63,314.75
Deposits	873,680.12	803,868.45	756,548.62
Borrowings	15,627.20	23,138.43	17,648.80
Other liabilities and provisions	19,142.45	17,885.74	15,533.33
TOTAL	**990,583.39**	**915,839.93**	**856,154.29**
ASSETS			
Cash and balances with the RBI	52,042.35	39,572.21	48,661.49
Balances with banks and money at call and short notice	9,552.33	4,795.37	4,494.18
Investments	233,263.67	220,409.97	216,351.85
Advances	599,516.22	567,831.40	515,158.46
Fixed Assets	8,752.20	8,181.60	8,383.60
Other Assets	87,456.62	75,049.38	63,104.71
TOTAL	**990,583.39**	**915,839.93**	**856,154.29**
Contingent liabilities	101,024.00	96,569.87	83,874.86
Bills for collection	27,730.82	24,857.26	23,786.32

Note:

As per the Master Direction on Financial Statements - Presentation and Disclosures issued by the RBI dated August 30, 2021 and as per the advice from the regulator, accrued interest on advances is included under "Other Assets" and provision for fair value loss is netted from Gross advances along with Provision for NPA and other deductions from the year ended March 31, 2022. Our Bank was including such accrued interest under "Advances" and such fair value loss provision under "Other Liabilities and provisions". Further, Capital work-in-progress which was hitherto included under "Other Assets" is included under Fixed Assets from year ended March 31, 2022.

In order to make the line items "Advances", "Other Assets" and "Other Liabilities and Provision" for Fiscal 2021 included in this Placement Document comparable with those in the audited financial statements for Fiscals 2022 and 2023, the accrued interest on advances amounting to ₹ 2,109.14 million has been removed from Advances and added to Other Assets, Capital work in progress amounting to ₹ 5.13 million has been reduced from Other Assets and included under Fixed Assets and provision for fair value loss amounting ₹ 340.89 million has been reduced from Other Liabilities and Provision and netted from Advances. These reclassifications had no effect on our Bank's standalone net profit for the year for Fiscal 2021. The table below sets forth these line items for Fiscal 2021 presented as per the audited standalone financial statements and as per the reclassifications.

(*₹ in million*)

Particulars	*As at March 31, 2022*		*As at March 31, 2021*	
	As per the Audited Standalone Financial Statements	***As per Reclassification***	***As per the Audited Standalone Financial Statements***	***As per Reclassification***
Other Assets	*79,614.98*	*75,049.37*	*60,990.44*	*63,104.71*
Other Liabilities	*22,451.36*	*17,885.74*	*15,192.43*	*15,533.32*
Advances	*NA*		*5,16,936.97*	*5,15,158.46*
Fixed Assets			*8,378.47*	*8,383.60*

SUMMARY OF PROFIT AND LOSS ACCOUNT DERIVED FROM THE AUDITED STANDALONE FINANCIAL STATEMENTS

(*₹ in million*)

	Particulars	Year ended		
		March 31, 2023	**March 31, 2022**	**March 31, 2021**
I	**INCOME**			
	Interest earned	72,202.31	62,216.64	62,324.15
	Other income	9,925.75	9,538.77	14,042.02
	Total	**82,128.06**	**71,755.41**	**76,366.17**
II	**EXPENDITURE**			
	Interest expended	40,351.27	37,306.28	40,492.27
	Operating expenses	19,694.54	18,109.17	16,791.09
	Provisions and contingencies	10,279.82	11,253.76	14,257.11
	Total	**70,325.64**	**66,669.21**	**71,540.47**
III	**PROFIT**			
	Net profit for the year	11,802.43	5,086.20	4,825.70
	Profit brought forward	1,358.17	854.73	1,016.81
	Total	**13,160.60**	**5,940.93**	**5,842.51**
IV	**APPROPRIATIONS**			
	Transfer to statutory reserve	2,960.00	1,500.00	1,250.00
	Transfer to capital reserve	-	8.20	1,996.87
	Transfer to revenue reserve	5,900.00	2,100.00	1,000.00
	Transfer to special reserve u/s 36 (i) (viii) of the Income-tax Act, 1961	754.74	382.26	472.07
	Transfer from investment reserve account	-	-	-
	Transfer to investment fluctuation reserve	641.53	32.73	268.84
	Transfer to other funds	-	-	-
	Dividend paid	1,245.17	559.57	-
	Balance carried over to balance sheet	1,659.17	1,358.18	854.73
	Total	**13,160.61**	**5,940.93**	**5,842.51**
	Earnings per share			
	Basic (₹)	37.88	16.36	15.52
	Diluted (₹)	37.66	16.29	15.48

Note:

As per the Master Direction on Financial Statements - Presentation and Disclosures issued by the RBI dated August 30, 2021, provision / (write-back) of mark-to-market depreciation on investments in AFS and HFT categories (net) are classified under "other income" from the quarter and half year ended September 30, 2021. Our Bank was classifying such provisions / (write-back) under "provisions and contingencies". Further, the provision on Non- Performing Investments (NPIs) and Identified Investment continued to be shown under "provisions and contingencies".

In order to make the line items "other income" and "provisions and contingencies" for Fiscal 2021 included in this Placement Document comparable with those in the audited financial statements for Fiscals 2022 and 2023, the figures for provision / (write-back) of mark-to-market depreciation on investments in AFS and HFT categories (net) forming part of "provisions and contingencies" in Fiscal 2021 have been presented as a part of "other income" in Fiscal 2021. This reclassification resulted in a decrease in other income by ₹ 908.63 million and a corresponding decrease in provisions and contingencies in Fiscal 2021. These reclassifications had no effect on our Bank's standalone net profit for the year for Fiscal 2021. The table below sets forth these line items for Fiscal 2021 presented as per the audited standalone financial statements and as per the reclassifications.

(*₹ in million*)

Particulars	*Year ended March 31, 2021*	
	As per the Audited Standalone Financial Statements	*As per reclassification*
Other income	*14,950.65*	*14,042.02*
Provisions and contingencies	*15,165.74*	*14,257.11*

SUMMARY OF CASH FLOW STATEMENT DERIVED FROM THE AUDITED STANDALONE FINANCIAL STATEMENTS

(₹ *in million*)

	Particulars	Year ended		
		March 31, 2023	**March 31, 2022**	**March 31, 2021**
A	Net cash flow from operating activities	18,300.80	(4,670.27)	33,687.61
B	Net cash flow (used in) investing activities	(874.18)	(563.63)	(874.01)
C	Net cash flow generated from / (used in) financing activities	(199.52)	(3,554.17)	(8,852.84)
	Net (decrease) / increase in cash and cash equivalents (A+B+C)	17,227.10	(8,788.07)	23,960.76
	Cash and cash equivalents at the beginning of the year	44,367.58	53,155.67	29,194.91
	Cash and cash equivalents at the end of the year	61,594.67	44,367.58	53,155.66

SUMMARY OF BALANCE SHEET DERIVED FROM THE UNAUDITED CONDENSED STANDALONE INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED DECEMBER 31, 2023 AND DECEMBER 31, 2022

(₹ *in million*)

Particulars	As at December 31, 2023	As at December 31, 2022
CAPITAL AND LIABILITIES		
Capital	3,467.58	3,119.52
Reserves and surplus	95,401.63	75,454.15
Deposits	921,953.90	845,965.33
Borrowings	55,327.06	50,689.12
Other liabilities and provisions	23,749.44	20,494.31
Total	**1,099,899.61**	**995,722.43**
ASSETS		
Cash and balances with the RBI	52,207.87	48,338.21
Balances with banks and money at call and short notice	1,405.60	487.16
Investments	2,44,326.99	231,360.68
Advances	682,161.55	625,321.06
Fixed assets	8,916.23	8,583.15
Other assets	110,881.37	81,632.17
Total	**1,099,899.61**	**995,722.43**
Contingent liabilities	103,628.98	107,357.56
Bills for collection	25,830.91	26,935.38

SUMMARY OF PROFIT AND LOSS ACCOUNT DERIVED FROM THE UNAUDITED CONDENSED STANDALONE INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED DECEMBER 31, 2023 AND DECEMBER 31, 2022

(*₹ in million*)

Sl. No.	Particulars	For the nine months period ended December 31, 2023	For the nine months period ended December 31, 2022
1	**Interest earned (a+b+c+d)**	**60,979.41**	**52,509.23**
	a) Interest/Discount on advances/bills	47,921.14	40,776.55
	b) Income on investments	11,166.91	10,506.21
	c) Interest on balances with the RBI and other interbank funds	174.03	13.83
	d) Others	1,717.33	1,212.64
2	Other income	8,995.07	5,973.44
3	**TOTAL INCOME (1+2)**	**69,974.48**	**58,482.67**
4	Interest expended	36,332.47	29,258.77
5	**Operating expenses (i+ii)**	**17,006.76**	**13,999.17**
	i) Employees cost	9,360.38	7,254.11
	ii) Other operating expenses	7,646.38	6,745.06
6	**TOTAL EXPENDITURE ((4+5) excluding provisions and contingencies)**	**53,339.23**	**43,257.94**
7	Operating profit before provisions and contingencies (3-6)	16,635.25	15,224.73
8	Provisions (other than tax) and contingencies	4,158.54	5,139.34
9	Exceptional items	-	-
10	Profit (+)/Loss (-) from ordinary activities before tax (7-8-9)	12,476.71	10,085.39
11	Tax expense	2,156.31	1,820.54
12	Net Profit (+)/Loss (-) from ordinary activities after tax (10-11)	10,320.40	8,264.85
13	Extraordinary items (net of tax)	-	-
14	Net Profit (+)/Loss (-) for the period (12-13)	10,320.40	8,264.85
	Basic earnings per share (₹)*	32.14	26.54
	Diluted earnings per share (₹)*	31.98	26.41

**Annualized*

SUMMARY OF CASH FLOW STATEMENT DERIVED FROM THE UNAUDITED CONDENSED STANDALONE INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED DECEMBER 31, 2023 AND DECEMBER 31, 2022

(₹ *in million*)

		For the nine months period ended December 31, 2023	For the nine months period ended December 31, 2022
A	Cash flow from / (used in) operating activities	(8,171.90)	5,724.27
B	Cash from / (used in) investing activities	(695.89)	(520.68)
C	Cash from / (used in) financing activities	886.58	(745.80)
	Net increase / (decrease) in cash and cash equivalents (A+B+C)	(7,981.21)	4,457.79
	Cash and cash equivalents at the beginning of the period	61,594.68	44,367.58
	Cash and cash equivalents at the end of the Period	53,613.47	48,825.37

SELECTED STATISTICAL INFORMATION

The section should be read together with the information included in the sections "Business", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Financial Information" on pages 173, 132 and 296, respectively.

Our fiscal year commences on April 1 and ends on March 31 of the subsequent year, and references to a particular Fiscal are to the 12 months ended March 31 of that year. Unless otherwise specified or as the context requires, financial information herein as at and for the years ended March 31, 2021, 2022 and 2023 is derived from the Audited Standalone Financial Statements, the financial information herein for the nine months ended December 31, 2022 is derived from the Unaudited Condensed Standalone Interim Financial Statements for the nine months ended December 31, 2022 and the financial information herein as at and for the nine months ended December 31, 2023 is derived from the Unaudited Condensed Standalone Interim Financial Statements for the nine months ended December 31, 2023. In order to make the financial information presented herein comparable, certain line items as at March 31, 2021 and 2022 and for Fiscal 2021 have been reclassified in this Placement Document compared to how they are classified in the Audited Standalone Financial Statements.

Our Bank's management primarily utilises our Bank's standalone financial information to monitor the operational strength and performance of our Bank's business and hence, the following information is based on our Bank's standalone financial information.

Demand deposits are current account deposits. Although our Bank does not pay interest on demand deposits, demand deposits have been included as interest bearing liabilities in this section.

The following information is included for analytical purposes. Certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance have been included in this section and elsewhere in this Placement Document. Our Bank computes and discloses such non-GAAP financial measures and such other statistical information relating to our Bank's operations and financial performance as our Bank considers such information to be useful measures of our business and financial performance, and because such measures are frequently used by securities analysts, investors and others to evaluate the operational performance of banks, many of which provide such non-GAAP financial measures and other statistical and operational information when reporting their financial results. Such non-GAAP financial measures and other statistical and operational information are not measures of operating performance or liquidity defined by generally accepted accounting principles. These non-GAAP financial measures and other statistical and other information relating to our Bank's operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other banks in India or elsewhere.

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Average balance sheet information of our Bank

(₹ in million)

Particulars	Year ended March 31,								
	2021			2022			2023		
	Average balance	Interest earned/ expended	Average yield/ cost (%)	Average balance	Interest earned/ expended	Average yield/ cost (%)	Average balance	Interest earned/ expended	Average yield/ cost (%)
Interest-earning assets:									
Advances	522,984.08	49,372.92	9.44	511,761.19	47,378.84	9.26	571,716.64	55,849.07	9.77
Investments	186,439.39	11,423.54	6.13	219,754.07	13,101.19	5.96	232,283.91	14,223.49	6.12
Others	42,007.43	1,527.69	3.64	51,232.86	1,736.61	3.39	56,405.82	2,129.75	3.78
Total interest-earning assets	**751,430.90**	**62,324.15**	**8.29**	**782,748.13**	**62,216.64**	**7.95**	**860,406.37**	**72,202.31**	**8.39**
Non-interest earning assets:									
Fixed assets	8,461.96	-	-	8,273.05	-	-	8,202.65	-	-
Other assets	118,860.50	-	-	122,786.71	-	-	132,045.89	-	-
Total non-interested earning assets	**127,322.47**	**-**	**-**	**131,059.76**	**-**	**-**	**140,248.54**	**-**	**-**
Total assets	**878,753.37**	**-**	**-**	**913,807.89**	**-**	**-**	**1,000,654.91**	**-**	**-**
Interest bearing liabilities:									
Total deposits	728,251.99	38,507.83	5.29	769,582.54	35,846.47	4.66	819,404.05	37,868.61	4.62
Borrowings	22,052.04	1,984.44	9.00	16,890.30	1,459.81	8.64	32,324.20	2,482.67	7.68
Total interest-bearing liabilities	**750,304.03**	**40,492.27**	**-**	**786,472.84**	**37,306.28**	**-**	**851,728.24**	**40,351.27**	**-**
Non-interest-bearing liabilities:									
Capital and reserves	61,165.22	-	-	66,113.39	-	-	69,963.81	-	-
Bills payable	-	-	-	-	-	-	-	-	-
Other liabilities	67,284.12	-	-	61,221.66	-	-	78,962.85	-	-
Total non-interest-bearing liabilities	**128,449.34**	**-**	**-**	**127,335.05**	**-**	**-**	**148,926.66**	**-**	**-**
Total liabilities	**878,753.37**	**-**	**-**	**913,807.89**	**-**	**-**	**1,000,654.91**	**-**	**-**

(₹ in million)

Particulars	Nine months period ended December 31,					
	2022			2023		
	Average balance	Interest earned/ expended	Average yield/ cost (%)	Average balance	Interest earned/ expended	Average yield/ cost (%)
Interest-earning assets:						
Advances	566,508.32	40,776.55	9.55	619,401.82	47,921.14	10.30
Investments	231,069.29	10,506.21	6.03	236,437.30	11,166.91	6.29
Others	55,384.68	1,226.46	2.94	63,434.59	1,891.37	3.97
Total interest-earning assets	**852,962.28**	**52,509.23**	**8.17**	**919,273.71**	**60,979.42**	**8.83**
Non-interest earning assets:						
Fixed assets	8,150.11	-	-	8,598.80	-	-
Other assets	126,172.60	-	-	144,491.03	-	-
Total non-interested earning assets	**134,322.71**	**-**	**-**	**153,089.83**	**-**	**-**
Total assets	**987,284.99**	**-**	**-**	**1,072,363.55**	**-**	**-**
Interest bearing liabilities:						
Total deposits	810,541.23	27,304.07	4.47	882,840.99	34,883.13	5.26
Borrowings	34,473.77	1,954.69	7.53	22,857.34	1,449.34	8.44
Total interest-bearing liabilities	**845,015.00**	**29,258.77**	**-**	**905,698.33**	**36,332.47**	**-**
Non-interest bearing liabilities:						
Capital and reserves	69,874.84	-	-	80,496.23	-	-
Bills payable	-	-	-	-	-	-
Other liabilities	72,395.14	-	-	86,168.99	-	-
Total non-interest-bearing liabilities	**142,269.99**	**-**	**-**	**166,665.22**	**-**	**-**
Total liabilities	**987,284.99**	**-**	**-**	**1,072,363.55**	**-**	**-**

Notes:

1) *Other interest-earning assets comprise cash balances with RBI, balances with banks and money at call and short notice, RIDF, and deposits with CSA & CCIL. Other interest earned comprises of Interest on balances with Reserve Bank of India and other inter-bank funds and others.*
2) *Total deposits comprise demand deposits, savings bank deposits, term deposits and certificate of deposits. Demand deposits are current account deposits. Our Bank does not pay interest on demand deposits.*
3) *Borrowings include bonds, FCY borrowings, money market borrowings, term borrowings and refinances.*
4) *All average balances are based on the fortnightly averages.*
5) *% relating to the nine months periods are annualized.*

Analysis of changes in interest earned and interest expended by volume and rate

The following tables set forth, for the periods indicated, the allocation of the changes in our Bank's interest earned (including equity investments and dividend income) and interest expended between average volume and changes in average rates.

(₹ in million)

Particulars	Fiscal 2022 v. Fiscal 2021		
	Net changes in interest(3)	Change in average volume(4)	Change in average rates(5)
Interest earned:			
Advances	(1,994.08)	(1,059.44)	(934.64)
Investments	1,677.65	2,042.19	(364.54)
Others	208.92	335.81	(126.89)
Total interest earned [A]	**(107.51)**	**1,318.56**	**(1,426.07)**
Interest expended:			
Deposits(1)	(2,661.36)	2,186.39	(4,847.75)
Borrowings(2)	(524.63)	(464.56)	(60.07)
Total interest expended [B]	**(3,185.99)**	**1,721.83**	**(4,907.82)**
Net interest income [A-B]	**3,078.48**	**(403.27)**	**3,481.75**

(₹ in million)

Particulars	Fiscal 2023 v. Fiscal 2022		
	Net changes in interest(3)	Change in average volume(4)	Change in average rates(5)
Interest earned:			
Advances	8,470.24	5,551.87	2,918.37
Investments	1,122.30	746.78	375.52
Others	393.14	175.36	217.78
Total interest earned [A]	**9,985.68**	**6,474.01**	**3,511.67**
Interest expended:			
Deposits(1)	2,022.14	2,321.68	(299.54)
Borrowings(2)	1,022.86	1,333.49	(310.63)
Total interest expended [B]	**3,045.00**	**3,655.17**	**(610.17)**
Net interest income [A-B]	**6,940.68**	**2,818.84**	**4,121.84**

(₹ in million)

Particulars	Nine months ended December 31, 2023 vs Nine months ended December 31, 2022		
	Net changes in interest(3)	Change in average volume(4)	Change in average rates(5)(6)
Interest earned:			
Advances	7,144.59	5,051.33	2,093.26
Investments	660.70	323.69	337.01
Others	664.90	236.67	428.23
Total interest earned [A]	**8,470.19**	**5,611.69**	**2,858.50**
Interest expended:			
Deposits(1)	7,579.05	3,231.80	4,347.25
Borrowings(2)	(505.35)	(874.72)	369.37
Total interest expended [B]	**7,073.70**	**2,357.08**	**4,716.62**
Net Interest Income [A-B]	**1,396.49**	**3,254.61**	**(1,858.12)**

Notes:

1) *Deposits comprise demand deposits, savings bank deposits, term deposits and certificate of deposits. Demand deposits are current account deposits. Our Bank does not pay interest on demand deposits.*
2) *Borrowings include bonds, FCY borrowings, money market borrowings, term borrowings and refinances.*
3) *The changes in interest earned, interest expended and net interest income between periods have been reflected as attributed either to volume or rate changes.*
4) *Change in average volume is computed as the increase in fortnightly average balance for the period/year multiplied by yield/cost for Fiscal 2021, Fiscal 2022 and the nine months ended December 31, 2022, as the case may be.*
5) *Change in average rates represents the daily average balance for Fiscal 2022, Fiscal 2023 and the nine months ended December 31, 2023, as the case may be, multiplied by change in rates during the respective periods.*
6) *Any variance arising on account of different number of the days in the year/period has been adjusted in the rate variance.*

Yields, spread, cost of funds and net interest margins

The following table sets forth, for the periods indicated, the yields, spread and net interest margins on our Bank's interest-earning assets and cost of funds on our interest-bearing liabilities.

(₹ in million, except percentage data)

Particulars	Year ended March 31,			Nine months ended December 31,	
	2021	2022	2023	2022	2023
Interest earned [A]	62,324.15	62,216.64	72,202.31	52,509.23	60,979.42
Interest expended [B]	40,492.27	37,306.28	40,351.27	29,258.77	36,332.47
Average net interest-earning assets(1) [C]	751,430.90	782,748.13	860,406.37	852,962.28	919,273.71
Average interest-bearing liabilities(1)(2) [D]	750,304.03	786,472.84	851,728.24	845,015.00	905,698.33
Average total assets(1) [E]	878,753.37	913,807.89	1,000,654.91	987,284.99	1,072,363.55
Average net interest-earning assets as a percentage of average total assets (in %) [F=C/E]	85.51	85.66	85.98	86.39	85.72
Average interest-bearing liabilities as a percentage of average total assets (in %) [G=D/E]	85.38	86.07	85.12	85.59	84.46
Average net interest-earning assets as a percentage of average interest-bearing liabilities [H=C/D](in %)	100.15	99.53	101.02	100.94	101.50
Yield (annualised)(3) [I=A/C]	8.29%	7.95%	8.39%	8.17%	8.83%
Cost of funds (annualised)(4) [J=B/D]	5.40%	4.74%	4.74%	4.60%	5.34%
Spread (annualised)(5) [K=I-J]	2.90%	3.20%	3.65%	3.58%	3.49%
Net interest margin(6) [L=(A-B)/C)]	2.91%	3.18%	3.70%	3.62%	3.57%

Notes:

1) *All average balances are based on the fortnightly averages.*
2) *Interest-bearing liabilities comprise deposits and borrowings. Deposits comprise of demand deposits, savings bank deposits, term deposits and certificate of deposits. Demand deposits are current account deposits. Our Bank does not pay interest on demand deposits. Borrowings include bonds, fcy borrowings, money market borrowings, term borrowings and refinances.*
3) *Yield is interest earned divided by average net interest-earning assets.*
4) *Cost of Funds is interest expended divided by average interest-bearing liabilities.*
5) *Spread is the difference between yield and cost of funds.*
6) *Net interest margin is the difference between interest earned and interest expended divided by the average net interest- earning assets.*

Financial ratios of our Bank

The following tables set forth certain key financial indicators for the year/periods indicated.

(₹ in million, except percentage data)

Particulars	Year ended March 31,			Nine months ended December 31,	
	2021	2022	2023	2022	2023
Dividend pay-out ratio(1)	11.60%	24.47%	13.30%	-	-
Cost to operating income (excluding trading gains/ (loss))(2)	55.29%	52.12%	45.49%	44.97%	51.83%
CET-I Capital	61,403.92	65,581.94	75,706.61	66,148.29	83,803.76
Risk weighted assets	497,596.14	518,554.45	533,784.14	542,029.50	613,510.07
Tier I capital adequacy ratio (%)	12.34%	12.65%	14.18%	12.20%	13.66%
Tier II capital adequacy ratio (%)	2.51%	3.01%	3.27%	2.93%	2.22%
Total capital adequacy ratio (%)	14.85%	15.66%	17.45%	15.13%	15.88%
Net NPA ratio(2) (%)	3.19%	2.42%	1.70%	1.66%	1.55%
Provision coverage ratio(3) (%) (including TW)	69.99%	73.47%	80.86%	80.21%	80.75%

Notes:

1) *Dividend pay-out ratio is the ratio of dividends to profit after tax.*
2) *Cost to Operating Income (excluding Trading Gains/ (Loss)) is the ratio of the operating expenses to the Operating Income (excluding Trading Gains/ (Loss)). Operating Income is interest earned minus interest expended plus other income. Trading Gain / (Loss) includes profit / (loss) on sale of investments (net), profit / (loss) on revaluation of investments (net), profit / (loss) on exchange/derivative transactions (net) but excludes client foreign exchange income.*
3) *Net NPA ratio is Net NPAs divided by (gross NPAs minus provisions for NPAs).*
4) *Provision Coverage Ratio is the ratio of provisions for non-performing advances to gross non-performing advances.*

Return on equity and assets

The following table presents selected financial ratios for our Bank for the periods indicated.

(₹ in million, except percentage data)

Particulars	Year ended March 31,			Nine months ended December 31,	
	2021	**2022**	**2023**	**2022**	**2023**
Net profit for the year/period	4,825.70	5,086.20	11,802.43	8,264.85	10,320.41
Average total assets[(1)]	844,644.58	885,997.11	953,211.66	955,781.18	1,045,241.50
Average Capital employed[(2)]	63,063.99	68,685.43	76,540.47	74,760.49	90,501.42
Net profit as a percentage of average total assets[(1)] ("**Return on Assets**")	0.57%	0.57%	1.24%	1.15%	1.32%
Net profit as a percentage of average capital employed ("**Return on Equity**")	7.65%	7.41%	15.42%	14.67%	15.18%
Average capital employed as a percentage of average total assets[(1)]	7.47%	7.75%	8.03%	7.82%	8.66%

Notes:

1) *Average total assets is the average balance in respect of total assets based on simple average of opening and closing balances.*
2) *Average Capital Employed is the simple average of opening and closing balances of capital plus reserves and surplus.*
3) *The Return on Assets and Return on Equity for the nine months period have been annualized.*

Operating income, operating income (excluding trading gain / (loss)), pre-provision operating profit and pre-provision operating profit (excluding trading gain / (loss))

(₹ in million)

Particulars	Year ended March 31,			Nine months ended December 31,	
	2021	**2022**	**2023**	**2022**	**2023**
Interest earned [A]	62,324.15	62,216.64	72,202.31	52,509.23	60,979.42
Interest expensed [B]	40,492.27	37,306.28	40,351.27	29,258.77	36,332.47
Net interest income [C= A-B]	**21,831.88**	**24,910.36**	**31,851.04**	**23,250.46**	**24,646.95**
Other income [D]	14,042.02	9,538.77	9,925.75	5,973.44	8,995.07
Of which:					
Trading gain / (Loss) [E] [(1)]	*5,508.61*	*(297.29)*	*(1,513.44)*	*(1,904.79)*	*921.15*
Operating income [F = C+D]	35,873.90	34,449.13	41,776.79	29,223.90	33,642.02
Operating income (excluding trading gain / (loss)) [G=F–E]	30,365.29	34,746.42	43,290.23	31,128.69	32,720.87
Operating expenses [H]	16,791.09	18,109.17	19,694.54	13,999.17	17,006.76
Pre-provision operating profit (PPOP) [I=F–H]	**19,082.81**	**16,339.96**	**22,082.25**	**15,224.73**	**16,635.26**
Pre-provision operating profit (excluding trading gain / (loss)) [J=G–H]	**13,574.20**	**16,637.25**	**23,595.69**	**17,129.52**	**15,714.11**
Provisions and contingencies [K]	14,257.11	11,253.76	10,279.82	6,959.88	6,314.85
Of which:					
Provision for tax [L]	*1,293.60*	*1,859.44*	*2,608.01*	*1,820.54*	*2,156.31*
Provisions and contingencies other than tax [M=K-L]	*12,963.51*	*9,394.32*	*7,671.81*	*5,139.34*	*4,158.54*
Profit before tax [N=I–K+L]	**6,119.30**	**6,945.64**	**14,410.44**	**10,085.39**	**12,476.72**
Provision for tax [O]	**1,293.60**	**1,859.44**	**2,608.01**	**1,820.54**	**2,156.31**
Net profit for the year [P=N–O]	**4,825.70**	**5,086.20**	**11,802.43**	**8,264.85**	**10,320.41**

Notes:

Trading Gain / (Loss) includes profit / (loss) on sale of investments (net), profit / (loss) on revaluation of investments (net), profit / (loss) on exchange/derivative transactions (net) but excludes client foreign exchange income.

** As per the Master Direction on Financial Statements - Presentation and Disclosures issued by the RBI dated August 30, 2021, provision / (write-back) of mark-to-market depreciation on investments in AFS and HFT categories (net) are classified under "other income" from the quarter and half year ended September 30, 2021. Our Bank was classifying such provisions / (write-back) under "provisions and contingencies". Further, the provision on Non- Performing Investments (NPIs) and Identified Investment continued to be shown under "provisions and contingencies".*

In order to make the line items "other income" and "provisions and contingencies" for Fiscal 2021 included in this Placement Document comparable with those in the audited financial statements for Fiscals 2022 and 2023, the figures for provision / (write-back) of mark-to-market depreciation on investments in AFS and HFT categories (net) forming part of "provisions and contingencies" in Fiscal 2021 have been presented as a part of "other income" in Fiscal 2021. This reclassification resulted in a decrease in other income by ₹ 908.63 million *and a corresponding decrease in provisions and contingencies in Fiscal 2021. These reclassifications had no effect on our Bank's standalone net profit for the year for Fiscal 2021. The table below sets forth these line items for Fiscal 2021 presented as per the audited standalone financial statements and as per the reclassifications.*

(₹ in million)

Particulars	*Year ended March 31, 2021*	
	As per the Audited Standalone Financial Statements	*As per reclassification*
Other income	*14,950.65*	*14,042.02*
Provisions and contingencies	*15,165.74*	*14,257.11*

Investment portfolio

Investment portfolio (gross)

The following table sets forth the gross book value of our Bank's investment portfolio as at the specified dates.

(₹ in million)

Particulars	As at March 31, 2021	As at March 31, 2022	As at March 31, 2023	As at December 31, 2023
In India:				
Government securities	192,738.72	202,157.43	218,822.49	231,046.34
Shares	1,107.00	923.06	1,048.53	845.52
Debentures and bonds	14,233.26	16,902.28	15,665.19	14,182.99
Commercial paper	-	249.80	-	-
Certificates of deposit	-	-	-	-
MF and Gold	7,032.00	33.02	90.44	115.86
Subsidiaries and/ or joint ventures	5.00	10.00	15.00	17.50
Others[1]	4,004.24	3,759.92	3,069.30	2,704.95
Gross investments in India [A]	**219,120.22**	**224,035.52**	**238,710.95**	**248,913.15**
Outside India:				
Government securities	-	-	-	-
Others	-	-	-	-
Gross investments outside India [B]	**-**	**-**	**-**	**-**
Gross investments [A+B]	**219,120.22**	**224,035.52**	**238,710.95**	**248,913.15**

Note:
1) *Others comprise pass through certificates and security receipts.*

External rating distribution value of our Bank's corporate bonds portfolio

The following table sets forth the external rating distribution value of our Bank's corporate bonds portfolio as at the specified dates.

External Rating	As at March 31,						As at December 31, 2023	
	2021		2022		2023			
	Gross book (₹ in million)	% of total	Gross book (₹ in million)	% of total	Gross book (₹ in million)	% of total	Gross book (₹ in million)	% of total
AAA	9,782.46	68.73%	12,003.48	69.98%	10,600.19	67.67%	8,654.39	63.13%
AA[1]	696.27	4.89%	4,043.72	23.58%	4,273.40	27.28%	4,613.43	33.65%
A[2]	250.00	1.76%	499.80	2.91%	250.00	1.60%	-	-
BBB[3]	100.00	0.70%	100.00	0.58%	-	-	-	-
BB and Below[4]	461.45	3.24%	447.82	2.61%	541.00	3.45%	441.00	3.22%
Unrated	2,943.08	20.68%	57.27	0.33%	0.60	-	0.56	-
Total	14,233.26		17,152.08		15,665.19		13,709.39	

Notes:
1) *Includes AA+, AA and AA-.*
2) *Includes A+, A and A-.*
3) *Includes BBB+, BBB and BBB-.*
4) *Includes BB+, BB and BB- and below.*

Total investment portfolio

The following tables sets forth, as at the dates indicated, information relating to our Bank's total domestic gross investment portfolio.

(₹ in million)

Particulars	As at March 31, 2021			
	Book Value	Market Value	Unrealized Gain	Unrealized Loss
Government securities	192,738.72	192,451.92	68.92	355.72
Other debt securities(1)	14,233.26	13,930.68	187.55	490.13
Total debt securities	**206,971.98**	**206,382.60**	**256.47**	**845.85**
Non-debt securities(2)	8,139.00	8,628.49	802.44	312.94
Subsidiaries and associates - at cost	5.00	5.00	-	-
Others (3)	4,004.24	2,994.04	-	1,010.20
Total	**219,120.22**	**218,010.14**	**1,058.91**	**2,168.99**

(₹ in million)

Particulars	As at March 31, 2022			
	Book Value	Market Value	Unrealized Gain	Unrealized Loss
Government securities	202,157.43	201,330.88	5.85	832.41
Other debt securities(1)	16,902.28	16,385.16	180.79	697.91
Total debt securities	**219,059.71**	**217,716.03**	**186.64**	**1,530.32**
Non-debt securities(2)	956.08	1,614.81	759.23	100.51
Subsidiaries and associates - at cost	10.00	10.00	-	-
Others (3)	4,009.72	2,617.77	-	1,391.95
Total	**224,035.52**	**221,958.61**	**945.87**	**3,022.78**

(₹ in million)

Particulars	As at March 31, 2023			
	Book Value	Market Value	Unrealized Gain	Unrealized Loss
Government securities	218,822.49	217,274.64	6.24	1,554.10
Other debt securities(1)	15,665.19	14,932.13	166.02	899.08
Total debt securities	**234,487.68**	**232,206.76**	**172.26**	**2,453.18**
Non-debt securities(2)	1,138.97	1,883.95	878.85	133.87
Subsidiaries and associates - at cost	15.00	15.00	-	-
Others (3)	3,069.30	1,459.75	-	1,609.55
Total	**238,710.95**	**235,565.46**	**1,051.11**	**4,196.61**

(₹ in million)

Particulars	As at December 31, 2023			
	Book Value	Market Value	Unrealized Gain	Unrealized Loss
Government securities	231,046.34	229,830.94	1.15	1,216.55
Other debt securities(1)	14,182.99	13,615.09	119.91	687.81
Total debt securities	**245,229.33**	**243,446.03**	**121.06**	**1,904.36**
Non-debt securities(2)	961.38	1,892.48	1,070.28	139.18
Subsidiaries and associates - at cost	17.50	17.50	-	-
Others (3)	2,704.95	-	-	2,704.95
Total	**248,913.15**	**245,356.01**	**1,191.34**	**4,748.48**

Notes:

1) *Other debt securities comprise non-SLR other than equity, units of asset reconstruction companies and venture capital funds.*
2) *Non-debt securities comprise non-SLR equity, and venture capital funds.*
3) *Others include investments in certificates of deposits, commercial paper, pass through certificates and security receipts.*

Held to maturity investments

The following tables set forth, as at the dates indicated, information related to our Bank's domestic investments held to maturity.

(₹ in million)

Particulars	As at March 31, 2021			
	Book Value	Market Value	Unrealized Gain	Unrealized Loss
Government securities	165,573.20	165,573.20	-	-
Other debt securities (1)	2,986.46	2,986.46	-	-
Total debt securities	**168,559.66**	**168,559.66**	**-**	**-**

Particulars	As at March 31, 2021			
	Book Value	Market Value	Unrealized Gain	Unrealized Loss
Non-debt securities (2)	-	-	-	-
Subsidiaries and associates - at cost	5.00	5.00	-	-
Others (3)	-	-	-	-
Total	**168,564.66**	**168,564.66**	-	-

(₹ in million)

Particulars	As at March 31, 2022			
	Book Value	Market Value	Unrealized Gain	Unrealized Loss
Government securities	170,975.83	170,975.83	-	-
Other debt securities (1)	0.67	0.67	-	-
Total debt securities	**170,976.49**	**170,976.49**	-	-
Non-debt securities (2)	-	-	-	-
Subsidiaries and associates - at cost	10.00	10.00	-	-
Others (3)	-	-	-	-
Total	**170,986.49**	**170,986.49**	-	-

(₹ in million)

Particulars	As at March 31, 2023			
	Book Value	Market Value	Unrealized Gain	Unrealized Loss
Government securities	182,539.93	182,539.93	-	-
Other debt securities (1)	0.60	0.60	-	-
Total debt securities	**182,540.53**	**182,540.53**	-	-
Non-debt securities (2)	57.83	57.83	-	-
Subsidiaries and associates - at cost	15.00	15.00	-	-
Others (3)	-	-	-	-
Total	**182,613.36**	**182,613.36**	-	-

(₹ in million)

Particulars	As at December 31, 2023			
	Book Value	Market Value	Unrealized Gain	Unrealized Loss
Government securities	185,312.06	185,312.06	-	-
Other debt securities (1)	0.56	0.56	-	-
Total debt securities	**185,312.62**	**185,312.62**	-	-
Non-debt securities (2)	82.67	82.67	-	-
Subsidiaries and associates - at cost	17.50	17.50	-	-
Others (3)	-	-	-	-
Total	**185,412.79**	**185,412.79**	-	-

Notes:
(1) Other debt securities comprise non-SLR other than equity, units of asset reconstruction companies and venture capital funds.
(2) Non-debt securities comprise non-SLR equity, and venture capital funds.
(3) Others include investments in certificates of deposits, commercial paper, pass through certificates and security receipts.

**Our Bank carries sufficient provisions to fully cover unrealized loss as at December 31, 2023 on Available for sale and held for trading portfolio. Securities are valued script wise and depreciation / appreciation is aggregated for each category of investment in their respective classifications. Net depreciation, if any, compared to the acquisition cost, in any of the categories, is charged to the profit and loss account. The net appreciation in each category, if any, is not recognised. Net depreciation required to be provided for in any one classification is not reduced on account of net appreciation in any other classification.*

Available for sale investments

The following tables set forth, as at the dates indicated, information related to our Bank's investments available for sale.

(₹ in million)

Particulars	As at March 31, 2021			
	Book Value	Market Value	Unrealized Gain	Unrealized Loss
Government securities	27,165.52	26,878.72	68.92	355.72
Other debt securities (1)	11,246.80	10,944.23	187.55	490.13

Particulars	As at March 31, 2021			
	Book Value	Market Value	Unrealized Gain	Unrealized Loss
Total debt securities	38,412.32	37,822.94	256.47	845.85
Non-debt securities(2)	8,139.00	8,628.49	802.44	312.94
Subsidiaries and associates -at cost	-	-	-	-
Others (3)	4,004.24	2,994.04	-	1,010.20
Total	**50,555.56**	**49,445.48**	**1,058.91**	**2,168.99**

(₹ in million)

Particulars	As at March 31, 2022			
	Book Value	Market Value	Unrealized Gain	Unrealized Loss
Government securities	31,181.61	30,355.05	5.85	832.41
Other debt securities (1)	16,901.61	16,384.49	180.79	697.91
Total debt securities	48,083.22	46,739.54	186.64	1,530.32
Non-debt securities (2)	956.08	1,614.81	759.23	100.51
Subsidiaries and associates - at cost	-	-	-	-
Others (3)	3,759.92	2,367.97	-	1,391.95
Total	**52,799.22**	**50,722.32**	**945.87**	**3,022.78**

(₹ in million)

Particulars	As at March 31, 2023			
	Book Value	Market Value	Unrealized Gain	Unrealized Loss
Government securities	36,282.56	34,734.70	6.24	1,554.10
Other debt securities (1)	15,664.59	14,931.53	166.02	899.08
Total debt securities	51,947.15	49,666.24	172.26	2,453.18
Non-debt securities (2)	1,081.14	1,826.12	878.85	133.87
Subsidiaries and associates - at cost	-	-	-	-
Others (3)	3,069.30	1,459.75	-	1,609.55
Total	**56,097.59**	**52,952.10**	**1,051.11**	**4,196.61**

Particulars	As at December 31, 2023			
	Book Value	Market Value	Unrealized Gain	Unrealized Loss
Government securities	45,284.61	44,068.80	0.74	1,216.55
Other debt securities (1)	14,182.43	13,614.53	119.91	687.81
Total debt securities	59,467.03	57,683.32	120.65	1,904.36
Non-debt securities (2)	878.71	1,809.81	1,070.28	139.18
Subsidiaries and associates - at cost	-	-	-	-
Others (3)	2,704.95	-	-	2,704.95
Total	63,050.69	59,493.13	1,190.93	4,748.48

Notes:
(1) Other debt securities comprise non-SLR other than equity, units of asset reconstruction companies and venture capital funds.
(2) Non-debt securities comprise non-SLR equity, and venture capital funds.
(3) Others include investments in certificates of deposits, commercial paper, pass through certificates and security receipts.

**Our Bank carries sufficient provisions to fully cover unrealized loss as at June 30, 2023 on Available for Sale and Held for Trading portfolio. Securities are valued script wise and depreciation / appreciation is aggregated for each category of investment in their respective classifications. Net depreciation, if any, compared to the acquisition cost, in any of the categories, is charged to the Profit and Loss Account. The Net appreciation in each category, if any, is not recognised. Net depreciation required to be provided for in any one classification is not reduced on account of Net appreciation in any other classification.*

Held for trading investments

The following tables set forth, as at the dates indicated, information related to our Bank's domestic investments held for trading.

(₹ in million)

Particulars	As at March 31, 2021			
	Book Value	Market Value	Unrealized Gain	Unrealized Loss
Government securities	-	-	-	-

Particulars	As at March 31, 2021			
	Book Value	Market Value	Unrealized Gain	Unrealized Loss
Other debt securities(1)	-	-	-	-
Total debt securities	**-**	**-**	**-**	**-**
Non-debt securities(2)	-	-	-	-
Subsidiaries and associates - at cost	-	-	-	-
Others(3)	-	-	-	-
Total	**-**	**-**	**-**	**-**

(₹ in million)

Particulars	As at March 31, 2022			
	Book Value	Market Value	Unrealized Gain	Unrealized Loss
Government securities	-	-	-	-
Other debt securities(1)	-	-	-	-
Total debt securities	**-**	**-**	**-**	**-**
Non-debt securities(2)	-	-	-	-
Subsidiaries and associates - at cost	-	-	-	-
Others(3)	249.80	249.80	-	-
Total	**249.80**	**249.80**	**-**	**-**

(₹ in million)

Particulars	As at March 31, 2023			
	Book Value	Market Value	Unrealized Gain	Unrealized Loss
Government securities	-	-	-	-
Other debt securities(1)	-	-	-	-
Total debt securities	**-**	**-**	**-**	**-**
Non-debt securities(2)	-	-	-	-
Subsidiaries and associates - at cost	-	-	-	-
Others(3)	-	-	-	-
Total	**-**	**-**	**-**	**-**

(₹ in million)

Particulars	As at December 31, 2023			
	Book Value	Market Value	Unrealized Gain	Unrealized Loss
Government securities	449.68	450.08	0.41	-
Other debt securities(1)	-	-	-	-
Total debt securities	**449.68**	**450.08**	**0.41**	**-**
Non-debt securities(2)	-	-	-	-
Subsidiaries and associates - at cost	-	-	-	-
Others(3)	-	-	-	-
Total	**449.68**	**450.08**	**0.41**	**-**

Notes:

1) *Other debt securities comprise non-SLR other than equity, equity linked mutual funds, units of asset reconstruction companies and venture capital funds.*
2) *Non-debt securities comprise non-SLR equity, equity linked mutual funds, and venture capital funds.*
3) *Others include investments in certificates of deposits, commercial paper, units of mutual funds, pass through certificates and security receipts.*

**Our Bank carries sufficient provisions to fully cover unrealized loss as on December 31, 2023 on available for sale and held for trading portfolio. Securities are valued script wise and depreciation / appreciation is aggregated for each category of investment in their respective classifications. Net depreciation, if any, compared to the acquisition cost, in any of the categories, is charged to the profit and loss account. The net appreciation in each category, if any, is not recognised. Net depreciation required to be provided for in any one classification is not reduced on account of net appreciation in any other classification.*

Residual maturity profile

Held to maturity

The following table sets forth, as at the date indicated, an analysis of the residual maturity profile of our Bank's domestic investments in government and corporate debt securities classified as held to maturity and their weighted average market yields.

(₹ in million, except percentage data)

Particulars	As at December 31, 2023							
	Up to One Year		One to Five Year		Five to Ten Years		More than Ten Years	
	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield
Government securities*	1,407.44	5.88%	49,724.97	5.97%	106,427.92	6.45%	27,751.74	6.34%
Other debt securities*	-	-	-	-	0.56	9.70%	-	-
Gross book value	1,407.44		49,724.97		106,428.48		27,751.74	
Total debt securities market value	1,394.59		48,404.77		102,305.84		25,819.43	

Note:
* *Book value.*

Available for sale

The following table sets forth, as at the date indicated, an analysis of the residual maturity profile of our Bank's domestic investments in government and corporate debt securities classified as available for sale and their weighted average market yields.

(₹ in million, except percentage data)

Particulars	As at December 31, 2023							
	Up to One Year		One to Five Year		Five to Ten Years		More than Ten Years	
	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield
Government securities*	10,963.34	6.96%	10,533.06	5.60%	23,187.71	6.58%	600.50	6.31%
Other debt securities*	3,911.88	5.52%	6,757.12	7.69%	2,513.99	8.58%	1,000.00	8.25%
Gross book value	14,875.21		17,290.18		25,701.71		1,600.50	
Total debt securities market value	14,403.55		16,882.74		24,842.40		1,554.63	

Note:
* *Book value.*

Held for trading

The following table sets forth, as at the date indicated, an analysis of the residual maturity profile of our Bank's domestic investments in government and corporate debt securities classified as held for trading and their weighted average market yields.

(₹ in million, except percentage data)

Particulars	As at December 31, 2023							
	Up to One Year		One to Five Year		Five to Ten Years		More than Ten Years^	
	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield
Government securities*	-	-	-	-	449.68	7.19%	-	-
Other debt securities*	-	-	-	-	-	-	-	-
Gross book value	-	-	-	-	449.68		-	-
Total debt securities market value	-	-	-	-	450.08		-	-

Note:
* *Book value.*
^ *Held for Trading investments in more than Ten Years bucket includes short sell position in eligible Central Government securities.*

Asset liability gap and interest sensitivity data

The following table sets forth the maturity pattern of certain items of assets and liabilities as on December 31, 2023, which is prepared and compiled based on guidelines provided by the RBI. Assets and liabilities are classified into categories as per residual maturity. Assets and liabilities that do not mature or have ambiguous maturities are classified according to historical behavioural analysis or management judgment.

(₹ in million)

Particulars	1-30 Days	30-90 Days	3 to 6 months	6 to 12 months	1-3 Years	3-5 Years	Over 5 Years	Total
Cash and bank balance	14,054.63	2,174.20	3,206.52	3,185.45	18,718.57	1,007.04	11,267.06	**53,613.47**
Advances	15,592.67	64,312.81	60,019.18	73,736.89	249,912.06	62,450.08	156,137.87	**682,161.55**
Investments	90,681.99	9,432.77	12,545.32	12,120.85	69,454.03	5,690.42	44,401.62	**244,326.99**
Fixed assets	-	-	-	-	-	-	8,916.23	**8,916.23**
Other assets	80.30	7,252.77	309.08	379.72	17,479.40	287.38	85,092.72	**110,881.36**
Total assets	**120,409.59**	**83,172.54**	**76,080.10**	**89,422.91**	**355,564.05**	**69,434.91**	**305,815.49**	**1,099,899.61**
Capital and reserve	-	-	-	-	-	-	88,548.80	**88,548.80**
Deposits	36,084.09	48,949.96	74,926.26	70,139.98	429,150.20	23,611.21	239,092.20	**921,953.90**
Borrowings	45,390.86	338.20	507.30	1,014.60	1,876.10	-	6,200.00	**55,327.06**
Other liabilities	760.23	8,655.55	-	-	1,589.39	-	23,064.67	**34,069.85**
Total liabilities	**82,235.18**	**57,943.71**	**75,433.56**	**71,154.58**	**432,615.69**	**23,611.21**	**356,905.67**	**1,099,899.61**
Mismatch as per SLS statement (including Off-balance sheet items)	31,025.02	24,471.14	705.62	26,114.56	(77,051.64)	45,823.70	(51,090.17)	**(1.77)**
Cumulative mismatch	31,025.02	55,496.16	56,201.78	82,316.34	5,264.70	51,088.40	(1.77)	-
Cumulative outflow	97,969.61	173,790.02	255,068.84	339,312.24	771,927.93	795,539.14	1,152,444.81	-
Cumulative mismatch as a percentage to cumulative outflows	**31.67%**	**31.93%**	**22.03%**	**24.26%**	**0.68%**	**6.42%**	**-**	

Deposits

Average deposits, interest expended and interest cost by category

The tables below present our Bank's average balances for deposits together with the related interest expended by category of deposits, resulting in the cost for each period. The average balances are based on the fortnightly averages.

(₹ in million)

Particulars	Year ended March 31,								
	2021			2022			2023		
	Average balance(1)	Interest expended	Interest cost (%)(2)	Average balance(1)	Interest expended	Interest cost (%)(2)	Average balance(1)	Interest expended	Interest cost (%)(2)
Current deposits [A]	38,740.25	-	-	41,097.83	-	-	44,884.63	-	-
Saving deposits [B]	173,725.47	5,018.40	2.89%	196,568.12	5,604.28	2.85%	219,295.71	6,385.13	2.91%
CASA [C=A+B]	212,465.72	5,018.40	2.36%	237,665.95	5,604.28	2.36%	264,180.34	6,385.13	2.42%
Term deposits [D]	515,786.27	33,489.43	6.49%	531,916.60	30,242.19	5.69%	555,223.71	31,483.47	5.67%
Term deposits excluding certificates of deposit [E=D-G]	515,786.27	33,489.43	6.49%	531,916.60	30,242.19	5.69%	551,263.03	31,411.79	5.70%
Total Customer Deposits [F=C+E]	728,251.99	38,507.83	5.29%	769,582.54	35,846.47	4.66%	815,443.37	37,796.93	4.64%
Certificates of deposit [G]	-	-	-	-	-	-	3,960.67	71.68	1.81%
Total Deposits [H=F+G]	728,251.99	38,507.83	5.29%	769,582.54	35,846.47	4.66%	819,404.05	37,868.61	4.62%

(₹ in million)

Particulars	Nine months ended December 31,					
	2022			2023		
	Average balance(1)	Interest expended	Interest cost (%)(2)	Average balance(1)	Interest expended	Interest cost (%)(2)
Current deposits [A]	44,699.92	-	-	48,433.44	-	-
Saving deposits [B]	217,365.87	4,787.22	2.92%	232,809.83	5,075.67	2.90%
CASA [C=A+B]	262,065.79	4,787.22	2.42%	281,243.26	5,075.67	2.40%
Term deposits [D]	548,475.44	22,516.85	5.45%	601,597.73	29,807.46	6.59%

Particulars	Nine months ended December 31,					
	2022			2023		
	Average balance (1)	Interest expended	Interest cost (%)(2)	Average balance(1)	Interest expended	Interest cost (%)(2)
Term deposits excluding certificates of deposit [E=D-G]	544,537.83	22,503.31	5.49%	601,597.73	29,807.46	6.59%
Total customer deposits [F=C+E]	806,603.62	27,290.53	4.49%	882,840.99	34,883.13	5.26%
Certificates of deposit [G]	3,937.61	13.54	0.46%	-	-	-
Total deposits [H=F+G]	810,541.23	27,304.07	4.47%	882,840.99	34,883.13	5.26%

Notes:
1) *The average balances are based on the fortnightly averages.*
2) *Interest Cost is interest expended divided by average balance.*
3) *% relating to the nine months end periods are annualised.*

Top 20 Depositors

The table below sets forth our top 20 depositors (excluding certificates of deposits) and as a percentage of total customer deposits (excluding certificates of deposits) as at the specified dates.

(₹ in million)

Particulars	As on March 31, 2021		As on March 31, 2022		As on March 31, 2023		As on December 31, 2023	
	Amount	% of TCD	Amount	% of TCD	Amount	% of TCD	Amount	% of TCD
Top 20 depositors (excluding certificates of deposits)	20,588.38	2.72%	26,041.40	3.24%	31,054.70	3.55%	27,980.93	3.03%
Total customer deposits (excluding certificates of deposits) ("**TCD**")	756,548.62	100.00%	803,868.45	100.00%	873,680.12	100.00%	921,953.90	100.00%

Note:
1) *Top 20 depositors represent top 20 customer time depositors.*
2) *Total customer deposits represent aggregate of time deposits, demand deposits, savings deposits, inter-bank deposits.*

Advances portfolio

As on December 31, 2023, our Bank's gross advances was ₹ 6,97,409.72 million. As on December 31, 2023, all of our Bank's gross advances are to borrowers in India and 99.70% are denominated in Rupees and the balance are foreign currency denominated loans.

The following tables set forth our Bank's gross advances portfolio as at the specified dates.

(₹ in million)

Particulars	As on March 31, 2021		As on March 31, 2022		As on March 31, 2023		As on December 31, 2023	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
Retail	298,669.28	56.65%	296,664.90	51.35%	308,622.11	50.34%	331,257.50	47.50%
Mid-corporate	156,757.14	29.73%	163,362.40	28.28%	180,727.00	29.48%	181,347.62	26.00%
Large corporate	71,824.48	13.62%	117,666.11	20.37%	123,678.71	20.18%	184,804.60	26.50%
Total domestic advances	527,250.90	100.00%	577,693.41	100.00%	613,027.83	100.00%	697,409.72	100.00%
Total gross advances	527,250.90	-	577,693.41	-	613,027.83	-	697,409.72	-

The following table sets forth our Bank's gross loans and advances (including credit substitutes) by business line as on December 31, 2023:

Particulars	As at December 31, 2023	
	Amount (*₹ in million*)	% of total
Agriculture	92,354.22	13.24
MSME	154,250.41	22.12
Large enterprises	65,625.46	9.41
Infrastructure	26,150.13	3.85
Housing	110,182.05	15.80

Particulars	As at December 31, 2023	
	Amount *(₹ in million)*	**% of total**
Other personal loans (non-priority)	48,511.14	6.86
NBFC	104,659.92	15.01
Others	95,676.39	13.72
Total gross loans and advances	**697,409.72**	**100.00**

Notes:
1) *Advances to Agriculture includes Outstanding Deposits with NABARD.*
2) *Advances to MSME includes Outstanding Deposits with SIDBI & MUDRA.*
3) *Advances to Housing includes Outstanding Deposits with NHB.*

Concentration of advances

Pursuant to revised RBI guidelines on Large Exposure Framework, exposure ceilings are 20.00% of banks available eligible capital base in the case of a single borrower and 25.00% in the case of a borrower group. The single borrower exposure limit is extendable by another 5.00%, up to 25.00% of eligible capital base in exceptional circumstances and with the approval of its board of directors, subject to the borrower consenting to us making appropriate disclosure about the borrower in our Bank's annual report.

Our Bank follows a strategy of diversification of its loan book and has laid down a number of concentration limits for its portfolio in accordance with RBI defined limits or guidelines and Board recommendations. These include a set of concentration risk metrics such as single and group exposure concentration, product-level concentration, industry risk concentration and other ceilings such as exposure to capital market and real estate. For managing industry risk concentration, the Bank has also stipulated, amongst others, ceilings for exposure to a single industry, ceilings for sectors identified as stressed and ceiling on identified pair of co-related sectors.

The following table sets forth, at the dates indicated, our Bank's gross advances outstanding categorized by borrower industry or economic activity as at the specified dates.

(₹ in million, except percentage data)

Particulars	As on									
	March 31, 2021		March 31, 2022		March 31, 2023		December 31, 2022		December 31, 2023	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
Gross Advances	527,250.91	-	577,693.41	-	613,027.83	-	636,733.38	-	697,409.72	-
- Agriculture	69,566.44	13.19%	74,352.96	12.87%	75,914.20	12.38%	76,799.58	12.06%	92,354.22	13.24%
- MSME	146,535.50	27.79%	160,949.08	27.86%	152,470.81	24.87%	156,953.69	24.65%	154,250.41	22.12%
- Large Ent.	50,196.51	9.52%	49,514.36	8.57%	49,502.79	8.08%	59,080.28	9.28%	65,625.46	9.41%
- Housing	107,190.64	20.33%	104,411.60	18.07%	107,484.42	17.53%	108,510.59	17.04%	110,182.05	15.80%
- Other Personal loans	42,566.60	8.07%	42,488.13	7.35%	45,659.76	7.45%	48,066.47	7.55%	48,511.14	6.96%
- Infra	12,824.30	2.43%	8,648.95	1.50%	12,279.63	2.00%	12,404.29	1.95%	26,150.13	3.75%
- NBFC	35,135.43	6.66%	67,139.11	11.62%	80,722.73	13.17%	93,178.39	14.63%	1,04,659.93	15.01%
- Others	63,235.49	11.99%	70,189.22	12.15%	88,993.49	14.52%	81,740.09	12.84%	95,676.38	13.72%

As on December 31, 2023, aggregate credit exposure (fund and non-fund based (including derivative exposure)) to our Bank's 10 largest borrowers (fund and non-fund based (including derivative exposure)) amounted to ₹ 64,005.27 million, representing 76.38% of our Bank's total Tier I capital as on December 31, 2023.

Our Bank's single largest borrower (fund and non-fund based) (excluding derivative exposure)) as on December 31, 2023 had a loan balance of ₹ 12,249.80 million, representing 14.62% of our Bank's Tier I capital as of December 31, 2023

Current bucket collection efficiency for urban advances

The following table sets forth our Bank's collection efficiency for our Bank's urban advances (which are advances given to customers who are not in rural or semi-urban areas).

Month	Collection Efficiency(1)(2)
Jan-22	84.77%
Feb-22	81.66%

Month	Collection Efficiency[(1)(2)]
Mar-22	87.50%
Apr-22	82.45%
May-22	85.08%
Jun-22	85.56%
Jul-22	85.34%
Aug-22	84.87%
Sep-22	85.70%
Oct-22	85.43%
Nov-22	85.26%
Dec-22	87.06%
Jan-23	85.76%
Feb-23	83.74%
Mar-23	88.59%
Apr-23	83.96%
May-23	83.32%
Jun-23	82.91%
Jul-23	83.97%
Aug-23	84.44%
Sep-23	84.61%
Oct-23	83.78%
Nov-23	82.16%
Dec-23	83.29%

Notes:

1) *The definition for Collection Efficiency is (total equated monthly instalments collected for the month)*100/Total equated monthly instalments due for the month.*
2) *Total equated monthly instalments collections do not include any arrear collections or prepayment collections.*

Non-Performing Advances

Our Bank's gross NPA ratio was 4.91%, 3.90%, 3.74% and 3.64% as at March 31, 2021, 2022, 2023 and December 31, 2023, respectively.

The following table sets forth information about our Bank's NPA portfolio as the specified dates.

(₹ in million)

Particulars	As at March 31,			31-12-2023
	31-03-2021	31-03-2022	31-03-2023	
Non-Performing Advances				
Gross NPAs [A]	25,884.05	22,508.21	22,929.08	25,367.17
Provisions for NPAs [B]	9,433.53	8,738.55	12,716.40	14,766.58
Floating provisions	-	-	-	-
Net NPAs [C= A–B]	16,450.52	13,769.66	10,212.68	10,600.58
Gross advances [D]	527,250.91	577,693.41	613,027.83	697,409.72
Gross advances minus provisions for NPAs [E=D–B]	517,817.38	568,954.86	600,311.43	682,643.14
Gross NPAs/Gross advances [F=A/D]	4.91%	3.90%	3.74%	3.64%
Net NPAs/(gross advances minus provisions for NPAs) [G=C/E]	3.18%	2.42%	1.70%	1.55%
Provision Coverage Ratio [H =B/A][(1)]	36.45%	38.82%	55.46%	58.21%
Write-offs [I][(2)]	28,937.59	29,397.99	30,433.73	29,702.44
Provision Coverage Ratio (including Write-offs) as a percentage of gross NPAs and prudential Write-offs [J=(B+I)/(A+I)]	69.99%	73.47%	80.86%	80.75%

Notes:

1) *Provision Coverage Ratio is the ratio of provisions for non-performing advances to the gross non-performing advances.*
2) *Write-offs includes Prudential write-offs which are loan accounts written off at Head Office / GL level.*

Breakdown of asset quality by business components

The following tables set forth our Bank's breakdown of asset quality by business components as at the specified dates. Our Bank has not publicly disclosed its breakdown of asset quality by business components as at March 31, 2021, 2022 and December 31, 2023.

Particulars	As at March 31, 2023			
	Gross advances	Gross NPAs (%)	Net NPAs (%)	PCR (%) (Gross of prudential write-offs)
	(₹ in million, except %)			
Retail	308,622.11	2.45	1.17	37.53
Mid-corporate	180,727.00	1.30	0.53	37.58
Corporate	123,678.71	-	-	5.75
Total gross advances	613,027.83	3.74	1.70	80.86

Particulars	As on December 31, 2023			
	Gross advances	Gross NPAs (%)	Net NPAs (%)	PCR (%) (Gross of prudential write-offs)
	(₹ in million, except %)			
Retail	331,257.50	2.13	0.94	39.61
Mid-corporate	181,347.62	1.50	0.61	35.57
Corporate	184,804.60	-	-	5.57
Total gross advances	697,409.70	3.64	1.55	80.75

Credit Cost and Net Credit Cost

Our Bank's credit cost is provision for NPAs divided by net advances as per Balance Sheet ("**Credit Cost**"). Our Bank's net credit cost is calculated as the credit cost, as adjusted for recoveries from the written off accounts ("**Net Credit Cost**"). These ratios are measures of the amount charged to our Bank's profit and loss statement during the period due to standard credit risks as a percentage of its net advance as per Balance Sheet.

Particulars	Year ended March 31,			Nine months ended December 31,	Nine months ended December 31,
	2021	2022	2023	2022(2)	2023(2)
	(%)				
Credit Cost	2.38	1.04	1.48	0.90	0.67
Net Credit Cost(1)	2.05	0.61	1.01	0.61	0.40

Notes:

1) *Our Bank's recoveries from borrowers on written off accounts totaled ₹ 1,715.60 million, ₹ 2,457.24 million and ₹ 2,834.11 million in Fiscals 2021, 2022 and 2023, respectively, and ₹ 1,781.71 million and ₹ 1,830.24 million for the nine months ended December 31, 2022 and December 31, 2023, respectively.*
2) *Nine months figures are annualized.*

Recognition of NPAs and Provisioning

RBI Classification and Provisioning Requirements

Our Bank classifies our assets in accordance with the RBI guidelines. The guidelines require Indian banks to classify their NPAs into three categories, as described below, based on the period for which the asset has remained non-performing and the estimated realization of amounts due in relation to such asset. Further, the NPA classification is at the borrower level, rather than at the facility level and, accordingly, if one of the advances granted to a borrower becomes non-performing, such borrower is classified as non-performing and all advances due from it are so classified.

A non-performing asset is a loan or an advance, where: (i) interest and/or instalment of principal remains overdue for a period of more than 90 days in respect of a term loan; (ii) the account remains "out of order" in respect of an overdraft of cash credit; (iii) the bill remains overdue for a period of more than 90 days in the case of bills purchased and discounted; (iv) the instalment of principal or interest thereon remains overdue for two crop seasons for short duration crops; (v) the instalment of principal or interest thereon remains overdue for one crop season for long duration crops; (vi) the amount of liquidity facility remains outstanding for more than 90 days, in respect of a securitization transaction undertaken in terms of the Reserve Bank of India (Securitisation of Standard Assets) Directions, 2021 as amended from time to time; (vii) in respect of derivative transactions, the overdue receivables representing positive mark-to-market value of a derivative contract, if these remain unpaid for a period of 90 days from the specified due date for payment.

Standard asset	Performing assets are Standard Assets which do not disclose any problem and which do not carry more than the normal risk attached to the business. The performing asset is one which generates income for the bank.
Sub-standard asset	A Sub-standard Asset would be one which has remained a NPA for a period less than or equal to 12 months.
Doubtful asset	A doubtful asset is an asset that has remained in the substandard category for a period of 12 months. Further, these doubtful assets are to be classified into the following three categories, depending on the period for which such assets have remained in doubtful category: assets which have remained in the doubtful category for a period of up to one year; assets which have remained in the doubtful category for a period of one to three years; and assets which have remained in the doubtful category for a period of more than three years.
Loss asset	In accordance with RBI guidelines, a loss asset is an asset where loss has been identified by the bank or internal or external auditors or RBI at the time of inspection, but the amount has not been written off wholly. If the realizable value of the security, as assessed by the bank or approved valuation agents or by RBI, is less than 10.00% of the outstanding amount in the borrower's accounts, the existence of security should be ignored and the asset should be immediately classified as a loss asset and it may be either written off or fully provided for by the bank.

The following table provides a summary of our Bank's gross advances as at the dates indicated, in accordance with the RBI classifications.

(₹ in million)

Particulars	**As of March 31,**			**As at December 31, 2023**
	2021	**2022**	**2023**	
Standard	501,366.86	555,185.20	590,098.76	672,042.55
Sub-standard assets	10,339.29	7,321.21	6,811.47	8,543.96
Doubtful assets	13,472.91	14,347.04	13,810.35	13,274.76
Loss assets	2,071.85	839.95	2,307.26	3,548.45
Total	**527,250.91**	**577,693.41**	**613,027.83**	**697,409.72**

The following table sets forth our Bank's provisions for incurred credit losses at the specified dates.

(₹ in million)

Particulars	**As of March 31,**			**As at December 31, 2023**
	2021	**2022**	**2023**	
Provision for NPAs	9,433.53	8,738.55	12,716.40	14,766.58
Provision for NPAs as % of gross advance	1.79%	1.51%	2.07%	2.12%
Provision Coverage Ratio (including tw)	**69.99%**	**73.47%**	**80.86%**	**80.75%**
Provision Coverage Ratio (excluding tw)	**36.45%**	**38.82%**	**55.46%**	**58.21%**

Note:

1) Provision Coverage Ratio is the ratio of provisions for non-performing advances to the gross non- performing advances.

Restructured Assets

Restructuring is an act in which a lender, for economic or legal reasons relating to the borrower's financial difficulty, grants concessions to the borrower. In the case of restructuring, the accounts classified as 'standard' shall be immediately downgraded to non-performing assets (NPAs), i.e., 'sub-standard' to begin with. The NPAs, upon restructuring, would continue to have the same asset classification as prior to restructuring.

Asset Classification/ Provisioning as well as upgrade criteria in the case of a restructured advance is governed by Master Circular - Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to advances.

The following table sets forth a summary of our Bank's standard restructured assets as at December 31, 2023.

Particulars	**Standard**
	(₹ in million)
Restructured assets as at March 31, 2023	25,708.81
New restructuring during the nine months ended December 31, 2023	976.38
Assets upgraded from NPA to Standard category during the nine months ended December 31, 2023	597.01
Reclassified restructured assets as at December 31, 2023	-
Restructured accounts downgraded to NPA during the nine months ended December 31, 2023	3,179.41

Particulars	Standard
	(₹ in million)
Change in outstanding/write-off/recovery/closures the nine months ended December 31, 2023	5,728.40
Restructured Accounts as at December 31, 2023	**18,374.39**

Provisioning and Write-Offs

RBI guidelines on provisioning and write-offs are as follows:

<table>
<tr><td>Standard asset</td><td>A general provision on Standard Assets with a minimum of 0.40% is to be made with the exception of farm credit to agricultural activities and MSME sectors for which a provision of 0.25% will be made, housing loans extended at teaser rates and for advances to commercial real estate – residential housing sector, a provision of 0.75% will be made. For commercial real estate loans, a provision of 1.00% will be made.</td></tr>
<tr><td>Sub-standard asset</td><td>A provision of 15.00% on total outstanding loans should be made without making any allowance for Export Credit Guarantee Corporation of India (ECGC) guarantee cover and securities available. The unsecured outstanding which are identified as sub-standard would attract an additional provision of 10.00% (i.e. a total of 25.00% on the outstanding balance), with the exception of infrastructure loan accounts which will attract a provisioning of 20.00%.

Unsecured outstanding is defined as an outstanding where the realizable value of security, as assessed by the bank, the approved valuers/RBI's inspecting officers, is not more than 10.00%, ab-initio, of the outstanding. Security will mean tangible security properly discharged to the bank and will not include intangible securities such as guarantees and comfort letters.</td></tr>
<tr><td>Doubtful asset</td><td>Provisioning at 100.00% is to be made for the deficit portion, i.e., to the extent to which advances are not covered by the realizable value of the security to which the Bank has a valid recourse and the realizable value is estimated on a realistic basis. With regard to the secured portion, as per the revised guidelines of the RBI, provision is to be made at rates ranging from 25.00% to 100.00% of the secured portion depending upon the period for which the advance has remained in the doubtful category. In regard to the secured portion, provision is to be made in accordance with the table below:

<table><tr><th>Period for which advance remained in "Doubtful" category</th><th>Provision requirement (%)</th></tr><tr><td>Up to one year</td><td>25.00</td></tr><tr><td>One to three years</td><td>40.00</td></tr><tr><td>More than three years</td><td>100.00</td></tr></table></td></tr>
<tr><td>Loss asset</td><td>The entire asset is written off or 100.00% provision will be made on outstanding amount, if loan assets are permitted to remain in the books for any reason.</td></tr>
</table>

Analysis of Non-Performing Advances by industry sector

The following tables set forth, as at the dates indicated, our Bank's domestic NPAs by borrowers' industry or economic activity and as a percentage of its advances in the respective industry or economic activities sector. These figures do not include credit substitutes.

(₹ in million, except percentage data)

Particulars	As on								
	March 31, 2021			March 31, 2022			March 31, 2023		
	Gross Advances	NPAs	% of NPA in the sector	Gross Advances	NPAs	% of NPA in the sector	Gross Advances	NPAs	% of NPA in the sector
- Agriculture	69,566.44	6,024.83	8.66%	74,352.96	5,529.06	7.44%	75,914.20	5,523.95	7.28%
- MSME	146,535.50	9,791.70	6.68%	160,949.08	10,841.21	6.74%	152,470.81	11,356.30	7.45%
- Large Ent.	50,196.51	2,834.46	5.65%	49,514.36	1,222.66	2.47%	49,502.79	1,721.55	3.48%
- Housing	107,190.64	3,606.12	3.36%	104,411.60	2,585.54	2.48%	107,484.42	2,349.90	2.19%
-Other Personal loans	42,566.60	1,860.43	4.37%	42,488.13	1,143.42	2.69%	45,659.76	1,024.23	2.24%
- Infra	12,824.30	797.17	6.22%	8,648.95	228.83	2.65%	12,279.63	194.36	1.58%
- NBFC	35,135.43	0.00	0.00%	67,139.11	0.00	0.00%	80,722.73	0.00	0.00%
- Others	63,235.49	969.34	1.53%	70,189.21	957.49	1.36%	88,993.49	758.79	0.85%
Total	**527,250.91**	**25,884.05**	**4.91%**	**577,693.41**	**22,508.21**	**3.90%**	**613,027.83**	**22,929.08**	**3.74%**

(₹ in million, except percentage data)

Particulars	As on					
	December 31, 2022			December 31, 2023		
	Gross Advances	NPAs	% of NPA in the sector	Gross Advances	NPAs	% of NPA in the sector
- Agriculture	76,799.58	4,800.71	6.25%	92,354.22	6,249.92	6.77%
- MSME	156,953.69	9,796.68	6.24%	154,250.41	11,935.72	7.74%
- Large Ent.	59,080.28	1,947.52	3.30%	65,625.46	2,029.67	3.09%
- Housing	108,510.59	2,378.70	2.19%	110,182.05	2,477.57	2.25%
- Other Personal loans	48,066.47	993.56	2.07%	48,511.14	1,306.32	2.69%
- Infra	12,404.29	203.09	1.64%	26,150.13	227.95	0.87%
- NBFC	93,178.39	0.00	0.00%	104,659.93	0.00	0.00%
- Others	81,740.08	737.01	0.90%	95,676.38	1,140.02	1.19%
Total	**636,733.38**	**20,857.27**	**3.28%**	**697,409.72**	**25,367.17**	**3.64%**

NPA Management

Our Bank is committed to efficiently managing and reducing its NPAs and has implemented the following measures to manage and reduce its NPA ratio:

Slippage Management

a) Our Bank has a robust system in place for early remedial action on deteriorating credits, managing problem credits and sticky accounts. Separate Underwriting, Credit Monitoring, EWS and Collection Departments ensure end-to-end system of monitoring of credit quality and controlling slippages. The repayment record of borrowers is monitored in respect of payment of interest and repayment of principal. Whenever a borrower defaults or is likely to default, rigorous follow-up is made for the collection of dues/arrears.

b) Our Bank recognizes incipient stress in loan accounts, immediately on default, by classifying such assets as special mention accounts (SMA) as per the overdue days as defined in the Master Circular – Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to advances. Classification of borrower accounts into SMA categories is applicable for all loans (including retail loans), other than agricultural advances governed by crop season-based asset classification norms, irrespective of size of exposure of the bank. As provided in terms of the circular DBS.Dir.OSMOS.No.3327/33.01.001/2013-14 dated September 11, 2013 and subsequent instructions related thereto, the Bank reports credit information, including classification of an account as SMA to Central Repository of Information on Large Credits (CRILC), on all borrowers having aggregate exposure of ₹ 5 crore and above.

c) Our Bank undertakes timely financial restructuring of accounts to curtail further deterioration in financial condition of such assets. Where an account shows signs of liquidity problems and does not generate enough cash surplus to meet its commitments, the account is reviewed and restructured depending on the financial viability of the account and relevant borrower.

d) In case of any defaults, a separate team of collection managers are responsible for the collection of dues from the defaulted customers. Based on the product category, data analytics, collection scorecards, automated calling facilities, automated SMS and emails physical call center, external collection agencies or in-house collection agents / managers are used by the supervisory collection managers for this process. There are product wise collection teams who work on the decentralized framework with centralized control from the collection strategy team.

NPA Management

When default occurs, verbal and written communications are sent to the borrower to regularize their accounts within a specified period. Where the NPA is secured by a guarantee (personal or corporate), steps are taken to recover dues from the guarantor. Depending on the facts and circumstances of each case, a decision is taken to support the borrower, for rehabilitation, or to initiate recovery proceedings.

Our Bank uses any of the following broad methods for management of NPAs:

- Resolution Plan
- Exit strategy
- Sell down to asset reconstruction companies / other entities

- Restructuring and rehabilitation
- Settlements/compromise
- Legal Action and recovery
- Write-off

For further details, please see "*Risk Factors — Risks Relating to Our Business — An increase in our portfolio of NPAs or provisioning requirements mandated by the RBI could adversely affect our business, results of operations and financial condition*" on page 67.

Net Stressed Assets

The following table sets forth our Bank's Net Stressed Assets, (net NPAs plus Net Security Receipts plus Net Restructured Assets from One Time Restructuring (OTR)). Our Bank's Net Stressed Assets constituted 3.80%, 5.64%, 3.28% and 2.42% of our Bank's Total Assets as at March 31, 2021, 2022, 2023 and December 31, 2023 respectively.

Particulars	As on March 31,			As on December 31,
	2021	2022	2023	2023
	(₹ in million)			
Net NPAs [A]	16,450.52	13,769.66	10,212.68	10,600.58
Net Security Receipts [B]	2,275.80	1,590.40	-	-
Net Restructured Assets [C]	13,805.35	36,333.03	22,263.32	15,988.70
Net Stressed Assets [D=A+B+C]	32,531.67	51,693.09	32,476.00	26,589.28
Net Stressed Assets as a percentage of Total Assets [E=D/F]	3.80%	5.64%	3.28%	2.42%
Total Assets [F]	856,154.29	915,839.93	990,583.39	1,099,899.61

Interest Coverage Ratio

The following table sets forth information with respect to our Bank's interest coverage ratio for the periods indicated, which is required to be disclosed as per the Companies Act, 2013 and the PAS Rules. This ratio, however, is typically used to measure the debt-servicing ability of a corporate and is not relevant to a banking company.

Particulars	Year ended March 31,			Nine months ended December 31,	
	2021	2022	2023	2022	2023
	(₹ in million, except %)				
Net profit for the year [A]	4,825.70	5,086.20	11,802.43	8,264.85	10,320.41
Depreciation on our Bank's property [B]	735.22	736.74	864.10	681.56	531.79
Provisions and contingencies [C]	14,257.11	11,253.76	10,279.82	6,959.88	6,314.85
Of which:					
Provisions for tax [D]	*1,293.60*	*1,859.44*	*2,608.01*	*1,820.54*	*2,156.31*
Provisions and contingencies other than tax [E=C-D]	*12,963.51*	*9,394.32*	*7,671.81*	*5,139.34*	*4,158.54*
Interest expended [F]	40,492.27	37,306.28	40,351.27	29,258.77	36,332.47
Total [G=A+B+E+F]	**59,016.70**	**52,523.54**	**60,689.61**	**43,344.52**	**51,343.21**
Interest coverage ratio [H= G/F]	**145.75%**	**140.79%**	**150.40%**	**148.14%**	**141.31%**

RELATED PARTY TRANSACTIONS

For details of the related party transactions during (i) Fiscal 2023; (ii) Fiscal 2022; and (iii) Fiscal 2021, as per the requirements under Indian GAAP, as notified under Section 133 of the Companies Act, as amended, please see the section entitled "*Financial Information*" beginning on page 296.

RISK FACTORS

An investment in the Equity Shares involves a high degree of risk. This Placement Document contains forward-looking statements that involve risks and uncertainties. Our financial performance may differ from such forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Placement Document. Prospective investors should carefully consider the following risk factors as well as other information included in this Placement Document prior to making any investment decision. In making an investment decision, prospective investors must rely on their own examination of our Bank and the terms of the Issue, including the merits and risks involved. The risks and uncertainties described below are not the only risks we currently face If any of the risks described below, or other risks that are not currently known or are currently deemed immaterial actually occur, our business prospects, results of operations and financial condition could be adversely affected, the trading price of the Equity Shares could decline, and investors may lose all or part of the value of their investment.

In order to obtain a complete understanding of our business, you should read this section in conjunction with the sections "Industry Overview", "Business", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Selected Statistical Information" on pages 157, 173, 132 and 45, respectively, as well as other financial information contained in this Placement Document. You should consult your tax, financial and legal advisors about the particular consequences to you of an investment in this Issue.

Our fiscal year commences on April 1 and ends on March 31 of the subsequent year, and references to a particular Fiscal are to the 12 months ended March 31 of that year. Unless otherwise specified or as the context requires, financial information herein as at and for the years ended March 31, 2021, 2022 and 2023 is derived from the Audited Standalone Financial Statements, the financial information herein for the nine months ended December 31, 2022 is derived from the Unaudited Condensed Standalone Interim Financial Statements for the nine months ended December 31, 2022 and the financial information herein for the nine months ended December 31, 2023 is derived from the Unaudited Condensed Standalone Interim Financial Statements for the nine months ended December 31, 2023. In order make the financial information presented herein comparable, certain line items as at March 31, 2021 and 2022 and for Fiscal 2021 have been reclassified in this Placement Document compared to how they are classified in the Audited Standalone Financial Statements.

Our Bank's management primarily utilises our Bank's standalone financial information to monitor the operational strength and performance of our Bank's business and, hence, the following information is based on our Bank's standalone financial information.

Unless otherwise stated, references to "the Bank" and "our Bank" are to The Karnataka Bank Limited on a standalone basis and references to "we", "us", "our", are to The Karnataka Bank Limited and its Subsidiary on a consolidated basis.

RISKS RELATING TO OUR BUSINESS

1. An increase in our portfolio of NPAs or provisioning requirements mandated by the RBI could adversely affect our business, results of operations and financial condition.

Our NPAs may increase in the future due to several factors, including inconsistent industrial and business growth in recent years, high levels of debt involved in financing of projects of the borrowers, a large number of frauds, regulatory and legal changes affecting our Bank's loan portfolio, adverse effects on our borrowers' businesses or incomes resulting from epidemics or pandemics, such as the COVID-19 pandemic, a rise in unemployment, slow business growth, changes in customer behaviour, challenging economic conditions affecting our Bank's project finance loan portfolio or other key sectors and demographic patterns and changes in central and state government policies and regulations. Any of these factors could further increase our Bank's NPA levels and have a material, adverse effect on the quality of our Bank's loan portfolio and have a material, adverse effect on our business, financial condition, results of operations and cash flows.

While the impact of these developments remains uncertain, they could have a material adverse impact on the quality of our Bank's loan portfolio. For more information on the factors affecting our Bank's NPA levels, please refer to the section entitled "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Principal Factors Affecting Results of Operations and Financial Condition – Asset Quality, Non-Performing Assets and Provisioning*" on page 135. Additionally, if the systems and process established by our Bank to identify NPAs fail or are not able to identify the NPAs correctly and in a timely manner, our Bank's business, results of operations and financial condition could be adversely affected. Even if our systems and processes are accurate, we may not be able to anticipate future economic developments or downturns, which could lead to an increase in NPAs.

The table below sets forth our Bank's gross NPAs and gross NPAs as a percentage of gross advances, for the periods indicated:

(in ₹ million, except percentage data)

Particulars	As of				
	December 31, 2023	December 31, 2022	March 31, 2023	March 31, 2022	March 31, 2021
Gross NPA	25,367.17	20,857.28	22,929.08	22,508.21	25,884.05
Gross NPA as a % of gross advances	3.64%	3.28%	3.74%	3.90%	4.91%

The table below sets forth our Bank's net NPAs and net NPAs as a percentage of net advances, for the periods indicated:

(in ₹ million, except percentage data)

Particulars	As of				
	December 31, 2023	December 31, 2022	March 31, 2023	March 31, 2022	March 31, 2021
Net NPA	10,600.58	10,408.84	10,212.68	13,769.66	16,450.52
Net NPA as a % of net advances	1.55%	1.66%	1.70%	2.42%	3.19%

There can be no assurance that the percentage of NPAs that we will be able to recover will be similar to our past instances of recoveries. Our retail loan portfolio has grown over the years especially in the event of an economic slowdown or adverse macroeconomic situations. Further, global economic slowdown, inconsistent industrial growth and the impact of global and Indian economic conditions on equity and debt markets may also adversely affect our corporate loan portfolio.

A charge to our profit and loss account creates provisions for NPAs and are subject to minimum provision requirements linked to ageing of NPAs. We also consider our internal estimate for loan losses and risks inherent in the credit portfolio when deciding on the appropriate level of provisions in addition to the relevant regulatory minimum provision. The determination of a suitable level of loan losses and provisions involves a degree of subjectivity and requires that we make estimates of current credit risks and future trends, all of which may be subject to material changes. Any incorrect estimation of risk may result in our provisions not being adequate to cover any further deterioration in our NPA portfolio.

If there is any deterioration in the quality of our security or further ageing of the assets after being classified as NPAs, an increase in provisions will be required. This increase in provisions may adversely impact our financial performance. Our Bank's provision coverage ratio (including technical write off) for the Fiscals 2021, 2022, 2023 and the nine months period ended December 31, 2022 and December 31, 2023 was 69.99%, 73.47%, 80.86%, 80.21%, and 80.75%, respectively. Any future increases in provisions mandated by the RBI or other regulatory changes could lead to an adverse impact on our business, future financial performance and the trading price of the Equity Shares.

In addition to the debt recovery and security enforcement mechanisms available to lenders under the DRT Act and the SARFAESI Act, the RBI provides for various mechanisms that may be adopted by banks to deal with stressed assets. However, there can be no assurance that these regulatory measures implemented by the GoI and the RBI will have an encouraging impact on our efforts to recover NPAs. Any failure to recover the expected value of collateral would expose us to potential loss. We along with other banks in India are also required to share data with each other on certain categories of special mention accounts and credit information relating to the same, set up joint lenders' forums, monitor the asset quality closely and formulate action plans for resolution of these accounts. Any failure to do so may result in accelerated provisioning for such cases and may result in initiation of supervisory actions by the RBI in the event we do not comply with the corrective action plan decisions. Even if an accelerated provision were made, there is no reassurance that we will be able to recover our NPAs. Accordingly, any significant increase in our NPAs may have a material adverse effect on our business, results of operations and financial condition.

2. ***Our business and financial performance may be adversely affected by an increase in level of restructured loans in our portfolio and inadequate performance of our restructured loans.***

Restructured standard loans are a part of our standard assets. As of March 31, 2021, 2022 and 2023 and December 31, 2022 and December 31, 2023, our Bank's gross standard restructured assets as a proportion of gross advance were 2.84%, 6.98%, 4.06%, 4.65% and 2.57%, respectively. As a result of slowing economic activity and due to the implementation of restructuring packages announced by RBI which were in place until December 31, 2021 to mitigate the hardship caused due to COVID-19 pandemic, there has been an increase in restructured loans in the banking system, including within our loan portfolio.

We restructure assets based on a borrower's potential to restore its financial health. However, in case a borrower fails to restore its financial viability and honour its loan servicing commitments to us, such assets classified as restructured may be classified as delinquent or non-performing. There can be no assurance that the debt restructuring criteria approved by us will be adequate or successful and that borrowers will ultimately be able to meet their obligations under restructured loans.

The RBI has permitted lending institutions including our Bank to offer a limited window to individual borrowers and small businesses to implement resolution plans in respect of their credit exposures while classifying the same as standard upon implementation of the resolution plan subject to certain conditions. Our profitability also has been adversely affected, as a result of such provisioning requirements under the applicable RBI guidelines. The combination of changes in regulations regarding restructured loans, provisioning, and any substantial increase in the level of restructured assets and the failure of these structured loans to perform as expected could materially adversely affect our business, future financial performance and the trading price of the Equity Shares.

The table below sets forth the outstanding standard restructured (gross) amounts, along with the provisions on these accounts, for the periods indicated:

(in ₹ million)

Particulars	For the nine months ended		Fiscal		
	December 31, 2023	December 31, 2022	2023	2022	2021
Outstanding standard restructured (gross) amounts*	17,892.81	29,611.91	24,913.60	40,307.98	14,952.52
Provisions	1,904.11	2,897.71	2,650.28	3,723.29	1,534.97

**Excluding funded interest term loans*

3. ***In the course of our operations, we are exposed to various categories of borrowers, depositors and industry sectors, and a default by any large borrower, premature withdrawal of deposits or a deterioration in the performance of any of these industry sectors in which we have significant exposure would adversely affect our business, results of operations and financial condition.***

We conduct business with certain borrowers who have highly leveraged balance sheets and any default by any of these borrowers would have a significant impact on our profitability. On June 3, 2019, the RBI released the Guidelines on LEF applicable to all scheduled commercial banks (other than regional rural banks), further modified by the RBI notification dated May 23, 2020, with a view to capture exposures and concentration risks more accurately and to align the previous guidelines and instructions on LEF with international norms, which superseded the previous circulars on large exposure framework. As at December 31, 2023 (a) our Bank's ten largest borrowers amounted to ₹ 64,005.27 million, representing 76.38% of our Bank's Tier I Capital, which is ₹ 83,803.77 million; (b) our Bank's exposure to the single largest group borrower as per Large Exposures Framework was ₹ 12,249.80 million representing 14.62% of our Bank's Tier I capital. For further information, please refer to the section entitled "*Selected Statistical Information*" on page 45. If any of such borrowers' default or become non-performing, our exposure to credit risk would increase, and our net profits would decline and, due to the scale of the exposures, our ability to meet capital requirements could be challenging. We cannot assure you that these borrowers will continue to honour their commitments and that there will be no defaults in future and further, that there will not be any delay in payments of interest and/ or principal from these borrowers.

In addition, we offer loans to a wide range of industries and businesses. As of December 31, 2023, our Bank's largest fund-based exposures were to MSMEs, agriculture, housing, and NBFC sectors ₹ 154,250.41 million, ₹ 92,354.22 million, ₹ 110,182.05 million, and ₹ 104,659.92 million respectively, and representing 22.12%, 13.24%, 15.80%, 15.01% respectively, of our total fund based exposure as on such date. Any financial difficulties experienced by our customers or by particular sectors of the Indian economy to which we have historically had and continue to have significant exposure, could significantly increase our NPA levels and materially and adversely affect our business, results of operations and financial condition and the price of the Equity Shares.

The ability of borrowers to service their debt obligations may be adversely impacted by any significant deterioration in the performance of a particular sector, driven by events outside our control, such as regulatory actions or policy announcements by the GoI or state government authorities. As a result, we may experience increased defaults, which may adversely affect our business, results of operations and financial condition.

We monitor concentration of exposures to borrowers and calculate customer exposure as required by the RBI. For Fiscals 2021, 2022 and 2023, the nine months period ended December 31, 2022 and December 31, 2023, our total exposure to top 10 largest borrowers (fund-based and non-fund based, including guarantees) was ₹ 37,427.91 million, ₹ 46,514.59 million, ₹ 52,138.90 million, ₹ 57,964.74 million and ₹ 64,005.27 million, respectively, representing 60.95%, 70.93%, 68.87%, 87.63% and 76.38%, respectively, of our Bank's Tier I capital. As on December 31, 2023, our single largest borrower on such date had an exposure of ₹ 12,249.80 million, representing 14.62% of our Bank's Tier I capital. If any of these twenty largest customer exposures were to become non-performing, the credit quality of our portfolio and our business, results of operations and financial condition could be materially and adversely affected.

4. We make significant advances to the agricultural sector and any change in lending rates applicable to this sector may adversely affect our business, financial position and results of operations.

As at March 31, 2021, 2022 and 2023, and as at December 31, 2022 and December 31, 2023, our Bank's loan portfolio contained significant advances to the agricultural sector amounting to ₹ 69,556.52 million, ₹ 74,345.15 million, ₹ 75,908.13 million, ₹ 76,793.57 million and ₹ 92,347.40 million, respectively, which represented 13.19%, 12.87%, 12.38%, 12.06% and 13.24%, respectively, of our Gross Advances as at such dates. The RBI Master Directions on Priority Sector Lending - Targets and Classifications, stipulate that our agricultural advances shall be 18.00% of adjusted net bank credit or credit equivalent amount of off-balance sheet exposure, whichever is higher, out of which a target of nine percent is prescribed for Small and Marginal Farmers ("**SMFs**"). Further, 7.5% of the adjusted net bank credit or the credit equivalent amount of off-balance sheet exposure, whichever is higher, is prescribed for microenterprises and 11.00% is prescribed for advances to weaker sections. The targets prescribed for weaker sections and small and marginal farmers shall be implemented in a phased manner. Any revision in the definition or classification of segments eligible for priority sector lending could impact our ability to meet priority sector lending requirements. In addition, the exposure of private sector banks including us to the agricultural sector involves a higher degree of risk, as repayment of agricultural loans is significantly dependent on weather patterns and agricultural output as well as commodity price fluctuations. Further, certain state governments have in the past waived loans to certain customer segments, such as farmers, and we cannot assure you that similar measures will not be taken in the future, which may have an adverse impact on the overall loan recovery climate and may negatively affect the risk-adjusted returns of private sector banks and further, adversely affect our business, future financial performance and the trading price of the Equity Shares. In the event that we are required to increase our exposure to the agricultural sector pursuant to GoI mandated directed lending, it may adversely affect our business, financial position and results of operations.

5. A substantial portion of our Bank's branches are located in Karnataka making us dependent on the general economic conditions and activities in this region.

As of December 31, 2023, out of 904 of our Bank's branches, 577 branches aggregating to 63.83% of our branch network were located in the State of Karnataka. Any disruption, disturbance or breakdown in the economy of this State could adversely affect our business and results of operations.

The table below sets forth the percentage contribution to our business (advances and deposits) from the State of Karnataka, as of the periods indicated:

Particulars	As of				
	December 31, 2023	December 31, 2022	March 31, 2023	March 31, 2022	March 31, 2021
% contribution to our business (advances and deposits) from the State of Karnataka	59.11%	58.16%	59.19%	58.34%	59.21%

Due to this concentration in Karnataka, the success and profitability of our operations may be disproportionately exposed to regional factors. These factors include, among others: (i) changes in population, income levels, and deposits in Karnataka, (ii) the continued attraction of business ventures to Karnataka, (iii) general economic conditions in Karnataka, (iv) laws and regulations in Karnataka, (v) increased competition in Karnataka, and (vi) other developments including political unrest, floods and other natural calamities. Adverse developments in any of the above factors would affect us more than they might affect banks with greater geographic diversity. Any one of these events may require us to close branches, temporarily shut down operations, or lower lending levels, and may result in a material adverse change in our business, financial condition, results of operations and cash flows.

6. Our Bank may face asset liability mismatches, which could adversely affect our liquidity and, consequently, our business, results of operations and financial condition.

Our Bank may face liquidity risks due to mismatches in the maturity of our assets and liabilities. Liquidity risk is the risk that our Bank either does not have available sufficient financial resources to meet its obligations as they fall due or can secure them only at excessive cost. For example, a major liquidity risk in our Bank would be on account of unanticipated withdrawals of deposits, nonrenewal of deposits and delay in anticipated repayment of advances. This risk is inherent in any retail and commercial banking business and can be heightened by a number of enterprise-specific factors, including overreliance on a particular source of funding, changes in credit ratings or market-wide phenomena such as market dislocation. While our Bank implements liquidity management processes to seek to mitigate and control this risk, unforeseen systemic market factors make it difficult to completely eliminate it.

We may rely on funding options with a short-term maturity period for extending long-term loans, which may lead to an asset liability mismatch for certain periods. Mismatches between our assets and liabilities are compounded in case of pre-payments of the advances we grant to our customers. Further, asset liability mismatches create liquidity surplus or liquidity crunch situations and depending upon the interest rate movement, such situations may adversely affect our Net Interest Income. Also see the section entitled "*Selected Statistical Information*" on page 45.

We have constituted the Asset and Liability Management Committee ("**ALCO**") to address the abovementioned risks. The ALCO regularly reviews the asset liability mismatch and takes appropriate steps to ensure that we are not exposed to liquidity risk either, in the short or long-term. Our Bank has also put in place contingency funding planning. However, if the abovementioned risks materialise, we may face liquidity problem, resulting in an asset liability mismatch. As a result, we may be required to pay higher rates to attract deposits, which may have an adverse impact on our business and results of operations. Any failure on our part to minimize the asset liability mismatch resulting in higher liquidity risk may adversely affect business, results of operations and financial condition. Also see the section entitled "*Selected Statistical Information*" on page 45.

7. Our business is particularly vulnerable to interest rate risk, and any volatility in interest rates could adversely affect our net interest margins and our financial performance.

We largely depend on our interest earned as our primary source of revenue. Our business could be adversely impacted by a rise in generally prevailing interest rates on deposits, especially if the rise is sudden or sharp. Changes in the market interest rates affect the interest rates we charge on our interest-earning assets differently from the interest rates we pay on our interest-bearing liabilities and in addition, affect the value of our investments. If we are unable to increase rates charged on our loans and advances or if the volume of our interest-bearing liabilities is larger or growing faster than the volume of our interest-earning assets, an increase in interest rates could result in an increase in interest expense relative to interest earned. In the event of such increase in interest rates, our net interest margin could be adversely affected as the interest paid by us on our deposits could increase at a rate higher than the interest received by us on our advances and other investments. The requirement that we maintain a portion of our assets in fixed income government securities could also have a negative impact on our treasury income since we typically earn interest on this portion of our assets at rates that are generally less favourable than those received on our other interest-earning assets.

The table below sets forth the net margins and net interest income as a percentage of our total income, for the periods indicated:

Particulars	For the nine months ended		Fiscal		
	December 31, 2023	December 31, 2022	2023	2022	2021
Net interest margin (%)	3.57%	3.62%	3.70%	3.18%	2.91%
Net interest income, as a % of total income	35.22%	39.76%	38.78%	34.72%	28.59%

An increase in interest rates applicable to our Bank's liabilities, without a corresponding increase in interest rates applicable to its assets, will result in a decline in net interest income. Furthermore, in the event of rising interest rates, our Bank's borrowers may not be willing to pay correspondingly higher interest rates on their borrowings and may choose to repay their loans with our Bank, particularly if they are able to switch to more competitively priced loans offered by other banks. Any inability of our Bank to retain customers as a result of rising interest rates may adversely impact our Bank's earnings in future periods. Similarly, in the event of falling interest rates, our Bank may face more challenges in retaining its customers if we are unable to offer competitive rates as compared to other banks in the market.

We are also exposed to interest rate risk through our treasury operations. Our treasury operations contributed to 22.57%, 18.33%, 15.55%, 14.78% and 17.64%, of our total income (which is inclusive of our income from available for sale investments) during the Fiscals 2021, 2022, 2023, nine months period ended December 31, 2022 and December 31, 2023, respectively. As a percentage of our Bank's total assets, our Bank's net investments accounted for 25.27%, 24.07%, 23.55%, 23.24%, and 22.21% in the Fiscals 2021, 2022, 2023 and the nine months period ended December 31, 2022 and December 31, 2023, respectively. Any rise in interest rates or any greater interest rate volatility could adversely affect our income from treasury operations or the value of our fixed income securities trading portfolio. Sudden or sharp and sustained increase in interest rates applicable to floating rate loans, could also result in extension of loan maturities and higher monthly instalments due from borrowers, which could result in higher rates of default in loan portfolio.

If the yield on our interest-earning assets does not increase at the same time or to the same extent as our cost of funds, or if our cost of funds does not decline at the same time or to the same extent as the decrease in yield on our interest-earning assets, our net interest income and net interest margin would be adversely impacted. Any systemic decline in low-cost funding available to banks in the form of current and savings account deposits would adversely impact our net interest margin. A slower growth in low-cost deposits compared to total deposits would result in an increase in the cost of funds and could adversely impact our net interest margin if we are not able to pass on the increase to borrowers. Revisions in deposit interest rates, or introduction of higher interest rates, by banks with whom we compete may also lead to revisions in our deposit rates to remain competitive and this could adversely impact our cost of funds.

8. Any volatility in housing or commercial real estate prices may have an adverse impact on our business and our growth strategy.

We have significant exposure in the housing and commercial real estate sector, through housing loans, loans against property, lease rental discounting, and loans to developers and commercial real estate loans which exposes us to the effects of volatility in housing sector prices. For the Fiscals 2021, 2022 and 2023 and nine months period ended December 31, 2022, December 31, 2023, our combined exposure in housing and commercial real estate sector was 26.00%, 23.84%, 22.24%, 22.40% and 19.44%, respectively, of total credit deployed. Any sudden or sharp movement in housing or commercial real estate prices may adversely affect the demand and the quality of our portfolio which may have an adverse impact on our business, results of operations and financial condition.

9. Our primary source of funding is in the form of deposits, and we may not be able to secure longer-term funding for our operations when we need it or at a cost that is favourable or at a competitive cost.

We meet most of our funding requirements through short-term and medium-term funding sources, primarily in the form of customer deposits. As at March 31, 2021, 2022, 2023 and December 31, 2023, we had deposits of ₹ 756,548.62 million, ₹ 803,868.45 million, ₹ 873,680.12 million, and 921,953.90 million respectively. In Fiscal 2021, 2022, 2023 and the nine months period ended December 31, 2023, customer deposits contributed to 122.62%, 122.74%, 120.43% and 123.56%, respectively, of our funding requirements, respectively. Failure to obtain our primary sources of funding or replacing them with fresh borrowings or deposits may materially and adversely affect business, results of operations and financial condition. A substantial portion of our customer term deposits has been a stable source of funding. Many factors affect the growth of deposits, some of which are beyond our control, such as economic and political conditions, competition and availability of better investment alternatives and changing perceptions of retail customers toward savings. For example, retail customers may reduce their deposits and increase their investment in securities for a higher return, while MSMEs and mid corporate customers may reduce their deposits in order to fund projects in a favourable economic environment.

We have maintained high CASA deposits due to our large retail customer base spread across India. For Fiscals 2021, 2022, 2023, and the nine months period ended December 31, 2022 and December 31, 2023, the share of CASA deposit was 31.49%, 32.97%, 32.97%, 31.91% and 31.45% respectively of our Bank's total deposits. Any decline in CASA share on total deposit could adversely impact profitability of our Bank. However, our liquidity position will also be adversely affected if a substantial number of our depositors do not roll over term deposits upon maturity. Though retail deposits constitute a significant portion of our deposit base, we also accept high value deposits depending on the funding requirements. Accordingly, we may be required to seek more expensive sources of funding to finance our operations, which would result in a decline in our profits and have a material adverse effect on our business, results of operations and financial condition.

Our other sources of funding are primarily market borrowings such as certificates of deposit, interbank term deposits, repos, collateralized borrowing and lending obligation borrowings and refinances. Any failure to obtain these sources of funding or replace them with other deposits or borrowings at competitive rates may materially and adversely affect our business, results of operations and financial condition. Interest rate fluctuations affect our cost of funds, and as a result, we are exposed to the risk of reduction in spreads, which is the difference between the returns that we earn on our advances and investments and the amounts that we must pay to fund them, on account of changing interest rates. In addition, if we are unable to re-invest the proceeds at similar interest rates, we will also face pre-payment risk on our loans, which may result in losing future interest and reduced cash flow. We may not be able to collect prepayment charges for certain products. We are also not permitted by the extant regulatory guidelines to charge foreclosure charges or prepayment penalties on any floating-rate term loans sanctioned, for purposes other than business, to individual borrowers. Further, any downgrade or potential downgrade in our credit rating would also negatively impact the pricing on our issuances of debt, which would increase our financing costs, and adversely affect our future issuances of debt and our ability to raise new capital and funding on a competitive basis.

In addition, we may not be able to reduce our deposits if we experience surplus liquidity. We must find ways to lend surplus funds to existing or new borrowers in order to earn interest income and protect our net interest margin. If we cannot secure sufficient loan volumes or earn sufficient interest through our lending activity, our ability to maintain and increase our net interest margin may be adversely affected along with our business, results of operations and financial condition.

10. ***Our business operations are heavily reliant on our information technology systems. Any failure of or disruptions in our systems could have an adverse impact on our business, results of operations and financial condition.***

Our business is largely dependent on our information technology systems. We service our customers, undertake risk management functions, deposit services, loan origination functions, as well as our increasing portfolio of products and services through our information technology systems. We also rely on our technology platform to undertake financial control and for transaction processing. In addition, our systems connect our ATMs, branches, internet banking, mobile banking and call centres and other delivery channels. For more details, please refer to the section entitled "*Business – Competitive Strengths – Emphasis on digital strategies and partnerships*" on page 183.

Our hardware and software systems are also subject to damage or defaults by human error, natural disasters, power loss, sabotage, cyber-attacks, computer viruses and similar events or the loss of support services from third parties such as internet service providers. Our information technology systems may be subject to interruptions, temporary disruptions, and may not meet our requirements or be suitable for use at all times. While we believe we have developed systems and controls in accordance with our business continuity policy including disaster recovery site to support critical applications, there can be no assurance that such disaster recovery sites will operate as intended or in a timely manner.

Any failure by our third-party vendors to perform any key processes and critical application systems could adversely affect our business, financial condition and results of operations. In the event we experience material interruptions in our IT systems in the future, which may result in all or some of our banking services and payment systems being unavailable for short periods of time, this could give rise to a deterioration in customer service and to a loss or liability for our business and could adversely affect our business, financial condition, results of operations and cash flows.

In the past, we have faced instances of business disruption due to technological failure as well as due to non-technological failure which impacted the customer services segments during such period of disruptions. There can be no assurance that we will not encounter such disruptions in the future due to substantially increased number of customers and transactions, or other reasons. Any inability to maintain the reliability and efficiency of our systems could adversely affect our reputation, and our ability to attract and retain customers. In the event we experience system interruptions, errors or downtime, and are unable to develop the required technology or in the event we experience any other lapses in our systems, our business, results of operations and financial condition may be materially and adversely affected.

11. Our Bank may not be able to sustain the growth rate of our retail asset portfolio or maintain the quality of our portfolio.

Over the years, our Bank has increased its focus on retail lending portfolio. Our Bank's retail asset portfolio was ₹ 279,357.31 million, ₹ 296,664.90 million, ₹ 308,622.11 million, ₹ 306,147.70 million and ₹ 331,257.50 million for as at March 31, 2021, March 31, 2022, March 2023 and as at December 31, 2022, December 31, 2023, respectively. As a percentage of our Bank's total gross advances, our Bank's advances in the retail segment accounted for 52.98%, 47.78%, 50.34%, 48.08%, and 47.50%, as at March 31, 2021, March 31, 2022 and March 31, 2023, and as at December 31, 2022 and December 31, 2023, respectively. We intend to continue our focus on increasing retail lending portfolio i.e., housing, vehicle, education, personal and other retails loans by offering new products and services and by cross selling to our customers through marketing. While we anticipate continued demand in the retail banking business, growth of our retail portfolio is subject to various factors including rationalization of branch network and manpower. We cannot assure you that we will be able to grow at the rate we have experienced in the past, which could materially and adversely affect our business, results of operations and financial condition.

In addition, the Bank's current growth strategy contemplates further growth in our retail asset portfolio. Although India has a credit bureau industry and we review credit history reports whenever they are available from credit bureaus, adequate information regarding loan servicing histories, particularly in respect of individuals and small businesses, is limited. As a result, our Bank's credit risk exposure may be higher compared with banks operating in more developed markets. Additionally, the economy in India is largely cash based, making it difficult for us to monitor the credit of our retail customers, who frequently do not maintain formal financial records. Furthermore, retail loans may carry a higher risk for delinquency if there is an increase in unemployment, prolonged recessionary conditions or a sharp rise in interest rates. As a result, Bank is exposed to higher credit risk in the retail asset segment as compared to banks in more developed markets. If our Bank's screening process proves to be inadequate, we may experience an increase in impaired loans and we may be required to increase our provision for defaulted loans. Further, if the Bank is unable to maintain the quality of our retail loan portfolio as Bank grows its retail business, our Bank NPAs may increase, which could materially and adversely affect our business, results of operations and financial condition.

12. We may face cyber threats attempting to exploit our network to disrupt services to customers and/ or theft of sensitive internal data or customer information, which may cause damage to our reputation and adversely affect our business, results of operations and financial condition.

We offer online banking services to our customers. Our online banking channel includes multiple services, such as opening of digital deposit accounts, electronic funds transfer, bill payment services, the use of debit cards on-line, requesting account statements, requesting cheque books, etc. We are therefore exposed to various cyber threats, including: (i) phishing and Trojans targeting our customers, wherein fraudsters send unsolicited mails to our customers soliciting account sensitive information or infecting customer machines to search and attempt exfiltration of account sensitive information; (ii) hacking, wherein attackers seek to hack into our website with the primary intention of causing reputational damage to us by disrupting services; (iii) data theft, wherein cyber criminals may attempt to enter our network with the intention of stealing our data or information and (iv) ransomware, which is a type of malware designed to extort money from its victims, who are blocked or prevented from accessing data on their systems. In addition, we also face the risk of our customers incorrectly blaming us and terminating their accounts with us for any cyber security breaches that may have occurred on their own system or with that of an unrelated third party or through compromise of their security details by them. Cyber security breaches could lead to the loss of trade secrets or other intellectual property or could lead to the public exposure of personal information (including sensitive financial and personal information) of our customers and employees. Any cyber security breach could also subject us to additional regulatory scrutiny and action and expose us to civil litigation and related financial liability. The frequency of such cyber threats may increase in the future with the increased digitisation of our services.

Cyber security risks for banking organizations have significantly increased in recent years in part because of the proliferation of new technologies, and the use of the internet and telecommunications technologies to conduct financial transactions. For example, cyber security risks may increase in the future as we continue to increase our mobile-payment and other internet-based product offerings and expand our internal usage of web-based products and applications. In addition, cyber security risks have significantly increased in recent years in part due to the increased sophistication and activities of organized crime affiliates, terrorist organizations, hostile foreign governments, disgruntled employees or vendors, activists and other external parties, including those involved in corporate espionage. Even the most advanced internal control environment may be vulnerable to compromise.

There have been certain instances of (i) deficiencies in our Bank's operational controls, particularly in the areas of outsourcing and cyber security, (ii) our Bank's cyber security preparedness and resilience being vulnerable due to non-implementation/partial implementation of baseline cyber security/IT controls, and (iii) vulnerabilities in our Bank's application security, compliance and security assessment, outsourcing profile, identity and access management, server security and asset management. In response to these instances, we have strengthened our security technology and established operational procedures and bolstered our cyber security preparedness and resilience to help prevent break-ins, damage and failures. However, there can be no assurance that instances of IT infringements and security breaches will not take place in the future or that our security measures will be adequate or successful or that the cyber security controls have been fully implemented.

We seek to protect our computer systems and network infrastructure from physical break-ins as well as security breaches and other disruptive problems caused by our increased use of the internet. Computer break-ins and power disruptions could affect the security of information stored in and transmitted through these computer systems and network infrastructure. There may be areas in the system that have not been properly protected from security breaches and other attacks. We employ security systems, including sophisticated threat management systems and password encryption, designed to minimize the risk of security breaches. Although we intend to continue to implement security technology and establish operational procedures to prevent break-ins, damage and failures, there can be no assurance that these security measures will be adequate or successful. Failed security measures could have a material adverse effect on our business, results of operations and financial condition. Our business operations are based on a high volume of transactions. Although we take measures to safeguard against systems related and other fraud, there can be no assurance that we will be able to prevent fraud. Our reputation could be adversely affected by significant fraud committed by employees, customers or outsiders.

13. We are subject to the directed lending requirements of the RBI, and any shortfall in meeting these requirements may be required to be invested in Government of India schemes that yield low returns, thereby adversely affecting our income. We may also experience a higher level of NPAs in our directed lending advances, which could adversely impact our business, financial condition, results of operations and cash flows.

The RBI requires that every bank extend 40.00% of its adjusted net bank credit or the credit equivalent amount of off-balance sheet exposures, whichever is higher, to "priority sectors", such as agriculture, MSMEs, export credit, education, housing, social infrastructure, and renewable energy. Of this overall target of 40%, banks have sub-targets for lending to key segments or sectors, such as agriculture, micro enterprises and advances to weaker sections. The RBI requires domestic commercial banks to extend 18.00% of the adjusted net bank credit or the credit equivalent amount of off-balance sheet exposures, whichever is higher, to the agricultural sector, out of which 10.00% is prescribed for small and marginal farmers for Fiscal 2024. Further, 7.50% of the adjusted net bank credit or the credit equivalent amount of off-balance sheet exposures, whichever is higher, is prescribed for micro enterprises and 12.00% is prescribed for advances to weaker sections for Fiscal 2024. Any revision in the definition or classification of segments eligible for priority sector lending could affect our ability to meet priority sector lending requirements. Any shortfall in meeting the priority sector lending requirements may be required to be invested at any time, at the RBI's request, in schemes of Rural Infrastructure Development Funds of SIDBI/ NABARD and any others schemes as confirm by the RBI ("**PSL Shortfall Schemes**"). The aggregate amount of funding required by such schemes is drawn from banks that have shortfalls in achievement of their priority sector lending targets, with the amounts drawn from each bank determined by the RBI. The table below sets forth our Bank's total investments in such schemes on account of past shortfalls in achieving the required level of priority sector lending.

(₹ in million)

Particulars	As at December 31, 2023	As at December 31, 2022	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Total investments in PSL Shortfall Schemes	77,888.19	51,955.09	54,564.38	48,572.67	38,449.98

These investments count towards overall priority sector target achievement. Investments as at March 31 of the preceding year are included in the adjusted net bank credit, which forms the base for computation of the priority sector and sub-segment lending requirements. The RBI has also allowed banks to sell and purchase priority sector lending certificates in the event of excess/ shortfall in meeting priority sector targets, which may help in reducing the shortfall in priority sector lending. However, this would depend on the availability of such certificates for trading. In addition, according to the RBI guidelines, failure to achieve priority sector lending target and sub-targets will be taken into account by the RBI when granting regulatory clearances/ approvals for various purposes.

As a result of priority sector lending requirements, we have lending exposure to the customers in the agricultural and small enterprise sectors, especially in the rural areas. In case of any economic difficulties, political tensions, government policy changes, industry specific problems or any such issues beyond the control of the Bank, we may experience a higher level of NPAs in our directed lending portfolio. There is inadequate historical data of delinquent loans to farmers, which increases the risk of such exposures. Additionally, economic difficulties, such as poor harvests in the agricultural sector due to drought, are likely to affect borrowers in priority sectors more severely. Under the RBI guidelines, specified categories of agricultural loans are classified as non-performing when they are overdue for more than two crop seasons in the case of short-duration crops and one crop season for long-duration crops, as compared to 90 days for loans in general. Thus, the classification of overdue loans as non-performing occurs at a later stage in respect of such loans than the loan portfolio in general. As our Bank increases its direct lending to certain sectors, our Bank increases its exposure to the risks inherent in such sectors.

The table below sets forth our Bank's priority sector gross NPAs and as a percentage of total priority sector advances at the dates indicated.

(₹ in million, except percentages)

Particulars	As at March 31, 2021	As at March 31, 2022	As at March 31, 2023
Priority sector gross NPAs [A]	1,743.78	1,705.73	1,681.79
Total priority sector advances [B]	25,724.95	26,469.77	24,771.6
Priority sector gross NPAs as a percentage total priority sector advances [C = A / B] (%)	**6.78%**	**6.44%**	**6.79%**

14. We have tie ups and arrangements with third parties to facilitate our other banking operations. In the event of failure to adhere to contractual and legal obligations by these third parties, our business, results of operations and financial condition could be adversely affected.

We enter into outsourcing arrangements with third party vendors, separate employees and independent contractors, in compliance with the RBI guidelines on outsourcing. These vendors, employees and contractors provide services that include, among others, ATM/ card related services, business correspondents, facility management services related to information technology, software services and call centre services. In addition, we have entered into agreements with third parties to offer a number of products and services such as distribution of life insurance, general insurance and health insurance products, money transfer services through branch channels as well as through direct remittance and mutual fund schemes.

As a result of outsourcing such services and offering third party products and services, we are exposed to various risks including strategic, compliance, operational, legal and contractual risks. Any failure by a service provider to provide a specified service or a breach in security/ confidentiality or noncompliance with legal and regulatory requirements, may result in financial loss or loss of reputation. We cannot assure that there will be no disruptions in the provision of such services or that these third parties will adhere to their contractual obligation. If there is a disruption in the third-party services, or if the third-party service providers discontinue their service agreement with us, our business, results of operations and financial condition will be adversely affected. In case of any dispute, we cannot assure you that the terms of such agreements will not be breached, which may result in litigation costs. Such additional cost, in addition to the cost of entering into agreements with third parties in the same industry, may materially and adversely affect our business, results of operations and financial condition. The "*Guidelines on Managing Risks and Code of Conduct in Outsourcing of Financial Services by Bank*" issued by the RBI on March 11, 2015, places obligations on banks, its directors and senior management for ultimate responsibility for the outsourced activity. Banks are required to provide prior approval for use of subcontractors by outsourced vendor and to review the subcontracting arrangements and ensure that such arrangements are compliant with aforementioned RBI guidelines. Legal risks, including actions being undertaken by the RBI, if our third-party service providers act unethically or unlawfully, could materially and adversely affect our business, results of operations and financial condition.

15. Indian accounting principles differ from those which prospective investors may be familiar with in other countries. In addition, the effects of the planned convergence with, and adoption of, IFRS are uncertain.

Our financial statements have been prepared in accordance with Indian GAAP. We have not attempted to quantify the impact of other accounting principles, such as U.S. GAAP or IFRS, on the financial data included in this Placement Document, nor have we provided a reconciliation of our financial statements to those prepared pursuant to U.S. GAAP or IFRS. U.S. GAAP and IFRS differ in several respects from Indian GAAP. Accordingly, the degree to which the Indian GAAP financial statements included in this Placement Document will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Persons not familiar with Indian accounting practices should, accordingly, consult their own professional advisors before relying on the financial disclosures presented in this Placement Document.

In addition, there may be less publicly available information about Indian body corporates, such as the Bank, than is regularly made available by body corporates/ public companies in such other countries. Body corporates in India, including the Bank, have been required to prepare financial statements under Ind AS according to the implementation roadmap drawn up by the MCA. The Bank may be adversely affected by this transition.

The MCA, in its press release dated January 18, 2016, issued a roadmap for implementation of Ind AS for scheduled commercial banks, insurers, insurance companies and non-banking financial companies. This roadmap requires all financial institutions (including our Bank) to prepare Ind AS-based financial statements for the accounting periods beginning from April 1, 2018 onwards with comparatives for the periods ending March 31, 2018 and thereafter. However, the RBI through a circular dated March 22, 2019 has deferred the implementation of Ind AS for scheduled commercial banks, insurers, insurance companies and non-banking financial companies until further notice.

As per the roadmap given by the RBI *vide* its circular dated February 11, 2017, the transition to Ind AS in banks was to commence from the accounting period beginning April 1, 2018 onwards. However, the RBI *vide* its circular no. DBR.BP.BC.No.29/21. 07.001/2018-19 dated March 22, 2019 has deferred the implementation of Ind-AS in Banks till further notice. Our Bank has set up a Steering Committee headed by the Managing Director and also a sub-committee called IFRS Working Group involving the stakeholder departments to facilitate, on a continuous basis, the process of implementation of Ind AS in the Bank. As stipulated by RBI, Bank has been submitting the proforma Ind AS financial statements at half yearly intervals.

16. Any increase in provisioning norms and delays in resolution of stressed assets could adversely affect our business, results of operations and financial condition.

The RBI has *vide* its circular dated May 22, 2014, set up the CRILC to collect, store and disseminate data on all borrowers' credit exposures including 'special mention accounts' (SMA 0, 1 and 2) having aggregate fund-based and non-fund based exposure of ₹ 50.00 million and above. Further, in terms of RBI circular dated June 7, 2019, all banks are required to report to CRILC, on a monthly basis, exposures of individuals and entities having exposure (both fund and non-fund based) of more than ₹ 50.00 million. All banks are also required to report to CRILC, on a weekly basis for all borrower entities in default, having aggregate exposure of more than ₹ 50.00 million. In addition, all banks are required to report to CRILC the classification of an account to 'special mention account' in respect of borrower entities having aggregate exposure of more than ₹ 50.00 million. Any non-submission of or incorrect reporting in these returns attracts penalties as specified in the Banking Regulation Act. In the past, our Bank had not reported to CRILC, the names of six eligible borrowers and had incorrectly reported the names of eight borrowers. Additionally, our Bank had incorrectly reported exposure in three entities in respect of assets acquired through pooled assets. All banks are required to put in place board approved policies for resolution of stressed assets, including the timelines for resolution. As soon as there is a default in the borrower entity's account with any lender, all lenders singly or jointly shall initiate steps to cure the default. The resolution plan may involve any actions / plans / reorganization including, but not limited to, regularization of the account by payment of all over dues by the borrower entity, sale of the exposures to other entities / investors, change in ownership, or restructuring. A resolution plan shall only be implemented if the borrower is no longer in default with any of the lenders. Further, where resolution plans involve structure / change in ownership of accounts where aggregate exposure of lenders is in excess of ₹ 1 billion and above will require independent credit evaluation of the residual debt from one or more credit rating agencies (depending on the value of the exposure). If a resolution plan for large accounts (₹ 20 billion and above) is not implemented within the time period prescribed in the circular, the lenders can file an insolvency application, singly or jointly under the Insolvency and Bankruptcy Code, 2016. The failure of these borrowers to perform as expected or a significant increase in the level of restructured loans in our portfolio could materially and adversely affect our business, results of operations and financial condition. In addition to the debt recovery and security enforcement mechanisms available to lenders under the Recovery of Debts Due to Banks and Financial Institutions Act 1993, and the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interests Act, 2002, the RBI has, vide its Prudential Framework for Resolution of Stressed Assets dated June 7, 2019, provided mechanisms that may be adopted by banks to deal with stressed assets.

17. Our Bank is required to maintain minimum CRRs, SLRs in accordance with RBI guidelines, and any increase in these requirements could adversely affect our business, financial condition and results of operations.

Under RBI regulations, our Bank is subject to a CRR requirement. The CRR is a bank's balance held in an interest-free, current account with the RBI, and is calculated as a specified percentage of its net demand and time liabilities, excluding interbank deposits. The CRR currently applicable to banks in India is 4.50% of the bank's net demand and time liabilities and is maintained in current accounts with the RBI on an average fortnightly basis and on a particular day, the minimum daily maintenance of CRR should be 90% of prescribed CRR. Further, the RBI vide its circular dated August 10, 2023 directed banks to maintain an incremental CRR ("**I-CRR**") of 10% on the increase in net demand and time liabilities between May 19, 2023 and July 28, 2023. The RBI reviewed the I-CRR on September 8, 2023 and decided to discontinue the I-CRR in a phased manner. The release of funds is as follows: (i) September 9, 2023 – 25% of the I-CRR maintained; (ii) September 23, 2023 – 25% of the I-CRR maintained; and (iii) October 7, 2023 – 50% of the I-CRR maintained. As at December 31, 2023, our Bank's CRR was 4.51% of our Bank's requirement of net demand and time liabilities.

Under the Banking Regulation Act, all banks operating in India are required to maintain an SLR. The SLR is a specified percentage of a bank's net demand and time liabilities required to be maintained by way of liquid assets such as cash, gold or approved unencumbered securities. The current requirement of SLR is 18% of a bank's net demand and time liabilities. Approved unencumbered securities consist of unencumbered government securities and other securities as may be approved from time to time by the RBI, which earn lower levels of interest as compared to advances to customers or investments made in other securities. Currently, the RBI requires banks to maintain an SLR of 18.00%. In an environment of rising interest rates, the value of government securities and other fixed income securities may depreciate. Our large portfolio of government securities may limit our ability to deploy funds into higher yielding investments. Further, a decline in the valuation of our trading book as a result of rising interest rates may adversely affect our financial condition and results of operations. As at December 31, 2023, our Bank's SLR was 21.66%.

As a result of the statutory requirements imposed on us, our Bank may be more structurally exposed to interest rate risk as compared to banks in other countries.

Further, the RBI may increase the CRR and SLR requirements to significantly higher proportions as a monetary policy measure. Any substantial increases in the CRR from the current levels could affect our ability to deploy our funds or make investments, which could in turn have a negative effect on our results of operations. If we are unable to meet the requirements of the RBI, the RBI may impose penal interest or prohibit us from receiving any further fresh deposits, which may have a material, adverse effect on our business, financial condition and results of operations.

18. We may experience delays in enforcing our collateral when borrowers default on their obligations or the value of the collateral provided by borrowers against advances may decrease, exposing us to a potential loss.

The value of the assets that have been pledged to us as collateral could decline or significantly fluctuate due to factors beyond our control, including deterioration in global and regional economic conditions or of asset values, or as a result of adverse changes in the credit quality of our borrowers and counterparties. As at March 31, 2021, March 31, 2022 and March 31, 2023 and as at December 31, 2022 and December 31, 2023, 95.17%, 89.38%, 90.38%, 86.67% and 90.30%, respectively of our Bank's gross advances amounting to ₹ 501,773.31 million, ₹ 516,357.47 million, ₹ 554,061.83 million, ₹ 551,886.83 million and ₹ 629,782.56 million were secured, as per the RBI guidelines by collateral, including property, real estate assets, plant, equipment, gold ornaments, current assets and pledges or charges on fixed assets, inventory receivables, bank deposits or financial assets such as marketable securities and guarantees provided by our borrowers. In the event of a decline in any of these, some of our loans may exceed the value of their underlying collateral. Changes in asset prices may cause the value of our collateral to decline. While we factor in any reduction in value to an extent, it may not be sufficient if the value of the collateral reduces substantially. This is particularly applicable in situations where the advances are secured by highly depreciating fixed assets such as, vehicles and agricultural equipment.

We may not be able to realize the full value of the collateral, in the event our borrowers default on the repayment of loans, due to various reasons, including a possible decline in the realizable value of the collateral, defective title or pledge of faulty items as security, prolonged legal proceedings and fraudulent actions by borrowers, defects or deficiencies in the perfection of collateral (including due to the inability to obtain approvals that may be required from third parties), errors in assessing the value of the collateral, an illiquid market for the sale of the collateral, current legislative provisioning coverage or changes thereto, future judicial pronouncements, borrowers and guarantors not being traceable, or we may not be able to foreclose on collateral at all. The SARFAESI Act, the Recovery of Debts Due to Banks and Financial Institutions Act, 1993, as amended, Insolvency and Bankruptcy Code, 2016, as amended, together with the Banking Regulation (Amendment) Ordinance, 2017 promulgated an ordinance dated May 4, 2017 amending the Banking Regulation Act, through which the RBI has been given extensive powers for the recovery of bad loans and resolution of stressed assets. The RBI has also strengthened the ability of lenders to recover NPAs by granting lenders greater rights to enforce security and recover amounts owed from secured borrowers. While we believe that the SARFAESI Act has contributed to our enforcement efforts, there can be no assurance that the legislation will continue to be effective in resolving NPAs. A failure to recover the expected value of collateral security could expose us to potential losses and may adversely affect our business, results of operations and financial condition.

We may not be able to realize the full value of the collateral, due to, among other things, stock market volatility, changes in economic policies of the central government, obstacles and delays in legal proceedings, borrowers and guarantors not being traceable, our records of borrowers' and guarantors' addresses being ambiguous or outdated, defects in the perfection of collateral, and fraudulent transfers by borrowers. In the event that a specialized regulatory agency gains jurisdiction over the borrower, creditor action can be further delayed. Pursuant to RBI's Prudential Framework for Resolution of Stressed Assets dated June 7, 2019, we may not be allowed to initiate recovery proceedings against a corporate borrower, where the borrower's aggregate total debt is ₹15,000.00 million or more and 60.00% of the creditors by number and at least 75.00% of the creditors by value decide to restructure their advances. In such a situation, we are restricted to a restructuring process only as approved by the majority lenders. If we own 20.00% or less of the debt of a borrower, we could be forced to agree to an extended restructuring of debt which may not be in our interests.

The fluctuations in the prices of gold and real estate may impact our recovery amount during the enforcement of security resulting in write-offs in our loan amount. Any decline in the value of the collateral securing our loans, any inability to obtain additional collateral or our inability to realize the value of collateral may require us to increase our write-offs for credit and other losses. In such a scenario our losses will increase and our net profit will decline. We may be required to increase our provision for loan losses in case of any decline in the value of the security which could impair our ability to realize the secured assets upon any foreclosure. The amounts we receive upon sale of the secured assets, in the event of a default with respect to any of these loans, may be insufficient to recover the outstanding principal and interest on the loan. Our profitability could be adversely affected, if we are required to re-value the assets securing a loan to satisfy the debt during a period of reduced asset values or to increase our allowance for loan losses and could have a material adverse effect on our business, results of operations and financial condition.

19. We offer unsecured loan to customers that are subject to greater credit risk than our secured loan portfolio.

Our loan products include unsecured personal loans to the retail customer segment, including salaried individuals and self-employed professionals, as well as unsecured loans to small businesses, public sector undertakings individual business proprietors as well as certain corporate groups. As of December 31, 2023, our Bank's unsecured loans amounted to ₹ 67,627.16 million, which represented 6.15% of our Bank's total assets. Our unsecured loans are subject to greater credit risk than our secured loan portfolio because they may not be supported by realizable collateral. Although we typically obtain direct debit instructions from our customers for our unsecured loan products, we may be unable to collect in part or at all in the event of non-payment by a borrower. Further, any expansion in our unsecured loan portfolio could require us to increase our provision for credit losses, which could adversely affect our business, results of operations and financial condition.

20. Our Bank has reported some of our borrowers as wilful defaulters. An increase in the number of wilful defaulters may have a material, adverse impact on our business, results of operations and financial condition.

As at December 31, 2023, our Bank reported a total of 668 borrowers as wilful defaulters to Credit Information Companies while the total amount outstanding of such borrowers' accounts was ₹ 15,299.70 million. In respect of borrowers classified as wilful defaulters, our Bank makes provisions as per extant RBI guidelines. An increase in the number of wilful defaulters reported by our Bank could adversely affect our business, results of operations and financial condition.

21. We have been unable to locate certain of our historical secretarial and other corporate records.

The form for return of allotment, i.e., Form 2, and the corresponding challan, filed with the MCA for certain past allotments of Equity Shares made by our Bank could not be traced as the relevant information was not available in the records maintained by our Bank, at the MCA Portal maintained by the MCA and the RoC, despite conducting internal searches and engaging an independent practicing company secretary to conduct the search. While certain information in relation to these allotments has been disclosed in the section "*Capital Structure*" on page 113 in this Placement Document, based on the board resolutions and statutory registers of members of our Bank, and based upon the details provided in the search report dated March 13, 2024 prepared by M/s. BMP & Co. LLP, independent practicing company secretaries, and certified by their certificate dated March 13, 2024, we may not be able to furnish any further information other than as already disclosed in this Placement Document, or that the records mentioned above will be available in the future. We also cannot assure you that we will not be subject to any adverse action by any authority in relation to such old untraceable records.

While no legal proceedings or regulatory action has been initiated against our Bank in relation to the untraceable corporate filings as mentioned above, as of the date of this Placement Document, we cannot assure you that legal proceedings or regulatory actions will not be initiated against our Bank in the future.

22. A substantial portion of our loans have a tenor exceeding one year, exposing us to risks associated with economic cycles and project success rates.

The long tenor of our loans may expose us to risks arising out of economic cycles. In addition, some of these loans are project finance loans. There can be no assurance that these projects will perform as anticipated or that such projects will be able to generate cash flows as estimated to service commitments under the loans. We are also exposed to infrastructure projects that are still under development and are susceptible to risks arising out of delay in execution, failure of borrowers to execute projects on time, delay in getting approvals from necessary authorities and breach of contractual obligations by counterparties, all of which may adversely impact the projected cash flows. Although we have in place certain risk analysis and mitigation mechanism, and procedures to monitor its project finance borrowers, these procedures may not be effective, as projects often get delayed due to extraneous factors. Risks associated with a recession in the economy and a delay in project implementation or commissioning could lead to rise in delinquency rates and, in turn, adversely impact our business, results of operations and financial condition.

23. Our Bank may not be successful in implementing its growth strategies or penetrating new markets.

For details on our Bank's material strategies, please see the section entitled "*Business –Strategies*" on page 185. These strategies may fail to contribute to our Bank's growth or profitability and may ultimately be unsuccessful. Even if such strategies are partially successful, our Bank cannot assure you that it will be able to manage its growth effectively or fully deliver on its growth objectives.

Challenges that may result from our Bank's growth strategies include our Bank's ability to, among other things:

- Continue to grow our advances from diversified sectors, with focus on retail, agriculture and MSME;
- Increase cross-selling of products and services through the use of data analytics;
- Further optimise our funding costs;
- Focus on improving operating efficiency to optimise cost; and
- Enhance asset quality through prudent underwriting.

Our Bank may not be able to effectively manage this growth or achieve the desired profitability in the expected timeframe, if at all, or the expected improvement in indicators of financial performance from the expansion. As of December 31, 2023, our Bank's pan-Indian presence is spread across 21 states and 3 union territories, through a network of 904 branches and 1,482 ATMs and cash recyclers. Moreover, our Bank intends to continue to add new branches over the next few years, which will increase the size of our Bank's business and the scope and complexity of its operations and will involve significant start-up costs. Our Bank may not be able to achieve the desired growth in its deposit base, and our Bank's new branches may not perform as well as its existing branches. See below, "*Even though our Bank focuses on business growth through digital offerings and collaboration, maintaining and building a successful network also strategically important to us. Any failure to maintain and increase our coverage may adversely affect our growth*".

In addition, our Bank may also fail to develop or retain the technical expertise required to develop and grow its digital payments capabilities. To the extent that our Bank fails to meet required targets, develop and launch new products or services successfully, it may lose any or all of the investments that it has made in promoting them, and our Bank's reputation with its customers could be harmed. Moreover, if our Bank's competitors are better able to anticipate the needs of individuals in its target market, our Bank could lose market share and our business, results of operations and financial condition could be adversely affected.

24. Our inability to maintain or grow our CASA ratio may result in higher cost of deposits and impact our business, results of operations and financial condition.

The table below sets forth as at the dates indicated, our deposits and the percentage composition by each category of deposits, for the time periods indicated.

Particulars	**As at December 31, 2023**		**As at March 31, 2023**		**As at March 31, 2022**		**As at March 31, 2021**	
	Amount* *(₹ in million)*	**% of total customer deposits**	**Amount*** *(₹ in million)*	**% of total customer deposits**	**Amount*** *(₹ in million)*	**% of total customer deposits**	**Amount*** *(₹ in million)*	**% of total customer deposits**
Demand deposits [A]	48,433.44	5.49%	44,884.63	5.50%	41,097.83	5.34%	38,740.25	5.32%
Savings bank deposits [B]	232,809.83	26.37%	219,295.71	26.89%	196,568.12	25.54%	173,725.47	23.86%
CASA [C = A + B]	281,243.26	31.86%	264,180.34	32.40%	237,665.95	30.88%	212,465.72	29.17%
Term deposits [D]	601,597.73	68.14%	555,223.71	68.09%	531,916.60	69.12%	515,786.27	70.83%
Of which:								
Certificates of deposits [E]	-	-	3,960.67	0.49%	-	-	-	-
Term deposits excluding certificates of deposits [F = D - E]	601,597.73	68.14%	551,263.03	67.60%	531,916.60	69.12%	515,786.27	70.83%
Total customer deposits [G = C + F]	882,840.99	100.00%	815,443.37	100.00%	769,582.54	100.00%	728,251.99	100.00%

* *Fortnightly Average Balances*

We may not be able to maintain our CASA to deposits ratio owing to the increased competition from other banks and lending institutions. In order to increase our CASA deposits, we intend to continue expanding our branch network both in rural and urban areas, continue offering attractive interest rates for our savings account customers and continue focusing on providing top-quality service offerings to our customers, in line with our value of always placing the "customer first". However, there is no assurance that we will be successful in growing our CASA base. If our CASA to deposits ratio deteriorates significantly as compared to the banking industry standards in India, our results of operations may be materially and adversely affected.

25. The Indian banking industry is very competitive and our growth strategy depends on our ability to compete effectively.

We face competition in all our principal areas of business. Public sector banks, foreign banks and other private sector banks are our main competitors, followed closely by small finance banks, non-banking finance companies, housing finance companies, payment banks, asset management companies, development financial institutions, mutual funds, and investment banks.

We may also face increased competition from foreign banks if the Indian retail market is further liberalized or if regulations and restrictions upon branch network growth by foreign banks are simplified or reduced, foreign banks may operate in India by establishing wholly owned subsidiaries, which are allowed to raise Rupee resources through issue of non-equity capital instruments. In addition, wholly owned subsidiaries of foreign banks may be allowed to open branches in Tier II to Tier VI towns except at specified locations considered sensitive for national security reasons. Further, under the foreign exchange regulations, an aggregate foreign investment of up to 49.00% under the automatic route, and 74.00% under the government approval route, in Indian private sector banks is allowed as compared to 20.00% under the government route for public sector banks.

Further, innovations in the payments system and increasing use of mobile banking are leading to emergence of new platforms for cashless payments. These and other trends in technology could increase competitive pressures on banks, including the Bank, to adapt to new operating models and upgrade back-end infrastructure on an ongoing basis in order to compete more effectively. There is no assurance that the Bank will be able to respond adequately new technology developments or be in a position to dedicate sufficient resources to upgrade its systems and compete with new players entering the market. Some or all of these entities, which have substantially more resources than the Bank and other Indian banks, may eventually seek a larger share of the banking and financial services market in India and compete with the Bank.

In addition, changing customer behaviour and expectations could increase competitive pressures in the Indian banking sector. The Bank has seen an increase in customer complaints in recent years. For example, increased accessibility to smartphones, tablets and other technologies has decreased overall customer loyalty across the Indian banking industry as customers can easily compare the costs, fees and other charges for availing a particular banking product or service across banks, resulting in increased expectations from customers, decreased customer loyalty and greater competitive pressures across the overall banking industry. The Bank cannot assure you that it will be able to respond and adapt to such changing behaviours and expectations adequately or at all.

Any changes in the banking structure in India, including the entry of new banks, greater competition between existing players and improvement in the efficiency and competitiveness of existing banks, may have an adverse impact on the Bank's business. Due to competitive pressures, the Bank may be unable to successfully execute its growth strategy or offer products and services at reasonable returns and this may adversely impact its business. Also, please refer to the section entitled "*Business – Competition*" on page 198.

26. Our business, results of operations and financial condition may be adversely affected if we are unable to keep pace with the new products and services available in the banking industry.

As part of our diversification strategy, we have been expanding our products and services for retail, corporates and MSMEs such as customized products to meet the specific needs of our customers extending branches with foreign exchange services internet banking portals with additional security features, self-operated passbook printers and bunch note accepting machines etc. Additionally, we have expanded our network into semi-urban and rural areas. Such new initiatives and products and services entail a number of risks and challenges, including but not limited to insufficient knowledge of and expertise applicable to the new businesses, which may differ from those required in our current operations, adopting adequate risk management procedures, guidelines and systems, credit appraisal, monitoring and recovery systems, lower profitability potential than we anticipated, failure to identify new segments and offer attractive new products and services in a timely fashion, putting us at a disadvantage to our competitors, competition from similar offerings or products and services by our competitors in the banking and non-banking financial services sectors, inability to attract customers from our competitors to our new businesses or failure to attain requisite approvals from any regulatory authority.

If we are unable to successfully diversify our products and services while managing the associated risks and challenges, our returns on such products and services may be less than anticipated, which may materially and adversely affect our business, results of operations and financial condition. In addition, if our competitors are able to better anticipate the needs of customers within our target market, our market share could decrease and our business, results of operations and financial condition could be adversely affected.

27. Our contingent liabilities could materially and adversely affect our business, results of operations and financial condition.

As of December 31, 2023, our Bank had contingent liabilities amounting to ₹ 103,628.98 million. The table below sets forth details of contingent liabilities:

(₹ in million)

Particulars	As of December 31, 2023
Claims against the Bank not acknowledged as debts	456.53
Liability on account of outstanding forward exchange contracts	38,591.25
Guarantees given on behalf of constituents in India	52,423.18
Acceptances, endorsements and other obligations	9,266.10
Other items for which the Bank is contingently liable	2,891.91
Total	**103,628.98**

Most of the liabilities have been incurred in the normal course of business. If these contingent liabilities were to fully materialize or materialize at a level higher than we expect, it may materially and adversely impact our business, results of operations and financial condition. If we are unable to recover payment from our customers in respect of the commitments that we are called upon to fulfil, our business, results of operations and financial condition may be materially and adversely impacted.

28. We face restrictions on lending to large borrowers, which may have a material adverse effect on our business, results of operations and financial condition.

In August 2016, the RBI released the Guidelines on Enhancing Credit Supply for Large Borrowers through Market Mechanism. It was stated that corporate loans beyond the limit determined for a borrower, as per the guidelines, would attract additional provisions and higher capital. On June 3, 2019, the RBI released the Guidelines on LEF applicable to all scheduled commercial banks (other than regional rural banks) with a view to capture exposures and concentration risks more accurately and to align the previous guidelines and instructions on LEF with international norms, which superseded the previous circulars on large exposure framework.

From April 2019, in accordance with the LEF, our exposure limits for single and group borrowers are 20% and 25% of our Tier 1 capital funds, respectively. These limits may be subjected to further changes and revisions in future. On account of the COVID-19 pandemic and with a view to facilitate greater flow of resources to corporates borrowers, the RBI vide notification dated May 23, 2020, had increased the group exposure limit to 30% of the eligible capital base of our Bank till June 30, 2021. These limits may be subjected to further changes and revisions in future. These new regulations may have a material adverse effect on our business, results of operations and financial condition.

29. We could be subject to volatility in income from our treasury operations, which could have an adverse effect on our business, results of operations and financial condition.

Our treasury operations contributed to 22.57%, 18.33%, 15.55%, 14.78% and 17.64%, of our total income during Fiscals 2021, 2022 and 2023 and the nine months period ended December 31, 2022 and December 31, 2023, respectively. Our income from treasury operations comprises interest on investment, profit from sale of securities and foreign exchange income. Our treasury operations are vulnerable to changes in interest rates, exchange rates, equity prices and other factors. In particular, if interest rates rise, the valuation of our portfolio may be impaired due to the negative impact on the value of certain investments such as GoI securities and corporate bonds. Realised and mark-to-market gains or losses on investments in fixed income securities, including GoI securities, are an important element of our income and are impacted by movements in market yields. A rise in yields on government securities reduces our income from this activity and the value of our fixed income investments. Any significant or sustained decline in income generated from treasury operations resulting from market volatility may adversely impact our Bank’s financial performance and the trading price of the Equity Shares. Though we have operational controls and procedures in place for our treasury operations such as counterparty limits, position limits, stop loss limits and exposure limits that are designed to mitigate the extent of such losses, there can be no assurance that we will not incur losses in the course of our proprietary trading on our fixed income portfolios. Even if our controls and procedures are accurate, we may not be able to anticipate future macroeconomic headwinds, which could lead to losses. Any such losses could adversely affect our business, financial condition and results of operations.

30. Our investment portfolio largely comprises governmental securities that may limit our ability to deploy funds in higher yield investments.

As at March 31, 2021, March 31, 2022 and March 31, 2023 and as at December 31, 2022 and December 31, 2023, government securities represented 88.95%, 91.34%, 93.15%, 92.45%, and 94.07%, respectively of our domestic investment portfolio and comprised 25.44%, 25.05%, 24.48%, 25.68%, and 24.93%, of our Bank’s deposits, respectively. We earn interest on such government securities at rates which are less favourable than those which we typically receive in respect of our retail and corporate loan portfolio, and this adversely impacts our net interest income and net interest margin. In addition, the market and accounting value of such securities could be adversely affected by overall rising interest rates. Our large portfolio of government securities may limit our ability to deploy funds into higher yielding investments. Further, a decline in the valuation of our trading book as a result of rising interest rates may adversely affect our financial condition and results of operations. As a result of the statutory requirements imposed on us, we may be more structurally exposed to interest rate risk as compared to banks in other countries.

Although many of these government securities are short-term and long term in nature, the market value of our holdings could decrease if interest rates increase. In such cases, we may have to choose between liquidating our investments and incurring losses or holding the securities and potentially being required to recognize an accounting loss upon marking to market the value of such investments, and either outcome may adversely impact our business, results of operations and financial condition.

31. We are exposed to fluctuations in foreign exchange rates which could adversely affect our business, results of operations and financial condition.

As a financial institution, we undertake various foreign exchange transactions to hedge our customers' business and for proprietary trading, which exposes us to various kinds of risks, including credit risk, market risk and exchange rate risk. We have adopted a market risk management policy to mitigate risks arising out of customer transactions and proprietary trading through various risk limits such as counterparty bank exposure limits, country wise exposure limits, overnight limits, intraday limits, stop loss limits, aggregate gap limits and value-at-risk limits. As at March 31, 2021, March 31, 2022, March 31, 2023, December 31, 2022 and December 31, 2023, our Bank's liability on account of outstanding forward exchange contracts amounted to ₹ 38,730.52 million, ₹ 43,717.35 million, ₹ 38,606.54 million, ₹ 47,800.68 million and ₹ 38,591.25 million, respectively.

Some of our borrowers also enter into derivative contracts to manage their foreign exchange risk exposures. Some of our customers have incurred mark-to-market on their foreign exchange contracts. The failure of our borrowers to manage their exposures to foreign exchange, adverse movements and volatility in foreign exchange rates may adversely affect our borrowers, the quality of our exposure to our borrowers and our business volumes and profitability.

32. Negative publicity could damage our reputation and adversely impact our business and financial results.

We believe our name commands strong brand recognition due to its long and successful presence in the markets in which we operate and therefore maintaining and enhancing the brand is important for retaining our competitive advantage. Reputational risk, or the risk to our business from negative publicity, is inherent in our business. The reputation of the financial services industry in general has been closely monitored as a result of the financial crisis and other matters affecting the financial services industry. Any negative public opinion about the industry in which we operate could adversely affect our ability to attract and retain customers and may expose us to litigation and regulatory action.

Further, creating and maintaining public awareness of our name is crucial to our business and we accordingly invest in various marketing and advertising campaigns. If these campaigns are poorly executed, or our customers lose confidence in us for any reason, it could harm our ability to attract and retain customers. There can be no assurances that we will be able to sustain effective marketing, advertising and branding initiatives in the future. Maintaining and enhancing our name may require us to make substantial investments in financial services industry which may not be successful.

Negative publicity can result from our actual or alleged conduct in a number of activities, including lending practices, foreclosure practices, corporate governance, regulatory compliance, mergers and acquisitions, and related disclosure, sharing or inadequate protection of customer information, and actions taken by government regulators and community organizations in response to that conduct. We distribute several third-party products, including life insurance, health insurance, general insurance and mortgages. Any failure on the part of such third parties, including any failure to comply with applicable regulatory norms, any regulatory action taken against such parties or any adverse publicity relating to such party could, in turn, result in negative publicity about us and adversely impact our brand and reputation.

33. We may not be able to detect money-laundering and other illegal or improper activities in a comprehensive manner or on a timely basis, which could expose us to additional liability and harm our business or reputation.

We are required to comply with applicable anti-money laundering and anti-terrorism laws and other regulations in India. These laws and regulations require us to adopt certain measures, including, to adopt and enforce "know-your-customer/ anti-money laundering/ combating financing of terrorism" ("**KYC/AML Cell**") policies and procedures and to report suspicious and large transactions to the applicable regulatory authorities. Remittances and trade finance transactions are increasingly required to be scrutinized and monitored. We are also required to undertake constant review and assessment of existing control processes and programs to meet the increased regulatory expectation. We cannot assure you that we will always keep pace with frequent reviews and rapid upgrading required by such regulatory developments. While we regularly adopt policies and procedures aimed at detecting and preventing the use of our banking networks for money-laundering activities and by terrorists and terrorist-related organizations and individuals generally, such policies and procedures may not completely eliminate instances where our system may be used by other parties to engage in money-laundering and other illegal or improper activities due to, in part, the short history of these policies and procedures. In addition, there may be significant inconsistencies in the manner in which specific operational and KYC/AML/CFT policies are actually interpreted and implemented at an operational level in each of the branch and other customer interface levels.

To the extent we fail to fully comply with applicable laws and regulations, the relevant governmental and regulatory agencies may impose fines and other penalties and, in certain circumstances, instruct us to cease operations. In addition, any adverse action taken by such agencies could adversely affect our reputation, thereby affecting our business and future financial performance. For further information, please refer to the section entitled "*Legal Proceedings*" on page 283.

34. We are exposed to operational risks, as well as weakness or failures of our internal control systems that may cause significant operational errors, which may in turn materially and adversely affect our business, results of operations and financial condition.

Banks and financial institutions are generally exposed to many types of operational risks, including the risk of fraud or other misconduct by employees or outsiders, unauthorized transactions by employees and third parties (including violation of regulations for prevention of corrupt practices, and other regulations governing our business activities), or operational errors, including clerical or record keeping errors or errors resulting from faulty computer or telecommunications systems. Given the high volume of transactions that we handle on a day to day basis, certain errors may be repeated or compounded before they are discovered and successfully rectified. In addition, our dependence upon automated systems to record and process transactions may further increase the risk that technical system flaws or employee tampering or manipulation of those systems will result in losses that are difficult to detect.

We also outsource certain functions to other agencies, such as cash management and ATM management. We are also, as a result exposed to the risk that such external agencies may be unable to fulfil their contractual obligations to us (or will be subject to the same risk of fraud or operational errors by their respective employees as we are), and to the risk that our (or such agencies) business continuity and data security systems prove not to be sufficiently adequate. We also face the risk that the design of our controls and procedures may prove inadequate, or are circumvented, thereby causing delays in detection or errors in information. While we periodically test and update, as necessary, our internal control systems, we are exposed to operational risks arising from the potential inadequacy or failure of internal processes or systems, and our actions may not be sufficient to guarantee effective internal controls in all circumstances.

Our management information systems and internal control procedures that are designed to monitor our operations and overall compliance may not identify every instance of non-compliance or every suspicious transaction. If internal control weaknesses are identified, our actions may not be sufficient to fully correct such internal control weakness. For Fiscals 2021, 2022 and 2023 and the nine months period ended December 31, 2022, December 31, 2023, we reported 183, 16, 60, 28 and 45 frauds, respectively. The total amount involved was ₹ 7,897.51 million, ₹ 1,715.94 million, ₹1,664.60 million, ₹1,524.71 million and ₹ 987.35 million, respectively. Our risk management techniques may not be fully effective in mitigating our risk exposure in all market environments or against all types of risks, including risks that are unidentified or unanticipated. Some methods of managing risk are based upon observed historical market behaviour. As a result, these methods may not predict future risk exposures, which could be greater than the historical measures indicated. Other risk management methods depend upon an evaluation of information regarding markets, clients or other matters. This information may not in all cases be accurate, complete, up to date or properly evaluated. Management of operational, legal or regulatory risk, compliance risk, conduct risk, environmental social and governance risk and other non-financial risk requires, among other things, policies and procedures to properly record and verify a large number of transactions and events. Although we have established these policies and procedures, these policies may not be fully effective which could adversely affect our business, results of operations and financial condition.

35. We may face labour disruptions and employee misconduct that could adversely affect our business, results of operations and financial condition.

We are exposed to the risk of strikes and other industrial actions. A majority of our Bank's employees are members of two recognized trade unions, one for award staff and other for officers. We have also in the past had instances of strikes and work stoppages on account of our employees' unions participating in all India strikes. While we believe that we have a strong working relationship with the unions / associations, there can be no assurance that our Bank will continue to have such a relationship in the future. If the employees' union calls for a work stoppage or other similar action, we may be forced to suspend all or part of our operations until the dispute is resolved. If any such work stoppage or disruption was to occur, possibly for a significant period of time, our business, results of operations and financial condition would be adversely affected.

There is also likelihood for employee misconduct which could involve the improper use or disclosure of confidential information, which could result in regulatory sanctions and serious reputational or financial harm, including harm to our brand. It is not always possible to deter misconduct by employees and the precautions we take and the systems we have put in place to prevent and deter such activities may not be effective in all cases. Any instances of such misconduct or fraud could adversely affect our reputation, business, results of operations and financial condition.

36. A portion of our income is derived from fee-based services. Our financial performance may be materially and adversely affected by an inability to generate and sustain such income.

Fee based income increased from ₹ 7,378.82 million in Fiscal 2022 to ₹ 8,605.09 million in Fiscal 2023. We generated commission, exchange and brokerage income of ₹ 4,323.72 million for the nine months period ended December 31, 2023, which represented 6.18% of our total income. We also offer other banking services such as bank assurance (distribution of life and non-life insurance products). In addition to our primary segments, we offer a comprehensive range of ancillary products and services such as depository services, ASBA facility and locker facilities, safe custody facility, bill payment services, online and off-line fee collection services, payment and remittance services. Our Subsidiary, KBL Services Limited, provides services auxiliary to banking services such as sourcing, marketing events for lead generation, end to end marketing event management, marketing, promoting, advertising, publicizing, selling and distributing banking products such as advances, CASA deposit products to Bank's customers. There can be no assurance that we will be able to sustain current levels of income from, or effectively manage the risks associated with, these businesses in the future. We also earn fee-based income from our foreign exchange and treasury operations businesses, which include management of foreign currency and interest rate exposure of our corporate and business banking customers.

We intend to continue focusing on higher fee-based income from the sale of various third-party products that at present include a wide range of both life and non-life insurance, mutual fund and share trading facility. We have taken several steps to introduce fee-based services, chargeable value-added services, upfront fees etc. If we are unable to successfully diversify our products and services while managing the related risks and challenges, returns on such products and services may be less than anticipated, which may materially and adversely affect our business, results of operations and financial condition.

37. Our business and financial performance are dependent on maintaining and building a successful network. Any failure to maintain and increase our coverage will adversely affect our growth.

We have a diverse branch network across India. As at March 31, 2021, 2022, 2023, and December 31, 2022, December 31, 2023 and our distribution network included 858, 901, 877, 885 and 904, branches in India across 21 States and 3 Union Territories. In Fiscals 2021, 2022 and 2023 and the nine months period ended December 31, 2022 and December 31, 2023, we added 16, 24, 20, eight and three branches respectively to our network in India, respectively. Our branch expansion plans may have an adverse effect on the capital outlay which in turn may adversely affect our business, results of operations and financial condition. There will also be increased expenditure as a result of our strategy to expand into new geographies, including those planned for our branch network expansion, and newer businesses, such as retail assets and, where our brand is not well known in the market. As a consequence of our large and diverse branch network, we may be subject to additional risks inherent with an extensive network, including but not limited to higher technology costs, upgrading, expanding and securing our technology platform in such branches, operational risks including integration of internal controls and procedures, compliance with KYC, AML and other regulatory norms, ensuring customer satisfaction, recruiting, training and retaining skilled personnel, failure to manage third-party service providers in relation to any outsourced services and difficulties in the integration of new branches with our existing branch network. Any of these reasons may result in our failure to manage a large branch presence, which may materially and adversely affect our business, results of operations and financial condition.

38. The banking industry in India is subject to extensive regulation and significant changes in the banking regulations may adversely affect our business, financial position, and results of operations.

Banks are generally subject to changes in Indian law, as well as to changes in regulations, government policies and accounting principles. We operate in a highly regulated environment in which the RBI, SEBI and other domestic and international regulators regulate our operations. As we operate under licenses or registrations obtained from appropriate regulators, we are subject to actions that may be taken by such regulators in the event of any non-compliance with any applicable policies, guidelines, circulars, notifications and regulations issued by such regulators. Our business could be affected by any changes in policies for banks in respect of directed lending, reserve requirements and other areas. For example, the RBI could change its methods of enforcing directed lending standards so as to require more lending to certain sectors, which could require us to change certain aspects of our business. In addition, we may be subject to other changes in laws and regulations, such as those affecting the extent to which we can engage in specific businesses or those that reduce our profits through a limit on either fees or interest rates that we may charge our customers or those affecting foreign investment in the banking industry, as well as changes in other governmental policies and enforcement decisions, income tax laws, foreign investment laws and accounting principles. The laws and regulations governing the banking sector, including those governing the products and services that we provide or propose to provide, could change in the future.

The lending norms of the RBI as prescribed under Master Directions – Priority Sector Lending (PSL) – Targets and Classification, require every scheduled commercial bank to extend 40.00% of its ANBC or CEOBE purposes, whichever is higher, to certain eligible sectors, such as agriculture, micro, small and medium enterprises, export credit, education, housing, social infrastructure, renewable energy and others (which are categorized as "priority sectors"). Economic difficulties are likely to affect those borrowers in priority sectors more severely. The outstanding under Priority Sector Lending (including investments) as at March 31, 2021, 2022 and 2023 and as at December 31, 2022 and December 31, 2023 stood at 46.58%, 56.41%, 50.78%, 51.31% and 51.28%, respectively, of ANBC as against the mandatory target of 40%. On November 7, 2012, the RBI issued guidelines to consolidate the various instructions or guidance on liquidity risk management and to harmonize and enhance these instructions or guidance in line with the Principles for Sound Liquidity Risk Management and Supervision as well as the Basel III Guidelines. They include enhanced guidance on liquidity risk governance, the measurement, monitoring and reporting of liquidity positions to the RBI and minimum global regulatory standards of LCR and NSFR. The RBI also issued the final guidelines on 'Framework on Liquidity Standards – LCR, Liquidity Risk Monitoring Tools and LCR Disclosure Standards' on June 9, 2014 to be implemented by the banks immediately and the LCR binding on banks from January 1, 2015. RBI issued the guidelines for NSFR effective from January 1, 2018. However, in view of the ongoing stress on account of COVID-19, the RBI decided to defer the implementation of NSFR guidelines. The guidelines for NSFR shall come into effect from October 1, 2021. The RBI issued the Guidelines for implementation of Counter Cyclical Capital Buffer ("**CCCB**") in February 2015. According to the CCCB guidelines, our Bank will have to maintain higher level of Common Equity Tier 1 ("**CET1**") capital ranging from 0% to 2.5% of total RWA of the bank, if the credit-to-GDP ratio in India is in the range of 3% to 15%. However, pursuant to a press release dated April 19, 2021, RBI has decided that it is not necessary to activate CCCB at this point in time. The RBI also stipulates policy measures designed to curb inflation. Over the last few fiscal years, the RBI has, in order to increase liquidity, reduced the repo rate and the reverse repo rate. Currently, RBI has stipulated repo rate of 6.50% and reverse repo rate of 3.35% as on February 8, 2024.

Laws and regulations governing the banking sector may change in the future and any changes may adversely affect our business, financial position and results of operations.

39. We may face greater credit risks than banks in more developed countries.

Our principal business is to provide financing to our customers. We are subject to the credit risk that our borrowers may not pay in a timely fashion or at all. In addition, India's system for gathering and publishing statistical information relating to the Indian economy and the financial performance of companies is not as comprehensive as those of established market economies. Although India has a credit bureau industry, adequate information regarding loan servicing histories, particularly in respect of individuals and small businesses, is limited. As a result, our credit risk exposure is higher compared with banks operating in advanced markets. Since our lending operations to the aforesaid categories are limited to India, we may be exposed to a greater potential for loss compared with banks with lending operations in more developed countries. We are subject to credit risk that the borrowers may not pay us in a timely fashion or at all. Credit bureau does not presently report information from retailers, utility companies and trade creditors and no other nationwide bureau of this nature presently exists. The difficulties associated with the inability to accurately assess the value of collateral and to enforce rights in respect of collateral, along with the absence of such accurate statistical, corporate and financial information, may decrease the accuracy of our assessments of credit risk, thereby increasing the likelihood of borrower default on our loan and decreasing the likelihood that we would be able to enforce any security in respect of such a loan. The absence of reliable information, including audited financial statements, recognized debt rating reports and credit histories relating to our present and prospective corporate borrowers or other customers makes the assessment of credit risk, including the valuation of collateral, more difficult, especially for individuals and small businesses.

If our screening processes prove to be inadequate, we may experience an increase in impaired advances and may be required to increase our provision for defaulted advances. As a result, higher credit risk may expose us to greater potential losses, which may materially and adversely affect our business, results of operations and financial condition.

40. Our inability to renew or maintain our statutory and regulatory permits and approvals required for our operations may adversely impact our business, results of operations and financial condition.

We are required to obtain various statutory and regulatory permits and approvals to operate our business which requires us to comply with certain terms and conditions to continue our banking operations. Our license from the RBI requires us to comply with certain terms and conditions. In the event that we are unable to comply with any or all of these terms and conditions or seek waivers or extensions of time for complying with these terms and conditions, it is possible that the RBI may revoke this license or may place stringent restrictions on our operations. This may result in the interruption of all or some of our operations and may have a material adverse effect on our business, results of operations and financial condition. In the event that we are unable to renew or maintain other statutory permits and approvals or comply with regulatory requirements, it may result in the interruption of all or some of our operations, imposition of penalties and could materially and adversely affect our business, results of operations and financial condition.

41. We are subject to periodic inspections by various regulatory authorities, including, the RBI. In the past, the RBI has imposed penalties for certain non-compliances with its directions. Any future observations or directions issued by the RBI could adversely affect our business, financial condition, results of operations and cash flows.

We are subject to periodic inspections by various regulatory authorities, including the RBI for, among others, operations, risk management systems, internal controls, regulatory compliance and credit monitoring systems. Pursuant to such periodic inspections, the RBI issues observations, directions and monitorable action plans on issues related to, among other things, any operational risks and regulatory non-compliances. During the course of finalizing inspections, the RBI inspection team shares its findings and recommendations with us and provides us an opportunity to provide clarifications, additional information and, where necessary, justification for a different position, if any, than that observed by the RBI. Upon final determination by the RBI of the inspection results, we are required to take actions specified therein by the RBI to its satisfaction. We may also be subject to inspections from IRDAI on account of our registration as a agent.

In its risk assessment reports issued in respect of inspection years 2021-2022 and 2022-2023, RBI has made certain observations. These include, among other things: (i) delay in submission of responses to previous RBI inspection reports, additionally in some instances, submissions contained errors and/or incorrect information; (ii) non-adherence to certain corporate governance norms including certain violations by the chief digital marketing office of the Securities Exchange Board of India (Prevention of Insider Trading) Regulations, 2015; (iii) instances where multiple customer identification numbers was allotted to the same PAN number, due to proprietorship and/or trust with the same PAN number as the proprietor and/or institution run by the trust were allotted different customer identification numbers; (iv) certain deficiencies in our IT infrastructure; (v) certain gaps in our credit risk management policy; and (vi) certain deficiencies due to which we received an extremely high risk rating. While we have responded to the observations made by the RBI in their risk assessment report clarifying certain points and providing our reasons, there can be no assurance that the RBI may not issue further show cause notices or impose penalties or take other actions in relation the observations made. Additionally, our Bank has taken corrective action based on the risk assessment reports and many of the compliances have been accepted by the RBI. Our Bank is in the process of complying with the remaining few observations under the timelines we have communicated to the RBI, and we are in the process of implementing the observations as per the applicable timelines. We cannot assure you that the RBI will not require us to take further actions to comply with their observations or that RBI will not make similar or other observations in the future.

The following table sets forth an indicative list of penalties imposed by RBI on our Bank during the time periods, as indicated below.

Fiscal / Period	**Penalty amount** *(₹ in million)*	**Reason for penalty**
Nine months period ended December 31, 2023	0.75	ATM cash-out related penalty: ₹ 0.41 million Incognito visits related penalty: ₹ 0.24 million Currency chest related penalty: ₹ 0.10 million
Nine months period ended December 31, 2022	0.54	ATM cash out related penalty: ₹ 0.51 million Currency chest related penalty: ₹ 0.03 million
Fiscal 2023	0.63	ATM cash out related penalty: ₹ 0.60 million Currency chest related penalty: ₹ 0.03 million
Fiscal 2022	10.10	*Contravention of regulatory guidelines/ directions* On lending to NBFCs: ₹ 10.00 million ATM cash out related penalty: ₹ 0.05 million Currency chest related penalty: ₹ 0.05 million
Fiscal 2021	-	-

While we seek to comply with all regulatory provisions applicable to us, in the event we are unable to comply with the observations made by the RBI, IRDAI or any other regulatory or statutory authority, any significant deficiencies identified by the RBI, IRDAI or any other regulatory or statutory authority that we are unable to rectify to the satisfaction of the RBI, IRDAI or any other regulatory or statutory authority, could lead to sanctions (such as restrictions being applied on carrying out certain business activities or our ability to obtain the regulatory permits and approvals required to expand our business) and penalties being imposed on our Bank, which could materially and adversely affect our reputation, business, financial condition, results of operations and cash flows.

We cannot predict the initiation or outcome of any further investigations by other authorities or different investigations by the RBI. The penalties imposed by such regulators, or any future scrutiny, investigation, inspection or audit which could result in fines, public reprimands, reputational loss, significant time and attention from our management, costs for investigations and remediation of affected customers, may materially and adversely affect our business, results of operations and financial condition.

42. Any downgrade of our debt ratings could adversely affect our business.

As of the date of this Placement Document, we have received the following credit ratings on our debt from ICRA.

Instrument	**Amount** *(₹ in million)*	**Rating action**
Basel III Tier – II bonds	6,200.00	ICRA A (Positive); re-affirmed and outlook revised to positive from stable
Certificates of deposit	15,000.00	ICRA A1+; reaffirmed

These ratings assess our overall financial capacity to pay our obligations and are reflective of our ability to meet financial commitments as they become due. There can be no assurance that these ratings will not be revised or changed by the above rating agencies due to various factors. Any downgrade in our credit ratings may increase interest rates for refinancing our outstanding debt, which would increase our financing costs, and adversely affect our future issuances of debt and our ability to raise new capital on a competitive basis, which may adversely affect our business, results of operations and financial condition.

43. Our success depends largely on our management team and skilled personnel. Any inability to attract and retain talented professionals may negatively affect us.

Our business is growing more complex as we expand our operations and our product lines. We have built a team of professionals with relevant experience, including credit evaluation, risk management, treasury and marketing.

Our growth and continued success depend in part on the continued service of key members of our management team and our ability to continue to attract, train, motivate and retain highly qualified professionals.

We believe our employees are a significant source of our competitive advantage and are thus a key element of our growth strategy. As on December 31, 2023, we had 8,689 employees. With the increase in competition for qualified personnel, we continue to face challenge to recruit a sufficient number of suitably skilled personnel, particularly as we continue to grow. In the event we are not able to attract talented employees or are unable to motivate and retain our existing employees, the future of our business and operations may be affected.

Our remuneration scheme is in accordance with industry level settlement standards for the Banking and Financial Services in India. If the competition in the banking industry increases, especially for employees with certain skillsets, that are high in demand considering the new innovations and developments in the industry, attrition rates could increase and could result in increased costs if we need to pay higher salaries to attract employees to replace those who left.

The successful implementation of our strategy depends on the availability of skilled management, both at our head office and at each of our business units and on our ability to attract and train technologically sound, young professionals. As we generally pay wages that are lower than those paid by large private sector banks, it could adversely affect our ability to hire qualified employees. If we or one of our business units or other functions fail to staff their operations appropriately or lose one or more of our key senior executives or qualified young professionals and fail to replace them in a satisfactory and timely manner, our business, and operations, including our control and operational risks, may be adversely affected.

44. Our insurance coverage may be inadequate to cover claims. If we incur substantial uninsured loss or loss that exceeds our insurance coverage, it could have a material adverse effect on our business, results of operations and financial condition.

We do not carry insurance to cover all of the risks associated with our business, either because insurance coverage is not available or prohibitively expensive. We have taken out insurance within a range of coverage consistent with industry practice in India to cover certain risks associated with our business. We cannot assure you that our current insurance policies will insure us fully against all risks and losses that may arise in the future. In addition, even if such losses are insured, we may be required to pay a significant deductible on any claim for recovery of such a loss, or the amount of the loss may exceed our coverage for the loss. In addition, our insurance policies are subject to annual review, and we cannot assure you that we will be able to renew these policies on similar or otherwise acceptable terms, if at all. If we were to incur a serious uninsured loss or a loss that significantly exceed the limits of our insurance policies, it could have a material adverse effect on our business, results of operations and financial condition.

45. Our risk management policies and procedures may not adequately address unidentified or unanticipated risks.

The Bank is exposed to a variety of risks, including liquidity risk, interest rate risk, credit risk, operational risks, including fraud, and legal risks. The effectiveness of its risk management is limited by the quality and timeliness of available data and other factors outside of its control. While we have a well-defined risk management governance framework that comprises of a Risk Management Committee and sub committees for management of credit, market, liquidity and operational risk, to the extent any of the instruments and strategies we use to hedge or otherwise manage our exposure to market or credit risk are not effective, we may not be able to mitigate effectively our risk exposures, in particular to market environments or against particular types of risk.

We have devoted significant resources to develop our risk management policies and procedures and aim to continue to do so in the future. For further details, please refer to the section entitled "*Business – Risk Management*" on page 195. Despite this, our policies and procedures to identify, monitor and manage risks may not be fully effective. Some of our methods of managing risks are based upon the use of observed historical market behaviour. As a result, these methods may not accurately predict future risk exposures which could be significantly greater than those indicated by the historical measures. Management of operations, legal and regulatory risks requires, among other things, policies and procedures to properly record and verify a large number of transactions and events, and these policies and procedures may not be fully effective. As we seek to expand the scope of our operations, we also face the risk that we will be unable to develop risk management policies and procedures that are properly designed for new business areas or to manage the risks associated with the growth of our existing businesses effectively. Implementation and monitoring may prove particularly challenging with respect to businesses that we plan on developing. An inability to develop and implement effective risk management policies may materially and adversely affect our business, results of operations and financial condition.

46. Any deficiencies, inaccuracies or miss-specification in the models and data we rely on for our risk analysis could impact our decision-making and operations.

As part of our ordinary decision-making process, we rely on various models for risk and data analysis. These models are based on historical data and supplemented with managerial input and comments. These models and the data they analyse may not always be accurate or adequate to guide our strategic and operational decisions and protect us from risks. Any miss-specification, deficiencies or inaccuracies in the models or the data might have a material adverse effect on our business, results of operations and financial condition. As we seek to expand the scope of our operations in newer geographies or new product areas, we also face the risk that we will be unable to develop risk management policies and procedures, that are properly designed for those new geographies or areas or products or to manage the risks associated with the growth of our existing businesses. Implementation and monitoring may prove particularly challenging with respect to our expansion and the products that we plan on developing.

47. We depend on the accuracy and completeness of information furnished by the customers and counterparties and any misrepresentation, errors or incompleteness of such information could cause our business to suffer.

Our principal activity is providing financing to borrowers, including individuals and MSMEs. The credit risk of our borrowers may be higher than in other economies due to the higher uncertainty in our regulatory, political and economic environment and the inability of our borrowers to adapt to global technological advancements. In addition, India's system for gathering and publishing statistical information relating to the Indian economy generally or specific economic sectors within it, or corporate or financial information relating to companies or other economic enterprises is not as comprehensive as those of countries with established market economies. Although India has credit information companies, adequate information regarding loan servicing histories, particularly in respect of individuals and small businesses, is limited. In the event that the reports of such credit information companies are not up-to-date, we may not be able to accurately assess the credit-worthiness of our borrower which may increase our risk of exposure to default by borrower. As our lending operations are primarily limited to India, we may be exposed to a greater potential for loss compared to banks with lending operations in more developed countries. Inadequate loan servicing histories for borrowers increase the risk of exposure and may lead to an increase in our NPAs which may adversely affect our business, results of operations and financial condition.

We rely on information furnished by customers and counterparties while determining whether to extend credit or to enter into other transactions with such customers and counterparties. We typically rely on financial statements, other financial information and certain representations as to the accuracy and completeness of that information and, with respect to financial statements, on reports of independent auditors provided. For example, in deciding whether to extend credit, we may assume that a customer's audited financial statements conform to generally accepted accounting principles and present fairly, in all material respects, the financial condition, results of operations and cash flows of the customer. Our business, results of operations and financial condition could be negatively affected by relying on financial statements that do not comply with generally accepted accounting principles or with other information that is materially misleading. We also rely on credit ratings and bureau scores assigned to our customers. Our business, results of operations and financial condition could be negatively impacted by such reliance on information that is inaccurate or materially misleading. This may affect the quality of information available to us about the credit history of our borrowers, especially individuals and small businesses. As a consequence, our ability to effectively manage our credit risk may be adversely affected.

The TransUnion CIBIL Limited ("**CIBIL**") / CRIF High Mark Credit Bureau ("**CRIF**") does not presently report information from retailers, utility companies and trade creditors, and no other nationwide bureau of this nature presently exists. The difficulties associated with the inability to accurately assess the value of collateral and to enforce rights in respect of collateral, along with the absence of such accurate statistical, corporate and financial information, may decrease the accuracy of our assessments of credit risk, thereby increasing the likelihood of borrower default on our loan and decreasing the likelihood that we would be able to enforce any security in respect of such a loan or that the relevant collateral will have a value commensurate to such a loan. The absence of reliable information, including audited financial statements, recognized debt rating reports and credit histories relating to our present and prospective corporate borrowers or other customers makes the assessment of credit risk, including the valuation of collateral, more difficult, especially for individuals and small businesses. The availability of accurate and comprehensive credit information on retail customers and small businesses in India is more limited than for larger corporate customers, which reduces our ability to accurately assess the credit risk associated with such lending. Difficulties in assessing credit risks associated with our day-to-day lending operations may lead to an increase in the level of our nonperforming and restructured assets. We may also experience an increase in impaired advances and may be required to increase our provision for defaulted advances. As a result, higher credit risk may expose us to greater potential losses, which could materially and adversely affect our business, results of operations and financial condition.

48. We are involved in certain legal and other proceedings which, if determined against us, could have a material adverse impact on our business, results of operations and financial condition.

We are involved in various legal proceedings in the ordinary course of our business. These legal proceedings are pending at different levels of adjudication before various courts, tribunals, statutory and regulatory authorities/ other judicial authorities. These matters generally arise because we seek to recover dues from borrowers, further we have filed complaints before relevant authorities against certain of our borrowers on account of fraud and/or under the Negotiable Instruments Act, 1881 in relation to dishonour of cheques issued by such borrowers. Although it is our policy to make provisions for probable loss, we do not make provisions or disclosures in our financial statements where our assessment is that the risk is insignificant. We can give no assurance that these legal proceedings will be decided in our favour and we may incur significant expenses and expend substantial management time in such proceedings and may have to make provisions in our financial statements, which could increase our expenses and liabilities. If there are any rulings against us by the appellate courts or tribunals, we may face losses and may have to make provisions in our financial statements, which could increase our expenses and our liabilities. If such claims are determined against us, there could be a material adverse effect on our reputation, business, and results of operations and financial condition, which could adversely affect the trading price of our Equity Shares. For Fiscals 2021, 2022 and 2023 and the nine months period ended December 31, 2022, December 31, 2023, the Bank has made 15, five, 23, 18 and 11 material complaints on account of fraud wherein the amount involved is approximately ₹ 7,848.33 million, ₹ 1,685.30 million, ₹ 1,603.65 million, ₹ 1,497.34 million and ₹ 897.35 million, respectively. For further information, please refer to the section entitled "*Legal Proceedings*" on page 283.

49. Majority of our branches and ATMs are located on premises that have been taken on lease. The termination of any of these leases or non – renewal or premature termination of the existing lease agreements may cause disruption in our operations.

Majority of our branches and ATMs are located on premises taken by us on lease or leave and license basis from third parties. As on December 31, 2023, out of a total of our 904 branches, 881 branches are located at premises taken on a lease or leave and license basis. Further, majority of our ATMs are also located on premises taken on lease or leave and license basis. Such lease agreements are generally for a fixed tenure and we endeavour to renew the leases post their expiry located at premises taken on a lease basis. Our business, financial condition, and operating results could be adversely affected if we are unable to negotiate favourable lease and renewal terms for our existing branches. In case of non-renewal of leases for our existing branches, we will be forced to procure alternative space for our existing branches. Although we procure space that satisfies the safety, operational and financial criteria for our branches, we cannot assure you that we will be able to identify such space at commercially reasonable terms or at all. Failure to identify such space can adversely affect our business, results of operations and financial condition.

We may also face the risk of being evicted in the event that our landlords allege a breach on our part of any terms under these lease agreements which could result in the termination of the lease agreements and force us to establish operations at another location, which may disrupt our operations temporarily.

50. We distribute third-party investment products, such as mutual funds, brokerage and insurance products. Our inability to effectively manage any of these businesses may adversely affect our business, results of operations and financial condition.

We have increased our focus on fee and commission-based income generated from sale of third-party products over the years. For Fiscals 2021, 2022 and 2023 and the nine months period ended December 31, 2022, December 31, 2023, our Bank generated fee based income amounting to ₹ 6,817.81 million, ₹ 7,378.82 million, ₹ 8,605.09 million, ₹ 6,096.53 million, and ₹ 6,243.69 million, respectively representing 8.93%, 10.28%,10.48%, 10.42% and 8.92%, respectively of our Bank's total income for such period. In order to grow our non-interest income, we distribute third-party investment products, brokerage and insurance products and provide portfolio management services. We have engaged with various third parties to distribute such products. However, we have no control over the actions of such third parties and their products. Any failure on the part of such third parties, including any failure to comply with applicable regulatory norms, any regulatory action taken against such parties or any adverse publicity relating to such party could, in turn, result in negative publicity about us and adversely impact our brand and reputation. Further, in case customers to whom such products are sold, experience deficiency of service or are otherwise aggrieved, we may be subject to litigation or claims for damages by such aggrieved customers, which could adversely affect our business, financial position and results of operations.

51. If we are covered by RBI guidelines relating to prompt corrective action, then our business, future financial performance and results of operations could be materially and adversely affected.

On April 13, 2017, the RBI revised the Prompt Corrective Action ("**PCA**") framework for banks. The PCA framework has stipulated thresholds for capital ratios, non-performing assets, profitability and leverage for banks. When the PCA framework is triggered, the RBI would have a range of discretionary actions it can take to address the outstanding issues. These discretionary actions include conducting supervisory meetings, conducting reviews, advising banks' boards for altering business strategy, reviewing capital planning, and Restricting staff expansion, removing managerial persons and superseding the Board, as per the classification of different risk thresholds. If the PCA framework is triggered for our Bank by the RBI, it may materially and adversely affect our business, financial condition and results of operations.

52. We have in the past entered into related party transactions and may continue to do so in the future, which may potentially involve conflicts of interest with the equity shareholders.

We have in the course of our business entered into, and will continue to enter into, several transactions with our related parties including remuneration paid to our Directors. For further information, see "*Related Party Transactions*" on page 66. We cannot assure you that we will receive similar terms in our related party transactions in the future and that we could not have achieved more favourable terms had such transactions been entered into with unrelated parties.

The transactions we have entered into and any further transactions that we may have with our related parties have involved or could potentially involve conflicts of interest, which may be detrimental to us. We cannot assure you that such transactions, individually or aggregately, will not have an adverse effect on business and financial results because of, for instance, potential conflicts of interest.

In addition, we cannot assure you that going forward, the directors and officers of our Bank and the Subsidiary will not be connected with or related to such service providers such that there will not be any conflicts of interest with us.

53. The RBI may remove any employee, managerial personnel or may supersede our Bank's Board of Directors in certain circumstances, which may materially affect our Bank's business, results of operations, and financial conditions.

The Banking Regulation Act confers powers on the RBI to remove from office any directors, chairman, chief executive officer, or other officers or employees of a bank in certain circumstances. The RBI also has the powers to supersede the board of directors of a bank and appoint an administrator to manage the bank for a period of up to six months, which may exceed up to 12 months in certain circumstances. The RBI may exercise powers of supersession where it is satisfied, in consultation with the Government of India that it is in the public interest to do so, to prevent the affairs of any bank from being conducted in a manner that is detrimental to the interest of the depositors, or for securing the proper management of any bank. Should any of the steps as explained herein are taken by the RBI against our Bank, its business, results of operations, and financial conditions would be materially and adversely affected.

54. If ownership restrictions on private sector banks are relaxed, a single investor may acquire a controlling stake in our Bank.

If the current restrictions are further liberalised to allow not only increased investment by Indian entities but also greater foreign ownership, a single entity or group of investors acting in unison may acquire equity shares of our Bank to the extent that would allow it to control or strongly influence our Bank. Such an entity would, subject to restrictions in the Articles, be able to determine, or would have a disproportionate influence compared with other shareholders in, the election of the Board of Directors, management policies and the outcome of resolutions submitted to shareholders for approval. There can be no assurance that any future controlling shareholder will have the same interests as any minority shareholder or will pursue the same strategies as the current management.

55. We rely on our correspondent banks in other countries to facilitate our foreign exchange operations. Any failure to maintain such relationships or enter such new relationships with correspondent banks may impact our ability to grow our foreign exchange business.

We have relationships with various correspondent banks and financial institutions across the globe to carry out our dealings in foreign currencies and for facilitating its treasury, trade and remittance transactions. We maintain NOSTRO accounts in foreign currencies with such correspondent foreign banks which facilitates inward and outward remittance. Our customers can remit funds to India in any of the currencies for which we have opened such accounts, by instructing their banks to remit the funds to our NOSTRO account maintained in that particular currency. We may need to open such NOSTRO accounts with the correspondent banks in those locations in case we intend to cater to a different foreign location or currency. Opening and maintaining such accounts requires compliance with strict KYC norms and any failure to adhere to such norms may result in the correspondent bank closing these accounts.

A correspondent bank may discontinue any of the services that it offers in relation to such accounts, which may result in customer dissatisfaction. There can be no assurance that we will be able retain our existing correspondent banks or enter into similar arrangements with new correspondent banks on commercially reasonable terms or at all. We could be forced to scale back our treasury, trade and remittance business, in the event that we are unable to open new accounts or continue to maintain existing accounts with our correspondent banks for any reason whatsoever, which could adversely affect our business, results of operations and financial condition.

56. Our intellectual property rights may be subject to infringement or we may breach third-party intellectual property rights.

We are subject to the risk of brand dilution and consequently, possible loss of revenue following the misuse of our brand name by our agents or any third party. We may not be able to protect our intellectual property rights against third-party infringement and unauthorised use of our intellectual property, including by our competitors. Further, a failure to obtain or maintain these registrations may adversely affect our competitive business position. This may in turn affect our brand value, and consequently, our business.

We may also be subject to claims by third parties, both inside and outside of India, if we breach their intellectual property rights by using slogans, names, designs, software or other such subjects, which are of a similar nature to the intellectual property these third parties may have registered. Any legal proceedings that result in a finding that we have breached third parties' intellectual property rights, as well as any settlements concerning such claims, may require us to provide financial compensation to such third parties or make changes to our marketing strategies or to the brand names of our products, which may have a materially adverse effect on our brand, business, prospects, financial condition and results of operations.

57. We are subject to capital adequacy norms and is required to maintain a CRAR at the minimum level required by the RBI for domestic banks. Any failure to maintain adequate capital due to changes in regulations, a lack of access to capital markets, or otherwise, could materially and adversely affect our business, financial condition and results of operations.

We are subject to regulations relating to the capital adequacy of banks, which determines the CRAR, or the minimum amount of capital we must hold as a percentage of the risk-weighted assets on our portfolio. The RBI requires banks in India to maintain a minimum CRAR of 11.50% (including capital conservation buffer). In addition, RBI issued the RBI Basel III Capital Regulations on May 2, 2012 for banks for the International Settlement's Basel III international regulatory framework and amended from time to time. The RBI Basel III Capital Regulations were implemented on April 1, 2013. The RBI Basel III Capital Regulations require, among other things, higher levels of Tier I capital and common equity, capital conservation buffers, maintenance of a minimum prescribed leverage ratio on a quarterly basis, higher deductions from common equity and Tier I capital for investments in subsidiaries and changes in the structure of non-equity instruments eligible for inclusion in Tier I capital. The RBI Basel III Capital Regulations also set out elements of regulatory capital and the scope of the capital adequacy framework, including disclosure requirements of components of capital and risk coverage. In accordance with the RBI Basel III Capital Regulations, our Bank is required to maintain a minimum CET-I capital ratio of 8.00% (including a capital conservation buffer of 2.50%), and a minimum Tier I CRAR of 9.50% (including a capital conservation buffer of 2.50%) of its risk weighted assets. Any incremental capital requirement may adversely impact our ability to grow our business and may even require us to withdraw from, or curtail, some of our current business operations. The table below sets forth the regulatory capital and capital adequacy ratios calculated under Basel III as at the dates provided.

(₹ in million, except for percentages)

Particulars	As at				
	December 31, 2023	**December 31, 2022**	**March 31, 2023**	**March 31, 2022**	**March 31, 2021**
Our Bank:					
Tier 1 capital	83,803.77	66,148.29	75,706.61	65,581.94	61,403.92
Tier 2 capital	13,597.21	15,871.32	17,418.69	15,603.54	12,466.54
Total capital	**97,400.98**	**82,019.61**	**93,125.30**	**81,185.48**	**73,870.46**
Total risk weighted assets and contingents	**613,510.07**	**542,029.50**	**533,784.14**	**518,554.45**	**497,596.10**
Capital ratios:					
Tier 1 CRAR	13.66%	12.20%	14.18%	12.65%	12.34%
Total CRAR	15.88%	15.13%	17.45%	15.66%	14.85%
Minimum capital ratios required by the RBI:					
Tier 1 including capital conservation buffer	9.50%	9.50%	9.50%	9.50%	9.50%
Total capital	11.50%	11.50%	11.50%	11.50%	11.50%

Our Bank's ability to grow its business and execute its strategy is dependent on its level of capitalisation. Any incremental capital requirement may adversely impact our ability to grow our business and may even require us to withdraw from, or curtail, some of our current business operations. There can be no assurance that our Bank will be able to access the capital markets when required, and if our Bank is unable to access capital markets when required it may be compelled to commit its existing capital away from profitable business opportunities. Our Bank may also be compelled to dispose of certain assets and/or take other measures in order to obtain the necessary capital to meet more stringent capital requirements. This would however limit our ability to grow our business and would adversely affect our results of operations.

Our Bank is exposed to the risk of the RBI increasing the applicable risk weight for different asset classes from time to time. Although we have implemented and followed a policy of maintaining a minimum capital adequacy ratio as stipulated in the RBI Basel III Capital Regulations issued by the RBI, there can be no assurance that we will be able to maintain this ratio in the future. Implementation of Basel III or other such capital adequacy requirements imposed by RBI may result in the incurrence of substantial compliance and monitoring costs, and any breach of applicable laws and regulations will adversely affect our reputation, business operations and financial conditions. In addition, if the Basel Committee releases additional or more stringent guidance on capital adequacy norms that are given the effect of law in India in the future, we may be required to raise or maintain additional capital in a manner which could materially and adversely affect our business, financial condition and results of operations.

If we fail to meet capital adequacy requirements, the RBI may take certain actions, including restricting our lending and investment activities and our payment of dividends. These actions could materially and adversely affect our reputation, results of operations and financial condition.

58. Our ability to pay dividends in the future will depend upon our earnings, financial condition and capital requirements and directions. Any inability to declare and/ or pay dividend may adversely affect the trading price of our Equity Shares.

While we have a formal board approved dividend policy to govern our dividend pay-out, our future ability to pay dividends and the amount of any such dividends, if declared, will depend upon a number of factors, including our future earnings, financial condition, capital requirements, our compliance with regulatory requirements such as ability to make adequate provisions for losses and writing-off capitalized expenses, meeting the RBI mandated CRAR and net NPA parameters and our results of operations and financial condition and other factors considered relevant by our Board and our shareholders.

We cannot assure you that we will generate sufficient income to cover our operating expenses and shall be able to pay dividends. In addition, dividends that we have paid in the past may not be reflective of the dividends that we may pay in a future period. Our future dividend policy will depend on our revenues, profits, cash flow, financial condition, capital requirements and other factors. For further details please see "*Dividends*" on page 131.

59. There can be no assurance that we will be able to access capital as and when we need it for growth.

Unless we are able to access the necessary amounts of additional capital, any incremental capital requirement may adversely impact our ability to grow our business and may even require us to curtail or withdraw from some of our current business operations. There can be no assurance that we may be able to raise adequate additional capital in the future on terms favourable to us, or at all, and this may hamper our growth plans, apart from those that can be funded by internal accruals.

60. Our Bank proposes to utilize the Net Proceeds of the Issue to meet the needs of the growing business of our Bank, including long term capital requirements for pursuing growth plans, to increase the capacity of our Bank to lend, and for general corporate purposes.

Subject to compliance with applicable laws, our Bank proposes to utilize the Net Proceeds of the Issue to meet the needs of the growing business of our Bank, including long term capital requirements for pursuing growth plans, to increase the capacity of our Bank to lend, and for general corporate purposes. As permissible under applicable laws, the Bank will have the flexibility in deploying the Net Proceeds in the best interest of the Bank. None of our Directors are making any contribution either as part of the Issue or separately in furtherance of the objects of the Issue. Since the Net Proceeds are proposed to be utilized towards the purposes set forth above, and not being used towards implementation of any project, no disclosure regarding the (i) break-up of cost of the project, (ii) means of financing such project, and (iii) proposed deployment status of the proceeds at each stage of the project, has been made in this Placement Document.

61. Statistical and industry data in this Placement Document may be incomplete or unreliable.

Statistical and industry data used throughout this Placement Document has been obtained from various government and industry publications. While we believe that the information contained has been obtained from sources that are reliable, neither we nor the Book Running Lead Managers have independently verified it. As such, the accuracy, reliability and completeness of this information is not guaranteed. The market and industry data used from these sources may have been reclassified by us for presentation purposes. In addition, market and industry data relating to India, its economy or its industries may be produced on different bases from those used in other countries. As a result, data from other market sources may not be comparable. The extent to which the market and industry data presented in this Placement Document is meaningful will depend on the reader's familiarity with, and understanding of, the methodologies used in compiling such data. Statements from third parties that involve estimates are subject to change, and actual amounts may differ materially from those included in this Placement Document. Such data involves risks, uncertainties and numerous assumptions and are subject to change based on various factors. Accordingly, investment decisions should not be based on such information.

EXTERNAL RISKS

62. Any volatility in the exchange rate may lead to a decline in India's foreign exchange reserves and may affect liquidity and interest rates in the Indian economy, which could adversely impact us.

India's trade relationships with other countries and its trade deficit, may adversely affect Indian economic conditions and the exchange rate for the rupee. India's current account balance recorded a deficit of US$ 8.3 billion (1% per cent of GDP) in the second quarter of Fiscal 2024 which is lower than US$ 9.2 billion (1.1 per cent of GDP) in the first quarter of Fiscal 2024 and US$ 30.9 billion (3.8 per cent of GDP) in the second quarter of Fiscal 2023 *(Source: RBI Press Release on Developments in India's Balance of Payments during the Second Quarter (July-September) of 2023-24 dated December 26, 2023).* Exchange rates are impacted by a number of factors including volatility of international capital markets, interest rates and monetary policy stance in developed economies like the United States, level of inflation and interest rates in India, the balance of payment position and trends in economic activity. Rising volatility in capital flows due to changes in monetary policy in the United States or other economies or a reduction in risk appetite or increase in risk aversion among global investors and consequent reduction in global liquidity may impact the Indian economy and financial markets.

If current account and trade deficits increase or are no longer manageable because of factors impacting the trade deficit like a significant rise in global crude oil prices or otherwise, the Indian economy, and therefore our business, results of operations and financial condition and the prices of our equity shares could be adversely affected. Any reduction of or increase in the volatility of capital flows may impact the Indian economy and financial markets and increase the complexity and uncertainty in monetary policy decisions in India, leading to volatility in inflation and interest rates in India, which could also adversely impact our business, results of operations and financial condition, our stockholders' equity, and the prices of our equity shares.

Further, any increased intervention in the foreign exchange market or other measures by the RBI to control the volatility of the exchange rate, may result in a decline in India's foreign exchange reserves and reduced liquidity and higher interest rates in the Indian economy. Prolonged periods of volatility in exchange rates, reduced liquidity and high interest rates could adversely affect our business, results of operations and financial condition and the prices of our equity shares.

63. Our business is substantially affected by prevailing economic, political and others prevailing conditions in India.

Substantially all of our business, assets and all our employees are located in India. As a result, we are highly dependent on prevailing economic conditions in India and its results of operations are significantly affected by factors influencing the Indian economy. Factors that may adversely affect the Indian economy include:

- global slowdown of the financial market and economies contributing to weakness in the Indian financial and economic environment;
- any increase in Indian interest rates or inflation;
- any exchange rate fluctuations;
- volatility in, and actual or perceived trends in trading activity on, India's principal stock exchanges;
- changes in India's tax, trade, fiscal or monetary policies;
- regulatory changes in the banking sector in India;
- political instability, terrorism or military conflict in India or in countries in the region or globally, including in India‘s various neighbouring countries;
- occurrence of natural or man-made disasters;
- global health crises and pandemics like the COVID-19 pandemic;
- prevailing regional or global economic conditions;
- delinquent loans and low credit growth, deterioration in asset quality resulting in an adverse effect on the Indian economy;
- increased volatility of commodity prices;
- financial difficulties faced by certain financial institutions / intermediaries such as clearing agencies, banks, securities firms and exchanges;
- increase in India's trade deficit;
- downgrading of rating of India, the Indian banking sector rating agencies; and
- Other significant regulatory or economic developments in or affecting India or its banking sector.

An adverse impact on the Indian economy due to any of the above-mentioned factors, could adversely impact our business, results of operations and financial condition and the price of the Equity Shares.

64. Changing laws, rules and regulations and legal uncertainties, including any adverse application of tax laws and regulations across the multiple states we operate in, could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Our business and financial condition could be materially adversely affected by changes in the laws, rules, regulations or directions applicable to us and our general and microfinance businesses, or the interpretations of such existing laws, rules and regulations, or the promulgation of new laws, rules and regulations.

The governmental and regulatory bodies may notify new regulations and/ or policies, which may require us to obtain approvals and licenses from the government and other regulatory bodies, impose onerous requirements and conditions on our operations, in addition to those that we are undertaking currently, or change the manner in which we conduct KYC or authenticate our customers. Any such changes and the related uncertainties with respect to the implementation of new regulations may have a material adverse effect on our business, financial condition, results of operations and cash flows.

In addition, unfavourable changes in or interpretations of existing, or the promulgation of new laws, rules and regulations, including foreign investment laws governing our business, operations and investments in our Bank by non-residents, could result in us being deemed to be in contravention of such laws and/ or may require us to apply for additional approvals.

Tax and other levies imposed by the central and state governments in India that affect our tax liability include central and state taxes and other levies, income tax, turnover tax, goods and service tax, stamp duty and other special taxes and surcharges that are introduced on a temporary or permanent basis from time to time. The final determination of our tax liabilities involves the interpretation of local tax laws and related regulations in each jurisdiction as well as the significant use of estimates and assumptions regarding the scope of future operations and results achieved and the timing and nature of income earned and expenditures incurred. Moreover, the central and state tax scheme in India is extensive and subject to change from time to time. Any future increases or amendments may affect the overall tax efficiency of companies operating in India and may result in significant additional taxes becoming payable. If the tax costs associated with certain transactions because of a particular tax risk materializing are greater than anticipated, it could affect the profitability of such transactions.

The Government introduced (a) the Code on Wages, 2019 ("**Wages Code**"); (b) the Code on Social Security, 2020 ("**Social Security Code**"); (c) the Occupational Safety, Health and Working Conditions Code, 2020; and (d) the Industrial Relations Code, 2020, which consolidate, subsume and replace numerous existing central labour legislations. While the rules for implementation under these codes have not been notified, we are yet to determine the impact of all or some such laws on our business and operations, which may restrict our ability to grow our business in the future. For example, the Social Security Code aims to provide uniformity in providing social security benefits to employees, which were previously segregated under different acts and had different applicability and coverage. The Social Security Code has introduced the concept of workers outside traditional employer-employee work-arrangements (including online and digital platforms), such as 'gig workers' and 'platform workers' and provides for the mandatory registration of such workers in order to enable these workers to avail benefits of, among others, life and disability cover, health and maternity benefits and old age protection, under schemes framed under the Social Security Code from time to time. The Social Security Code also provides that such schemes may, among other things, be partly funded by contributions from online platforms. Further, the Wages Code limits the amounts that may be excluded from being accounted toward employment benefits (such as gratuity and maternity benefits) to a maximum of 50% of the wages payable to employees. The implementation of such laws has the ability to increase our employee and labour costs, thereby adversely affecting our results of operations and cash flows.

In addition, unfavourable changes in or interpretations of existing, or the promulgation of new laws, rules and regulations including foreign investment laws governing our business, operations and investments in our Bank by non-residents, could result in us being deemed to be in contravention of such laws and/ or may require us to apply for additional approvals.

We may incur increased costs and other burdens relating to compliance with such new requirements, which may also require significant management time and other resources, and any failure to comply may adversely affect our business, results of operations and prospects. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time-consuming as well as costly for us to resolve and may affect the viability of our current business or restrict our ability to grow our business in the future.

65. There may be less information available about the entities listed on the Indian securities markets compared with information that would be available if we were listed on securities markets in certain other countries.

There may be differences between the level of regulation and monitoring of the Indian securities markets and the activities of investors, brokers and other participants in India and that in the markets in the United States and certain other countries. SEBI is responsible for ensuring and improving disclosure and other regulatory standards for the Indian securities markets. SEBI has issued regulations and guidelines on disclosure requirements, insider trading and other matters. There may, however, be less publicly available information about entities listed on an Indian stock exchange compared with information that would be available if that entity was listed on a securities market in certain other countries. Further, the Bank is currently not subject to disclosures on ESG risks as per SEBI guidelines. As a result, investors may have access to less information about the business, results of operations, cash flows and financial conditions, information on business responsibility and sustainability reporting and those of the competitors that are listed on BSE and NSE and other stock exchanges in India on an on-going basis than may be found in the case of companies subject to reporting requirements of other more developed countries.

66. Our business is affected by global economic conditions, especially in the geographies we cater to, which may have an adverse effect on our business, financial condition, results of operations and prospects.

Our business also depends on global economic conditions. The Indian market and the Indian economy are influenced by economic and market conditions in other countries, particularly emerging market countries in Asia. Financial turmoil in Asia, U.S. and elsewhere in the world in recent years has affected the Indian economy. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries, including India. A loss of investor confidence in the financial systems of other emerging markets may cause increased volatility in Indian financial markets and, indirectly, in the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy. Financial disruptions may occur again and could harm our business, results of operations and financial condition and the trading price of the Equity Shares.

The global credit and equity markets have experienced substantial dislocations, liquidity disruptions and market corrections in recent years. Any prolonged financial crisis may have an adverse impact on the Indian economy, and in turn on our business, results of operations and financial condition and prospects. A loss of investor confidence in the financial systems of other emerging markets may cause increased volatility in the Indian financial markets and indirectly in the Indian economy in general. Any worldwide financial instability could influence the Indian economy. In response to such developments, legislators and financial regulators in the United States, Europe and other jurisdictions, including India, have implemented several policy measures designed to add stability to the financial markets. In addition, any increase in interest rates by the United States Federal Reserve will lead to an increase in the borrowing costs in the United States which may in turn impact global borrowing as well. Furthermore, in several parts of the world, there are signs of increasing retreat from globalization of goods, services and people, as pressure for the introduction of a protectionist regime is building and such developments could adversely affect Indian exports. However, the overall impact of these and other legislative and regulatory efforts on the global financial markets is uncertain, and they may not have the intended stabilizing effects.

67. Financial difficulty and other problems in certain financial institutions in India could materially adversely affect our business and the price of our equity shares.

We are exposed to the risks of the Indian financial system by being a part of the system. The financial difficulties faced by certain Indian financial institutions and the commercial soundness of many financial institutions may be closely related as a result of credit, trading, clearing or other relationships. Such "systemic risk" may materially adversely affect financial intermediaries, such as clearing agencies, banks, securities firms and exchanges with which we interact on a daily basis. Any such difficulties or instability of the Indian financial system in general could create an adverse market perception about Indian financial institutions and banks and materially adversely affect our business, results of operations and financial condition. Our transactions with these financial institutions expose us to various risks in the event of default by a counterparty, which can be exacerbated during periods of market illiquidity.

68. Natural calamities, climate change and health epidemics and pandemics such as COVID-19 could adversely affect the Indian economy and our business, financial condition, and results of operations. In addition, hostilities, terrorist attacks, civil unrest and other acts of violence could adversely affect our business, financial condition and results of operations.

India has experienced natural calamities, such as earthquakes, floods and drought in recent years. Natural calamities could have an adverse impact on the Indian economy which, in turn, could adversely affect our business, and may damage or destroy our facilities or other assets. Any of these natural calamities could adversely affect our business, financial condition and results of operations.

Our operations, including our branch network, may be damaged or disrupted as a result of natural calamities. Such events may lead to the disruption of information systems and telecommunication services for sustained periods. They also may make it difficult or impossible for employees to reach our business locations. Damage or destruction that interrupts our provision of services could adversely affect our reputation, our relationships with our customers, our senior management team's ability to administer and supervise our business or it may cause us to incur substantial additional expenditure to repair or replace damaged equipment or rebuild parts of our branch network. We may also be liable to our customers for disruption in services resulting from such damage or destruction. Any of the above factors may adversely affect our business and financial results, the quality of our customer service and the price of our Equity Shares. India has from time-to-time experienced instances of social, religious and civil unrest and hostilities between neighbouring countries. In case there are mass protests leading to civil unrest, such incidents could impact both our operations and adversely affect our business, financial condition and results of operations. Present relations between India and Pakistan continue to be fragile on the issues of terrorism, armaments and Kashmir. Military activity or terrorist attacks in the future could influence the Indian economy by disrupting communications and making travel more difficult and such political tensions could create a greater perception that investments in Indian companies involve higher degrees of risk. Events of this nature in the future, as well as social and civil unrest within other countries in Asia, could influence the Indian economy and could have a material adverse effect on the market for securities of Indian companies, including the Equity Shares.

69. Increased volatility or inflation of commodity prices in India could adversely affect our business.

In recent months, consumer and wholesale prices in India have exhibited subdued inflationary trends, as a result of decrease in crude oil prices, lower international commodity prices, and moderation in domestic fuel prices. However, food price inflation continued to impart considerable volatility to the inflation trajectory. The Consumer Price Index declined from 6.7% (average) in Fiscal 2023 to 5.5% (average) during April-December 2023. The RBI projects the Consumer Price Index to be 5.4% in Fiscal 2024 with Q4 Fiscal 2024 at 5.0%. Assuming a normal monsoon next year, CPI inflation for Q1 Fiscal 2025 is projected at 5.0%; Q2 fiscal 2025 at 4.0%; and Q3 fiscal 2025 at 4.6%. *(Source: RBI Bulletin - February 2024 published on February 20, 2024 and RBI Bulletin - February 2024 published on February 20, 2024)* Although the RBI has enacted certain policy measures designed to curb inflation, these policies may not be successful. Continued high rates of inflation may increase our expenses related to salaries or wages payable to our employees or any other expenses. There can be no assurance that we will be able to pass on any additional expenses to our customers or that our revenue will increase proportionately corresponding to such inflation. Accordingly, high rates of inflation in India could have an adverse effect on our profitability and, if significant, on our financial condition.

70. It may not be possible for investors to enforce any judgment obtained outside India against us, the Directors or the Key Managerial Personnel in India respectively, except by way of a lawsuit in India on such judgment.

Our Bank is incorporated under the laws of India, all of our assets are located in India and the majority of our Directors and all Key Managerial Personnel are residents of India, Therefore, you may be unable to effect service of process in jurisdictions outside India upon our Bank or enforce judgments in Indian courts that were obtained in courts of jurisdictions outside India against our Bank, including judgments predicated upon the civil liability provisions of securities laws of jurisdictions outside India.

India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. Recognition and enforcement of foreign judgments are provided for under Sections 13, 14 and 44A of the Code of Civil Procedure, 1908 ("**Civil Code**") on a statutory basis. Section 44A of the Civil Code provides that a certified copy of a decree of any superior court, within the meaning of that Section, obtained in any country or territory outside India which the government has by notification declared to be in a reciprocating territory, may be enforced in India by proceedings in execution as if the judgment had been rendered by a district court in India. However, Section 44A of the Civil Code is applicable only to monetary decrees and does not apply to decrees for amounts payable in respect of taxes, other charges of a like nature or in respect of a fine or other penalties and does not apply to arbitration awards (even if such awards are enforceable as a decree or judgment).

The following territories have been declared by the Government to be reciprocating territories for purposes of Section 44A of the Civil Code: United Kingdom; the UAE; Singapore; Hong Kong; Bangladesh; Malaysia; Trinidad & Tobago; New Zealand; the Cook Islands (including Niue) and the Trust Territories of Western Samoa; Papua New Guinea; Fiji; and Aden. A judgment of a court of a country which is not a reciprocating territory may be enforced in India only by a suit upon the judgment under Section 13 of the Civil Code, and not by proceedings in execution. Section 13 of the Civil Code provides that foreign judgments shall be conclusive regarding any matter directly adjudicated upon except: (i) where the judgment has not been pronounced by a court of competent jurisdiction; (ii) where the judgment has not been given on the merits of the case; (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or refusal to recognise the law of India in cases to which such law is applicable; (iv) where the proceedings in which the judgment was obtained were opposed to natural justice; (v) where the judgment has been obtained by fraud; and/or (vi) where the judgment sustains a claim founded on a breach of any law then in force in India. The suit must be brought in India within three years from the date of judgment in the same manner as any other suit filed to enforce a civil liability in India.

Further, there are considerable delays in the disposal of suits by Indian courts. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action were brought in India. Furthermore, it is unlikely that an Indian court would enforce a foreign judgment against Indian companies, entities, their directors and executive officers and any other parties who are residents of India. Additionally, there is no assurance that a suit brought in an Indian court in relation to a foreign judgment will be disposed of in a timely manner. It is uncertain as to whether an Indian court would enforce foreign judgments that would contravene or violate Indian law. However, a party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI under the Indian Foreign Exchange Management Act, 1999, to execute such a judgment or to repatriate any amount recovered.

RISKS RELATING TO THE EQUITY SHARES AND THE ISSUE

71. After this Issue, the price of the Equity Shares may be volatile.

The Issue Price will be determined by our Bank in consultation with the Book Running Lead Managers, based on the Bids received in compliance with Chapter VI of the SEBI ICDR Regulations, and it may not necessarily be indicative of the market price of the Equity Shares after this Issue is complete. The price of the Equity Shares on NSE and BSE may fluctuate after this Issue as a result of several factors, including:

- volatility in the Indian and the global securities market or prospects for our business and the sectors in which we compete;
- the valuation of publicly traded companies that are engaged in business activities similar to us;
- volatility in the Rupee’s value relative to the U.S. dollar, the Euro and other foreign currencies;
- our Bank's profitability and performance;
- perceptions about our Bank's future performance or the performance of Indian banks in general;
- the performance of our Bank's competitors and the perception in the market about investments in the banking sector;
- adverse media reports about our Bank or the Indian banking sector;
- a comparatively less active or illiquid market for the Equity Shares;
- changes in the estimates of our Bank's performance or recommendations by financial analysts;
- significant developments in India’s economic liberalization and deregulation policies;
- regulatory changes in the Indian banking sector;
- inclusion or exclusion of our Bank in indices;
- significant developments in India’s fiscal and environmental regulations;
- any other political or economic factors; and
- performance of the Subsidiary.

We cannot assure you that you will be able to resell your Equity Shares at or above the Issue Price. There can be no assurance that an active trading market for the Equity Shares will be sustained after this Issue, or that the price at which the Equity Shares have historically traded will correspond to the price at which the Equity Shares will trade in the market subsequent to this Issue.

72. The Issue Price of the Equity Shares may not be indicative of the market price of the Equity Shares after the Issue.

The Issue Price of the Equity Shares will be determined by the Bank in accordance with applicable prevailing regulations. This price will be determined based on applicable law and may not be indicative of the market price for the Equity Shares after the Issue. The market price of the Equity Shares could be subject to significant fluctuations after the Issue and may decline below the Issue Price. We cannot assure you that you will be able to resell your Equity Shares at or above the Issue Price. There can be no assurance that an active trading market for the Equity Shares will be sustained after this Issue, or that the price at which the Equity Shares have historically traded will correspond to the price at which the Equity Shares will trade in the market subsequent to this Issue.

73. Fluctuations in the exchange rate between the Rupee and other currencies could have an adverse effect on the value of the Equity Shares in those currencies, independent of our operating results.

The Equity Shares are quoted in Rupees on the Stock Exchanges. Any adverse movement in currency exchange rates during the time it takes to undertake such conversion may reduce the net dividends to investors. Fluctuations in the exchange rate between the foreign currencies with which an investor may have purchased Rupees may affect the value of the investment in our Bank's Equity Shares. Specifically, if there is a change in relative value of the Rupee to a foreign currency, each of the following values will also be affected:

- the foreign currency equivalent of the Rupee trading price of our Bank's Equity Shares in India;
- the foreign currency equivalent of the proceeds that you would receive upon the sale in India of any of our Bank's Equity Shares; and
- the foreign currency equivalent of cash dividends, if any, on our Bank's Equity Shares, which will be paid only in Rupees.

In addition, any adverse movement in currency exchange rates during a delay in repatriating the proceeds from a sale of Equity Shares outside India, for example, because of a delay in regulatory approvals that may be required for the sale of Equity Shares, may reduce the net proceeds received by investors. The exchange rates between the Rupee and other currencies (including the U.S. dollar, the Euro, the pound sterling, the Hong Kong dollar and the Singapore dollar) have changed substantially in the last two decades and could fluctuate substantially in the future, which may have an adverse effect on the value of the Equity Shares and returns from the Equity Shares in foreign currency terms, independent of our operating results. You may be unable to convert Rupee proceeds into a foreign currency of your choice, or the rate at which any such conversion could occur could fluctuate. In addition, our Bank's market valuation could be seriously harmed by a devaluation of the Rupee if investors in jurisdictions outside India analyses its value based on the relevant foreign currency equivalent of our Bank's financial condition and results of operations.

74. The trading price of our Equity Shares may be subject to volatility and you may not be able to sell the Equity Shares at or above the Issue Price.

The trading price of our Equity Shares may fluctuate after the Issue due to a variety of factors, including the performance of our business, competitive conditions, general economic, political and social factors, the performance of the Indian and global economy and significant developments in India's fiscal regime, economic liberalization, deregulation policies and procedures or programs applicable to our business, volatility in the Indian and global securities market, performance of our competitors, changes in the estimates of our performance or recommendations by financial analysts and announcements by us or others on our operations or capital commitments, adverse media reports on our Bank, or the Indian financial sector or significant developments in India's fiscal and other regulations. In addition, if the stock markets in general experience a loss of investor confidence, the trading price of our Equity Shares could decline for reasons unrelated to our business, financial condition or operating results. The trading price of our Equity Shares might also decline in reaction to events that affect other banking entities, and entities in other industries funded by other banks in India, even if these events do not directly affect us. Each of these factors, among others, could adversely affect the price of our Equity Shares.

75. Your ability to acquire and sell Equity Shares offered in the Issue is restricted by the distribution, solicitation and transfer restrictions set forth in this Placement Document; you will be prohibited from selling any of the Equity Shares subscribed in this Issue other than on a recognised Indian stock exchange for a period of one year from the date of the allotment of the Equity Shares.

No actions have been taken to permit an offering of the Equity Shares offered in the Issue in any jurisdiction, except for India. As such, your ability to acquire Equity Shares offered in the Issue is restricted by the distribution and solicitation restrictions set forth in this Placement Document. For further details, please see the section entitled "*Selling Restrictions*" on page 253. Further, the Equity Shares offered in the Issue are subject to restrictions on transferability and resale. Pursuant to the SEBI ICDR Regulations, QIBs will be prohibited from selling any of the Equity Shares subscribed in this Issue other than on a recognised Indian stock exchange for a period of one year from the date of the allotment of the Equity Shares. For further details, please see the section entitled "*Transfer Restrictions and Purchaser Representations*" on page 262. You are required to inform yourself on, and observe, these restrictions. Our Bank and its representatives and agents will not be obligated to recognise any acquisition, transfer or resale of the Equity Shares offered in the Issue made other than in compliance with applicable law.

76. Investors may be subject to Indian taxes arising out of capital gains and stamp duty on the sale of the Equity Shares and will be subject to India taxes on any dividends.

Under current Indian tax laws, unless specifically exempted, capital gains arising from the sale of equity shares held as investments in an Indian company are generally taxable in India. A STT is levied on and collected by an Indian stock exchange on which equity shares are sold. Any gain realised on the sale of listed equity shares on a stock exchange held for more than 12 months may be subject to long-term capital gains tax in India at the specified rates depending on certain factors, such as STT paid, the quantum of gains and any available treaty exemptions. Accordingly, you may be subject to payment of long-term capital gains tax in India, in addition to payment of STT, on the sale of any equity shares held for more than 12 months. STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold. Further, any gain released on the sale of our equity shares held for a period of 12 months or less will be subject to short-term capital gains tax in India. While non-residents may claim tax treaty benefits in relation to such capital gains income, generally, Indian tax treaties do not limit India's right to impose tax on capital gains arising from sale of shares of an Indian company.

The Finance Act, 2020 ("**Finance Act 2020**") had stipulated that the sale, transfer and issue of certain securities through exchanges, depositories or otherwise to be charged with stamp duty. The Finance Act 2020 also clarified that, in the absence of a specific provision under an agreement, the liability to pay stamp duty in case of sale of certain securities through stock exchanges will be on the buyer, while in other cases of transfer for consideration through a depository, the onus will be on the transferor. The stamp duty for transfer of certain securities other than debentures, on a delivery basis, is currently specified under the Finance Act at 0.015% and on a non-delivery basis is specified at 0.003% of the consideration amount.

Under the Finance Act 2020, any dividends paid by an Indian company is subject to tax in the hands of the shareholders at applicable rates. Such taxes are to be withheld by the Indian company paying dividends. Further, the Finance Act, 2020, which followed, removed the requirement for dividend distribution tax to be payable in respect of dividends declared, distributed or paid by a domestic company after March 31, 2020, and accordingly, such dividends would not be exempt in the hands of the shareholders, both resident as well as non-resident. Our Bank may grant the benefit of a tax treaty (where applicable) to a non-resident Shareholder for the purposes of deducting tax at source pursuant to any corporate action, including dividends, subject to appropriate documentation provided by such non-resident Shareholder. Potential investors are advised to consult their own tax advisors and to carefully consider the potential tax consequences of owning Equity Shares.

77. Foreign investors are subject to certain restrictions under Indian law in relation to transfer of shareholding that may limit our ability to attract foreign investors, which may adversely impact the market price of the Equity Shares.

Under foreign exchange regulations currently in force in India, transfer of shares between non-residents and residents are freely permitted (subject to certain restrictions), if they comply with the valuation and reporting requirements specified under applicable law. If a transfer of shares is not in compliance with such requirements and does not fall under any of the exceptions, then prior approval of the relevant regulatory authority is required. Additionally, shareholders who seek to convert Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India require a no-objection or a tax clearance certificate from the Indian income tax authorities. Further, this conversion is subject to the shares having been held on a repatriation basis and is subject to either the security having been sold in compliance with the pricing guidelines or the relevant regulatory approval having been obtained for the sale of shares and corresponding remittance of the sale proceeds. Our Bank cannot assure you that any required approval from the RBI or any other governmental agency can be obtained with or without any particular terms or conditions. Further, in accordance with Press Note No. 3 (2020 Series), dated April 17, 2020, issued by the Department for Promotion of Industry and Internal Trade, Government of India, and the Foreign Exchange Management (Non-debt Instruments) Amendment Rules, 2020, which came into effect from April 22, 2020, read with the Companies (Share Capital and Debentures) Rules, 2014 and the Companies (prospectus and Allotment of Securities) Rules, 2014, as amended, investments where the beneficial owner of the Equity Shares is situated in or is a citizen of a country which shares one or more land border(s) with India, can only be made through the government approval route, as prescribed in the FDI Policy. These investment restrictions shall also apply to subscribers of offshore derivative instruments. We cannot assure you that any required approval from the RBI or any other governmental agency can be obtained on any particular terms, if at all. Our ability to raise foreign capital under the FDI route is therefore constrained by Indian law, which may adversely affect our business, financial condition, results of operations and prospects.

78. RBI guidelines relating to ownership in private banks and foreign ownership restrictions in private banks and their downstream companies could discourage or prevent the acquisition of a majority stake or other business combination involving our Bank, which could negatively affect the price of the Equity Shares.

On January 16, 2023, RBI issued the RBI (Acquisition and Holding of Shares of Voting in Banking Companies) Directions, 2023 (the "**Directions**") read with the Guidelines on Acquisition and Holding of Shares or Voting Rights in Banking Companies (the "Guidelines", read together with the Directions, the "**Master Directions**"). The Guidelines prescribe limits on ownership for all shareholders in the long run based on categorization of shareholders under two broad categories: (1) in case of non-promoters: (a) 10% of the paid-up share capital or voting rights of the banking company in case of natural persons, non-financial institutions, financial institutions directly or indirectly connected with large industrial houses and financial institutions that are owned to the extent of 50% or more or controlled by individuals (including the relatives and persons acting in concert); and (b) 15% of the paid-up share capital or voting rights of the banking company in case of certain financial institutions, supranational institutions, public sector undertaking and central/state government; (2) in case of promoters, 26% of the paid-up share capital or voting rights of the banking company after the completion of 15 years from commencement of business of the banking company. The RBI may, subject to certain conditions, permit higher percentage of holding stakes by the promoters or non-promoters on case-to-case basis under circumstances including relinquishment by existing promoters, reconstruction/restructuring of banks or any other actions in the interest of the bank and its depositors. If a transaction results in any person acquiring or agreeing to acquire, directly or indirectly, by itself or acting in concert with any other person, shares of a banking company or voting rights therein which taken together with shares and voting rights, if any, held by such person or such person's relative or associate enterprise (as defined by the Banking Regulation Act) or person acting in concert with such person, results in such person(s) holding at least 5.0% of the paid-up share capital of a banking company or entitles such person(s) to exercise at least 5.0% of a banking company's voting rights, RBI's approval is required prior to such a transaction.

The RBI, when considering whether to grant an approval, may take into account all matters that it considers relevant to the application, including ensuring that shareholders whose aggregate holdings are above specified thresholds meet fit and proper criteria.

Any substantial stake in our Bank could discourage or prevent another entity from exploring the possibility of a combination with our Bank. Any such obstacles to potentially synergistic business combinations could negatively affect the price of the Equity Shares and have a material adverse effect on our ability to compete effectively with larger banks and, consequently, our Bank's ability to maintain and improve our financial condition.

79. A third party could be prevented from acquiring control over us because of the anti-takeover provisions under Indian law and the provisions of the Banking Companies Act.

There are provisions in Indian law that may delay, deter or prevent a future takeover or change in control of our Bank even if a change in control would result in the purchase of your Equity Shares at a premium to the market price or would otherwise be beneficial to you. These provisions may discourage or prevent certain types of transactions involving actual or threatened change in control of us. Under the SEBI Takeover Regulations, an acquirer has been defined as any person who, directly or indirectly, acquires or agrees to acquire shares or voting rights or control over an entity, whether individually or acting in concert with others. Although these provisions have been formulated to ensure that interests of investors/shareholders are protected, these provisions may also discourage a third party from attempting to take control of our Bank. Consequently, even if a potential takeover of our Bank would result in the purchase of the Equity Shares at a premium to their market price or would otherwise be beneficial to our Shareholders, such a takeover may not be attempted or consummated because of the laws / guidelines applicable to the Bank.

80. Rights of shareholders under Indian law may be more limited than under the laws of other jurisdictions.

Indian legal principles related to corporate procedures, directors' fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a bank in another jurisdiction. Shareholders' rights including in relation to class actions, under Indian law may not be as extensive as shareholders' rights under the laws of other countries or jurisdictions. Investors may have more difficulty in asserting their rights as shareholder in an Indian bank than as shareholder of a corporation in another jurisdiction.

81. Investors to the Issue are not allowed to withdraw or revise their Bids downwards after the Bid /Issue Closing Date.

In terms of the SEBI ICDR Regulations, investors in the Issue are not allowed to withdraw their Bids or revise their Bids downwards after the Issue Closing Date. The Allotment of Equity Shares in this Issue and the credit of such Equity Shares to the investor's Demat account with the depository participant could take approximately seven days and up to 10 days from the Issue Closing Date. However, there is no assurance that material adverse changes in the international or national monetary, financial, political or economic conditions or other events in the nature of force majeure, material adverse changes in the business, results of operation or financial condition of the Bank, or other events affecting the investor's decision to invest in the Equity Shares, would not arise between the Issue Closing Date and the date of Allotment of Equity Shares in the Issue. Occurrence of any such events after the Issue Closing Date could also adversely impact the market price of the Equity Shares. The investors shall not have the right to withdraw their Bids or revise their Bids downwards in the event of any such occurrence. We may complete the Allotment of the Equity Shares even if such events may limit the investor's ability to sell the Equity Shares after the Issue or cause the trading price of the Equity Shares to decline.

82. An investor will not be able to sell any of the Equity Shares subscribed in this Issue other than across a recognized Indian stock exchange for a period of 12 months from the date of the issue of the Equity Shares.

Pursuant to the SEBI ICDR Regulations, for a period of 12 months from the date of the issue of the Equity Shares in this Issue, Eligible QIBs subscribing to the Equity Shares may only sell their Equity Shares on the NSE or the BSE and may not enter into any off-market trading in respect of these Equity Shares. The Bank cannot be certain that these restrictions will not have an impact on the price of the Equity Shares. Further, allotments made to certain categories of Eligible QIBs in the Issue are subject to the rules and regulations that are applicable to them, including in relation to lock - in requirements.

83. There are restrictions on daily movements in the price of the Equity Shares, which may adversely affect a shareholder's ability to sell, or the price at which it can sell, the Equity Shares at a particular point in time.

The price of the Equity Shares will be subject to a daily circuit breaker imposed on listed companies by all stock exchanges in India, which does not allow transactions beyond a certain level of volatility in the price of the Equity Shares. This circuit breaker operates independently of the index-based market-wide circuit breakers generally imposed by the SEBI on Indian stock exchanges. The percentage limit on the Bank's circuit breaker is set by the stock exchanges based, amongst others, on the historical volatility in the price and trading volume of the Equity Shares. The stock exchanges are not required to, and do not, inform us of the percentage limit of the circuit breaker from time to time, and may change it without the Bank's knowledge. This circuit breaker effectively limits upward and downward movements in the price of the Equity Shares. As a result, shareholders' ability to sell the Equity Shares, or the price at which they can sell the Equity Shares, may be adversely affected at a particular point in time.

84. Investors will be subject to market risks until the Equity Shares credited to the investors' demat account are listed and permitted to trade.

Investors can start trading the Equity Shares allotted to them only after they have been credited to an investors' demat account, are listed and permitted to trade. Since the Equity Shares are currently traded on the Stock Exchanges, investors will be subject to market risk from the date they pay for the Equity Shares to the date when Equity Shares allotted are listed and permitted to trade. Further, there can be no assurance that the Equity Shares allotted to an investor will be credited to the investor's demat account in a timely manner or that trading in the Equity Shares will commence in a timely manner.

85. Any future issuance of Equity Shares could dilute the holdings of investors and could adversely affect the market price of the Equity Shares.

Our Bank may be required to finance our future growth through additional equity offerings. Any future issuance of Equity Shares by our Bank could dilute investors' holdings and could adversely affect the market price of the Equity Shares. In addition, any future issuances of Equity Shares, sales by any significant shareholder or a perception in the market that such issuance or sale may occur, could adversely affect the trading price of the Equity Shares. Such securities may also be issued at a price below the then current trading price of the Equity Shares. These sales could also impair our Bank's ability to raise additional capital through the sale of our Bank's equity securities in the future. Our Bank cannot assure you that it will not issue further Equity Shares or that the shareholders will not dispose of, pledge or otherwise encumber their Equity Shares.

86. *There may not be an active or liquid market for the Bank's Equity Shares, which may cause the price of the Equity Shares to fall and may limit your ability to sell the Equity Shares.*

The price at which the Equity Shares will trade after this Issue will be determined by the marketplace and may be influenced by many factors, including, the Bank's financial results and the financial results of the companies in the businesses the Bank operates in; the history of, and the prospects for, the Bank's business and the sectors in which the Bank competes; the valuation of publicly traded companies that are engaged in business activities similar to us; and significant developments in India's economic liberalization and deregulation policies.

The Indian securities markets are smaller and more volatile than securities markets in more developed economies. In addition, the Indian equity share markets have from time to time experienced significant price and volume fluctuations that have affected the market prices for the securities of Indian companies. The Indian stock exchanges have, from time to time, imposed restrictions on trading in certain securities, limitations on price movements and margin requirements. The trading price of the Bank's Equity Shares might also decline in reaction to events that affect other companies in the Bank's industry even if these events do not directly affect us. Each of these factors, among others, could adversely affect the price of the Bank's Equity Shares. As a result, investors in the Equity Shares may experience a decrease in the value of the Equity Shares regardless of the Bank's operating performance or prospects and may limit your ability to sell the Equity Shares.

MARKET PRICE INFORMATION

The Equity Shares are listed on BSE and NSE since July 27, 2005 and May 10, 2000, respectively. As on the date of this Placement Document, 350,946,761 Equity Shares, 350,834,790 Equity Shares, and 350,818,240 Equity Shares are issued, subscribed and fully paid up, respectively.

The closing price of the Equity Shares on BSE and NSE as on March 26, 2024 was ₹ 230.15 and ₹ 230.25 per Equity Share, respectively.

Since the Equity Shares are available for trading on BSE and NSE, the market price and other information for each of BSE and NSE has been given separately. The following tables set out the reported high, low and average of the closing prices of our Equity Shares on NSE and BSE and number of Equity Shares traded on the days on which such high and low prices were recorded for the Fiscals 2023, 2022 and 2021:

BSE									
Fiscal	**High (₹) (1)**	**Date of high (2)**	**Number of Equity Shares traded on the date of high**	**Total turnover of Equity Shares traded on date of high (₹ million)**	**Low (₹) (1)**	**Date of low (2)**	**Number of Equity Shares traded on the date of low**	**Total turnover of Equity Shares traded on date of low (₹ million)**	**Average price for the year (₹) (3)**
2023	163.75	December 13, 2022	962,053	15.50	57.55	April 1, 2022	123,446	0.70	101.94
2022	78.30	November 11, 2021	1,135,334	9.06	51.90	August 25, 2021	118,450	0.62	64.07
2021	71.75	March 4, 2021	1,009,476	7.21	34.55	May 29, 2020	663,840	2.38	49.29

(Source: www.bseindia.com)

Note:
1. *High and low prices are based on the daily closing prices, for the respective period.*
2. *In case of two days with the same high or low price, the date with the higher volume has been chosen.*
3. *In case of a year, average price for the year represents the average of the closing prices on each day of each year.*

NSE									
Fiscal	**High (₹) (1)**	**Date of high (2)**	**Number of Equity Shares traded on the date of high**	**Total turnover of Equity Shares traded on date of high (₹ million)**	**Low (₹) (1)**	**Date of low (2)**	**Number of Equity Shares traded on the date of low**	**Total turnover of Equity Shares traded on date of low (₹ million)**	**Average price for the year (₹) (3)**
2023	164.10	December 13, 2022	7,833,804	126.85	57.50	April 1, 2022	1,659,434	9.48	101.95
2022	78.35	November 11, 2021	20,089,691	160.34	51.90	August 25, 2021	1,975,445	10.32	64.07
2021	71.75	March 4, 2021	10,616,768	76.07	34.65	May 26, 2020	1,253,046	4.41	49.30

(Source: www.nseindia.com)

Note:
1. *High and low prices are based on the daily closing prices, for the respective period.*
2. *In case of two days with the same high or low price, the date with the higher volume has been chosen.*
3. *In case of a year, average price for the year represents the average of the closing prices on each day of each year.*

The following tables set forth the reported high, low and average market prices and the trading volumes of the Equity Shares on BSE and NSE on the dates on which such high and low prices were recorded during each of the last six months, as applicable:

BSE												
Month, year	High (₹) (1)	Date of high (2)	Number of Equity Shares traded on date of high	Total turnover of Equity Shares traded on date of high (₹ million)	Low (₹) (1)	Date of low (2)	Number of Equity Shares traded on date of low	Total turnover of Equity Shares traded on date of low (₹ million)	Average price for the month (₹) (3)	Equity Shares traded in the month	
										Volume	Turnover (₹ million)
February, 2024	259.85	February 6, 2024	90,419	2.33	227.65	February 29, 2024	192,787	4.38	246.12	2,779,018	68.88
January, 2024	281.95	January 20, 2024	96,135	2.69	233.80	January 8, 2024	147,455	3.46	253.39	4,925,291	126.01
December, 2023	243.55	December 13, 2023	381,137	9.17	218.25	December 1, 2023	43,143	0.95	231.09	2,934,122	68.34
November, 2023	234.45	November 1, 2023	77,260	1.80	210.75	November 7, 2023	192,317	4.07	218.65	2,831,001	61.88
October, 2023	249.20	October 3, 2023	70,055	1.75	222.00	October 26, 2023	116,002	2.56	238.02	2,104,295	49.74
September, 2023	252.90	September 25, 2023	227,112	5.65	218.25	September 1, 2023	304,950	6.68	235.34	5,285,105	125.74

(Source: www.bseindia.com)

NSE												
Month, year	High (₹) (1)	Date of high (2)	Number of Equity Shares traded on date of high	Total turnover of Equity Shares traded on date of high (₹ million)	Low (₹) (1)	Date of low (2)	Number of Equity Shares traded on date of low	Total turnover of Equity Shares traded on date of low (₹ million)	Average price for the month (₹) (3)	Equity Shares traded in the month	
										Volume	Turnover (₹ million)
February, 2024	259.90	February 6, 2024	1,753,877	45.35	227.55	February 29, 2024	2,935,384	66.64	246.12	31,341,605	771.79
January, 2024	281.95	January 20, 2024	2,003,085	56.08	233.85	January 8, 2024	1,040,024	24.46	253.52	68,784,780	1,771.70
December, 2023	243.75	December 13, 2023	7,422,044	178.54	218.30	December 1, 2023	1,067,344	23.42	231.17	38,992,313	909.79
November, 2023	234.70	November 1, 2023	1,306,000	30.37	210.75	November 7, 2023	2,217,501	46.90	218.65	37,714,809	827.58
October, 2023	249.60	October 3, 2023	1,494,979	37.36	222.20	October 26, 2023	1,720,745	37.89	238.04	28,883,583	688.80
September, 2023	252.95	September 25, 2023	6,356,761	158.62	218.10	September 1, 2023	2,378,132	52.09	235.36	77,063,652	1,843.76

(Source: www.nseindia.com)

Note:

1. *High and low prices are based on the daily closing price, for the respective period.*
2. *In case of two days with the same high or low price, the date with the higher volume has been chosen.*

In case of a month, average price for the month represents the average of the closing prices on each day of each month.

The following table set forth the details of the number of Equity Shares traded on BSE and NSE and the turnover during Fiscals 2023, 2022 and 2021:

Fiscal	Number of Equity Shares Traded		Turnover (In ₹ million)	
	BSE	NSE	BSE	NSE
2023	61,106,290	661,365,334	687.95	7,666.74
2022	51,066,235	540,010,899	336.81	3,603.66
2021	59,069,035	757,901,810	307.69	3,970.45

(Source: www.bseindia.com and www.nseindia.com)

The following tables set forth the market price on the Stock Exchanges on January 29, 2024, being the first working day following the approval of the Board for this Issue:

BSE					
Open	**High**	**Low**	**Close**	**Number of Equity Shares traded**	**Volume (₹ million)**
250.65	253.45	244.45	246.95	187,730	4.66

(Source: www.bseindia.com)

NSE					
Open	**High**	**Low**	**Close**	**Number of Equity Shares traded**	**Volume (₹ million)**
250.00	253.90	244.60	247.25	2,450,443	60.72

(Source: www.nseindia.com)

USE OF PROCEEDS

The gross proceeds from the Issue are approximately ₹ 6,000.00 million*. Subject to compliance with applicable laws and regulations, the net proceeds from the Issue, after deducting fees, commissions and expenses of the Issue from the aggregate proceeds of the Issue, are expected to be approximately ₹ 5,862.00 million* ("**Net Proceeds**").
**Subject to Allotment of Equity Shares in the Issue*

Purpose of funds and utilization of Net Proceeds

Our Bank is subject to regulations relating to capital adequacy, which determines the minimum amount of capital that must be maintained as a percentage of the risk-weighted assets, or capital-to-risk asset ratio ("**CRAR**"). The provisions of RBI Master Circular on Basel III Capital Regulations dated July 1, 2015, as amended ("**RBI Basel III Capital Regulations**") are applicable to our Bank, which require, among other things, higher levels of Tier I capital and common equity, capital conservation buffers, maintenance of a minimum prescribed leverage ratio on a quarterly basis, higher deductions from common equity and Tier I capital for investments in subsidiaries and changes in the structure of non-equity instruments eligible for inclusion in Tier I capital. The RBI Basel III Capital Regulations also set out elements of regulatory capital and the scope of the capital adequacy framework, including disclosure requirements of components of capital and risk coverage. The scope of capital adequacy has widened on account of the proposed migration to a new standardized approach by our Bank for computation of operational risk capital and introduction of additional risks by our Bank under pillar 2 assessment such as interest risk in the banking book, ESG, group risk etc. Our Bank has been maintaining CRAR under the Basel III standards at a level much above the regulatory minimum requirement of 11.50%. For further details, please see the section entitled "*Business*" on page 173.

Subject to compliance with applicable laws, our Bank proposes to utilize the Net Proceeds of the Issue to meet the needs of the growing business of our Bank, including long term capital requirements for pursuing growth plans, to increase the capacity of our Bank to lend, and for general corporate purposes.

The table below sets forth the regulatory capital and capital adequacy ratios calculated under Basel III as at the dates provided.

Particulars	**As at**			
	December 31, 2023	**March 31, 2023**	**March 31, 2022**	**March 31, 2021**
	(₹ in million, except for percentages)			
Our Bank:				
Tier 1 capital	83,803.77	75,706.61	65,581.94	61,403.92
Tier 2 capital	13,597.21	17,418.69	15,603.54	12,466.54
Total capital	**97,400.98**	**93,125.30**	**81,185.48**	**73,870.46**
Total risk weighted assets and contingents	**613,510.07**	**533,784.14**	**518,554.45**	**497,596.10**
Capital ratios:				
Tier 1 CRAR	13.66%	14.18%	12.65%	12.34%
Total CRAR	15.88%	17.45%	15.66%	14.85%
Minimum capital ratios required by the RBI:				
Tier 1 including capital conservation buffer	**9.50%**	**9.50%**	**9.50%**	**9.50%**
Total capital	**11.50%**	**11.50%**	**11.50%**	**11.50%**

Schedule of deployment of funds

Our Bank currently proposes to deploy the Net Proceeds in the aforesaid object in Fiscals 2024 and 2025.

Monitoring of utilization of funds

In terms of the proviso to Regulation 173A(1) of the SEBI ICDR Regulations, our Bank is not required to appoint a monitoring agency for this Issue.

Other confirmations

None of our Directors are making any contribution either as part of the Issue or separately in furtherance of the objects of the Issue.

In accordance with applicable laws, we undertake to not utilize proceeds from the Issue unless Allotment is made and the corresponding return of Allotment is filed with the RoC, or the final listing and trading approvals are received from each of the Stock Exchanges, whichever is later.

Since the proceeds from the Issue are proposed to be utilized towards the purposes set forth above, and not for implementing any specific project, the following disclosure requirements under the SEBI ICDR Regulations are not applicable: (i) break-up of cost of the project; (ii) means of financing such project; and (iii) proposed deployment status of the proceeds at each stage of the project.

CAPITALISATION STATEMENT

The following table sets forth our capitalisation statement as at December 31, 2023, derived from the Unaudited Condensed Standalone Interim Financial Statements for the nine months period ended December 31, 2023 and as adjusted to give effect to the receipt of the proceeds from the Issue. This table should be read in conjunction with the sections entitled "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", "*Selected Statistical Information*", "*Risk Factors*" and "*Financial Information*" beginning on pages 132, 45, 67 and 296, respectively:

(in ₹ million)

Particulars	As at December 31, 2023 (Pre-Issue)	As adjusted for the Issue*^
Deposits(1)	921,953.90	961,147.71
Borrowings(2)	55,327.06	40,850.08
Total indebtedness (A)(3)	977,280.96	1,001,997.79
Shareholders' funds:		
Equity share capital	3,467.58	3,772.50
Reserves and surplus	95,401.63	102,113.14
Total Shareholders' funds (B)	98,869.21	105,885.64
Total capitalisation (A+B)	1,076,150.17	1,107,883.43
Total Borrowing / Shareholders' Funds (in times)	0.56	0.39

** Will be finalized upon determination of the Issue Price. Adjustments do not include Issue related expenses.*
(1) As per Note 1 in the Unaudited Condensed Standalone Interim Financial Statements for the nine months ended December 31, 2023.
(2) As per Note 2 in the Unaudited Condensed Standalone Interim Financial Statements for the nine months ended December 31, 2023.
(3) Includes both short-term and long-term borrowings.
^ As adjusted to reflect the number of Equity Share issued pursuant to the Issue. Adjustments do not include Issue related expenses.

CAPITAL STRUCTURE

The Equity Share capital of our Bank as on the date of this Placement Document is set forth below:

(in ₹, except share data)

	Particulars	Aggregate value at face value (except for securities premium account)
A	**AUTHORISED SHARE CAPITAL**	
	600,000,000 Equity Shares of face value ₹ 10 each	6,000,000,000
B	**ISSUED CAPITAL BEFORE THE ISSUE(1)**	
	350,946,761 Equity Shares of face value ₹ 10 each	3,509,467,610
C	**SUBSCRIBED CAPITAL BEFORE THE ISSUE(2)**	
	350,834,790 Equity Shares of face value ₹ 10 each	3,508,347,900
D	**PAID-UP CAPITAL BEFORE THE ISSUE(3)(4)**	
	350,818,240 Equity Shares of face value ₹ 10 each	3,508,182,400
E	**PRESENT ISSUE IN TERMS OF THIS PLACEMENT DOCUMENT(5)**	
	Up to 26,431,718 Equity Shares of face value ₹ 10 each	264,317,180
F	**ISSUED CAPITAL AFTER THE ISSUE**	
	377,378,479 Equity Shares of face value ₹ 10 each (6)	3,773,784,790
G	**SUBSCRIBED CAPITAL AFTER THE ISSUE**	
	377,266,508 Equity Shares of face value ₹ 10 each (6)	3,772,665,080
H	**PAID-UP CAPITAL AFTER THE ISSUE**	
	377,249,958 Equity Shares of face value ₹ 10 each (6)	3,772,499,580
I	**SECURITIES PREMIUM ACCOUNT**	
	Before the Issue	21,212,018,756.40
	After the Issue(6)(7)	26,947,701,562.40

(1) The issued capital of 350,946,761 Equity Shares includes 111,971 shares comprising: (i) 4,128 Equity Shares kept in abeyance in the rights issue of the Equity Shares during the year 1995-96, which have since been lapsed; (ii) 150 Equity Shares kept in abeyance in the bonus issue of Equity Shares during the year 2002-03;(iii) 150 Equity Shares kept in abeyance in the rights issue of Equity Shares during the year 2002-03; (iv) 150 Equity Shares kept in abeyance in the rights issue of Equity Shares during the year 2002-03, which have since been lapsed;(v) 900 Equity Shares kept in abeyance in the rights issue of Equity Shares during the year 2004-05; (vi) 600 Equity Shares kept in abeyance in the rights issue of Equity Shares during the year 2010-11; (vii) 95,714 Equity Shares kept in abeyance in the rights issue of Equity Shares during the year 2016-17; and (viii) 10,179 Equity Shares kept in abeyance in the bonus issue of Equity Shares during the year 2019-20.

(2) The subscribed capital of 35,08,34,790 Equity Shares includes 16,550 Equity Shares which were allotted in the year 1995-96 pursuant to the public issue but forfeited on October 10, 1998 for non-payment of allotment money.

(3) The paid-up capital of 35,08,18,240 Equity Shares excludes 16,550 Equity Shares which were allotted in the year 1995-96 pursuant to the public issue but forfeited on October 10, 1998 for non-payment of allotment money.

(4) 197,875 Equity Shares kept in demat suspense account are also part of current paid-up capital of our Bank.

(5) The Issue was approved by the Board of Directors on January 27, 2024. Subsequently, our Shareholders through a special resolution passed on February 27, 2024, approved the Issue.

(6) Subject to Allotment of Equity Shares in the Issue.

(7) The securities premium account after the Issue is calculated on the basis of proceeds from the Issue.

Equity share capital history of our Bank

The history of the equity share capital of our Bank is set forth below:

Date of allotment	Number of equity shares allotted	Face value per equity share (₹)	Issue price per equity share (₹)*	Nature of consideration	Nature of allotment	Cumulative number of equity shares allotted
February 18, 1924	772	20	20	Cash	Allotment to the initial subscribers to the Memorandum	772
May 15, 1924	1,754	20	20	Cash	Further allotment of equity shares	2,526
May 28, 1924	42	20	20	Cash	Further allotment of equity shares	2,568
June 6, 1924	137	20	20	Cash	Further allotment of equity shares	2,705
June 22, 1924	152	20	20	Cash	Further allotment of equity shares	2,857
July 19, 1924	179	20	20	Cash	Further allotment of equity shares	3,036
August 6, 1924	182	20	20	Cash	Further allotment of equity shares	3,218
August 30, 1924	301	20	20	Cash	Further allotment of equity shares	3,519
October 9, 1924	34	20	20	Cash	Further allotment of equity shares	3,553
October 26, 1924	46	20	20	Cash	Further allotment of equity shares	3,599
December 26, 1924	12	20	20	Cash	Further allotment of equity shares	3,611
January 17, 1925	41	20	20	Cash	Further allotment of equity shares	3,652
March 16, 1925	217	20	20	Cash	Further allotment of equity shares	3,869
April 2, 1925	91	20	20	Cash	Further allotment of equity shares	3,960
April 24, 1925	61	20	20	Cash	Further allotment of equity shares	4,021
May 19, 1925	47	20	20	Cash	Further allotment of equity shares	4,068
June 16, 1925	36	20	20	Cash	Further allotment of equity shares	4,104
July 15, 1925	5	20	20	Cash	Further allotment of equity shares	4,109
August 14, 1925	116	20	20	Cash	Further allotment of equity shares	4,225
September 13, 1925	11	20	20	Cash	Further allotment of equity shares	4,236
October 13, 1925	35	20	20	Cash	Further allotment of equity shares	4,271
November 12, 1925	5	20	20	Cash	Further allotment of equity shares	4,276
December 13, 1925	56	20	20	Cash	Further allotment of equity shares	4,332
January 9, 1926	20	20	20	Cash	Further allotment of equity shares	4,352
January 25, 1926	10	20	20	Cash	Further allotment of equity shares	4,362
April 18, 1926	66	20	20	Cash	Further allotment of equity shares	4,428
June 18, 1926	2	20	20	Cash	Further allotment of equity shares	4,430
July 24, 1926	7	20	20	Cash	Further allotment of equity shares	4,437
November 26, 1926	6	20	20	Cash	Further allotment of equity shares	4,443
December 27, 1926	11	20	20	Cash	Further allotment of equity shares	4,454
January 30, 1927	25	20	20	Cash	Further allotment of equity shares	4,479
February 27, 1927	30	20	20	Cash	Further allotment of equity shares	4,509
March 31, 1927	15	20	20	Cash	Further allotment of equity shares	4,524
April 28, 1927	79	20	20	Cash	Further allotment of equity shares	4,603
June 25, 1927	40	20	20	Cash	Further allotment of equity shares	4,643
July 22, 1927	4	20	20	Cash	Further allotment of equity shares	4,647
August 27, 1927	15	20	20	Cash	Further allotment of equity shares	4,662
October 21, 1927	19	20	20	Cash	Further allotment of equity shares	4,681

Date of allotment	Number of equity shares allotted	Face value per equity share (₹)	Issue price per equity share (₹)*	Nature of consideration	Nature of allotment	Cumulative number of equity shares allotted
January 24, 1928	4	20	20	Cash	Further allotment of equity shares	4,685
February 23, 1928	20	20	20	Cash	Further allotment of equity shares	4,705
March 30, 1928	19	20	20	Cash	Further allotment of equity shares	4,724
April 20, 1928	4	20	20	Cash	Further allotment of equity shares	4,728
June 23, 1928	33	20	20	Cash	Further allotment of equity shares	4,761
August 26, 1928	1	20	20	Cash	Further allotment of equity shares	4,762
September 24, 1928	2	20	20	Cash	Further allotment of equity shares	4,764
February 14, 1929	5	20	20	Cash	Further allotment of equity shares	4,769
March 27, 1929	22	20	20	Cash	Further allotment of equity shares	4,791
April 8, 1929	60	20	20	Cash	Further allotment of equity shares	4,851
June 24, 1929	20	20	20	Cash	Further allotment of equity shares	4,871
August 29, 1929	10	20	20	Cash	Further allotment of equity shares	4,881
December 24, 1929	2	20	20	Cash	Further allotment of equity shares	4,883
February 14, 1930	10	20	20	Cash	Further allotment of equity shares	4,893
March 28, 1930	241	20	20	Cash	Further allotment of equity shares	5,134
April 15, 1930	12	20	20	Cash	Further allotment of equity shares	5,146
June 3, 1930	378	20	20	Cash	Further allotment of equity shares	5,524
June 30, 1930	83	20	20	Cash	Further allotment of equity shares	5,607
July 30, 1930	125	20	20	Cash	Further allotment of equity shares	5,732
April 1, 1931	129	20	20	Cash	Further allotment of equity shares	5,861
July 4, 1931	50	20	20	Cash	Further allotment of equity shares	5,911
August 3, 1931	94	20	20	Cash	Further allotment of equity shares	6,005
November 28, 1931	201	20	20	Cash	Further allotment of equity shares	6,206
January 25, 1932	10	20	20	Cash	Further allotment of equity shares	6,216
March 24, 1932	28	20	20	Cash	Further allotment of equity shares	6,244
April 24, 1932	5	20	20	Cash	Further allotment of equity shares	6,249
June 11, 1932	11	20	20	Cash	Further allotment of equity shares	6,260
September 27, 1932	45	20	20	Cash	Further allotment of equity shares	6,305
March 31, 1933	43	20	20	Cash	Further allotment of equity shares	6,348
July 25, 1933	2	20	20	Cash	Further allotment of equity shares	6,350
October 26, 1933	57	20	20	Cash	Further allotment of equity shares	6,407
December 1, 1933	135	20	20	Cash	Further allotment of equity shares	6,542
December 19, 1933	70	20	20	Cash	Further allotment of equity shares	6,612
December 23, 1933	106	20	20	Cash	Further allotment of equity shares	6,718
January 28, 1934	20	20	20	Cash	Further allotment of equity shares	6,738
April 12, 1934	311	20	20	Cash	Further allotment of equity shares	7,049
May 11, 1934	23	20	20	Cash	Further allotment of equity shares	7,072
June 3, 1934	16	20	20	Cash	Further allotment of equity shares	7,088

Date of allotment	Number of equity shares allotted	Face value per equity share (₹)	Issue price per equity share (₹)*	Nature of consideration	Nature of allotment	Cumulative number of equity shares allotted
June 29, 1934	58	20	20	Cash	Further allotment of equity shares	7,146
August 30, 1934	50	20	20	Cash	Further allotment of equity shares	7,196
September 23, 1934	5	20	20	Cash	Further allotment of equity shares	7,201
October 30, 1934	16	20	20	Cash	Further allotment of equity shares	7,217
November 29, 1934	105	20	20	Cash	Further allotment of equity shares	7,322
January 27, 1935	44	20	20	Cash	Further allotment of equity shares	7,366
January 29, 1935	80	20	20	Cash	Further allotment of equity shares	7,446
March 24, 1935	115	20	20	Cash	Further allotment of equity shares	7,561
April 14, 1935	57	20	20	Cash	Further allotment of equity shares	7,618
June 16, 1935	72	20	20	Cash	Further allotment of equity shares	7,690
July 13, 1935	14	20	20	Cash	Further allotment of equity shares	7,704
August 25, 1935	94	20	20	Cash	Further allotment of equity shares	7,798
September 21, 1935	180	20	20	Cash	Further allotment of equity shares	7,978
October 24, 1935	100	20	20	Cash	Further allotment of equity shares	8,078
March 15, 1936	70	20	20	Cash	Further allotment of equity shares	8,148
March 20, 1936	65	20	20	Cash	Further allotment of equity shares	8,213
April 18, 1936	61	20	20	Cash	Further allotment of equity shares	8,274
June 20, 1936	13	20	20	Cash	Further allotment of equity shares	8,287
August 29, 1936	7	20	20	Cash	Further allotment of equity shares	8,294
October 12, 1936	172	20	20	Cash	Further allotment of equity shares	8,466
December 20, 1936	7	20	20	Cash	Further allotment of equity shares	8,473
March 7, 1937	78	20	20	Cash	Further allotment of equity shares	8,551
March 13, 1937	8	20	20	Cash	Further allotment of equity shares	8,559
April 10, 1937	190	20	20	Cash	Further allotment of equity shares	8,749
May 14, 1937	19	20	20	Cash	Further allotment of equity shares	8,768
June 19, 1937	8	20	20	Cash	Further allotment of equity shares	8,776
August 1, 1937	358	20	20	Cash	Further allotment of equity shared	9,134
August 22, 1937	101	20	20	Cash	Further allotment of equity shares	9,235
September 12, 1937	40	20	20	Cash	Further allotment of equity shares	9,275
October 24, 1937	414	20	20	Cash	Further allotment of equity shares	9,689
November 7, 1937	309	20	20	Cash	Further allotment of equity shares	9,998
November 14, 1937	2	20	20	Cash	Further allotment of equity shares	10,000
December 18, 1937	58	20	20	Cash	Further allotment of equity shares	10,058
January 22, 1938	38	20	20	Cash	Further allotment of equity shares	10,096
March 27, 1938	82	20	20	Cash	Further allotment of equity shares	10,178
April 19, 1938	137	20	20	Cash	Further allotment of equity shares	10,315
June 19, 1938	63	20	20	Cash	Further allotment of equity shares	10,378
July 10, 1938	66	20	20	Cash	Further allotment of equity shares	10,444

Date of allotment	Number of equity shares allotted	Face value per equity share (₹)	Issue price per equity share (₹)*	Nature of consideration	Nature of allotment	Cumulative number of equity shares allotted
November 20, 1938	30	20	20	Cash	Further allotment of equity shares	10,474
December 18, 1938	90	20	20	Cash	Further allotment of equity shares	10,564
January 21, 1939	12	20	20	Cash	Further allotment of equity shares	10,576
March 19, 1939	12	20	20	Cash	Further allotment of equity shares	10,588
April 16, 1939	70	20	20	Cash	Further allotment of equity shares	10,658
June 17, 1939	22	20	20	Cash	Further allotment of equity shares	10,680
August 19, 1939	90	20	20	Cash	Further allotment of equity shares	10,770
September 23, 1939	1	20	20	Cash	Further allotment of equity shares	10,771
October 29, 1939	187	20	20	Cash	Further allotment of equity shares	10,958
November 18, 1939	05	20	20	Cash	Further allotment of equity shares	10,963
December 22, 1939	164	20	20	Cash	Further allotment of equity shares	11,127
January 21, 1940	46	20	20	Cash	Further allotment of equity shares	11,173
March 23, 1940	39	20	20	Cash	Further allotment of equity shares	11,212
April 21, 1940	11	20	20	Cash	Further allotment of equity shares	11,223
June 22, 1940	20	20	20	Cash	Further allotment of equity shares	11,243
September 22, 1940	05	20	20	Cash	Further allotment of equity shares	11,248
October 27, 1940	100	20	20	Cash	Further allotment of equity shares	11,348
December 21, 1940	35	20	20	Cash	Further allotment of equity shares	11,383
January 18, 1941	26	20	20	Cash	Further allotment of equity shares	11,409
March 22, 1941	298	20	20	Cash	Further allotment of equity shares	11,707
April 12, 1941	15	20	20	Cash	Further allotment of equity shares	11,722
June 29, 1941	129	20	20	Cash	Further allotment of equity shares	11,851
July 27, 1941	70	20	20	Cash	Further allotment of equity shares	11,921
October 22, 1941	35	20	20	Cash	Further allotment of equity shares	11,956
December 20, 1941	145	20	20	Cash	Further allotment of equity shares	12,101
February 21, 1942	37	20	20	Cash	Further allotment of equity shares	12,138
March 22, 1942	12	20	20	Cash	Further allotment of equity shares	12,150
August 8, 1942	13	20	20	Cash	Further allotment of equity shares	12,163
September 27, 1942	36	20	20	Cash	Further allotment of equity shares	12,199
October 25, 1942	20	20	20	Cash	Further allotment of equity shares	12,219
December 20, 1942	100	20	20	Cash	Further allotment of equity shares	12,319
March 21, 1943	802	20	20	Cash	Further allotment of equity shares	13,121
April 16, 1943	38	20	20	Cash	Further allotment of equity shares	13,159
May 23, 1943	188	20	20	Cash	Further allotment of equity shares	13,347
December 25, 1943	2,843	20	20	Cash	Further allotment of equity shares	16,190
January 30, 1944	1,310	20	20	Cash	Further allotment of equity shares	17,500
January 20, 1946	7,500	20	20	Cash	Allotment pursuant to rights issue of equity shares	25,000
March 30, 1952	14,900	20	20	Cash	Further allotment of equity shares	39,900

Date of allotment	Number of equity shares allotted	Face value per equity share (₹)	Issue price per equity share (₹)*	Nature of consideration	Nature of allotment	Cumulative number of equity shares allotted
April 19, 1952	645	20	20	Cash	Further allotment of equity shares	40,545
May 29, 1952	785	20	20	Cash	Further allotment of equity shares	41,330
June 25, 1952	655	20	20	Cash	Further allotment of equity shares	41,985
July 19, 1952	1,098	20	20	Cash	Further allotment of equity shares	43,083
August 23, 1952	727	20	20	Cash	Further allotment of equity shares	43,810
September 20, 1952	1,151	20	20	Cash	Further allotment of equity shares	44,961
October 18, 1952	550	20	20	Cash	Further allotment of equity shares	45,511
November 22, 1952	115	20	20	Cash	Further allotment of equity shares	45,626
December 25, 1952	114	20	20	Cash	Further allotment of equity shares	45,740
January 24, 1953	110	20	20	Cash	Further allotment of equity shares	45,850
February 21, 1953	101	20	20	Cash	Further allotment of equity shares	45,951
April 19, 1953	1,130	20	20	Cash	Further allotment of equity shares	47,081
May 17, 1953	20	20	20	Cash	Further allotment of equity shares	47,101
June 26, 1953	823	20	20	Cash	Further allotment of equity shares	47,924
July 18, 1953	275	20	20	Cash	Further allotment of equity shares	48,209
August 30, 1953	192	20	20	Cash	Further allotment of equity shares	48,391
September 13, 1953	78	20	20	Cash	Further allotment of equity shares	48,469
October 24, 1953	319	20	20	Cash	Further allotment of equity shares	48,788
November 20, 1953	1,212	20	20	Cash	Further allotment of equity shares	50,000
July 31, 1964	50,000	20	15	Cash	Allotment pursuant to public issue of equity shares	100,000
August 31, 1977	50,000	20	20	Cash	Allotment pursuant to rights issue of equity shares	150,000
December 30, 1978	100,000	20	20	Cash	Rights issue of ‘A’ equity shares	250,000
July 21, 1982	100,000	20	20	Cash	Rights issue of ‘A’ equity shares	350,000
January 16, 1986	150,000	20	20	Cash	Rights issue of ‘A’ equity shares	500,000
December 29, 1988	250,000	20	20	Cash	Further allotment of ‘A’ equity shares	750,000
August 28, 1989	Sub-division of face value from ₹ 20 per equity share to ₹10 per Equity Share.					1,500,000
March 31, 1990	3,000,000	10	10	Cash	Further allotment of Equity Shares	4,500,000
December 14, 1995	4,494,410	10	60	Cash	Rights issue of Equity Shares	8,994,410
December 14, 1995	4,506,900	10	120	Cash	Public Issue of Equity Shares	13,501,310
August 26, 1996	1,462	10	60	Cash	Further allotment of Equity Shares	13,502,772
October 10, 1998	(16,550)	10	NA	-	Forfeiture of Equity Shares	13,486,222
November 14, 2002	13,462,372	10	-	NA	Issue of bonus shares in the ratio of one Equity Share for every one Equity Share held.	26,948,594
March 31, 2003	13,468,372	10	25	Cash	Rights issue of Equity Shares	40,416,966
September 26, 2003	6,950	10	-	NA	Allotment of Equity Shares on release of bonus entitlements kept in abeyance during bonus issue dated November 14, 2002	40,423,916
February 17, 2004	800	10	25	Cash	Allotment of Equity Shares on release of rights	40,424,716

Date of allotment	Number of equity shares allotted	Face value per equity share (₹)	Issue price per equity share (₹)*	Nature of consideration	Nature of allotment	Cumulative number of equity shares allotted
					entitlements kept in abeyance during rights issue dated March 31, 2003 and September 26, 2003	
March 24, 2005	80,815,632	10	20	Cash	Rights issue of Equity Shares	121,240,348
July 30, 2005	2,500	10	25	Cash	Allotment of Equity Shares on release of rights entitlements kept in abeyance during rights issue dated March 31, 2003	121,242,848
July 30, 2005	2,500	10	-	NA	Allotment of Equity Shares on release of bonus entitlements kept in abeyance during bonus issue dated November 11, 2002	121,245,348
July 30, 2005	15,000	10	20	Cash	Allotment of Equity Shares on release of rights entitlements kept in abeyance during rights issue dated March 31, 2003	121,260,348
January 5, 2007	2,400	10	20	Cash	Allotment of Equity Shares on release of rights entitlements kept in abeyance during rights issue dated March 24, 2005	121,262,748
January 5, 2007	400	10	-	NA	Allotment of Equity Shares on release of bonus entitlements kept in abeyance during bonus issue dated November 14, 2002	121,263,148
January 5, 2007	400	10	25	Cash	Allotment of Equity Shares on release of rights entitlements kept in abeyance during rights issue dated March 31, 2003	121,263,548
March 26, 2007	10,000	10	25	Cash	Allotment of Equity Shares on release of rights entitlements kept in abeyance during rights issue dated March 31, 2003	121,273,548
March 26, 2007	10,000	10	-	NA	Allotment of Equity Shares on release of bonus issue entitlements kept in abeyance during bonus issue dated November 14, 2002	121,283,548
March 26, 2007	60,000	10	20	Cash	Allotment of Equity Shares on release of rights entitlements kept in abeyance during rights issue dated March 24, 2005	121,343,548
September 24, 2008	99,770	10	50	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2006	121,443,318
September 24, 2008	3,650	10	-	NA	Allotment of Equity Shares on release of bonus issue entitlements kept in abeyance during bonus issue dated November 14, 2002	121,446,968
September 24, 2008	3,650	10	25	Cash	Allotment of Equity Shares on release of rights entitlements kept in abeyance during rights issue dated March 31, 2003	121,450,618
September 24, 2008	21,900	10	20	Cash	Allotment of Equity Shares on release of rights	121,472,518

Date of allotment	Number of equity shares allotted	Face value per equity share (₹)	Issue price per equity share (₹)*	Nature of consideration	Nature of allotment	Cumulative number of equity shares allotted
					entitlements kept in abeyance during rights issue dated March 24, 2005	
November 10, 2008	62,670	10	50	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2006	121,535,188
December 30, 2008	28,920	10	50	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2006	121,564,108
February 9, 2009	6,790	10	50	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2006	121,570,898
March 28, 2009	3,980	10	50	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2006	121,574,878
August 8, 2009	34,300	10	50	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Option Scheme 2006	121,609,178
October 10, 2009	107,610	10	50	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2006	121,716,788
November 30, 2009	94,980	10	50	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2006	121,811,768
December 30, 2009	23,950	10	50	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2006	121,835,718
January 28, 2010	12,115,564	10	132.75	Cash	Issue of Equity Shares pursuant to qualified institutions placement.	133,951,282
February 17, 2010	25,040	10	50	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2006	133,976,322
April 29, 2010	13,010	10	50	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2006	133,989,332
June 29, 2010	33,640	10	50	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2006	134,022,972
July 9, 2010	13,440	10	50	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2006	134,036,412
August 16, 2010	20,750	10	50	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2006	134,057,162
September 25, 2010	142,050	10	50	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2006	134,199,212
October 15, 2010	101,005	10	50	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2006	134,300,217
October 28, 2010	44,260	10	50	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2006	134,344,477
November 23, 2010	42,690	10	50	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2006	134,387,167
December 14, 2010	19,600	10	50	Cash	Allotment of Equity Shares pursuant to the Karnataka	134,406,767

Date of allotment	Number of equity shares allotted	Face value per equity share (₹)	Issue price per equity share (₹)*	Nature of consideration	Nature of allotment	Cumulative number of equity shares allotted
					Bank Employees Stock Options Scheme 2006	
January 24, 2011	15,270	10	50	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2006	134,422,037
March 31, 2011	53,768,615	10	85	Cash	Rights issue of Equity Shares	188,190,652
May 18, 2011	11,124	10	46.20	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2006	188,201,776
June 30, 2011	3,981	10	46.20	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2006	188,205,757
August 16, 2011	3,767	10	46.20	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2006	188,209,524
September 29, 2011	8,197	10	46.20	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2006	188,217,721
October 31, 2011	17,703	10	46.20	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2006	188,235,424
December 15, 2011	29,102	10	46.20	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2006	188,264,526
January 21, 2012	10,161	10	46.20	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2006	188,274,687
February 17, 2012	5,921	10	46.20	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2006	188,280,608
March 27, 2012	3,482	10	46.20	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2006	188,284,090
April 27, 2012	2,279	10	46.20	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2006	188,286,369
May 18, 2012	4,885	10	46.20	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2006	188,291,254
June 28, 2012	3,202	10	46.20	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2006	188,294,456
July 20, 2012	7,243	10	46.20	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2006	188,301,699
September 14, 2012	4,973	10	46.20	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2006	188,306,672
November 30, 2012	10,860	10	46.20	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2006	188,317,532
December 27, 2012	11,518	10	46.20	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2006	188,329,050
January 23, 2013	7,641	10	46.20	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2006	188,336,691
March 25, 2013	6,419	10	46.20	Cash	Allotment of Equity Shares pursuant to the Karnataka	188,343,110

Date of allotment	Number of equity shares allotted	Face value per equity share (₹)	Issue price per equity share (₹)*	Nature of consideration	Nature of allotment	Cumulative number of equity shares allotted
					Bank Employees Stock Options Scheme 2006	
April 30, 2013	3,109	10	46.20	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2006	188,346,219
May 31, 2013	2,685	10	46.20	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2006	188,348,904
July 31, 2013	26,893	10	46.20	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2006	188,375,797
August 27, 2013	29,968	10	46.20	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2006	188,405,765
September 19, 2013	1,437	10	46.20	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2006	188,407,202
November 23, 2013	2,734	10	46.20	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2006	188,409,936
January 23, 2014	1,005	10	46.20	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2006	188,410,941
March 24, 2014	1,231	10	46.20	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2006	188,412,172
	200	10	-	NA	Allotment of equity shares on release of bonus issue entitlements kept in abeyance during bonus issue dated November 11, 2002	188,412,372
June 7, 2014	4,297	10	46.20	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2006	188,416,669
	200	10	25	Cash	Allotment of Equity Shares on release of rights entitlements kept in abeyance during rights issue dated March 31, 2003	188,416,869
	1,200	10	20	Cash	Allotment of Equity Shares on release of rights entitlements kept in abeyance during rights issue dated March 24, 2005	188,418,069
	720	10	85	Cash	Allotment of Equity Shares on release of rights entitlements kept in abeyance during rights issue dated March 31, 2011	188,418,789
July 30, 2014	12,908	10	46.20	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2006	188,431,697
September 06, 2014	7,277	10	46.20	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2006	188,438,974
October 31, 2014	3,967	10	46.20	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2006	188,442,941
December 29, 2014	1,363	10	46.20	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2006	188,444,304

Date of allotment	Number of equity shares allotted	Face value per equity share (₹)	Issue price per equity share (₹)*	Nature of consideration	Nature of allotment	Cumulative number of equity shares allotted
January 27, 2015	1,104	10	46.20	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2006	188,445,408
March 28, 2015	1,347	10	46.20	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2006	188,446,755
June 27, 2015	2,502	10	46.20	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2006	188,449,257
August 21, 2015	6,083	10	46.20	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2006	188,455,340
October 30, 2015	681	10	46.20	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2006	188,456,021
June 30, 2016	2,402	10	46.20	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2006	188,458,423
August 26, 2016	5,425	10	46.20	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2006	188,463,848
September 20, 2016	5,233	10	46.20	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2006	188,469,081
December 8, 2016	94,136,866	10	70	Cash	Rights issue of Equity Shares	282,605,947
April 28, 2017	1,380	10	70	Cash	Allotment of Equity Shares on release of rights entitlements kept in abeyance during rights issue dated December 8, 2016	282,607,327
February 19, 2018	359	10	70	Cash	Allotment of Equity Shares on release of rights entitlements kept in abeyance during rights issue dated December 8, 2016	282,607,686
September 5, 2018	112	10	70	Cash	Allotment of Equity Shares on release of rights entitlements kept in abeyance during rights issue dated December 8, 2016	282,607,798
January 16, 2020	1,010	10	70	Cash	Allotment of Equity Shares on release of rights entitlements kept in abeyance during rights issue dated December 8, 2016	282,608,808
March 19, 2020	28,260,881	10	-	NA	Issue of bonus shares in the ratio of one bonus Equity Share for every 10 equity shares held	310,869,689
October 28, 2021	3,800	10	48.10	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2018	310,873,489
	68,142	10	41.50	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2018	310,941,631
November 30, 2021	77	10	105.55	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2018	310,941,708
	2,000	10	48.10	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2018	310,943,708

Date of allotment	Number of equity shares allotted	Face value per equity share (₹)	Issue price per equity share (₹)*	Nature of consideration	Nature of allotment	Cumulative number of equity shares allotted
	69,432	10	41.50	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2018	311,013,140
January 28, 2022	150,720	10	43.11	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2018	311,163,860
April 26, 2022	27,060	10	41.50	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2018	311,190,920
	1,200	10	48.10	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2018	311,192,120
May 27, 2022	28,316	10	41.50	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2018	311,220,436
	1,550	10	48.10	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2018	311,221,986
July 23, 2022	21,000	10	44.10	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2018	311,242,986
	47,916	10	64.80	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2018	311,290,902
	1750	10	48.10	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2018	311,292,652
	400	10	64.80	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2018	311,293,052
September 1, 2022	5,280	10	41.50	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2018	311,298,332
	2,900	10	48.10	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2018	311,301,232
October 25, 2022	169,840	10	41.50	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2018	311,471,072
	3,850	10	48.10	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2018	311,474,922
	1,700	10	64.80	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2018	311,476,622
November 24, 2022	166,296	10	41.50	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2018	311,642,918
	5,850	10	48.10	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2018	311,648,768
	2,400	10	64.80	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2018	311,651,168
	18,640	10	105.55	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2018	311,669,808
	110	10	115.27	Cash	Allotment of Equity Shares pursuant to the Karnataka	311,669,918

Date of allotment	Number of equity shares allotted	Face value per equity share (₹)	Issue price per equity share (₹)*	Nature of consideration	Nature of allotment	Cumulative number of equity shares allotted
					Bank Employees Stock Options Scheme 2018	
December 21, 2022	202,183	10	41.50	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2018	311,872,101
	8,200	10	48.10	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2018	311,880,301
	1,600	10	64.80	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2018	311,881,901
	60,593	10	105.55	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2018	311,942,494
	110	10	115.27	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2018	311,942,604
February 2, 2023	137,215	10	41.50	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2018	312,079,819
	75,000	10	44.25	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2018	312,154,819
	53,430	10	105.55	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2018	312,208,249
	10,100	10	48.10	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2018	312,218,349
	1,100	10	64.80	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2018	312,219,449
	37	10	106.69	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2018	312,219,486
	220	10	115.27	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2018	312,219,706
February 16, 2023	49,608	10	41.50	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2018	312,269,314
	3,700	10	48.10	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2018	312,273,014
	800	10	64.80	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2018	312,273,814
	16,500	10	105.55	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2018	312,290,314
	110	10	115.27	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2018	312,290,424
March 20, 2023	35,207	10	41.50	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2018	312,325,631
	2,100	10	48.10	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2018	312,327,731

Date of allotment	Number of equity shares allotted	Face value per equity share (₹)	Issue price per equity share (₹)*	Nature of consideration	Nature of allotment	Cumulative number of equity shares allotted
	1,300	10	64.80	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2018	312,329,031
	13,480	10	105.55	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2018	312,342,511
	110	10	115.27	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2018	312,342,621
May 2, 2023	35,706	10	41.50	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2018	312,378,327
	4,950	10	48.10	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2018	312,383,277
	2,300	10	64.80	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2018	312,385,577
	4,000	10	71.59	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2018	312,389,577
	10,340	10	105.55	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2018	312,399,917
June 6, 2023	20,733	10	41.50	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2018	312,420,650
	3,000	10	48.10	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2018	312,423,650
	5,710	10	105.55	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2018	312,429,360
	110	10	115.27	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2018	312,429,470
July 20, 2023	73,172	10	41.50	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2018	312,502,642
	13,400	10	48.10	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2018	312,516,042
	2,200	10	64.80	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2018	312,518,242
	49,060	10	105.55	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2018	312,567,302
	220	10	115.27	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2018	312,567,522
August 10, 2023	39,000	10	41.50	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2018	312,606,522
	75,000	10	44.25	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2018	312,681,522
	1,000	10	64.80	Cash	Allotment of Equity Shares pursuant to the Karnataka	312,682,522

Date of allotment	Number of equity shares allotted	Face value per equity share (₹)	Issue price per equity share (₹)*	Nature of consideration	Nature of allotment	Cumulative number of equity shares allotted
					Bank Employees Stock Options Scheme 2018	
	30,000	10	71.59	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2018	312,712,522
	23,910	10	105.55	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2018	312,736,432
	5500	10	48.10	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2018	312,741,932
	74	10	106.69	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2018	312,742,006
September 22, 2023	69,454	10	41.50	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2018	312,811,460
	3,400	10	48.10	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2018	312,814,860
	1,750	10	64.80	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2018	312,816,610
	40,070	10	105.55	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2018	312,856,680
	37	10	106.69	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2018	312,856,717
	110	10	115.27	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2018	312,856,827
October 26, 2023	33,400,132	10	239.52	Cash	Allotment of Equity Shares under preferential issue	346,256,959
November 13, 2023	49,290	10	105.55	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2018	346,306,249
	37	10	106.69	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2018	346,306,286
	110	10	115.27	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2018	346,306,396
	5,200	10	105.55	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2018	346,311,596
	6,750	10	48.10	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2018	346,318,346
	18,000	10	41.50	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2018	346,336,346
	328,725	10	41.50	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2018	346,665,071
	4,000	10	64.80	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2018	346,669,071
	12,000	10	70.40	Cash	Allotment of Equity Shares pursuant to the Karnataka	346,681,071

Date of allotment	Number of equity shares allotted	Face value per equity share (₹)	Issue price per equity share (₹)*	Nature of consideration	Nature of allotment	Cumulative number of equity shares allotted
					Bank Employees Stock Options Scheme 2018	
December 4, 2023	9,560	10	105.55	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2018	346,690,631
	1,500	10	48.10	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2018	346,692,131
	54,792	10	41.50	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2018	346,746,923
	1,000	10	64.80	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2018	346,747,923
January 11, 2024	24,960	10	105.55	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2018	346,772,883
	37	10	106.69	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2018	346,772,920
	7,850	10	105.55	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2018	346,780,770
	8,250	10	48.10	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2018	346,789,020
	108,856	10	41.50	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2018	346,897,876
	1,000	10	64.80	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2018	346,898,876
February 10, 2024	25,830	10	105.55	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2018	346,924,706
	37	10	106.69	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2018	346,924,743
	220	10	115.27	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2018	346,924,963
	3,950	10	105.55	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2018	346,928,913
	4,500	10	48.10	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2018	346,933,413
	110,047	10	41.50	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2018	347,043,460
	2,050	10	64.80	Cash	Allotment of Equity Shares pursuant to the Karnataka Bank Employees Stock Options Scheme 2018	347,045,510
February 28, 2024	3,772,730	10	265.06	Cash	Allotment of Equity Shares under preferential issue	350,818,240

**We have placed reliance on the certificate issued by M/s. BMP & Co. LLP, Practicing Company Secretaries, in relation to the search report dated March 13, 2024 for certain allotments. For details, see "Risk Factors – 21. We have been unable to locate certain of our historical secretarial and other corporate records." on page 80.*

Preference Share capital of our Bank

As of the date of this Placement Document, our Bank does not have any outstanding Preference Shares.

ESOS 2023

Our Bank received the Shareholders' approval at its Annual General Meeting held on March 30, 2023 for issue and allotment of 1,500,000 shares under the Employee Stock Option Scheme launched by our Bank ("**KBL-ESOS 2023**"). The objective of KBL-ESOS 2023 is to provide an incentive to attract, retain and reward employees of our Bank and to motivate such employees to contribute to the growth and profitability of our Bank. Further, as on date of this Placement Document, our Bank has another employee stock option scheme, namely, the KBL Employee Stock Option Scheme 2018 ("**KBL-ESOS 2018**").

Our Bank had introduced an employee stock option scheme *viz.*, Karnataka Bank Employees Stock Options Scheme 2006 which is no longer active and all exercises pursuant to the same have been completed. The scheme stands discontinued with effect from September 22, 2016.

As on March 31, 2023, the details of options pursuant to the KBL-ESOS 2023 are as follows:

Particulars	KBL-ESOS 2023
Options granted	306,310
Options vested	Nil
Options exercised	Nil
Options cancelled/ lapsed/ forfeited	Nil
Total options outstanding	306,310

Pre-Issue and post-Issue shareholding pattern of our Bank

The pre-Issue and post-Issue shareholding pattern of our Bank is set forth below:

Sr. No	Category	Pre-Issue (as on December 31, 2023)#$		Post-Issue	
		No. of Equity Shares held	% of share holding	No. of Equity Shares held	% of share holding
A. Promoters/ Promoter Group holding*					
1.	Indian				
	Individuals/ Hindu Undivided Family	Nil	Nil	Nil	Nil
	Bodies Corporate	Nil	Nil	Nil	Nil
	Sub-total	Nil	Nil	Nil	Nil
2.	Foreign promoter	Nil	Nil	Nil	Nil
	Sub-total (A)	Nil	Nil	Nil	Nil
B. Non-promoter holding					
1.	Institutional investors				
	Domestic	61,378,373	17.70	87,003,148	23.06
	International	65,992,078	19.03	71,676,752	19.00
	Sub-total	**127,370,451**	**36.73**	**158,679,900**	**42.06**
2.	Non-institutional investors				
	Private corporate bodies	13,583,618	3.92	12,547,053	3.33
	Directors and relatives	1,650	Negligible	1,650	Negligible
	Indian public	197,942,790	57.09	197,155,032	52.26
	Others including non-resident Indians (NRIs)	7,849,414	2.26	8,866,323	2.35
	Sub-total	**219,377,472**	**63.27**	**218,570,058**	**57.94**
	Sub-total (B)	**346,747,923**	**100.00**	**377,249,958**	**100.00**
	Grand total (A+B)	**346,747,923**	**100.00**	**377,249,958**	**100.00**

Based on the beneficiary position data of our Bank as on December 31, 2023.
******As on date of this Placement Document, our Bank has no promoters.*
$Please note that pursuant to December 31, 2023, our Bank (i) allotted Equity Shares pursuant to the KBL-ESOS 2018 on January 11, 2024 and February 10, 2024; and (ii) undertook a preferential allotment of 3,772,730 Equity Shares on February 28, 2024, details of which are not captured above. For more details, please refer to the section titled "Capital Structure – Equity share capital history of our Bank" beginning on page 114.

Other confirmations

Except as disclosed below, our Bank has not allotted securities on preferential basis or private placement or by way of rights issue in the last one year preceding the date of this Placement Document:

Date of allotment	Number of equity shares allotted	Face value (₹)	Issue price per equity share (₹)	Consideration	Nature of allotment
February 28, 2024	3,772,730	10	265.06	Cash	Allotment of equity shares through preferential issue
October 24, 2023	33,400,132	10	239.52	Cash	Allotment of equity shares through preferential issue

Our Bank has not made any allotments for consideration other than cash in the last one year preceding the date of this Placement Document.

Our Equity Shares have been listed for a period of at least one year prior to the date of issuance of notice dated January 28, 2024, to the Shareholders in respect of the special resolution passed on February 27, 2024 by the Shareholders for the approval of this Issue.

Our Bank shall not make any subsequent qualified institutions placement until the expiry of two weeks from the date of this Issue. Further, Equity Shares allotted pursuant to this Issue cannot be sold by the Allottee for a period of one year from the date of allotment, except on the floor Stock Exchanges.

There will be no change of control of our Bank pursuant to the Issue.

Proposed Allottees in the Issue

In compliance with the requirements of Chapter VI of the SEBI ICDR Regulations, the Allotment shall be made by our Bank, in consultation with the Book Running Lead Managers, to Eligible QIBs only, on a discretionary basis.

The names of the proposed Allottees, assuming that the Equity Shares are Allotted to them pursuant to the Issue, and the percentage of post-Issue share capital that may be held by them is set forth in "*Proposed Allottees in the Issue*" beginning on page 297.

DIVIDENDS

The declaration and payment of final dividend, if any, will be recommended by our Board and approved by our Shareholders at their discretion, subject to the RBI guidelines relating to declaration of dividend, capital conservation requirements under guidelines on Basel III norms issued by RBI, provisions of the Banking Regulation Act, the SEBI Listing Regulations, the provisions of the Companies Act and guidelines provided under the section titled “Dividends and Reserves” in the Articles of Association of our Bank.

Our Board has approved and adopted a formal dividend distribution policy on April 12, 2023, in terms of Regulation 43A of the SEBI Listing Regulations.

The following table details the dividend paid or payable by our Bank on the Equity Shares in respect of the nine months period ended December 31, 2023 and Fiscals 2023, 2022 and 2021:

Particulars^	**Nine months period ended December 31, 2023**	**Fiscal 2023**	**Fiscal 2022**	**Fiscal 2021**
Number of Equity Shares as on record date (in million)	-	312.74	311.29	310.87
Face value of Equity Shares (₹ per Equity Share)	10.00	10.00	10.00	10.00
Dividend per share (₹ per Equity Share)	-	5.00	4.00	1.80
Dividend rate (%)*	-	50.00%	40.00%	18.00%
Dividend distribution tax (in ₹ million)	-	-	-	-
Total dividend on Equity Shares (in ₹ million)	-	1,563.71	1,245.17	559.57
Mode of payment of dividend	-	NACH**	NACH**	NACH**

**Dividend Rate = (Dividend per Equity Share divided face value per Equity Share) x 100*
*** NACH stands for National Automated Clearing House*

The Equity Shares to be issued in connection with this Issue shall qualify for any dividend, including interim dividend, if any, that is declared in respect of the fiscal in which they have been allotted. For further details, please see the section entitled “*Description of the Equity Shares*” beginning on page 268.

Also please see the sections entitled “*Taxation*” and “*Risk Factors*” beginning on pages 272 and 67, respectively.

Investors are cautioned not to rely on past dividends as an indication of the future performance of our Bank or for an investment in the Equity Shares offered in the Issue.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion is intended to convey our management's perspective on our financial condition and results of operations for Fiscals 2023, 2022, 2021 and the nine months period ended December 31, 2023 and December 31, 2022. You should read the following discussion and analysis of our financial condition and results of operations in conjunction with our Financial Statements including the schedules, annexures and notes thereto and the reports thereon, and our Unaudited Condensed Standalone Interim Financial Statements for nine months period ended December 31, 2023 and December 31, 2022 beginning on page 296. In order make the financial information presented herein comparable, certain line items as at March 31, 2021 and 2022 and for Fiscal 2021 have been reclassified in this Placement Document compared to how they are classified in the Audited Standalone Financial Statements.

The following discussion and analysis of our Bank's financial condition is based on our Bank's standalone financial statements. Although our Bank possesses one subsidiary, we believe that the effect of the subsidiary on our Bank's consolidated financial statements is not significant. Accordingly, our Bank's management primarily utilises our Bank's standalone financial information to monitor the operational strength and performance of our Bank's business. For more information on our Bank's financial information on a consolidated basis, see our Bank's consolidated financial statements, which have been included in this Placement Document.

Our fiscal year ends on March 31 of each year. Accordingly, all references to a particular fiscal year are to the 12-month period ended on March 31 of that year.

This discussion contains forward-looking statements and reflects our current views with respect to future events and financial performance. Such statements are subject to certain risks, uncertainties and assumptions that could cause our actual results to differ materially from those anticipated in these forward-looking statements, including those set forth under the section titled "Forward-Looking Statements". Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors, such as those set forth under "Risk Factors" and elsewhere in this Placement Document.

Unless otherwise indicated, industry and market data used in this section has been derived from industry publications and other publicly available information, and includes statistics derived from various government publications and industry sources.

OVERVIEW

With over 100 years of existence, we are one of the well-established private sector banks in India, offering wide range of banking products and services to approximately 12.93 million customers as of December 31, 2023 including corporate, retail, agriculture and MSME customers. Operating under "banking with legacy, embracing the future", we have been on a transformational journey since 2000.

Incorporated on February 18, 1924 in Mangaluru, Karnataka, we are a professionally managed scheduled commercial bank. Our Bank's principal business activities consist of retail banking, wholesale banking and treasury. We deliver a wide range of banking products and services to our customers through a variety of channels, including bank branches, ATMs, call centres, internet banking and mobile phone banking. As of December 31, 2023, our Bank's pan-Indian presence is spread across 21 states and 3 union territories, through a network of 904 branches and 1,482 ATMs and CRs.

Our banking segments include: (i) corporate / wholesale banking; (ii) retail banking (including MSMEs and agriculture); (iii) treasury; and (iv) other banking operations. Our branch network is complemented by our alternative service delivery channels such as internet banking, mobile phone banking, digital banking solutions, Aadhar-enabled payment system, point of sales, QR payments, UPI, 24*7 contact centre, mPassbook, micro-ATMs, prepaid gift cards, and payment gateway services and business correspondent services, through tie-ups, as part of financial inclusion.

***Corporate / wholesale banking*:** Our corporate / wholesale banking business includes our corporate and commercial portfolio, which consists of products and services that cater to the business needs of large companies, public enterprises and private companies/firms etc. These products and services include various fund and non-fund based products, such as term loans, working capital facilities, foreign exchange services, structured finance and trade financing products like letter of credit and guarantees, bill discounting etc.

Our segmental revenue from corporate banking advances business was ₹ 26,201.78 million, ₹ 24,918.29 million, ₹ 29,368.76 million, ₹ 21,130.64 million and ₹ 25,102.95 million as of March 31, 2021, March 31, 2022, March 31, 2023, December 31, 2022 and December 31, 2023, respectively. As a percentage of our Bank's total advances, advances in the corporate/wholesale segment accounted for 47.01%, 51.90%, 49.78%, 52.02% and 52.65% respectively in Fiscal 2021, Fiscal 2022 and Fiscal 2023 and the nine months ended December 31, 2022 and December 31, 2023.

***Retail banking*:** Our Bank offers a wide spectrum of personal banking products in the retail segment. The retail credit products include home loans, automobile loans, personal loans, education loans, loans against term deposits, Loans against securities, gold loans, small business loans and agriculture loans. We also offer banking products to priority sectors including agriculture, MSME, housing and education with a specific focus on offering products to the MSME sector.

In order to augment the retail business, our Bank has introduced the concept of, *inter alia*, DSTs, in addition to the existing channels through the network of branches, DSAs, BSAs and dealer tie-ups.

Our retail banking liability portfolio consists of CASA and term deposit services. A banking relationship through a current accounts/saving accounts opens gateway of service offerings to the customers like international debit card, internet banking, mobile banking, co-branded credit cards, third party products from our channel partners, alternative delivery channels etc. Our Bank leverages its digital capabilities, with over 88% of CASA accounts being opened through the Bank's digital onboarding solutions.

The retail banking lending division has four specialized wings namely: agriculture, forex, MSMEs and others. There is a separate agriculture credit support group that functions in the retail finance division to exclusively deal in agriculture credit. In agricultural finance, we offer a wide variety of products under various schemes such as 'KBL Agro Processing Scheme', 'KBL Instant Agri Credit Scheme', 'Kisan Credit Card Scheme', 'KBL Agri Gold Scheme', 'Krishik Sarathi Scheme', 'Krishik Pushpankura Scheme', 'Krishik Sinchana Scheme', amongst others, to individual farmers or joint borrowers, small and marginal farmers and such other persons engaged in agricultural or allied activities.

Our retail loans increased from ₹ 298,669.28 million as on March 31, 2021 to ₹ 308,622.11 million as on March 31, 2023 to ₹ 331,257.50 million as on December 31, 2023. As a percentage of our Bank's total advances, our Bank's advances in the retail segment accounted for 52.99%, 48.10%, 50.22%, 47.98% and 47.35% respectively in Fiscal 2021, Fiscal 2022 and Fiscal 2023 and the nine months ended December 31, 2022 and December 31, 2023.

Brief details in relation to our activities in the MSME and agriculture segment are provided below:

MSME: Our Bank offers various types of MSME products to the public to fulfil their financial needs. We provide a range of banking products such as working capital finance, term loans, business finance products, both fund-based and non-fund based, suited to all sectors of the industry. Some of our products, namely, 'KBL Contractor Mitra', 'KBL Micro Mitra' and 'KBL Export Mitra' focus on particular segments of the public, while schemes like KBL MSME are open for all kinds of MSME customers. In order to support the financial needs of women entrepreneurs, we offer the 'KBL Mahila Udyog' product. In November 2023, we launched the 'KBL Commercial Vehicle without Collaterals' scheme to cater to the needs of contractors, transport operators. In February 2024, we also launched the 'KBL Equipment Loan' scheme for buyers of, *inter alia*, medical equipment, backhoe loaders, crushing plants, road rollers, dumpers and cranes.

Our Bank is also registered as a financier on the TReDS platform, set up to provide finance to MSMEs.

Agriculture: In order to augment PSL and also to ensure achievement of sub-targets under PSL, our Bank has increased the number of AFOs and sales officers at branch level to reach farmers, SHGs and JLGs effectively. Our Bank conducts special campaigns regularly to focus mainly on loans to weaker sections of the society. Further, the tie up with business correspondents and business facilitators have started improving business generation. In the past few years, our Bank has taken steps in increasing lending to SHGs and micro-finance.

Moreover, our Bank continuously explores the possible participation in emerging digital disruption in the agriculture sector for business expansion by having partnership and tie-ups with agri-tech companies. Our Bank is constantly making efforts to increase its portfolio under PSL and conducts regular review to, *inter alia*, discuss various strategies, action plans and monitor performance.

Treasury: Our Bank's treasury operations comprise primarily of statutory reserves management such as SLR and CRR, liquidity management, investment and trading activities and foreign exchange activities. As part of liquidity management, our Bank's Treasury department primarily invests in sovereign debt instruments and other fixed income securities. Our Bank also deals with mutual funds, certificates of deposits and floating rate instruments in order to manage short-term surplus liquidity. Our Bank has an integrated Treasury at Mumbai and offers a wide range of products and services to customers such as forward contracts, foreign exchange products and services etc. We maintain the SLR through a portfolio of the central government, state government and government-guaranteed securities and other approved securities that we actively manage to optimize yield and benefit from price movements. We are also involved in the trading of debt securities, equity securities and foreign exchange within permissible limits. As a percentage of our Bank's total assets, our Bank's net investments accounted for 25.27%, 24.07%, 23.55%, 23.24% and 22.21% respectively in Fiscal 2021, Fiscal 2022 and Fiscal 2023 and the nine months ended December 31, 2022 and December 31, 2023.

Other banking operations: As part of our other banking operations, we offer a comprehensive range of ancillary products and services such as depository services, online trading, ASBA facility, locker facilities, safe custody facility, bill payment services, online and off-line fee collection services, mobile and internet banking services, payment and remittance services and FASTag. We offer these services through physical banking channels as well as digital channels including, *inter alia*, internet banking, mobile banking and e-lobbies. We are also registered with the IRDAI as a corporate agent for distribution of insurance products. For Fiscal 2021, Fiscal 2022 and Fiscal 2023 and the nine months ended December 31, 2022 and December 31, 2023 our Bank generated fee based income amounting to ₹ 6,817.81 million, ₹ 7,378.82 million, ₹ 8,605.09 million, ₹ 6,096.53 million and ₹ 6,243.69 million, respectively, representing 8.93%, 10.28%, 10.48%, 10.42% and 8.92% of our Bank's total income for such period.

Digital strategies: Our Bank has been upgrading IT systems and technology to ensure integration between our existing infrastructure and our new digital banking products and set up robust information technology which enables anywhere anytime banking through alternate delivery channels. Our digital strategy is based on offering an omnichannel experience, API driven open banking architecture and personalization of customer experience through the use of data analytics. For further details, please see "– *Competitive Strengths – Emphasis on digital strategies and partnerships*" on page 183.

The following table highlights certain recent awards received by our Bank:

Date	Description
October 16, 2023	Our Bank was awarded the digital marketing award for 'Stop Kidding Yourself' campaign at the Pitch BFSI Marketing Awards, 2023.
September 25, 2023	Our Bank was awarded the 'ET Edge ICONIC Brands of India – 2023'.
June 10, 2023	Our Bank was awarded with 'Exemplary Digital Transformation Strategy' and 'Outstanding Data Analytics Initiative' by Elets Banking and Finance.
June 2, 2023	Our Bank was awarded under three categories at the INFOSYS Finacle Innovation Awards 2023, namely, 'Transformation Excellence' (Platinum), 'Process Innovation' (Platinum) and 'Channel Innovation' (Gold).

As a professionally managed organisation, we are guided by the experience of our Board of Directors and Senior Management, which consists of professionals with experience in banking, accounting and auditing. The experience of our Board and senior management team has enabled us to develop an understanding of industry-specific aspects of our business and operations. For details, see "*Board of Directors and Senior Management*" on page 205.

PRINCIPAL FACTORS AFFECTING RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Macroeconomic conditions in India

As a bank with its principal operations in India, our financial position and results of operations have been and will continue to be significantly affected by overall economic growth patterns in India. While our results may not entirely track India's economic growth figures, the Indian economy's performance affects the environment in which we operate. Strong economic growth tends to positively impact our results of operations, since it can cause businesses to plan and invest more confidently and support the growth of the Indian manufacturing, infrastructure, NBFCs, housing and other sectors, among other things, which would in turn drive stronger demand for bank credit as well as other banking products and services that we offer. Stronger economic growth also generally increases the interest income that we are able to generate from the loans we offer and tends to improve the overall creditworthiness of our customers. Please refer to the section titled "*Industry Overview*" beginning on page 157 for a discussion on current macroeconomic conditions and trends in the Indian and global economies. Any slowdown in the growth of the Indian economy or the growth of the economies of other countries that could have a direct impact on the Indian economy, coupled with inflationary pressures, could adversely impact our business, the business sectors that we are targeting as growth areas and the financial standing and growth plans of our borrowers and contractual counterparties.

Interest rate environment

Our results of operations depend to a great extent on our net interest income. Net interest income represents the excess of interest earned from interest-earning assets over the interest paid on interest-bearing customer deposits and borrowings. Changes in interest rates affect the interest rates we charge on our interest-earning assets and that we pay on our interest-bearing liabilities. Since the maturities of our loans and investments tend to be more long-term than our deposits, any faster increase or slower decrease in the interest rates that we must pay our depositors relative to the interest rates we charge our borrowers may cause our net interest income to decrease. Changes in interest rates could also adversely affect demand for our loan products. Interest rates are highly sensitive to many external factors beyond our control, including growth rates in the economy, inflation, money supply, RBI's monetary policies, deregulation of the financial sector in India, domestic and international economic and political conditions and other factors.

The RBI issued a circular on September 4, 2019 making it mandatory for banks to link all floating rate personal or retail loans and floating rate loans extended to micro and small enterprise borrowers to an external benchmark with effect from October 1, 2019. With a view to further strengthening monetary policy transmission, RBI issued a circular on February 26, 2020, to further link all new floating rate loans to the medium enterprises extended by banks to the external benchmarks with effect from April 01, 2020. While banks are free to choose one of the several benchmarks indicated in the circular as well as their spread over the benchmark rate subject to certain conditions, these monetary policies are beyond our control. For further information, please refer to the section titled "*Selected Statistical Information – Asset liability gap and interest sensitivity data*" beginning on page 56.

Sources and cost of funding

Our primary interest-bearing liabilities are our deposit base, subordinated debt instruments, RBI, inter-bank borrowings and borrowings from other financial institutions. An increase in the cost of our interest-bearing liabilities generally tends to increase our interest expenses. Conversely, a decrease in the cost of our interest-bearing liabilities generally tends to decrease our interest expenses. The cost of our interest-bearing liabilities depends on many external factors, including competitive factors and developments in the Indian credit markets and, in particular, interest rate movements and the existence of adequate liquidity in the inter-bank markets. Internal factors that can impact our cost of funds include changes in our credit ratings, available credit limits and our ability to mobilize low-cost deposits, particularly from retail customers and balances in current accounts.

Other sources of funding on which we rely are subordinated debt instruments, RBI, inter-bank borrowings and borrowings from other financial institutions.

Asset Quality, Non-Performing Assets and Provisioning

The level of our non-performing loans is affected by, among other things, the general level of economic growth in India, inherent risks involved in restructured loans, the amount of non-performing loans written-off and our credit approval and monitoring policies. Other factors include a rise in unemployment, prolonged recessionary conditions, a decline in household savings and income levels, regulators' assessment and review of our loan portfolio, a sharp and sustained rise in interest rates, refinance risks due to a slowdown in lending by non-banking financial companies, housing finance companies and other financial intermediaries, and movements in global commodity markets and exchange rates, each of which could cause a further increase in the level of NPAs. An increase in the volume of our NPAs may require us to increase our provisions against advances, investments and the related recovery and litigation costs. To the extent that we are required to make additional provisions on account of our NPAs, such provisions are charged to our profit and loss account and decrease our profitability.

As a result of widespread economic challenges faced by the Indian economy in general, and the corporate sector in particular, as well as changes to RBI policies and guidelines related to non-performing and restructured loans and other changes to the law affecting non-performing and restructured loans, the non-performing loans and provisions of a number of Indian banks increased significantly in Fiscals 2023, 2022 and 2021. As of March 31, 2021, March 31, 2022, March 31, 2023, December 31, 2022, and December 31, 2023, our Bank's gross NPAs were ₹ 25,884.05 million, ₹ 22,508.21 million, ₹ 22,929.08 million, ₹ 20,857.28 million and ₹ 25,367.17 million, respectively, representing 4.91%, 3.90%, 3.74%, 3.28% and 3.64%, respectively, of our gross advances as of such dates. As of the Fiscals ended March 31, 2021, March 31, 2022, March 31, 2023, the nine months period ended December 31, 2022 and December 31, 2023, our net NPAs were ₹ 16,450.52 million, ₹ 13,769.66 million, ₹ 10,212.68 million, ₹ 10,408.84 million, and ₹ 10,600.58 million, respectively, representing 3.19%, 2.42%,1.70%, 1.66% and 1.55%, respectively, of our net advances as of such dates.

If there is any deterioration in the quality of our security or further ageing of the assets after being classified as NPAs, an increase in provisions will be required. This increase in provisions may adversely impact our financial performance. Our Bank's provision coverage ratio (including technical write off) for the nine months period ended the Fiscals 2021, 2022, 2023 and December 31, 2022 and December 31, 2023 and was 69.99%, 73.47%, 80.86%, 80.21% and 80.75%, respectively. Any future increases in provisions mandated by the RBI or other regulatory changes could lead to an adverse impact on our business, future financial performance and the trading price of the Equity Shares.

In addition to the debt recovery and security enforcement mechanisms available to lenders under the DRT Act and the SARFAESI Act, the RBI provides for various mechanisms that may be adopted by banks to deal with stressed assets. However, there can be no assurance that these regulatory measures implemented by the GoI and the RBI will have an encouraging impact on our efforts to recover NPAs. Any failure to recover the expected value of collateral would expose us to potential loss. We along with other banks in India are also required to share data with each other on certain categories of special mention accounts and credit information relating to the same, set up joint lenders' forums, monitor the asset quality closely and formulate action plans for resolution of these accounts. Any failure to do so may result in accelerated provisioning for such cases and may result in initiation of supervisory actions by the RBI in the event we do not comply with the corrective action plan decisions. Even if an accelerated provision were made, there is no reassurance that we will be able to recover our NPAs. Accordingly, any significant increase in our NPAs may have a material adverse effect on our business, results of operations and financial condition.

Liquidity requirements and reserve ratios

Since 2013, the RBI has gradually established more stringent compulsory reserve requirements (e.g., CRR and SLR ratios). We are required to maintain a minimum holding of 18% of total net demand and time liabilities in SLR securities as stipulated by the RBI with effect from April 11, 2020. The surplus funds of our deposits and advances are invested by the domestic Treasury, while we are not paid interest on cash reserve balances. A higher reserve requirement tends to negatively impact banks' capital position, thus requiring banks to commit additional capital in order to meet such increased requirements. This tends to decrease overall liquidity in the financial system and decrease the amount of capital available for deployment in credit transactions or higher-yielding investments, which negatively impacts banks' interest-earning assets.

Any increases in the compulsory reserve that are applicable to our Bank (on account of regulatory changes or otherwise) could impact our profitability by limiting the amount of our lendable funds that is available for commercial credit transactions or for investment in higher-yielding securities, thus restricting our ability to grow our business. For example, when the CRR increases, our Bank must hold more cash in its reserves, which constrains our ability to deploy those funds by making advances to customers or investing the funds for potential gains. We may also be compelled to dispose of certain of our assets and/or take other measures in order to meet more stringent requirements, which may adversely affect our results of operations and financial condition.

The table below summarizes the cash reserve ratios, statutory liquidity ratios and liquidity coverage ratios that are applicable to banks in India and actual position maintained by us as on the respective dates:

(in ₹ million)

	Cash Reserve Ratio		**Statutory Liquidity Ratio**		**Liquidity Coverage Ratio**	
	(% as of the date indicated)					
	Applicable	**Actual#**	**Applicable**	**Actual#**	**Applicable**	**Actual#**
As of December 31, 2023	4.50	4.51	18.00	21.66	100.00	213.72
As of March 31, 2023	4.50	4.51	18.00	26.66	100.00	311.59
As of March 31, 2022	4.00	4.01	18.00	25.50	100.00	268.58

	Cash Reserve Ratio		Statutory Liquidity Ratio		Liquidity Coverage Ratio	
	(% as of the date indicated)					
	Applicable	Actual#	Applicable	Actual#	Applicable	Actual#
As of March 31, 2021	3.50	3.51	18.00	28.25	100.00	308.39

#*Actual Fortnightly Average CRR and SLR maintained*

Exposure to various categories of borrowers, depositors and industry sectors, and a default by any large borrower, premature withdrawal of deposits or a deterioration in the performance of any of these industry sectors in which we have significant exposure.

Our Bank conducts business through due diligence and takes majorly exposures on the Balance Sheets which have financial covenants as prescribed in the policy of loans and advances. However, a minor portion of borrowers have highly leveraged balance sheet, whereby any future defaults would have an insignificant impact on profitability. On June 3, 2019, the RBI released the Guidelines on LEF applicable to all scheduled commercial banks (other than regional rural banks) with a view to capture exposures and concentration risks more accurately and to align the previous guidelines and instructions on Large Exposures Framework with international norms, which superseded the previous circulars on large exposure framework. As at December 31, 2023 (a) our Bank's ten largest borrowers amounted to ₹ 64,005.27 million, representing 76.38% of our Bank's Tier I Capital, which is ₹ 83,803.77 million; (b) our Bank's exposure to the single largest group borrower as per Large Exposures Framework was ₹ 12,249.80 million representing 14.62% of our Bank's Tier I capital. For further information, please refer to the section entitled "*Selected Statistical Information*" on page 45. If any of such borrowers' default or become non-performing, our exposure to credit risk would increase, and our net profits would decline and, due to the scale of the exposures, our ability to meet capital requirements could be challenging. We cannot assure you that these borrowers will continue to honour their commitments and that there will be no defaults in future and further, that there will not be any delay in payments of interest and/ or principal from these borrowers.

In addition, we offer loans to a wide range of industries and businesses. As of December 31, 2023, our Bank's largest fund-based exposures were to MSME, Agriculture, Housing and NBFC sectors at ₹ 154,250.41 million, ₹ 92,354.22 million, ₹ 110,182.05 million and ₹ 104,659.93 million respectively, and representing 26.41%, 19.22%, 15.80% and 16.53% respectively, of our total fund based exposure (Gross) as on such date. Any financial difficulties experienced by our customers or by particular sectors of the Indian economy to which we have historically had and continue to have significant exposure, could significantly increase our NPA levels and materially and adversely affect our business, results of operations and financial condition and the price of the Equity Shares.

Regulations governing the Indian banking industry

The banking sector in India is subject to stringent regulation and supervision by a number of governmental organizations and regulatory agencies, including the RBI, SEBI, and self-regulatory organisations. The regulatory regime governing banks in India covers various aspects, including corporate governance and market conduct, customer protection, acceptance of deposits, loans and advances, provisioning for NPAs, investments, risk management, foreign investment, foreign exchange management, capital adequacy, margin requirements, know-your customer and anti-money laundering. The RBI also prescribes required levels of lending to "priority sectors" such as agriculture, MSME, export credit, education, housing, social infrastructure, renewable energy etc., which may expose us to higher levels of risk in advances than we may otherwise face. The RBI has revised guidelines on priority sectors lending requirements recently and RBI may further revise their requirements in the future.

The Central Government has since 2013 introduced various economic reforms intended to provide increased control and transparency in the banking and financial services industry. In the recent past, the RBI has introduced additional measures to deal with stressed assets, including the revised framework for resolution of stressed assets issued by the RBI on June 07, 2019, which may increase our provisioning requirements that may impact our financial performance.

The RBI is also authorized in consultation with the Central Government to supersede the board of directors of a bank for a period not exceeding a total period of 12 months, in public interest or to prevent the affairs of any bank from being conducted in a manner detrimental to the interest of the depositors or to ensure proper management. The Central Government has also introduced the Insolvency and Bankruptcy Code, 2016 in May 2016. In order to strengthen banks' ability to effectively resolve stressed assets and enhance transparency, the RBI has issued guidelines on the sale of stressed assets by banks. These guidelines require banks to identify the specific financial assets identified for sale to other institutions, including securitisation companies/ reconstruction companies. Since April 1, 2017, the RBI has implemented revised guidelines for prompt corrective action which enable RBI to implement certain operational restrictions on banks when certain risk thresholds are breached. These measures include restrictions on expansion of branch network, dividend payments, as well as lending limits to an entity or a particular sector. Other similar measures and regulatory developments relating to the Indian banking and financial services industry may have a significant impact on our operations and financial performance.

Substantial portion of our Bank's branches are located in Karnataka making us dependent on the general economic conditions and activities in these regions

As of December 31, 2023, 577 banking outlets out of our 904 banking outlets aggregating to 63.83% of our branch network were located in the State of Karnataka. Any disruption, disturbance or breakdown in the economy of this State could adversely affect our business and results of operations. Further, Karnataka contributed over 59.21%, 58.34%, 59.19%, 58.16% and 59.11%, of our business (advances and deposits) as of Fiscals 2021, 2022, 2023, December 31, 2022 and December 31, 2023, and the respectively. Our concentration in Karnataka exposes us to any adverse geological, ecological, economic, social, political circumstances and/or natural disasters, epidemics or pandemics in that region as compared to other public and private sector banks that have a diversified national or international presence. If there is a sustained downturn in the economy or a sustained change in consumer preferences in that region, our business, results of operations and financial condition may be materially and adversely affected.

We face risks with our operations in geographies where we do not possess the same level of recognition with consumer base and commercial operations. In addition, our competitors may already have established operations in the areas outside Karnataka and we may find it difficult to attract customers in such new areas and successfully compete. We may not be able to successfully manage the risks of such an expansion by our competitors, which could have a material adverse effect on our business, results of operations and financial condition.

SIGNIFICANT ACCOUNTING POLICIES

The following are the significant accounting policies applied by our Bank in preparing its Financial Statements consistently to all the periods presented:

1. REVENUE RECOGNITION

Revenue is recognised on accrual basis, except otherwise stated.

Interest and discount on performing advances and investments is accounted for on accrual basis. Income on discounted instruments is recognised over the tenor of the instrument on a Constant Yield to Maturity method. Interest and discount income is recognised in the Profit and Loss account on realisation basis for the following:

i. Income from Non-Performing Assets (NPAs) including investments as per the RBI prudential norms on Income Recognition and Asset Classification.

ii. Income on Rupee derivatives designated as "Trading".

Commission on Guarantees/Letter of Credit, Funded Interest on Term Loan, Processing Fees, Rent on safe deposit lockers and other fees and incomes are accounted on receipt basis.
Commission on para banking business is accounted on accrual basis.
Dividend Income is recognised when right to receive the dividend is established.
Recoveries in the non performing advances are appropriated as under:

a) In case of Term Loan/DPN, recoveries are appropriated towards principal, interest and charges in order of demand.
b) In case of Overdraft accounts the recoveries are first appropriated towards excess allowed in overdraft account if any, followed by expired sanctioned TOD and then towards interest.
c) In case of One Time Settlement (OTS) accounts the recoveries are first adjusted to principal balance.
d) In case of suit filed accounts, related legal and other expenses incurred are charged to Profit and Loss Account and on recovery the same are accounted as income.
e) Recoveries from advances written-off are recognised in the Profit and Loss account under other income and recovery of Unrealised Interest under Income Interest on Loans & Advances.

Profit or Loss on sale of investments is recognised in the Profit and Loss Account. However, the profit on sale of investments in the “Held to Maturity” category is appropriated (net of applicable taxes and amount required to be transferred to Statutory Reserve account) in accordance with the RBI guidelines. Interest on income tax refund is recognised based on the refund intimation / order received under the provisions of the Income tax Act, 1961 from time to time.

2. INVESTMENTS

2.1 Classification

Investments are classified under the heads “Held to Maturity”, “Available for Sale” and “Held for Trading” categories and are valued in accordance with the RBI guidelines. The value, net of depreciation is shown in the Balance Sheet. For the purposes of disclosure in the Balance Sheet, they are classified under six groups viz. Government Securities, Other Approved Securities, Shares, Debentures and Bonds, Subsidiaries and/or joint ventures and Other Investments.

2.2 Basis of Classification

Investments that are held principally for resale within 90 days from the date of purchase are classified as HFT securities.

- Investments which the Bank intends to hold till maturity are classified as HTM securities.
- Investments which are not classified in the above categories are classified as AFS securities.
- Investments in subsidiaries and joint ventures are classified as HTM except in respect of those investments which are acquired and held exclusively with a view to its subsequent disposal. These investments are classified as AFS.
- An investment is classified as HTM, HFT or AFS at the time of its purchase and subsequent shifting amongst categories is done in conformity with regulatory guidelines.

2.3 Acquisition Cost

Cost of investments is computed based on the weighted average cost method. Cost including brokerage, commission pertaining to investments, paid at the time of acquisition, is charged to the Profit and Loss Account. Broken period interest is charged to the Profit and Loss Account.

2.4 Valuation

Held to Maturity

These are carried at their acquisition cost and are not marked to market. Any premium on acquisition is amortised over the remaining maturity period of the security on a straight-line basis. Provision is recognised for diminution other than temporary in the value of such investments for each investment individually.
Non-performing investments are identified and provision is recognised as per the RBI guidelines.

Held for Trading and Available for Sale categories

Investments classified under HFT and AFS are marked to market as per the RBI guidelines. These securities are valued scrip-wise and any resultant depreciation or appreciation is aggregated for each category. The net depreciation for each category within each group is provided for, whereas the net appreciation for each category is ignored. The book value of individual securities is not changed consequent to periodic valuation of investments.

Traded investments are valued based on the trades / quotes from the recognised stock exchanges, prices declared by Primary Dealers Association of India (‘PDAI’) jointly with Fixed Income Money Market and Derivatives Association (‘FIMMDA’)/Financial Benchmark India Private Limited (‘FBIL’), periodically.

The market value of unquoted government securities which qualify for determining the Statutory Liquidity Ratio (‘SLR’) included in the AFS and HFT categories is computed as per the Yield-to-Maturity (‘YTM’) rates published by FIMMDA/FBIL.

The valuation of other unquoted fixed income securities (viz. State government securities, Other approved securities, Bonds and debentures, Pass through Certificates) wherever linked to the YTM rates, is computed with a mark-up (reflecting associated credit and liquidity risk) over the YTM rates for government securities with similar maturity, published by FIMMDA/FBIL. Unquoted equity shares are valued at the break-up value, if the latest Balance Sheet is available or at ₹ 1 as per the RBI guidelines. Units of mutual funds are valued at the latest repurchase price / net asset value declared by the mutual fund. Treasury bills, commercial papers and certificate of deposits, being discounted instruments, are valued at carrying cost.

Units of Alternate Investment Fund (‘AIF’) held under AFS category are marked to market based on the NAV provided by AIF based on the latest audited financial statements. In case the audited financials are not available for a period beyond 18 months, the investments are valued at ₹ 1 per AIF.

In the event provisions recognised on account of depreciation in the AFS or HFT categories are found to be in excess of the required amount in any year, such excess is recognised in the Profit and Loss Account and subsequently appropriated, from profit available for appropriation, if any, to Investment Reserve Account in accordance with the RBI guidelines after adjusting for income tax and appropriation to Statutory Reserve.

2.5 Security Receipts (SR)

Where sale of stressed asset results in a consideration lower than the value of the stressed assets net of provisions carried there against, the shortfall is debited to Profit & Loss account. Where such sale results in consideration higher than the value of the stressed assets net of provisions carried there against, the excess is netted off against the cost of corresponding SRs to arrive at their Book Value.

SRs issued by Asset Reconstruction Companies (‘ARC’) are valued at Net Asset Value (‘NAV’) declared by the ARC except in respect of stressed assets which are sold on or after Apr 1, 2018 and the Bank holds more than 90% of SRs backed by its sold assets, the provision held against the Book Value of these SRs is higher of provision required in terms of NAV declared by the ARC and provisioning applicable to the underlying loans, assuming that the assets sold notionally continued in the books of the Bank.

2.6 Disposal of Investments

Profit/Loss on sale of investment under the aforesaid three categories is recognised in the Profit and Loss Account. In accordance with the guidelines issued by the Reserve Bank of India, Profit on sale of investments in the Held to Maturity (HTM) category is appropriated to Capital Reserve, net of applicable taxes and amount required to be transferred to Statutory Reserve. The discount if any, on acquisition of investments in Held to Maturity (HTM) category is accounted as follows:

a. on interest bearing securities, it is accounted for at the time of sale/ redemption.
b. on zero-coupon securities, it is accounted for over the balance tenor of the security on a constant yield basis.

2.7 Repo and reverse repo transactions:

Repo and reverse repo transactions are accounted for as secured borrowing/ lending transactions respectively. Borrowing cost on repo transactions is treated as interest expense and income on reverse repo transactions is treated as interest income.

2.8 Short Sale

In accordance with the RBI guidelines, the Bank undertakes short sale transactions in Central Government dated securities. The short positions are reflected in ‘Securities Short Sold (‘SSS’) A/c’, specifically created for this purpose. Such short positions are categorised under HFT category and netted off from investments in the Balance Sheet. These positions are marked-to-market along with the other securities under HFT portfolio and the resultant mark-to-market gains/losses are accounted for as per the relevant RBI guidelines for valuation of investments discussed earlier.

2.9 Non Performing Investments

a. Interest/ instalment (including maturity proceeds) is due and remains unpaid for more than 90 days.
b. In the case of equity shares, in the event the investment in shares of any company is valued at ₹ 1 per company on account of non-availability of the latest balance sheet, those equity shares would be reckoned as NPI.

c. The Bank also classifies an investment as a non-performing investment in case any credit facility availed by the same borrower/entity has been classified as a non-performing asset and vice versa. The above is applied to Preference Shares where the fixed dividend is not paid.
d. The investments in debentures/ bonds, which are deemed to be advance, are also subjected to NPI norms as applicable to investments.

3. DERIVATIVE CONTRACTS

Derivative contracts are designated as hedging or trading and accounted in accordance with Reserve Bank of India's guidelines. Derivative deals for trading are marked to market and net depreciation is recognised while net appreciation is ignored. Derivatives used for hedging are marked to market in cases where the underlying assets/ liabilities are marked to market and income /expenditure is accounted on accrual basis.

4. ADVANCES

4.1 Classification

Advances are classified into (a) Standard; (b) Sub-Standard; (c) Doubtful; and (d) Loss assets, in accordance with the RBI Guidelines and are stated net of provisions made towards Non- performing advances, unrealised interest and claims received from Guarantee corporations. etc. Advances are net of bills rediscounted, Interbank participation with risk, provisions for non- performing advances, floating provisions, unrealised fees and unrealised interest held in suspense account. Credit facility/investment are classified as performing and nonperforming asset as per applicable RBI guidelines.

4.2 Provisioning

Provision for non-performing advances ("**NPAs**") comprising sub-standard, doubtful and loss assets is made in accordance with the RBI guidelines which prescribe minimum provision levels and encourage banks to make a higher provision based on sound commercial judgement.

In case of restructured/rescheduled assets, provision is made in accordance with the guidelines issued by the RBI as applicable.

In case of financial assets sold to Securitisation/Reconstruction Company, if the sale is for the price higher than the net book value, excess provision held is not reversed but retained till redemption of the security receipt, wherever applicable. If the sale is at a price below the net book value (NBV), the shortfall is debited to the Profit and Loss account, as per the RBI Guidelines.

5. FIXED ASSETS

Fixed assets are stated at historical cost (except premises revalued based on values determined by the approved valuers) less accumulated depreciation and impairment, if any. Cost includes incidental expenditure incurred on the assets before they are ready for intended use and taxes and duties to the extent not eligible for input credits if any. Profit on sale of immovable properties are transferred to the Capital Reserves after adjusting for income tax and appropriation to Statutory Reserve.

Computer Software is capitalised along with computer hardware and included under other fixed assets.

6. REVALUATION OF FIXED ASSETS

Portfolio of immovable properties is revalued periodically by an independent valuer to reflect current market valuation. All land and building owned by the Bank and used as branches or offices are grouped under "Land and Building" in the fixed assets category. Appreciation, if any, on revaluation is credited to Revaluation Reserve under Capital Reserves. Additional Depreciation on the revalued asset is charged to the Profit and Loss Account and appropriated from the Revaluation Reserves to Revenue Reserves.

7. DEPRECIATION

Depreciation on fixed assets (including revalued portion thereon) is provided following Straight Line Method (SLM) as per the useful life specified under Schedule II of the Companies Act, 2013, except in respect of computers (including software) where depreciation is provided at a flat rate of 33.33 % as per the RBI guidelines. Where during any financial year, addition has been made to any asset or where any asset has been sold, discarded, demolished or destroyed, the depreciation on such asset is calculated on pro rata basis from the date of such addition or as the case maybe, up to the date on which such asset has been sold, discarded, demolished or destroyed. Premium paid on leasehold properties is charged off over the lease period. Depreciation on leased assets is calculated so as to spread the depreciable amount over the primary lease period.

8. IMPAIRMENT OF ASSETS

The carrying amount of assets is reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. In case of indicators of impairment, an impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. After impairment, depreciation is provided on the revised carrying amount of the asset over remaining useful life.

9. FOREIGN CURRENCY TRANSACTIONS

9.1 Initial Recognition

Foreign currency transactions are recorded in the reporting currency by applying to the foreign currency amount the exchange rate between the reporting currency and foreign currency on the date of the transaction.

9.2 Conversion

Monetary Assets and Liabilities, Forward Exchange Contracts, Guarantees, Letters of Credit, Acceptances, Endorsements and other obligations are evaluated at the closing spot rates/forward rates for the residual maturity of the contract, as notified by the Foreign Exchange Dealers Association of India ('FEDAI') and the resulting profit and loss is recognised in the Profit and Loss account, as per the guidelines issued by RBI.

9.3 Exchange Differences

Exchange difference arising on settlement of monetary items is recognised as income or as expense in the year in which it arises. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction and non-monetary items which are carried at fair value or other similar valuations denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

Foreign exchange forward contracts not intended for trading that are entered into to establish the amount of reporting currency required or available at the settlement date of transactions, which are outstanding at the Balance Sheet date are effectively valued at the closing spot rate. The premium or discount arising at the inception of such a forward exchange contract is amortised as expense or income over the life of the contract.

9.4 Outstanding forward exchange contracts are revalued at the Balance Sheet date at the exchange rates notified by FEDAI and at interpolated rates for contracts of interim maturities. The resultant gain/loss on revaluation is recognised in the Profit and Loss Account in accordance with the RBI/FEDAI guidelines.

9.5 Forward exchange contracts and other derivative contracts which have overdue receivables remaining unpaid over 90 days or more are classified as non-performing assets and provided for as per the extant master circular on Prudential Norms on Income Recognition, Asset Classification and Provisioning issued by the RBI.

10. EMPLOYEE BENEFITS

10.1 Defined Benefit Plan

Liability towards Gratuity, Pension, Sick Leave and En-cashable Leave are determined and recognised in the accounts based on actuarial valuation as at the Balance Sheet date. Gratuity is funded with the Gratuity Trust duly registered under the provisions of the Income-tax Act, 1961. The actuarial gains/losses are recognised as per the Accounting Standard 15.

10.2Defined Contribution Scheme

Contribution made by the Bank to the Provident Fund and Contributory Pension Scheme in the form of retirement benefits are charged to the Profit and Loss account. There is no other obligation other than the contribution payable to the fund.
Short term employee benefits are accounted for on actual basis.

11. EMPLOYEE SHARE BASED PAYMENTS

In accordance with the SEBI (Share Based Employee Benefits) Regulations, 2021 / Guidance Note on Accounting for the Employee Share-based Payments issued by The Institute of Chartered Accountants of India ('ICAI'), the cost of equity-settled transactions is measured using intrinsic value method for all options granted on or before 31 March 2021.

RBI vide its clarification dated 30th August, 2021, circular reference no. RBI/2021-22/95 DOR.GOV.REC.44/29.67.001/2021-22 on Guidelines on Compensation of Whole Time Directors/ Chief Executive Officers/ Material Risk Takers and Control Function Staff, advised Banks that fair value of share-linked instruments on the date of grant should be recognised as an expense for all instruments. For options granted after March 31, 2021, the Bank follows the fair value method and recognise the fair value of such option computed using the Black- Scholes model without reducing estimated forfeitures, as compensation expense over the vesting period.

12. SEGMENT REPORTING

The Bank recognises the Business Segment as the Primary Reporting Segment and Geographical Segment as the Secondary Reporting Segment, in accordance with the RBI guidelines and in compliance with Accounting Standard 17. Business Segment is classified into (a) Treasury, (b) Corporate/ Wholesale Banking, (c) Retail Banking and (d) Other Banking Operations and revenues /expenses allocated in accordance with the RBI guideline. Further, 'Digital Banking' has been identified as a Sub–segment under Retail Banking as required in extant guidelines of the Reserve Bank of India (RBI) Geographical Segment consists only of Domestic Segment since the Bank does not have any foreign branches.

13. EARNINGS PER SHARE

Basic Earnings per share are calculated by dividing the net profit or loss for the year attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted Earnings per share are computed by dividing the net profit or loss for the year attributable to the equity shareholders using the weighted average number of equity shares and dilutive potential equity shares outstanding at the year end.

14. TAXATION

Tax expenses comprise current and deferred taxes. Current income tax is measured as the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961, rules framed thereunder and after due consideration of the judicial pronouncement and legal opinions.

Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Changes in deferred tax assets / liabilities on account of changes in enacted tax rates are given effect to in the Profit and Loss Account in the period of change.

Deferred tax assets and liabilities are recognised for future tax consequences of timing differences between the carrying values of assets and liabilities and their respective tax bases, and operating loss carry forwards.

Deferred tax is recognized subject to consideration of prudence on timing difference being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent period. In the event of unabsorbed depreciation and carry forward losses and items relating to capital losses, deferred tax assets are recognized only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available to realize such assets. In other situations, deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available to realize these assets.

Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off.

Deferred tax assets are reviewed at each balance sheet date and appropriately adjusted.

15. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A provision is recognised when there is an obligation as a result of past event, it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation as at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Bank or a present obligation that arises from past events that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. The Bank does not recognize a contingent liability but discloses its existence in the financial statements.

Contingent liabilities on account of foreign exchange contracts, letters of credit, bank guarantees and acceptances and endorsements denominated in foreign currencies and outstanding as at the Balance Sheet date are translated at year end rates notified by the FEDAI.

Contingent assets are not recognized in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognized in the period in which the change occurs.

16. NET PROFIT

The net profit disclosed in the Profit & Loss Account is after making provisions for (i) Taxes, (ii) Non Performing Assets, (iii) Standard Advances, (iv) Restructured advances, (v) Depreciation on Investments and (vi) other necessary and applicable provisions.

17. LEASES

Leases where the Lessor effectively retains substantially all risks and benefits of ownership of the leased item are classified as operating leases. Operating lease payments are recognised on SLM basis as an expense in the Profit and Loss Account over the lease term in accordance with AS-19.

18. ACCOUNTING FOR DIVIDEND DECLARED / PAID

The Bank is not required to provide for dividend proposed/ declared after the balance sheet date. The same shall be appropriated from next year from amount available for appropriation next year.

19. CASH AND CASH EQUIVALENT

Cash and cash equivalents include cash in hand, balances with the RBI, balances with other banks and money at call and short notice.

20. CORPORATE SOCIAL RESPONSIBILITY

Expenditure towards corporate social responsibility, in accordance with the Companies Act, 2013, are recognised in the Profit and Loss account.

PRINCIPAL COMPONENTS OF STATEMENT OF PROFIT AND LOSS

Income

Our income comprises of interest earned and other income.

Interest Earned

Income from interest earned comprises of interest/ discount on advances/ bills, income on investments, interest on balances with RBI or other inter-bank funds and other interest income such as interest on tax refunds, RIDF, CCIL and TREPS lending. Income from investments consists of interest on Central and State Government securities, interest on debentures/bonds/ certificate of deposit, treasury bills and dividend income.

Other Income

Other income consists of income from commission, exchange and brokerage, profit on sale of investments (net), profit on revaluation of investments (net), profit/ (loss) on sale of land, buildings and other assets (net), profit on exchange transactions, (net) income earned by way of dividends etc., from subsidiaries or companies and/ or joint ventures abroad in India and miscellaneous income. Miscellaneous income primarily includes locker rent, insurance commission, recovery of written off accounts, income from solvency certificate, rent and insurance, JA fees, mutual fund, electronic payment processing, demat services and other miscellaneous receipts.

Expenditure

Interest Expended

Our interest expended consists of interest on deposits, interest on RBI/ inter-bank borrowings and others.

Operating Expenses

Our operating expenses consist principally of payment to and provisions for employees, rent, taxes and lighting, printing and stationery, advertisement and publicity, depreciation, directors fees, allowances and expenses, auditors fees and expenses (including branch audit fees), law charges, postage, telegrams, telephones, repair and maintenance, insurance and other expenditure.

Provisions and Contingencies

Our provisions and contingencies predominantly comprises provision for bad and doubtful debts, provision for standard advance provision on income tax including deferred tax, provision on depreciation on investment, provision for security receipts and others.

Key performance ratios

The table below sets forth summaries of certain of the Bank's standalone key operating and financial performance parameters, as of and for the periods indicated below:

(₹ in million, except percentage data)

Particulars	Nine months ended December 31, 2023	Nine months ended December 31, 2022	Fiscal 2023	Fiscal 2022	Fiscal 2021
Gross total advances(1)	697,409.72	636,733.38	613,027.83	577,693.41	527,250.91
Total deposits(2)	921,953.90	845,965.33	873,680.12	803,868.45	756,548.62
Credit to deposit ratio (terminal) (in %)(3)	75.64%	75.27%	70.17%	71.86%	69.69%
Yield on advances (in %)(4)	9.92%	9.20%	9.41%	8.84%	9.05%
Cost of funds (in %)(5)	5.34%	4.60%	4.74%	4.74%	5.40%
Interest Income(6)	60,979.42	52,509.23	72,202.31	62,216.64	62,324.15
Other Income(7)	8,995.07	5,973.44	9,925.75	9,538.77	14,042.02
Total Income(8)	69,974.49	58,482.67	82,128.06	71,755.41	76,366.17
Interest Expense(9)	36,332.47	29,258.77	40,351.27	37,306.28	40,492.27

Particulars	Nine months ended December 31, 2023	Nine months ended December 31, 2022	Fiscal 2023	Fiscal 2022	Fiscal 2021
Net interest income(10)	24,646.95	23,250.46	31,851.04	24,910.36	21,831.88
Net interest margin (in %)(11)	3.57%	3.63%	3.70%	3.18%	2.91%
Cost to income ratio (in %)(12)	50.55%	47.90%	47.14%	52.57%	46.81%
Profit after Tax(13)	10,320.40	8,264.85	11,802.43	5,086.20	4,825.70
Return on average equity (in %)(14)	15.18%	14.74%	15.42%	7.41%	7.65%
Return on average assets (in %)(15)	1.32%	1.14%	1.21%	0.56%	0.57%
Credit Cost (in %)(16)	0.67%	0.90%	1.48%	1.04%	2.38%
Gross NPAs(17)	25,367.17	20,857.28	22,929.08	22,508.21	25,884.05
Gross NPAs ratio (in %)(18)	3.64%	3.28%	3.74%	3.90%	4.91%
Net NPAs(19)	10,600.58	10,408.84	10,212.68	13,769.66	16,450.52
Net NPAs ratio (in %)(20)	1.55%	1.66%	1.70%	2.42%	3.19%
Provisioning coverage ratio (including technical write off) (in %)(21)	80.75%	80.21%	80.86%	73.47%	69.99%
Tier I capital adequacy ratio (in %)(22)	13.66%	12.20%	14.18%	12.65%	12.34%
Tier II capital adequacy ratio (in %)(23)	2.22%	2.93%	3.27%	3.01%	2.51%
Total capital adequacy ratio (in %)(24)	15.88%	15.13%	17.45%	15.66%	14.85%
CASA ratio (in %)(25)	31.45%	31.91%	32.97%	32.97%	31.49%
Total Assets	1,099,899.61	995,722.43	990,583.39	915,839.93	856,154.29

Notes:

(1) Gross total advances = Total of all customer advances/lending portfolio of our Bank to whom our Bank has extended loans/advances, includes CC/OD, term loan, bills, demand loans, staff loans etc.

(2) Total deposits = Total of all customer deposits with our Bank (liability) including current accounts, savings accounts and term deposit accounts.

(3) Credit to deposit ratio (terminal) (in %) = (Total advances divided by deposits) x 100

(4) Yield on advances (in %) (annualised) = (Interest on advances divided by average advances) x 100

(5) Cost of funds (in %) (annualised) = (Interest expenses divided by average interest-bearing liabilities) x 100

(6) Interest income = Includes interest and discount on all types of loans and advances like cash credit, demand loans, overdrafts, export loans, term loans, domestic and foreign bills purchased and discounted (including those rediscounted), interest on debt instruments (including Government securities), overdue interest and also penal interest, interest subsidy, etc., if any, relating to such advance/bills.

(7) Other income = All income other than interest income

(8) Total income = Interest income plus other income

(9) Interest expense = These are interest paid on deposits and borrowings. It includes interest paid on all types of deposits including deposits from individuals, banks and other institutions, discount/ interest on all borrowings and refinance (including those from the RBI, other banks and financial institutions). All other payments like interest on participation certificates, penal interest paid, etc. also form part of interest expenses.

(10) Net interest income = Total interest earned less total interest expended

(11) Net interest margin (in %) (annualised) = (Net interest income divided by average interest earning assets) x 100

(12) Cost to income ratio (in %) = (Operating expenses divided by net total income) x 100

(13) Profit after tax = Total income less total expenses less all provisions including tax provisions

(14) Return on average equity (in %) (annualised) = (Net profit divided by average equity) x 100

(15) Return on average assets (in %) (annualised) = (Net profit divided by average working fund) x 100

(16) Credit cost (in %) = (Provision for NPA/Net advances) x 100

(17) Gross NPAs = Total NPA portfolio of our Bank includes substandard, doubtful and loss

(18) Gross NPAs ratio (in %) = (Gross NPA divided by Gross advances) x 100

(19) Net NPAs = Gross NPAs less provisions less balances held under ECGC/CGC less SL suspense

(20) Net NPAs ratio (in %) = (Net NPA divided by Net Advances) x 100

(21) Provisioning coverage ratio (including technical write off) (in %) = [(Closing NPA provisions + Balance lying in technical write off GL+ Balances held in DICGC/ECGC + Balances held in SL-Suspense GL) divided by (Gross NPA + Balance lying in technical write off GL)] x 100

(22) Tier I capital adequacy ratio (in %) = [Total Tier 1 capital (Equity plus reserves under Tier I) divided by Total risk weighted assets] x 100

(23) Tier II capital adequacy ratio (in %) = (Total eligible provisions plus Tier II Capital divided by Total risk weighted assets) x 100

(24) Total capital adequacy ratio (in %) = (Total of Tier I and Tier II capital divided by Total risk weighted assets) x 100

(25) CASA ratio (in %) = [Total of current account deposits (including overdue deposits) plus Savings Bank deposits divided by Total Deposits] x 100

RESULTS OF OPERATIONS

NINE MONTHS PERIOD ENDED DECEMBER 31, 2023 COMPARED TO NINE MONTHS PERIOD ENDED DECEMBER 31, 2022

Particulars	Nine months ended December 31, 2023		Nine months ended December 31, 2022	
	Amount (₹ in million)	% of Total Income	Amount (₹ in million)	% of Total Income
INCOME				
Interest earned	60,979.42	87.15%	52,509.23	89.79%
Other income	8,995.07	12.85%	5,973.44	10.21%
Total Income (A)	**69,974.49**	**100.00%**	**58,482.67**	**100.00%**
EXPENDITURE				
Interest expended	36,332.47	51.92%	29,258.77	50.03%
Operating expenses	17,006.76	24.30%	13,999.17	23.94%
Provisions and contingencies	6,314.85	9.02%	6,959.88	11.90%
Total Expenditure (B)	**59,654.08**	**85.25%**	**50,217.82**	**85.87%**
PROFIT				
Net Profit / (Loss) after taxes (A-B)	10,320.41	14.75%	8,264.85	14.13%
Total	**69,974.49**	**100.00%**	**58,482.67**	**100.00%**

INCOME

Interest Earned

Interest earned increased by 16.13% to ₹ 60,979.49 million in nine months period ended December 31, 2023 from ₹ 52,509.23 million in nine months period ended December 31, 2022. This increase was primarily attributable to (i) increase in interest/ discount on advances/ bills by 17.52% to ₹ 47,921.14 million in nine months period ended December 31, 2023 from ₹ 40,776.55 million in nine months period ended December 31, 2022 primarily due to increase in the loan and advances portfolio of our Bank, which was on account of increase in levels of advances received by our Bank and increase in average yield on the portfolio and (ii) increase in income on investments 6.29% to ₹ 11,166.91 million in nine months period ended December 31, 2023 from ₹ 10,506.21 million in nine months period ended December 31, 2022.

Other Income

Other income increased by 50.58% to ₹ 8,995.07 million in nine months period ended December 31, 2023 from ₹ 5,973.44 million in nine months period ended December 31, 2022. The increase was primarily due to mark-to-margin loss booked by our Bank on the alternative financial services portfolio in the nine months period ended December 31, 2022, while such loss was not book in the nine months period ended December 31, 2023.

EXPENDITURE

Interest Expended

Interest expended increased by 24.18% to ₹ 36,332.47 million in the nine months period ended December 31, 2023 from ₹ 29,258.77 million in nine months period ended December 31, 2022 primarily due to increase in the average cost of funds and the deposit base.

Operating Expenses

Operating expenses increased by 21.48% to ₹ 17,006.76 million in nine months period ended December 31, 2023 from ₹ 13,999.17 million in nine months period ended December 31, 2022. This increase was primarily due to increase in provision for staff superannuation benefit on account of change in the discount rate adopted by the actuary for valuation of the obligation.

Provisions and Contingencies

Provisions and contingencies decreased by 9.27% to ₹ 6,314.85 million in nine months period ended December 31, 2023, from ₹ 6,959.88 million in nine months period ended December 31, 2022, primarily due to an decrease in the provision for NPAs.

NET PROFIT FOR THE YEAR

For the reasons discussed above, net profit increased by 24.87% to ₹ 10,320.41 million in nine months period ended December 31, 2023, from ₹ 8,264.85 million in nine months period ended December 31, 2022.

FISCAL YEAR ENDED MARCH 31, 2023 COMPARED TO FISCAL YEAR ENDED MARCH 31, 2022

Particulars	Fiscal 2023		Fiscal 2022	
	Amount (₹ in million)	**% of Total Income**	**Amount (₹ in million)**	**% of Total Income**
INCOME				
Interest earned	72,202.31	87.91%	62,216.64	86.71%
Other income	9,925.75	12.09%	9,538.77	13.29%
Total Income (A)	**82,128.06**	**100.00%**	**71,755.41**	**100.00%**
EXPENDITURE				
Interest expended	40,351.27	49.13%	37,306.28	51.99%
Operating expenses	19,694.54	23.98%	18,109.17	25.24%
Provisions and contingencies	10,279.82	12.52%	11,253.76	15.68%
Total Expenditure (B)	**70,325.63**	**85.63%**	**66,669.21**	**92.91%**
PROFIT				
Net Profit for the year (A-B)	11,802.43	14.37%	5,086.20	7.09%
Profit brought forward	1,358.18	1.65%	854.73	1.19%
APPROPRIATIONS	**13,160.61**	**16.02%**	**5,940.93**	**8.28%**
TOTAL	**82,128.06**	**100.00%**	**71,755.41**	**100.00%**

INCOME

Interest Earned

Interest earned increased by 16.05% to ₹ 72,202.31 million in Fiscal 2023 from ₹ 62,216.64 million in Fiscal 2022. This increase was primarily attributable to (i) increase in interest/ discount on advances/ bills by 17.88% to ₹ 55,849.07 million in Fiscal 2023 from ₹ 47,378.84 million in Fiscal 2022 due to increase in the loan and advances portfolio of our Bank, which was on account of increase in levels of advances received by our Bank and increase in average yield on the portfolio and (ii) increase in income on investments 8.57% to ₹ 14,223.49 million in Fiscal 2023 from ₹ 13,101.19 million in Fiscal 2022.

Other Income

Other income increased by 4.06% to ₹ 9,925.75 million in Fiscal 2023 from ₹ 9,538.77 million in Fiscal 2022. The increase was primarily due to (i) increase in commission, exchange and brokerage 34.92% to ₹ 5,614.69 million in Fiscal 2023 from ₹ 4,161.36 million in Fiscal 2022 due to increase in the recovery amount from the return on accounts and increase in the overall business volume.

EXPENDITURE

Interest Expended

Interest expended increased by 8.16% to ₹ 40,351.27 million in Fiscal 2023 from ₹ 37,306.28 million in Fiscal 2022 primarily due to (i) increase in interest on deposits by 5.64% to ₹ 37,868.61 million in Fiscal 2023 from ₹ 35,846.47 million in Fiscal 2022 due to increase in the average cost of funds and the deposit base; and (ii) increase in interest on RBI/ Inter-bank borrowings by 35.31% to ₹ 533.46 million in Fiscal 2023 from ₹ 394.25 million in Fiscal 2022 due to increase in the refinancing facility from financial institution at an increased cost in Fiscal 2023 as compared to the cost incurred in Fiscal 2022.

Operating Expenses

Operating expenses increased by 8.75% to ₹ 19,694.54 million in Fiscal 2023 from ₹ 18,109.17 million in Fiscal 2022. This increase was primarily due to increase in provision for staff superannuation benefit on account of change in the discount rate adopted by the actuary for valuation of the obligation.

Provisions and Contingencies

Provisions and contingencies decreased by 8.49% to ₹ 10,297.82 million in Fiscal 2023 from ₹ 11,253.76 million in Fiscal 2022, primarily due to an decrease in the provision for NPAs.

NET PROFIT FOR THE YEAR

For the reasons discussed above, net profit increased by 132.05% to ₹ 11,802.43 million in Fiscal 2023 from ₹ 5,086.20 million in Fiscal 2022.

FISCAL YEAR ENDED MARCH 31, 2022 COMPARED TO FISCAL YEAR ENDED MARCH 31, 2021

The table below provide the data for the Fiscal years 2022 and 2021, expressed in absolute values as well as expressed as percentage of total income of the respective years:

Particulars	**Fiscal 2022**		**Fiscal 2021**	
	Amount (₹ in million)	**% of Total Income**	**Amount (₹ in million)**	**% of Total Income**
INCOME				
Interest earned	62,216.64	86.71%	62,324.15	81.61%
Other income	9,538.77	13.29%	14,042.02	18.39%
Total Income (A)	**71,755.41**	**100.00%**	**76,366.17**	**100.00%**
EXPENDITURE				
Interest expended	37,306.28	51.99%	40,492.27	53.02%
Operating expenses	18,109.17	25.24%	16,791.09	21.99%
Provisions and contingencies	11,253.76	15.68%	14,257.11	18.67%
Total Expenditure (B)	66,669.21	**92.91%**	**71,540.47**	**93.68%**
PROFIT				
Net Profit for the year (A-B)	5,086.20	7.09%	4,825.70	6.32%
Profit brought forward	854.73	1.19%	1,016.81	1.33%
APPROPRIATIONS	**5,940.93**	**8.28%**	**5,842.51**	**7.65%**
TOTAL	**71,755.41**	**100.00%**	**76,366.17**	**100.00%**

INCOME

Interest Earned

Interest earned decreased by 0.17% to ₹ 62,216.64 million in Fiscal 2022 from ₹ 62,324.15 million in Fiscal 2021. This decrease was primarily attributable to (i) decrease in interest/ discount on advances/ bills by 4.04% to ₹ 47,378.84 million in Fiscal 2022 from ₹ 49,372.92 million in Fiscal 2021 due to reduction in the lending rate in line with the industry practice.

Other Income

Other income decreased by 32.07% to ₹ 9,538.77 million in Fiscal 2022 from ₹ 14,042.02 million in Fiscal 2021. The decrease was primarily due to (i) decrease in profit (net) on sale of investments by 92.21% to ₹ 486.57 million in Fiscal 2022 from ₹ 6,247.89 million in Fiscal 2021 due to the favourable market conditions Bank booked profit by sale of Government Securities.

EXPENDITURE

Interest Expended

Interest expended decreased by 7.87% to ₹ 37,306.28 million in Fiscal 2022 from ₹ 40,492.27 million in Fiscal 2021 primarily due to (i) decrease in interest on deposits by 6.91% to ₹ 35,846.47 million in Fiscal 2022 from ₹ 38,507.83 million in Fiscal 2021 due to continuous review of the interest rates offered on Term Deposit by the Bank in view of surplus liquidity available and (ii) decrease in other interest expended by 32.14% to ₹ 1,065.56 million in Fiscal 2022 from ₹ 1,570.23 million in Fiscal 2021 due to repayment of long term borrowings and Refinance availed.

Operating Expenses

Operating expenses increased by 7.85% to ₹ 18,109.17 million in Fiscal 2022 from ₹ 16,791.09 million in Fiscal 2021. This increase was primarily due to increase in provision for staff superannuation benefit on account of change in the discount rate adopted by the actuary for valuation of the obligation.

Provisions and Contingencies

Provisions and contingencies decreased by 21.07% to ₹ 11,253.76 million in Fiscal 2022 from ₹ 14,257.11 million in Fiscal 2021, primarily due to decrease in the provision for NPAs.

NET PROFIT FOR THE YEAR

For the reasons discussed above, net profit increased by 5.40% to ₹ 5,086.20 million in Fiscal 2022 from ₹ 4,825.70 million in Fiscal 2021.

LIQUIDITY AND CAPITAL RESOURCES

The Bank regularly monitors its funding levels to ensure that it is able to satisfy requirements of loan disbursements and those that would arise upon maturity of liabilities. The Bank maintains diverse sources of funding and liquid assets to facilitate flexibility in meeting its liquidity requirements.

Cash Flows

The following table sets forth our statement of cash flows for nine months period ended December 31, 2023, Fiscal 2023, 2022 and 2021:

(₹ in million)

Particulars	Nine months ended December 31, 2023	Fiscal 2023	Fiscal 2022	Fiscal 2021
Net cash flow from operating activities	(8,171.90)	18,300.80	(4,670.27)	33,687.61
Net cash flow (used in) investing activities	(695.89)	(874.18)	(563.63)	(874.01)
Net cash flow from / (used in) financing activities	886.58	(199.52)	(3,554.19)	(8,852.84)
Net (decrease) / increase in cash and cash equivalents	**(7,981.21)**	**17,227.10**	**(8,788.09)**	**23,960.76**

Operating Activities

Net cash from operating activities was ₹ (8,171.90) million for the nine-months period ended December 31, 2023, while the net cash flow from operating activities was ₹ 5,724.26 million for the nine-months period ended December 31, 2022. This negative cash flow from operating activities resulted primarily from increase in level of advances and other assets and increase in gross investments.

Net cash from operating activities was ₹ 18,300.80 million in Fiscal 2023, while net profit after tax and extra ordinary items for the period was ₹ 11,802.43 million. This positive cash flow from operating activities resulted primarily from decrease in advances and other assets of ₹ (80,080.75) million, decrease in investments of ₹ (15,705.92) million, increase in deposits, borrowings and other liabilities of ₹ 91,354.33 million.

Net cash from operating activities was ₹ (4,670.27) million in Fiscal 2022, while net profit after tax and extra ordinary items for the period was ₹ 5,086.20 million. This positive cash flow from operating activities resulted primarily from decrease in advances and other assets of ₹ (65,613.33) million, decrease in investments of ₹ 6,102.68 million and increase in deposits, borrowings and other liabilities of ₹ 51,158.51 million.

Net cash from operating activities was ₹ 33,687.61 in Fiscal 2021, while net profit after tax and extra ordinary items for the period was ₹ 4,825.70 million. This positive cash flow from operating activities resulted primarily from decrease in advances and other assets of ₹ (46,535.29) million, increase in investments of ₹ 43,111.80 million and increase in deposits, borrowings and other liabilities of ₹ 9,714.18 million and change in revenue reserve of ₹ 1,893.70 million.

Investing Activities

Net cash used in investing activities was ₹ (695.89) million for the nine-months period ended December 31, 2023, primarily attributable to purchase of fixed assets of ₹ (698.06) million, sale of fixed assets of ₹ 4.67 million and investment in wholly owned subsidiary – KBL Services Limited of ₹ 2.50 million.

Net cash used in investing activities was ₹ (874.18) million in Fiscal 2023, primarily attributable to purchase of fixed assets of ₹ (887.04) million, sale of fixed assets of ₹ 17.86 million and investment in wholly owned subsidiary – KBL Services Limited of ₹ 5 million.

Net cash used in investing activities was ₹ (563.63) million in Fiscal 2022, primarily attributable to purchase of fixed assets of ₹ 565.24 million, sale of fixed assets of ₹ 6.62 million and investment in wholly owned subsidiary – KBL Services Limited of ₹ 5 million.

Net cash used in investing activities was ₹ (874.01) million in Fiscal 2021, primarily attributable to purchase of fixed assets of ₹ 876.11 million and sale of fixed assets of ₹ 7.11 million and investment in wholly owned subsidiary – KBL Services Limited of ₹ 5 million.

Financing Activities

Net cash generated from financing activities was ₹ 886.58 million in the nine-months period ended December 31, 2023 and ₹ (745.80) million in the nine-months period ended December 31, 2022 primarily attributable to raising additional capital by way of a preferential issue in November 2023.

Net cash generated from financing activities was ₹ (199.52) million in Fiscal 2023, primarily attributable to proceeds from issue of share capital (net of expenses) ₹ 60.14 million, repayment of long term borrowings of ₹ 985.51 million and dividend paid (including tax on dividend) of ₹ (1,245.17) million.

Net cash generated from financing activities was ₹ (3,554.19) million in Fiscal 2022, primarily attributable to proceeds from issue of share capital (net of expenses) ₹ 12.49 million, and out flow on account of and repayment of term borrowings of ₹ (3,007.12) million and dividend payment of ₹ (559.57) million.

Net cash generated from financing activities was ₹ (8852.84) million in Fiscal 2021, primarily attributable to proceeds from issue of share capital (net of expenses) ₹ (0.28) million and repayment of term borrowings of ₹ (8852.56) million.

Financial Condition

As of March 31, 2023, 2022 and 2021, our net worth (excluding revaluation reserves) was ₹ 77,029.20 million, ₹ 66,357.79 million and ₹ 61,770.82 million, respectively.

Assets

The table below sets forth details in relation to the principal components of the Bank's and our assets as at the dates indicated below:

(₹ in million)

Assets	Nine months ended December 31, 2023	Nine months ended December 31, 2022	Fiscal 2023	Fiscal 2022	Fiscal 2021
Cash and balances with Reserve Bank of India	52,207.87	48,338.21	52,042.35	39,572.21	48,661.49
Balances with banks and money at call and short notice	1,405.60	487.16	9,552.33	4,795.37	4,494.18
Investments	244,326.99	231,360.68	233,263.67	220,409.97	216,351.85
Advances	682,161.55	625,321.06	599,516.22	567,831.40	515,158.46
Fixed assets	8,916.23	8,583.15	8,752.20	8,181.60	8,383.60
Other assets	110,881.37	81,632.17	87,456.62	75,049.38	63,104.71
TOTAL	**1,099,899.61**	**995,722.43**	**990,583.39**	**915,839.93**	**856,154.29**

Assets amounted to ₹ 990,583.39 million as of March 31, 2023, compared to ₹ 915,839.93 million as of March 31, 2022, and ₹ 856,154.29 million as of March 31, 2021. Further, the Assets amounted to ₹ 1,099,899.61 million as of nine months period ended December 31, 2023, as compared to 995,722.43 million as of nine months period ended December 31, 2022.

Total assets increased by 8.16% to ₹ 990,583.39 million as of March 31, 2023, from ₹ 915,839.93 million as of March 31, 2022. This increase was primarily due to increase in (i) balances with banks and money at call and short notice by 99.20% to ₹ 9,552.33 million as of March 31, 2023 from ₹ 4,795.37 million as of March 31, 2022, (iii) investments by 5.83% to ₹ 233,263.67 million as of March 31, 2023 from ₹ 220,409.97 million as of March 31, 2022, (iv) advances by 5.58% to ₹ 599,516.22 million as of March 31, 2023 from ₹ 567,831.40 million as of March 31, 2022, and (v) other assets by 16.53% to ₹ 87,456.62 million as of March 31, 2023 from ₹ 75,049.38 million as of March 31, 2022.

Total assets increased by 6.97% to ₹ 915,839.93 million as of March 31, 2022, from ₹ 856,154.29 million as of March 31, 2021. This increase was primarily due to increase in (i) balances with banks and money at call and short notice by 6.70% to ₹ 4,795.37 million as of March 31, 2022 from ₹ 4,494.18 million as of March 31, 2021, (iii) investments by 1.88% to ₹ 220,409.97 million as of March 31, 2022 from ₹ 216,351.85 million as of March 31, 2021, (iv) advances by 10.22% to ₹ 567,831.40 million as of March 31, 2022 from ₹ 515,158.46 million as of March 31, 2021, and (v) other assets by 18.93% to ₹ 75,049.38 million as of March 31, 2022 from ₹ 63,104.71 million as of March 31, 2021. This was marginally offset by a 18.68% decrease in Cash and balances with Reserve Bank of India to ₹ 39,572.21 million as of March 31, 2022, from ₹ 48,661.49 million as of March 31, 2021 and 2.41% decrease in fixed assets to ₹ 8,181.60 million as of March 31, 2022 from ₹ 8,383.60 million as of March 31, 2021

Investments

The following table sets forth a breakdown of our investments as of the dates indicated:

(₹ in million)

Particulars	Nine months ended December 31, 2023	Nine months ended December 31, 2022	As of March 31,		
			2023	2022	2021
I. Investments in India (Gross)	248,913.15	237,232.70	238,710.95	224,035.52	219,120.22
Less: Provision / depreciation	4,586.16	5,872.03	5,447.28	3,625.55	2,768.37
Net value of Investments in India	**244,326.99**	**231,360.68**	**233,263.67**	**220,409.97**	**216,351.85**
Break-up:					
1. Government Securities	229,830.53	213,900.34	217,274.64	201,330.88	192,451.92
2. Other Approved Securities	-	-	-	-	-
3. Shares	784.23	1,011.29	987.24	861.77	815.20
4. Debentures and Bonds	13,121.48	16,112.43	14,912.13	16,334.10	13,771.93
5. Subsidiaries and/or Joint Ventures	17.50	15.00	15.00	10.00	5.00
6. Units and Gold	573.25	321.61	74.66	1,873.23	9,307.80
Total	**244,326.99**	**231,360.68**	**233,263.67**	**220,409.97**	**216,351.85**
II. Investments outside India	**-**	**-**	**-**	**-**	**-**
TOTAL (I+II)	**244,326.99**	**231,360.68**	**233,263.67**	**220,409.97**	**216,351.85**

Our investments mainly represent investments in government securities, investments in debt instruments such as debentures and bonds of public sector undertakings and corporates, investments in equity shares and investment in associate entities and others.

Investments increased by 5.83% to ₹ 233,263.67 million as of March 31, 2023, from ₹ 220,409.97 million as of March 31, 2022, primarily due to increase in deposits over the years and corresponding increase in the SLR requirement and increase in the available investable surplus.

Investments increased by 1.88% to ₹ 220,409.97 million as of March 31, 2022, from ₹ 216,351.85 million as of March 31, 2021, primarily due to increase in deposits over the years and corresponding increase in the SLR requirement and increase in the available investable surplus.

Capital and Liabilities

The table below sets forth details in relation to the principal components of the Bank's capital and liabilities as at the dates indicated below:

(₹ in million)

Capital and Liabilities	Nine months ended December 31, 2023	Nine months ended December 31, 2022	As of March 31,		
			2023	2022	2021
Capital	3,467.58	3,119.52	3,123.52	3,111.74	3,108.79
Reserves and Surplus	95,401.63	75,454.15	79,010.10	67,835.57	63,314.75
Deposits	921,953.90	845,965.33	873,680.12	803,868.45	756,548.62
Borrowings	55,327.06	50,689.12	15,627.20	23,138.43	17,648.80
Other Liabilities and Provisions	23,749.44	20,494.31	19,142.45	17,885.74	15,533.33
TOTAL	**1,099,899.61**	**995,722.43**	**990,583.39**	**915,839.93**	**856,154.29**

Capital was ₹ 3,467.58 million as of nine-months ended December 31, 2023, ₹ 3,123.52 million as of March 31, 2023, ₹ 3,111,74 million as of March 31, 2022, and 3,108.79 million of March 31, 2021.

Total capital and liabilities increased by 10.46% to ₹ 1,099,899.61 million as of nine-month period ended December 31, 2023 from ₹ 995,722.43 million as of nine month period ended December 31, 2022, primarily on account of increases in capital, reserves and surplus, deposits, borrowings and other liabilities and provisions.

Total capital and liabilities increased by 8.16% to ₹ 990,583.39 million as of March 31, 2023, from ₹ 915,839.93 million as of March 31, 2022, primarily on account of increases in capital, reserves and surplus, deposits, borrowings and other liabilities and provisions.

Total capital and liabilities increased by 6.97% to ₹ 915,839.93 million as of March 31, 2022, from ₹ 856,154.29 as of March 31, 2021, primarily on account of increases reserves and surplus, deposits and other liabilities and provisions.

Borrowings

The following table sets forth a breakdown of our borrowings as of the dates indicated:

(₹ in million)

Particulars	Nine months ended December 31, 2023	Nine months ended December 31, 2022	As of March 31,		
			2023	2022	2021
I. Borrowings in India					
1. Reserve Bank of India	32,411.76	35,642.82	-	8,496.73	-
2. Other Banks	4,000.00	-	-	-	-
3. Other Institutions and Agencies	12,715.30	4,846.30	5,427.20	1,941.70	7,948.80
4. Subordinated Debts for Tier II Capital	6,200.00	10,200.00	10,200.00	12,700.00	9,700.00
TOTAL (I)	**55,327.06**	**50,689.12**	**15,627.20**	**23,138.43**	**17,648.80**
II. Borrowings outside India	-	-	-	-	-
TOTAL (I + II)	**55,327.06**	**50,689.12**	**15,627.20**	**23,138.43**	**17,648.80**

Our borrowings mainly comprise borrowings in India from the RBI, other banks, institutions and agencies and subordinated debts for Tier II Capital.

Other Liabilities and Provisions

The following table sets forth a breakdown of our other liabilities and provisions as of the dates indicated:

(₹ in million)

Particulars	Nine months ended December 31, 2023	Nine months ended December 31, 2022	As of March 31,		
			2023	2022	2021
I. Bills Payable	1,745.24	1,831.69	2,318.39	3,079.51	2,228.55
II. Inter Office adjustments (Net)	-	5.15	5.13	5.30	0.15
III. Interest accrued	1,500.45	1,073.40	897.17	683.37	605.31
IV. Deferred Tax Liability (Net)	-	-	-	-	-
V. Others (including Provisions)	20,503.75	17,584.06	15,921.76	14,117.56	12,699.33
TOTAL	**23,749.44**	**20,494.31**	**19,142.45**	**17,885.74**	**15,533.33**

Other liabilities and provisions represent bills payable, net inter-office adjustments, interest accrued, deferred tax liability and other provisions.

Capital Adequacy (CRAR)

We calculate our Capital to Risk Weighted Assets Ratio under Basel III guidelines. The Bank's CRAR under Basel III was 15.88% and 17.45% as of nine months period ended December 31, 2023 and Fiscal 2023. The Bank's regulatory capital and capital adequacy ratios calculated under Basel III as of the dates indicated, are as follows:

Sr. No.	Particulars	As of nine months ended December 31, 2023
REGULATORY CAPITAL		**(*₹ in million*)**
(i)	Tier I capital	83,803.77
(ii)	Tier II capital	13,597.21
TOTAL CAPITAL		97,400.98
REGULATORY CAPITAL		**As % of RWAs**
(i)	Common Equity Tier I Ratio	11.16
(ii)	Capital Conservation Buffer (comprising Common Equity)	2.50
(iii)	Common Equity Tier I Ratio plus Capital Conservation Buffer (i)+(ii)	13.66
(iv)	Additional Tier I capital	NIL
(v)	Tier I capital adequacy ratio (i) +(iv)	13.66%
(vi)	Tier II capital	2.22%
(vii)	Total Capital Ratio (MTC) (v)+(vi)	15.88%
(viii)	Total Capital Ratio plus Capital Conservation Buffer (vii)+(ii)	18.38%

Sr. No.	Particulars	As of March 31, 2023
REGULATORY CAPITAL		**(*₹ in million*)**
(i)	Tier I capital	75,706.61
(ii)	Tier II capital	17,418.69
TOTAL CAPITAL		93,125.30
REGULATORY CAPITAL		**As % of RWAs**
(i)	Common Equity Tier I Ratio	11.68%
(ii)	Capital Conservation Buffer (comprising Common Equity)	2.50%
(iii)	Common Equity Tier I Ratio plus Capital Conservation Buffer (i)+(ii)	14.18%
(iv)	Additional Tier I capital	NIL
(v)	Tier I capital adequacy ratio (i) +(iv)	11.68%
(vi)	Tier II capital	3.26%
(vii)	Total Capital Ratio (MTC) (v)+(vi)	14.94%
(viii)	Total Capital Ratio plus Capital Conservation Buffer (vii)+(ii)	17.45%

Capital Expenditure

Our capital expenditure consists principally of expenditure relating to branch network expansion as well as investment in technology and communication infrastructure. In Fiscal 2023, 2022, and 2021, our Bank capitalised ₹ 723.03 million, ₹ NIL million and ₹ 9.27 million respectively, as capital expenditure in connection with the expansion of our premises network. In Fiscal 2023, 2022 and 2021, our Bank capitalised ₹ 360.19 million, ₹ 296.04 million, and ₹ 758.78 million, respectively, on expenditures in connection with information technology infrastructure. In other area the bank has incurred capital expenditure of ₹ 228.25 million, ₹ 144.59 million and ₹ 108.40 million in Fiscal 2023, 2022 and 2021, respectively.

Contingent Liabilities

Our contingent liabilities primarily relate to liabilities on account of outstanding forward exchange contracts that we enter into on our own account and on behalf of our customers. Guarantees given on behalf of entities, acceptances, endorsements, claims against us not acknowledged as debts and other obligations also form part of our contingent liabilities. Claims against us not acknowledged as debts represent claims filed against us in the normal course of business relating to various legal cases currently in progress. These also include other contingent liabilities primarily balances transferred to Depositors Education and Awareness (DEAF) Fund.

The table below sets forth, as of the dates indicated, the principal components of our Bank's contingent liabilities as of the dates indicated:

(₹ in million)

Particulars	Nine-months ended December 31, 2023	Nine-months ended December 31, 2022	As of March 31		
			2023	2022	2021
Claims against the Bank not acknowledged as debts	456.53	403.32	398.99	500.66	487.84
Liability for partly paid investments	-	-	-	-	-
Liability on account of outstanding forward exchange contracts	38,591.25	47,800.68	38,606.54	43,717.35	38,730.52
Guarantees given on behalf of constituents					
a. In India	52,423.18	46,443.66	49,906.75	39,614.20	34,724.80
b. Outside India	-	-	.00	.00	.00
Acceptances, endorsements and other obligations	9,266.10	9,785.40	9,021.13	10,204.95	8,622.90
Other items for which the Bank is contingently liable	2,891.91	2,924.50	3,090.59	2,532.71	1,308.80
TOTAL	**103,628.98**	**107,357.56**	**101,024.00**	**96,569.87**	**83,874.86**

RELATED PARTY TRANSACTIONS

Our Bank enters into various transactions with related parties in the ordinary course of business. These transactions principally include remuneration paid to KMPs and others. For further information relating to our related party transactions, see "*Financial Information*" on page 296.

OFF-BALANCE SHEET ARRANGEMENTS

There are no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that we believe are material to investors.

QUALITATIVE DISCLOSURE ABOUT RISKS AND RISK MANAGEMENT

We are exposed to various risks that are an inherent part of any banking business, with the major risks being credit risk, market risk, liquidity risk and operational risk. We have various policies and procedures in place to measure, manage and monitor these risks systematically across all its portfolios. For further information about the types of risks and our risk management policies, see "*Business – Risk Management*" on page 195.

For the Bank's interest rate sensitivity analysis, see "*Selected Statistical Information — Asset liability gap and interest sensitivity data*" on page 56.

UNUSUAL OR INFREQUENT EVENTS OR TRANSACTIONS

Except as described in this Placement Document, there have been no other events or transactions that, to the Bank's knowledge, may be described as "unusual" or "infrequent."

SEGMENT INFORMATION

We have classified our business operations into three business segments on the basis of our organisational structure, namely: (a) Treasury, (b) Corporate/ Wholesale Banking, (c) Retail Banking and (d) Other Banking Operations and revenues / expenses allocated in accordance with the RBI guidelines.

QUALIFICATIONS, RESERVATIONS AND ADVERSE REMARKS

There are no reservations, qualifications or adverse remarks highlighted by the auditors in their reports to our financial statements for the last five Fiscals preceding the date of this Placement Document.

SIGNIFICANT DEVELOPMENTS AFTER DECEMBER 31, 2023 THAT MAY AFFECT OUR FUTURE RESULTS OF OPERATIONS

Except as disclosed below, to our knowledge, no circumstance have arisen after December 31, 2023, which materially and adversely affects, or is likely to affect, our operations or profitability, or the value of our assets, or our ability to pay our material liabilities within the next 12 months:

1. On February 17, 2024, our Bank exercised call option for redemption of Basel III compliant Tier II Bonds of ₹ 3,200 million.
2. On February 28, 2024, our Bank allotted 3,772,730 Equity Shares for cash pursuant to a preferential issue as per the relevant provisions of the SEBI ICDR Regulations at a price of ₹ 265.06 per Equity Share aggregating to ₹ 1,000 million (including share premium).

INDUSTRY OVERVIEW

The information in this section includes extracts from publicly available documents from various sources and has not been prepared or independently verified by our Bank, the BRLMs or any of their affiliates or advisers. Data in this section may have been re-classified by us for the purposes of presentation. The accuracy and completeness of the industry sources and publications referred to by us, and the underlying assumptions on which such sources and publications are based, are not guaranteed and their reliability cannot be assured. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. Further, statements in this section that are not statements of historical fact constitute "forward- looking statements". Such forward-looking statements are subject to various risks, assumptions and uncertainties and certain factors could cause actual results to materially differ. Accordingly, prospective investors should not base their investment decision, or otherwise place undue reliance, on this information. If one source is used for an entire paragraph, the source for the information in that paragraph is given at the end of that paragraph.

Global Macroeconomic Outlook

The global economic recovery from the COVID-19 pandemic, Russia's invasion of Ukraine, and the cost-of-living crisis is proving surprisingly resilient. Inflation is falling faster than expected from its 2022 peak, with a smaller-than-expected toll on employment and activity, reflecting favourable supply-side developments and tightening by central banks, which has kept inflation expectations anchored. At the same time, high interest rates aimed at fighting inflation and a withdrawal of fiscal support amid high debt are expected to weigh on growth in 2024. *(Source: World Economic Outlook Update: Moderating Inflation and Steady Growth Open Path to Soft Landing, January 2024)*

Global growth is projected at 3.1% in CY 2024 and 3.2% in CY 2025. The forecast for 2024–25 is, however, below the historical (2000–19) average of 3.8%, with elevated central bank policy rates to fight inflation, a withdrawal of fiscal support amid high debt weighing on economic activity, and low underlying productivity growth. Inflation is falling faster than expected in most regions, in the midst of unwinding supply-side issues and restrictive monetary policy. Global headline inflation is expected to fall to 5.8% in 2024 and to 4.4% in 2025. With disinflation and steady growth, the likelihood of a hard landing has receded, and risks to global growth are broadly balanced. *(Source: World Economic Outlook Update: Moderating Inflation and Steady Growth Open Path to Soft Landing, January 2024)*

Indian Economy

The Indian economy's GDP at Current Prices in the year Fiscal 2024 is estimated at ₹ 296.58 trillion, as against ₹272.41 trillion for Fiscal 2023 showing a growth of 8.9% (*Source: Ministry of Statistics and Programme Implementation, Press note January 5, 2024)* India has become the fifth largest economy in the world, surpassing the U.K. and France. *(Source: World Bank GDP Ranking 2022)*

Amidst strong global headwinds, the Indian economy is expected to have recorded a growth of 7.0% in real GDP in Fiscal 2023. A sustained recovery in discretionary spending, particularly in contact intensive services, restoration of consumer confidence, high festival season spending after two consecutive yearsof COVID-19 induced isolation and the government's thrust on capex provided impetus to the growth momentum. In the second half of the year, however, the pace of year-on-year growth moderated because of unfavourable baseeffects, weakening private consumption demand caused by high inflation, slowdown in export growth and sustained input cost pressures. *(Source: RBI, Annual Report 2022-2023)*

Like many other economies, India also experienced a surge in inflation during Fiscal 2023, primarily reflecting the impact of overlapping global supply shocks and pass-through of higher input costs. The sharp increase in global prices of crude oil, food, fertilisers and metals, along with renewed supply disruptions in the aftermath of the war, exerted broad-based price pressures during the first half of the year. As a result, inflation reached a peak of 7.8% in April 2022. Following gradual normalisation of global supply chains, softening global commodity prices, targeted supply management measures by the government and successive hikes in the policy repo rate by the RBI, inflation moderated in the second half of the year. Overall, headline inflationincreased to 6.7% in Fiscal 2023 from 5.5% in Fiscal 2022. *(Source: RBI, Annual Report 2022-2023*India's per capita net national income (at Fiscal 2011-2012 prices) during Fiscal 2024 is estimated to attain a levelof ₹ 1,04,550 as compared to ₹ 98,374 in Fiscal 2023, giving a growth of 6.3% during Fiscal 2023, as well as theprevious year. The per capita net national income at current prices during Fiscal 2024 is estimated to be ₹ 1,85,854showing a growth of 7.9%, as compared to ₹ 172,276 during Fiscal 2023. *(Source: Press Note on First Advance Estimates of National Income 2023-24, National Statistical Office, Ministry of Statistics & Programme Implementation, Government of India dated January 5, 2024).* The Quick Estimates of Index of Industrial Production with base Fiscal 2011-2012 for the month of December 2023 was at 151.5 as compared to 141.0 and 144.5 for November 2023 and October 2023, respectively. *(Source: Quick Estimates of Index of Industrial Production and Use-Based Index for the month of December, 2023).* Fiscal deficit was ₹17,37,755 crore (actuals) in Fiscal 2023, and based on revised estimates was ₹17,34,773 crore in Fiscal 2024. Based on budget estimates, fiscal deficit is expected to be ₹16,85,494 crore in Fiscal 2025. Disinvestment receipts amounted to 135,344 million and ₹352,935 million (actuals) in Fiscal 2022 and Fiscal 2023 respectively. Based on budget estimates, disinvestment receipts are expected to be ₹300,000 million in Fiscal 2024. *(Source: Interim Union Budget 2024-25, Budget at a Glance, https://dipam.gov.in/past-disinvestment accessed on March 9, 2024).*

CPI headline inflation stood at 5.1% in January 2024 due to a m-o-m decline in food prices by around 60 bps, while fuel and core group (i.e., excluding food and fuel) witnessed a positive momentum of around 40 bps and 30 bps, respectively. However, coreinflation (CPI inflation excluding food and fuel) declined to 3.5% in January 2024. *(Source: RBI Bulletin - February 2024 published on February 20, 2024)*.CPI inflation is projected at 5.4% for fiscal 2024, with Q4 fiscal 2024 at 5.0%. Assuming a normal monsoon next year,CPI inflation for Q1 fiscal 2025 is projected at 5.0%; Q2 fiscal 2025 at 4.0%; and Q3 fiscal 2025 at 4.6%. (*Source:Reserve Bank of India, Resolution of the Monetary Policy Committee (MPC) February 6-8, 2024*)

In the Monetary Policy Committee Meeting held in February 2024 the committee, basis of an assessment of the current and evolving macroeconomic situation, decided to keep the policy repo rate under the LAF unchanged at 6.50%. Consequently, the SDF rate remainedunchanged at 6.25% and the MSF rate and the bank rate at 6.75%. These decisionswere made with the objective of achieving the medium-term target for CPI inflation of 4% within a band of +/- 2%, while supporting growth. *(Source: Reserve Bank of India, Resolution of the Monetary Policy Committee (MPC) February 6-8, 2024)*

Growth Outlook

Domestic economic activity is strengthening. As per the first advance estimates released by the NSO, real GDP is expected to grow by 7.3%, year-on-year (y-o-y) in fiscal 2024, underpinned by strong investment activity. On the supply side, GVA expanded by 6.9% in Fiscal 2024, with manufacturing and services sectors as the key drivers. (*Source: Reserve Bank of India, Resolutionof the Monetary Policy Committee (MPC)February 6-8, 2024)*

Looking ahead, recovery in rabi sowing, sustained profitability in manufacturing and underlying resilience of services should support economic activity in fiscal 2025. Among the key drivers on demand side, household consumption is expected to improve, while prospects of fixed investment remain bright owing to upturn in the private capex cycle, improved business sentiments, healthy balance sheets of banks and corporates; and government's continued thrust on capital expenditure. Improving outlook for global trade and rising integration in global supply chain will support net external demand. Headwinds from geopolitical tensions, volatility in international financial markets and geoeconomic fragmentation, however, pose risks to the outlook. Taking all these factors into consideration, real GDP growth for fiscal 2025 is projected at 7.0% with Q1 fiscal 2025 at 7.2%; Q2 fiscal 2025 at 6.8%; Q3 fiscal 2025 at 7.0% and Q4 fiscal 2025 at 6.9%. (*Source: Reserve Bank of India, Resolution of the Monetary Policy Committee (MPC) February 6-8, 2024*)

Indian Banking Authority

The RBI was established on April 1, 1935 in accordance with the provisions of the Reserve Bank of India Act, 1934. The central office of the RBI was initially established in Kolkata but was permanently moved to Mumbai in 1937. The central office is where the Governor sits and where policies are formulated. Though originally privately owned, since nationalization in 1949, the RBI has been fully owned by the GoI. The RBI performs a supervisory function under the guidance of the Board for Financial Supervision. The Board was constituted in November 1994 as a committee of the Central Board of Directors of the RBI. *(Source: RBI, About Us, available at https://www.rbi.org.in/Scripts/AboutusDisplay.aspx#MF)*

Impact of Liberalization on the Indian Financial Sector

Until 1991, the financial sector in India was heavily controlled and commercial banks and long-term lending institutions had mutually exclusive roles and objectives, operating in a largely stable environment with little to nocompetition. Long-term lending institutions were focused on achieving the GoI's various socioeconomic objectives, including balanced industrial growth and employment creation, especially in areas requiring development. Long-term lending institutions were extended access to long-term funds at subsidised rates through loans and equity from the GoI, funds guaranteed by the GoI originating from commercial banks in India and foreign currency resources from multilateral and bilateral agencies. The focus of commercial banks was primarily to mobilise household savings through demand and time deposits and to use these deposits to meet the short-termfinancial needs of borrowers in industry, trade and agriculture. In addition, commercial banks provided a range ofbanking services to individuals and business entities. *(Source: RBI Circular on Approach to Universal Banking dated April 28, 2001, available at http://www.rbi.org.in/scripts/NotificationUser.aspx?Mode=0&Id=368#anx1).*

However, since 1991, there have been comprehensive changes in the Indian financial system. Various financial sector reforms have transformed the operating environment of banks and long-term lending institutions. Inparticular, the deregulation of interest rates, the emergence of a liberalised domestic capital market and the entryof new private sector banks, along with the broadening of long-term lending institutions' product portfolios, haveprogressively intensified the competition between banks and long-term lending institutions. The RBI has permitted the transformation of long-term lending institutions into banks subject to compliance with the prudential standards applicable to banks. *(Source: RBI Circular on Approach to Universal Banking dated April 28, 2001, available at http://www.rbi.org.in/scripts/NotificationUser.aspx?Mode=0&Id=368#anx1)*

Introduction to the Indian Financial Sector

The RBI, the central banking and monetary authority of India, is the central regulatory and supervisory authority for the Indian financial system. A variety of financial intermediaries in the public and private sectors participate in India's financial sector, including (i) commercial banks, comprising: private sector banks, regional rural banks ("RRBs"), public sector banks ("PSBs"), foreign banks, co-operative banks, small finance banks and payment banks; (ii) long-term lending institutions; (iii) NBFCs, including HFCs; (iv) other specialized financial institutions and state-level financial institutions; (v)insurance companies; (vi) micro-finance companies; and (vii) mutual funds.

Set forth below are the details of financial intermediaries in the public and private sectors participating in India's financial sector:

Scheduled Commercial Banks ("SCBs")

Scheduled commercial banks in India have traditionally focused on meeting the short-term financial needs of industry, trade and agriculture. In recent years, they have also focused on increasing long-term financing to sectors like infrastructure. Scheduled commercial banks are banks that are listed in the second schedule to the RBI Act and are further categorized as public sector banks, private sector banks, small finance banks, payments banks, regional rural banks and foreign banks. *(Source: RBI, List of Scheduled Commercial Banks (SCBs) available at https://m.rbi.org.in/scripts/bs_viewcontent.aspx?Id=3657, accessed on March 9, 2024)*

Public Sector Banks ("PSBs")

Public sector banks are SCBs with significant government shareholding. PSBs constitute the largest category of banks in the Indian banking system. These include the 12 nationalised banks, as of January 2024 *(Source: RBI, List of SCBs, Accessed on March 9, 2024)* In Fiscal 2020, the GoI announced several additional amalgamations of public banks: the amalgamation of Canara Bank with Syndicate Bank; the amalgamation of United Bank of India and Oriental Bank of Commerce with Punjab National Bank; the amalgamation of Andhra Bank and Corporation Bank with our Bank; and the amalgamation of Allahabad Bank with Indian Bank, all of which were effective from April 1, 2020. Following these amalgamations, the number of PSBs is 12 as at April 1, 2020, down from 27 as at March 31, 2017.

Private Sector Banks

Most large banks in India were nationalised in 1969, resulting in PSBs making up the largest portion of Indian banking. The GoI's focus on PSBs was maintained throughout the 1970s and 1980s. In addition, existing private sector banks that showed signs of an eventual default were merged with state-owned banks. In July 1993, as part of the banking reform process and as a measure to induce competition in the banking sector, the RBI permitted entry of the private sector into the banking system. This resulted in the introduction of private sector banks. *(Source: Banking Law and Practice by Mishra Sukhvinder, Chapter 5: Commercial Banks, p. 176)* As of February 2024, there were a total of 21 private banks. *(Source: RBI, List of SCBs, accessed on March 9, 2024)*.

Foreign Banks

According to the RBI, there were 45 foreign banks operating in India as of January 2024. *(Source: RBI, List of SCBs, accessed on March 9, 2024)* Foreign banks may operate in India by establishing wholly owned subsidiaries,which are allowed to raise rupee resources through the issue of non-equity capital instruments, as allowed to domestic banks. In addition, wholly owned subsidiaries of foreign banks may be allowed to open branches in TierI to Tier VI centres except at specified locations considered sensitive for national security reasons. Establishmentof a wholly owned subsidiary would require approval of the RBI which would be subject to various factors including economic and political relations with the parent bank's country of incorporation and reciprocity with the parent bank's home country. The regulatory framework for a subsidiary of a foreign bank is substantially similar to the regulatory framework applicable to domestic banks, including with respect to management, directedlending, investments and branch expansion. Wholly owned subsidiaries of foreign banks may, after further review,be permitted to enter into merger and acquisition transactions with Indian private sector banks, subject to adherence to the foreign ownership limit of 49% under the automatic route and 74% under the government approval route that is currently applicable to Indian private sector banks. *(Source: RBI - Scheme for Setting up ofWholly Owned Subsidiaries (WOS) by foreign banks in India and Consolidated FDI Policy notified by the DPIIT under DPIIT File Number 5(2)/2020- FDI Policy dated the October 15, 2020, effective from October 15, 2020).*

Co-operative Banks

The RBI continues to play a key role in strengthening the co-operative banking sector by fortifying the regulatory and supervisory framework. The primary responsibility of the DCBS is supervising urban co-operative banks UCBs and ensuring the development of a safe and well- managed co-operative banking sector. The Banking Regulation (Amendment) and Miscellaneous Provisions Act,2004, which came into effect on September 24, 2004, specifies that all multistate co-operative banks are under the supervision and regulation of the RBI. Accordingly, the RBI is currently responsible for the supervision and regulation of urban co-operative societies, state co-operative banks and district central co-operative banks. The wide network of co-operative banks, both rural and urban, supplements the commercial banking network for deepening financial intermediation by bringing a large number of depositors/borrowers under the formal bankingnetwork.

According to the RBI, there are 34 state co-operative banks, 49 scheduled urban co-operative banks and 1434 non-scheduled urban co-operative banks. *(Source: RBI. List of Co-operative Banks, accessed on March 9, 2024)*

Non-Banking Financial Companies

The primary activities of the non-banking financial companies are providing consumer credit, including automobile finance, home finance and consumer durable products finance, factoring, microfinance, wholesale finance products such as bill discounting for small and medium companies and infrastructure finance, and fee-based services such as investment banking and underwriting. All non-banking financial companies are required to register with the RBI.

Depending upon the line of activity, NBFCs are categorised into different types such as Asset Finance Company, Loan Company, Infrastructure Finance Company, securitisation/asset reconstruction companies, Investment Company, (Systemically Important) Core Investment Company, Infrastructure Debt Fund – NBFC, NBFC – Micro Finance Institution, NBFC – Factors, Mortgage Guarantee Companies, NBFC – Non-Operative Financial Holding Company. *(Source: RBI, Discussion Paper on Wholesale & Long-Term Finance Banks, April 2017)*

There were 9,356 NBFCs registered with the RBI as at September 30, 2023, of which 26 were deposit accepting ("**NBFCs-D**") and 507 were systemically important non-deposit accepting NBFCs ("**NBFCs-ND-SI**"). *(Source: RBI available at https://rbi.org.in/Scripts/BS_NBFCList.aspx, accessed on March 9, 2024).* As per the framework for scale-based regulation for NBFCs by RBI released on October 22, 2021, regulatory structure for NBFCs shall comprise of four layers based on their size, activity and perceived riskiness. NBFCs inthe lowest layer shall be known as NBFC - Base Layer (NBFC-BL). NBFCs in middle layer and upper layer shallbe known as NBFC - Middle Layer (NBFC-ML) and NBFC - Upper Layer (NBFC-UL) respectively. The Top layer is ideally expected to be empty and will be known as NBFC - Top Layer (NBFC-TL). *(Source: RBI availableat https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12179&Mode=0)*

Housing Finance Companies

HFCs are specialised institutions which extend housing credit, along with SCBs. Effective August 9, 2019 HFCs are being regulated as a category of NBFCs, after the transfer of regulation of HFCs to the Reserve Bank by amendment of the National Housing Bank Act, 1987.

Furthermore, with a view of harmonising the regulations between HFCs and NBFCs in a phased manner, HFCs have undergone several legislative/regulatory changes. As of February 2024, there were 95 HFCs, of which only 12 were deposit taking entities. *(Source: NHB, List of HFCs in India, available at https://nhb.org.in/list-of-companies/, accessed on March 9, 2024)*

Microfinance Institutions

Microfinance institutions form a distinct sub-group of non-banking financial companies. They focus on providing access to small-scale financial services, especially to the poor, and play an important role in delivering credit to people at the bottom of the economic pyramid. Microfinance institutions differ from other financial service providers as they do not depend on grants or subsidies to provide unsecured loans to borrowers with low incomes and no access to the mainstream banking system. They encompass a host of financial institutions engaged in advancing loans to low-income groups. The essential features of microfinance loans are that they are of small amounts, have short tenures, are extended without collateral, and require a frequency of loan repayments that is greater than that for traditional commercial loans. These loans are generally taken for income-generating activities but are also provided for consumption, housing and other purposes. *(Source: RBI Bulletin, Microfinance: Reaching out to the Bottom of the Pyramid dated September 11, 2020)*

Regional Rural Banks

Regional rural banks were formed under the Regional Rural Bank Act, 1976 with a view towards developing the rural economy by providing, for the purpose of developing agriculture, trade, commerce, industry and other productive activities in the rural areas, credit and other facilities, particularly to the small and marginal farmers, agricultural labourers, artisans and small entrepreneurs, and for matters connected therewith and incidental thereto. *(Source: Department of Financial Services)* In Fiscal 2021-2022, ₹ 1,08,900 Mn was allocated for the recapitalisation of RRBs to help in greater adoption of technology, accompanied by operational and governance reforms *(Source: Key Statistics & Financial Statements Of Regional Rural Banks 31 March 2023, NABARD)*

As of March 2023, there were 43 RRBs sponsored by 12 SCBs, with 21,995 branches, and operations extending to 30.5 crore deposit accounts and 2.9 crore loan accounts (*Source: https://www.nabard.org/auth/writereaddata/WhatsNew/0109235107final-key-statistics-of-rrbs-2022-23.pdf, accessed on March 9, 2024*)

Long-Term Lending Institutions

Long-term lending institutions were established to provide medium-term and long-term financial assistance to various industries for setting up new projects and expanding and modernising existing facilities. These institutions provided fund-based and non-fund-based assistance to industries in the form of loans, underwriting and direct subscription to shares, debentures and guarantees.

Long-term lending institutions were expected to play a critical role in Indian industrial growth and, accordingly, had access to concessional government funding. However, in recent years, the operating environment of long-term lending institutions has changed substantially. Although the initial role of these institutions was largely limited to providing a channel for government funding to industries, the reform process required such institutions to expand the scope of their business activities, including into fee-based activities like investment banking and advisory services and into short-term lending activities including corporate finance and working capital loans.Pursuant to the recommendations of the Narasimham Committee II and the Khan Working Group in 1998, a working group was created in 1999 to harmonise the role and operations of long-term lending institutions and banks. The RBI, in its mid-term review of monetary and credit policy for Fiscal 2000, announced that long-term lending institutions would have the option of transforming themselves into banks subject to compliance with the prudential norms applicable to banks. In April 2001, the RBI issued guidelines on several operational and regulatory issues which were required to be addressed in evolving a path for conversion of a long-term lending institution into a universal bank.

Small Finance Banks

The objective of small finance banks is to further financial inclusion by providing savings vehicles and supplying credit to small business units, small and marginal farmers, micro and small industries and other unorganized sector entities through high technology-low cost operations. The RBI granted in-principle approvals to ten small finance banks in September 2015 pursuant to which all ten small finance banks have started operations. (*Source: Draft Guidelines for 'on tap' Licensing of Small Finance Banks in the Private Sector and RBI - RBI grants "In-principle" Approval to 10 Applicants for Small Finance Banks. Available at https://www.rbi.org.in*)

In December 2019, the RBI released guidelines for 'on tap' licensing of small finance banks *(Source: Guidelines for 'on tap' Licensing of Small Finance Banks in the Private Sector. Available at https://www.rbi.org.in)*. As of February 2024, there are 12 SFBs operational in India. *(Source: RBI. List of Small Finance Banks, March 9, 2024. Available at https://www.rbi.org.in)*

On October 30, 2023, the Board of Directors of AU Small Finance Bank Limited ("**AU SFB**") and Fincare Small Finance Bank Limitedd ("**Fincare SFB**") at their respective meetings approved an all stock merger of AU SFB and Fincare SFB. *(Source: https://www.aubank.in/press-releases_21-au-small-finance-bank-and-fincare-small-finance-bank-announce_merger_october30_23.pdf)* The merger has received the approval of RBI and Competition Commission of India.

Payment Banks

The RBI has liberalised the licensing regime for banks in India and intends to issue licences on an ongoing basis, subject to meeting the RBI's criteria. The RBI is supportive of creating more specialised banks and granting differentiated banking licences, e.g., for payment banks and small finance banks. The RBI also plans to create wholesale and long-term finance banks in the near future. In November 2014, the RBI released guidelines for licensing payment banks and for licensing of small finance banks in the private sector. On August 19, 2015, the RBI granted in-principle approval to 11 applicants to set up payment banks. (*Source: RBI Press Release dated August 19, 2015. Available at https://www.rbi.org.in)*. As of February 2024, there are four (4) payments banks in India *(Source: RBI. List of Payment Banks, accessed on March 9, 2024)*

Other Financial Institutions

Specialised Financial Institutions

In addition to the long-term lending institutions, there are various specialised financial institutions which cater tothe specific needs of different sectors. These include the NABARD, the EXIM Bank, SIDBI, Risk Capital and Technology Finance Corporation Limited, Tourism Finance Corporation of India Limited, the NHB, Power Finance Corporation Limited, Infrastructure Development Finance Corporation Limited, the Industrial Investment Bank of India, the North Eastern Development Finance Corporation and the India Infrastructure Finance Company. *(Source: Report on Trend and Progress of Banking in India, 2003-04).* Tosupport the long-term infrastructure financing in India, the Government set-up the National Bank for Financing Infrastructure and Development (NaBFID) in 2021. *(Source: RBI Press Release dated March 9, 2022. Available at https://www.rbi.org.in)*

State Financial Institutions

State financial corporations ("**SFCs**") operate at the state level and form an integral part of the institutional financing system. State financial corporations were set up to finance and promote small and medium-sized enterprises. State financial institutions are expected to achieve balanced regional socio-economic growth by generating employment opportunities and widening the ownership base of industries. At the state level, there arealso state industrial development corporations, which primarily finance medium-sized and large enterprises. *(Source: Report on Trend and Progress of Banking in India, 2003-04)*

Insurance Companies

The General Insurance Corporation of India, a re-insurance company, the Life Insurance Corporation of India and other public sector general insurance companies provide long-term financial assistance to the industrial sector.

The insurance sector in India is regulated by the IRDAI.In December 1999, the Indian Parliament passed the Insurance Regulatory and Development Authority Act, 1999, which amended the Insurance Act, 1938 and opened up the Indian insurance sector for foreign and private investors. The Insurance Act, 1938 was further amended by the Insurance Law (Amendment) Act, 2015 which raised permitted foreign equity participation in new insurance companies from 26.00% to 49.00%. Insurance companies are required to be Indian-owned and controlled. In this context, "Control" includes the right to appoint a majority of the Directors or control management or policy decisions by virtue of shareholding, management rights, shareholders' agreements or voting agreements. Therefore, both ownership and control are required to remain in Indian hands. Further, the amendment permitted insurers to raise capital through instruments other than equity. (*Source: DPIIT, Consolidated FDI Policy (Effective from October 15, 2020))*

In its monetary and credit policy for Fiscal 2001, the RBI issued guidelines governing the entry of banks and financial institutions into the insurance business. The guidelines permit banks and financial institutions to enter the business of insurance underwriting through joint ventures, provided they meet stipulated criteria relating to their net worth, capital adequacy ratios, profitability track record, level of non-performing loans and the performance of their existing subsidiary companies. *(Source: RBI Monetary and Credit Policy 2000- 2001)*

As announced in the Union Budget for Fiscal 2021-2022, the limit of foreign investment in Indian insurance companies has been raised from the existing 49% to 74%. This brings the insurance sector at par with the private banking sector. The act will enable global insurance companies to take more strategic and long-term view on the Insurance sector in India, thereby bringing in greater inflow of long-term capital, global technology, processes, and international best practices. (*Source: Monthly Economic Review, March 2021, Economic Division, Department of Economic Affairs, Government of India*)

Mutual Funds

The mutual funds industry was opened up to the private sector in 1993. The industry is regulated by the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.

In June 2009, the SEBI removed the entry load, up-front charges deducted by mutual funds for all mutual fund schemes and required that the up-front commission to distributors should be paid by the investor to the distributor directly. In November 2009, to enhance the reach and marketability of mutual fund schemes, the SEBI permitted the use of stock exchange terminals to facilitate transactions in mutual fund schemes, as a result of which mutual fund units can now be traded on recognized stock exchanges. In February 2010, the SEBI introduced guidelines for the valuation of money market and debt securities with a view to ensure that the value of money market and debt securities in the portfolio of mutual fund schemes reflect the current market value. The valuation guidelines were effective from August 1, 2010.

In the month ended February, 2024, the aggregate average assets under management for mutual funds (excluding fund of funds - domestic but including fund of funds - overseas) was ₹ 54,52,487.01 crore, and aggregate average assets under management for mutual funds (domestic fund of funds) was ₹ 74,446.96 crore. The total number of schemes as of February 2024 was 1,529 (*Source: Association of Mutual Funds in India, Monthly Report for the Month of February 2024).* On April 27, 2020, the RBI opened a special liquidity facility for mutual funds with a view to ease liquidity pressures on mutual funds. Under such a facility, the RBI would conduct repo operations of 90 days tenor at the fixed repo rate in an on-tap and open-ended manner, starting April 27, 2020 and up to May 11, 2020 or up to the full usage of the allocated amount, whichever is earlier. Funds availed under this facility are to be used by banks exclusively for meeting mutual funds' liquidity requirements by extending loans and outright purchase of, and/ or repos against, the collateral of investment grade corporate bonds, commercial papers,debentures and certificates of Deposit held by mutual funds. Liquidity support availed under this facility will be classified as HTM even in excess of 25.0% of the total investment permitted to be included in the HTM portfolio.Exposures under this facility will also not be considered under the large exposure framework or for computationof adjusted non-food bank credit for determining priority sector targets/ sub-targets, and they will be exempt frombanks' capital market exposure limits. *(Source: RBI, Press Release dated April 27, 2020)*

Key Banking Industry Trends in India

The soundness and resilience of India's banking sector has been underpinned by ongoing improvement in asset quality, enhanced provisioning for bad loans, sustained capital adequacy and rise in profitability. Credit growth remains robust, mainly driven by lending to services and personal loans. Deposit growth has also gained momentum due to transmission of previous rate increases resulting in repricing of deposits and higher accretion to term deposits. Lending by NBFCs accelerated, led by personal loans and loans to industry, and their asset quality has improved. Bilateral exposures among entities in the Indian financialsystem continued to expand. The asset quality of SCBs recorded sustained improvement and their GNPA ratio declined in September 2023 to an 11-year low level a). Their NNPA ratio toohas improved to a record low. Among bank groups, PSBs' GNPA ratio improved the most (82 bps) in H1 fiscal 2024. With the stock of GNPA coming down, requirement of provisions also reduced; however, active and deep provisioning by SCBs was reflected in their improved provisioning coverage ratio (PCR) in September 2023. (*Source: RBI - Financial Stability Report Issue No. 28, December 2023*)

Performance – Assets and Earnings

The SCBs credit growth (y-o-y), which started picking up during Fiscal 2022, sustained its momentum and gathered pace to touch 20.6% as on February 23, 2024. The increase has been broad-based across geography, economic sectors, population groups, organisations, type of accounts and bank groups. Aggregate deposits recorded some moderation, growing (y-o-y) at 13.1% (as on February 23, 2024). *(Source: RBI – Scheduled Banks' Statement of Position in India, February 23, 2024)*

CASA growth moderated (y-o-y) at 5.3% in September 2023 whereas term deposits attracted accretions in response to rising interest rates. PSBs continued to record much higher credit growth (30.4%, y-o-y) than PSBs (13.3%, y-o-y) in September 2023.The share of services and personal loans (61.5% of total) in total advances inched up with credit growth outpacinggrowth in personal loans and services advances in September 2023. Within personal loans segment, credit growth became broad based with housing loans growing over 40%. (*Source: RBI - Financial StabilityReport Issue No. 28, December 2023*)

The NIM of SCBs remained high in September 2023. A growing NII and other operating income and coupled with a decline in the need for additional provisions, resulted in their PAT rising by 43.0 per cent (y-o-y) in September 2023. PAT growth of PSBs remained higher than thatof PVBs, mainly due to significant reduction in provisioning requirements. PAT of FBs nearly doubled on accountof a steep fall in provisioning. (*Source: RBI - Financial StabilityReport Issue No. 28, December 2023*)

Profitability indicators remained strong: RoE (12.9% for all SCBs in H1FY24) and RoA (1.2% for all SCBs in H1FY24) ratios touched decadal highs in September 2023 even as the transmission of past monetary policy rate increases led to a 100 bps rise in cost of funds (5.2% in H1FY24) from September 2022 to September 2023. The yield on assets further improved due to rise in interest rates (8.4% in H1FY24). (*Source: RBI - Financial Stability Report Issue No. 28, December 2023*)

Asset Quality and Capital Adequacy

The asset quality of SCBs recorded sustained improvement and their GNPA ratio declined in September 2023 to an 11-year low level (3.2% in H1FY24). Their NNPA ratio too has improved to a record low (0.8% in H1FY24). Among bank groups, PSBs' GNPA ratio improved the most (82 bps) and PVBs reported (110 bps) lower GNPA than overall SCBs in H1FY24. With the stock of GNPA comingdown, requirement of provisions also reduced; however, active and deep provisioning by SCBs was reflected in their improved provisioning coverage ratio (PCR) in September 2023 (75.3% in H1FY24). The half-yearly slippage ratio (viz., new NPA accretions as a share of standard advances), however, inched up for both PSBs andPVBs (0.9% in H1FY24). The write-off to GNPA ratio increased in H1FY24 mostly due to reduction in GNPA stock across bank groups (29.9% in H1FY24). Overall, the sustained reduction in the GNPA stock since March 2018 has been mainly on account of persistent fall in new NPA accretions; write-offs and recoveries. (*Source: RBI - Financial StabilityReport Issue No. 28, December 2023*). As SCBs bolstered their capital base through capitalisation of reserves from higher profits and by raising fresh capital, their capital to risk-weighted assets ratio (CRAR) remained robust in September 2023 (16.8%), albeit lower than the March 2023 level (17.3%). The Tier I leverage ratio sustained its March 2023 level, with additional Tier I capital accretion matching incremental total exposure during H1FY24 (7.4%). (*Source: RBI - Financial Stability Report Issue No. 28, December 2023*)

Sectoral Asset Quality

The improvement in SCBs' asset quality has been broad-based. The GNPA ratio of the agriculture sector remains high at 7% for H1FY24. At an overall level, asset quality in the personal loans segment has improved, although there has been a marginal impairment in credit card receivables (13.3% for H1FY24). Within the industrial sector, asset quality improved across all major sub-sectors barring infrastructure (other than electricity) and petroleum. (*Source: RBI - Financial Stability Report Issue No. 28, December 2023*)

Credit Quality of Large Borrowers

With retail loan growth outpacing borrowings by large borrowers, the share of the latter in gross advances of SCBs has declined further between March 2020 and September 2023. Asset quality in the large borrower portfoliosaw significant improvement, which contributed to lowering of the share of large borrowers (51.8% for H1FY24)in GNPAs of SCBs (GNPA of large borrowers - 3.8% for H1FY24). SMA-2 loans for large borrowers, which saw significant reduction during H2FY23, reverted to previous levels during June 2023 and September 2023. Thesame was evident in the SMA-2 ratio also (0.4% for H1FY24). In the large borrower accounts, the proportion of standard assets to total funded amount outstanding has been improving over the past three years (95.1% for H1FY24), and the share of top 100 borrowers, which was rising for two years until March 2023, witnessed moderation during Fiscal 2024 (35.8% for H1FY24). As at end September 2023, none of the top 100 borrower accounts remain in the NPA category. In terms of value, investment grade advances (rated BBB and above) constituted 90.3% of total externally rated funded advances of large borrowers. *(Source: RBI - Financial StabilityReport Issue No. 28, December 2023)*

Resilience – Macro Stress Tests

Macro stress tests are performed to assess the resilience of SCBs' balance sheets to unforeseen shocks emanating from the macroeconomic environment. These tests attempt to assess capital ratios over a one-year horizon undera baseline and two adverse (medium and severe) scenarios. The stress test results reveal that SCBs are well-capitalised and capable of absorbing macroeconomic shocks even in the absence of any further capital infusion by stakeholders. Under the baseline scenario, the aggregate CRAR of 46 major banks is projected to slip from 16.6% in September 2023 to 14.8% by September 2024. It may go down to 13.5% in the medium stress scenarioand to 12.2% under the severe stress scenario by September 2024, which would also remain above the minimumcapital requirements. No SCB would breach the minimum capital requirement of 9% in the next one year. The The common equity tier 1 ("**CET1**") ratio of the select 46 SCBs may decline from 13.6% in September 2023 to 12.2% by September 2024 under the baseline scenario. Even in a severely stressed macroeconomic environment,the aggregate CET1 ratio would deplete by 360 basis points, but would still remain above the minimum regulatory norms. All banks would be able to meet the minimum regulatory CET1 ratio of 5.5%. Under the baseline scenario, the GNPA ratio of all SCBs may improve to 3.1% by September 2024 from the current level of 3.2%. If the macroeconomic environment worsens to a medium or a severe stress scenario, the ratio may rise to 3.6% and 4.4%, respectively. At the bank group level, the GNPA ratios of PSBs may swell from 4.4% in September 2023 to 5.1% in September 2024, whereas it may go up from 2.1% to 3.6% for PVBs and from 1.6% to 1.8% for FBs under the severe stress scenario. *(Source: RBI - Financial StabilityReport Issue No. 28, December 2023)*

Shift towards a Digital and Cashless Economy

The GoI is taking steps to promote a cashless economy such as its flagship 'Digital India' program, which envisions transforming India into a digitally empowered society and knowledge economy. As part of promoting cashless transactions, various modes of digital payment are available, including debit cards, credit cards, mobile banking, point of sale, unified payment interface and forex cards. *(Source: RBI Annual Report - 2019-20)*

For instance, the volume (in terms of number of transfers) of RTGS, IMPS, NEFT and UPI transfers were ₹ 24.26 crore, ₹ 565.33 crore, ₹ 528.47 crore, and ₹ 8,371.44 crore, respectively, in FY 2023, up from ₹ 20.78 crore, ₹ 466.25 crore, ₹ 404.7 crore and ₹ 4,595.61 crore, respectively in Fiscal 2022. The value of RTGS, IMPS,NEFT and UPI transfers were ₹1,499.46 lakh crore, ₹55.85 lakh crore, ₹337.20 lakh crore and ₹139.15 lakh crore, respectively, in Fiscal 2023, compared to ₹1,286.58 lakh crore, ₹41.71 lakh crore, ₹287.25 lakh crore and ₹84.16lakh crore, respectively, in FY 2022. *(Source: RBI Annual Report – 2022-23)*

The RBI is also engaged in introduction of Digital Rupee (e₹), the central bank digital currency ("**CBDC**") in India. It is similar to the physical currency in terms of being a legal tender, accepted as a medium of payment anda safe store of value. The e₹ will provide an additional form of money to be used by the public. *(Source: RBI - Financial Stability Report Issue No. 26, December 2022)*

Certain Key Banking Business Sectors

MSME Sector

Both public and private sector banks increased their lending to the MSME sector in H1FY24 (21% MSME credit growth for H1FY24). The strong growth, despite the expiry of the Emergency Credit Line Guarantee Scheme ("**ECLGS**"), introduced during the COVID-19 pandemic, points to the underlying growth momentum of the sector.

Quality of the MSME portfolio of SCBs improved further, with GNPA declining to 4.7% in September 2023 from 6.8% in March 2023 and 7.7% in September 2022. SMA-2 accounts, however, rose slightly to 1.7% in September 2023 from 0.9% in March 2023. Sector-wise analysis of NPAs of loans extended under the ECLGS indicates that services and trade, which formed a third of the ECLGS disbursements, remained stressed and accounted for nearly half of the total delinquencies. The overall GNPA of loans extended under the ECLGS rose to 6.5% in September 2023 from 5.5% in March 2023. *(Source: RBI – Financial Stability Report Issue No. 28, December 2023)*

The Union Budget FY 2023 announced few initiatives for MSME sector, it included extension of Credit guarantee scheme for subordinate debt ("**CGSSD**") up to March 2023, Additional credit of ₹2 lakh crore for MSMEs through revamped credit guarantee trust for micro and small enterprises. Government also plans to roll out raising and accelerating MSME performance (RAMP) programme with an outlay of ₹6,000 crore. While presenting the Union Budget for Fiscal 2023-2024, the Finance Minister announced that the revamped credit guarantee scheme for MSMEs, proposed in the previous Budget, will take effect from April 1, 2023 through infusion of ₹9,000 crore in the corpus. This will enable additional collateral-free guaranteed credit of ₹ 2 lakh crore. Also, the cost of credit will be reduced by about 1%. *(Source: RBI Annual Report - 2021-22, Union Budget 2023-24)*

Priority Sector

The PSL for scheduled commercial banks (SCBs) stood at 44.7% as on March 31, 2023. All bank groups achieved the prescribed PSL target of 40% during Fiscal 2022-2023. In case any bank fallsshort in achieving priority sector targets/sub-targets, they are advised to contribute towards the Rural Infrastructure Development Fund (RIDF) and other funds administered by the National Bank for Agriculture and Rural Development (NABARD), Small Industries Development Bank of India, Micro Units Development & Refinance Agency Ltd. and National Housing Bank. The total trading volume of priority sector lending certificates (PSLCs) registered a growth of 7.7% and stood at ₹ 7.13 lakh crore in 2022-23 as compared to 12.4% growth during the previous year. Among the four PSLC categories, the highest trading was observed in PSLC-small andmarginal farmers and PSLC-general with the transaction volumes being ₹3.21 lakh crore and ₹1.79 lakh crore, respectively, in Fiscal 2022 and Fiscal23. (*Source: RBI Annual Report 2022-23*)

(₹ in crores, except parentheses)

Performance in Achievement of Priority Sector Lending Targets			
End-March	**Public Sector Banks**	**Private Sector Banks**	**Foreign Banks**
2021-22	26,49,180	16,85,806	2,08,107
	(42.90)	(43.71)	(42.65)
2022-23	2,855,355	1,993,388	210,578
	(44.18)	(45.57)	(42.92)
**: Provisional*			
Note: Figures in parentheses are percentages to ANBC or CEOBE, whichever is higher.			

(Source: RBI Annual Report 2022-2023)

Retail Sector

In recent years, Indian banks appear to have displayed 'herding behaviour' in diverting lending away from the industrial sector towards retail loans *(Source: Report on Trend and Progress of Banking in India 2021-22)*. Retail Loans include loans towards housing, vehicles, consumer durables, education loans, among others *(Source: Report on Trend and Progress of Banking in India 2021-22)*. During 2022-23, Retail and services sector loans drove credit growth and retail loans grew twice as fast as loans to corporates. *(Source: Report on Trend and Progress of Banking in India 2022-23)* Personal loans growth slowed down to 18.4% (y-o-y) in January 2024 (20.7% a year ago), due to moderation in credit growth to 'housing' and 'vehicle' loans. Personal loans outstanding stood at ₹52.17 lakh crore as of January, 2024 *(Source: RBI, Sectoral Deployment of Bank Credit - January 2024)*.

Agricultural Sector

The agricultural sector in India has shown remarkable resilience and growth, as evidenced by recent data from the RBI. In Fiscal 2022, credit to agriculture and allied activities saw a substantial year-on-year increase of 15.4% in March 2023, compared to a growth rate of 9.9% recorded a year earlier *(Source: RBI Press Release on the Sectoral Deployment of Bank Credit March 2023)*. This data underscores the sector's ability to not only weather the challenges posed by the COVID-19 pandemic but also maintain steady growth, thanks in part to the government's unwavering support through initiatives like the interest subvention scheme *(Source: RBI Annual Report 2021-2022)*. The robust bank credit growth for agriculture during the pandemic period reflects the critical role this sector plays in India's economic stability and food security, highlighting its resilience and importance within the broader economy *(Source: RBI Annual Report 2021-2022)*.

As we look into Fiscal 2023, credit growth to agriculture and allied activities has continued its upward trajectory, improving to an impressive 20.1% year-on-year growth rate in January 2024, compared to 14.4% recorded a year earlier *(Source: RBI Press Release on the Sectoral Deployment of Bank Credit January 2024)*. This sustained growth indicates that the agricultural sector's positive momentum remains intact *(Source: RBI Annual Report 2022-2023)*. The sector has demonstrated its ability to not only recover from the disruptions caused by the pandemic but also build on its previous successes *(Source: RBI Annual Report 2022-2023)*. It is worth noting that this growth is essential not only for the sector itself but also for the overall economic well-being of the country, as agriculture continues to be a crucial source of livelihood for millions of people in India, contributing significantly to food production and employment *(Source: RBI Annual Report 2022-2023).*

The continued support from both the banking sector and government initiatives like the interest subvention scheme has played a pivotal role in bolstering the agricultural sector's growth. These efforts have helped sustain credit flow to farmers and allied activities, enabling them to invest in modern farming practices, adopt technology, and improve agricultural productivity. The data reflects the ongoing commitment to the development and well-being of the agricultural sector, emphasizing its significance in the broader context of India's economic growth and food security. *(Source: RBI Annual Report 2022-2023)*

In summary, the agricultural sector in India has demonstrated remarkable resilience and growth, both during the challenging times of the COVID-19 pandemic and into the subsequent fiscal year. This growth is a testament to the sector's critical role in the country's economic stability and its ability to adapt and thrive with the support of government initiatives and the banking sector. The continued focus on the agricultural sector is essential for ensuring food security, rural development, and sustainable economic growth in India. *(Source: RBI Annual Report 2022-2023)*

Housing Sector

The housing sector in India has played a pivotal role in driving robust growth within the personal loans segment, as evidenced by recent data from the RBI. In the fiscal year 2022, the bank credit growth within the personal loans segment continued to thrive, maintaining double-digit figures *(Source: RBI Press Release on the Sectoral Deployment of Bank Credit March 2023)*. Notably, personal loans experienced a remarkable year-on-year growth of 20.6% in March 2023, a significant uptick from the 12.6% growth observed a year prior. What stands out as the primary driver behind this impressive surge in personal loans is the housing sector, which stands as the largest constituent within this domain. This underscores the critical role housing loans have played in stimulating the personal loans segment and its substantial contribution to the broader financial landscape in India *(Source: RBI Annual Report 2021-2022)*.

As we delve into Fiscal 2023, the momentum in personal loans slowed, with a year-on-year growth rate of 18.4% recorded in January 2024 *(Source: RBI Press Release on the Sectoral Deployment of Bank Credit January 2024).* While this represented a deceleration compared to the 20.4% growth rate witnessed a year earlier, it is worth noting that housing loans continued to be a significant driving force behind this expansion. This sustained growth underscores the enduring importance of the housing sector in supporting the personal loans segment, showcasing its resilience in the face of changing economic conditions and regulations *(Source: RBI Annual Report 2022-2023)*. These trends not only reflect the enduring appeal of housing loans for Indian consumers but also highlight the sector's potential to fuel economic growth. The steady demand for housing loans can be attributed to a variety of factors, including increased urbanization and the government's initiatives to promote affordable housing. As the housing sector continues to thrive, it is poised to remain a key driver of personal loans and contribute significantly to India's economic development. *(Source: RBI Annual Report 2022-2023)*

Infrastructure Sector

Bank credit to the infrastructure sector (further segmented into power, roads, telecommunications, airports, ports, railways and others) grew by 0.5% during FY 2023. The growth in gross bank credit to infrastructure sector was led by the roads sector, which posted a growth of 5.5% in FY 2023 over a base of ₹2.73 lakh crore in FY 2022. Sustained momentum was seen in construction activity, while infrastructure and capital goods production benefitted from the government-led investment in infrastructure. Further, the government has allocated ₹11.11

lakh crore towards capital expenditure in FY 2025. Real estate and construction have witnessed a revival post-pandemic and are expected to perform well in FY 2025 also as both demand for and supply of housing remain buoyant *(Source: RBI Annual Report 2022-23; RBI Sectoral Deployment of Bank Credit Report– January 2024, February 2024 FM Budget Speech)*

Developments and Reforms in the Banking Sector

Implementation of the Basel III Capital Regulations

The RBI has issued guidelines based on the Basel III reforms on Capital Regulation to the extent applicable to banks operating in India. These guidelines require, among other things, higher levels of Tier I capital and common equity, a capital conservation buffer ("**CCB**"), maintenance of a minimum prescribed leverage ratio on a quarterly basis, higher deductions from common equity and Tier I capital for investments in subsidiaries and changes in the structure of non-equity instruments eligible for inclusion in Tier I and Tier II capital.

In December 2010, the Basel Committee on Banking Supervision issued a comprehensive reform package for capital regulations (Basel III). The objective of the reform package is to improve the banking sector's ability to absorb shocks arising from financial and economic stress, thus reducing the risk of spill over from the financial sector to the real economy. *(Source: RBI – Guidelines on Implementation of Basel III Capital Regulations in India)*

The RBI's Basel III Capital Regulations, which are more stringent than the requirements prescribed by earlier RBI guidelines, have been implemented in India in phases since April 1, 2013. The Basel III Capital Regulationswere expected to be fully implemented by March 31, 2019. Banks shall maintain a minimum Pillar 1 capital to risk-weighted assets ratio of 9% on an on-going basis (other than capital conservation buffer and countercyclicalcapital buffer amongst others). Common Equity Tier 1 capital must be at least 5.5% of risk-weighted assets (RWAs). Tier 1 capital must be at least 7% of RWAs on an ongoing basis. Thus, within the minimum Tier 1 capital, Additional Tier 1 capital can be admitted maximum at 1.5% of RWAs. Banks are also required to maintaina capital conservation buffer (CCB) of 2.5% of RWAs in the form of Common Equity Tier 1 capital. *(Source: RBI Master Circular - Basel III Capital Regulations, May 12, 2023)*

The RBI has advised ECAIs to disclose the name of the banks and the corresponding credit facilities rated by them in the Press Releases issued on rating actions. A bank loan rating without this disclosure by the ECAI shallnot be eligible for being reckoned for capital computation by banks. *(Source: RBI Master Circular - Basel III Capital Regulations, May 12, 2023)*

In addition, the Basel III liquidity framework introduced the net stable funding ratio ("**NSFR**"), which measures the ratio between the available stable funding with maturities greater than one year and the required stable funding with maturities greater than one year to support long-term lending and other long-term assets. For banks in India, the RBI had released the final guidelines and prescribed an NSFR of at least 100% from April 1, 2020. However, in view of exceptional conditions due to COVID-19, the RBI, by way of its notifications dated March 27, 2020 and September 29, 2020, deferred its NSFR implementation to April 1, 2021. In view of the ongoing economic stress on account of COVID-19, it has been decided to defer the implementation of NSFR guidelines by a further period of six months. Accordingly, the NSFR Guidelines came into effect from October 1, 2021. *(Source: RBI – Basel III Framework on Liquidity Standards – Net Stable Funding Ratio (NSFR), February 5, 2021)*

Leverage Ratio Framework

In June 2019, as a part of the 'Leverage Ratio Framework', the RBI announced that the minimum Leverage Ratio would be 4% for Domestic Systemically Important Banks and 3.5% for other banks. Both the capital measure and exposure measure along with Leverage Ratio are to be disclosed on a quarter-end basis. However, banks must meet the minimum Leverage Ratio requirement at all times. These guidelines were effective from the quarter commencing October 1, 2019. *(Source: RBI Master Circular – Basel III Capital Regulations, May 12, 2023)*

Domestic Systemically Important Banks

In August 2015, the RBI designated the State Bank of India ("**SBI**"), ICICI Bank and later in September 2017, the HDFC Bank as Domestic Systemically Important Banks ("**D-SIBs**"). Based on the methodology provided in the D-SIB framework and data collected from banks as of March 31, 2018, the RBI, in its release dated March 14, 2019, required SBI, ICICI Bank and HDFC Bank to provide Additional CET1 requirements as a percentage of RWAs of 0.6%, 0.2% and 0.2%, respectively. In accordance with the RBI's press release dated March 14, 2019,these CET1 requirements were applicable to D-SIBs from April 1, 2016 in a phased manner and became fully effective from April 1, 2019 onwards. The additional CET1 requirements were in addition to the CCB. As per theRBI press release dated December 28, 2023, SBI and HDFC Bank are required to maintain additional CET1 requirements as a percentage of RWAs of 0.8% and 0.4% respectively, which will be effective from April 1, 2025.

The additional Common Equity Tier 1 (CET1) requirement will be in addition to the capital conservation buffer. *(Source: RBI releases 2018 list of Domestic Systemically Important Banks (D-SIBs) dated March 14, 2019 and RBI releases 2020 list of Domestic Systemically Important Banks (D-SIBs) dated January 19, 2021 and RBI releases 2022 list of Domestic Systemically Important Banks (D-SIBs) dated January 02, 2023 and RBI releases 2023 list of Domestic Systemically Important Banks (D-SIBs) dated December 28, 2023*)

The Insolvency and Bankruptcy Code (Amendment) Act, 2017

The Insolvency and Bankruptcy Code (Amendment) Act, 2017 bars wilful defaulters, defaulters whose dues have been classified as NPAs for more than one year, and all connected persons ('connected persons' refers only to persons who are connected to the resolution applicant's business activity) from submitting resolution plansand purchasing the assets of corporate debtors in liquidation. An enabling provision is in place to provide a cure for ineligibility conditions and help in meeting the corporate insolvency resolution process timeline. It also empowers the insolvency professional to lay down qualifying criteria for resolution applicants familiar with the complexity and scale of the corporate debtor's operations. *(Source: The Gazette of India – The Insolvency and Bankruptcy Code (Amendment) Act, 2017)*

The Insolvency and Bankruptcy Code (Second Amendment) Act, 2020

The Insolvency and Bankruptcy Code (Second Amendment) Act, 2020 (effective June 5, 2020) provides a time-bound process for resolving insolvency in companies and among individuals. The Act seeks to temporarily suspend initiation of the corporate insolvency resolution process ("**CIRP**") under the IBC. The Act provides that,for defaults arising during the six months from March 25, 2020, CIRP can never be initiated by either the companyor its creditors. The central government may extend this period to one year by way of a notification. The Act clarifies that, during this period, CIRP can be initiated for any defaults arising before March 25, 2020. Under theIBC, a Director or Partner of the corporate debtor may be liable to make personal contributions to the assets of the company in certain situations. This liability can occur if, despite knowing that the insolvency proceedings could not be avoided, the person did not exercise due diligence in minimizing potential loss to the creditors. Theresolution professional may apply to the National Company Law Tribunal to hold such persons liable. The resolution professional is appointed to manage the resolution process upon the acceptance of an application for initiation of the CIRP. The Bill prohibits the resolution professional from filing such an application in relation tothe defaults for which initiation of the CIRP has been prohibited. *(Source: The Gazette of India – The Insolvencyand Bankruptcy Code (Second Amendment) Act, 2020 dated September 23, 2020)*

The Insolvency and Bankruptcy Code (Amendment) Act, 2021

The Insolvency and Bankruptcy Code (Amendment) Act, 2021 (effective April 4, 2021) introduced an alternate insolvency resolution process called the Pre-packaged Insolvency Resolution Process ("**PIRP**") for MSMEs with defaults up to ₹1 crore. It also allows Distressed Corporate Debtors ("**CDs**") to initiate a PIRP with the approval of two-thirds of their creditors to resolve their outstanding debt under the new mechanism. The management of the affairs of the corporate debtor shall continue to vest in the board of directors or the partners who shall make every endeavour to protect and preserve the value of the property of the corporate debtor, and manage its operations as a going concern. (*Source: The Gazette of India – The Insolvency and Bankruptcy Code* (*Amendment)Act, 2021 dated August 11, 2021*)

Amendments to the Banking Regulation Act

The Banking Regulation (Amendment) Act, 2017 was enacted with a view to give the RBI extensive powers to issue directions to banks for the resolution of stressed assets. The amendment introduced two new sections to the Banking Regulation Act: Section 35AA, which enables the RBI, with the authorisation of the Central Government, to direct banks to commence the insolvency resolution process against the defaulting company under the IBC and Section 35AB, which enables the RBI to issue directions to any banking company or group of banking companies for the resolution of stressed assets. *(Source: The Gazette of India – The Banking Regulation (Amendment) Act, 2017)*

The Banking Regulation (Amendment) Act, 2020 was enacted with a view to expand the RBI's regulatory control over co-operative banks in terms of management, capital, audit and liquidation. The Bill makes two changes: (i) extending previously omitted provisions of the Banking Regulation (Amendment) Act, 2017 to co-operative banks, and (ii) amending certain provisions of the Banking Resolution Act, 1949 applying to all banks. *(Source: The Gazette of India – The Banking Regulation (Amendment) Act, 2020)*

Recent Policy Measures Undertaken by the RBI

<u>SLR Holdings in Held-to-Maturity Category</u>

On September 1, 2020, the RBI increased the limits under the HTM category from 19.5% to 23% of NDTL in respect of SLR-eligible securities acquired on or after September 1, 2020 and on or before March 31, 2021. This dispensation was made available up to March 31, 2023. With a view to enable banks to better manage their investment portfolios, it has now been decided to extend the dispensation of the enhanced HTM limit of 23% up to March 31, 2024 to include securities acquired between September 1, 2020 and March 31, 2024. The HTM limit will be restored from 23% to 19.5% in a phased manner starting from the quarter ending June 30, 2024. (*Source: RBI - Statement on Developmental and Regulatory Policies dated December 7, 2022)*

<u>Individual Housing Loans – Rationalisation of Risk Weights</u>

On October 12, 2020, the RBI had rationalised the risk weights for individual housing loans by linking them only with loan to value ratios for all new housing loans sanctioned up to March 31, 2022. Taking importance of the housing sector into consideration along with its multiplier effects and its role in supporting the overall credit growth, it was decided that the risk weights as prescribed in October 2020 circular shall continue for all new housing loans sanctioned up to March 31, 2023. *(Source: RBI - Statement on Developmental and Regulatory Policies dated April 8, 2022)*

<u>Introduction of the Standing Deposit Facility</u>

In 2018, RBI introduced Standing Deposit Facility ("**SDF**") – an additional tool for absorbing liquidity without any collateral. On April 8, 2022, it was decided to institute SDF with an interest rate of 3.75% with immediate effect. The SDF will replace the fixed rate reverse repo ("**FRRR**") as the floor of the liquidity adjustment facility ("**LAF**") corridor. Both the standing facilities viz., the marginal standing facility ("**MSF**") and the SDF will be available on all days of the week, throughout the year. The FRRR rate was retained at 3.35%. The FRRR along with the SDF will impart flexibility to the RBI's liquidity management framework. *(Source: RBI - Statement on Developmental and Regulatory Policies dated April 8, 2022)*

<u>Restoration of the Symmetric LAF Corridor</u>

With effect from April 8, 2022, the RBI restored width of LAF corridor to pre-pandemic level. With the introduction of the SDF at 3.75%, the policy repo rate being at 4.00% and the MSF rate at 4.25%, the width of the LAF corridor is restored to its pre-pandemic configuration of 50 bps. (*Source: RBI - Statement on Developmental and Regulatory Policies dated April 8, 2022*)

<u>Guidelines on Acquisition and Holding of Shares or Voting Rights in Banking Companies</u>

On January 16, 2023, the RBI issued Master Directions and guidelines for major shareholders (Acquisition and Holding of Shares or Voting Rights in Banking Companies) consolidating the earlier directions. The major changes made in the guidelines include updates in the limits on permissible shareholding by different categories of shareholders, introduction of reporting requirements for encumbrance of shares by promoter and strengtheningof arrangements for continuous monitoring of the 'fit and proper' status of major shareholders of a banking company. *(Source: RBI Notifications on 'Master Directions and Guidelines on Acquisition and Holding of Sharesor Voting Rights in Banking Companies' dated January 16, 2023. Available at https://www.rbi.org.in)*

<u>Introduction of Securities Lending and Borrowing in Government Securities</u>

The RBI permits lending and borrowing of Government securities which will augment the existing market for 'special repos'. The system is expected to facilitate wider participation in the securities lending marketby providing investors an avenue to deploy idle securities and enhance portfolio returns. *(Source: RBI - Statement on Developmental and Regulatory Policies dated February 8, 2023 and RBI - Reserve Bank of India (Government*

Securities Lending) Directions, 2023 dated December 27, 2023)

Recovery of Penal Charges on Loans

The extant regulatory guidelines on levy of penal interest have been reviewed by the RBI. It has been decided that any penalty for delay/default in servicing of the loan or any other non-compliance of material terms and conditions of loan contract by the borrower shall be in the form of 'penal charges' in a reasonable and transparent manner and shall not be levied in the form of 'penal interest' that is added to the rate of interest being charged on the advances. Further, there shall be no capitalisation of penal charges (i.e., the same shall be recovered separately and shall not be added to the principal outstanding). However, in case of any deterioration in credit risk profile ofthe borrower, Regulated Entities ("**REs**") shall be free to alter the credit risk premium under extant guidelines on interest rate. *(Source: RBI - Statement on Developmental and Regulatory Policies dated February 8, 2023)*

Governance, measurement, and management of Interest Rate Risk in Banking Book

On February 17, 2023, the RBI issued final guidelines on Interest Rate Risk in Banking Book ("**IRRBB**"), in line with revised framework issued by the Basel Committee on Banking Supervision ("**BCBS**"). The IRRBB arises form banking activities and is encountered by all banks. It arises because interest rates can vary significantly over time, while the business of banking typically involves intermediation activity that produces exposure to both maturity mismatch and rate mismatch. The date of implementation will be communicated in due course. *(Source: RBI Notifications on 'Governance, measurement and management of Interest Rate Risk in Banking Book' dated February 17, 2023. Available at https://www.rbi.org.in)*

Operation of Pre-Sanctioned Credit Lines at Banks through the Unified Payments Interface

UPI is a robust payments platform supporting an array of features. Presently it handles 75% of the retail digital payments volume in India. The UPI system has been leveraged to develop products and features aligned to India's payments digitisation goals. Recently, RuPay credit cards were permittedto be linked to UPI. It is now proposed to expand the scope of UPI by enabling transfer to / from pre-sanctioned credit lines at banks, in addition to deposit accounts. Currently, savings account, overdraft account, prepaid wallets and credit cards can be linked to UPI. (*Source: RBI - Statement on Developmental and Regulatory Policies datedApril 6, 2023 and RBI - Statement on Developmental and Regulatory Policies dated September 4, 2023*)

Framework for acceptance of Green Deposits

On April 11, 2023, the RBI notified framework for acceptance of green deposits to enable financial sector mobilising resources and their allocation thereof in green activities/projects. The framework to come in effect from June 1, 2023. *(Source: RBI Notifications on 'Framework for acceptance of Green Deposits' dated April 11,2023. Available at https://www.rbi.org.in)*

₹ 2,000 Denomination Banknotes- Withdrawal from Circulation

On May 19, the RBI decided to withdraw ₹ 2,000 denomination banknotes from circulation in pursuance of the "Clean Note Policy". The ₹ 2000 denomination banknotes will remain legal tender. The facility for deposit and/or exchange of ₹ 2,000 banknotes shall be available for members of the public up to September 30, 2023. *(Source: RBI Notifications dated May 19, 2023. Available at https://www.rbi.org.in)* As the period specified for the withdrawal has come to an end, based on a review, it has been decided to extend the current arrangement for deposit / exchange of ₹ 2,000 banknotes until October 7, 2023 *(Source: https://www.rbi.org.in/Scripts/BS_CircularIndexDisplay.aspx?Id=12540)*

Guidelines on Default Loss Guarantee (DLG) in Digital Lending

The RBI decided to permit arrangements between REs and Lending Service Providers ("**LSPs**") or between two REs involving default loss guarantee (DLG), commonly known as FLDG, subject to the guidelines laid down in the Annex to the referred circular. DLG arrangements conforming to these guidelines shall not be treated as 'synthetic securitisation' and/or shall also not attract the provisions of 'loan participation'. *(Source: RBI Notifications dated June 8, 2023. Available at https://www.rbi.org.in)*

Requirement for maintaining additional Cash Reserve Ratio (CRR)

On August 10, 2023, while reviewing the monetary policy for Fiscal 2023-2024, the RBI announced incremental CRR (I-CRR) of 10 percent on the increase in net demand and time liabilities ("**NDTL**") between May 19, 2023, and July 28, 2023. (*Source: RBI Notifications dated August 10, 2023. Available at https://www.rbi.org.in*)

As announced in the RBI Press Release dated September 08, 2023, on a review, it has been decided to discontinue the incremental CRR (I-CRR) in a phased manner. Based on an assessment of current and evolving liquidity conditions, it has been decided that the amounts impounded under the I-CRR would be released in stages so that system liquidity is not subjected to sudden shocks and money markets function in an orderly manner. As on September 9, September 23 and October 7, 2023 amount to be released are 25%, 25% and 50% of the ICRR maintained. (*Source: RBI Notifications dated September 08, 2023. Available at https://rbi.org.in/Scripts/NotificationUser.aspx*)

Regulatory measures towards consumer credit and bank credit to NBFCs

On November 16, 2023, RBI has announced the following regulatory measures towards consumer credit and bank credit to NBFCs:

A. *Consumer credit exposure*

(a) The risk weight for commercial banks towards consumer credit (outstanding as well as new) including personal loan, but excluding housing loans, education loans, vehicle loans and loans secured by gold and gold jewellery has been increased by 25% points from 100% to 125%; and

(b) The risk weight for credit card receivables of SCBs has been increased by 25% points from 125% to 150%.

B. *Bank credit to NBFCs* – Increase the risk weight on exposure of SCBs to NBFCs (excluding core investmentcompanies) by 25% points in all cases where the extant of risk weight as per external rating of NBFCs is below 100%. For this purpose, loans to HFCs, and loans to NBFCs which are eligible for classification as priority sector shall be excluded.

C. *Strengthening credit standards*

The REs shall review their extant sectoral exposure limits for consumer credit and put in place, if not already there, Board approved limits in respect of various sub-segments under consumer credit as may be considered necessary by the Boards as part of prudent risk management. In particular, limits shall be prescribed for all unsecured consumer credit exposures. The limits so fixed shall be strictly adhered to and monitored on an ongoing basis by the Risk Management Committee.

All top-up loans extended by REs against movable assets which are inherently depreciating in nature, such as vehicles, shall be treated as unsecured loans for credit appraisal, prudential limits and exposure purposes.

(Source: RBI notifications dated November 16, 2023. Available at https://www.rbi.org.in)

Key Fact Statement (KFS) for Retail and MSME Loans & Advances

The RBI has announced the requirement for lenders to provide their borrowers a Key Fact Statement ("**KFS**") containing the key information regarding a loan agreement, including all-in-cost of the loan, in simple and easy to understand format to foster greater transparency and disclosure by the regulated entities ("**REs**") in pricing of loans and other charges levied on the customers. As of February 08, 2024, KFS is specifically mandated in respect of loans by scheduled commercial banks to individual borrowers; digital lending by REs; and microfinance loans. Now, it has been decided to mandate all REs to provide the 'Key Fact Statement' ("**KFS**") to the borrowers for all retail and MSME loans. Providing critical information about the terms of the loan agreement, including all-inclusive interest cost, shall greatly benefit the borrowers in making an informed decision. (*Source: RBI - Statement on Developmental and Regulatory Policies dated February 08, 2024. Available at https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=57276)*

BUSINESS

Some of the information contained in this section, including information with respect to the business plans and strategies of the Bank, contain forward-looking statements that involve risks and uncertainties. You should read the section titled "Forward-Looking Statements" on page 20 of this Placement Document for a discussion of the risks and uncertainties related to those statements and also the sections titled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 67 and 132, respectively for a discussion of certain factors that may affect the Bank's business, financial condition or results of operations. The actual results of the Bank may differ materially from those expressed in or implied by these forward-looking statements.

The manner in which some of the operational and financial performance indicators are calculated and presented, and the assumptions and estimates used in such calculation, may vary from that used by other banks in India and other jurisdictions.

Our fiscal year commences on April 1 and ends on March 31 of the subsequent year, and references to a particular Fiscal are to the 12 months ended March 31 of that year. Unless otherwise specified or as the context requires, financial information herein as at and for the years ended March 31, 2021, 2022 and 2023 is derived from the Audited Standalone Financial Statements, the financial information herein for the nine months ended December 31, 2022 is derived from the Unaudited Condensed Standalone Interim Financial Statements for the nine months ended December 31, 2022 and the financial information herein for the nine months ended December 31, 2023 is derived from the Unaudited Condensed Standalone Interim Financial Statements for the nine months ended December 31, 2023. In order make the financial information presented herein comparable, certain line items as at March 31, 2021 and 2022 and for Fiscal 2021 have been reclassified in this Placement Document compared to how they are classified in the Audited Standalone Financial Statements.

Our Bank's management primarily utilises our Bank's standalone financial information to monitor the operational strength and performance of our Bank's business and, hence, the following information is based on our Bank's standalone financial information.

Unless otherwise stated, references to "the Bank" and "our Bank" are to The Karnataka Bank Limited on a standalone basis and references to "we", "us", "our", are to The Karnataka Bank Limited and its subsidiary on a consolidated basis.

Overview

With over 100 years of existence, we are one of the well-established private sector banks in India, offering wide range of banking products and services to approximately 12.93 million customers as of December 31, 2023 including corporate, retail, agriculture and MSME customers. Operating under "banking with legacy, embracing the future", we have been on a transformational journey since 2000.

Incorporated on February 18, 1924 in Mangaluru, Karnataka, we are a professionally managed scheduled commercial bank. Our Bank's principal business activities consist of retail banking, wholesale banking and treasury. We deliver a wide range of banking products and services to our customers through a variety of channels, including bank branches, ATMs, call centres, internet banking and mobile phone banking. As of December 31, 2023, our Bank's pan-Indian presence is spread across 21 states and 3 union territories, through a network of 904 branches and 1,482 ATMs and CRs.

Our banking segments include: (i) corporate / wholesale banking; (ii) retail banking (including MSMEs and agriculture); (iii) treasury; and (iv) other banking operations. Our branch network is complemented by our alternative service delivery channels such as internet banking, mobile phone banking, digital banking solutions, Aadhar-enabled payment system, point of sales, QR payments, UPI, 24*7 contact centre, mPassbook, micro-ATMs, prepaid gift cards, and payment gateway services and business correspondent services, through tie-ups, as part of financial inclusion.

***Corporate / wholesale banking*:** Our corporate / wholesale banking business includes our corporate and commercial portfolio, which consists of products and services that cater to the business needs of large companies, public enterprises and private companies/firms etc. These products and services include various fund and non-fund based products, such as term loans, working capital facilities, foreign exchange services, structured finance and trade financing products like letter of credit and guarantees, bill discounting etc.

Our segmental revenue from corporate banking advances business was ₹ 26,201.78 million, ₹ 24,918.29 million, ₹ 29,368.76 million, ₹ 21,130.64 million and ₹ 25,102.95 million as of March 31, 2021, March 31, 2022, March 31, 2023, December 31, 2022 and December 31, 2023, respectively. As a percentage of our Bank's total advances, advances in the corporate/ wholesale segment accounted for 47.01%, 51.90%, 49.78%, 52.02% and 52.65% respectively in Fiscal 2021, Fiscal 2022 and Fiscal 2023 and the nine months ended December 31, 2022 and December 31, 2023.

***Retail banking*:** Our Bank offers a wide spectrum of personal banking products in the retail segment. The retail credit products include home loans, automobile loans, personal loans, schematic loans, education loans, loans against term deposits, Loans against securities, gold loans, small business loans and agriculture loans. We also offer banking products to priority sectors including agriculture, MSME, housing and education with a specific focus on offering products to the MSME sector.

In order to augment the retail business, our Bank has introduced the concept of, *inter alia*, DSTs, in addition to the existing channels through the network of branches, DSAs, BSAs and dealer tie-ups.

Our retail banking liability portfolio consists of CASA and term deposit services. A banking relationship through a current accounts/saving accounts opens gateway of service offerings to the customers like international debit card, internet banking, mobile banking, co-branded credit cards, third party products from our channel partners, alternative delivery channels etc. Our Bank leverages its digital capabilities, with over 88% of CASA accounts being opened through the Bank's digital onboarding solutions.

The retail banking lending division has four specialized wings namely: agriculture, forex, MSMEs and others. There is a separate agriculture credit support group that functions in the retail finance division to exclusively deal in agriculture credit. In agricultural finance, we offer a wide variety of products under various schemes such as 'KBL Agro Processing Scheme', 'KBL Instant Agri Credit Scheme', 'Kisan Credit Card Scheme', 'KBL Agri Gold Scheme', 'Krishik Sarathi Scheme', 'Krishik Pushpankura Scheme', 'Krishik Sinchana Scheme', amongst others, to individual farmers or joint borrowers, small and marginal farmers and such other persons engaged in agricultural or allied activities.

Our retail loans increased from ₹ 298,669.28 million as on March 31, 2021 to ₹ 308,622.11 million as on March 31, 2023 to ₹ 331,257.50 million as on December 31, 2023. As a percentage of our Bank's total advances, our Bank's advances in the retail segment accounted for 52.99%, 48.10%, 50.22%, 47.98% and 47.35% respectively in Fiscal 2021, Fiscal 2022 and Fiscal 2023 and the nine months ended December 31, 2022 and December 31, 2023.

Brief details in relation to our activities in the MSME and agriculture segment are provided below:

MSME: Our Bank offers various types of MSME products to the public to fulfil their financial needs. We provide a range of banking products such as working capital finance, term loans, business finance products, both fund-based and non-fund based, suited to all sectors of the industry. Some of our products, namely, 'KBL Contractor Mitra', 'KBL Micro Mitra' and 'KBL Export Mitra' focus on particular segments of the public, while schemes like KBL MSME are open for all kinds of MSME customers. In order to support the financial needs of women entrepreneurs, we offer the 'KBL Mahila Udyog' product. In November 2023, we launched the 'KBL Commercial Vehicle without Collaterals' scheme to cater to the needs of contractors, transport operators. In February 2024, we also launched the 'KBL Equipment Loan' scheme for buyers of, *inter alia*, medical equipment, backhoe loaders, crushing plants, road rollers, dumpers and cranes.

Our Bank is also registered as a financier on the TReDS platform, set up to provide finance to MSMEs.

Agriculture: In order to augment PSL and also to ensure achievement of sub-targets under PSL, our Bank has increased the number of AFOs and sales officers at branch level to reach farmers, SHGs and JLGs effectively. Our Bank conducts special campaigns regularly to focus mainly on loans to weaker sections of the society. Further, the tie up with business correspondents and business facilitators have started improving business generation. In the past few years, our Bank has taken steps in increasing lending to SHGs and micro-finance.

Moreover, our Bank continuously explores the possible participation in emerging digital disruption in the agriculture sector for business expansion by having partnership and tie-ups with agri-tech companies. Our Bank is constantly making efforts to increase its portfolio under PSL and conducts regular review to, *inter alia*, discuss various strategies, action plans and monitor performance.

Treasury: Our Bank's treasury operations comprise primarily of statutory reserves management such as SLR and CRR, liquidity management, investment and trading activities and foreign exchange activities. As part of liquidity management, our Bank's Treasury department primarily invests in sovereign debt instruments and other fixed income securities. Our Bank also deals with mutual funds, certificates of deposits and floating rate instruments in order to manage short-term surplus liquidity. Our Bank has an integrated Treasury at Mumbai and offers a wide range of products and services to customers such as forward contracts, foreign exchange products and services etc. We maintain the SLR through a portfolio of the central government, state government and government-guaranteed securities and other approved securities that we actively manage to optimize yield and benefit from price movements. We are also involved in the trading of debt securities, equity securities and foreign exchange within permissible limits. As a percentage of our Bank's total assets, our Bank's net investments accounted for 25.27%, 24.07%, 23.55%, 23.24% and 22.21% respectively in Fiscal 2021, Fiscal 2022 and Fiscal 2023 and the nine months ended December 31, 2022 and December 31, 2023.

Other banking operations: As part of our other banking operations, we offer a comprehensive range of ancillary products and services such as depository services, online trading, ASBA facility, locker facilities, safe custody facility, bill payment services, online and off-line fee collection services, mobile and internet banking services, payment and remittance services and FASTag. We offer these services through physical banking channels as well as digital channels including, *inter alia*, internet banking, mobile banking and e-lobbies. We are also registered with the IRDAI as a corporate agent for distribution of insurance products. For Fiscal 2021, Fiscal 2022 and Fiscal 2023 and the nine months ended December 31, 2022 and December 31, 2023 our Bank generated fee based income amounting to ₹ 6,817.81 million, ₹ 7,378.82 million, ₹ 8,605.09 million, ₹ 6,096.53 million and ₹ 6,243.69 million, respectively, representing 8.93%, 10.28%, 10.48%, 10.42% and 8.92% of our Bank's total income for such period.

Digital strategies: Our Bank has been upgrading IT systems and technology to ensure integration between our existing infrastructure and our new digital banking products and set up robust information technology which enables anywhere anytime banking through alternate delivery channels. Our digital strategy is based on offering an omnichannel experience, API driven open banking architecture and personalization of customer experience through the use of data analytics. For further details, please see "*– Competitive Strengths – Emphasis on digital strategies and partnerships*" on page 183.

The following table highlights certain recent awards received by our Bank:

Date	Description
October 16, 2023	Our Bank was awarded the digital marketing award for 'Stop Kidding Yourself' campaign at the Pitch BFSI Marketing Awards, 2023.
September 25, 2023	Our Bank was awarded the 'ET Edge ICONIC Brands of India – 2023'.
June 10, 2023	Our Bank was awarded with 'Exemplary Digital Transformation Strategy' and 'Outstanding Data Analytics Initiative' by Elets Banking and Finance.
June 2, 2023	Our Bank was awarded under three categories at the INFOSYS Finacle Innovation Awards 2023, namely, 'Transformation Excellence' (Platinum), 'Process Innovation' (Platinum) and 'Channel Innovation' (Gold).

As a professionally managed organisation, we are guided by the experience of our Board of Directors and Senior Management, which consists of professionals with experience in banking, accounting and auditing. The experience of our Board and senior management team has enabled us to develop an understanding of industry-specific aspects of our business and operations. For details, see "*Board of Directors and Senior Management*" on page 205.

The table below sets forth summaries of certain of the Bank's standalone key operating and financial performance parameters, as of and for the periods indicated below:

(₹ in million, except percentage data)

Particulars	Nine months ended December 31, 2023	Nine months ended December 31, 2022	Fiscal 2023	Fiscal 2022	Fiscal 2021
Gross total advances[(1)]	697,409.72	636,733.38	613,027.83	577,693.41	527,250.91

Particulars	Nine months ended December 31, 2023	Nine months ended December 31, 2022	Fiscal 2023	Fiscal 2022	Fiscal 2021
Total deposits[(2)]	921,953.90	845,965.33	873,680.12	803,868.45	756,548.62
Credit to deposit ratio (terminal) (in %)[(3)]	75.64%	75.27%	70.17%	71.86%	69.69%
Yield on advances (in %)[(4)]	9.92%	9.20%	9.41%	8.84%	9.05%
Cost of funds (in %)[(5)]	5.34%	4.60%	4.74%	4.74%	5.40%
Interest Income[(6)]	60,979.42	52,509.23	72,202.31	62,216.64	62,324.15
Other Income[(7)]	8,995.07	5,973.44	9,925.75	9,538.77	14,042.02
Total Income[(8)]	69,974.49	58,482.67	82,128.06	71,755.41	76,366.17
Interest Expense[(9)]	36,332.47	29,258.77	40,351.27	37,306.28	40,492.27
Net interest income[(10)]	24,646.95	23,250.46	31,851.04	24,910.36	21,831.88
Net interest margin (in %)[(11)]	3.57%	3.63%	3.70%	3.18%	2.91%
Cost to income ratio (in %)[(12)]	50.55%	47.90%	47.14%	52.57%	46.81%
Profit after Tax[(13)]	10,320.40	8,264.85	11,802.43	5,086.20	4,825.70
Return on average equity (in %)[(14)]	15.18%	14.74%	15.42%	7.41%	7.65%
Return on average assets (in %)[(15)]	1.32%	1.14%	1.21%	0.56%	0.57%
Credit Cost (in %)[(16)]	0.67%	0.90%	1.48%	1.04%	2.38%
Gross NPAs[(17)]	25,367.17	20,857.28	22,929.08	22,508.21	25,884.05
Gross NPAs ratio (in %)[(18)]	3.64%	3.28%	3.74%	3.90%	4.91%
Net NPAs[(19)]	10,600.58	10,408.84	10,212.68	13,769.66	16,450.52
Net NPAs ratio (in %)[(20)]	1.55%	1.66%	1.70%	2.42%	3.19%
Provisioning coverage ratio (including technical write off) (in %)[(21)]	80.75%	80.21%	80.86%	73.47%	69.99%
Tier I capital adequacy ratio (in %)[(22)]	13.66%	12.20%	14.18%	12.65%	12.34%
Tier II capital adequacy ratio (in %)[(23)]	2.22%	2.93%	3.27%	3.01%	2.51%
Total capital adequacy ratio (in %)[(24)]	15.88%	15.13%	17.45%	15.66%	14.85%
CASA ratio (in %)[(25)]	31.45%	31.91%	32.97%	32.97%	31.49%
Total Assets	1,099,899.61	995,722.43	990,583.39	915,839.93	856,154.29

Notes:

(1) Gross total advances = Total of all customer advances/lending portfolio of our Bank to whom our Bank has extended loans/advances, includes CC/OD, term loan, bills, demand loans, staff loans etc.

(2) Total deposits = Total of all customer deposits with our Bank (liability) including current accounts, savings accounts and term deposit accounts.

(3) Credit to deposit ratio (terminal) (in %) = (Total advances divided by deposits) x 100

(4) Yield on advances (in %) (annualised) = (Interest on advances divided by average advances) x 100

(5) Cost of funds (in %) (annualised) = (Interest expenses divided by average interest-bearing liabilities) x 100

(6) Interest income = Includes interest and discount on all types of loans and advances like cash credit, demand loans, overdrafts, export loans, term loans, domestic and foreign bills purchased and discounted (including those rediscounted), interest on debt instruments (including Government securities), overdue interest and also penal interest, interest subsidy, etc., if any, relating to such advance/bills.

(7) Other income = All income other than interest income

(8) Total income = Interest income plus other income

(9) Interest expense = These are interest paid on deposits and borrowings. It includes interest paid on all types of deposits including deposits from individuals, banks and other institutions, discount/ interest on all borrowings and refinance (including those from the RBI, other banks and financial institutions). All other payments like interest on participation certificates, penal interest paid, etc. also form part of interest expenses.

(10) Net interest income = Total interest earned less total interest expended

(11) Net interest margin (in %) (annualised) = (Net interest income divided by average interest earning assets) x 100

(12) Cost to income ratio (in %) = (Operating expenses divided by net total income) x 100

(13) Profit after tax = Total income less total expenses less all provisions including tax provisions

(14) Return on average equity (in %) (annualised) = (Net profit divided by average equity) x 100

(15) Return on average assets (in %) (annualised) = (Net profit divided by average working fund) x 100

(16) Credit cost (in %) = (Provision for NPA/Net advances) x 100

(17) Gross NPAs = Total NPA portfolio of our Bank includes substandard, doubtful and loss

(18) Gross NPAs ratio (in %) = (Gross NPA divided by Gross advances) x 100

(19) Net NPAs = Gross NPAs less provisions less balances held under ECGC/CGC less SL suspense

(20) Net NPAs ratio (in %) = (Net NPA divided by Net Advances) x 100

(21) Provisioning coverage ratio (including technical write off) (in %) = [(Closing NPA provisions + Balance lying in technical write off GL+ Balances held in DICGC/ECGC + Balances held in SL-Suspense GL) divided by (Gross NPA + Balance lying in technical write off GL)] x 100

(22) Tier I capital adequacy ratio (in %) = [Total Tier 1 capital (Equity plus reserves under Tier I) divided by Total risk weighted assets] x 100

(23) Tier II capital adequacy ratio (in %) = (Total eligible provisions plus Tier II Capital divided by Total risk weighted assets) x 100

(24) Total capital adequacy ratio (in %) = (Total of Tier I and Tier II capital divided by Total risk weighted assets) x 100

(25) CASA ratio (in %) = [Total of current account deposits (including overdue deposits) plus Savings Bank deposits divided by Total Deposits] x 100

Competitive strengths

Karnataka headquartered bank with an established brand of over 100 years with a growing national footprint through a multichannel approach

With over 100 years of banking services in India, we believe that we are a trusted and recognized banking brand in India. Our Bank continues to enhance its brand by making investments in its products and services by identifying industry trends, customer requirements, and evolving modes of product delivery and customer engagement. As of December 31, 2023, our Bank had approximately 12.93 million customer accounts, and our operations covered 21 States and 3 Union Territories across India, with 904 branches, 1,482 ATMs and CRs. Our branches are spread across metropolitan cities as well as rural and urban areas, with 251, 234, 211 and 208 branches in metropolitan cities, urban areas, semi-urban areas and rural areas, respectively, which represent 27.77%, 25.88%, 23.34% and 23.01% of our total branches. Similarly, as of December 31, 2023, we had 411, 469, 442 and 160 ATMs/CRs in metropolitan cities, urban areas, semi-urban areas and rural areas, respectively, which represent 27.73%, 31.65%, 29.82% and 10.80% of our ATMs/cash recyclers. Our alternate channel network comprises of ATMs, CRs, e-lobbies, internet banking, mobile phone banking, point of sales, QR payments, UPI, 24*7 contact centre, mPassbook, micro-ATMs, prepaid gift cards, and payment gateway services through tie-ups, business correspondent services and Aadhar-enabled payment system (collectively "**Alternate Channel Network**").

Further, we have been expanding our product and service delivery through a multi-channel approach and have undertaken several actions aimed at creating a more sales-centric organisation, including:

- Creation of an outbound sales team and "frontline employees" for growing liabilities and expanding home loan book. Towards this end, we have inducted 222 sales officers and 353 feet on ground, as on December 31, 2023, for covering key markets and target segments;
- Reorganisation of our 14 regional offices resourced and empowered to handle small ticket loans into 40 clusters with cluster heads to perform the same function, for better organisational control and sales focus;
- Onboarding of Shri Kshethra Dharmasthala Rural Development Project ("**SKDRDP**") as a business correspondent and business facilitator partner in Manguluru to strengthen portfolio of JLG and SHG loans;
- Entry into sector focussed tie-ups with *Sahi Bandhu* for gold loans and DigiVriddhi ("**DGV**") for dairy loans in agriculture, so as to expand our retail reach;
- Established five retail loan processing and sanctioning centres to aid us in processing higher number of loan applications in a shorter timeframe;
- Introduction of a corporate salary scheme, which is a bundled salary proposition, including zero balance account with concessions for, *inter alia*, loan processing and locker rentals. We have introduced three variants of this product in order to cater to all segments; and
- Increase in product penetration per customer through analytics enabled cross selling. We have set up the Analytical Centre of Excellence in Bengaluru (the "**ACoE**"). The ACoE has been set up with a clear objective of driving profit outcomes through enabling higher early customer engagement, driving up customers' primary bank index and products per customer, driving CASA balance buildup and controlling predicted attrition, cross selling asset products, creating new assets product lines, driving better collection efficiency and managing delinquencies better, creating business dashboards for agile decision-making and enabling micro-market based planning for non-linear growth alignment. In the initial days of going live with a subset of planned use cases, our Bank has already derived encouraging outcomes.
- The vision of the ACoE is to (i) analyse data in order to enable our Bank to predict and prioritise by creation of multiple business and risk use cases; and (ii) automate through digital strengthening of CRM, eCollect, EWS, marketing automation for customised products and communication and enable teams for execution and business outcomes.

We received accreditation of ISO 27001:2013 for information management security system at our data center, NLS and information technology cell. We believe that the trust reposed in our brand has enabled us in developing and maintaining a robust and loyal deposit franchise, consisting of a distinctive clientele, including numerous charitable trusts, welfare boards, educational institutions, and local government institutions etc. With our integrated distribution network and multi-channel electronic banking system, we believe that we are capable of providing a comprehensive range of products and a platform to cross-sell products and deliver quality services to a range of customers.

Presence in all key economic pockets of India

Our Bank was incorporated in 1924 with the objective of catering to the banking needs of Southern India initially and, have now expanded our banking business to include a wide range of banking and financial products and services to retail, corporate and MSMEs across India. With over 100 years of history, we believe we have developed a well-recognized and trusted brand in Southern India in turn allowing us to have long-standing relationships with many of our customers.

Our Bank also has a pan-India presence, which we believe allows us to provide banking and certain non-banking services to a wide variety of customers at or near each major hub of economic activity in India. We have also established specialized branches in the areas of corporate finance, mid-corporate finance, small and medium enterprises, foreign exchange, agricultural development, digi branch, amongst others, to cater to the specific needs of our customers. In particular, as of December 31, 2023, our Bank had a network of 419 branches in rural and semi urban areas for agricultural customers, constituting approximately 46.35% of our total branch network, which supported agricultural development, the MSME sector and retail banking.

We believe that our extensive distribution network along with its wide range of banking products and services helps to reach potential customers, which in turn allows it to serve a large and growing customer base throughout India, including major corporations, institutions and state-owned enterprises, as well as a base of retail customers. Our Bank's network is particularly important in cross-selling its transaction banking business to generate additional fee-based income from various services. We believe that our ability to provide tailored banking products across several customer segments allows it to deliver a more compelling value proposition and strengthens our long-term relationships with its customers. Moreover, our vast network and suite of product offerings provides access to an extensive retail depositor base, which gives us the funding depth and a relatively low-cost deposit pool to promote our goal of strengthening the retail banking business.

We have a tie-up with SBI Cards Limited to offer co-branded credit cards. As of December 31, 2023, we have issued 0.33 million co-branded credit cards. We are also an AMFI registered mutual fund distributor and are empanelled with eight asset management companies and have a partnership with Fisdom, a mutual fund transaction platform. We are also in the process of implementation of a comprehensive wealth management platform.

Growing granular low-cost retail deposit base resulting in strong funding profile

Our Bank is focused on increasing low-cost deposits and reducing high-cost deposits. As of March 31, 2021, March 31, 2022, March 31, 2023, December 31, 2022 and December 31, 2023, our Bank's deposits accounted for 88.37%, 87.77%, 88.20%, 84.96% and 83.82% of our Bank's total liabilities, respectively, providing us a strong and stable base and significant liquidity.

Our Bank's CASA as of March 31, 2021, March 31, 2022, March 31, 2023, December 31, 2022 and December 31, 2023 is depicted below:

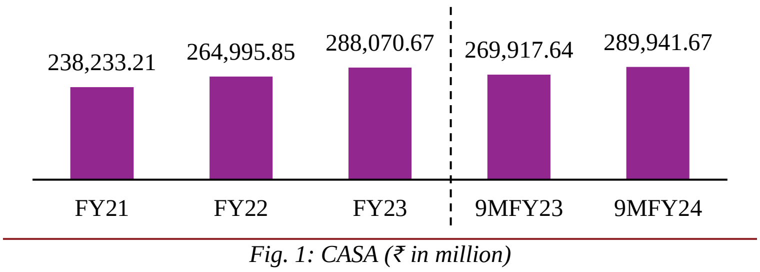

Fig. 1: CASA (₹ in million)

The share of low-cost deposits i.e. CASA, stood as under, as of March 31, 2021, March 31, 2022, March 31, 2023, December 31, 2022 and December 31, 2023 respectively:

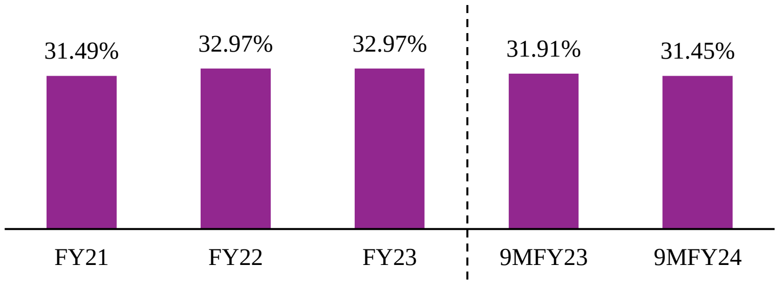

Fig. 2: Rate of CASA

The ratio of retail deposits (other than CASA) to total deposits as of March 31, 2021, 2022 and 2023 and December 31, 2022 and December 31, 2023 was 68.50%, 67.03%, 67.03%, 67.63% and 68.52%, respectively. A large portion of our deposit base is retail and we believe that our lower dependency on bulk deposits provides us with a deposit base with a lower concentration risk, and increasing spread of our liability portfolio.

Our Bank's CASA, along with its retail deposit ratio has been stable throughout the years. This has helped the Bank in leveraging its low-cost deposits, and obtain a cost arbitrage on pricing advances.

Our Bank has seen strong growth in its deposit base and maintains a robust funding profile. Our total deposits increased from ₹ 756,548.62 million at March 31, 2021 to ₹ 873,680.12 million at March 31, 2023 at a CAGR of 7.5%. Our current accounts and savings bank deposits grew from ₹ 238,233.20 million at March 31, 2021 to ₹ 288,070.67 million at March 31, 2023. The monthly average balance of current account deposits increased by 9.14% year-on-year for the nine months ended December 31, 2023 compared to the nine months ended December 31, 2022. As on March 31, 2023, retail deposits constitute 91.57% of our total term deposits and these deposits have consistently exhibited renewal patterns of above 76.00%.

Further, our term deposits have consistently been of a granular nature, with 93.38%, 91.88%, 91.57%, 90.75% and 90.38% of our term deposits as of March 31, 2021, March 31, 2022, March 31, 2023, December 31, 2022 and December 31, 2023 being for less than ₹ 20.00 million.

Our cost of deposits in Fiscals 2021, 2022 and 2023 and for the nine months ended December 31, 2022 and December 31, 2023 were as follows:

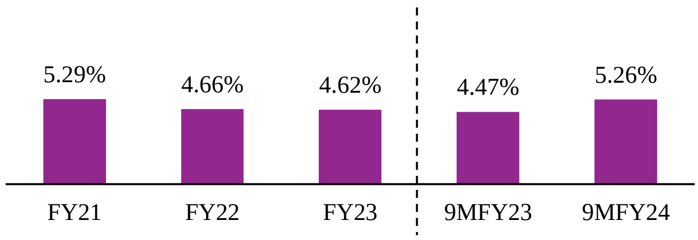

Fig. 4: Cost of deposit

We believe that by leveraging our strengths, expanding our base of retail savings and current deposits and increasing the free float generated by transaction services, we are able to maintain a relatively low-cost funding base.

There is a consistent focus on enhancing our current and savings bank deposit and retail term deposit base, across regions, especially in Tier 2, Tier 3 and Tier 4 locations. For example, as of January 31, 2024, we have inducted a sales team of 575 employees, including 222 sales offices and 353 employees from KBL Services Limited, our wholly owned subsidiary. We have further divided our sales team across all 14 regions, to cover both assets and liabilities growth. Additionally, to cater to the needs of our customers, we have launched new liability products (such as Corporate Salary Scheme and flexi-Current Account for government accounts, along with products to cater to trusts, associations, societies, clubs etc.). We have also decentralised the credit origination and onboarding processes to a large extent and employees at all levels are empowered to perform these activities. Our endeavour is to maintain a healthy and stable funding profile and our competitive advantage in cost of funds.

Growth in advances, diversified across sectors with scope for expansion

We believe that our diversified loan products are well designed to suit and cater to the financing needs of our customers across, varied business segments as our branches are spread amongst others across metropolitan cities, urban, semi urban and rural areas. We offer retail credit products catering the financial requirements of agriculture, MSME and corporate sector for their domestic as well as international banking requirements. We have focused on growing our advances to the retail, mid corporate and large corporate sector. As a result of our focus, our gross advances have grown from ₹ 527,250.91 million as of March 31, 2021 to ₹ 613,027.83 million as of March 31, 2023 to ₹ 697,409.72 million as of December 31, 2023 at a CAGR of 10.71%. The table below sets out the growth in our advances over the respective periods:

(₹ in million, except percentage data)

Particulars	December 31, 2022		December 31, 2023	
	Amount	% of gross advances	Amount	% of gross advanced
Retail	306,147.70	48.08%	331,257.52	47.50%
Mid-corporate	184,732.40	29.01%	181,347.62	26.00%
Large corporate	145,853.30	22.91%	184,804.60	26.50%
Total	**636,733.40**	**100.00%**	**697,409.72**	**100.00%**

(₹ in million, except percentage data)

Particulars	March 31, 2021		March 31, 2022		March 31, 2023	
	Amount	% of gross advances	Amount	% of gross advances	Amount	% of gross advances
Retail	298,669.28	56.65%	296,664.90	51.35%	308,622.12	50.34%
Mid-corporate	156,757.14	29.73%	163,362.40	28.28%	180,727.00	29.48%
Large corporate	71,824.49	13.62%	117,666.11	20.37%	123,678.71	20.18%
Total	**527,250.91**	**100.00%**	**577,693.41**	**100.00%**	**613,027.83**	**100.00%**

To enhance our sales and marketing efforts, we have established a separate team focusing on retail, mid corporate and large corporate sector with regional sales executives for each of the verticals at all regional offices assisting the branches in sourcing additional business and achieving deeper penetration. To further fine-tune the retail sanctioning process, our Bank has implemented the centralized loan processing hubs and centralized loan sanctioning centre. Our Bank is also registered as a financier on the TReDS platform, set up to provide finance to MSMEs. We believe we have in-depth knowledge and local experience of banking requirements of mid corporate and large corporate sector to grow in sectors that we believe have good growth potential for us.

We believe our array of loan products and other related banking services have helped us in maintaining the long-standing bond with our customers. Our retail credit portfolio consists of a wide range of products like gold loans, home loans, vehicle loans, education loans, personal loans etc., to meet various financial needs. We extend financial support to all the priority sectors as identified by the GoI that includes agriculture, MSME, housing and education. We also cater to the banking needs of the corporate sectors across various industries, and our diversified portfolio helps in mitigating sector specific risks. Lending to these corporate sectors across various industries also opens up avenues of non-interest income from the ancillary products and services.

We believe our selective yet focussed attention to our operations based on risk assessment has allowed us to have diversified sectors for our advances, across periods. The table below represents our sector wise advances for the respective periods:

(₹ in million, except percentage data)

Sector	Fiscal 2021		Fiscal 2022		Fiscal 2023	
	Amount	% of total advances	Amount	% of total advances	Amount	% of total advances
Agriculture	69,566.44	13.19%	74,352.96	12.87%	75,914.20	12.38%
MSME	146,535.50	27.79%	160,949.08	27.86%	152,470.81	24.87%
Housing	107,190.64	20.33%	104,411.60	18.07%	107,484.42	17.53%
Large enterprises	50,196.51	9.52%	49,514.36	8.57%	49,502.79	8.08%
NBFC	35,135.43	6.66%	67,139.11	11.62%	80,722.73	13.17%
Infrastructure	12,824.30	2.43%	8,648.95	1.50%	12,279.63	2.00%
Other personal loans	42,566.60	8.07%	42,488.13	7.35%	45,659.76	7.45%
Others	63,235.49	11.99%	70,189.21	12.15%	88,993.49	14.52%
Total	**527,250.91**	**100.00%**	**577,693.41**	**100.00%**	**613,027.83**	**100.00%**
Secured advances to total		**95.16%**		**89.38%**		**90.38%**

Sector	Fiscal 2021		Fiscal 2022		Fiscal 2023	
	Amount	% of total advances	Amount	% of total advances	Amount	% of total advances
advances						
Yield on advances		**9.05%**		**8.84%**		**9.41%**
Liquidity coverage ratio		**308.39%**		**268.58%**		**311.59%**

Notes:

1. *Yield on advances = (Interest on advances divided by average advances) x 100.*
2. *Liquidity coverage ratio = (Total stock of high quality liquid assets divided by total net cash outflows) x 100. LCR is high on account on high quality liquid assets in form of SLR in AFS category and high proportion of retail term deposits.*

(₹ in million, except percentage data)

Sector	Nine months ended December 31,			
	2022		2023	
	Amount	% of total advances	Amount	% of total advances
Agriculture	76,799.58	12.06%	92,354.22	13.24%
MSME	156,953.69	24.65%	154,250.41	22.12%
Housing	108,510.59	17.04%	110,182.05	15.80%
Large enterprises	59,080.28	9.28%	65,625.46	9.41%
NBFC	93,178.39	14.63%	104,659.93	15.01%
Infrastructure	12,404.29	1.95%	26,150.13	3.75%
Other personal loans	48,066.47	7.55%	48,511.14	6.96%
Others	81,740.08	12.84%	95,676.38	13.72%
Total	**636,733.38**	**100.00%**	**697,409.72**	**100.00%**
Secured advances to total advances		**86.67%**		**90.30%**
Yield on advances		**9.24%**		**9.92%**
Liquidity coverage ratio		**280.02%**		**213.72%**

Notes:

1. *Yield on advances (annualized) = (Interest on advances divided by average advances) x 100.*
2. *Liquidity coverage ratio = (Total stock of high quality liquid assets divided by total net cash outflows) x 100. LCR is high on account on high quality liquid assets in form of SLR in AFS category and high proportion of retail term deposits.*

Experienced Management Team and Independent Board of Directors

Our Board of Directors consists of professionals with significant experience in the banking and other key areas. Our senior management team has been responsible for the formulation of our new strategy to emphasise on the prepositioning of our balance sheet and business mix, improving operating efficiency, leveraging on the strengths of our distribution network and existing resources, deepening customer relationships and improving the brand.

We have a senior management team with extensive experience in the Indian banking and financial sector. We believe the quality of our management team has been critical in achieving our business results. Members of our management team have experience in various areas of retail banking, branch banking, digital banking, payment services, transaction banking and corporate banking provides our Bank with a broad perspective from which we can make strategic management and operational decisions. As of December 31, 2023, our total employee strength was 8,689.

Further, we are a professionally managed bank with no single shareholder holding more than 5%. As on date of this Placement Document, our Board comprises 11 Directors, which includes two executive directors, including our Managing Director and Chief Executive Officer, one Non-Executive Non-Independent Director and eight Non-Executive Independent Directors. Our shareholders include financial institutions and insurance companies.

For further details in relation to our Board of Directors and management team, please refer to the section titled "*Board of Directors and Senior Management*" on page 205.

Leveraging data analytics to enable cross selling and maintaining asset quality

We have established our Analytical Centre of Excellence ("**ACoE**") with assistance from Ernst & Young LLP, in Bengaluru on November 15, 2022, as part of our ongoing digital transformation. Our ACoE has allowed us to embed data and analytics in various business processes to drive data-driven decision making.

The ACoE in its pursuit has built a scalable Cloud Data Platform (complied with IDRBT cloud security guidelines) and developed advanced analytics & AI/ML interventions to drive business growth along with self-service business intelligence tools to enable departments & branches with timely, actionable information across Lines-of Business in the Bank such as Liabilities, Assets, Credit Risk & Collections, and Digital channels.

The vision of the ACoE is to (i) analyse data in order to enable our Bank to predict and prioritise by creation of multiple business and risk use cases; and (ii) automate through digital strengthening of CRM, eCollect, EWS, marketing automation for customised products and communication and enable teams for execution and business outcomes.

Leveraging advanced analytics & AI/ML to tap business opportunity, improve processes & drive growth: Across lines of business, the ACoE has built analytics-led interventions to enhance cross-sell (term deposits, loans, third party products), acquire quality accounts, manage key customers, improve credit decisioning and collections, migrate customers to digital channels, and enable branches with actionable information, etc. to drive value for the Bank.

Unified, Scalable, Central Data Repository Solution & Processing Infrastructure: To support the scope of its digital ambitions, the ACoE has built a unified, scalable, and central data repository solution. This centralisation has streamlined data management and processing and provided a holistic view of data to facilitate more effective analytics.

Integrated Analytics with Business Processes to Enable Data-Driven Decision Making: The ACoE has also enhanced and established multiple systems to weave analytics into all business processes. Set-up of fully functional CRM, establishment of next-gen Early Warning System and enhancement of Collections tool are some of the important achievements.

Upskilled In-House Analytics Resources for Seamless Business Continuity: Recognising the importance of human capital in the digital transformation journey, ACoE has undertaken upskilling its in-house analytics resources. The workforce is being trained in role specific trainings and certifications in Data Science, Machine Learning, Visualization, Cloud & Security, DevOps and MLOps. This will ensure that their workforce is fully equipped with the necessary skills to provide seamless business continuity.

Measure & achieve success from Analytics Use-Cases: The ACoE has also implemented comprehensive statistical measures to track the success of their analytics use cases.

Our analytics driven process and prioritisation helps us in the following ways:

- *CASA balance build up*: Increase CASA deposits to drive cost-effective funding – This is a dashboard which helps the branches for identification of customers contributing for CASA erosion and gain and addressing them timely.
- *Collection prioritisation*: Optimise collection efforts through advanced analytics – A predictive model developed to determine the propensity of payment and prioritize collections based on high, medium and low segments effectively using various channels (contact centre, regional collection hub, branches).
- *Behaviour scorecard*: Proactively monitor and control delinquency levels – A predictive model which aims in identifying active individual loan accounts which have a probability to miss future payment. This would help in reducing slippage of loan accounts to stress.
- *Home loan propensity*: Target potential home loan customers with tailored promotions and personalized offers and also identifying our customers who have availed home loans at other banks for winback.
- *Primary bank index*: Analyse overall wallet share of customer with our Bank through Customer360. PBI is a measure of a customer's engagement with our Bank. PBI scoring is based on parameters like account activity, CASA movements, loyalty and digital affinity of the customer with our Bank. This helps the branches in identifying the top deciles and providing varied products and services.
- *Micro market analysis*: External information on throughputs/market at a pin code level to plan operations - A planning tool to help the business teams devising opportunity aligned targets, focus products for each branch and devising action plan and focused campaigns.

Further, our data and analytics has allowed us to monitor and maintain asset quality as evidenced by our Gross NPAs, Net NPAs and provision coverage ratios for the periods indicated below:

Particulars	Fiscal 2021	Fiscal 2022	Fiscal 2023	Nine months ended December 31,	
				2022	2023
Gross NPA	4.91%	3.90%	3.74%	3.28%	3.64%
Net NPA	3.19%	2.42%	1.70%	1.66%	1.55%

Particulars	Fiscal 2021	Fiscal 2022	Fiscal 2023	Nine months ended December 31,	
				2022	2023
PCR (with technical write-off)	69.99%	73.47%	80.86%	80.21%	80.75%
PCR (without technical write-off)	36.56%	38.82%	55.46%	50.09%	58.21%

Further, our sector wise gross NPAs for the respective periods was as follows:

(₹ in million)

Particulars	Fiscal 2021	Fiscal 2022	Fiscal 2023	Nine months ended December 31,	
				2022	2023
MSME	9,791.70	10,841.21	11,356.30	9,796.68	11,935.72
Agriculture	6,024.83	5,529.06	5,523.95	4,800.71	6,249.92
Housing	3,606.12	2,585.54	2,349.90	2,378.70	2,477.57
Large enterprises	2,834.46	1,222.66	1,721.55	1,947.52	2,029.67
Other personal loans	85.42	67.80	31.39	36.30	38.25
Others	555.36	510.94	420.76	370.86	593.87
CRE	489.91	450.13	325.45	369.55	349.23
Vehicles	1,689.76	1,054.37	945.40	945.33	1,224.12
LRD	9.32	17.67	60.02	8.54	240.86
Infrastructure	797.17	228.83	194.36	203.09	227.95
Total	**25,884.05**	**22,508.21**	**22,929.08**	**20,857.27**	**25,367.17**

Further, our gross NPAs by size our loans issued, for the respective period, was as follows:

(₹ in million)

Particulars	Fiscal 2021	Fiscal 2022	Fiscal 2023	Nine months ended December 31,	
				2022	2023
Up to ₹ 10 million	10,351.95	9,354.07	7,293.21	7,727.04	7,509.45
₹ 10 million to ₹ 75.00 million	6,711.65	7,359.52	7,741.28	7,179.05	7,452.02
₹ 75.00 million to ₹ 500.00 million	6,549.09	5,099.01	7,199.89	5,257.07	9,708.88
Above ₹ 500.00 million	2,271.37	695.61	694.69	694.11	696.83
Total	**25,884.05**	**22,508.21**	**22,929.08**	**20,857.27**	**25,367.17**

We are in the process of further improving our data analytic solutions through the implementation of four specific Oracle Financial Services Analytical Applications ("**OFSAA**") modules, including pertaining to fund transfer and profitability.

Emphasis on digital strategies and partnerships

Our Bank has been upgrading IT systems and technology to ensure integration between our existing infrastructure and our new digital banking products and set up robust information technology which enables anywhere anytime banking through alternate delivery channels. Our digital strategy is based on offering an omnichannel experience, API driven open banking architecture and personalization of customer experience through the use of data analytics.

The first generation of our transformation strategies have been conceptualised and are being implemented under the "KBL-VIKAAS" programme, which has been instituted in consultation with and based on recommendations of the Boston Consulting Group. This holistic transformation journey, founded on digital and technology enablers, was initiated in Fiscal 2017 in order to strengthen our Bank's fundamentals and build long-term capabilities and stay ahead of the curve. Through this transformation, we established the Digital Centre of Excellence (the "**DCoE**"), an exclusive division to develop digital innovations and technological value-adds. We strive to migrate transactions to digital channels which are more cost-effective than physical channels and make banking activities for our customers more convenient. As of December 31, 2023, the DCoE had 42 employees.

As a part of our digital transformation initiatives, which was conceptualised and is being implemented under the 'KBL-VIKAAS 2.0', the KBL NxT programme was launched in the year 2021, which seeks to redefine our Bank as '*The Digital Bank of Future*'. As part of the KBL NxT programme, we have implemented digital transformational changes like digital customer on-boarding, end to end customer self-journey (both under assets and liabilities), established our ACoE in partnership with Ernst and Young LLP, and implemented procedures for providing omni-channel experience to customers. The ACoE currently has 11 employees and uses AWS cloud data platform for its operations and is focussing on reviewing and analysing trends from our customer behaviour, which in turn allows us to understand the potential requirements of our customers and to offer different products and services from our existing basket of services and products, thereby increasing our share of the customer's overall financial journey / requirements / business. We are in the process of further improving our data analytic solutions through the implementation of OFSAA modules pertaining to asset liability management, liquidity risk management, IFRS9, fund transfer pricing and profitability management.

Our Bank has launched digital loan underwriting (in-principle approvals) for most of its retail loan products. We have also introduced tab banking and web banking under the DCoE for opening saving bank accounts. We have a bouquet of digital asset and liability offerings providing superior customer experience. With the help of DCoE, as part of the digital transformation, our Bank has launched digitized journeys under 'KBL Xpress' series for both asset and liability products. The DCoE has developed digital journeys covering retail and MSME loan products using business rule engine for automated verification, income assessment and credit underwriting. Account opening products leveraging 'India Stack' and officially valid documents ("**OVD**") verification process are enabled through tablet and web banking. A few key highlights for these journeys are as follows:

- End-to-end digital self-journey is available for cash loans;
- Constant adoption on the digi-eligible applications of over 90% across the retail loans and MSME loans as on December 31, 2023;
- Best in-principle sanction time ranging between 10 and 30 minutes across retail loan products and less than one hour for MSME loans;
- CSAT scores ranging between 4.5 to 4.6 on a scale of 5 across various loan products; and
- Customers are on-boarded digitally, resulting in straight through processing ("**STP**") of account opening.

In the current Fiscal, we also launched certain other initiatives, such as website BOT, account aggregator framework adoption in digi-journeys, Whatsapp banking, other revenue streams like co-lending, dairy neo-banking and doorstep gold loan schemes.

DCoE's driving framework of 'CARE', emphasis on reducing cost, increasing adoption, reducing risk, improving ease and experience, automation and data analytics is applied extensively to ensure better adoption as well as implement new processes and enhance the existing process performance with regular reviews and measurable customer satisfaction and feedback scores.

The DCoE also manages social media presence including promotion of products and services offered by our Bank and brand awareness. It is also involved in driving focused and segmented, digital marketing campaigns using SEM and SEO processes. The "SPEARS" framework of segmenting, planning, executing, analyzing, re-aligning and standardizing, drives day-to-day functioning. Effective utilization of the existing digital channels i.e. website, internet banking, mobile banking and enhancing the social profile of our Bank is an ongoing priority.

The percentage of overall sanctions under home loans, car loans and MSME loans through digital mode has exceeded 74.37% of the eligible loans as of December 31, 2023 (76.48%, 77.28% and 71.71% for home loans, car loans and MSME loans, respectively).

As part of our digital transformation journey, we have also created a technology, digital and product hub ("**TDH**") at Bengaluru, which is situated over 40,000 sq feet of area, with over 370 workstations as of December 31, 2023. As of December 31, 2023, we had 223 employees at the TDH and have integrated our products and business solutions into the TDH.

We have integrated with a CRM tool from simple CRM which has been deployed across service, sales and marketing towards creation of an integrated digital platform across channels for providing services to customers and ensuring product-centric sales processes for common actions across the organization, enabling customer success, efficient lead management and improved business efficiency.

In order to ensure funding to the unserved and underserved sector of the economy through NBFCs and also to augment priority sector advances, we have entered into co-lending arrangements with various MSME and agriculture focussed NBFCs. At present, we have co-lending dealings with Satin Creditcare Network Limited (which provides financial support to women in rural and semi-urban India), Clix Capital Services Private Limited (which provides loans to underserved MSME sector), Northern Arc Capital Limited and other such entities. As at December 31, 2023, our outstanding balance under co-lending amounted to ₹ 77.54 million.

We also offer comprehensive financial solutions and life insurance products through various partners. Further, our co-lending technology integration is under process.

Further, our Bank has implemented digital initiatives in its priority sector lending operations with the creation of DGV in partnership with DigiVriddhi Technology Private Limited for provision of tailored financial services to dairy farmers and societies and KBL-Swarna Bandhu to provide access to gold loans at customer doorsteps.

To improve the internal productivity, we have introduced a host of internal tools mainly, KBL FORCE-Lead Management System, KBL e-Dashboard, KBL Kollect+ for real-time monitoring of collections, KBL Vasool So-Ft as an NPA management tool, KBL Rise as a performance management system and e-TMS as an internal digital ticketing management solution. These digital tools have redefined the internal processes of our Bank for further enhancing efficiency and effectiveness. We have also an enterprise level fraud risk management system for effective cyber fraud prevention across delivery channels.

As of December 31, 2023, our Bank had approximately 0.84 million internet banking users and 3.82 million mobile banking users generating over 33.27 million internet banking transactions and 46.93 million mobile banking transactions. In Fiscals 2021, 2022 and 2023 and the nine months ended December 31, 2022 and December 31, 2023, 88.23%, 92.26%, 93.48%, 93.37% and 94.55% of our Bank's transactions in such periods, respectively, were performed through digital channels. In Fiscals 2021, 2022 and 2023 and the nine months ended December 31, 2022 and December 31, 2023 our Bank had 0.40 million, 0.47 million, 0.53 million, 0.51 million and 0.58 million UPI BHIM mobile payment customers, respectively, generating ₹ 1,356.40 million, ₹ 2,786.80 million, ₹ 84,511.45 million, ₹ 5,613.40 million and ₹ 12,550.70 million UPI BHIM transactions in the respective years.

Further, our bank is qualified to act as an 'Agency Bank' of RBI to facilitate government business transactions. The bank is already live with direct and indirect tax collections (GST, Custom duty and Income Tax). The bank has also been selected for the upcoming cohort of Central Bank Digital Currency ("**CBDC**").

We believe the use of technology also enables us to analyze, address and deliver a customer fulfilment experience. Increasing adoption of technology by customers means that we need to constantly ensure that our systems and processes are geared up to deliver optimal services in a secure environment.

Creation of product and business solutions group

Our Bank has invested in creating a product management and business solutions group as verticals within our organizational structure which cuts across assets, liabilities and third-party products as part of its transformation drive. This enables us to:

a) Continuously benchmark products and services to the best in class across industry.
b) Develop and review products holistically so as to, *inter alia*, address aspects of target customer segment, customer experience, process and/or digital delivery, pricing, 'Go To Market' and portfolio quality.
c) Bridge the gap between business requirements on one end and digital applications required to deliver the products on the other.
d) Thoroughly test products delivered by technology before putting them out to the market. Management of the entire life cycle of product delivery right from the concept stage to product going live by means of robust project management and governance.

This enables the Bank to be competitive and drive growth of our business in the right direction at the requisite pace and scale.

Strategies

Our focus is to continue to enhance returns while growing business, through increasing returns on average total assets, through the implementation of the below strategies. Our returns on average total assets was 0.57%, 0.56%, 1.21%, 1.14% and 1.32% in Fiscal 2021, Fiscal 2022, Fiscal 2023, nine months ended December 31, 2022 and nine months ended December 31, 2023.

Continue to grow our advances and enhance our performance with focus on retail, agriculture and MSME

As part of our growth strategy, maintaining our diverse advance base is a source key area of growth. We will continue to invest resources to strengthen our retail portfolio and agricultural portfolio with focus on MSME business segments. Our distribution network and geographic presence has allowed us to attract interest free current account and low-cost savings account deposits leading to a stable CASA deposit base. In addition, our branch network allows us to drive growth in advances in our retail, mid corporate and large corporate sector banking business. Accordingly, our Bank is looking to expand its branch network in a calibrated manner.

We are committed to increasing the volume of our CASA and retail term deposits. We intend to identify current account corporate customers for preferred working capital lending and offering them a range of customized products including wealth products targeted at their owners, promoters and directors, salary accounts and liquidity management solutions. We have also taken up various campaigns such as Centenary Deposit (KCD) Campaigns, amongst others, in order to improve our CASA and deposits. Frequent branch visits, along with regular reviews of regional heads, cluster heads and regional sales executives are also undertaken to review and improve the CASA and deposit build-up of our Bank.

Advances to our focus sectors as a percentage of our total domestic outstanding loans for the respective periods was as follows:

Sector	Fiscal 2021	Fiscal 2022	Fiscal 2023	Nine months ended December 31,	
				2022	2023
Retail*	56.65%	51.35%	50.34%	48.08%	47.50%
Agriculture	13.19%	12.87%	12.38%	12.06%	13.24%
MSME	27.79%	27.86%	24.87%	24.65%	22.12%

**Mutually inclusive*

We have identified the retail loan segment as a key area for increasing our credit portfolio. We believe that the retail sector offers large and profitable growth opportunities. We intend to improve our retail lending profile by expanding our retail banking business through the acquisition of new customers, providing a convenient banking experience to existing customers, offering differentiated products and solutions to meet the specific needs of particular customer demographics, and deploying sufficient manpower to cater to this particular segment. As part of our strategy to focus on retail customers, we plan to customize and introduce new products, improve our lending processes and distribution channels. We intend to focus more on retail products to reduce the risk associated with loans by obtaining adequate security. Such loans mainly comprise gold loans, home loans and loans against property to salaried employees and small business owners with income adequate to repay their loans. We also intend to launch additional schemes/campaigns to increase our home loan, vehicle loan and property loan. Further, we have also deployed DSTs to augment new-to-bank ("**NTB**") customers in the retail segment.

In order to augment PSL and also to ensure achievement of sub-targets under PSL, our Bank has strengthened the number of AFOs and sales officers at branch level to reach farmers, SHGs and JLGs effectively. Our Bank conducts special campaigns regularly to focus mainly on loans to weaker sections of the society. Further, the tie up with business correspondents and business facilitators have started improving business generation. In the past few years, our Bank has taken steps in increasing lending to SHGs and micro-finance. Further, in order to fulfil the needs of MSME sector, we offer a wide range of banking products such as working capital finance, term loans, business finance products, both fund-based and non-fund based, suited to all sectors of the industry. Some of our products, namely, 'KBL Contractor Mitra', 'KBL Micro Mitra' and 'KBL Export Mitra' focus on particular segments of the public, while schemes like KBL MSME are open for all kinds of MSME customers. In order to support the financial needs of women entrepreneurs, we offer the 'KBL Mahila Udyog' product.

Further optimise funding costs

Our Bank has seen growth in its deposit base and maintains a robust funding profile. We are also committed to reducing the concentration risk of our balance sheet by rationalising our Bank's corporate credit book, while focussing on retail, MSME and agricultural growth. With regard to the retail credit portfolio, our Bank will continue to adopt a selective stance based on the opportunity and risk involved, on a case-by-case basis.

Our Bank has reduced legacy high-cost borrowings by exercising call options on Tier II bonds in October 2023. There is continued focus and efforts to increase CASA through government business, and corporate salary accounts initiative. Further, our Bank has taken up initiatives, run campaigns to shore up the retail term deposits portfolio by modifying the deposits rates through ALCO. Our Bank has excess SLR against which it borrows in collateral market, in addition to short term call money or term money borrowings.

Focus on improving operating efficiency to optimise cost

We will continue to focus on effective cost management through manpower optimization, process improvements such as digitization of credit sanction process and centralization of credit monitoring and analytics led cost monitoring. We will also review the consolidation, relocation and reformatting of our branch network. We have already undertaken the process of rationalising our back-offices for enhanced operating efficiency and to optimize costs. As a part of our strategy, we are constantly working to explore new technology and improve the digital offerings in our business. We adopted core banking solution in Fiscal 2000 and in Fiscal 2017, we commenced our new generation digital foray with 'Project KBL VIKAAS' by having M/s Boston Consulting Group as our consultant implemented various projects for improving operating efficiency. Our distribution and collections infrastructure are a key source of operating leverage and will help reduce our operating expenses. Further, we expect that our strategic investments in technology and digitisation across our business will further reduce our operating expenses and credit costs over time. We will continue to review and identify means to improve our revenue to operating expenses ratio and improve our overall net interest margin from current levels.

Further, our Bank's wholly owned non-financial subsidiary, KBL Services Limited, has been operationalized with effect from March 30, 2021 and has started providing its services to our Bank in augmenting its 'Feet on Street' and services of business associates for canvassing CASA accounts and retail loan products of our Bank. Our Subsidiary is permitted to provide its services to our Bank under the categories of business sourcing, contact centre management, management of banking channels, back-end processing activities, IT projects and digital capabilities, as per the final approval dated March 3, 2020 granted by the RBI. Through KBL Services Limited, we have been able to rationalize cost and improve our operating efficiency.

Enhance product offerings and asset quality

Our Bank plans to continue to focus on maintaining high underwriting standards and will continue to strengthen our Bank's asset quality of retail, rural and MSME loans by ensuring that we sell the right products to the various customer segments according to each segment's individual financial needs, while being mindful of our Bank's risk tolerance. We will continue to improve our Bank's collection efficiency powered by digital interventions and analytical models on top of traditional methods.

We intend to continue to focus on reducing our impaired assets with the objective of reducing our NPA levels, while improving the quality of our assets. We believe that effective risk management is essential to our growth, strategic planning and long-term sustainable development. In order to strengthen our credit monitoring and internal control capabilities, we have developed a comprehensive credit risk rating system for quantifying and aggregating the credit risk of all borrower accounts across various exposures. We have introduced specialized lending rating models and retail score card model. Further, we have also introduced score card models under digital underwriting process for MSMEs etc. Our Bank's gross NPAs as a percentage of gross advances was 4.91%, 3.90%, 3.74%, 3.28% and 3.64% in Fiscals 2021, 2022 and 2023 and for the nine months ended December 31, 2022 and December 31, 2023, respectively, and our Bank's net NPAs as a percentage of net advances was 3.19%, 2.42%, 1.70%, 1.66% and 1.55% in Fiscals 2021, 2022 and 2023 and for the nine months ended December 31, 2022 and December 31, 2023, respectively.

We have taken enough measures in controlling the stress level. Our Bank has a separate vertical, namely the CMD which closely monitors the end use of funds and movement of stressed assets. We have a separate set up *viz.* regional collection hubs at all our 14 regional offices for micro-level monitoring. Our Bank has implemented analytic-based collection prioritization to optimize collection efforts and to control the delinquency levels. Our Bank has also put in place a digital platform for triggering early warning signals which helps us in identifying the weaknesses at the early stage of its occurrence to take appropriate measures to prevent further damage to the asset quality.

Moving towards analytics led digital-first bank

We believe that the ability to understand customer requirements and trends based on analysis of data sets created from our banking and treasury operations will be a key driver in our ability to continue to grow our share of the customer's overall financial journey / requirements / business.

We have already implemented the ACoE, which is focussing on reviewing and analysing trends from our customer behaviour, which in turn allows us to understand the potential requirements of our customers and to offer different products and services from our existing basket of services and products. The ACoE has been set up with a clear objective of driving profit outcomes through enabling early customer engagement, driving up customers' primary bank index and products per customer, driving CASA balance buildup and controlling predicted attrition, cross selling asset products, creating new assets product lines, driving collection efficiency and managing delinquencies better, creating business dashboards for decision-making and enabling micro-market based planning for non-linear growth alignment. In the initial days of going live with a subset of planned use cases, our Bank has already derived encouraging outcomes.

Banking operations

In Fiscals 2021, 2022 and 2023 and the nine months ended December 31, 2022 and December 31, 2023, we had total outstanding total (gross) loans amounting to ₹ 527,250.91 million, ₹ 577,693.41 million, ₹ 613,027.83 million, ₹ 636,733.38 million and ₹ 697,409.72 million, respectively.

The table below sets forth the composition of our loan assets by business divisions for the respective periods:

(₹ in million, except percentage data)

Particulars	As of March 31,					
	2021		2022		2023	
	Amount	% of total credit	Amount	% of total credit	Amount	% of total credit
Personal	40,007.33	7.59%	37,405.36	6.47%	35,302.81	5.76%
Business	272,277.34	51.64%	315,417.55	54.60%	321,487.21	52.44%
Agriculture	69,556.52	13.19%	74,345.15	12.87%	75,908.13	12.38%
Digital banking	9,736.07	1.85%	19,422.83	3.36%	34,539.46	5.63%
Other banking	135,673.65	25.73%	131,102.51	22.69%	145,790.24	23.78%
Gross advances	**527,250.91**	**100.00%**	**577,693.41**	**100.00%**	**613,027.83**	**100.00%**

(₹ in million, except percentage data)

Particulars	As of December 31,			
	2022		2023	
	Amount	% of total credit	Amount	% of total credit
Personal	38,640.60	6.07%	34,874.77	5.00%
Business	354,625.51	55.69%	380,912.27	54.62%
Agriculture	76,793.57	12.06%	92,347.40	13.24%
Digital banking	31,081.48	4.88%	43,758.24	6.27%
Other banking	135,592.22	21.29%	145,517.04	20.87%
Gross advances	**636,733.38**	**100.00%**	**697,409.72**	**100.00%**

Recent initiatives in the dynamic Industry landscape

We aim to redefine credit and related process management practices, ensuring not only robust risk mitigation but also an unparalleled customer experience. Such a transformation reflects our strategic vision to adapt swiftly to industry changes, ensuring we remain a leader in providing efficient and customer-centric financial solutions. We have identified a potential partner with distinguished track record for this project. With extensive experience in the financial services sector, the partner brings a wealth of expertise and necessary skillsets to help achieving our goals and objectives for this project.

In the dynamic landscape of the banking industry, where numerous players are optimizing credit delivery, we have embarked on a comprehensive credit growth and process management transformation project which will underscore our commitment to staying at the forefront of innovation. The challenging business environment demands a proactive approach to ensure that our credit processes, policies and procedures are best in class and help us exceed customer expectations and grow the business at the requisite pace and scale but without compromising on portfolio quality and profitability. With a focus on streamlining processes, innovative credit re-engineering and significantly reducing the turnaround times, this initiative is poised to elevate our Bank's competitive edge in the market.

Our Bank is also a part of GST, CBDT (direct and indirect) tax payment networks, enabling online tax payments for customers.

Products and services

We offer a variety of products and services to corporate and commercial customers, including MSMEs, and as well as retail, NRI and agricultural customers. The following is a description of our principal products that we offer to our customers:

Retail banking

Retail banking plays a predominant role in increasing the total business of our bank. We offer a broad range of services and products through our multi-channel distribution network to meet the needs of individuals across urban and rural India. Our retail banking operations are targeted primarily at individuals (salaried, self-employed professionals and other self-employed individuals) for meeting their personal financial requirements. Retail banking services include home loans, education loans, vehicle loans, personal loans, loan against property, and card services and constitute a significant portion of our operating income. We offer these services and products to our retail customers through our branch outlets as well as through digital channels. Our retail loans increased from ₹ 298,669.28 million as on March 31, 2021 to ₹ 308,622.11 million as on March 31, 2023 to ₹ 331,257.50 million as on December 31, 2023. As a percentage of total advances, retail advances accounted for 56.65%, 51.35%, 50.34%, 48.08% and 47.50% as of March 31, 2021, March 31, 2022, March 31, 2023, December 31, 2022 and December 31, 2023 respectively.

The following table sets forth details on our retail credit* across segments:

(₹ in million)

Particulars	As of March 31, 2021	As of March 31, 2022	As of March 31, 2023	As of December 31, 2022	As of December 31, 2023
Home loans	97,623.16	96,273.16	101,461.72	99,680.07	104,432.81
Vehicle loans	36,133.84	36,493.21	38,950.46	41,110.72	41,188.77
Personal loans	4.19	57.86	16.13	62.39	8.98
Education loans	2,838.92	2,891.45	2,949.22	2,863.68	3,254.90
Gold loans	26,149.12	28,296.49	30,721.55	30,273.91	37,826.14
Other loans	135,920.05	132,652.73	134,523.03	132,156.93	144,545.90
Total loans	**298,669.28**	**296,664.90**	**308,622.11**	**306,147.70**	**331,257.50**

**Retail credit exposure is upto ₹ 75.00 million.*

Home loans

Our Bank extends home loans under the 'KBL Apna Ghar'/ 'KBL Apna Ghar Elite' scheme and digitally through 'KBL Xpress Home Loan'. Our home loan portfolio constitutes 15.80% of the gross advances as on December 31, 2023. Further, home loan portfolio increased from ₹ 107,190.64 million as of March 31, 2021 to ₹ 110,182.05 million as of December 31, 2023.

Vehicle loans

We offer loans for the purchase of all variants of new and pre-owned four wheelers and new two wheelers under the 'KBL Xpress Car Loan' and 'KBL Express Easy Ride Loan', respectively. This scheme extends credit facility to individuals who are income tax assesses, agriculturists, company/ firm/ trust/ association/ societies and NRIs. Our vehicle loan portfolio increased at CAGR of 10.32% from ₹14,376.87 million as of March 31, 2021 to ₹ 18,835.00 million as of December 31, 2023.

Personal loans

We offer personal loans under schemes such as 'KBL Xpress Cash Loan' and 'KBL Insta Cash Loan' to meet various personal and domestic expenses. Our personal loan portfolio increased at CAGR of 17.01% from ₹ 2,100.12 million as of March 31, 2021 to ₹ 3,235.04 million as of December 31, 2023.

Education loans

We offer education loan under 'KBL Vidya Nidhi Quick Education Loan' and 'KBL Skill Loan' to a student to pursue graduation and post-graduation courses. Education loan portfolio increased at a CAGR of 5.15% from ₹ 2,836.58 million as of March 31, 2021 to ₹ 3,256.75 million as of December 31, 2023.

Gold loans

We offer gold loans under 'KBL Bullet Repayment Scheme' and 'KBL Agri Gold Scheme' to meet various personal, domestic and agricultural expenses. Our Gold loan portfolio increased at CAGR of 14.39% from ₹ 26,160.81 million as of March 31, 2021 to ₹ 37,864.31 million as of December 31, 2023.

Other retail loans

Under other retail loans, we offer loans for reaping of solar energy under 'KBL Ravi Kiran Scheme'. In addition to above, we offer other banking services to our retail customers such as, fund transfer facilities, utility bill payment and lockers.

Our CASA ratio, consisting primarily of retail demand and savings deposits, was 31.49%, 32.97%, 32.97%, 31.91% and 31.45% as of March 31, 2021, March 31, 2022, March 31, 2023, December 31, 2022 and December 31, 2023 respectively. As a percentage of total deposits, core deposits accounted for 99.98%, 99.99%, 99.99%, 99.53% and 99.97% as of March 31, 2021, March 31, 2022, March 31, 2023, December 31, 2022 and December 31, 2023 respectively.

Our segmental revenue from retail banking segment was ₹ 29,779.65 million, ₹ 31,292.71 million, ₹ 36,530.13 million, ₹ 26,746.95 million and ₹ 30,515.26 million as of March 31, 2021, March 31, 2022, March 31, 2023, December 31, 2022 and December 31, 2023, respectively.

Corporate banking

We offer a variety of customised banking products to our corporate clients such as working capital finance, term loans and infrastructure finance under our corporate banking vertical. Our range of corporate banking products and services includes (a) current accounts scheme suitable for small merchants, medium enterprises, micro and small enterprises, authorised distributors and corporate enterprises; (b) loan products, including working capital, term loans and infrastructure finance; and (c) point of sale services to our Bank's customers for collection of sales in an automated process. Our segmental revenue from corporate banking advances business was ₹ 26,201.78 million, ₹ 24,918.29 million, ₹ 29,368.76 million, ₹ 21,130.64 million and ₹ 25,102.95 million as of March 31, 2021, March 31, 2022, March 31, 2023, December 31, 2022 and December 31, 2023, respectively.

Agricultural financing

We offer a wide variety of products and schemes catering to individuals, firm, company and HUF engaged in agricultural activities. We provide the following schemes under agriculture banking:

1. The 'KBL Instant Agri Credit' scheme extends credit facility for the purpose of meeting agricultural expenses like crop cultivation, development of agriculture and allied activities. The credit facility under this scheme is provided with a maximum tenor of 24 months.
2. The 'KBL Agri Gold' scheme credit facility is extended to meet short term agricultural operational expenses. The credit facility under this scheme is provided with a maximum tenor of 12 months.
3. The 'Krishik Sarathi' scheme extends credit facility for the purpose of purchasing farm machineries, two-wheeler, jeep, van and innovative equipment used by the agriculturists for farm operations and transporting agriculture produce. The credit facility under this scheme is provided with a maximum tenor of nine years.

Our Bank has a 'Kisan Credit Card' scheme which extends credit facility to the farmers for the purpose of meeting short term credit requirements for cultivation of crops, post-harvest expenses, produce marketing loan, consumption requirements of farmer households and working capital for maintenance of farm assets and activities allied to agriculture.

Our outstanding loan portfolio to the agriculture sectors of our total outstanding loans and advances was ₹ 71,012.77 million, ₹ 104,735.60 million, ₹ 113,050.60 million, ₹ 101,563.70 million and ₹ 134,008.10 million as of March 31, 2021, March 31, 2022, March 31, 2023, December 31, 2022 and December 31, 2023 respectively.

Our agriculture finance portfolio helps us to meet our priority sector lending obligations, where we are required to lend 40% of our adjusted net bank credit or credit equivalent amount of off-balance sheet exposure, whichever is higher, towards priority sectors and 18% of our adjusted net bank credit or credit equivalent amount of off balance sheet exposure, whichever is higher, towards agriculture.

MSMEs

Our Bank offers various types of MSME products to the general public to fulfil their financial needs. We provide a range of banking products such as working capital finance, term loans, business finance products, both fund-based and non-fund based, suited to all sectors of the industry. Some of our products, namely, 'KBL Contractor Mitra Loan', 'KBL Micro Mitra Loan' and 'KBL Export Mitra' focus on particular segments of the public, while schemes like KBL MSME are open for all kinds of MSME customers. In order to support the financial needs of women entrepreneurs, we offer the 'KBL Mahila Udyog Women's Business Loan' product. In November 2023, we have launched the 'KBL Commercial Vehicle Loan' scheme to cater to the needs of contractors, transport operators. In February 2024, we also launched the 'KBL Equipment Loan' scheme for buyers of, *inter alia,* medical equipment, backhoe loaders, crushing plants, road rollers, dumpers and cranes.

Our Bank is also registered as a financier on the TReDS platform, set up to provide finance to MSMEs.

Treasury

Our integrated treasury performs the crucial function of interacting with dynamic market forces, understanding them and transforming such understanding into profits. Our treasury operations comprise primarily of statutory reserves management such as SLR and CRR, liquidity management, investment and trading activities and foreign exchange activities. As part of liquidity management, our treasury department primarily invests in sovereign debt instruments and other fixed income securities. We also deal with commercial papers, mutual funds, certificates of deposits and floating rate instruments in order to manage short-term surplus liquidity. We also engage in foreign exchange operations and offer a wide range of products and services for customers such as forward contracts, foreign exchange products and services etc.

Revenue from our treasury operations consist primarily of interest income on investment portfolio, gains or losses from trading operations, trades and capital market deals. Our treasury operations involve the managing of investments and funding from money markets for our Bank. This ensures that we are able to meet the RBI's regulatory requirements of complying with the statutory liquidity ratio and cash reserve ratio.

For further details on our Bank's investment portfolio, see "*Selected Statistical Information – Investment Portfolio*" on page 51.

Our revenue from treasury segment was ₹ 17,233.07 million, ₹ 13,153.02 million, ₹ 12,768.31 million, ₹ 8,642.96 million and ₹ 12,341.93 million as of March 31, 2021, March 31, 2022, March 31, 2023, December 31, 2022 and December 31, 2023 respectively. Our non-interest income from our treasury segment, consisting of profit from the sale of investments and profit on exchange/ derivative transactions was, ₹ 6,417.25 million, ₹ 690.40 million, ₹ 308.29 million, ₹ 241.79 million and ₹ 160.03 million as of March 31, 2021, March 31, 2022, March 31, 2023, December 31, 2022 and December 31, 2023 respectively.

Deposits

Our deposits portfolio is broadly classified into demand deposits and term deposits, which are briefly discussed as under:

Term deposits: We accept term deposits giving a fixed return, for periods ranging from 7 days to 10 years. Term Deposits are also known as fixed deposits or time deposits. Such deposits can be withdrawn before maturity in accordance with applicable rates by paying penalties, if any. Term deposits include recurring deposits, which enable the customer to make deposits over a fixed term at regular intervals. We also offer overdraft facility against the term deposits to our customers. Term deposits provide us with a cost efficient and stable funding source and remain a key focus area for us.

Savings accounts: We offer savings accounts, which are interest bearing on-demand deposit accounts designed primarily for individuals and trusts. In addition to our conventional deposit products, we offer a variety of special value-added products and services such as, *inter alia*, 'SB-Sapphire', 'SB Platinum', 'SB Ruby', 'SB-TASC', and 'KBL Vanitha Women's Saving Account Loan'. With the initiation of the project 'KBL VIKAAS', on-boarding of savings bank customers through Tab and Web banking has also been implemented.

Corporate salary accounts: We have launched a corporate salary account scheme, which is a bundled salary proposition, including zero balance account with concessions for loan processing, locker rentals etc. We have introduced three variants tailored to cater to all segments, namely 'KBL Sal Ultimate', 'KBL Sal Delite' and 'KBL Sal Pride'.

Current accounts: We also offer current accounts which are non-interest-bearing accounts, designed primarily for businesses. Customers have a choice of regular and premium product offerings with different minimum average quarterly account balance requirements.

The average cost of term deposits was 6.49%, 5.69%, 5.67%, 5.45% and 6.59% in Fiscal 2021, Fiscal 2022, Fiscal 2023 and the nine months ended December 31, 2022 and the nine months ended December 31, 2023, respectively. The average cost of total deposits was 5.29%, 4.66%, 4.62%, 4.47% and 5.26% in Fiscal 2021, Fiscal 2022, Fiscal 2023 and the nine months ended December 31, 2022 and the nine months ended December 31, 2023, respectively.

The following table sets forth our outstanding deposits and the percentage composition by each category of deposits for the period indicated therein:

(₹ in million, except percentage data)

Particulars	Fiscal 2021		Fiscal 2022		Fiscal 2023	
	Amount	% of total	Amount	% of total	Amount	% of total
Current deposits						
-From banks	44.21	-	55.64	0.01%	54.24	-
-From others	48,178.37	6.37%	48,211.82	6.00%	53,101.53	6.08%
Total current accounts	**48,222.58**	6.37%	**48,267.46**	6.01%	**53,155.77**	6.08%
Savings bank deposits	**190,010.63**	25.12%	**216,728.38**	26.96%	**234,914.90**	26.89%
Term deposits						
-From banks	97.98	0.01%	4.72	-	-	-
-From others	518,217.43	68.50%	538,867.89	67.03%	585,609.45	67.03%
Total term deposits	**518,315.41**	68.51%	**538,872.61**	67.03%	**585,609.45**	67.03%
Total	**756,548.62**	**100.00%**	**803,868.45**	**100.00%**	**873,680.12**	**100.00%**

(₹ in million, except percentage data)

Particulars	Nine months ended December 31, 2022		Nine months ended December 31, 2023	
	Amount	% of total	Amount	% of total
Current deposits				
-From banks	38.81	-	26.05	-
-From others	45,846.11	5.42%	50,817.69	5.51%
Total current accounts	**45,884.92**	5.42%	**50,843.74**	5.51%
Savings bank deposits	**224,032.72**	26.48%	**239,097.93**	25.93%
Term deposits				
-From banks	-	-	250.00	0.03%
-From others	576,047.69	68.10%	631,762.23	68.53%
Total term deposits	**576,047.69**	68.10%	**632,012.23**	68.56%
Total	**845,965.33**	**100.00%**	**921,953.90**	**100.00%**

Other banking operations

Third party products

Bancassurance

In order to provide a range of finance and investment products to customers as a value addition, and also to augment non-interest income, we have entered into corporate agency agreements with life insurance companies, namely, PNB Metlife India Insurance and HDFC Life, amongst others, and general insurance companies, such as Universal Sompo General Insurance for soliciting, procuring and marketing life, general and health insurance products to our customers. We have obtained a registration certificate from the IRDAI under the Insurance Regulatory and Development Authority of India (Registration of Corporate Agents) Regulations, 2015, as amended and the Insurance Regulatory and Development Authority Act, 1999, as amended to act as a corporate agent. Our Bank has earned commission income of ₹ 433.89 million, ₹ 487.23 million, ₹ 527.69 million, ₹ 364.52 million and ₹ 429.34 million as of March 31, 2021, March 31, 2022, March 31, 2023, December 31, 2022 and December 31, 2023 respectively.

Mutual funds

Our Bank distributes mutual fund products of various asset management companies in India to its clients as an empanelled distributor. As of December 31, 2023, we were empanelled with eight asset management companies. Mutual fund products are sold through our Bank's branch distribution network based on client requirements. Our Bank has also launched online sale of mutual funds through a technology enabled platform- 'FISDOM' with end-to-end digitization to invest in more than 40 AMCs through our Bank's mobile banking platform, 'KBL Mobile Plus'.

Depository services

Our Bank is offering depository services as a depository participant for CDSL. We also offer online trading facility to our customers through tie-ups with our channel partners. In association with our partner, we are offering three-in-one and two-in-one account facility. Further in association with our partner, we have launched the product 'KBL Smart Trade' offering two-in-one facility to our customers.

Card services

As on December 31, 2023, we have a debit card base of 5.13 million cards and co-branded credit card base of 0.33 million cards.

We have executed a memorandum of understanding with SBI Cards and Payment Services Private Limited for establishing a co-branded credit card programme with a nomenclature 'Karnataka Bank-SBI Card Co-branded Credit Card'. Our Bank has earned a commission of ₹ 9.35 million, ₹ 24.87 million, ₹ 74.16 million, ₹ 54.80 million and ₹ 56.83 million as of March 31, 2021, March 31, 2022, March 31, 2023, December 31, 2022 and December 31, 2023 respectively through the card service business.

Locker facility

Our Bank offers locker facility in 806 branches across the country. The customers can apply for lockers online and also make the payment of locker rent through online mode. We earned locker rent of ₹ 363.07 million, ₹ 379.41 million, ₹ 408.39 million, ₹ 401.86 million and ₹ 421.84 million as of March 31, 2021, March 31, 2022, March 31, 2023, December 31, 2022 and December 31, 2023 respectively.

Priority sector lending

Commercial banks in India, including our Bank, are required by the RBI to lend through advances or investment, 40.00% of their ANBC or credit equivalent amount of off-balance sheet exposures, whichever is higher, to certain specified "priority sectors", subject to certain exemptions permitted by the RBI from time to time. Priority sector advances include advances to the agriculture sector, MSME sector and financial inclusion sector, microfinance loans, loans to certain sectors deemed weaker by the RBI, housing and education finance up to certain ceilings and loans to fund the purchase of eligible assets and investments in eligible securitised assets.

We are required to comply with the priority sector lending requirements as guided by the RBI from time to time which is fixed as a percentage of applicable ANBC. Any shortfall in the amount required to be lent to the priority sectors may be required to be deposited with the Rural Infrastructure Development Fund established by the National Bank for Agriculture and Rural Development or funds with other financial institutions as specified by the RBI.

As at March 31, 2021, March 31, 2022, March 31, 2023, December 31, 2022 and December 31, 2023, outstanding priority sectors loans as a percentage of ANBC was 46.58%, 56.41%, 50.78%, 51.31% and 51.28% respectively, with each figure representing the quarterly average of the outstanding priority sector loans as at the respective quarter ends in each period.

The following table presents our priority sector lending by sub-sector and as a percentage of ANBC, for the period(s) indicated below:

(₹ in million, except percentage data)

Particulars	For the year ended March 31,					
	2021		2022		2023	
	Amount	% of ANBC	Amount	% of ANBC	Amount	% of ANBC
Agriculture advances	71,012.77	11.56%	74,352.96	13.07%	75,914.20	11.98%
Advance to MSMEs	146,535.50	23.85%	160,949.08	28.30%	152,470.81	24.06%
Others	68,617.69	11.17%	85,473.41	15.03%	93,432.31	14.74%
Priority sectors total	286,165.90	46.58%	320,775.45	56.41%	321,817.32	50.78%
Adjusted net bank credit	614,388.70		568,687.40		633,771.80	

(₹ in million, except percentage data)

Particulars	For the nine months ended December 31,			
	2022		2023	
	Amount	% of ANBC	Amount	% of ANBC
Agriculture advances	76,799.58	12.50%	92,354.22	13.41%
Advance to MSMEs	156,953.69	25.54%	154,250.41	22.40%
Others	81,570.08	13.27%	106,582.84	15.48%
Priority sectors total	315,323.35	51.31%	353,187.46	51.28%
Adjusted net bank credit	614,526.00		688,692.60	

Delivery channels

We cater to our customer base of approximately 12.93 million across metropolitan and rural areas through a range of delivery channels in order to enable them to access our products and services, including physical branches and extension counters. In addition, our customers have access to select banking services offered through ATMs, internet banking and mobile banking.

Branch network

As of December 31, 2023, we had 904 branches across all states and union territories in India. The following table sets forth the number of our branches in metro, urban, semi-urban and rural locations:

Location of branches	Fiscal 2021	Fiscal 2022	Fiscal 2023	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Metro	241	244	250	245	251
Urban	225	229	233	229	234
Semi Urban	199	204	210	204	211
Rural	192	200	208	200	208
Total	**857**	**877**	**901**	**878**	**904**

The following table represents the top five states in terms of total number of branches and offices as of December 31, 2023:

State/ Union Territory	Metro	Urban	Semi-urban	Rural	Total
Karnataka	100	113	162	202	577
Maharashtra	36	12	4	1	53
Tamil Nadu	23	18	11	0	52
Andhra Pradesh	8	25	8	2	43
Telangana	19	6	1	0	26
Other states	65	60	25	3	153
Total	**251**	**234**	**211**	**208**	**904**

ATMs and CRs

As at March 31, 2021, March 31, 2022 and March 31, 2023, our Bank had 1,478 ATMs and CRs, 1,448 ATMs and CRs, and 1,474 ATMs and CRs, respectively.

The table below represents top five states in terms of the number of onsite and offsite ATMs/CRs as of December 31, 2023:

State/ Union Territory	Onsite	Offsite	Total
Karnataka	608	522	**1,130**
Tamil Nadu	49	16	**65**
Andhra Pradesh	38	20	**58**
Maharashtra	51	6	**57**
Telangana	23	3	**26**
Others	133	13	**146**
Total	**902**	**580**	**1,482**

Internet banking

Our Bank's internet banking system can be used across devices for fund transfer by way of NEFT, IMPS or RTGS, online utility bill payments, access to account statements, details of loan accounts and managing debit card settings and for purchase of investment and insurance products.

With a focus on innovation, customer experience and being the 'Digital Bank of the Future', our Bank aims to provide a seamless, integrated and user-friendly technology interface for our customers. In this regard, we have launched a new web-based corporate internet banking facility, namely 'KBL ONE' in July 2023.

Mobile banking

We have developed mobile banking applications such as KBL Mobile Plus, BHIM KBL UPI App and KBL mPassBook App, to serve as a one-stop platform offering numerous services, including funds transfer, deposit account opening, and application for investment products. The applications also allow our customers to, amongst others, enquire about their account balances, utility bill payments, QR based payment and fund transfers using UPI.

Further, our Bank has upgraded the bill payments journey by migrating the platform to 'Hexagon' solution in partnership with Billdesk for 'KBL Mobile Plus' app users.

Risk management

We have comprehensive policies, procedures, organisational structures and control systems in place to identify, measure, assess, monitor, manage and control risks systematically across all our portfolios. The risk management framework is subjected to review, upgrade and allows modifications, on an ongoing basis, in tune with regulatory guidelines and best practices in the industry. Our risk management policies and functions are structured to address our major risks, including credit risk, market risk, liquidity risk, interest rate risk, cyber risk and operational risk. Further, on February 18, 2022, Our Bank's risk management department has been accredited with ISO 9001:2015 international certification for quality management system.

The Risk and Capital Management Committee of our Board is responsible for framing, implementing and monitoring the risk management plan for our Bank and constantly reviews and monitors the main types of risk across the organisation, including credit risk, market risk, liquidity risk, interest rate risk, cyber risk and operational risk. The Board has ultimate responsibility for our Bank's risk management framework and is responsible for defining, reviewing and approving our Bank's risk appetite, risk tolerance and related strategies and policies.

Credit risk

Credit risk is an inherent risk and arises when a borrower or counterparty failing to meet their obligations in accordance with agreed terms. We have developed a comprehensive credit risk rating system for quantifying and aggregating the credit risk of all borrower accounts across various exposures. We have introduced Specialized lending rating models, retail score card model (pool-based approach). Further, score card models under the BRE approach have also been introduced for digital underwriting process. Credit audit, legal audit and stock audit of large credit exposures are conducted to limit the magnitude of credit risk. We ensure healthy asset quality by continuously monitoring and collecting follow-ups through a separate department viz. Credit Monitoring Department.

Market risk

Market risk is the risk to earnings and capital resulting from movements in market prices, particularly changes in interest rates, foreign exchange rates and equity and commodity prices, including the volatilities resulting from those changes. We have put in place Board approved policies on integrated treasury, asset liability management and market risk management for effective management of market risk in our Bank.

Liquidity risk

Liquidity risk arises when the Bank fails to meet its contractual obligation in its daily operations due to inadequate funds flow. Liquidity risk may be caused by our Bank's inability to liquidate assets on time or to obtain funding to meet our liquidity needs or due to market disruption. Proactive analysis of different circumstances viz. Funding risks, Time risks, and call risks which would cause liquidity risk to the Bank. Liquidity risk is assessed using gap analysis for maturity mismatch based on residual maturity in different time buckets. Advanced techniques such as stress testing, simulation and sensitivity analysis, amongst others, are conducted at regular intervals to monitor liquidity. Stress testing involves simulating hypothetical, but severe market conditions to assess the impact on our Bank's liquidity. It helps identify potential weakness and vulnerabilities allowing for protective measures to be taken. Our Bank uses the following tools for liquidity stress testing: (a) funding requirement based on LCR framework; (b) intraday liquidity stress test; and (c) general market scenarios of counterparty default and operational or settlement disruptions.

Interest rate risk

This is a risk that arises when the financial value of assets or liabilities (or inflows / outflows) is altered because of fluctuations in interest rates. Analysis is conducted by applying various shocks on product-wise weighted average interest rates in each time band. The interest rate risk is viewed from different perspectives viz. 'Earnings Perspective' and 'Economic Value Perspective'. The former is measured using earnings-at-risk under the traditional gap analysis while the latter is measured through changes in the market value of equity under duration gap analysis.

Cyber risk

Cyber frauds are fast emerging threat to most of the business entities and more so to financial institutions, including Banks. In order to give total protection and full assurance, it becomes necessary to transfer the risk through cyber insurance. The Bank has availed a cyber risk insurance policy to mitigate any risk exposure due to cyber security related events. We have also put in place a security operations center, wherein, the logs are monitored through security information event management tools.

Operational risk

Operational risk is the risk of direct or indirect loss resulting from breakdowns in internal procedures, people, system and external events. We have initiated several measures to manage operational risk through identification, assessment and monitoring of inherent risks in all its business processes. Systems and controls have been built in the Core Banking Solution and also implemented ELFRMS to avert probable fraud incidents.

Underwriting process in our Bank

Lending philosophy

Our Bank's focus remains on fostering high-quality, profitable relationships and delivering exceptional service to customers within its geographic market. Emphasis lies on need-based financing, fulfilling social responsibilities, and fostering relationship banking over transactional approaches. Priorities include maintaining 'quality assets', cultivating 'profitable relationships', and ensuring 'prudent growth' with compliance. Lending occurs only after a thorough risk assessment within acceptable parameters. Our Bank maintains a diversified portfolio with conservative limits on borrower and industry concentrations, closely monitoring performance, particularly in 'high risk' or stressed categories, to uphold loan portfolio quality.

Our Bank has established a system for continuous administration of its credit portfolio and aims to fulfil the growing credit requirements of both existing and potential clients, adhering to liquidity and exposure norms. To support this objective, the following strategic business units ("**SBUs**") are formed within the credit portfolio:

Credit Marketing Department

1. Tracking sales leads sourced from various channels and managed through LMS.
2. Setting and assessing targets, reviewing performance, and monitoring credit sales achievements of regional sales executives, regional offices, branches, and sales officers at regional offices, and AFOs.
3. Selecting and evaluating DSAs / BSAs / DST and managing their performance.
4. Establishing partnerships with fintech companies and overseeing the progress of generated leads.
5. Conducting on-site visits to different units.

Credit Sanctions Department

To expedite the underwriting process for all proposals, the following sanctioning units operate under the Credit Sanction Department:

Regional office: Underwriting and sanctioning of loan proposals up to ₹2.50 million (₹ 5.00 million in cases headed by a Deputy General Manager) received from the branch (above the delegated powers of the branch), irrespective of the type of loan, are processed and sanctioned accordingly.

Retail Loan Processing and Sanctioning Centre ("**RLPSC**"): Underwriting and sanctioning of loan proposals above the delegated powers of the regional office and branch, irrespective of the type of loan, are processed and sanctioned accordingly.

Central Loan Processing and Sanctioning Centre ("**CLPSC**"): Underwriting and sanctioning of loan proposals above the delegated powers of the RLPSC and up to ₹ 50.00 million, irrespective of the type of loan, are processed and sanctioned accordingly.

Credit Sanctions Department ("**CSD**") at BTRO/ at head office: Underwriting and sanctioning of loan proposals of ₹ 50.00 million and above, irrespective of the type of loan, are processed and sanctioned accordingly.

During underwriting, we ensure the creditworthiness of the borrower and assess whether the applicant meets the loan eligibility criteria or not. The factors considered by our Bank while underwriting include purpose, credit score, income, existing credit liabilities, employment verification, title search and property value, pre-approval, and final decision.

Digital Loan Processing

In addition to the aforementioned processes, our Bank employs digital technology for underwriting loan proposals, particularly for a majority of retail products and MSME loans. Our Bank digitally connects to various data sources through a single interface, enabling loan processors to import information from third-party entities such as credit bureaus, insurance or appraisal firms, other financial institutions, income authorities, statutory bodies, etc. This streamlined process reduces errors and eliminates unnecessary work, thereby expediting the decision-making process.

For digital loans, underwriting will rely on scorecards hosted alongside loan policies of our Bank on the Business Rule Engine ("**BRE**") platform for automation. Scorecards assess risk, while policy rules like age limits, salary thresholds, etc., are managed through the BRE. Credit policies encoded into the BRE will determine the approval or rejection of the application. The BRE calculates risk-based interest rates, loan amounts eligible, and loan tenure.

Inspection and audit department

The credibility of a financial institution depends on its internal control and supervision mechanism which can promptly detect irregularities if any and help to take timely corrective measures and ensure non-recurrence of irregularities. It is therefore necessary to have an internal control and supervision mechanism for ensuring that no one violates procedures, rules, regulations, guidelines, and does an unauthorized act detrimental to the organisation.

The inspection and audit department ("**IAD**") has been considered as the "Third Level of Defence" within the banking system and it plays a crucial role in the success of banking operations. The IAD and the team of internal auditors accomplish the objectives by bringing a systematic approach to evaluating and improving the effectiveness of risk management, control, and governance processes. The health of an organization depends on the effective functioning of the IAD. Our Bank has a well-oiled inspection mechanism comprising a centrally functioning inspection and audit department assisted by a team of inspecting officials at regional inspectorates.

Recovery of NPAs

We aim to reduce NPAs through cash recovery, upgradation, compromise settlement and other recovery measures. We have a recovery policy containing detailed guidelines for NPA management. It encompasses all areas of NPA management, monitoring and follow-up measures, compromise settlements, staff accountability, SARFAESI Act, sale of assets to ARCs, and one time settlement scheme. The policy is reviewed from time to time to incorporate the latest trends/ developments in NPA resolution/ management. The recovery in NPA accounts through legal actions and action under SARFAESI are being reviewed during review meetings on a regular basis. Our gross NPA level for the respective periods was as follows:

Fiscal 2021	Fiscal 2022	Fiscal 2023	Nine months ended December 31,	
			2022	2023
4.91%	3.90%	3.74%	3.28%	3.64%

Further, we have certain tech-enablers that help us in seamless collection and recovery of advances. 'KBL E-Connect' is a web portal integrated with our website, wherein our customers can make payments to their loan accounts directly through the UPI channel. 'KBL Vasool So-Ft' is an internal tool that helps initiate various recovery actions against NPAs, dashboards for tracking the progress and also helps empanel legal advocates.

Competition

Our Bank faces competition in all of its principal lines of business. Our Bank's primary competitors are other private sector banks and public sector banks. Consolidation in the Indian banking industry may also increase competitive pressures experienced by our Bank. New banks in the private sector have also caused an increase in the competitive pressures. NBFCs, small finance banks, fin-techs, large e-commerce players, have been increasing their presence in the financial sector and offering payment platforms and selected services. The RBI has granted licenses to entities, which includes large telecom companies and pre-paid wallet providers, to establish payments banks. The RBI has also granted licenses for the establishment of small finance banks.

An increase in operations of existing competitors or entry of additional banks offering a similar or a wider range of products and services could increase competition. In addition, the moderation of growth in the Indian banking sector is expected to lead to greater competition for business opportunities. The GoI is also actively encouraging banks and other financial institutions to significantly increase their lending to the agricultural sector, which will make this segment more competitive. The RBI has also released guidelines with respect to a continuous licensing policy for universal banks as compared to the earlier practice of intermittently issuing licenses, and has demonstrated an intention to allow the small finance banks to apply for universal banking license under this framework, which may result in greater competitive pressure.

The RBI has also indicated that it plans to give greater access to foreign banks in the Indian market. Because of which, we may also face increased competition from foreign banks if the Indian retail market is further liberalized or if regulations and restrictions upon branch network growth by foreign banks are simplified or reduced, foreign banks may operate in India by establishing wholly owned subsidiaries which are allowed to raise Rupee resources through issue of non-equity capital instruments. Further, under the foreign exchange regulations, an aggregate foreign investment of up to 49.00% under the automatic route and 74.00% under the government approval route, in Indian private sector banks is allowed.

For more information, see "*Risk Factors – The Indian banking industry is very competitive and our growth strategy depends on our ability to compete effectively*" on page 81.

Information technology

We have adopted modern technology towards automation and enhanced customer experience by implementing large scale technological initiatives for long term sustainability.

The objective of our IT strategy is to streamline the transaction lifecycle from sourcing to processing to servicing. We continue to focus on developing technology-based products relating to core banking application, internet banking, ATMs, payment systems and trade finance as well as other products and services such as online digital onboarding journey for loans and savings bank accounts, systems and solutions for internal operational infrastructure and customer interface.

As a part of our IT strategy, we are constantly working to explore new technology and improve the digital offerings in our business. We adopted Core Banking Solution in the Financial Year 2000. Bank initiated wholistic transformation process covering IT under the project ‘KBL VIKAAS’. Our Bank opened the DCoE and then expanded it to the ACoE for business analytics using AI/ML models covering cross sell, predictive analysis, CASA build-up with adoption of cloud-based technologies. Further, OUR Bank has upgraded its core banking solution, ‘Finacle’ from version 7.2.5 to version 10.2.18.

Our secondary disaster site has been co-located to Tier 3 data centre with primary site hosted in Tier 4 data centre. In July 2022, our Bank consolidated its IT, digital, security, network, analytical and product teams and capabilities under one roof in the TDH for faster realisation of its GTM strategies.

Our Bank works closely with NPCI, offering a host of UPI services like P2P, P2M, UPI services under ‘KBL BHIM’ and Bank UPI handle. Our Bank is live in UPI global, enabling customers aboard to make seamless cross border QR code-based UPI payments. Corporate banking is offered to customers under the ‘KBL One Omni-Channel’ experience. Our Bank is also a part of GST, CBDT (direct and indirect) tax payment networks, enabling online tax payments for customers.

To protect IT systems from ransomware attacks, our Bank has implemented software defined backup solution with cyber resiliency, instant recovery and air-gap features. The analytical workloads are hosted in private cloud leveraging multiple cloud native technologies and services for scalability and reliability. The structured data from various databases / sources are synced (near real time) to data lake and cloud workloads through change data capture (“**CDC**”) and Apache Kafka streaming solutions. As part of internal process automation exercise, office note automation solution has been implemented for paperless approval and sanctioning process.

Transformation journey- ‘KBL VIKAAS’

In 2017, our Bank took up a total transformation journey under ‘KBL VIKAAS’ to transform the core of our Bank and equip it to be a major player in the Indian banking space. The project was conceptualized for a holistic transformation and oriented towards transformation of credit delivery system, HR transformation and enhancing the customer experience with IT as the key enabler. The project has mainly helped our Bank to reorient itself towards sales and marketing by building digital capabilities that would define next-generation banking. The major accomplishments under ‘KBL VIKAAS’ are mentioned below:

Digital Centre of Excellence

The DCoE, launched in Fiscal 2019, has become the hub for incubating digital products, driving process innovation, increasing automation, digital marketing and social media presence with an objective to increase customer engagement, customer satisfaction and operational excellence for our Bank. The DCoE’s vision is to continuously innovate and build suitable products and processes using agile methodologies, collaborating with various technological companies focussing on better customer experience in user interface and increasing artificial intelligence adoption with due compliance to regulatory guideline framework.

DCoE has developed digital journeys covering customer on-boarding, retail and MSME loan products, leveraging fintech collaborations along with custom built scorecard based decisioning powered by business rule engine; for automated verification, income assessment and credit underwriting. Account opening products leveraging ‘India Stack’ and OVD verification process are enabled through tablet and web banking. The DCoE has driven fintech collaboration across the spectrum and is now focused on building access vector relationships to, *inter alia*, facilitate digital asset growth, i.e. co-lending platforms / LSP relationships. The main objective is to achieve faster GTM through development processes with MVP releases.

Few key highlights of these journeys are as follows:

1. Through DCoE, our Bank has launched digital loan and liability products under ‘KBL Xpress Series-Xpress Home Loan’, ‘Xpress Cash Loan’ (personal loan product), ‘Xpress Car Loan’, ‘Term Loans’ for MSMEs, ‘Xpress MSME’, ‘KBL Xpress SB’ and tab banking

2. End to end digital self-journey is available for cash loans with best-in-class ‘Time to Cash’, resulting loan disbursements in few minutes.

3. Exponential rate of growth in digital adoption resulting digitisation of 80.00% on the eligible applications across retail and MSME products.

4. Reduction in turnaround time resulting in customer delight. ‘Time to Yes’ for home loans, car loans and MSME loans has come down significantly.

5. With the increased convenience, journeys are experiencing an average CSAT scores ranging from 4.50 to 4.75 on a scale of 5 across various products.

6. Customers are also on-boarded digitally, resulting in opening an account in less than 5 min with end-to-end paperless digital process, which has presently touched an adoption of over 85.00%. Self on-boarding account opening journeys along with video-based customer identification process is also enabled and under development for current accounts now.

7. Kiosk/chat based natural language processing interactive bots to help customers get assistance is available through ‘Digital Human Interactive Relationship Assistant (Dhira)’, which was launched on April 22, 2022. The same is enhanced and adopted for service navigation on our website.

The single view customer dashboards like ‘Xpress ABCD’ (Annual Branch Customer Dashboard) and ‘XPAWS’ (Xpress Profile Analysis for Wallet Share) are provided to branch users, envisaging increase in wallet share, deepening CASA base and lead generation for upsell/ cross-sell. The real time digital dashboard for all digital products through ‘KBL XeD – KBL Xpress’ e-Dashboard mobile app for internal staff for performance monitoring and faster review process.

The DCoE’s driving framework of ‘CARE’ i.e., emphasises on reducing Cost, increasing Adoption, reducing Risk, improving ease and Experience is taking a new dimension for Fiscal 2025, with changing times of RIDE, Revenue generating partnerships, Innovative Tech driven competitive advantage, Digital driven Acquisition, Experience at the core of design. Automation and data analytics are applied extensively to ensure better adoption as well as implement new processes and enhance the existing process performance with regular reviews and measurable customer satisfaction and feedback scores.

The table below sets out the percentage of digital underwriting on overall sanctions for the respective periods, demonstrating Bank’s focus on digital adoption:

Particulars	**Fiscal 2021**	**Fiscal 2022**	**Fiscal 2023**	**Nine months ended December 31,**	
				2022	**2023**
Personal loans	100.00%	100.00%	100.00%	100.00%	100.00%
Car loans	63.78%	66.39%	79.42%	80.24%	77.28%
Home loans	17.35%	67.29%	76.93%	76.05%	76.48%
MSME loans	57.70%	52.03%	73.39%	73.52%	71.71%

Besides managing social media presence including promotion of products/ services offered by our Bank and brand awareness, the DCoE is also driving focused, segmented, digital marketing campaigns using SEM and SEO processes. The “SPEARS” framework of segmenting, planning, executing, analyzing, re-aligning and standardizing, drives day-to-day functioning. Effective utilization of the existing digital channels i.e. website, internet banking, mobile banking and enhancing the social profile of our Bank is an ongoing priority.

Digi Branch

During the first leg of digitization in November 2018, our Bank established a fully digital interface in the form of ‘Digi Branch’ at Bengaluru. The prospective clients can simply walk into ‘digi-Branch’ and open SB account, besides self- generating the debit card, all in a matter of just few minutes.

Migration to digital channels

Under the project, our Bank also focused on migration of Bank’s transactions to digital channels. As a result, as at the end of Fiscal 2021, Fiscal 2022 and Fiscal 2023 and the nine months ended December 31, 2022 and December 31, 2023, the share of the Bank’s transactions through digital channels using internet banking, mobile phone banking, ATMs/CRs, e-lobbies and point of sale terminals, as compared to branch transactions was at 88.23%, 92.26%, 93.48%, 93.37% and 94.55%, respectively. For details in relation to ‘KBL Nxt’, please see, “ – *Information Technology - Transformation journey-‘KBL VIKAAS’ - KBL VIKAAS 2.0 - KBL NxT*” on page 201.

Tools for internal efficiency and effectiveness

In order to build a digital eco-system to support the digital initiatives and also for conducting periodic review, a host of internal tools have been launched, which are given below:

1. 'KBL FORCE', a lead management system, designed for end-to-end management of the business leads.
2. 'KBL Kollect+', a digital collection tool for real time monitoring of stress accounts.
3. 'KBL Vasool So-Ft', a digital NPA management tool for monitoring of non-performing accounts and effective initiation of recovery steps.
4. 'KBL RISE', a KRA/role based performance management system for objective performance evaluation of members of staff.
5. 'KBL e-dashboard', a daily business dashboard to monitor the business.

Operationalization of our Subsidiary

Our Bank's wholly owned non-financial subsidiary, KBL Services Limited has been operationalized with effect from March 30, 2021 and has started providing its services to our Bank in augmenting its 'Feet on Street' and services of business associates for canvassing CASA accounts and retail loan products of our Bank. Our Subsidiary is permitted to provide its services to our Bank under the categories business sourcing, contact centre management, management of banking channels, back-end processing activities, IT projects and digital capabilities, as per the final approval dated March 3, 2020 granted by the RBI.

KBL VIKAAS 2.0 - KBL NxT

We believe that digital is the way forward in the BFSI space and therefore, under KBL VIKAAS 2.0, our Bank has placed digital banking on fast-forward mode to pursue the concept of 'KBL NxT' which seeks to redefine our Bank as '*The Digital Bank of Future*'.

Under KBL NxT, our Bank has planned several digital transformational changes like digital customer on-boarding, end-to-end customer self-journey, end-to-end journey for all the retail loan products, proving omni-channel experience to the customer and many other digital initiatives. Our Bank has implemented two digital banking units ("**DBU**"), one each at Dakshina Kannada and Mysuru district. The assisted journey part of the DBU will have a multipurpose Kiosk for opening of account, card issuance and loan journeys. The customer will also be able get other online services through the multipurpose kiosk. The self-journey part of the DBU will have cash recyclers and Automated Passbook printing machine. Along with Bank staff members, Bank will make use of our subsidiary, KBL Services Limited, for guiding/helping the customers in assisted digital journey as permitted by regulatory guidelines.

Analytical Centre of Excellence

One of the major initiatives under KBL VIKAAS 2.0 was the setting up of our Bank's ACoE, which was established in 2022 with the broad objectives of developing an artificial intelligence strategy, defining use-case driven processes, experimenting with prototypes, building with confidence, scaling for deployment and driving sustainable outcomes.

The vision of the ACoE is to (i) analyse data in order to enable our Bank to predict and prioritise by creation of multiple business and risk use cases; and (ii) automate through digital strengthening of CRM, eCollect, EWS, marketing automation for customised products and communication and enable teams for execution and business outcomes.

The ACoE has been set up with a clear objective of driving profit outcomes through enabling higher early customer engagement, driving up customers' primary bank index and products per customer, driving CASA balance buildup and controlling predicted attrition, cross selling asset products, creating new assets product lines, driving better collection efficiency and managing delinquencies better, creating business dashboards for agile decision-making and enabling micro-market based planning for non-linear growth alignment. In the initial days of going live with a subset of planned use cases, our Bank has already derived encouraging outcomes.

The ACoE currently has 11 employees and uses AWS cloud data platform for its operations and is focussing on reviewing and analysing trends from our customer behaviour, which in turn allows us to understand the potential requirements of our customers and to offer different products and services from our existing basket of services and products, thereby increasing our share of the customer's overall financial journey / requirements / business.

The ACoE allows us to:

- Create predictive, business/strategy and descriptive analytics use-cases;
- Upskill and lateral augmentation of special skills on data / portfolio / visualization;
- Upskill in-house analytics resources for business continuity;
- Enable communication and exchange of information through a data link;
- Create a central data repository with data quality management and remediation capabilities; and
- Make data driven decisions through integrated analytics with business processes.

Insurance

We maintain ongoing insurance policies in respect of our premises, office automation, furniture and fixtures, electronic equipment, other valuables and documents. These assets are insured against various risk insurances such as burglary, theft, fire, perils, terrorism etc. We believe that we maintain all material insurance policies commonly required by a bank in India. Our Bank has availed a cyber risk insurance policy to mitigate any risk exposure due to cyber security related events.

Human resource

As of December 31, 2023, we had 8,689 full-time employees, a detailed breakup of which is provided below:

Department/ Location	No. of employees
ACoE	11
CISO	7
DCoE	42
Head office secretariat	30
Legal and recovery department	37
Regional offices and branches	7,495
Business solutions group	9
Branch banking department	71
Credit sanctions department	205
Operations department	167
Products department	44
Credit marketing department	24
Government business department	7
Compliance department	12
Credit monitoring department	102
Finance and accounts department	53
Human resources department	49
Inspection and audit department	69
Information technology department	140
Public relations department	7
Risk management department	57
Company secretary department	10
Vigilance department	10
Treasury department	31
Total	**8,689**

Business per employee of our Bank stood at ₹ 170.30 million in Fiscal 2023 as compared to ₹ 151.20 million in Fiscal 2021. Our employees include those with wide experience in the areas of risk management, credit underwriting, treasury retail products, information technology as well as general banking professionals. The average age of our employees is approximately 38 years.

Our staff training college at Manguluru ("**STC**") is an ISO 9001:2015 certified institute, which provides regular training to our employees. Between April 1, 2023 and September 30, 2023, the STC trained 3,679 employees. In addition to conducting training programmes at the STC, our Bank also nominated 2,736 staff members to external training institutes to get specialized training in different areas.

Intellectual property

We utilise a number of different forms of intellectual property in our business including our corporate logo and the names of the various products we provide to our customers. Our Bank's Karnataka Bank brand name is being registered, and we have made an application with the trademark registry for registration of certain other trademarks in various classes, including words and logos.

Office premises

Our Bank's Registered Office is located at Mahaveera Circle, P.B. No. 599, Kankanady, Manguluru – 575 002, Karnataka, India. 24 of our branches and 28 of our offices (which include regional offices) are located on our Bank's own premises and the remaining office premises, branches and ATMs are located on the premises taken on lease.

Corporate social responsibility

The CSR initiatives of our Bank are designed to make a positive impact on a range of areas including healthcare, education, livelihood enhancement, empowering women/socially and economically disadvantaged, environmental sustainability/ green initiatives, protection of heritage/ culture, promotion of sports, rural development, Swachh Bharath, amongst others. Further, to minimize the urban-rural divide, our Bank has been strengthening its rural orientation through initiatives aimed at imparting financial literacy and extending banking services to the people in rural unbanked areas in a fair and transparent manner at an affordable cost.

Our annual CSR budget for Fiscal 2024 is ₹ 183.20 million, of which, as on December 31, 2023, the total expenditure towards CSR initiatives has been ₹ 137.38 million.

Credit rating

As of the date of this Placement Document, we have received the following credit ratings on our debt from ICRA.

Instrument	**Amount** *(₹ in million)*	**Rating action**
Tier – II	6,200.00	ICRA A (Positive); re-affirmed and outlook revised to positive from stable
Certificates of deposit	15,000.00	ICRA A1+; reaffirmed

ORGANIZATIONAL STRUCTURE

Corporate history

Our Bank was incorporated on February 18, 1924. In the past, Sringeri Sri Sharada Bank Limited, Chitaldurg Bank Limited and Bank of Karnataka Limited have merged with our Bank. Our Bank is classified as an 'A' Class Scheduled Commercial Bank, in India. The CIN of our Bank is L85110KA1924PLC001128.

The Registered Office of our Bank is located at P.B. No. 599, Mahaveera Circle, Kankanady, Mangalore – 575 002, Karnataka, India.

Organizational structure

As of the date of this Placement Document, our Bank has one wholly owned subsidiary, namely, KBL Services Limited.

As of the date of this Placement Document, our Bank does not have any promoter.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

The general supervision, direction and management of our Bank, its operations and business are vested in the Board, which exercises its powers subject to the Memorandum of Association and Articles of Association and as per the requirements of the applicable laws. In accordance with the Articles of Association, our Bank is required to have not less than three and not more than 15 Directors. As on the date of this Placement Document, our Board comprises 11 Directors which includes two executive directors, including our Managing Director and Chief Executive Officer, one Non-Executive Non-Independent Director and eight Non-Executive Independent Directors.

The composition of our Board is in accordance with applicable law, including the Companies Act, 2013, Banking Regulation Act and SEBI Listing Regulations. The Banking Regulation Act and the notification dated November 24, 2016 bearing no. RBI/2016-17/152 issued by RBI require that at least 51% of Directors have special knowledge or practical experience in one or more of the following areas: accountancy, agriculture and rural economy, banking, cooperation, economics, finance, law, small-scale industry, information technology, payment and settlement systems, human resources, risk management and business management and any other matter RBI may specify. Out of the aforesaid number of Directors, not less than two Directors are required to have special knowledge or practical experience in agriculture and rural economy, co-operation or small-scale industry. As on the date of this Placement Document, all of our Directors are professionals with the prescribed special knowledge or practical experience and meet the conditions specified in the Banking Regulation Act. Further, under the Banking Regulation Act, the appointment of whole-time Directors requires the approval of the RBI. The RBI has also prescribed the "fit and proper" criteria to be considered when appointing directors of banks, whereby our Directors are required to make declarations confirming their on-going compliance with such criteria.

The following table sets forth details regarding our Board of Directors as on the date of this Placement Document:

Sr. No.	Name, Age, Address, Occupation, DIN and Nationality	Designation and Term
1.	**Panja Pradeep Kumar** **Age:** 68 **Address:** Bhaskara, 21, 1st Main, 4th Cross, Gaurav Nagar, 7th Phase, JP Nagar, Bengaluru – 560 078, Karnataka, India **Occupation:** Retired managing director of SBI and director in other companies **DIN:** 03614568 **Nationality:** Indian	**Designation**: Chairman and Non-Executive Independent Director **Term:** Three years with effect from August 19, 2020 as Chairman and five years as Non-Executive Independent Director
2.	**Srikrishnan Hari Hara Sarma** **Age:** 62 **Address:** 1201/B, Quantum Park, Union Park, Gulab Nagar, Khar West, Mumbai – 400 052, Maharashtra, India **Occupation:** Managing Director and Chief Executive Officer **DIN:** 00318563 **Nationality:** Indian	**Designation**: Managing Director and Chief Executive Officer **Term:** Three years with effect from June 9, 2023
3.	**Sekhar Sridhar Rao** **Age:** 55 **Address:** 1078, The Magic Faraway Tree, Kanakapura Road, Near Silk Institute Metro Station, Talaghattapura, Bengaluru, South Bengaluru – 560 062, Karnataka, India	**Designation**: Executive Whole-Time Director **Term:** Three years with effect from February 1, 2023.

Sr. No.	Name, Age, Address, Occupation, DIN and Nationality	Designation and Term
	Occupation: Employed **DIN:** 06830595 **Nationality:** Indian	
4.	**Balebail Rajagopal Ashok** **Age:** 61 **Address:** Flat 4, AL 133, Golden Lotus, 2nd Street, 11th Main Road, Shanthi Colony, Anna Nagar, Chennai – 600 040, Tamil Nadu, India **Occupation:** Chartered Accountant **DIN:** 00415934 **Nationality:** Indian	**Designation**: Non-Executive Non-Independent Director **Term:** From August 29, 2023, and liable to retire by rotation
5.	**Arakalgud Venkataramaiah Chandrashekar** **Age:** 69 **Address:** Flat No. 406, 3rd Floor, Ashuthosha, Ramsridhar Apartments, 2nd Cross, 9th Main, B T M Layout, 2nd Stage, Bannerghatta Road, Bengaluru – 560 076, Karnataka, India **Occupation:** Former High Court Judge, Karnataka State **DIN:** 08829073 **Nationality:** Indian	**Designation**: Non-Executive Independent Director **Term:** Five years with effect from August 19, 2020
6.	**Uma Shankar** **Age:** 64 **Address:** #127, 23rd Cross, 21st Main, Judicial Layout, Yelahanka, Bengaluru North, P.O. G.K.V.K., Bengaluru – 560 065, Karnataka, India **Occupation:** Retired as executive director from RBI **DIN:** 07165728 **Nationality:** Indian	**Designation**: Non-Executive Independent Director **Term:** Five years with effect from November 1, 2020
7.	**Devarayasamudram Srinivasan Ravindran** **Age:** 63 **Address:** No. 2290, 16th Cross, 22nd C Main, HSR Layout, Sector-1, Bengaluru – 560102, Karnataka, India **Occupation:** Retired Indian forest services, 1986 batch, Karnataka cadre **DIN:** 09057128 **Nationality:** Indian	**Designation**: Non-Executive Independent Director **Term:** Five years with effect from April 1, 2021
8.	**Balakrishna Alse Shettwalli** **Age:** 63 **Address:** #2-106, Shettolli, Belve, Belve, Belve, Udupi	**Designation**: Non-Executive Independent Director **Term:** Five years with effect from May 26, 2021

Sr. No.	Name, Age, Address, Occupation, DIN and Nationality	Designation and Term
	– 576212, Karnataka, India **Occupation:** Retired as executive director of Oriental Bank of Commerce **DIN:** 08438552 **Nationality:** Indian	
9.	**Jeevandas Narayan** **Age:** 67 **Address:** Gurukripa, House No-5/11/1044-9, Alake Kambia Cross Road, Mangalore, Kodiyalbail, Mangalore – 575003, Karnataka, India **Occupation:** Retired as managing director of State Bank of Travancore **DIN:** 07656546 **Nationality:** Indian	**Designation:** Non-Executive Independent Director **Term:** Five years with effect from April 26, 2022
10.	**Kalmanje Gururaj Acharya** **Age:** 54 **Address:** #14, Gayathri, Girls School Street, 3rd Block, Kumara Park West, Seshadripuram, Bengaluru – 560 020, Karnataka, India **Occupation:** Senior Partner, K G Acharya & Co. **DIN:** 02952524 **Nationality:** Indian	**Designation**: Non-Executive Independent Director **Term:** Five years with effect from April 26, 2022
11.	**Harish Hassan Visweswara** **Age:** 61 **Address:** 641, 22nd Main, Jayanagar 4th Block, Near Jayanagar General Hospital, Bengaluru – 560 041, Karnataka, India **Occupation:** Private sector **DIN:** 08742808 **Nationality:** Indian	**Designation**: Non-Executive Independent Director **Term:** Five years with effect from February 1, 2024

Relationship between our Directors

None of our Directors are related to any other Director.

Brief biographies of our Directors

Panja Pradeep Kumar is the Chairman and Non-Executive Independent Director on the Board of our Bank. He is also associated with Shriram Finance Limited as a director, TVS Capital Funds Private Limited as a director, Asset Reconstruction Company (India) Limited as a director and Brigade Enterprises Limited as a director.

Srikrishnan Hari Hara Sarma is the Managing Director and Chief Executive Officer on the Board of our Bank. Prior to joining our Bank, he was associated with Jio Payments Bank Limited as the managing director and chief executive officer, Yes Bank Limited as the executive director and was part of the founding team of HDFC Bank Limited.

Sekhar Sridhar Rao is the Executive Whole-Time Director on the Board of our Bank. Prior to joining our Bank, he was associated with CSB Bank Limited as the chief operating officer, RBL Bank Limited as the national head and was a co-founder of Yellow Sky Technologies Private Limited.

Balebail Rajagopal Ashok is a Non-Executive Non-Independent Director on the Board of our Bank. He is also associated with KBL Services Limited as a director.

Arakalgud Venkataramaiah Chandrashekar is a Non-Executive Independent Director on the Board of our Bank since August 19, 2020.

Uma Shankar is a Non-Executive Independent Director on the Board of our Bank. She is also associated with IDBI Capital Markets and Securities Limited as a director, Nuclear Power Corporation of India Limited as a director and Unitech Limited.

Devarayasamudram Srinivasan Ravindran is a Non-Executive Independent Director on the Board of our Bank since April 1, 2021.

Balakrishna Alse Shettwalli is a Non-Executive Independent Director on the Board of our Bank since May 26, 2021.

Jeevandas Narayan is a Non-Executive Independent Director on the Board of our Bank since April 26, 2022.

Kalmanje Gururaj Acharya is a Non-Executive Independent Director on the Board of our Bank since April 26, 2022.

Harish Hassan Visweswara is a Non-Executive Independent Director on the Board of our Bank since February 1, 2024. He is also associated with ECube Investment Advisors Private Limited as the managing director, Shetron Limited as a director, Suprajit Engineering Limited as a director and Wildcraft India Limited as a director.

Confirmations

None of our Directors is a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018.

Borrowing powers of our Board

Pursuant to a special resolution passed by the Shareholders on August 26, 2022, and in accordance with provisions of the Companies Act, 2013, approval has been granted to the Board including any Committee authorised thereof, for borrowing/ raising of funds, from time to time, in Indian currency/ foreign currency, including but not limited to by way of issue of BASEL III Compliant debt instruments, including but not limited to Bonds under Tier 2 or AT-1 Bonds,, within the overall borrowing limits of ₹ 60,000 million (outstanding at any point of time).

Terms of appointment of our Directors

a) Terms of employment of our Executive Directors

Srikrishnan Hari Hara Sarma

Our Bank has approved the compensation structure of the Managing Director and Chief Executive Officer, fixed pay (including perquisites) and target variable pay component of which the variable pay is subject to the approval of the RBI each year. The components of the compensation structure include, (i) fixed pay, (ii) variable pay in the form of annual performance bonus, (iii) retirement benefits, allowances, perquisites and other benefits, (iv) stock options, (v) directors and officers liability insurance policy, and (vi) severance pay, if mandated by applicable laws.

The details of remuneration and terms of appointment of Srikrishnan Hari Hara Sarma for Fiscal 2024, as part of the compensation structure, are as under:

Particulars	Remuneration sought to be paid
PART A – Fixed Pay (including perquisites)	
1. Salary (basic)	₹ 12.80 million p.a. (₹ 1.07 million p.m.)
2. Dearness allowance	₹ 2.58 million p.a. (20% of basic salary)
3. Retiral/superannuation benefits:	
a. Provident fund	12% of the basic pay (₹ 1.54 million p.a.)
b. Gratuity	Gratuity is calculated for every completed year of service or part thereof in excess of six months at the rate of 15 days basic based on the last drawn basic, without the restriction of minimum service required. Subject to approval of the RBI. (i.e. ₹ 0.60 million p.a.)
c. Pension	Nil
4. Leave fare concession	Highest class by whichever mode of travel within country once a year for self and family including dependent children.
5. Other fixed allowances	
i. Entertainment allowance	₹0.20 million p.a. (including club memberships if any)
ii. Medical benefits	Reimbursement upto ₹ 75,000/- p.a. for self and family on declaration basis.
6. **Perquisites:**	
(i) Free furnished house and its maintenance/house rental allowance	Free furnished residential accommodation, proper upkeep and security arrangement to the residential accommodation to be provided by our Bank. Till our Bank arranges to buy and provide an independent house to the Managing Director, house rent allowance @ 15% of basic pay be given which works out ₹1.90 million p.a.
(ii) Conveyance allowance	**Conveyance allowance**: Nil
Free use of Bank's car for	Free use of Bank's Car for official purpose (journeys from residence to office and vice versa to be treated as duty runs).
i. Official Purpose	For personal use ₹ 250/- per month to be recovered.
ii. Private purpose	*Perquisites for private use is considered at ₹ 39,600 p.a.
(iii) Driver's salary	Nil
(iv) Club memberships	Club membership: Subsumed in entertainment allowance.
(v) Reimbursements of medical expenses	Reimbursement of actual expenses incurred including hospitalization in full for self and spouse and to the extent of 50% for his dependent children.
(vi) Any other perquisites:	Any other perquisites:
a. Insurance cover	Personal accident insurance cover up to ₹0.20 million.
b. Telephone	Telephone facility at MD's residence at Bank's cost (including phone and internet/data charges) at ₹ 60,000 p.a.
c. Bonus and sitting fees	Nil
d. Travelling and halting allowance	As may be decided by the Board from time to time.
Leave	
• Casual leave	As applicable to officers of our Bank
• Privilege leave	As applicable to officers of our Bank encashable at the time of demission of office up to the limit applicable to officers of our Bank.
• Sick leave	As applicable to officers of our Bank
TOTAL FIXED PAY (INCLUDING PERQUISITES)	₹ 20.00 million
PART-B: Variable pay: For FY / Performance period	
1. **Cash component**	
• Upfront payment	₹ 6.25 million
• Deferred payment	₹ 6.25 million
TOTAL CASH COMPONENT	**₹ 12.50 million**
Vesting period (in years)	3 years
Deferral arrangement	
i. First year	₹ 2.08 million
ii. Second year	₹ 2.08 million
iii. Third year	₹ 2.08 million
2. **Non-cash components (share-linked instruments)**	
(i) ESOP/ESPS	
a. Number of shares/ Share linked instruments	Cannot be determined.
b. Monetary value	Up to ₹ 12.50 million

Particulars	Remuneration sought to be paid
c. Deferral (with 100%)	Up to ₹ 12.50 million
d. Vesting schedule details	30:30:40
(ii) Any other share-linked instruments	-
(iii) Any other non-cash component	-
TOTAL MONETARY VALUE OF NON-CASH COMPONENT	**Up to ₹ 12.50 million**
TOTAL MONETARY VALUE OF VARIABLE PAY (CASH AND NON-CASH COMPONENTS)	**Up to ₹ 25.00 million**
TOTAL TARGET REMUNERATION (FIXED PAY + VARIABLE PAY)	**Up to ₹ 45.00 million**

Sekhar Sridhar Rao

Our Bank has approved the compensation structure of Sekhar Sridhar Rao, our Executive Director, fixed pay component of which the variable pay is subject to the approval of the RBI each year. The components of the compensation structure include, (i) fixed pay, (ii) variable pay in the form of annual performance bonus, (iii) retirement benefits, allowances, perquisites and other benefits, (iv) stock options, (v) directors and officers liability insurance policy and (vi) severance pay, if mandated by applicable laws.

The details of remuneration and terms of appointment of Sekhar Sridhar Rao, as part of the compensation structure for Fiscal 2024, are as under:

Particulars	Remuneration sought to be paid
PART A – Fixed pay (including perquisites)	
1. Salary (basic)	₹ 4.62 million p.a. (₹ 0.38 million p.m.)
2. Dearness allowance	₹ 0.92 million p.a. (20% of basic salary)
3. Retiral/superannuation benefits:	
(a) Provident fund	12% of the basic pay (₹ 0.55 million p.a.)
(b) Gratuity	Gratuity is calculated for every completed year of service or part thereof in excess of six months at the rate of 15 days basic based on the last drawn basic, without the restriction of minimum service required. Subject to approval of the RBI. (i.e. ₹ 0.22 million p.a.)
(c) Pension	Nil
4. Leave fare concession	Highest class by whichever mode of travel within country once a year for self and family including dependent children.
5. Other fixed allowances	
i. Entertainment allowance	₹ 50,000 p.a. (including club memberships, if any)
ii. Medical benefits	Reimbursement upto ₹ 35,000/- p.a. for self and family on declaration basis.
6. **Perquisites:**	
(i) Free furnished house and its maintenance/house rental allowance	Free furnished residential accommodation, proper upkeep and security arrangement to the residential accommodation to be provided by our Bank. Till our Bank arranges to buy and provide a free furnished residential accommodation to the Executive Director, house rent allowance @ 15% of basic pay be given which works out to ₹0.60 million p.a.
(ii) Conveyance allowance	**Conveyance allowance**: Nil Free use of Bank's car for official purpose (journeys from residence to office and vice versa to be treated as duty runs). For personal use ₹ 250/- per month to be recovered. *Perquisites for private use is considered at ₹ 39,600 p.a.
Free use of Bank's car for	
i. Official purpose	
ii. Private purpose	
(iii) Driver's salary	Nil
(iv) Club memberships	Club membership: Subsumed in entertainment allowance.
(v) Reimbursements of medical expenses	Reimbursement of actual expenses incurred including hospitalization in full for self and spouse and to the extent of 50% for his dependent children.
(vi) Any other perquisites:	Any other perquisites:
Insurance cover	Personal accident insurance cover up to ₹0.20 million.
Telephone	Telephone facility at ED's residence at Bank's cost (including

Particulars	Remuneration sought to be paid
	phone and internet/data charges) at ₹ 60,000 p.a.
Bonus and sitting fees	Nil
Travelling and halting allowance	As may be decided by the Board from time to time.
Leave	
• Casual leave	As applicable to officers of our Bank
• Privilege leave	As applicable to officers of our Bank encashable at the time of demission of office up to the limit applicable to officers of our Bank.
• Sick leave	As applicable to officers of our Bank
TOTAL FIXED PAY (INCLUDING PERQUISITES)	**₹ 7.20 million**
PART-B: Variable pay: For FY / performance period	
1. **Cash component**	
• Upfront payment	₹ 3.60 million
• Deferred payment	₹ 3.60 million
TOTAL CASH COMPONENT	**₹ 7.20 million**
Vesting period (in years)	3 years
Deferral arrangement	
i. First year	₹ 1.08 million
ii. Second year	₹ 1.08 million
iii. Third Year	₹ 1.44 million
2. **Non-cash components (Share-linked instruments)**	
(i) ESOP/ESPS	
a. Number of shares/ Share linked instruments	Cannot be determined.
b. Monetary value	Up to ₹ 7.20 million
c. Deferral (with 100%)	Up to ₹ 7.20 million
d. Vesting schedule details	30:30:40
(ii) Any other share-linked instruments	-
(iii) Any other non-cash component	-
TOTAL MONETARY VALUE OF NON-CASH COMPONENT	**Up to ₹ 7.20 million**
TOTAL MONETARY VALUE OF VARIABLE PAY (CASH AND NON-CASH COMPONENTS)	**Up to ₹ 14.40 million**
TOTAL TARGET REMUNERATION (FIXED PAY + VARIABLE PAY)	**Up to ₹ 21.60 million**

b) Sitting fees and commission/remuneration to the Non-Executive Directors

Our Bank has pursuant to Board resolutions dated April 26, 2022 fixed the sitting fees payable to all the Non-Executive Directors as follows:

(i) a sitting fee of ₹ 80,000 per meeting of the Board; and
(ii) a sitting fee of ₹ 60,000 for attending the committee meetings

Remuneration details of our Directors

Remuneration paid to Executive Directors

The details of the fixed remuneration (including salaries and perquisites) paid to our Executive Directors by our Bank for the nine months ended December 31, 2023, and Fiscals 2023, 2022 and 2021 are set forth in the table below:

(₹ in million)

Sr. no.	Name of the Director	April 1, 2023 to December 31, 2023	Fiscal 2023	Fiscal 2022	Fiscal 2021
1.	Srikrishnan Hari Hara Sarma	8.87	-(1)	-(1)	-(1)
2.	Sekhar Sridhar Rao	4.68	1.20	-(2)	-(2)

(1) Appointed on the Board with effect from June 9, 2023
(2) Appointed on the Board with effect from February 1, 2023

Remuneration paid to Non-Executive Directors

The details of the remuneration (which includes sitting fees and commission) paid by our Bank to our Non-Executive Directors, including Independent Directors, for the nine months period ended December 31, 2023, and Fiscals 2023, 2022 and 2021 are set forth in the table below:

(*₹ in million*)

Sr. no.	Name of the Director	April 1, 2023 to December 31, 2023	Fiscal 2023	Fiscal 2022	Fiscal 2021
1.	Panja Pradeep Kumar	3.07	4.72	3.66	1.17
2.	Balebail Rajagopal Ashok	2.24	4.02	2.89	1.92
3.	Arakalgud Venkataramaiah Chandrashekar	1.94	2.62	1.94	0.69
4.	Uma Shankar	2.28	4.30	2.17	0.71
5.	Devarayasamudram Srinivasan Ravindran	2.00	3.58	2.14	-(1)
6.	Balakrishna Alse Shettwalli	2.84	3.58	2.20	-(2)
7.	Jeevandas Narayan	2.66	4.34	-(3)	-(3)
8.	Kalmanje Gururaj Acharya	2.36	4.04	-(3)	-(3)
9.	Harish Hassan Visweswara	-(4)	-(4)	-(4)	-(4)

(1) Appointed on the Board with effect from April 1, 2021
(2) Appointed on the Board with effect from May 26, 2021
(3) Appointed on the Board with effect from April 26, 2022
(4) Appointed on the Board with effect from February 1, 2024

Shareholding of Directors in our Bank

Other than as stated below, none of the Directors hold any Equity Shares in our Bank, as of the date of filing this Placement Document:

Sr. no.	Name of the Director	No. of Equity Shares held	% of the issued and paid-up Equity Share capital
1.	Srikrishnan Hari Hara Sarma	Nil	-
2.	Sekhar Sridhar Rao	Nil	-
3.	Panja Pradeep Kumar	3,410	Negligible
4.	Balebail Rajagopal Ashok	1,650	Negligible
5.	Arakalgud Venkataramaiah Chandrashekar	500	Negligible
6.	Uma Shankar	1,000	Negligible
7.	Devarayasamudram Srinivasan Ravindran	400	Negligible
8.	Balakrishna Alse Shettwalli	500	Negligible
9.	Jeevandas Narayan	200	Negligible
10.	Kalmanje Gururaj Acharya	2,842	Negligible
11.	Harish Hassan Visweswara	Nil	-

Options held by our Directors

None of our Directors hold any employee stock options which are outstanding under ESOS 2023 as on December 31, 2023

Interest of Directors

Our Directors may be deemed to be interested to the extent of Equity Shares, if any, already held by them or their relatives in our Bank, or that may be subscribed for and allotted to them, or to the companies, firms and trusts, in which they are interested as directors, members, partners, trustees and promoters, out of the present Issue in terms of this Placement Document. For details of the Equity Shares held by our Directors, please refer to "–*Shareholding of Directors in our Bank*" above. Our Directors may also to be interested to the extent of the stock options held by them, their remuneration, reimbursement of expenses, commission payable, perquisites and other benefits to which they are entitled as per their terms of appointment. Our Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares and any other benefit arising out of such holding and transactions with the companies with which they are associated as directors or members. Our Non-Executive Independent Directors may also be deemed to be interested to the extent of sitting fees and commission payable to them for attending meetings of the Board or committees thereof as well as to the extent of remuneration and other reimbursement of expenses payable to them.

Our Directors may also be deemed to be interested in the contracts, agreements/ arrangements entered into or to be entered into by our Bank with any Bank in which they hold directorships or any partnership firm in which they are partners.

Other than as disclosed in this Placement Document, there are no outstanding transactions other than in the ordinary course of business undertaken by our Bank, in which the Directors are interested. Further, our Bank has neither availed of any loans from, nor extended any loans to the Directors which are currently outstanding.

Related party transactions

For details in relation to the related party transactions entered into by the Directors with our Bank during the last three Fiscals immediately preceding the year of circulation of this Placement Document, please see the sections entitled "*Financial Information*" and "*Related Party Transactions*" beginning on pages 296 and 66, respectively.

Committees of our Board of Directors

Our Board has constituted committees, in accordance with the relevant provisions of the Companies Act, 2013, the Banking Regulation Act, the SEBI Listing Regulations and other applicable laws.

The statutory committees constituted by our Board are: (i) Audit Committee; (ii) Management Committee; (iii) Risk and Capital Management Committee, (iv) Nomination and Remuneration Committee; (v) Stakeholders and Customer Relations Committee; (vi) Information Technology Strategy and Governance Committee; (vii) Special Committee for Monitoring and Follow up of Large Value Frauds; (viii) Corporate Social Responsibility Committee, (ix) Review Committee for Identification of Non-Cooperative Borrower and Wilful Defaulters; (x) Committee of Directors; and (xi) HR Committee.

The following table sets forth details of members of the aforesaid committees, as on the date of this Placement Document:

Sr. no.	Committee	Name and designation of members
1.	Audit Committee	(i) Kalmanje Gururaj Acharya (Chairperson); (ii) Balebail Rajagopal Ashok (Member); (iii) Uma Shankar (Member); (iv) Devarayasamudram Srinivasan Ravindran (Member); (v) Balakrishna Alse Shettwalli (Member); and (vi) Harish Hassan Visweswara
2.	Management Committee	(i) Srikrishnan Hari Hara Sarma (Chairperson); (ii) Sekhar Sridhar Rao (Member); (iii) Balebail Rajagopal Ashok (Member); (iv) Balakrishna Alse Shettwalli (Member); and (v) Jeevandas Narayan (Member)
3.	Risk and Capital Management Committee	(i) Jeevandas Narayan (Chairperson); (ii) Panja Pradeep Kumar (Member); (iii) Srikrishnan Hari Hara Sarma (Member); (iv) Balebail Rajagopal Ashok (Member); (v) Harish Hassan Visweswara; and (vi) Sekhar Sridhar Rao (Member).
4.	Nomination and Remuneration Committee	(i) Uma Shankar (Chairperson); (ii) Panja Pradeep Kumar (Member); (iii) Balebail Rajagopal Ashok (Member); and (iv) Arakalgud Venkataramaiah Chandrashekar (Member)
5.	Stakeholders and Customer Relations Committee	(i) Balakrishna Alse Shettwalli (Chairperson); (ii) Srikrishnan Hari Hara Sarma (Member); (iii) Sekhar Sridhar Rao (Member); (iv) Devarayasamudram Srinivasan Ravindran (Member); and (v) Kalmanje Gururaj Acharya (Member).
6.	Information Technology Strategy and Governance Committee	(i) Devarayasamudram Srinivasan Ravindran (Chairperson);

Sr. no.	Committee	Name and designation of members
		(ii) Srikrishnan Hari Hara Sarma (Member); (iii) Sekhar Sridhar Rao (Member); (iv) Panja Pradeep Kumar (Member); and (v) Uma Shankar (Member).
7.	Special Committee for Monitoring and Follow up of Large Value Frauds	(i) Srikrishnan Hari Hara Sarma (Chairperson); (ii) Sekhar Sridhar Rao (Member); (iii) Arakalgud Venkataramaiah Chandrashekar (Member); (iv) Uma Shankar (Member); (v) Jeevandas Narayan (Member); and (vi) Kalmanje Gururaj Acharya (Member).
8.	Corporate Social Responsibility Committee	(i) Arakalgud Venkataramaiah Chandrashekar (Chairperson); (ii) Srikrishnan Hari Hara Sarma (Member); (iii) Panja Pradeep Kumar (Member); (iv) Devarayasamudram Srinivasan Ravindran (Member); and (v) Kalmanje Gururaj Acharya (Member).
9.	Review Committee for Identification of Non-Cooperative Borrower and Wilful Defaulters	(i) Srikrishnan Hari Hara Sarma (Chairperson); (ii) Arakalgud Venkataramaiah Chandrashekar (Member); (iii) Balakrishna Alse Shettwalli (Member); and (iv) Kalmanje Gururaj Acharya (Member).
10.	Committee of Directors	(i) Balebail Rajagopal Ashok (Chairperson); (ii) Srikrishnan Hari Hara Sarma (Member); (iii) Sekhar Sridhar Rao (Member); (iv) Panja Pradeep Kumar (Member); and (v) Jeevandas Narayan (Member).
11.	HR Committee	(i) Balakrishna Alse Shettwalli (Chairperson); (ii) Srikrishnan Hari Hara Sarma (Member); (iii) Arakalgud Venkataramaiah Chandrashekar (Member); (iv) Devarayasamudram Srinivasan Ravindran (Member); and (v) Jeevandas Narayan (Member).

Management organization chart

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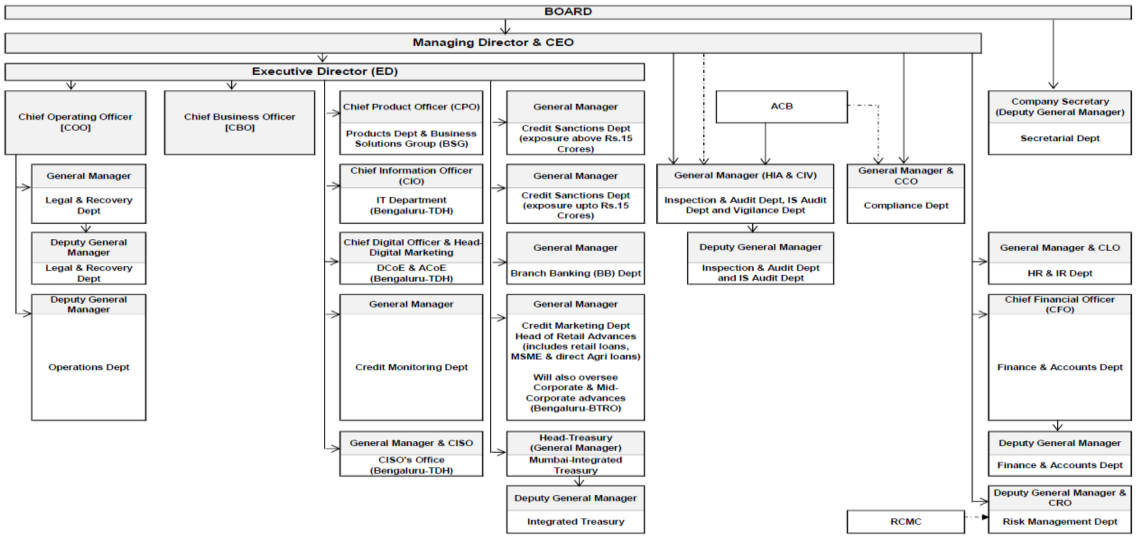
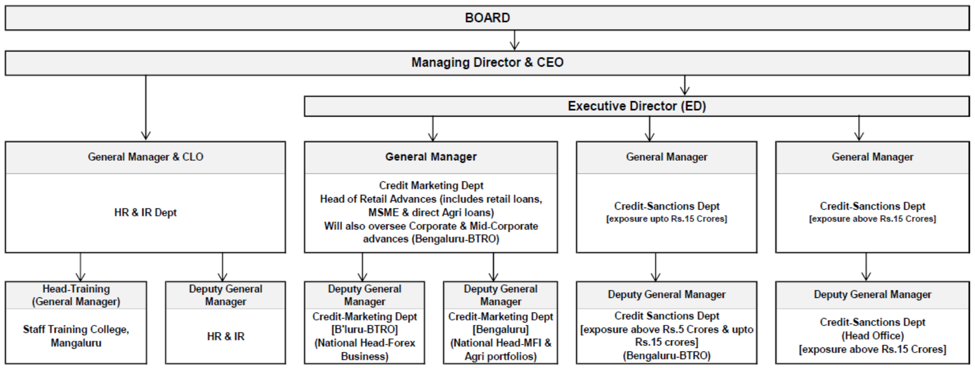
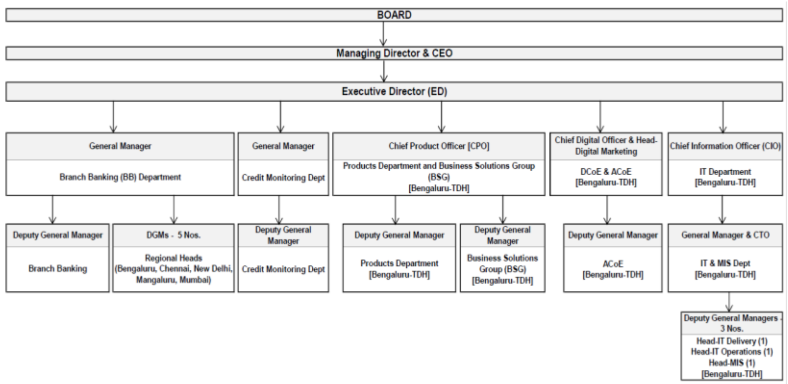

BOARD
Managing Director & CEO
Executive Director (ED)
Chief Operating Officer [COO]
Chief Business Officer [CBO]
Chief Product Officer (CPO)
Products Dept & Business Solutions Group (BSG)
General Manager
Credit Sanctions Dept (exposure above Rs.15 Crores)
ACB
Company Secretary (Deputy General Manager)
Secretarial Dept
General Manager
Legal & Recovery Dept
Chief Information Officer (CIO)
IT Department (Bengaluru-TDH)
General Manager
Credit Sanctions Dept (exposure upto Rs.15 Crores)
General Manager (HIA & CIV)
Inspection & Audit Dept, IS Audit Dept and Vigilance Dept
General Manager & CCO
Compliance Dept
Deputy General Manager
Legal & Recovery Dept
Chief Digital Officer & Head-Digital Marketing
DCoE & ACoE (Bengaluru-TDH)
General Manager
Branch Banking (BB) Dept
Deputy General Manager
Inspection & Audit Dept and IS Audit Dept
General Manager & CLO
HR & IR Dept
Deputy General Manager
Operations Dept
General Manager
Credit Monitoring Dept
General Manager
Credit Marketing Dept Head of Retail Advances (includes retail loans, MSME & direct Agri loans)
Will also oversee Corporate & Mid-Corporate advances (Bengaluru-BTRO)
Chief Financial Officer (CFO)
Finance & Accounts Dept
Deputy General Manager
Finance & Accounts Dept
General Manager & CISO
CISO's Office (Bengaluru-TDH)
Head-Treasury (General Manager)
Mumbai-Integrated Treasury
Deputy General Manager
Integrated Treasury
RCMC
Deputy General Manager & CRO
Risk Management Dept


BOARD
Managing Director & CEO
Executive Director (ED)
General Manager & CLO
HR & IR Dept
General Manager
Credit Marketing Dept
Head of Retail Advances (includes retail loans, MSME & direct Agri loans)
Will also oversee Corporate & Mid-Corporate advances (Bengaluru-BTRO)
General Manager
Credit-Sanctions Dept
[exposure upto Rs.15 Crores]
General Manager
Credit-Sanctions Dept
[exposure above Rs.15 Crores]
Head-Training (General Manager)
Staff Training College, Mangaluru
Deputy General Manager
HR & IR
Deputy General Manager
Credit-Marketing Dept [B'luru-BTRO] (National Head-Forex Business)
Deputy General Manager
Credit-Marketing Dept [Bengaluru] (National Head-MFI & Agri portfolios)
Deputy General Manager
Credit Sanctions Dept
[exposure above Rs.5 Crores & upto Rs.15 crores]
(Bengaluru-BTRO)
Deputy General Manager
Credit-Sanctions Dept
(Head Office)
[exposure above Rs.15 Crores]


BOARD
Managing Director & CEO
Executive Director (ED)
General Manager
Branch Banking (BB) Department
General Manager
Credit Monitoring Dept
Chief Product Officer [CPO]
Products Department and Business Solutions Group (BSG)
[Bengaluru-TDH]
Chief Digital Officer & Head-Digital Marketing
DCoE & ACoE
[Bengaluru-TDH]
Chief Information Officer (CIO)
IT Department
[Bengaluru-TDH]
Deputy General Manager
Branch Banking
DGMs - 5 Nos.
Regional Heads
(Bengaluru, Chennai, New Delhi, Mangaluru, Mumbai)
Deputy General Manager
Credit Monitoring Dept
Deputy General Manager
Products Department
[Bengaluru-TDH]
Deputy General Manager
Business Solutions Group (BSG)
[Bengaluru-TDH]
Deputy General Manager
ACoE
[Bengaluru-TDH]
General Manager & CTO
IT & MIS Dept
[Bengaluru-TDH]
Deputy General Managers - 3 Nos.
Head-IT Delivery (1)
Head-IT Operations (1)
Head-MIS (1)
[Bengaluru-TDH]

Key Managerial Personnel

In addition to Srikrishnan Hari Hara Sarma, Managing Director and Chief Executive Officer and Sekhar Sridhar Rao, Executive Director, whose details are provided in "– *Brief biographies of our Directors*" on page 207, the following are our Key Managerial Personnel:

Abhishek Sankar Bagchi is the Chief Financial Officer. He was appointed as Chief Financial Officer of our Bank with effect from March 2, 2023, on a contractual basis for a period of three years. Prior to joining our Bank, he was associated with NSDL Payments Bank Limited as the chief financial officer and Axis Bank Limited as the deputy vice president.

Sham Kanathila is the Company Secretary and Compliance Officer. He was appointed as Company Secretary and Compliance Officer our Bank with effect from February 27, 2023.

Senior Management

In addition to our Chief Financial Officer and Company Secretary and Compliance Officer, whose details are provided in "– *Key Managerial Personnel*" above, the details of our Senior Management are as set forth below:

Sr. No.	Name	Designation
1.	Balachandra Y V	Chief Operating Officer
2.	Gokuldas Pai	Chief Business Officer
3.	Sandra Maria Lorena	General Manager – Credit Sanctions Department (exposure upto ₹ 150.00 million)
4.	Ravichandran S	General Manager – Credit Sanctions Department (exposure above ₹ 150.00 million)
5.	Nirmal Kumar Kechappa Hegde	General Manager, Chief Compliance Officer (Interim) and Chief of Internal Vigilance
6.	Raja B S	General Manager, Chief Learning Officer and Head of Internal Audit
7.	Ramesh Bhat	General Manager – Credit Monitoring Department
8.	Ananthapadmanabha B	General Manager IT and MIS Department and Chief Technology Officer
9.	Chandra Shekar	General Manager – Legal and Recovery Department
10.	Kannan K	General Manager and Chief Information Security Officer
11.	Jayanagaraja Rao S	Head of Branch Banking (Assets and Liabilities)
12.	Vinaya Bhat P J	Head of Retail Advances and Corporate and Mid-Corporate Advances – Credit Marketing Department
13.	Pankaj Gupta	Chief Digital and Marketing Officer
14.	Ramachandra K Gurumurthy	Head – Treasury
15.	Ratheesh R	Head – Training
16.	Ramaswamy Subramanian	Chief Product Officer
17.	Venkat Krishnan Veeramoni	Chief Information Officer
18.	Raghurama H S	Deputy General Manager and Chief Risk Officer
19.	Vasantha Kumar C	Deputy General Manager (National Head – Micro-Financial Institutions & Agri Portfolios)
20.	Srinivas S Dandapur	Deputy General Manager – Credit Sanctions Department (exposure above ₹ 150.00 million)
21.	Jagadeesh K S	Deputy General Manager – Credit Sanctions Department (exposure upto ₹ 150.00 million)
22.	Arul Raj Gomez A	Deputy General Manager – HO-Branch Banking Department
23.	Nagaraja Aithal	Deputy General Manager – Credit Monitoring Department
24.	Chandrashekara G	Deputy General Manager – Credit Sanctions Department – Head Office, Mangaluru
25.	Vijayakumar P H	Deputy General Manager
26.	Gopalakrishna Samaga B	Deputy General Manager (HRIR)
27.	Sumana Ghate	Deputy General Manager – Inspection and Audit Department and IS Audit Department
28.	Keshava Kumara S	Deputy General Manager
29.	Thrivikrama	Deputy General Manager – Head of Operations Department
30.	Sunil Rao B	Deputy General Manager
31.	Nagaraja Upadhyaya B	Deputy General Manager – Regional Head – Bengaluru Region
32.	Sreedhar S	Deputy General Manager – Regional Head – Chennai Region
33.	Herle Vasant Ramesh	Deputy General Manager – Regional Head – Mangaluru Region
34.	Raghavendra Rao T V	Deputy General Manager – Regional Head – Mumbai Region
35.	Basavaraj Desalli	Deputy General Manager – Regional Head – RO New Delhi

Sr. No.	Name	Designation
36.	Pradeep Rao U	Deputy General Manager
37.	Vinay Kulkarni	Deputy General Manager – Business Solution Group, Bengaluru Technology and Digital Hub
38.	Rakesh B	Deputy General Manager – IT Department, Bengaluru Technology and Digital Hub
39.	Jagadeesha D G	Deputy General Manager – Bengaluru Digital Centre of Excellence (DCoE)
40.	Divakara N C	Deputy General Manager – IT Department, Bengaluru (Technology and Digital Hub)
41.	Sharath Chandra Holla P	Deputy General Manager – Head of Products (Assets + Liabilities + TPP + ADC)

None of the above mentioned Key Managerial Personnel and Senior Management are related to each other and neither are they related to our Directors.

Other than Abhishek Sankar Bagchi, who has been employed on a contractual basis, all our Key Managerial Personnel and Senior Management are permanent employees of our Bank.

Interests of Key Managerial Personnel and Senior Management

Other than the interest of the Managing Director and Chief Executive Officer, as disclosed under the section entitled "*Board of Directors and Senior Management - Interest of Directors*" on page 212, the Key Managerial Personnel and Senior Management do not have any interest in our Bank other than to the extent of their shareholding and stock options that have been granted to them and may be granted to them, remuneration or benefits to which they are entitled as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business. The Key Managerial Personnel and Senior Management may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of such Equity Shares, to the extent of any Equity Shares held by them.

Other confirmations

None of the Directors, Key Managerial Personnel or Senior Management has any financial or other material interest in the Issue.

Neither our Bank, nor the Directors have been identified as a Wilful Defaulter or Fraudulent Borrower by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters or fraudulent borrowers as defined under the SEBI ICDR Regulations.

Neither our Bank, nor our Directors are debarred from accessing capital markets under any order or direction made by SEBI.

None of our Directors, Key Managerial Personnel or Senior Management of our Bank intends to subscribe to the Issue.

No change in control in our Bank will occur consequent to the Issue.

Policy on disclosures and internal procedure for prevention of insider trading

The SEBI Insider Trading Regulations are applicable to our Bank and our employees and require our Bank to implement a code of internal procedures and conduct for the prevention of insider trading. Our Bank has implemented a code of conduct for prohibition of insider trading and procedure for fair disclosure of unpublished price sensitive information in accordance with the SEBI Insider Trading Regulations.

SHAREHOLDING PATTERN OF OUR BANK

The shareholding pattern of our Bank, as on December 31, 2023, is set forth below*:

**Please note that pursuant to December 31, 2023, our Bank undertook a preferential allotment of 3,772,730 Equity Shares, details of which are not captured below. For more details, please refer to the section titled "Capital Structure – Equity share capital history of our Bank" on page 113.*

Table I - Summary Statement holding of specified securities:

Category (I)	Category of shareholder (II)	Nos. of shareholders (III)	No. of fully paid up equity shares held (IV)	No. of Partly paid-up equity shares held (V)	No. of shares underlying Depository Receipts (VI)	Total Nos. shares held (VII)=(IV)+(V)+(VI)	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities (IX)				No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Shareholding, as a% assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
								No of Voting Rights			Total as a % of (A+B+C)		(XI)=(VII)+(X) As a % of (A+B+C2)	No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)	
								Class eg:x	Class:y	Total								
(A)	Promoter & Promoter Group	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(B)	Public	267,637	346,747,923	-	-	346,747,923	100.00	34,6747,923	-	346,747,923	100.00	-	100.00	33,400,132	9.63	-	-	33,609,4174
(C)	Non	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Category (I)	Category of shareholder (II)	Nos. of shareholders (III)	No. of fully paid up equity shares held (IV)	No. of Partly paid-up equity shares held (V)	No. of shares underlying Depository Receipts (VI)	Total Nos. shares held (VII)=(IV)+(V)+(VI)	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities (IX)				No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Shareholding, as a% assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
								No of Voting Rights			Total as a % of (A+b+C)		(XI)=(VII)+(X) As a % of (A+B+C2)	No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)	
								Class eg:x	Class:y	Total								
	Promoter - Non Public																	
(C1)	Shares underlying DRs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C2)	Shares held by Employee Trusts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total	**267,637**	**346,747,923**	**-**	**-**	**346,747,923**	**100.00**	**346,747,923**	**-**	**346,747,923**	**100.00**	**-**	**100**	**33,400,132**	**9.63**	**-**	**-**	**336,094,174**

Table II - Statement showing shareholding pattern of the promoter and promoter Group:

	Category & Name of the Shareholders (I)	No.of shareholder (II)	No. of fully paid up equity shares held (III)	Partly paid-up equity shares held (IV)	Nos. of shares underlying Depository Receipts (V)	Total Nos. Shares held (VI=III+IV+V)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) (VII)	Number of Voting Rights held in each class of securities (VIII)			No.of Shares Underlying Outstanding convertible securities (including Warrants) (IX)	Shareholding, as a% assuming full conversion of convertible securities (as a percentage of dilluted share capital) (X)=(VI)+(IX) as a % of A+B+C2	Number of Locked in shares (XI)			Number of Shares pledged or otherwise encumbered (XII)		Number of equity shares held in dematerlialized form (XIII)
								No of Voting Rights		Total as a % of Total Voting rights			No. (a)		As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)	
								Class X	Class Y	Total								
(1)	**Indian**																	
(a)	**Individual/Hindu Undivided Family**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(b)	**Central Government / State Government(s)**	-	-	-		-	-	-	-	-	-	-	-	-	-	-	-	-
(c)	**Financial Institutions / Banks**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(d)	Any Other (specify) - Bodies Corporates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Sub-Total (A)(1)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(2)	Foreign																	
(a)	Individuals (Non-Resident Individuals / Foreign Individuals)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(b)	Government	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(c)	Institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

	Category & Name of the Shareholders (I)	No.of shareholder (II)	No. of fully paid up equity shares held (III)	Partly paid-up equity shares held (IV)	Nos. of shares underlying Depository Receipts (V)	Total Nos. Shares held (VI=III+IV+V)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) (VII)	Number of Voting Rights held in each class of securities (VIII)			No.of Shares Underlying Outstanding convertible securities (including Warrants) (IX)	Shareholding, as a% assuming full conversion of convertible securities (as a percentage of dilluted share capital) (X)=(VI)+(IX) as a % of A+B+C2	Number of Locked in shares (XI)			Number of Shares pledged or otherwise encumbered (XII)		Number of equity shares held in dematerlialized form (XIII)
								No of Voting Rights		Total as a % of Total Voting rights			No. (a)	As a % of total Shares held (b)		No. (a)	As a % of total Shares held (b)	
								Class X	Class Y	Total								
(d)	Foreign Portfolio Investor	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(e)	Any Other (specify)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Sub-Total (A)(2)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<u>Notes:</u>																		
(1)																		
(2)																		

Table III - Statement showing shareholding pattern of the Public shareholder:

	Category & Name of the Shareholders (I)	No. of shareholder (II)	No. of fully paid up equity shares held (III)	Partly paid-up equity shares held (IV)	Nos. of shares underlying Depository Receipts (V)	Total Nos. Shares held (VI=III+IV+V)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) (VII)	Number of Voting Rights held in each class of securities (VIII)				No. of Shares Underlying Outstanding convertible securities (including Warrants) (IX)	Total Shareholding, as a% assuming full conversion of convertible securities (as a percentage of dilluted share capital) (X)	Number of Locked in shares (XI)		Number of Shares pledged or otherwise encumbered (XII)		Number of equity shares held in dematerialized form (XIII)
								No of Voting Rights			Total as a % of Total Voting rights			No. (a)	As a % of total Shares held (b)	No. (Not applicable) (a)	As a % of total Shares held (Not applicable) (b)	
								Class X	Class Y	Total								
(1)	**Institutions (Domestic)**																	
(a)	Mutual Fund	16	20,228,376	-	-	20,228,376	5.83	20,228,376	-	20,228,376	5.83	-	5.83	7,306,279	36.12	-	-	20,228,376
	QUANT MUTUAL FUND - QUANT FLEXI CAP FUND	1	14,754,512	-	-	14,754,512	4.26	14,754,512	-	14,754,512	4.26	-	4.26	7,306,279	49.52	-	-	14,754,512
(b)	Venture Capital Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(c)	Alternative Investment Funds	2	293,981	-	-	293,981	0.08	293,98	-	293,98	0.08	-	0.08	-	-	-	-	293,981

	Category & Name of the Shareholders (I)	No. of shareholder (II)	No. of fully paid up equity shares held (III)	Partly paid-up equity shares held (IV)	Nos. of shares underlying Depository Receipts (V)	Total Nos. Shares held (VI=III+IV+V)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) (VII)	Number of Voting Rights held in each class of securities (VIII)				No. of Shares Underlying Outstanding convertible securities (including Warrants) (IX)	Total Shareholding, as a% assuming full conversion of convertible securities (as a percentage of dilluted share capital) (X)	Number of Locked in shares (XI)		Number of Shares pledged or otherwise encumbered (XII)		Number of equity shares held in dematerialized form (XIII)
								No of Voting Rights: Class X	Class Y	Total	Total as a % of Total Voting rights			No. (a)	As a % of total Shares held (b)	No. (Not applicable) (a)	As a % of total Shares held (Not applicable) (b)	
								1		1								
(d)	Banks	3	736	-	-	736	0.00	736		736	-	-	-	-	-	-	-	736
(e)	Insurance Companies	10	40,852,089	-	-	40,852,089	11.78	40,852,089		40,852,089	11.78	-	11.78	26,093,853	63.87	-	-	40,852,089
	HDFC LIFE INSURANCE COMPANY LIMITED	1	13,568,804	-	-	13,568,804	3.91	13,568,804		13,568,804	3.91	-	3.91	13,568,804	100.00	-	-	13,568,804
	LIFE INSURANCE CORPORATION OF INDIA	1	13,058,513	-	-	13,058,513	3.77	13,058,513		13,058,513	3.77	-	3.77	-	-	-	-	13,058,513

	Category & Name of the Shareholders (I)	No. of shareholder (II)	No. of fully paid up equity shares held (III)	Partly paid-up equity shares held (IV)	Nos. of shares underlying Depository Receipts (V)	Total Nos. Shares held (VI=III+IV+V)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) (VII)	Number of Voting Rights held in each class of securities (VIII)				No. of Shares Underlying Outstanding convertible securities (including Warrants) (IX)	Total Shareholding, as a% assuming full conversion of convertible securities (as a percentage of dilluted share capital) (X)	Number of Locked in shares (XI)		Number of Shares pledged or otherwise encumbered (XII)		Number of equity shares held in dematerialized form (XIII)
								No of Voting Rights: Class X	No of Voting Rights: Class Y	No of Voting Rights: Total	Total as a % of Total Voting rights			No. (a)	As a % of total Shares held (b)	No. (Not applicable) (a)	As a % of total Shares held (Not applicable) (b)	
	BAJAJ ALLIANZ GENERAL INSURANCE COMPANY LIMITED	1	9,384,755	-	-	9,384,755	2.71	9,384,755	-	9,384,755	2.71	-	2.71	8,350,033	88.97	-	-	9,384,755
(f)	Provident Funds / Pension Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(g)	Asset Reconstruction Companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(h)	Soveregin Wealth Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(i)	NBFCs registered with RBI	2	3,191	-	-	3,191	-	3,191	-	3,191	-	-	-	-	-	-	-	3,191
(j)	Other Financial Instituions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

	Category & Name of the Shareholders (I)	No. of shareholder (II)	No. of fully paid up equity shares held (III)	Partly paid-up equity shares held (IV)	Nos. of shares underlying Depository Receipts (V)	Total Nos. Shares held (VI=III+IV+V)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) (VII)	Number of Voting Rights held in each class of securities (VIII)				No. of Shares Underlying Outstanding convertible securities (including Warrants) (IX)	Total Shareholding, as a% assuming full conversion of convertible securities (as a percentage of dilluted share capital) (X)	Number of Locked in shares (XI)		Number of Shares pledged or otherwise encumbered (XII)		Number of equity shares held in dematerialized form (XIII)
								No of Voting Rights			Total as a % of Total Voting rights			No. (a)	As a % of total Shares held (b)	No. (Not applicable) (a)	As a % of total Shares held (Not applicable) (b)	
								Class X	Class Y	Total								
(k)	Any Other (specify)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Sub-Tota (B)(1)	**33**	**61,378,373**	**-**	**-**	**61,378,373**	**17.70**	**61,378,373**	**-**	**61,378,373**	**17.70**	**-**	**17.7**	**33,400,132**	**54.42**	**-**	**-**	**61,378,373**
(2)	**Institutions (Foreign)**																	
(a)	Foreign Direct Investment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(b)	Foreign Venture Capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(c)	Soveregin Wealth Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(d)	Foreign Portfolio Investors Category I	176	63,692,935	-	-	63,692,935	18.37	63,692,93	-	63,692,93	18.37	-	18.37	-	-	-	-	63,692,935

	Category & Name of the Shareholders (I)	No. of shareholder (II)	No. of fully paid up equity shares held (III)	Partly paid-up equity shares held (IV)	Nos. of shares underlying Depository Receipts (V)	Total Nos. Shares held (VI=III+IV+V)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) (VII)	Number of Voting Rights held in each class of securities (VIII)				No. of Shares Underlying Outstanding convertible securities (including Warrants) (IX)	Total Shareholding, as a% assuming full conversion of convertible securities (as a percentage of dilluted share capital) (X)	Number of Locked in shares (XI)		Number of Shares pledged or otherwise encumbered (XII)		Number of equity shares held in dematerialized form (XIII)
								No of Voting Rights: Class X	Class Y	Total	Total as a % of Total Voting rights			No. (a)	As a % of total Shares held (b)	No. (Not applicable) (a)	As a % of total Shares held (Not applicable) (b)	
								5		5								
	ZEAL GLOBAL OPPORTUNITIES FUND	1	7,778,000	-	-	7,778,000	2.24	7,778,000	-	7,778,000	2.24	-	2.24	-	-	-	-	7,778,000
	LSV EMERGING MARKETS EQUITY FUND LP	1	4,119,400	-	-	4,119,400	1.19	4,119,400	-	4,119,400	1.19	-	1.19	-	-	-	-	4,119,400
	ZINNIA GLOBAL FUND PCC - CELL DEWCAP FUND	1	3,818,585	-	-	3,818,585	1.10	3,818,585	-	3,818,585	1.10	-	1.1	-	-	-	-	3,818,585
(e)	Foreign Portfolio Investors Category II	17	2,299,143	-	-	2,299,143	0.66	2,299,143	-	2,299,143	0.66	-	0.66	-	-	-	-	2,299,143

	Category & Name of the Shareholders (I)	No. of shareholder (II)	No. of fully paid up equity shares held (III)	Partly paid-up equity shares held (IV)	Nos. of shares underlying Depository Receipts (V)	Total Nos. Shares held (VI=III+IV+V)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) (VII)	Number of Voting Rights held in each class of securities (VIII)				No. of Shares Underlying Outstanding convertible securities (including Warrants) (IX)	Total Shareholding, as a% assuming full conversion of convertible securities (as a percentage of dilluted share capital) (X)	Number of Locked in shares (XI)		Number of Shares pledged or otherwise encumbered (XII)		Number of equity shares held in dematerialized form (XIII)
								No of Voting Rights			Total as a % of Total Voting rights			No. (a)	As a % of total Shares held (b)	No. (Not applicable) (a)	As a % of total Shares held (Not applicable) (b)	
								Class X	Class Y	Total								
(f)	Overseas Depositories (holding DRs)(balancing figure)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(g)	Any Other (specify)																	
	Sub-Tota (B)(2)	**193**	**65,992,078**	**-**	**-**	**65,992,078**	**19.03**	**65,992,078**	**-**	**65,992,078**	**19.03**	**-**	**19.03**	**-**	**-**	**-**	**-**	**65,992,078**
(3)	**Central Government / State Government(s) / President of India**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

	Category & Name of the Shareholders (I)	No. of shareholder (II)	No. of fully paid up equity shares held (III)	Partly paid-up equity shares held (IV)	Nos. of shares underlying Depository Receipts (V)	Total Nos. Shares held (VI=III+IV+V)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) (VII)	Number of Voting Rights held in each class of securities (VIII)				No. of Shares Underlying Outstanding convertible securities (including Warrants) (IX)	Total Shareholding, as a% assuming full conversion of convertible securities (as a percentage of dilluted share capital) (X)	Number of Locked in shares (XI)		Number of Shares pledged or otherwise encumbered (XII)		Number of equity shares held in dematerialized form (XIII)
								No of Voting Rights			Total as a % of Total Voting rights			No. (a)	As a % of total Shares held (b)	No. (Not applicable) (a)	As a % of total Shares held (Not applicable) (b)	
								Class X	Class Y	Total								
(a)	Central Government / President of India	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(b)	State Government / Governor	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(c)	Shareholding by Companies or Bodies Corporate where Central / State Government is a promoter	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Sub-Total (B)(3)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(4)	**Non-institutions**																	

	Category & Name of the Shareholders (I)	**No. of shareholder (II)**	**No. of fully paid up equity shares held (III)**	**Partly paid-up equity shares held (IV)**	**Nos. of shares underlying Depository Receipts (V)**	**Total Nos. Shares held (VI=III+IV+V)**	**Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) (VII)**	**Number of Voting Rights held in each class of securities (VIII)**				**No. of Shares Underlying Outstanding convertible securities (including Warrants) (IX)**	**Total Shareholding, as a% assuming full conversion of convertible securities (as a percentage of dilluted share capital) (X)**	**Number of Locked in shares (XI)**		**Number of Shares pledged or otherwise encumbered (XII)**		**Number of equity shares held in dematerialized form (XIII)**
								No of Voting Rights: Class X	**Class Y**	**Total**	**Total as a % of Total Voting rights**			**No. (a)**	**As a % of total Shares held (b)**	**No. (Not applicable) (a)**	**As a % of total Shares held (Not applicable) (b)**	
(a)	Associate companies / Subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(b)	Directors and their relatives (excluding independent directors and nominee directors)	1	1,650	-	-	1,650	-	1,650	-	1,650	-	-	-	-	-	-	-	1,650
(c)	Key Managerial Personnel	2	3,895	-	-	3,895	-	3,895	-	3,895	-	-	-	-	-	-	-	265

	Category & Name of the Shareholders (I)	No. of shareholder (II)	No. of fully paid up equity shares held (III)	Partly paid-up equity shares held (IV)	Nos. of shares underlying Depository Receipts (V)	Total Nos. Shares held (VI=III+IV+V)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) (VII)	Number of Voting Rights held in each class of securities (VIII)				No. of Shares Underlying Outstanding convertible securities (including Warrants) (IX)	Total Shareholding, as a% assuming full conversion of convertible securities (as a percentage of dilluted share capital) (X)	Number of Locked in shares (XI)		Number of Shares pledged or otherwise encumbered (XII)		Number of equity shares held in dematerialized form (XIII)
								No of Voting Rights			Total as a % of Total Voting rights			No. (a)	As a % of total Shares held (b)	No. (Not applicable) (a)	As a % of total Shares held (Not applicable) (b)	
								Class X	Class Y	Total								
(d)	Relatives of promoters (other than 'immediate relatives' of promoters disclosed under 'Promoter and Promoter Group' category)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(e)	Trusts where any person belonging to 'Promoter and Promoter Group' category is 'trustee', 'beneficiary', or 'author of the trust'	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

	Category & Name of the Shareholders (I)	No. of shareholder (II)	No. of fully paid up equity shares held (III)	Partly paid-up equity shares held (IV)	Nos. of shares underlying Depository Receipts (V)	Total Nos. Shares held (VI=III+IV+V)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) (VII)	Number of Voting Rights held in each class of securities (VIII)				No. of Shares Underlying Outstanding convertible securities (including Warrants) (IX)	Total Shareholding, as a% assuming full conversion of convertible securities (as a percentage of dilluted share capital) (X)	Number of Locked in shares (XI)		Number of Shares pledged or otherwise encumbered (XII)		Number of equity shares held in dematerialized form (XIII)
								No of Voting Rights			Total as a % of Total Voting rights			No. (a)	As a % of total Shares held (b)	No. (Not applicable) (a)	As a % of total Shares held (Not applicable) (b)	
								Class X	Class Y	Total								
(f)	Investor Education and Protection Fund (IEPF)	1	1,108,767	-	-	1,108,767	0.32	1,108,767	-	1,108,767	0.32	-	0.32	-	-	-	-	1,108,767
(g)	Resident Individuals holding nominal share capital up to ₹ 0.20 million	261,445	116,139,537	-	-	116,139,537	33.49	116,139,537	-	116,139,537	33.49	-	33.49	-	-	-	-	106,096,725
(h)	Resident Individuals holding nominal share capital in excess of ₹ 0.20 million	1,015	80,690,591	-	-	80,690,591	23.27	8,0690,591	-	80,690,591	23.27	-	23.27	-	-	-	-	80,139,029
	B SUMANTHKUMAR REDDY	1	7,381,855	-	-	7,381,855	2.13	7,381,855	-	7,381,855	2.13	-	2.13	-	-	-	-	7,381,855

	Category & Name of the Shareholders (I)	No. of shareholder (II)	No. of fully paid up equity shares held (III)	Partly paid-up equity shares held (IV)	Nos. of shares underlying Depository Receipts (V)	Total Nos. Shares held (VI=III+IV+V)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) (VII)	Number of Voting Rights held in each class of securities (VIII)				No. of Shares Underlying Outstanding convertible securities (including Warrants) (IX)	Total Shareholding, as a% assuming full conversion of convertible securities (as a percentage of dilluted share capital) (X)	Number of Locked in shares (XI)		Number of Shares pledged or otherwise encumbered (XII)		Number of equity shares held in dematerialized form (XIII)
								No of Voting Rights			Total as a % of Total Voting rights			No. (a)	As a % of total Shares held (b)	No. (Not applicable) (a)	As a % of total Shares held (Not applicable) (b)	
								Class X	Class Y	Total								
	SREENADHA REDDY NAYANI	1	3,628,335	-	-	3,628,335	1.05	3,628,335	-	3,628,335	1.05	-	1.05	-	-	-	-	3,628,335
(i)	Non-Resident Indians (NRIs)	3,935	7,624,810	-	-	7,624,810	2.20	7,624,810	-	7,624,810	2.20	-	2.2	-	-	-	-	7,619,310
(j)	Foreign Nationals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(k)	Foreign Companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(l)	Bodies Corporate	981	13,583,618	-	-	13,583,618	3.92	13,583,618	-	13,583,618	3.92	-	3.92	-	-	-	-	13,537,685
(m)	Any Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

	Category & Name of the Shareholders (I)	No. of shareholder (II)	No. of fully paid up equity shares held (III)	Partly paid-up equity shares held (IV)	Nos. of shares underlying Depository Receipts (V)	Total Nos. Shares held (VI=III+IV+V)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) (VII)	Number of Voting Rights held in each class of securities (VIII)				No. of Shares Underlying Outstanding convertible securities (including Warrants) (IX)	Total Shareholding, as a% assuming full conversion of convertible securities (as a percentage of dilluted share capital) (X)	Number of Locked in shares (XI)		Number of Shares pledged or otherwise encumbered (XII)		Number of equity shares held in dematerialized form (XIII)
								No of Voting Rights			Total as a % of Total Voting rights			No. (a)	As a % of total Shares held (b)	No. (Not applicable) (a)	As a % of total Shares held (Not applicable) (b)	
								Class X	Class Y	Total								
	Clearing Members	21	9,751	-	-	9,751	-	9751	-	9751	-	-	-	-	-	-	-	9,751
	Trusts	8	16,978	-	-	16,978	-	1,6978	-	16,978	-	-	-	-	-	-	-	16,978
	Unclaimed or Suspense Escrow Account	2	197,875	-	-	197,875	0.06	197,875	-	197,875	0.06	-	0.06	-	-	-	-	19,3563
	Sub-Tota (B)(4)	**267,411**	**219,377,472**	-	-	**219,377,472**	**63.27**	**219,377,472**	-	**219,377,472**	**63.27**	-	**63.27**	-	-	-	-	**208,723,723**
	Total Public Shareholding (B)=(B)(1)+(B)(2)+(B)(3)+(B)(4)	**267,637**	**346,747,923**	-	-	**346,747,923**	**100.00**	**346,747,923**	-	**346,747,923**	**100.00**	-	**100**	**3,3400,132**	**9.63**	-	-	**336,094,174**

Table IV - Statement showing shareholding pattern of the Non-promoter – non-public Shareholder:

Category	Category & Name of the Shareholder	No. of Shareholders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of Shares Underlying Depository Receipts	Total No. of Shares Held (IV+V+VI)	Shareholding as a % of total no of shares (A+B+C2)	Number of Voting Rights held in each class of securities				No. of Shares Underlying Outstanding convertible securities (Including Warrants)	Shareholding as a % assuming full conversion of convertible Securities (as a percentage of diluted share capital)	Number of Locked in Shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form
								No of Voting Rights			Total as a % of (A+B+C)			No.	As a % of total Shares held	No.	As a % of total Shares held	
								Class X	Class Y	Total								
	(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)				(IX)	(X)	(XI)		(XII)		(XIII)
(1)	Custodian/DR Holder	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(2)	Employee Benefit Trust (under SEBI(Share based Employee Benefit) Regulations 2014)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-Promoter-Non Public Shareholding (C) = (C)(1)+(C)(2)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

ISSUE PROCEDURE

The following is a summary intended to present a general outline of the procedure relating to the application, payment of Application Amount, Allocation and Allotment of the Equity Shares. The procedure followed in the Issue may differ from the one mentioned below, and investors are assumed to have apprised themselves of the same from our Bank or the Book Running Lead Managers. Investors are advised to inform themselves of any restrictions or limitations that may be applicable to them. Also, please see the sections entitled "Selling Restrictions" and "Transfer Restrictions and Purchaser Representations" beginning on pages 253 and 262, respectively.

Bidders that apply in the Issue will be required to confirm and will be deemed to have represented to our Bank, the BRLMs and their respective directors, officers, agents, employees, counsels, shareholders, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Bank and the Book Running Lead Managers and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the Equity Shares. Investors are advised to inform themselves of any restrictions or limitations that may be applicable to them. See "Selling Restrictions" and "Transfer Restrictions and Purchaser Representations" beginning on pages 253 and 262, respectively.

Our Bank, the Book Running Lead Managers and their respective directors, officers, agents, advisors, shareholders, employees, counsels, affiliates and representatives are not liable for any amendment or modification or change to applicable laws or regulations, which may occur after the date of this Placement Document. Eligible QIBs are advised to make their independent investigations and satisfy themselves that they are eligible to apply. Eligible QIBs are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Placement Document. Further, Eligible QIBs are required to satisfy themselves that their Bids would not result in triggering an open offer under the SEBI Takeover Regulations and shall be solely responsible for compliance with all the applicable provisions of the SEBI Takeover Regulations, the SEBI Insider Trading Regulations, and other applicable laws.

Qualified Institutions Placement

THE ISSUE IS MEANT ONLY FOR ELIGIBLE QIBs ON A PRIVATE PLACEMENT BASIS AND IS NOT AN OFFER TO THE PUBLIC OR TO ANY OTHER CLASS OF INVESTORS.

The Preliminary Placement Document and this Placement Document have not been, and will not be, filed as a prospectus with the RoC and, no Equity Shares will be offered in India or overseas to the public or any members of the public or any other class of investors, other than Eligible QIBs.

The Issue has been being made to Eligible QIBs in reliance upon Chapter VI of the SEBI ICDR Regulations and Section 42 and other applicable provisions of the Companies Act and rules thereunder, through the mechanism of a Qualified Institutions Placement ("**QIP**"). Under Chapter VI of the SEBI ICDR Regulations and Section 42 of the Companies Act read with Rule 14 of the PAS Rules and other applicable provisions of Companies Act, our Bank, being a listed company in India may issue equity shares to Eligible QIBs, provided that certain conditions are met by our Bank. Some of these conditions are set out below:

- the Shareholders have passed a special resolution approving the Issue. Such special resolution must *inter alia* specify (a) that the Allotment is proposed to be made pursuant to the QIP; and (b) the Relevant Date;

- the explanatory statement to the notice to the Shareholders for convening the general meeting must disclose amongst other things, the particulars of this Issue including the date of passing the board resolution, the kind of securities being offered and the price at which they are offered, amount which the company intends to raise by way of such securities and the material terms of raising such securities, proposed Issue schedule, the purpose or objects of this Issue, the contribution made by the Directors either as part of the Issue or separately in furtherance of the objects, and the basis or justification for the price (including premium, if any) at which the offer or invitation is being made;

- under Regulation 172(1)(b) of the SEBI ICDR Regulations, the Equity Shares of the same class of our Bank, which are proposed to be Allotted through this Issue, are listed on the Stock Exchanges, for a period of at least one year prior to the date of issuance of notice to our Shareholders for convening the meeting to seek the approval the above-mentioned special resolution;

- invitation to apply in the Issue must be made through a private placement offer-cum-application letter (i.e., the Preliminary Placement Document) and Application Form serially numbered and addressed specifically to the Eligible QIBs to whom this Issue is made either in writing or in electronic mode, within 30 days of recording the name of such person in accordance with applicable law; the allotments with respect to any earlier offer or invitation made by the Issuer shall have been completed or the Issuer shall have withdrawn or abandoned such invitation or offer made, except as permitted under the Companies Act, 2013;

- our Bank shall have completed allotments with respect to any earlier offer or invitation made by our Bank or shall have withdrawn or abandoned such invitation or offer made; however, our Bank may, at any time, make more than one issue of securities to such class of identified persons as may be permitted under applicable law;

- in accordance with the SEBI ICDR Regulations, issuance and allotment of Equity Shares shall be made only in dematerialized form;

- our Bank shall not make any subsequent qualified institutions placement until the expiry of two weeks from the date of this Issue;

- an offer to Eligible QIBs will not be subject to a limit of 200 persons. Prior to circulating the private placement offer cum application letter (i.e., the Preliminary Placement Document), our Bank must prepare and record a list of Eligible QIBs to whom the Issue will be made. The Issue must be made only to such Eligible QIBs whose names are recorded by our Bank prior to the invitation to subscribe;

- our Bank acknowledges that the offering of securities by issue of public advertisements or utilization of any media, marketing or distribution channels or agents to inform the public about the Issue is prohibited; and

- our Directors are not fugitive economic offenders under Section 12 of the Fugitive Economic Offenders Act, 2018; and

- our Bank and our Directors are not declared as 'Wilful Defaulters' or as a 'Fraudulent Borrower' by the lending Banks or a financial institution or consortium.

In accordance with the SEBI ICDR Regulations, the Equity Shares will be issued and Allotment shall be made only in dematerialized form to the Allottees.

Our Bank shall not make any subsequent qualified institutions placement until the expiry of two weeks from the date of this Issue.

At least 10% of the Equity Shares issued to Eligible QIBs was made available for Allocation to Mutual Funds, provided that, if this portion or any part thereof to be Allotted to Mutual Funds remains unsubscribed, it was Allotted to other Eligible QIBs. Please note that a QIB has been specifically defined under Regulation 2(1)(ss) of the SEBI Regulations.

Bidders were not allowed to withdraw or revise downwards their Bids after the Issue Closing Date.

Additionally, there is a minimum pricing requirement under the SEBI ICDR Regulations. The Floor Price of the Equity Shares offered under this Issue shall not be less than the average of the weekly high and low of the closing prices of the Equity Shares of the same class quoted on the Stock Exchanges during the two weeks preceding the Relevant Date as calculated in accordance with Chapter VI of the SEBI ICDR Regulations.

The "Relevant Date" referred to above means the date of the meeting in which the Board or the Committee of Directors decides to open this Issue and "stock exchange" means any of the recognized stock exchanges in which the Equity Shares of the same class are listed and in which the highest trading volume in such Equity Shares has been recorded during the two weeks immediately preceding the Relevant Date. Further, in accordance with the special resolution passed by our Shareholders on February 27, 2024, our Bank may offer a discount of not more than 5% on the Floor Price in accordance with the SEBI ICDR Regulations.

The "Relevant Date" referred to above means the date of the meeting in which the board of directors or the committee of directors duly authorised by the board of the issuer opened the proposed issue and the "stock exchange" means any of the recognised stock exchanges in India in which the equity shares of the same class of the issuer are listed and on which the highest trading volume in such shares has been recorded during the two weeks immediately preceding the relevant date.

The Equity Shares will be Allotted within 365 days from the date of the shareholders' resolution approving the Issue and within 60 days from the date of receipt of Application Amount from the Successful Bidders. For details of Allotment, please see the section entitled "*– Pricing and Allocation – Designated Date and Allotment of Equity Shares*" on page 248 and for details of refund of Bid Amount, please see "*– Refunds*" on page 249.

Subscription to the Equity Shares offered pursuant to the Issue must be made by Eligible QIBs on the basis of the Preliminary Placement Document and this Placement Document. The Preliminary Placement Document and this Placement Document shall contain all material information required under applicable law including the information specified in Schedule VII of the SEBI ICDR Regulations and the requirements prescribed under Form PAS-4. The Preliminary Placement Document and this Placement Document are private documents provided to only select Eligible QIBs through serially numbered copies and are required to be placed on the website of the concerned Stock Exchanges and of our Bank with a disclaimer to the effect that it is in connection with an issue to Eligible QIBs and no offer is being made to the public or to any other category of investors. Please note that if you do not receive a serially numbered copy of the Preliminary Placement Document addressed to you, you may not rely on the Preliminary Placement Document or this Placement Document uploaded on the website of the Stock Exchanges or our Bank for making an application to subscribe to Equity Shares pursuant to the Issue.

The Issue was approved by the Board of Directors on January 27, 2024. Subsequently, our Shareholders through a special resolution approved the Issue on February 27, 2024.

The minimum number of allottees with respect to the Issue shall not be less than:

- two, where the issue size is less than or equal to ₹ 2,500.00 million; and
- five, where the issue size is greater than ₹ 2,500.00 million.

No single Allottee shall be Allotted more than 50% of the Issue Size.

Eligible QIBs that belong to the same group or that are under common control shall be deemed to be a single Allottee for the purpose of the Issue. For details of what constitutes "same group" or "common control", please see the section entitled "*—Bid Process—Application Form*" on page 242.

Equity Shares being Allotted pursuant to the Issue shall not be sold for a period of one year from the date of Allotment, except on the floor of a recognised stock exchange. Allotments made to VCFs and AIFs in the Issue are subject to the rules and regulations that are applicable to them, including in relation to lock-in requirements. VCFs and AIFs should independently consult their own counsel and advisors as to investment in and related matters concerning the Issue.

Our Bank has filed a copy of the Preliminary Placement Document and this Placement Document with each of the Stock Exchanges. Our Bank has received in-principle approvals from BSE and NSE, under Regulation 28(1)(a) of the SEBI Listing Regulations for the listing of the Equity Shares to be issued pursuant to this Issue on the Stock Exchanges on March 15, 2024 and March 14, 2024, respectively. Our Bank shall also make the requisite filings with the RoC within the stipulated period as required under the Companies Act and the PAS Rules.

The Equity Shares issued pursuant to this Issue have not been and will not be registered, listed or otherwise qualified in any jurisdiction except India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction. In particular, the Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and may not be offered or sold in the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any applicable U.S. state securities laws. The Equity Shares offered in the Issue are being offered and sold only outside the United States in "offshore transactions" as defined in and in reliance on Regulation S and in accordance with the applicable laws of the jurisdictions where those offers and sales are made. For the selling restrictions in certain other jurisdictions, see "*Selling Restrictions*" on page 253.

Issue Procedure

1. On and from the Issue Opening Date, our Bank and the Book Running Lead Managers, shall circulate serially numbered copies of the Preliminary Placement Document and the serially numbered Application Form, either in electronic or physical form, to identified Eligible QIBs and the Application Form will be specifically addressed to each such Eligible QIB. In terms of Section 42(3) of the Companies Act, 2013, our Bank shall maintain complete records of the Eligible QIBs in the form and manner as prescribed under the PAS Rules, to whom the Preliminary Placement Document, this Placement Document and the serially numbered Application Form will be dispatched. Our Bank will make the requisite filings with the RoC within the stipulated time periods as required under the Companies Act, 2013 and the PAS Rules.

2. The list of Eligible QIBs to whom the Preliminary Placement Document and Application Form was delivered were determined by our Bank in consultation with the Book Running Lead Managers.

3. **Unless a serially numbered Preliminary Placement Document along with the serially numbered Application Form, which includes the details of the bank account wherein the Application Amount is to be deposited, is addressed to a particular Eligible QIB, no invitation to make an offer to subscribe shall be deemed to have been made to such Eligible QIB.** Even if such documentation were to come into the possession of any person other than the intended recipient, no offer or invitation to offer shall be deemed to have been made to such person and any application that does not comply with this requirement shall be treated as invalid.

4. Eligible QIBs may submit the Application Form, including any revisions thereof along with the Application Amount and a copy of the PAN card or PAN allotment letter and/or any other documents mentioned in the Application Form, during the Issue Period to the Book Running Lead Managers. Application Form may be signed physically or digitally, if required under applicable law in the relevant jurisdiction applicable to each Eligible QIB and as permitted under such applicable law. An Eligible QIB may submit an unsigned copy of the Application Form, as long as the Application Amount is paid along with submission of the Application Form within the Issue Period. Once a duly filled Application Form is submitted by an Eligible QIB, whether signed or not, and the Application Amount has been transferred to the Escrow Account, such Application Form constitutes an irrevocable offer and could not be withdrawn or revised downwards after the Issue Closing Date. In case Bids were made on behalf of the Eligible QIB and the Application Form was unsigned, it was required to be assumed that the person submitting the Application Form and providing necessary instructions for transfer of the Application Amount to the Escrow Account, on behalf of the Eligible QIB is authorised to do so.

5. Bidders will be required to indicate the following in the Application Form:

    - full official name of the Bidder to whom Equity Shares are to be Allotted, complete address, e-mail ID, PAN, phone number and bank account details;

    - number of Equity Shares Bid for;

    - price at which they are agreeable to subscribe for the Equity Shares and the aggregate Application Amount for the number of Equity Shares Bid for;

    - details of the beneficiary account maintained with a Depository Participant to which the Equity Shares should be credited;

    - Equity Shares held by the Eligible QIBs in our Bank prior to the Issue; and

    - representations that it is outside the United States acquiring the Equity Shares in an offshore transaction under Regulation S and in accordance with the applicable laws of the jurisdiction where those offers and sales are made and it has agreed to certain other representations set forth in the sections entitled "*Representation by Investors*", "*Selling Restrictions*" and "*Transfer Restrictions and Purchaser Representations*" beginning on pages 5, 253 and 262, respectively, and certain other representations made in the Application Form.

Note: Eligible FPIs are required to indicate the SEBI FPI registration number in the Application Form. The Bids made by the asset management companies or custodians of Mutual Funds shall specifically state the names of the concerned schemes for which the Bids are made. In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made. Application by various schemes or funds of a Mutual Fund will be treated as one application from the Mutual Fund. Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable laws.

- confirm acceptance of any other representations set forth in the Application Form.

6. Each Bidder was required to make the entire payment of the Application Amount for the Equity Shares Bid for, along with the Application Form, only through electronic transfer to the Escrow Account opened in the name of "KBL QIP ISSUE 2024 ESCROW ACCOUNT" with the Escrow Agent, within the Issue Period as specified in the Application Form sent to the respective Bidders. No payment was required to be made by Bidders in cash. Please note that any payment of Application Amount for the Equity Shares was required to be made from the bank accounts of the relevant Bidders and our Bank shall keep a record of the bank account from where such payment has been received. Application Amount payable on Equity Shares to be held by joint holders was required to be paid from the bank account of the person whose name appears first in the Application Form. Pending Allotment and the filing of return of Allotment by our Bank with the RoC, or receipt of final listing and trading approvals from the Stock Exchanges, whichever is later, Application Amount received for subscription of the Equity Shares was required to be kept by our Bank in a separate bank account with a scheduled bank and shall be utilised only for the purposes permitted under the Companies Act, 2013. Notwithstanding the above, in the event, among others, a Bidder is not Allocated Equity Shares in the Issue, or the number of Equity Shares Allocated to the Bidder is lower than the number of Equity Shares applied for through the Application Form and towards which Application Amount has been paid by such Bidder, or the Application Amount is in excess of the amount equivalent to the product of the Equity Shares that have been Allocated to the Bidder and the Issue Price, or the Application Amount has been arrived at using an indicative price higher than the Issue Price, or any Bidder lowers or withdraws their Bid after submission of the Application Form but prior to the Issue Closing Date, the excess Application Amount will be refunded to the same bank account from which it was remitted, in the form and manner set out in "– *Refunds*" on page 249.

7. The Application Form may be signed physically or digitally, if required under applicable law in the relevant jurisdiction applicable to each Eligible QIB and as permitted under such applicable law. An Eligible QIB may submit an unsigned copy of the Application Form, as long as the Application Amount is paid along with submission of the Application Form within the Issue Period. Once a duly completed Application Form is submitted by a Bidder, whether signed or not and the Application Amount is transferred to the Escrow Account, such application constitutes an irrevocable offer and the Bid could not have been withdrawn or revised downwards after the Issue Closing Date. In case of an upward revision before the Issue Closing Date, an additional amount will be required to be deposited towards the Application Amount in the Escrow Account along with the submission of such revised Bid. In case Bids are being made on behalf of the Eligible QIB and the Application Form is unsigned, it was required to be assumed that the person submitting the Application Form and providing necessary instructions for transfer of the Application Amount to the Escrow Account, on behalf of the Eligible QIB is authorised to do so. The Issue Closing Date was notified to the Stock Exchanges and the Eligible QIBs were deemed to have been given notice of such date after receipt of the Application Form.

8. The Eligible QIBs acknowledge that in accordance with the requirements of the Companies Act, 2013, upon Allocation, our Bank will have to disclose the names of proposed Allottees and the percentage of their post Issue shareholding in this Placement Document and consents to such disclosure, if any Equity Shares were allocated to it.

9. The Bids made by asset management companies or custodians of Mutual Funds shall specifically state the names of the concerned schemes for which the Bids are made. In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI.

10. Upon receipt of the duly completed Application Form and the Application Amount in the Escrow Account, on or after the Issue Closing Date, our Bank shall, in consultation with Book Running Lead Managers, determine the final terms, including (i) the Issue Price, (ii) the number of Equity Shares to be Allocated to each Successful Bidder; and (iii) the Successful Bidders to whom such Equity Shares have been Allocated. Upon such determination, the Book Running Lead Managers will send the serially numbered CAN to Successful Bidders who have been Allocated the Equity Shares. The dispatch of a CAN, and this Placement Document (when dispatched) to a Successful Bidder shall be deemed a valid, binding and irrevocable contract for the Successful Bidders to subscribe to the Equity Shares Allocated to such Successful Bidders at an aggregate amount equivalent to the product of the Issue Price and Equity Shares Allocated to such Successful Bidders. The CAN shall contain details such as the number of Equity Shares Allocated and Refund Amount (if any) due to the Successful Bidders, Issue Price and the aggregate amount received towards the Equity Shares Allocated. **Please note that the Allocation will be at the absolute discretion of our Bank and will be in consultation with the Book Running Lead Managers.**

11. Upon determination of the Issue Price and issuance of CAN and before Allotment of Equity Shares to the Successful Bidders, the Book Running Lead Managers, on our behalf, sent a serially numbered Placement Document either in electronic form or through physical delivery to each of the Successful Bidders who had been Allocated Equity Shares pursuant to dispatch of a serially numbered CAN.

12. Upon dispatch of the serially numbered Placement Document, our Bank shall Allot Equity Shares as per the details in the CANs sent to the Successful Bidders. Our Bank will inform the Stock Exchanges of the details of the Allotment.

13. After passing the resolution for Allotment and prior to crediting the Equity Shares into the beneficiary account of the Successful Bidders maintained by the Depository Participant, as specified in the records of the depositories or as indicated in their respective Application Form, our Bank shall apply to the Stock Exchanges for listing approvals in respect of the Equity Shares Allotted pursuant to the Issue.

14. After receipt of the listing approvals of the Stock Exchanges, our Bank shall credit the Equity Shares Allotted pursuant to this Issue into the beneficiary accounts of the respective Allottees.

15. Our Bank will then apply for the final trading approvals from the Stock Exchanges.

16. The Equity Shares that would have been credited to the beneficiary account with the Depository Participant of the Successful Bidders shall be eligible for trading on the Stock Exchanges only upon the receipt of final trading and listing approvals from the Stock Exchanges.

17. As per applicable law, the Stock Exchanges will notify the final listing and trading approvals, which are ordinarily available on their websites, and our Bank may communicate the receipt of the listing and trading approvals to those Eligible QIBs to whom the Equity Shares have been Allotted. Our Bank and the Book Running Lead Managers shall not be responsible for any delay or non-receipt of the communication of the final trading and listing permissions from the Stock Exchanges or any loss arising from such delay or non-receipt. Investors are advised to apprise themselves of the status of the receipt of the permissions from the Stock Exchanges or our Bank.

18. In the event that the number of Equity Shares Allocated to a Bidder is lower than the number of Equity Shares applied for through the Application Form and towards which Application Amount has been paid by such Bidder, or Equity Shares are not Allocated to a Bidder for any reasons, or a Bidder withdraws the Bid prior to the Issue Closing Date, any excess Application Amount paid by such Bidder will be refunded to the same bank account from which Application Amount was remitted, in the form and manner set out in the Refund Intimation which will be dispatched to such Bidder.

Eligible QIBs

Only Eligible QIBs were eligible to invest in the Equity Shares pursuant to the Issue, provided that with respect to foreign portfolio investors, only Eligible FPIs applying under Schedule II of the FEMA Rules have been considered as Eligible QIBs. Currently, QIBs, who were eligible to participate in the Issue and also as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations, are set forth below:

- alternate investment funds registered with SEBI;

- Eligible FPIs;
- insurance companies registered with Insurance Regulatory and Development Authority of India;
- insurance funds set up and managed by army, navy or air force of the Union of India;
- insurance funds set up and managed by the Department of Posts, India;
- multilateral and bilateral development financial institutions;
- Mutual Funds;
- pension funds with minimum corpus of ₹ 250.00 million registered with the Pension Fund Regulatory and Development Authority established under sub-section (1) of section 3 of the Pension Fund Regulatory and Development Authority Act, 2013;
- provident funds with minimum corpus of ₹ 250.00 million;
- public financial institutions as defined in Section 4A of the Companies Act, 1956 (Section 2(72) of the Companies Act, 2013);
- scheduled commercial banks;
- state industrial development corporations;
- the National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government published in the Gazette of India;
- venture capital funds registered with SEBI; and
- systemically important non-banking financial companies;

subject to such QIB not being excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations.

Allotments made to VCFs and AIFs in the Issue are subject to the rules and regulations that are applicable to each of them respectively, including in relation to lock-in requirement. VCFs and AIFs should independently consult their own counsel and advisors as to investment in and related matters concerning the Issue. FVCIs are not permitted to participate in the Issue.

ELIGIBLE FPIs ARE PERMITTED TO PARTICIPATE UNDER SCHEDULE II OF FEMA RULES, IN THIS ISSUE. ELIGIBLE FPIs ARE PERMITTED TO PARTICIPATE IN THE ISSUE SUBJECT TO COMPLIANCE WITH ALL APPLICABLE LAWS AND SUCH THAT THE SHAREHOLDING OF THE FPIs DO NOT EXCEED SPECIFIED LIMITS AS PRESCRIBED UNDER APPLICABLE LAWS IN THIS REGARD. OTHER ELIGIBLE NON RESIDENT QIBs PARTICIPATED IN THE ISSUE UNDER SCHEDULE I OF FEMA RULES.

Please note that participation by non-residents in this Issue is restricted to participation by Eligible FPIs under Schedule II of the FEMA Rules, subject to the limits prescribed under the SEBI FPI Regulations and the FEMA Rules. Further, AIFs or VCFs whose sponsor and manager are not Indian owned and controlled in terms of the FEMA Rules or FVCIs, multilateral or bilateral development financial institutions are not permitted to participate in this Issue.

In terms of the SEBI FPI Regulations, the issue of Equity Shares to a single FPI or an investor group (multiple entities registered as FPIs and directly or indirectly, having common ownership of more than 50% or common control) is not permitted to be 10% or more of the post-Issue equity share capital of our Bank, and the total holding of all FPIs, collectively, shall not exceed 24% of the paid-up equity share capital of our Bank. In terms of the FEMA Regulations, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included. However, in accordance with Regulation 22(4) of the SEBI FPI Regulations, the FPIs who are: (i) appropriately regulated public retail funds; (b) public retail funds where the majority is owned by appropriately regulated public retail fund on look through basis; or (c) public retail funds and investment managers of such foreign portfolio investors are appropriately regulated, the aggregation of the investment limits of such FPIs having common control, shall not be applicable.

The existing individual and aggregate investment limits for an FPI in our Bank is 10% of the total paid-up Equity Share capital of our Bank on a fully diluted basis and the sectoral cap applicable to our Bank in accordance with the FEMA Rules, respectively.

Further, with effect from April 1, 2020, the limit of total holdings of all Eligible FPIs put together shall be the sectoral cap applicable to a Bank, depending on the sector, as per FEMA Rules. Prior to March 31, 2020, the aggregate FPI limit could have been decreased by a Bank to certain prescribed lower threshold limits with the approval of the shareholders through a special resolution. Further, in case a Bank decreased its aggregate limit, it may increase such aggregate limit to the prescribed limits with shareholder approval through a special resolution.

However, a Bank shall not be allowed to reduce the aggregate FPI limit to a lower threshold once such limit has been increased.

Pursuant to the SEBI Circular dated April 5, 2018 (Circular No: IMD/FPIC/CIR/P/2018/61), our Bank has appointed CDSL as the designated depository to monitor the level of FPI/NRI shareholding in our Bank on a daily basis and once the aggregate foreign investment of a Bank reaches a cut-off point, which is 3% below the overall limit, a red flag shall be activated. The depository is then required to inform the Stock Exchanges about the activation of the red flag. The Stock Exchanges are then required to issue the necessary circulars/ public notifications on their respective websites. Once a red flag is activated, the FPIs must trade cautiously, because in the event that there is a breach of the sectoral cap, the FPIs will be under an obligation to disinvest the excess holding within five trading days from the date of settlement of the trades.

Eligible FPIs were permitted to participate in the Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time.

In terms of the FEMA Rules, for calculating the aggregate holding of FPIs in a Bank, holding of all registered FPIs shall be included.

Our Bank and the Book Running Lead Managers and any of their respective shareholders, employees, counsels, officers, directors, representatives, agents, advisors or affiliates shall not be liable for any amendment or modification or change to applicable laws or regulations, which may occur after the date of this Placement Document. Eligible QIBs were advised to make their independent investigations and satisfy themselves that they are eligible to apply. Eligible QIBs were advised to ensure that any single application from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in the Preliminary Placement Document and this Placement Document. Eligible QIBs are required to satisfy themselves that any requisite compliance pursuant to this Allotment such as public disclosures under applicable laws is complied with. Further, Eligible QIBs are required to satisfy themselves that their Bids would not result in triggering an offer under the SEBI Takeover Regulations and ensure compliance with applicable laws.

A minimum of 10% of the Equity Shares offered in the Issue shall be Allotted to Mutual Funds. In case of under subscription in such portion, such portion or part thereof may be Allotted to other Eligible QIBs.

Note: Affiliates or associates of the Book Running Lead Managers who are Eligible QIBs may participate in the Issue in compliance with applicable laws.

Restriction on Allotment

Our Bank does not have any identifiable promoters.

Bid Process

Application Form

Eligible QIBs shall only use the serially numbered Application Forms (which are addressed to them) supplied by our Bank and the Book Running Lead Managers in either electronic form or by physical delivery for the purpose of making a Bid (including revision of a Bid) in terms of the Preliminary Placement Document and this Placement Document. The Application Form may be signed physically or digitally, if required under applicable law in the relevant jurisdiction applicable to each Eligible QIB and as permitted under such applicable law. An Eligible QIB may submit an unsigned copy of the Application Form, as long as the Application Amount is paid along with submission of the Application Form within the Issue Period, and in such case, it shall be assumed that the person submitting the Application Form and providing necessary instructions for transfer of the Application Amount to the Escrow Account, on behalf of the Eligible QIB is authorised to do so.

By making a Bid (including the revision thereof) for Equity Shares through Application Forms and pursuant to the terms of the Preliminary Placement Document, the Eligible QIB was deemed to have made all the following representations, warranties, acknowledgements, agreements and undertakings given or made under the sections entitled "*Notice to Investors*", "*Representations by Investors*", "*Selling Restrictions*" and "*Transfer Restrictions and Purchaser Representations*" on pages 3, 5, 253, and 262, respectively:

1. The Eligible QIB confirms that it is a QIB in terms of Regulation 2(1)(ss) of the SEBI ICDR Regulations and is not excluded under Regulation 179(2)(b) of the SEBI ICDR Regulations, has a valid and existing registration under the applicable laws in India (as applicable) and is eligible to participate in this Issue;

2. The Eligible QIB confirms that it is not a promoter;

3. The Eligible QIB confirms that it has no veto rights or right to appoint any nominee director on the Board other than those acquired in the capacity of a lender not holding Equity Shares;

4. The Eligible QIB acknowledges that it has no right to withdraw or revise its Bid downwards after the Issue Closing Date;

5. The Eligible QIB confirms that, and consents to, its name and percentage of post-Issue shareholding (assuming full subscription in this Issue) being included as a "proposed Allottee" in this Issue in this Placement Document. However, the Eligible QIB further acknowledges and agrees, disclosure of such details in relation to the proposed Allottees in this Placement Document will not guarantee Allotment to them, as Allotment shall continue to be at the sole discretion of our Bank, in consultation with the Book Running Lead Managers;

6. The Eligible QIB confirms that in the event it is resident outside India, it is an Eligible FPI, having a valid and existing registration with SEBI under the applicable laws in India, and is eligible to invest in India under applicable law, including the FEMA Rules, as amended, and any notifications, circulars or clarifications issued thereunder, and has not been prohibited by any other regulatory authority, from buying, selling, dealing in securities or otherwise accessing the capital markets;

7. The Eligible QIB confirms that if Equity Shares are Allotted through this Issue, it shall not, for a period of one year from Allotment, sell such Equity Shares otherwise than on the Stock Exchanges;

8. The Eligible QIB confirms that it is eligible to Bid and hold Equity Shares so Allotted together with any Equity Shares held by it prior to the Issue, if any. The Eligible QIB further confirms that the holding of the Equity Shares, does not and shall not, exceed the level permissible as per any applicable regulations applicable to the Eligible QIB;

9. The Eligible QIB confirms that its Bid would not eventually result in triggering an open offer under the SEBI Takeover Regulations;

10. The Eligible QIB agrees that it will make payment of its Application Amount along with submission of the Application Form within the Issue Period. The Eligible QIB further agrees that once a duly filled Application Form is submitted by an Eligible QIB, whether signed or not, and the Application Amount has been transferred to the Escrow Account, such Application Form constitutes an irrevocable offer and cannot be withdrawn or revised downwards after the Issue Closing Date;

11. The Eligible QIB agrees that although the Application Amount is required to be paid by it along with the Application Form within the Issue Period in terms of provisions of the Companies Act and rules made thereunder, our Bank reserves the right to Allocate and Allot Equity Shares pursuant to this Issue on a discretionary basis in consultation with the Book Running Lead Managers. The Eligible QIB further acknowledges and agrees that the payment of Application Amount does not guarantee Allocation and/or Allotment of Equity Shares Bid for in full or in part;

12. The Eligible QIB acknowledges that in terms of the requirements of the Companies Act, upon Allocation, our Bank will be required to disclose names as proposed Allottees and percentage of post-Issue shareholding (assuming that the Equity Shares are Allotted to them pursuant to the Issue) of the proposed Allottees in this Placement Document and consents of such disclosure, if any Equity Shares are Allocated to it. However, the Eligible QIB further acknowledges and agrees, that disclosure of such details in relation to the proposed Allottees in this Placement Document will not guarantee Allotment to them, as Allotment in the Issue shall continue to be at the sole discretion of our Bank, in consultation with the Book Running Lead Managers;

13. The Eligible QIB confirms that the number of Equity Shares Allotted to it pursuant to the Issue, together with other Allottees that belong to the same group or are under common control, shall not exceed 50% of

the Issue. For the purposes of this representation:

a. QIBs "belonging to the same group" shall mean entities where (a) any of them controls, directly or indirectly, through its subsidiary or holding Bank, not less than 15% of the voting rights in the other; (b) any of them, directly or indirectly, by itself, or in combination with other persons, exercise control over the others; or (c) there is a common director, excluding nominee and Independent Directors, amongst an Eligible QIB, its subsidiary(ies) or holding Bank and any other Eligible QIB; and

b. 'Control' shall have the same meaning as is assigned to it by Regulation 2(1)(e) of the SEBI Takeover Regulations;

14. The Eligible QIB confirms that:

a. It will make payment of its Application Amount along with submission of the Application Form before the Issue Closing Date;

15. The Eligible QIB confirms that:

a. it is outside the United States acquiring the Equity Shares in an offshore transaction under Regulation S and in accordance with the applicable laws of the jurisdiction where those offers and sales are made and

b. it has agreed to certain other representations set forth in the sections entitled "*Representations by Investors*", "*Selling Restrictions*" and "*Transfer Restrictions and Purchaser Representations*" beginning on pages 5, 253 and 262, respectively.

16. The Eligible QIB confirms that:

You are aware that in accordance with Section 12B of the Banking Regulation Act, 1949 read with the RBI (Acquisition and Holding of Shares of Voting in Banking Companies) Directions, 2023, dated January 16, 2023 and the Guidelines On Acquisition and Holding of Shares or Voting Rights in Banking Companies, dated January 16, 2023, no person (along with his relatives, associate enterprises or persons acting in concert with) can acquire or hold 5% or more of the total paid-up share capital of our Bank, or be entitled to exercise 5% or more of the total voting rights of our Bank, without prior approval of the RBI. Accordingly, you hereby represent that your (direct or indirect) aggregate holding in the paid-up share capital of our Bank, whether beneficial or otherwise:

(iii) after subscription to the Equity Shares in the Issue by you, your relatives, your associate enterprises or persons acting in concert with you, aggregated with any pre-Issue shareholding in our Bank of you, your relatives, your associate enterprises or persons acting in concert; or

(iv) after subscription to the Equity Shares in the Issue by you aggregated with any pre-Issue shareholding in our Bank of you, your relatives, your associate enterprises or persons acting in concert with you, shall not amount to 5% or more of the total paid-up share capital of our Bank or would not entitle you to exercise 5% or more of the total voting rights of our Bank, except with the prior approval of the RBI;

In the event, your aggregate shareholding, whether direct or indirect, beneficial or otherwise, aggregating to 5% or more, as applicable of the total paid-up share capital of our Bank, you are required to submit the approval obtained from the RBI to our Bank prior to the finalisation of the Allotment. In case of failure by you to submit the approval obtained from the RBI within the above time period, our Bank may Allot maximum number of Equity Shares, that will limit your aggregate shareholding (along with your relatives, associate, enterprises or persons acting in concert with you and including existing shareholding, if any) to less than 5% of the post-Issue paid-up share capital of our Bank.

17. Each Eligible QIB acknowledges that if it is a majority shareholder of our Bank, it shall comply with the fit and proper criteria as prescribed by our Bank in accordance with the applicable laws.

18. You are aware that if you are Allotted more than 5% of the Equity Shares in the Issue, our Bank shall be required to disclose your name and the number of Equity Shares Allotted to you to the Stock Exchanges,

and the Stock Exchanges will make the same available on their website and you consent to such disclosures;

19. Each Eligible QIB acknowledges that, as required in terms of the Master Direction-Issue and Pricing of shares by Private Sector Banks, Directions, 2016 issued by RBI, our Bank shall report to RBI, upon completion of the Allotment process, complete details of the issue including date of the issue, details of the type of issue, issue size, details of pricing, name and number of the allottees, post allotment shareholding position.

20. The Eligible QIB confirms that it, individually or together with its investor group, is not restricted from making further investments in our Bank through the portfolio investment route, in terms of Regulation 22(3) of the SEBI FPI Regulations.

21. The Eligible QIBs confirms that it shall not undertake any trade in the Equity Shares credited to its beneficiary account maintained with the Depository Participant until such time that the final listing and trading approvals for the Equity Shares are issued by the Stock Exchanges;

22. The Eligible QIB acknowledges that no Allotment shall be made to it if the price at which they have Bid for in the Issue is lower than the Issue Price; and

23. Each Eligible FPI, confirms that it will participate in the Issue only under and in conformity with Schedule II of FEMA Rules. Further, each Eligible FPI acknowledges that Eligible FPIs may invest in such number of Equity Shares such that the individual investment of the Eligible FPI or its investor group (multiple entities registered as FPIs and directly or indirectly, having common ownership of more than fifty per cent or common control) in our Bank does not exceed 10% of the post-Issue paid-up capital of our Bank, on a fully diluted basis. The Bidder confirms that it, individually or together with its investor group, is not restricted from making further investments in our Bank through the portfolio investment route, in terms of Regulation 22(3) of the SEBI FPI Regulations.

You are eligible to invest and hold the Equity Shares of our Bank in accordance with press note no. 3 (2020 Series), dated April 17, 2020, issued by the Department for Promotion of Industry and Internal Trade, Government of India, wherein if the beneficial owner of the Equity Shares is situated in or is a citizen of a country which shares land border with India, foreign direct investments can only be made through the Government approval route, as prescribed in the FEMA Rules. You confirm that no government approval is required under the FEMA Rules, as mandated under the Companies (Share Capital and Debentures) Rules, 2014 and the Companies (prospectus and Allotment of Securities) Rules, 2014, as amended.

ELIGIBLE QIBs MUST PROVIDE THEIR NAME, COMPLETE ADDRESS, PHONE NUMBER, EMAIL ID, BANK ACCOUNT DETAILS, BENEFICIARY ACCOUNT DETAILS, PAN / PAN ALLOTMENT LETTER, DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE APPLICATION FORM. ELIGIBLE QIBs MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THEIR BENEFICIARY ACCOUNT IS HELD.

IF SO REQUIRED BY THE BOOK RUNNING LEAD MANAGERS, THE ELIGIBLE QIBs SUBMITTING A BID, ALONG WITH THE APPLICATION FORM, WILL ALSO HAVE TO SUBMIT REQUISITE DOCUMENT(S) TO THE BOOK RUNNING LEAD MANAGERS TO EVIDENCE THEIR STATUS AS A "QIB" AS DEFINED HEREINABOVE.

IF SO REQUIRED BY THE BOOK RUNNING LEAD MANAGERS, ESCROW BANK OR ANY STATUTORY OR REGULATORY AUTHORITY IN THIS REGARD, INCLUDING AFTER ISSUE CLOSING DATE, THE ELIGIBLE QIBs SUBMITTING A BID AND/OR BEING ALLOTTED EQUITY SHARES IN THE ISSUE, WILL ALSO HAVE TO SUBMIT REQUISITE DOCUMENT(S) TO FULFILL THE APPLICABLE KNOW YOUR CUSTOMER (KYC) NORMS.

Demographic details such as address and bank account will be obtained from the Depositories as per the Depository Participant account details provided in the Application Form. However, for the purposes of refund of all or part of the Application Amount submitted by the Bidder, the bank details as mentioned in the Application Form from which the Application Amount shall be remitted for the Equity Shares applied for in the Issue, will be considered.

The submission of an Application Form and payment of the Application Amount pursuant to the Application Form by a Bidder was deemed a valid, binding and irrevocable offer for such Bidder to pay the entire Issue Price for the Equity Shares that may be Allotted to such Bidder and becomes a binding contract on a Successful Bidder upon issuance of the CAN and this Placement Document (when dispatched) by our Bank (by itself or through any BRLM) in favour of the Successful Bidder.

Submission of Application Form

All Application Forms must be duly completed with information including the name of the Eligible QIB, the number of Equity Shares applied for along with proof of payment and a copy of the PAN card or PAN allotment letter (if applicable). Additionally, the Application Form will include details of the relevant Escrow Account into which the Application Amounts will have to be deposited. The Application Amount was deposited in the Escrow Account as is specified in the Application Form and the Application Form was submitted to the Book Running Lead Managers either through electronic form or through physical delivery at either of the following addresses:

Name of the Book Running Lead Manager	Address	Contact person	Website and Email ID	Telephone and Facsimile
Ambit Private Limited	Ambit House, 449, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013, Maharashtra, India	Nikhil Bhiwapurkar / Devanshi Shah	**Website**: www.ambit.co **Email ID**: karnatakabank.qip@ambit.co	**Telephone**: +91 22 6623 3030
Avendus Capital Private Limited	901, Platina, 9th Floor, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051, Maharashtra, India	Shantanu Chate/Sarthak Sawa	**Website**: www. avendus.com **Email ID**: KTKBank.qip@avendus.com	**Telephone**: +91 22 6648 0050

The Book Running Lead Managers shall not be required to provide any written acknowledgement of the receipt of the Application Form and the Application Amount.

Bidders, Bidding in the Issue, shall pay the entire Application Amount along with the submission of the Application Form, within the Issue Period.

Payment of Application Amount

Our Bank has opened the Escrow Account in the name of "KBL QIP ISSUE 2024 ESCROW ACCOUNT" with the Escrow Bank, in terms of the Escrow Agreement. Bidders will be required to deposit the entire Application Amount payable for the Equity Shares applied for, along with the submission of the Application Form submitted by it in accordance with the applicable laws and during the Issue Period. Bidders can make payment of the Application Amount only through electronic transfer of funds from their own bank account.

Note: Payments are to be made only through electronic fund transfer from the Bidder's own bank account. Payments made through cheques or demand draft or cash was liable to be rejected. Further, if the payment is not made favouring the Escrow Account within the Issue Period stipulated in the Application Form, the Application Form is liable to be rejected.

Pending Allotment, our Bank undertakes to utilise the amount deposited in the Escrow Account only for the purposes of (i) adjustment against allotment of Equity Shares in the Issue; or (ii) repayment of Application Amount if our Bank is not able to Allot Equity Shares in the Issue. Notwithstanding the above, in the event a Bidder is not allocated Equity Shares in the Issue, or the number of Equity Shares Allocated to a Bidder, is lower than the number of Equity Shares applied for through the Application Form and towards which Application Amount has been paid by such Bidder, or the Application Amount was in excess of the amount equivalent to the product of the Equity Shares that have been Allocated to the Bidder and the Issue Price, or the Application Amount has been arrived at using an indicative price higher than the Issue Price, or any Bidder lowers or withdraws their Bid after submission of the Application Form but prior to the Issue Closing Date, the excess Application Amount will be refunded to the same bank account from which Application Amount was remitted, in the form and manner set out in "– *Refunds*" on page 249.

Permanent Account Number or PAN

Each Bidder should mention its PAN allotted under the Income Tax Act, 1961 in the Application Form and enclose a copy of the PAN card or PAN allotment letter along with the Application Form. However, this requirement may not apply to certain Bidders who are exempted from the requirement of obtaining a PAN under the Income-tax Act, 1961. Applications without this information will be considered incomplete and are liable to be rejected. Bidders should not submit the GIR number instead of the PAN as the Application Form is liable to be rejected on this ground.

Bank Account Details

Each Bidder shall mention the details of the bank account from which the payment of Application Amount has been made along with confirmation that such payment has been made from such account.

Pricing and Allocation

There is a minimum pricing requirement under the SEBI ICDR Regulations. The Floor Price shall not be less than the average of the weekly high and low of the closing prices of the Equity Shares quoted on the stock exchange during the two weeks preceding the Relevant Date. For the purpose of determination of the Floor Price, 'stock exchange' shall mean any of the recognised stock exchanges in which the Equity Shares are listed and in which the highest trading volume in such Equity Shares has been recorded during the two weeks immediately preceding the Relevant Date. However, our Bank has offered a discount of 1.91% of the Floor Price, in terms of Regulation 176(1) of the SEBI ICDR Regulations, in accordance with the approval of the Shareholders pursuant to resolution passed at AGM held on February 27, 2024.

The "Relevant Date" referred to above, for Allotment, will be the date of the meeting in which the Committee of Directors decides to open this issue and "stock exchange" means any of the recognized stock exchanges in India on which the Equity Shares of the issuer of the same class are listed and on which the highest trading volume in such Equity Shares has been recorded during the two weeks immediately preceding the Relevant Date.

Build-up of the book

The Eligible QIBs shall submit their Bids (including any revision thereof) through the Application Forms within the Issue Period to the Book Running Lead Managers. Such Bids cannot be withdrawn or revised downwards after the Issue Closing Date. The book shall be maintained by the Book Running Lead Managers.

Price discovery and Allocation

Our Bank, in consultation with the Book Running Lead Managers, shall determine the Issue Price, which shall be at or above the Floor Price. However, our Bank has offered a discount of 1.91% of the Floor Price, in terms of Regulation 176(1) of the SEBI ICDR Regulations, in accordance with the approval of the Shareholders pursuant to resolution passed at AGM held on February 27, 2024.

After finalization of the Issue Price, our Bank has updated the Preliminary Placement Document with the Issue details and is filing the same with the Stock Exchanges as this Placement Document.

Method of Allocation

Our Bank shall determine the Allocation in consultation with the Book Running Lead Managers on a discretionary basis and in compliance with Chapter VI of the SEBI ICDR Regulations.

Bids received from the Eligible QIBs at or above the Issue Price shall be grouped together to determine the total demand. The Allocation to all such Eligible QIBs will be made at the Issue Price. Allocation to Mutual Funds for up to a minimum of 10% of the Issue Size shall be undertaken subject to valid Bids being received at or above the Issue Price.

THE DECISION OF OUR BANK IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS IN RESPECT OF ALLOCATION SHALL BE FINAL AND BINDING ON ALL ELIGIBLE QIBs. ELIGIBLE QIBs MAY NOTE THAT ALLOCATION OF EQUITY SHARES IS AT THE SOLE

AND ABSOLUTE DISCRETION OF OUR BANK, IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS AND ELIGIBLE QIBs MAY NOT RECEIVE ANY ALLOCATION EVEN IF THEY HAVE SUBMITTED VALID APPLICATION FORMS AND PAID THE ENTIRE APPLICATION AMOUNT AT OR ABOVE THE ISSUE PRICE WITHIN THE ISSUE PERIOD. NEITHER OUR BANK NOR THE BOOK RUNNING LEAD MANAGERS ARE OBLIGED TO ASSIGN ANY REASON FOR ANY NON-ALLOCATION.

CAN

Based on receipt of the serially numbered Application Forms and Application Amount, our Bank, in consultation with the Book Running Lead Managers, in their sole and absolute discretion, shall decide the Successful Bidders to whom the serially numbered CAN shall be dispatched, pursuant to which the details of the Equity Shares Allocated to them the, Issue Price and the Application Amount for the Equity Shares Allotted and Refund Amount (if any) shall be notified to such Successful Bidders. Additionally, the CAN will include the probable Designated Date, being the date of credit of the Equity Shares to the Bidders' account, as applicable to the respective Bidder.

The Successful Bidders would also be sent a serially numbered Placement Document (which will include the names of the proposed Allottees along with the percentage of their post-Issue Shareholding in our Bank) either in electronic form or by physical delivery.

The dispatch of the serially numbered CAN and this Placement Document (when dispatched), to the Eligible QIBs shall be deemed a valid, binding and irrevocable contract for the Eligible QIBs to furnish all details that may be required by the Book Running Lead Managers, and to subscribe to the Equity Shares Allocated to such Successful Bidders at an aggregate amount equivalent to the product of the Issue Price and Equity Shares Allocated to such Successful Bidders. Subsequently, our Board (or a duly constituted committee thereof) will approve the Allotment to the Allottees in consultation with the Book Running Lead Managers.

ELIGIBLE QIBs ARE ADVISED TO INSTRUCT THEIR DEPOSITORY PARTICIPANT TO ACCEPT THE EQUITY SHARES THAT MAY BE ALLOTTED TO THEM PURSUANT TO THE ISSUE.

By submitting the Application Form, an Eligible QIB would have deemed to have made the representations and warranties as specified in the section entitled "*Notice to Investors*" beginning on page 3 and further that such Eligible QIB shall not undertake any trade on the Equity Shares credited to its Depository Participant account pursuant to the Issue until such time as the final listing and trading approval is issued by Stock Exchanges.

Designated Date and Allotment of Equity Shares

Subject to the satisfaction of the terms and conditions in the Placement Agreement, at the Allotment of Equity Shares is completed by the Designated Date provided in the respective CANs.

In accordance with the SEBI ICDR Regulations, the Equity Shares in the Issue will be issued and Allotment shall be made only in dematerialised form to the Allottees. Allottees will have the option to re-materialise the Equity Shares, if they so desire, as per the provisions of the Companies Act, 2013 and the Depositories Act. However, no transfer in physical form is permitted as per Regulation 40 of the SEBI Listing Regulations.

Our Bank, at its sole discretion, reserves the right to cancel the Issue at any time up to Allotment without assigning any reason whatsoever.

Following the Allotment and credit of Equity Shares into the Successful Bidders' beneficiary accounts maintained with the Depository Participant, as indicated in the respective Application Form, our Bank will apply for obtaining listing approvals. Post receipt of listing approvals and credit of Equity Shares into the beneficiary accounts of the Eligible QIBs, our Bank will apply for the trading approvals from the Stock Exchanges.

Pursuant to a circular dated March 5, 2010, issued by SEBI, Stock Exchanges are required to make available on their websites the details of those Allottees in Issue who have been allotted more than 5% of the Equity Shares offered in the Issue, viz, the names of the Allottees, and number of Equity Shares Allotted to each of them, pre and post Issue shareholding pattern of our Bank along with this Placement Document. Our Bank shall make the requisite filings with the RoC within the stipulated period as required under the Companies Act, 2013 and the PAS Rules. Further, as required in terms of the PAS Rules, names of the proposed Allottees and the percentage of their post-Issue shareholding in our Bank will be disclosed in this Placement Document.

The Escrow Bank shall release the monies lying to the credit of the Escrow Account to our Bank upon receipt of notice from the Book Running Lead Managers of the trading and listing approvals of the Stock Exchanges for Equity Shares offered in the Issue, and after filing return of Allotment under Form PAS-3 with the RoC.

After finalization of the Issue Price, our Bank has updated the Preliminary Placement Document with the Issue details and is filing the same with the Stock Exchanges as this Placement Document.

Each Eligible QIB acknowledges that they are aware that in accordance with Section 12B of the Banking Regulation Act, 1949 read with the RBI (Acquisition and Holding of Shares or Voting Rights in Banking Companies) Directions, 2023 ("**Directions**") and the guidelines on the acquisition and holding of shares or voting rights in banking companies ("**Guidelines**", and together with Directions, the "**Master Directions**"), dated January 16, 2023, no person (along with his relatives, associate enterprises or persons acting in concert with such person) can acquire or hold, either directly or indirectly, 5% or more of the total paid-up share capital of our Bank, or be entitled to exercise 5% or more of the total voting rights of our Bank, without prior approval of the RBI. Accordingly, you hereby represent that your (direct or indirect) aggregate holding in the paid-up share capital of our Bank, whether beneficial or otherwise after subscription to the Equity Shares in the Issue by you, your relatives, your associate enterprises or persons acting in concert with you, aggregated with any pre-Issue shareholding in our Bank of you, your relatives, your associate enterprises or persons acting in concert (as applicable) shall not amount to 5% or more of the total paid-up share capital of our Bank or would not entitle you to exercise 5% or more of the total voting rights of our Bank, except with the prior approval of the RBI.

In the event, your aggregate shareholding, whether direct or indirect, beneficial or otherwise, aggregating to 5% or more, as applicable of the total paid-up share capital of our Bank, you are required to submit the approval obtained from the RBI to our Bank prior to the finalisation of the Allotment. In case of failure by you to submit the approval obtained from the RBI within the above time period, our Bank may Allot maximum number of Equity Shares, that will limit your aggregate shareholding (along with your relatives, associate, enterprises or persons acting in concert with you and including existing shareholding, if any) to less than 5% of the post-Issue paid-up share capital of our Bank.

Refunds

In the event that the number of Equity Shares Allocated to a Bidder is lower than the number of Equity Shares applied for through the Application Form and towards which Application Amount has been paid by such Bidder, or the Application Amount paid by a Bidder is in excess of the amount equivalent to the product of the Equity Shares that have been Allocated to such Bidder and the Issue Price, or Equity Shares are not Allocated to a Bidder for any reasons, or a Bidder lowers or withdraws the Bid prior to the Issue Closing Date, or the Issue is cancelled prior to Allocation, any excess Application Amount paid by such Bidder will be refunded to the same bank account from which the Application Amount was remitted, in the form and manner set out in the CAN issued to successful Bidder or the Application Form. The Refund Amount will be transferred to the relevant Bidders within two Working Days from the issuance of the CAN.

In the event that Equity Shares have been Allocated to Successful Bidders and our Bank is unable to issue and allot the Equity Shares offered in the Issue or on cancellation of the Issue, within 60 days from the date of receipt of the Application Amount, our Bank shall repay the Application Amount within 15 days from expiry of 60 days, failing which our Bank shall repay that monies with such rate of from expiry of the sixtieth day. The application monies to be refunded by our Bank shall be refunded to the same bank account from which application monies was remitted by the Bidders, as mentioned in the Application Form. In accordance with the SEBI ICDR Regulations, Equity Shares will be issued, and Allotment shall be made only in dematerialised form to the Allottees. Allottees will have the option to re-materialise the Equity Shares, if they so desire, as per the provisions of the Companies Act, 2013, the Depositories and other applicable laws.

Following the Allotment and credit of Equity Shares into the Eligible QIBs' Depository Participant accounts, we will apply for final trading and listing approvals from the Stock Exchanges.

Other instructions

Submission of documents

A copy of the Application Form and relevant documents as required to be provided along with the Application

Form shall be submitted as soon as practicable.

Right to reject applications

Our Bank, in consultation with the Book Running Lead Managers, may reject Bids, in part or in full, without assigning any reason whatsoever. The decision of our Bank in consultation with the Book Running Lead Managers in relation to the rejection of Bids shall be final and binding. In the event the Bid is rejected by our Bank, the Application Amount paid by the Bidder shall be refunded to the same bank account from which the Application Amount was remitted by such Bidder as set out in the Application Form. For further details, please see the section entitled "– *Refunds*" on page 249.

Equity Shares in dematerialised form with NSDL or CDSL

The Allotment shall be only in dematerialised form (i.e., not in physical certificates but be fungible and be represented by the statement issued through the electronic mode).

An Eligible QIB applying for Equity Shares to be issued pursuant to the Issue must have at least one beneficiary account with a Depository Participant of either NSDL or CDSL prior to making the Bid. Equity Shares Allotted to a Successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Successful Bidder, as indicated in the Application Form.

Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. The Stock Exchanges have electronic connectivity with NSDL and CDSL.

The trading of the Equity Shares to be issued pursuant to the Issue would be in dematerialised form only for all QIBs in the demat segment of the respective Stock Exchanges.

Our Bank and the Book Running Lead Managers will not be responsible or liable for the delay in the credit of Equity Shares to be issued pursuant to the Issue due to errors in the Application Form or otherwise on the part of the Bidders.

Release of funds to our Bank

The Escrow Bank shall not release the monies lying to the credit of the "KBL QIP ISSUE 2024 ESCROW ACCOUNT" to our Bank until receipt of notice from the Book Running Lead Managers and filing of return of Allotment under Form PAS-3 with the RoC, or receipt of the final listing and trading approvals of the Stock Exchanges for the Equity Shares offered in the Issue, whichever is later.

PLACEMENT

Placement Agreement

The Book Running Lead Managers have entered into the placement agreement dated March 14, 2024 with our Bank, pursuant to which the Book Running Lead Managers have agreed, subject to certain conditions, to manage the Issue and to act as placement agents in connection with the Issue and procure subscription to Equity Shares on a reasonable efforts basis to be placed with the QIBs, pursuant to Chapter VI of the SEBI ICDR Regulations, Section 42 of the Companies Act, 2013 read with Rule 14 of the PAS Rules, as amended and other applicable provisions of the Companies Act and the rules made thereunder.

The Placement Agreement contains customary representations, warranties and indemnities from our Bank and the Book Running Lead Managers, and it is subject to termination in accordance with the terms contained therein.

Applications shall be made to list the Equity Shares issued pursuant to this Issue and admit them to trading on the Stock Exchanges. No assurance can be given as to the liquidity or sustainability of the trading market for the Equity Shares, the ability of holders of the Equity Shares to sell their Equity Shares or the price at which holders of the Equity Shares will be able to sell their Equity Shares.

The Preliminary Placement Document and this Placement Document have not been, and will not be, filed as a prospectus with the Registrar of Companies, and no Equity Shares will be offered in India or overseas to the public or any members of the public in India or any other class of investors, other than Eligible QIBs.

In connection with the Issue, the BRLMs (or their affiliates) may, for their own accounts, subscribe to the Equity Shares or enter into asset swaps, credit derivatives or other derivative transactions relating to the Equity Shares to be issued pursuant to the Issue at the same time as the offer and sale of the Equity Shares, or in secondary market transactions. As a result of such transactions, the BRLMs may hold long or short positions in such Equity Shares. These transactions may comprise a substantial portion of the Issue and no specific disclosure will be made of such positions.

The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and may not be offered or sold in the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any applicable U.S. state securities laws. The Equity Shares offered in the Issue are being offered and sold only outside the United States in "offshore transactions" as defined in and in reliance on Regulation S and in accordance with the applicable laws of the jurisdictions where those offers and sales are made. For further information, see "*Selling Restrictions*" on page 253.

Relationship with the Book Running Lead Managers

The BRLMs and certain of their affiliates have been and are currently our clients to whom we provide, from time to time, ordinary course commercial banking services.

From time to time, the BRLMs and certain of their affiliates have provided and continue to provide commercial and investment banking services to us for which they have received, and may in the future receive, customary compensation.

Lock-up

Our Bank will not, for a period commencing from the date hereof and ending 90 days from the date of Allotment, without the prior written consent of the Book Running Lead Managers, directly or indirectly: (a) purchase, lend, sell, offer, issue, contract to issue, issue or offer any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, any Equity Shares or any securities convertible into or exercisable for Equity Shares (including, without limitation, securities convertible into or exercisable or exchangeable for Equity Shares which may be deemed to be beneficially owned), or file any registration statement under the U.S. Securities Act, with respect to any of the foregoing; or (b) enter into any swap or other agreement or any transaction that transfers, in whole or in part, directly or indirectly, any of the economic consequences associated with the ownership of any of the Equity Shares or any securities convertible into or exercisable or exchangeable for Equity Shares (regardless of whether any of the transactions described in clause (a) or (b) is to be settled by the delivery of Equity Shares or such other securities, in cash or otherwise), or; (c) deposit Equity Shares with any other depositary in connection with a depositary receipt facility; or (d) (d) enter into any transaction (including a transaction involving derivatives) having an economic effect similar to that of an issue, offer, sale or deposit of the Equity Shares in any depository receipt facility, or (e) publicly announce any intention to enter into any transaction falling within (a) to (d) above or enter into any transaction (including a transaction involving derivatives) having an economic effect similar to that of an issue or offer or deposit of Equity Shares in any depositary receipt facility or publicly announce any intention to enter into any transaction falling within (a) to (d) above. Provided that, the foregoing restriction shall not apply to an issuance of Equity Shares or options pursuant to any employee stock option scheme formulated by our Bank.

SELLING RESTRICTIONS

The distribution of the Preliminary Placement Document and this Placement Document or any offering material and the offer, sale or delivery of the Equity Shares in this Issue is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of the Preliminary Placement Document and this Placement Document or any offering material are advised to consult with their own legal advisors as to what restrictions may be applicable to them and to observe such restrictions. The Preliminary Placement Document and this Placement Document may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised.

Each purchaser of the Equity Shares in this Issue will be deemed to have made acknowledgments and agreements as described under "Notice to Investors", "Representations by Investors" and "Transfer Restrictions and Purchaser Representations" beginning on pages 3, 5 and 262, respectively.

General

Except for in India, no action has been taken or will be taken that would permit the offering of the Equity Shares in the Issue to occur in any jurisdiction, or the possession, circulation or distribution of the Preliminary Placement Document and this Placement Document or any other material relating to the Issue in any jurisdiction where action for such purpose is required. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and neither the Preliminary Placement Document and this Placement Document nor any offering materials or advertisements in connection with the Equity Shares may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

This Issue is being made only to eligible QIBs through a QIP in accordance with Chapter VI of the SEBI ICDR Regulations, Section 42 of the Companies Act read with Rule 14 of the PAS Rules and other applicable provisions of the Companies Act and the rules made thereunder.

Additionally, in accordance with the FDI Policy, read along with the press note no. 3 (2020 Series), dated April 17, 2020, issued by the Department for Promotion of Industry and Internal Trade, Government of India and the related amendments to the FEMA Rules, wherein if the beneficial owner of the Securities is situated in or is a citizen of a country which shares land border with India, foreign direct investments can only be made through the Government approval route, as prescribed in the FEMA Rules. Further, the Bidders need to confirm that no government approval is required under the FEMA Rules, as mandated under the Companies (Share Capital and Debentures) Rules, 2014 and the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended.

Republic of India

The Preliminary Placement Document and this Placement Document may not be distributed directly or indirectly in India or to residents of India and any Equity Shares may not be offered or sold directly or indirectly in India to, or for the account or benefit of, any resident of India except as permitted by applicable Indian laws and regulations, under which an offer is strictly on a private and confidential basis and is limited to Eligible QIBs and is not an offer to the public or any other class of investors other than Eligible QIBs. The Preliminary Placement Document and this Placement Document has not been and will not be filed as a prospectus with the RoC or an advertisement, and will not be circulated or distributed to the public in India or any other jurisdiction, and will not constitute a public offer in India or any other jurisdiction.

Australia

This Placement Document is not a disclosure document or a prospectus under Chapter 6D.2 of the Corporations Act 2001 (Cth) ("**Corporations Act**") and has not been lodged with the Australian Securities and Investments Commission and it does not purport to include the information required of a disclosure document under Chapter 6D.2 of the Corporations Act.

No offer will be made under this Placement Document to investors to whom disclosure is required to be made under Chapter 6D of the Corporations Act. Each purchaser of the Equity Shares offered in the Issue in Australia shall be deemed to represent and warrant that it is either a "sophisticated investor" or a "professional investor" and that not it is not a "retail client" within the meaning of those terms in the Corporations Act.

The Equity Shares acquired in the Issue in Australia must not be offered for sale in Australia in the period of 12 months after the date of the Allotment, except in circumstances where disclosure to investors under Chapter 6D of the Corporations Act would not be required pursuant to an exemption under Section 708 of the Corporations Act or otherwise or where the offer is pursuant to a disclosure document that complies with Chapter 6D of the Corporations Act. Each purchaser of the Equity Shares offered in the Issue in Australia shall be deemed to undertake to our Bank that it will not, for a period of 12 months from the date of issue of the Equity Shares, offer, transfer, assign or otherwise alienate those Equity Shares to investors in Australia except in circumstances where disclosure to investors is not required under Chapter 6D.2 of the Corporations Act or where or where the offer is pursuant to a disclosure document that complies with Chapter 6D of the Corporations Act.

No financial product advice is provided in this Placement Document and nothing in this Placement Document should be taken to constitute a recommendation or statement of opinion that is intended to influence a person or persons in making a decision to invest in the Equity Shares offered in the Issue.

This Placement Document does not take into account the objectives, financial situation or needs of any particular person. Before acting on the information contained in this Placement Document, or making a decision to invest in the Equity Shares offered in the Issue, prospective investors should seek professional advice as to whether investing in the Equity Shares is appropriate in light of their own circumstances.

None of the Book Running Lead Managers or any of their respective affiliates is the holder of an Australian Financial Services Licence.

Bahrain

All marketing and offering of the Equity Shares in the Issue has been made and will be made outside the Kingdom of Bahrain. This Placement Document and the Equity Shares offered in the Issue have not been registered, filed, approved or licensed by the Central Bank of Bahrain ("**CBB**"), the Bahrain Bourse, the Ministry of Industry, Commerce and Tourism ("**MOICT**") or any other relevant licensing authorities in the Kingdom of Bahrain.

The CBB, the Bahrain Bourse and the MOICT of the Kingdom of Bahrain takes no responsibility for the accuracy of the statements and information contained in this Placement Document, nor shall they have any liability to any person, investor or otherwise for any loss or damage resulting from reliance on any statements or information contained herein. This Placement Document is only intended for Accredited Investors as defined by the CBB and the Equity Shares offered by way of private placement may only be offered in minimum subscriptions of USD 100,000 (or equivalent in other currencies). No invitation to the public in the Kingdom of Bahrain to subscribe to the Equity Shares is being made and this Placement Document will not be issued to, passed to, or made available to the public generally in the Kingdom of Bahrain. The CBB has not reviewed, nor has it approved this Placement Document and any related offering documents or the marketing thereof in the Kingdom of Bahrain. The CBB is not and will not be responsible for the performance of the Equity Shares.

Cayman Islands

The Preliminary Placement Document and this Placement Document do not constitute an offer or invitation to the public in the Cayman Islands to subscribe for Equity Shares in the Issue.

People's Republic of China

The Preliminary Placement Document and this Placement Document do not constitute an offer of the Equity Shares offered in the Issue, whether by way of sale or subscription, in the People's Republic of China (the "**PRC**"). The Equity Shares are not being offered and may not be offered or sold, directly or indirectly, in the PRC to or for the benefit of, legal or natural persons of the PRC. According to legal and regulatory requirements of the PRC, the Equity Shares may, subject to the laws and regulations of the relevant jurisdictions, only be offered or sold to non-PRC natural or legal persons in any country other than the PRC.

European Economic Area

In relation to each Member State of the European Economic Area (each a "**Relevant State**"), an offer to the public of any Equity Shares in the Issue may not be made in that Relevant State, except if the Equity Shares are offered to the public in that Relevant State at any time under the following exemptions under the Prospectus Regulation (EU) 2017/1129 (and any amendment thereto) (the "**Prospectus Regulation**"):

- to any legal entity that is a qualified investor, as defined in the Prospectus Regulation;
- to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation) subject to obtaining the prior consent of the Book Running Lead Managers for any such offer;
- or in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Equity Shares shall result in a requirement for the publication by our Bank or the Book Running Lead Managers of a prospectus pursuant to Article 3 of the Prospectus Regulation.

For the purposes of this section, the expression an "offer of Equity Shares to the public" in relation to any Equity Shares in any Relevant State means a communication to persons in any form and by any means presenting sufficient information on the terms of the offer and the Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Equity Shares.

Each person in a Relevant State who acquires Equity Shares in the Issue or to whom any offer is made shall be deemed to have represented that it is a "qualified investor" as defined in the Prospectus Regulation.

In the case of any Equity Shares being offered to a financial intermediary, as that term is used in Article 5 of the Prospectus Regulation, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the Equity Shares subscribed for or acquired by it in the Issue have not been subscribed for or acquired on a non-discretionary basis on behalf of, nor have they been subscribed for or acquired with a view to their offer or resale to persons in circumstances which may give rise to an offer of any Equity Shares to the public other than their offer or resale in a Relevant State to qualified investors (as so defined) or in circumstances in which the prior consent of the Book Running Lead Managers has been obtained to each such proposed offer or resale.

Our Bank, the Book Running Lead Managers and their affiliates and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgements and agreements.

Hong Kong

This Placement Document has not been reviewed or approved by any regulatory authority in Hong Kong. In particular, this Placement Document has not been, and will not be, registered as a "prospectus" in Hong Kong under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap 32) ("**CO**") nor has it been authorised by the Securities and Futures Commission ("**SFC**") in Hong Kong pursuant to the Securities and Futures Ordinance (Cap 571) ("**SFO**"). Recipients are advised to exercise caution in relation to the Issue. If recipients are in any doubt about any of the contents of this Placement Document, they should obtain independent professional advice.

The Preliminary Placement Document and this Placement Document do not constitute an offer or invitation to the public in Hong Kong to acquire any Equity Shares nor an advertisement of the Equity Shares in Hong Kong. This Placement Document must not be issued, circulated or distributed in Hong Kong other than:

(a) to "professional investors" within the meaning of the SFO and any rules made under that ordinance ("**Professional Investors**"); or

(b) in other circumstances which do not result in the Placement Document being a prospectus as defined in the CO nor constitute an offer to the public which requires authorization by the SFC under the SFO.

Unless permitted by the securities laws of Hong Kong, no person may issue or have in its possession for issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Equity Shares, which is directed at, or the content of which is likely to be accessed or read by, the public of Hong Kong other than with respect to the Equity Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to Professional Investors.

Any offer of the Equity Shares will be personal to the person to whom relevant offer documents are delivered, and a subscription for the Equity Shares will only be accepted from such person. No person who has received a copy of the Placement Document may issue, circulate or distribute the Placement Document in Hong Kong or make or give a copy of the Placement Document to any other person. No person allotted Equity Shares may sell, or offer to sell, such Shares to the public in Hong Kong within six months following the date of issue of such Equity Shares.

Japan

No securities registration statement in relation to the solicitations of the Equity Shares offered in the Issue in Japan (the "**Solicitations**") has been or will be filed pursuant to Article 4, Paragraph 1 of the Financial Instrument and Exchange Law of Japan (the "**FIEL**"). The Solicitations shall only be made (i) to Qualified Institutional Investors and (ii) to no more than 49 persons (excluding any Qualified Institutional Investors) during the six-month period prior to the contemplated date of the allotment of the Equity Shares in the Issue.

Any Qualified Institutional Investors who acquire Equity Shares in the Issue (a) may not, directly or indirectly, resell, assign, transfer, or otherwise dispose of the Equity Shares to any person in Japan or to or for the benefit of any resident of Japan, including any corporation or other entity organised under the laws of Japan, except to Qualified Institutional Investors; and (b) shall deliver a notification indicating (a) and (b) herein to any transferee of the Equity Shares.

Capitalized terms used in this sub-section and not defined in this Placement Document have the meanings given to those terms in the FIEL.

Jordan

The Equity Shares offered in the Issue have not been and will not be offered, sold or delivered at any time, directly or indirectly, in the Hashemite Kingdom of Jordan in a manner that would constitute a public offering. This Placement Document has not been and will not be reviewed or approved by, or registered with, the Jordan Securities Commission in accordance with its regulations and any other regulations in the Hashemite Kingdom of Jordan. The Equity Shares are not and will not be traded on the Amman Stock Exchange. The Equity Shares have not been and will not be offered, sold or promoted or advertised in Jordan other than in compliance with the Securities Law No. (76) of 2002, as amended, the Law Regulating Dealings in Foreign Exchange No. (50) of 2008, and regulations issued pursuant thereto governing the issue of offering and sale of securities. Without limiting the foregoing, the Equity Shares have not been and will not, in any manner, be offered, sold, promoted or advertised to more than thirty (30) persons in Jordan, without complying with the required approval and notification requirements set-out under the above-referenced laws and the regulations issued pursuant to them

Kuwait

This Placement Document has not been licensed for the offering, promotion, marketing, advertisement or sale of the Equity Shares offered in the Issue in the State of Kuwait by the Capital Markets Authority or any other relevant Kuwaiti government agency. The offering, promotion, marketing, advertisement or sale of the Equity Shares offered in the Issue in the State of Kuwait on the basis of a private placement or public offering is, therefore, prohibited in accordance with Law No. 7 of 2010 and the Executive Bylaws for Law No. 7 of 2010, as amended, which govern the issue, offer, marketing and sale of securities in the State of Kuwait ("**Kuwait Securities Laws**"). Therefore, in accordance with the Kuwait Securities Laws, no private or public offering of the Equity Shares is or will be made in the State of Kuwait, no agreement relating to the sale of the Equity Shares will be concluded in the State of Kuwait and no marketing or solicitation or inducement activities are being used to offer or market the Equity Shares in the State of Kuwait.

Mauritius

In accordance with The Securities Act 2005 of Mauritius, no offer of the Equity Shares offered in the Issue may be made to the public in Mauritius without, amongst other things, the prior approval of the Mauritius Financial Services Commission. This Placement Document has not been approved or registered by the Mauritius Financial Services Commission. Accordingly, this Placement Document does not constitute a public offering. The Placement Document is for the exclusive use of the person to whom it has been given by a Book Running Lead Manager and is a private concern between the sender and the recipient.

New Zealand

This Placement Document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "**FMA Act**"). The Equity Shares offered in the Issue may only be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) to a person who: (a) is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act; (b) meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act; (c) is large within the meaning of clause 39 of Schedule 1 of the FMC Act; (d) is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or (e) is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

Oman

This Placement Document does not constitute an offer to sell or the solicitation of any offer to buy non-Omani securities in the Sultanate of Oman. This Placement Document is strictly private and confidential and is being provided to a limited number of sophisticated investors solely to enable them to decide whether or not to invest in the Equity Shares outside of the Sultanate of Oman, upon the terms and subject to the restrictions set out herein and may not be reproduced or used for any other purpose or provided to any person other than the original recipient.

This Placement Document has not been approved by the Capital Market Authority of Oman (the "**CMA**") or any other regulatory body or authority in the Sultanate of Oman ("**Oman**"), nor have the Book Running Lead Managers or any placement agent acting on their behalf received authorisation, licensing or approval from the CMA or any other regulatory authority in Oman, to market, offer, sell, or distribute the Equity Shares in Oman.

No marketing, offering, selling or distribution of any Equity Shares has been or will be made from within Oman and no subscription for any Equity Shares may or will be consummated within Oman. Neither the Book Running Lead Managers nor any placement agent acting on their behalf is a company licensed by the CMA to provide investment advisory, brokerage, or portfolio management services in Oman, nor a bank licensed by the Central Bank of Oman to provide investment banking services in Oman. Neither the Book Running Lead Managers nor any placement agent acting on their behalf advise persons or entities resident or based in Oman as to the appropriateness of investing in or purchasing or selling securities or other financial products.

The Equity Shares offered in the Issue have not and will not be listed on any stock exchange in the Sultanate of Oman.

Nothing contained in this Placement Document is intended to constitute Omani investment, legal, tax, accounting or other professional advice. This Placement Document is for your information only, and nothing herein is intended to endorse or recommend a particular course of action. You should consult with an appropriate professional for specific advice on the basis of your situation.

Qatar (excluding the Qatar Financial Centre)

This Placement Document does not, and is not intended to, constitute an invitation or an offer of Equity Shares in the State of Qatar and accordingly should not be construed as such. The Equity Shares offered in the Issue have not been, and shall not be, offered, sold or delivered at any time, directly or indirectly, in the State of Qatar. Any offering of the Equity Shares shall not constitute a public offer of securities in the State of Qatar.

By receiving this Placement Document, the person or entity to whom it has been provided to understands, acknowledges and agrees that: (a) neither this Placement Document nor the Equity Shares have been registered, considered, authorised or approved by the Qatar Central Bank, the Qatar Financial Markets Authority, or any other authority or agency in the State of Qatar; (b) our Bank and the Book Running Lead Managers are not authorised or licensed by the Qatar Central Bank, the Qatar Financial Markets Authority or any other authority or agency in the State of Qatar, to market or sell the Equity Shares within the State of Qatar; (c) this Placement Document may not be provided to any person other than the original recipient and is not for general circulation in the State of Qatar; and (d) no agreement relating to the sale of the Equity Shares shall be consummated within the State of Qatar.

No marketing of the Issue has been or will be made from within the State of Qatar and no subscription to the

Equity Shares may or will be consummated within the State of Qatar. Any applications to invest in the Equity Shares shall be received from outside of Qatar. This Placement Document shall not form the basis of, or be relied on in connection with, any contract in Qatar. Our Bank and the Book Running Lead Managers are not, by distributing this Placement Document, advising individuals resident in the State of Qatar as to the appropriateness of purchasing Equity Shares in the Offer. Nothing contained in this Placement Document is intended to constitute investment, legal, tax, accounting or other professional advice in, or in respect of, the State of Qatar.

Qatar Financial Centre

This Placement Document does not, and is not intended to, constitute an invitation or offer of Equity Shares from or within the Qatar Financial Centre ("**QFC**"), and accordingly should not be construed as such. The Placement Document has not been reviewed or approved by or registered with the Qatar Financial Centre Authority, the Qatar Financial Centre Regulatory Authority or any other competent legal body in the QFC. The Placement Document is strictly private and confidential, and may not be reproduced or used for any other purpose, nor provided to any person other than the recipient thereof. Our Bank has not been approved or licenced by or registered with any licensing authorities within the QFC.

Singapore

This Placement Document has not been and will not be registered as a prospectus with the Monetary Authority of Singapore ("**MAS**") under the Securities and Futures Act (Chapter 289) of Singapore ("**SFA**"). Accordingly, the Equity Shares offered in the Issue may not be offered or sold, or made the subject of an invitation for subscription or purchase nor may this Placement Document or any other document or material in connection with the offer or sale, or invitation for subscription or purchase of the Equity Shares be circulated or distributed, whether directly or indirectly, in Singapore other than (i) to an "institutional investor" within the meaning of Section 274 of the SFA and in accordance with the conditions of an exemption invoked under Section 274, (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) other pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Equity Shares are purchased under Section 275 of the SFA by a relevant person which is: (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Equity Shares pursuant to an offer made under Section 275 except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights or interest in that trust are acquired at a consideration of not less than S$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for a corporation, in accordance with the conditions specified in Section 275 of the SFA; (2) where no consideration is or will be given for the transfer; or (3) where the transfer is by operation of law.

In connection with Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), our Bank has determined, and hereby notifies all relevant persons (as defined in Section 309(A)(1) of the SFA) that the Equity Shares are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

South Africa

In South Africa, the offering of the Equity Shares in the Issue will only be made by way of private placement to:

(a) selected persons falling within one of the specified categories listed in section 96(1)(a) of the South African Companies Act of 2008, as amended (the "**South African Companies Act**"); and

(b) selected persons, acting as principal, acquiring Equity Shares for a total acquisition cost of ZAR1,000,000 or more, as contemplated in section 96(1)(b) of the South African Companies Act,

and in each case to whom the offer of the Equity Shares will specifically be addressed, and only by whom the offer will be capable of acceptance (the "**South African Qualifying Investors**"). This Placement Document is being made available only to such South African Qualifying Investors. The information contained in this Placement Document does not constitute, nor form part of, any offer or invitation to sell or issue, an advertisement or any solicitation of any offer or invitation to purchase or subscribe for any Equity Shares or any other securities and is not an "offer to the public" as contemplated in the South African Companies Act. This Placement Document does not, nor does it intend to, constitute a "registered prospectus" or an "advertisement", as contemplated by the South African Companies Act and no prospectus has been filed with the Companies and Intellectual Property Commission (the "**CIPC**") in respect of the Issue of the Equity Shares. As a result, this Placement Document does not comply with the substance and form requirements for a prospectus set out in the South African Companies Act and the South African Companies Regulations of 2011, and has not been approved by, and/or registered with, the CIPC.

The information contained in this Placement Document constitutes factual information as contemplated in section 1(3)(a) of the South African Financial Advisory and Intermediary Services Act of 2002, as amended (the "**FAIS Act**") and should not be construed as an express or implied recommendation, guide or proposal that any particular transaction in respect of the Equity Shares or in relation to the business or future investments of the Bank is appropriate to the particular investment objectives, financial situation or needs of a prospective investor, and nothing in this Placement Document should be construed as constituting the canvassing for, or marketing or advertising of, financial services in South Africa. Our Bank is not a financial services provider licenced as such under the FAIS Act.

South Korea

No securities registration statement in relation to the Solicitations (as defined under Financial Investment Services and Capital Markets Act of the Republic of Korea ("**South Korea**") (the "**FISCMA**")) of the Equity Shares offered in the Issue in South Korea has been or will be filed pursuant to the FISCMA. The Solicitations shall only be made (i) to certain professionals as prescribed in the FISCMA and the enforcement decree promulgated thereunder ("**Professional Investors**") and (ii) to no more than 49 persons (excluding any Professional Investors) during the six-month period prior to the contemplated date of the allotment of the Equity Shares in the Issue.

Furthermore, the Equity Shares may not be offered, sold, transferred or delivered for reoffering or resale, directly or indirectly, in South Korea or to, or for the account or benefit of, any resident (as defined under the Foreign Exchange Transactions Act of South Korea and the decree, rules and regulations promulgated thereunder) thereof for a period of one year from the date of the issuance of the Equity Shares, except as otherwise permitted under applicable South Korean laws and regulations.

Switzerland

The offering of the Equity Shares offered in the Issue in Switzerland is exempt from the requirement to prepare and publish a prospectus under the Swiss Financial Services Act ("**FinSA**") because such offering in Switzerland is directed only at investors classified as "professional clients" within the meaning of the FinSA and the Equity Shares offered in the Offer will not be admitted to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. This document does not constitute a prospectus pursuant to the FinSA, and no such prospectus has been or will be prepared for or in connection with the Issue.

No key information document under article 58 of the FinSA or article 59(2) of the FinSA in respect of the Issue has been prepared and published. Accordingly, the Equity Shares offered in the Issue may not be offered to "private clients" within the meaning of the FinSA in Switzerland.

Each person in Switzerland who acquires Equity Shares in the Issue shall be deemed to have represented to our Bank and the Book Running Lead Managers that it is a "professional client" within the meaning of the FinSA and that it has not opted-in to be treated as a "private client" on the basis of article 5(5) of the FinSA.

This document is not intended to constitute an advertising document within the meaning of article 68 of the FinSA and article 95 of the Swiss Federal Financial Services Ordinance.

The Equity Shares do not constitute a participation in a collective investment scheme within the meaning of the

Swiss Federal Act on Collective Investment Schemes and are not licensed by the Swiss Financial Market Supervisory Authority ("**FINMA**") thereunder. Accordingly, neither the Equity Shares nor the Shareholders benefit from protection under the Swiss Federal Act on Collective Investment Schemes or supervision by FINMA.

United Arab Emirates (excluding the Dubai International Financial Centre)

No offering, marketing, promotion, advertising or distribution (collectively, "**Promotion"**) of the Placement Document or the Equity Shares may be made in the United Arab Emirates (the "**UAE**") unless: (a) such Promotion has been approved by the UAE Securities and Commodities Authority (the "**SCA**") and is made in accordance with the laws and regulations of the UAE, including SCA Board of Directors' Chairman Decision no. (3/R.M.) of 2017 (the "**Promotion and Introduction Regulations**"), and is made by an entity duly licensed to conduct such Promotion activities in the UAE; or (b) such Promotion is conducted by way of private placement made: (i) only to Qualified Investors who are not High Net Worth Individuals (as such terms are defined in the Promotion and Introduction Regulations); or (ii) otherwise in accordance with the laws and regulations of the UAE; or (c) such Promotion is carried out by way of reverse solicitation only upon an initiative made in writing by an investor in the UAE.

The Promotion of the Placement Document and the Equity Shares has not been and will not be approved by the SCA and, as such, the Placement Document does not constitute an offer to the general public in the UAE to acquire any Equity Shares. Except where the Promotion of the Placement Document and the Equity Shares is carried out by way of reverse solicitation only upon an initiative made in writing by an investor in the UAE, the Promotion of the Placement Document and the Equity Shares in the UAE is being made only to Qualified Investors who are not High Net Worth Individuals (as such terms are defined in the Promotion and Introduction Regulations).

None of the SCA, the Central Bank of the United Arab Emirates or any other regulatory authority in the UAE has reviewed or approved the contents of the Placement Document and nor does any such entity accept any liability for the contents of the Placement Document.

Dubai International Financial Centre

The Equity Shares offered in the Issue are not being offered to any persons in the Dubai International Financial Centre except on that basis that an offer is: (i) an "Exempt Offer" in accordance with the Markets Rules (MKT) (the "**Markets Rules**") adopted by the Dubai Financial Services Authority (the "**DFSA**"); and (ii) made only to persons who meet the Professional Client criteria set out in Rule 2.3.3 of the DFSA Conduct of Business Module of the DFSA rulebook and are not natural Persons. The Placement Document must not be delivered to, or relied on by, any other person. The DFSA has not approved the Placement Document nor taken steps to verify the information set out in it, and has no responsibility for it. Capitalised terms not otherwise defined in the Placement Document have the meaning given to those terms in the Markets Rules.

The Equity Shares may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the Equity Shares offered in the Issue should conduct their own due diligence on the Equity Shares. If you do not understand the contents of the Placement Document, you should consult an authorised financial adviser.

United Kingdom

No Equity Shares have been offered or will be offered pursuant to the Issue to the public in the United Kingdom prior to the publication of a prospectus in relation to the Equity Shares which is to be treated as if it had been approved by the Financial Conduct Authority in accordance with the transitional provisions in Article 74 (transitional provisions) of the Prospectus (Amendment etc.) (EU Exit) Regulations 2019/1234, except that it may make an offer to the public in the United Kingdom of any Equity Shares at any time:

(a) to any legal entity which is a qualified investor as defined under Article 2 of the UK Prospectus Regulation;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the UK Prospectus Regulation), subject to obtaining the prior consent of the Book Running Lead Managers for any such offer; or

(c) in any other circumstances falling within Article 1(4) of the UK Prospectus Regulation,

provided that no such offer of the Equity Shares shall require our Bank or the Book Running Lead Managers to publish a prospectus pursuant to Article 3 of the UK Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation. For the purposes of this provision, the expression an "offer to the public" in relation to the Equity Shares in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and any Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for any Equity Shares and the expression "UK Prospectus Regulation" means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.

This Placement Document may not be distributed or circulated to any person in the United Kingdom other than to (i) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Financial Promotion Order**"); and (ii) high net worth entities falling within Article 49(2)(a) to (d) of the Financial Promotion Order (all such persons together being referred to as "relevant persons"). This Placement Document is directed only at relevant persons. Other persons should not act on this Placement Document or any of its contents. This Placement Document is confidential and is being supplied to you solely for your information and may not be reproduced, redistributed or passed on to any other person or published, in whole or in part, for any other purpose.

United States

The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and may not be offered or sold in the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. The Equity Shares offered in the Issue are being offered and sold only outside the United States in "offshore transactions" as defined in and in reliance on Regulation S. To help ensure compliance with Regulation S, each purchaser of Equity Shares in the Issue will be deemed to have made the representations, warranties, acknowledgements and agreements set forth in "*Transfer Restrictions and Purchaser Representations*" on page 262. The Equity Shares purchased in the Issue are transferable only in accordance with the restrictions described in "*Transfer Restrictions and Purchaser Representations*" on page 262.

Until the expiry of 40 days after the commencement of the Issue, an offer or sale of Equity Shares offered in the Issue within the United States by a dealer (whether or not it is participating in the Issue) may violate the registration requirements of the U.S. Securities Act.

TRANSFER RESTRICTIONS AND PURCHASER REPRESENTATIONS

Due to the following restrictions, investors are advised to consult legal counsel prior to purchasing Equity Shares in this Issue or making any resale, pledge or transfer of Equity Shares purchased in this Issue.

Pursuant to Chapter VI of the SEBI ICDR Regulations, any resale of Equity Shares purchased in this Issue, except on the floor of Stock Exchanges, is not permitted for a period of one year from the date of Allotment. Investors are advised to consult legal counsels prior to making any resale, pledge or transfer of Equity Shares. In addition to the above, Allotments made to Eligible QIBs, including VCFs and AIFs, in the Issue may be subject to lock-in requirements, if any, under the rules and regulations that are applicable to them. For more information, please *see the section entitled "Selling Restrictions" on page 253.*

Additionally, in accordance with the FDI Policy, read along with the press note no. 3 (2020 Series), dated April 17, 2020, issued by the Department for Promotion of Industry and Internal Trade, Government of India and the related amendments to the FEMA Rules, wherein if the beneficial owner of the Securities is situated in or is a citizen of a country which shares land border with India, foreign direct investments can only be made through the Government approval route, as prescribed in the FEMA Rules. Further, the Bidders need to confirm that no government approval is required under the FEMA Rules, as mandated under the Companies (Share Capital and Debentures) Rules, 2014 and the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended.

United States

Each purchaser of the Equity Shares offered in the Issue shall be deemed to have represented, warranted and acknowledged to and agreed with our Bank and the Book Running Lead Managers as follows:

- It understands that the Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and are being offered and sold to it in reliance on Regulation S.
- It was outside the United States at the time the offer of the Equity Shares offered in the Issue was made to it and it was outside the United States when its buy order for the Equity Shares offered in the Issue was originated.
- It did not purchase the Equity Shares offered in the Issue as a result of any "directed selling efforts" (as defined in Regulation S).
- It is buying the Equity Shares offered in the Issue for investment purposes and not with a view to the distribution thereof. If in the future it decides to offer, resell, pledge or otherwise transfer any of the Equity Shares offered in the Issue, it agrees that it will not offer, sell, pledge or otherwise transfer the Equity Shares offered in the Issue except in transactions complying with Rule 903 or Rule 904 of Regulation S or an available exemption from registration under the U.S. Securities Act and in accordance with all applicable securities laws of the states of the United States and any other jurisdiction, including India.
- Where it is subscribing to the Equity Shares offered in the Issue as fiduciary or agent for one or more investor accounts, it has sole investment discretion with respect to each such account and it has full power to make the representations, warranties, agreements and acknowledgements herein.
- Where it is subscribing to the Equity Shares offered in the Issue for one or more managed accounts, it represents and warrants that it was authorised in writing by each such managed account to subscribe to the Equity Shares offered in the Issue for each managed account and to make (and it hereby makes) the representations, warranties, agreements and acknowledgements herein for and on behalf of each such account, reading the reference to "it" to include such accounts.
- It agrees to indemnify and hold our Bank and the Book Running Lead Managers harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of these representations, warranties or agreements. It agrees that the indemnity set forth in this paragraph shall survive the resale of the Equity Shares purchased in the Issue.

- It acknowledges that our Bank, the Book Running Lead Managers and their respective affiliates and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgements and agreements.

Our Bank, our representatives and our agents will not be obligated to recognize any acquisition, transfer or resale of the Equity Shares made other than in compliance with the restrictions set forth herein.

THE SECURITIES MARKET OF INDIA

The information in this section has been extracted from documents available on the websites of SEBI and the Stock Exchanges and has not been prepared or independently verified by our Bank or the Book Running Lead Managers or any of their respective affiliates or advisors.

The Indian Securities Market

India has a long history of organised securities trading. In 1875, the first stock exchange was established in Mumbai. The BSE and the NSE together hold a dominant position among the stock exchanges in terms of the number of listed companies, market capitalisation and trading activity.

Stock Exchanges Regulation

Indian stock exchanges are regulated primarily by SEBI, as well as by the Government acting through the Ministry of Finance, Capital Markets Division, under the SCRA and the SCRR. On October 3, 2018, SEBI, in exercise of its powers under the SCRA and the SEBI Act, notified the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 (the "**SECC Regulations**"), which regulate *inter alia* the recognition, ownership and internal governance of stock exchanges and clearing corporations in India together with providing for minimum net worth requirements for stock exchanges. The SCRA, the SCRR and the SECC Regulations along with various rules, by-laws and regulations of the respective stock exchanges, regulate the recognition of stock exchanges, the qualifications for membership thereof and the manner, in which contracts are entered into, settled and enforced between members of the stock exchanges.

The SEBI Act empowers SEBI to regulate the Indian securities markets, including stock exchanges and intermediaries in the capital markets, promote and monitor self-regulatory organisations and prohibit fraudulent and unfair trade practices. Regulations and guidelines concerning minimum disclosure requirements by public companies, rules and regulations concerning investor protection, insider trading, substantial acquisitions of shares and takeover of companies, buy-backs of securities, employee stock option schemes, stockbrokers, merchant bankers, underwriters, mutual funds, foreign portfolio investors, credit rating agencies and other capital market participants have been notified by the relevant regulatory authority.

Listing and delisting of Securities

The listing of securities on a recognised Indian stock exchange is regulated by the applicable Indian laws including the Companies Act, the SCRA, the SCRR, the SEBI Act, and various guidelines and regulations issued by SEBI including the SEBI ICDR Regulations and the SEBI Listing Regulations. The SCRA empowers the governing body of each recognised stock exchange to suspend trading of or withdraw admission to dealings in a listed security for breach of or non-compliance with any conditions or breach of company's obligations under the SEBI Listing Regulations or for any reason, subject to the Issuer receiving prior written notice of the intent of the exchange and upon granting of a hearing in the matter. SEBI also has the power to amend the SEBI Listing Regulations and bye-laws of the stock exchanges in India, to overrule a stock exchange's governing body and withdraw recognition of a recognized stock exchange.

Further, SEBI has notified the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021, as amended, to govern the voluntary and compulsory delisting of equity shares from the stock exchanges. In addition, certain amendments to the SCRR have also been notified in relation to delisting.

Minimum level of public shareholding

All listed companies (except public sector undertakings) are required to maintain a minimum public shareholding at 25%. In this regard, SEBI has provided several mechanisms to comply with this requirement. Further, where the public shareholding in a listed company falls below 25% (except public sector undertakings) at any time, such company is required to bring the public shareholding to 25% within a maximum period of 12 months from the date of such fall. However, every listed public sector company whose public shareholding falls below 25% at any time on or after the commencement of the Securities Contracts (Regulation) (Second Amendment) Rules, 2018, shall increase its public shareholding to at least 25%, within a period of two years from the date of such fall, respectively, in the manner specified by SEBI. Consequently, a listed company may be delisted from the stock exchanges for not complying with the above-mentioned requirement. Our Bank is in compliance with this minimum public shareholding requirement.

Index-based market-wide circuit breaker system

In order to restrict abnormal price volatility in any particular stock, the SEBI has instructed stock exchanges to apply daily circuit breakers which do not allow transactions beyond a certain level of price volatility. The index-based market-wide circuit breaker system (equity and equity derivatives) applies at three stages of the index movement, at 10%, 15% and 20%. The stock exchanges on a daily basis translate the circuit breaker limits based on previous day's closing level of the index. These circuit breakers, when triggered, bring about a co-ordinated trading halt in all equity and equity derivative markets nationwide. The market-wide circuit breakers are triggered by movement of either the SENSEX of the BSE or the S&P CNX NIFTY of the NSE, whichever is breached earlier.

In addition to the market-wide index-based circuit breakers, there are currently in place individual scrip-wise circuit breakers. However, no price bands are applicable on scrips on which derivative products are available or scrips included in indices on which derivative products are available.

The stock exchanges in India can also exercise the power to suspend trading during periods of market volatility. Margin requirements are imposed by stock exchanges that are required to be paid by the stockbrokers.

BSE

BSE is one of the stock exchanges in India on which our Equity Shares are listed. Established in 1875, it is the oldest stock exchange in India. In 1956, it became the first stock exchange in India to obtain permanent recognition from the Government under the SCRA. Pursuant to the BSE (Corporatization and Demutualization) Scheme 2005 of SEBI, with effect from August 19, 2005, BSE was incorporated as a company under the Companies Act, 1956. BSE was listed on NSE with effect from February 3, 2017. It has evolved over the years into its present status as one of the premier stock exchanges of India.

NSE

NSE was established by financial institutions and banks to provide nationwide online, satellite-linked, screen-based trading facilities with market-makers and electronic clearing and settlement for securities including government securities, debentures, public sector bonds and units. Deliveries for trades executed "on- market" are exchanged through the National Securities Clearing Corporation Limited. It has evolved over the years into its present status as one of the premier stock exchanges of India. The NSE was recognised as a stock exchange under the SCRA in April 1993 and commenced operations in the wholesale debt market segment in June 1994. The capital market (equities) segment commenced operations in November 1994 and operations in the derivatives segment commenced in June 2000. NSE launched the NSE 50 Index, now known as S&P CNX NIFTY, on April 22, 1996 and the Mid-cap Index on January 1, 1996.

Internet-based securities trading and services

Internet trading takes place through order routing systems, which route client orders to exchange trading systems for execution. Stockbrokers interested in providing this service are required to apply for permission to the relevant stock exchange and also have to comply with certain minimum conditions stipulated by SEBI. The NSE became the first exchange to grant approval to its members for providing internet-based trading services. Internet trading is possible on both the "equities" as well as the "derivatives" segments of the NSE.

Trading hours

Trading on both the NSE and the BSE occurs from Monday to Friday, between 9:15 a.m. and 3:30 p.m. IST (excluding the 15 minutes pre-open session from 9:00 a.m. to 9:15 a.m.). The BSE and the NSE are closed on public holidays. The recognised stock exchanges have been permitted to set their own trading hours (in the cash and derivatives segments) subject to the condition that (i) the trading hours are between 9.00 a.m. and 5.00 p.m.; and (ii) the stock exchange has in place a risk management system and infrastructure commensurate to the trading hours.

Trading procedure

In order to facilitate smooth transactions, the BSE replaced its open outcry system with BSE On-line Trading ("**BOLT**") facility in 1995. This totally automated screen-based trading in securities was put into practice nation-wide. This has enhanced transparency in dealings and has assisted considerably in smoothening settlement cycles and improving efficiency in back-office work. In the year 2014, BSE introduced its new generation trading platform, BOLT + through which all trades on the equity cash, equity derivatives and currency segments of the exchange are executed.

NSE has introduced a fully automated trading system called National Exchange for Automated Trading ("**NEAT**"), which operates on strict time/price priority besides enabling efficient trade. NEAT has provided depth in the market by enabling large number of members all over India to trade simultaneously, narrowing the spreads.

SEBI Listing Regulations

Public listed companies are required under the SEBI Listing Regulations to prepare and circulate to their shareholders, audited annual accounts which comply with the disclosure requirements and regulations governing their manner of presentation and which include sections relating to corporate governance, related party transactions and management's discussion and analysis as required under the SEBI Listing Regulations. In addition, a listed company is subject to, *inter alia*, continuing disclosure requirements pursuant to the terms of the SEBI Listing Regulations.

SEBI Takeover Regulations

Disclosure and mandatory bid obligations for listed Indian companies are governed by the SEBI Takeover Regulations which provide specific regulations in relation to substantial acquisition of shares and takeover. Once the equity shares of a company are listed on a stock exchange in India, the provisions of the SEBI Takeover Regulations will apply to any acquisition of the company's shares/voting rights/control. The SEBI Takeover Regulations prescribe certain thresholds or trigger points in the shareholding a person or entity has in the listed Indian company, which give rise to certain obligations on part of the acquirer. Acquisitions up to a certain threshold prescribed under the SEBI Takeover Regulations mandate specific disclosure requirements, while acquisitions crossing particular thresholds may result in the acquirer having to make an open offer of the shares of the target company. The SEBI Takeover Regulations also provide for the possibility of indirect acquisitions, imposing specific obligations on the acquirer in case of such indirect acquisition. The SEBI Takeover Regulations also provides certain general exemptions which exempt certain acquisitions from the obligation to make an open offer.

SEBI Insider Trading Regulations

The SEBI Insider Trading Regulations have been notified to prohibit and penalise insider trading in India. An insider is, among other things, prohibited from dealing in the securities of a listed company when in possession of unpublished price sensitive information ("**UPSI**").

The SEBI Insider Trading Regulations were notified on January 15, 2015 and came into effect on May 15, 2015, which repealed the erstwhile regulations of 1992. The SEBI Insider Trading Regulations, *inter alia*, impose certain restrictions on the communication of information by listed companies. Under the SEBI Insider Trading Regulations, (i) no insider shall communicate, provide or allow access to any UPSI relating to such companies and securities listed or proposed to be listed, to any person including other insiders; and (ii) no person shall procure or cause the communication by any insider of UPSI relating to such companies and securities listed or proposed to be listed, except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations. However, UPSI may be communicated, provided or allowed access to or procured, under certain circumstances specified in the SEBI Insider Trading Regulations.

The SEBI Insider Trading Regulations make it compulsory for listed companies and certain other entities that are required to handle UPSI in the course of business operations to establish an internal code of practices and procedures for fair disclosure of UPSI and to regulate, monitor and report trading by insiders. To this end, the SEBI Insider Trading Regulations provide principles of fair disclosure for purposes of code of practices and procedures for fair disclosure of UPSI and minimum standards for code of conduct to regulate, monitor and report trading by insiders. There are also initial and continuing shareholding disclosure obligations under the SEBI Insider Trading Regulations.

The SEBI Insider Trading Regulations also provides for disclosure obligations for promoters, members of the promoter group, designated person or director in case value of trade exceed monetary threshold of ₹10 lakh over a calendar quarter, within two days of reaching such threshold. The board of directors of all listed companies are required to formulate and publish on the company's website a code of procedure for fair disclosure of UPSI along with a code of conduct for its employees for compliances with the SEBI Insider Trading Regulations. Further, on July 17, 2020, SEBI amended the SEBI Insider Trading Regulations to prescribe that the board of directors or head(s) of listed companies shall ensure that a structured digital database be maintained, containing the nature of unpublished price sensitive information, the names and details of persons who have shared the information and the names and details person with whom information is shared.

Depositories

The Depositories Act provides a legal framework for the establishment of depositories to record ownership details and effect transfer in book-entry form. Further, SEBI framed regulations in relation to the formation and registration of such depositories, the registration of participants as well as the rights and obligations of the depositories, participants, companies and beneficial owners. The depository system has significantly improved the operation of the Indian securities markets.

Derivatives (futures and options)

Trading in derivatives is governed by the SCRA, the SCRR and the SEBI Act. The SCRA was amended in February 2000 and derivatives contracts were included within the term "securities", as defined by the SCRA. Trading in derivatives in India takes place either on separate and independent derivatives exchanges or on a separate segment of an existing stock exchange. The derivatives exchange or derivatives segment of a stock exchange functions as a self-regulatory organisation under the supervision of SEBI.

DESCRIPTION OF THE EQUITY SHARES

Set forth below is a brief summary of some of the existing provisions of the Memorandum of Association and Articles of Association, the Companies Act and certain other related legislation relating to the rights attached to the Equity Shares. Prospective investors are urged to read the Memorandum of Association and Articles of Association carefully, and consult with their advisers, as the Memorandum of Association and Articles of Association and applicable Indian law, and not this summary, govern the rights attached to the Equity Shares.

General

As on the date of this Placement Document, our Bank's authorised share capital is ₹ 6,000,000,000 divided into 600,000,000 Equity Shares of ₹ 10 each. As on the date of this Placement Document, our Bank's issued, subscribed and paid-up capital is ₹ 3,509,467,610 divided into 350,946,761 Equity Shares of ₹ 10 each. The Equity Shares are listed on the Stock Exchanges.

The security identification codes for the Equity Shares are as follows:

ISIN	INE614B01018
BSE Code	532652
NSE Symbol	KTKBANK

Articles

Our Bank is governed by its Articles of Association.

Dividends

Subject to the provisions of the Banking Regulation Act and other applicable law, a banking company pays dividends upon a recommendation by its board of directors and approval by a majority of its shareholders at the AGM of shareholders. Subject to certain conditions laid down by Section 123 of the Companies Act, no dividend can be declared or paid by a company for any Financial Year except (i) out of the profits of the company for that year, calculated in accordance with the provisions of the Companies Act, or (ii) out of the profits of the company for any previous Fiscal(s) arrived at as laid down by the Companies Act and remaining undistributed, or (iii) out of both, or (iv) out of money provided by the central government or a state government for the payment of dividend by a company in pursuance of a guarantee given by that Government.

Our Bank is required to comply with certain provisions of the Banking Regulation Act including Section 15; Section 10(7) of the Banking Companies Act and the prevailing regulations / guidelines issued by the RBI, including creating adequate provisions for impairment of assets and staff retirement benefits, transfer of profits to statutory reserves.

Further, as per the Companies (Declaration and Payment of Dividend) Rules, 2014, in the absence of profits in any year, a company may declare dividend out of free reserves, provided: (a) the rate of dividend declared shall not exceed the average of the rates at which dividend was declared by it in the three years immediately preceding that year; (b) the total amount to be drawn from such accumulated profits shall not exceed one-tenth of the sum of its paid up share capital and free reserves as per the latest audited balance sheet; (c) the amount so drawn shall be first utilized to set off the losses incurred in the financial year in which the dividend is declared before any dividend in respect of equity shares is declared; and (d) the balance of reserves after such withdrawal shall not fall below 15% of its paid up share capital as per the latest audited financial statement of the company.

According to the Articles of Association, the amount of dividends shall not exceed the amount recommended by our Board of Directors. However, our Bank may declare a lesser dividend in the general meeting. In addition, as is permitted by the Articles of Association, our Board of the Directors may pay interim dividend as it may think fit, subject to the requirements of the Companies Act.

Unclaimed dividend shall not be forfeited by our Bank unless the claim thereof becomes barred by law.

In terms of Section 124 of the Companies Act, our Bank shall credit such unclaimed dividends to the unpaid dividend account of our Bank, and any money transferred to the unclaimed dividend account of our Bank/other bank which remains unpaid and unclaimed for a period of seven years from the date they became due for payment, shall be transferred by our Bank/other bank to the 'Investor Education and Protection Fund', established by the GoI, in accordance with Section 125 of the Companies Act. Further, our Bank shall, before declaring any dividend for each year, transfer to the reserve fund, an amount in accordance with the Articles of Association of our Bank and subject to the provisions of the Companies Act and the Banking Regulation Act.

Capitalization of profits

In addition to permitting dividends to be paid out of current or retained earnings as described above, the Companies Act permits our Board of Directors, subject to the approval of our Shareholders, to distribute to our Shareholders, in the form of fully paid-up bonus shares or sweat equity shares, an amount transferred from our Bank's profits or reserves in accordance with the Articles of Association, the Companies Act and the Banking Regulation Act. However, a company may capitalize its profits or reserves for issue of fully paid up bonus shares, provided: (a) its authorized by articles, (b) it has been, on the recommendation of the board of directors, approved by the shareholders in a general meeting, (c) it has not defaulted in payment of interest or principal in respect of fixed deposits or debt securities issued by it, (d) it has not defaulted on payment of statutory dues of the employees, such as, contribution to provident fund, gratuity and bonus, (e) there are no partly paid shares. The issue of bonus shares once declared cannot be withdrawn. These bonus shares must be distributed to shareholders in proportion to the number of ordinary shares owned by them as recommended by the board of directors. No issue of bonus shares may be made by capitalizing reserves created by revaluation of assets, and no bonus shares shall be issued in lieu of dividend. Further, any issue of bonus shares by listed companies would be subject to SEBI ICDR Regulations.

Our Bank may, by a resolution passed by Shareholders in a general meeting, upon a recommendation by the Board, resolve to capitalize whole or any part of the amount for the time being standing to the credit of any of our Bank's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution and distribute amongst such of the shareholders as would be entitled to receive the same if distributed by way of dividend and in the same proportions. Further, all or any part of such capitalized fund shall be applied on behalf of such shareholders in paying up any amounts for the time being unpaid on any Equity Shares held by such Shareholders and/or in paying up in full, unissued shares of our Bank to be allotted and distributed, credited as fully paid up in the proportion aforesaid, provided that a share premium account and a capital redemption reserve fund may, for the purposes of this regulation, be applied in the paying of any unissued shares to be issued to shareholders of our Bank as fully paid bonus shares.

Pre-emptive rights and alteration of share capital

Subject to the provisions of the Companies Act, the Banking Regulations Act and other guidelines as may be issued by RBI, our Bank may increase its share capital by issuing new shares on such terms and with such rights as it may determine. According to Section 62(1)(a) of the Companies Act, such new shares shall be offered to existing shareholders in proportion to the amount paid up on those shares at that date. The offer shall be made by notice specifying the number of shares offered and the date (being not less than 15 days (or such lesser number of days as may be prescribed) and not exceeding 30 days from the date of the offer) within which the offer, if not accepted, will be deemed to have been declined.

After such date our Board of Directors may dispose of the shares offered in respect of which no acceptance has been received which shall not be disadvantageous to our Bank and our Shareholders. The offer is deemed to include a right exercisable by the person concerned to renounce the shares offered to him in favour of any other person subject to the provisions of FEMA Rules, if applicable.

Under the provisions of Section 62(1)(c) of the Companies Act, new shares may be offered to any persons whether or not those persons include existing shareholders, either for cash of for a consideration other than cash, in the event a special resolution to that effect is passed by our shareholders in a general meeting. In addition, our Bank will also be required to comply with the SEBI ICDR Regulations.

Subject to the provisions of the Companies Act, the Banking Regulations Act, other applicable law and receipt of necessary approvals (if any), our Articles of Association permit our Bank, pursuant to an ordinary resolution in a general meeting, to among others (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares; (b) convert all or any of its fully paid – up shares into stock and reconvert that stock into fully paid up shares of any denomination; (c) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association; and (d) cancel any shares which, at the date of passing of the resolution, have not been taken or agreed to be taken by any person.

General meetings of our Shareholders

There are two types of General Meetings of our Shareholders: (i) AGM, and (ii) EGM.

Our Bank must hold its AGM within six months after the expiry of each Financial Year provided that not more than 15 months shall elapse between the AGM and next one, unless extended by the Registrar of Companies at its request for any special reason for a period not exceeding three months. Our Board of Directors may convene an EGM when necessary and is required to call an EGM at the request of shareholder(s) holding in the aggregate not less than one tenth of our Bank's paid-up share capital (carrying a right to vote in respect of the relevant matter on the date of receipt of the requisition).

Notices, either in writing or through electronic mode, convening a meeting setting out the date, day, hour, place and agenda of the meeting must be given to members at least 21 clear days prior to the date of the proposed meeting. A general meeting may be called after giving shorter notice if consent is received, in writing or electronic mode, from not less than 95.00% of the shareholders entitled to vote. Unless the Articles of Association provide for a larger number, (i) five shareholders present in person, if the number of shareholders as on the date of meeting is not more than 1,000; (ii) 15 shareholders present in person, if the number of shareholders as on the date of the meeting is more than 1,000 but up to 5,000; and (iii) 30 shareholders present in person, if the number of shareholders as on the date of meeting exceeds 5,000, shall constitute a quorum for a general meeting of our Bank, whether AGM or EGM. The quorum requirements applicable to shareholder meetings under the Companies Act have to be physically complied with. Our Bank may convene such meetings by virtual means as well.

A company intending to pass a resolution relating to matters such as, but not limited to, amendment in the objects clause of the memorandum of association, the issuing of shares with different voting or dividend rights, a variation of the rights attached to a class of shares or debentures or other securities, buy-back of shares, giving loans or extending guarantees in excess of limits prescribed, is required to obtain the resolution passed by means of a postal ballot instead of transacting the business in the company's general meeting. A notice to all the shareholders shall be sent along with a draft resolution explaining the reasons therefore and requesting them to send their assent or dissent in writing on a postal ballot within a period of 30 days from the date of posting the letter. Postal ballot includes voting by electronic mode.

Voting rights

At a general meeting, every member holding shares and entitled to vote and present in person has one vote. Upon a poll, the voting rights of each shareholder entitled to vote and present in person or by proxy is in the same proportion as the capital paid up on each share held by such holder bears to our Bank's total paid up capital. Unless a poll is demanded, or the voting is to be carried out by such electronic means as may be prescribed, voting is by a show of hands and unless a poll is ordered by the Chairman of the meeting, the Chairman of the meeting has a casting vote.

Ordinary resolutions may be passed by simple majority of those present and voting. Special resolutions require that the votes cast in favour of the resolution must be at least three times the votes cast against the resolution. A shareholder may exercise his voting rights by proxy to be given in the form required by the Articles of Association. The instrument appointing a proxy is required to be lodged with our Bank at least 48 hours before the time of the meeting. A proxy may not vote except on a poll and does not have a right to speak at meetings. Section 12 of the Banking Regulation Act provides that no shareholder shall exercise voting rights in excess of such percentage of the total voting rights of all the shareholders.

In accordance with Section 12B of the Banking Regulation Act, 1949 read with the RBI (Acquisition and Holding of Shares of Voting in Banking Companies) Directions, 2023, dated January 16, 2023 and the Guidelines On Acquisition and Holding of Shares or Voting Rights in Banking Companies, dated January 16, 2023, ("**Guidelines**"), no person (along with his relatives, associate enterprises or persons acting in concert with) can acquire or hold, either directly or indirectly, 5% or more of the total paid-up share capital of our Bank, or be entitled to exercise 5% or more, of the total voting rights of our Bank, without prior approval of the RBI. Further, the Guidelines prescribe the following limits on ownership for all shareholders in our Bank, (a)10% of the paidup share capital or voting rights of our Bank in case of natural persons, non-financial institutions, financial institutions directly or indirectly connected with large industrial houses and financial institutions that are owned to the extent of 50% or more or controlled by individuals (including the relatives and persons acting in concert); and (b) 15%

of the paid-up share capital or voting rights of our Bank in case of certain financial institutions, supranational institutions, public sector undertaking and central/state government

Registration of transfers and register of members

Our Bank is required to maintain a register of members wherein the particulars of the members of our Bank are entered. Our Bank may, after giving seven days' previous notice as required under Section 91 of the Companies Act, or such lesser period as may be specified by SEBI, close the register for such period as may be determined by the Board, provided that the register may not be suspended for a period not exceeding 45 days in any one year or 30 days at any one time at such times, as the Board of Directors may deem expedient in accordance with the provisions of the Companies Act.

Shares held through depositories are transferred in the form of book entries or in electronic form in accordance with the regulations laid down by SEBI. These regulations provide the regime for the functioning of the depositories and the participants and set out the manner in which the records are to be kept and maintained and the safeguards to be followed in this system. Transfers of beneficial ownership of shares held through a depository are exempt from stamp duty. Our Bank has entered into an agreement for such depository services with the NSDL and CDSL. SEBI requires that the shares for trading and settlement purposes be in book-entry form for all investors, except for transactions that are not made on a stock exchange and transactions that are not required to be reported to the stock exchange. Our Bank shall keep a book called the 'Register of Transfers' in which the particulars of every transfer or transmission of shares will be entered.

Our Bank may, however, decline to register a transfer if not approved by RBI, wherever such approval is required in accordance with the Banking Regulation Act and any guidelines that may be issued by RBI.

TAXATION

STATEMENT OF TAX BENEFITS

To,

The Board of Directors
Karnataka Bank Limited
PO Box 599,
Mahavera Circle, Kankanady,
Mangaluru – 575 002
Karnataka, India

Ambit Private Limited
Ambit House, 449,
Senapati Bapat Marg,
Lower Parel,
Mumbai – 400 013,
Maharashtra, India

Avendus Capital Private Limited
901, Platina,
9th Floor, Plot No. C-59,
Bandra Kurla Complex, Bandra (East)
Mumbai – 400 051,
Maharashtra, India

(Ambit Private Limited, Avendus Capital Private Limited and any other book running lead manager appointed in connection with the Placement are collectively referred to hereinafter as the "**Book Running Lead Managers**")

Sub: Subject: Statement of tax benefits ("Statement") available to Karnataka Bank Limited (the "Bank") and its shareholders prepared in accordance with the Securities Exchange and Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("SEBI ICDR Regulations")

Dear Sirs,

We M/s. Kalyaniwalla & Mistry LLP, Chartered Accountants, M/s. Sundaram & Srinivasan, Chartered Accountants and M/s. Ravi Rajan & Co, Chartered Accountants the joint statutory auditors of the Bank, hereby consent to the use of the Statement of Tax Benefits dated March 21, 2024 to be included in the Preliminary Placement Document and Placement Document (together referred to as "**Offering Documents**") of the Bank to be filed with National Stock Exchange of India Limited and BSE Limited (together, the "**Stock Exchanges**"), in relation to the qualified institutions placement of equity shares of face value of ₹10 of the Bank (the "**Placement**").

This Statement is issued in accordance with the terms our engagement letter dated 26 February 2024.

We hereby report that the enclosed Annexure prepared by the Bank, initialled by us for identification purpose, states the possible income tax benefits available to the Bank and its shareholders under the Income Tax Act, 1961 ('the Act'), Income Tax rules, 1962 ('the Rules') thereunder and recent amendments as applicable & presently in force in India.

The possible tax benefits mentioned in the enclosed **Annexure** are dependent on the Bank or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Act which are based on business imperatives the Bank may face in the future and accordingly, the Bank may or may not choose to fulfil.

The benefits discussed in the enclosed **Annexure** are not exhaustive. Further, the preparation of the Annexure and its contents is the responsibility of the management of the Bank. We were informed that this **Annexure** covers the possible tax benefits available to the Bank and its shareholders and is only intended to provide general information to the investors for the Placement and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the Placement. Neither are we suggesting nor are we advising the investors to invest money based on this Annexure.

We do not express any opinion or provide any assurance as to whether:

1. The Bank or its shareholders will continue to obtain these benefits in future; or
2. The conditions prescribed for availing the benefits have been/ would be met with.
3. The revenue authorities/courts will concur with the views expressed therein

The contents of the enclosed Annexures are based on information, explanations and representations obtained from the Bank and on the basis of our understanding of the business activities and operations of the Bank.

We have conducted our examination in accordance with the 'Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) ("**the Guidance Note**") issued by the Institute of Chartered Accountants of India ("**ICAI**"). The Guidance Note requires that we comply with the independence and other ethical requirements of the Code of Ethics issued by the ICAI.

We have complied with the relevant applicable requirements of the Standards on Quality Control ('SQC 1'), Quality Control for Firms that perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Service Engagements.

The consent has been issued at the request of the Bank for use in connection with the Placement and may accordingly be furnished as required to the Stock Exchanges or any other regulatory authorities as required. The aforesaid information may be relied upon by the Bank, the Book Running Lead Managers, legal counsel and other advisors or intermediaries appointed pursuant to the Placement and we undertake to immediately intimate the Book Running Lead Managers, legal counsel and other advisors or intermediaries in case of any changes to the above. In the absence of any such communication, you may assume that there is no change in respect of the matters covered in this certificate.

Kalyaniwalla & Mistry LLP **Chartered Accountants** Firm Regn.No.104607W/W100166	**Sundaram & Srinivasan** **Chartered Accountants** Firm Regn. No. 004207S	**Ravi Rajan & Co. LLP** **Chartered Accountants** Firm Regn. No. 009073N/N500320
Anil A. Kulkarni Partner Membership No.047576 UDIN: 24047576BKBJGA4616 Date: March 21, 2024 Place: Pune	S Ramkumar Partner Membership No. 238820 UDIN: 24238820BKERIT4811 Date: March 21, 2024 Place: Kumbakonam	Sumit Kumar Partner Membership No. 512555 UDIN: 24512555BKFTPC6692 Date: March 21, 2024 Place: New Delhi

Annexure

The information provided below summarizes the possible direct tax benefits available to the Bank and its Shareholders and is not a complete analysis or listing of all potential tax consequences of the subscription, ownership and disposal of equity shares under the Income-tax Act, 1961 (hereinafter referred to as the "Act") presently in force in India. This statement covers only certain relevant direct tax law benefits and does not cover any indirect tax law benefits or benefit under any other law. The following overview is not exhaustive or comprehensive and is not intended to be a substitute for professional advice. Several of these benefits are dependent on the equity shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the equity shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which, based on commercial imperatives a shareholder faces, may or may not choose to fulfil. We do not express any opinion or provide any assurance as to whether the Bank or its shareholders will continue to obtain these benefits in future. Shareholders are advised to consult their own tax consultant with respect to the tax implications of an investment in the equity shares particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail.

1. SPECIAL TAX BENEFITS AVAILABLE TO THE BANK UNDER THE ACT

No Special Tax benefits are available to the Bank.

2. GENERAL TAX BENEFITS AVAILABLE TO THE BANK UNDER THE ACT

The following benefits are available to the Bank after fulfilling conditions as per the applicable provisions of the Act:

2.1 Benefit of lower rate of tax under Section 115BAA of the Act and corresponding exemption from applicability of Minimum Alternate tax ('MAT') provisions under section 115JB of the Act

As per the Taxation Law (Amendment) Act, 2019 No.46 of 2019, a new section 115BAA has been introduced in the Act which provides for an option to domestic companies to opt for reduced rate of corporate taxes subject to certain conditions specified therein. The said section provides that, with effect from AY 2020-21, all domestic companies shall have an option to pay income tax at the rate of 22% (plus 10% surcharge and 4% cess), subject to the condition that they will not avail specified tax exemptions or incentives as specified therein.

The Bank is eligible for opting this concessional tax regime since it is a domestic company in India and has opted for the beneficial tax rate of 22% (plus applicable surcharge and cess) as provided under section l15BAA of the Act, subject to the condition that going forward it does not claim the deductions as specified in sub-clause 2(i) of section 115BAA of the Act. The deductions specified in sub-clause 2(i) of section 115BAA are generally not applicable to banking companies and hence the Bank has not claimed any such deduction as specified in the said section.

Proviso to section 115BAA (4) provides that once the Company opts for paying tax as per section 115BAA of the Act, such option cannot be subsequently withdrawn for the same or any other year. Correspondingly, the Taxation Law (Amendment) Act, 2019 also introduced clause (ii) to sub-section 5A of section 115JB of the Act w.e.f. assessment year (A Y) 20-21, which provides that MAT provisions under the said section shall not be applicable to the company which exercises the option of paying corporate tax as per section l 15BAA of the Act.

2.2 Benefits available while computing Profits and Gains of Business or Profession:

The income of the Bank under the head "Profits and Gains of Business or Profession" is computed in accordance with applicable provisions of the Act read with Income Computation and Disclosure Standards (ICDS) notified under section 145(2) of the Act. Some of the important deductions available specifically to scheduled banks for computation of income of the Bank under the head "Profits and Gains of Business or Profession" as well as total income are detailed below

2.3 Section 36(1)(vii) of the Act– Allowance of bad debts written off

Section 36(1)(vii) of the Act provides that the amount of bad debts, or part thereof, written off as irrecoverable in the accounts of the Bank for the previous year is allowable as deduction. The Bank shall continue to be entitled for this deduction even if it opts for the benefit of lower rate of tax under section 115BAA of the Act as discussed at para 2.1 above. If the amount subsequently recovered on any such debt, or part thereof, written off is greater than the difference between the debt, or part of debt, so written off and the amount so allowed, the excess shall be deemed to be profits and gains of business or profession and accordingly, chargeable to tax in accordance with Section 41(4) in the year in which it is recovered.

2.4 Section 36(1)(viia) of the Act – Allowance of Provision for bad & doubtful debts

Section 36(1)(viia) of the Act provides that the Bank is entitled to claim deduction in respect of any provision for bad and doubtful debts made by the bank of an amount not exceeding 8.5% of the total income (computed before making any deduction under this clause and Chapter VIA of the Act) and an amount not exceeding 10% of the aggregate average advances made by rural branches computed in the manner prescribed under Rule 6ABA.

2.5 Section 36(1)(viii) of the Act – Deduction in respect of Special Reserve

Section 36(1) (viii) of the Act provides that the bank is allowed deduction in respect of any special reserve created and maintained by the Bank for an amount not exceeding 20% of the profits derived from the business of long-term finance for industrial or agricultural development or development of infrastructure facility in India or development of housing in India. Further, if the aggregate amount carried to the Special Reserve account from time to time exceeds twice the paid-up capital and general reserves, no deduction shall be allowed on the excess amount under the said section. The amount withdrawn from such a Special Reserve Account would be chargeable to income tax in the year of withdrawal, in accordance with the provisions for Section 41(4A) of the Act.

2.6 Section 43D of the Act – Interest on bad & doubtful debts

Section 43D of the Act provides that interest on certain categories of bad and doubtful debts as specified in Rule 6EA of the Income-tax Rules, 1962, shall be chargeable to tax only in the year of receipt or credit to Profit and Loss Account, whichever is earlier.

2.7 Section 80JJAA - Deduction of additional employee cost

As per the provisions of Section 80JJAA of the Act, any assessee subject to tax audit under section 44AB of the Act and whose gross total income includes any profit and gains derived from business shall be entitled to claim a deduction of an amount equal to thirty percent of additional employee cost incurred in the course of such business in the financial year, for three assessment years including the assessment year relevant to the previous year in which such employment is provided. The eligibility to claim the deduction is subject to fulfilment of prescribed conditions specified in sub-section (2) of section 80JJAA of the Act.

3. GENERAL TAX BENEFITS AVAILABLE TO SHAREHOLDERS OF BANK

The following income-tax benefits are generally available to the shareholders subject to the fulfilment of the conditions specified in the Act:

3.1 For resident shareholders:

3.1.1 Up to and including FY 2019-20, dividend income earned on shares of a domestic company (which includes the Bank) was exempt in the hands of shareholders u/s 10(34) of the Act. Such dividend income was also to be excluded while computing the MAT liability under section 115JB where the recipient is a company. With effect from FY 2020-21, dividend income from equity shares has been made taxable in the hands of shareholders at the applicable tax rates and the domestic company declaring/ distributing/paying such dividends is no longer required to pay any DDT under section 115-O. Deduction of expenses under section 57 of the Act shall be allowed against such dividend income only in respect of interest expense up to a maximum of 20% of such dividend. Section 115BBDA, providing for taxation of dividend income of more than Rs.10 lakhs for specified assessee, has been omitted. The domestic company declaring/distributing/paying dividends shall be liable to withhold taxes @ 10% on dividend income paid to resident shareholders. The aggregate threshold of Rs. 5,000 in a financial year applies in case of dividend income payable to a resident individual shareholder.

3.1.2 If the resident shareholder is a domestic company and its gross total income in any tax year includes any income by way of dividends from any other domestic company (which includes the Bank) or foreign company or a business trust, it shall be allowed a deduction under section 80M of the Act in computation of its total income, of an amount equal to so much of the amount of income by way of dividends received from domestic/foreign companies or business trust as does not exceed the amount of dividend distributed by it up to a date not exceeding one month prior to the due date of filing its return of income. This benefit would be available even if such resident shareholder being a domestic company opts for the benefit of lower rate of income-tax under section 115BAA of the Act.

3.1.3 Income arising from transfer of listed shares held for more than 12 months and subject to Securities Transaction Tax ('STT'), shall be considered as long-term capital assets. The shares which are not considered as long-term capital assets shall be considered as short-term capital assets. On the other hand, sale of shares may also be considered as income from Business/ Profession. Th characterization of gains/losses, arising from sale of shares, as Capital Gains or Business Income would depend on the nature of holding in the hands of the shareholder and various other factors. The Central Board of Direct Taxes ('CBDT') has clarified in a circular that income arising from transfer of listed shares and securities, which are held for more than 12 months would be taxed as "Capital Gains" unless the shareholder itself treats these as its stock-in-trade and income arising from transfer thereof as its business income.

3.1.4 Section 112A of the Act provides for concessional rate of 10% (plus applicable surcharge and cess) on long term capital gains exceeding Rs 1,00,000/- arising on transfer of equity shares, if STT has been paid on both acquisition and transfer in case of equity shares. The requirement of chargeability to STT is not applicable to transactions undertaken on a recognized stock exchange located in International Financial Services Centre where the consideration for such transactions is payable in foreign currency. As per section 112A(4) of the Act read with Notification No 60/2018 dated October 1, 2018, the Central Government has specified that following transactions of acquisition of equity shares which shall be exempt from the condition of payment of STT:

a) share acquisitions undertaken prior to October 1, 2004

b) share acquisitions undertaken on or after October 1, 2004, subject to certain specified exceptions. The benefit of indexation under the second proviso to Section 48 of the Act shall not be applicable for computing long term capital gains taxable under section 112A of the Act. As per section 55(2)(ac) of the Act cost of acquisition of equity shares (referred in aforesaid Section 112A of the Act) acquired prior to February 1, 2018, shall be higher of –

a) Cost of acquisition of asset; and
b) Lower of –
   (i) the fair market value of the asset (as defined in Explanation to Section 55(2)(ac)); and
   (ii) the full value of consideration received or accruing as a result of transfer of the capital asset.

For the purpose of this section, in case of listed equity shares as on January 31, 2018, the FMV shall be the highest price quoted on a recognised stock exchange on January 31, 2018.

3.1.5 As per Section 112 of the Act the long-term capital gains arising to the shareholders from the transfer of shares (unlisted or listed shares not transferred through recognized stock exchange) held as investments, not covered under point 3.1.3 above, shall be chargeable to tax at the rate of 20% (plus applicable surcharge and cess) of the capital gains computed after indexing the cost of acquisition or at the rate of 10% (plus applicable surcharge and cess) of the capital gains, arising from long term capital asset (being listed securities) computed without indexing the cost of acquisition, whichever is lower.

3.1.6 In case of an individual or Hindu Undivided Family ('HUF'), being a resident, where the total taxable income as reduced by long-term capital gains is below the basic exemption limit, such long-term capital gains will be reduced to the extent of the shortfall and only the balance long term capital gains will be subjected to such tax in accordance with the proviso to Section 112A(1) or proviso to Section 112(1) of the Act as the case may be.

3.1.7 Short-term capital gains arising on transfer of the shares will be chargeable to tax at the rate of 15% (plus applicable surcharge and cess) as per the provisions of Section 111A of the Act if such transaction is chargeable to STT. The requirement of chargeability to STT is not applicable to transactions undertaken on a recognized stock exchange located in International Financial Services Centre and where the consideration for such transactions is payable in foreign currency. In case of an individual or HUF, being a resident, where the total taxable income as reduced by short term capital gains is below the basic exemption limit, the short-term capital gains will be reduced to the extent of the shortfall and only the balance short-term capital gains will be subjected to such tax in accordance with the proviso to Section 111A(1) of the Act.

3.1.8 The rate of surcharge on capital gains under sections 111A and 112A arising on sale of equity shares for all taxpayers will not exceed 15% on the income-tax.

3.1.9 For Individual/ HUF Shareholders, In accordance with, and subject to the conditions including ownership of not more than one residential house on the date of transfer (other than the new residential house referred hereinafter) and to the extent specified in Section 54F of the Act long term capital gains arising on transfer of the shares shall be exempt from capital gains under section 54F, if the net sale consideration is utilised, within a period of one year before, or two years after the date of transfer, for the purchase of a new residential house, or is utilised for construction of a residential house within three years. If the whole of the net sale consideration is not so utilised, the exemption shall be allowed on a pro rata basis.

3.1.10 As per Section 70 read with Section 74 of the Act, short term capital loss arising during a year is allowed to be set-off against short term capital gains as well as long term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains (short term capital gains or long-term capital gains) arising during subsequent eight assessment years. As per Section 70 read with Section 74 of the Act, long term capital loss arising during a year is allowed to be set-off only against long term capital gains. Balance loss, if any, shall be carried forward and set-off against long term capital gains arising during subsequent eight assessment years. As per Section 71 of the Act, short term capital loss or long- term capital loss for the year cannot be set-off against income under any other heads for the same year.

3.1.11 Where the gains arising on the transfer of shares are included in the business income of an assessee assessable under the head "Profits and Gains from Business or Profession" and on which STT has been charged, such STT shall be a deductible expense from the business income as per the provisions of Section 36(1)(xv) of the Act.

3.1.12 Section 56(2)(x) of the Act provides that, subject to exception provided therein, if any person receives from any person, any property, including, inter alia, shares of a company, without consideration or for inadequate consideration, the following shall be treated as 'Income from other sources' in the hands of the recipient:

(i) where the shares are received without consideration, aggregate Fair Market Value ("FMV") exceeds Rs.50,000/-, the whole FMV;
(ii) where the shares are received for a consideration less than FMV but exceeding Rs. 50,000/-, the aggregate FMV in excess of the consideration paid. Rule 11UA of the Rules provides for the method for determination of the FMV of various properties.

3.1.13 In case of income arising to a shareholder on account of buyback of shares (listed or unlisted) by a company will be exempt under section 10(34A) of the Act if the company buying back the shares has paid additional income-tax at the rate of 20% (plus applicable surcharge and cess) on distributed income under section 115QA of the Act.

3.2 For non-resident shareholders including Foreign Portfolio Investors ('FPIs') / Foreign Institutional Investors ('FIIs'):

3.2.1 Under the provisions of Section 90(2) of the Act, a non-resident will be governed by the provisions of the Double Taxation Avoidance Agreement ('DTAA') between India and the country of tax residence of the non-resident (as modified by the Multilateral convention to implement Tax treaty related measures to prevent Base Erosion and Profit Shifting ('MLI') or the provisions of the Act to the extent they are more beneficial to the non-resident.

3.2.2 Up to and including FY 2019-20, dividend income earned on shares of a domestic company (which includes the Bank) was exempt in the hands of shareholders u/s. 10(34) of the Act. With effect from FY 2020-21:

a) Dividend income from equity shares has been made taxable in the hands of shareholders at the applicable tax rates and the domestic company declaring/distributing/paying such dividends is no longer required to pay any DDT under section 115-O.

b) A deduction of expenses under section 57 of the Act shall be allowed against such dividend income only in respect of interest expense up to a maximum of 20% of such dividend.

c) The domestic company declaring/distributing/paying dividends shall be liable to withhold taxes at the rates in force on dividend income paid to non-resident shareholders. Thus, the non-resident shareholders are liable to tax on dividend income received from domestic company under section 115A at 20% of gross dividend income (plus applicable surcharge and cess) subject to the provisions of the relevant DTAA read with the MLI (wherever applicable).

3.2.3 Income arising from transfer of shares held for more than 12 months and subject to STT, shall be considered as long-term capital assets. Assets not considered as long-term capital assets shall be considered as short-term capital assets. On the other hand, sale of shares may also be considered as income from Business/ Profession. This characterization of gains/losses, arising from sale of shares, as Capital Gains or Business Income would depend on the nature of holding in the hands of the shareholder and various other factors. The CBDT in a circular has clarified that income arising from transfer of listed shares and securities, which are held for more than 12 months would be taxed as "Capital Gains" unless the shareholder itself treats these as its stock-in trade and income arising from transfer thereof as its business income.

3.2.4 Section 112A of the Act provides for concessional rate of 10% (plus applicable surcharge and cess) on long term capital gains (exceeding Rs.1,00,000) arising on transfer of equity shares, if STT has been paid on both acquisition and transfer in case of equity shares. The requirement of chargeability to STT is not applicable to transactions undertaken on a recognized stock exchange located in International Financial Services Centre where the consideration for such transactions is payable in foreign currency. As per section 112A(4) of the Act read with Notification No 60/2018 dated October 1, 2018, the Central Government has specified that following transactions of acquisition of equity shares which shall be exempt from the condition of payment of STT:

a) share acquisitions undertaken prior to October 1, 2004

b) share acquisitions undertaken on or after October 1, 2004,

subject to certain specified exceptions. The benefit of indexation under the second proviso to Section 48 of the Act shall not be applicable for computing long term capital gains taxable under section 112A of the Act. As per section 55(2)(ac) of the Act cost of acquisition of equity shares (referred in aforesaid Section 112A of the Act) acquired prior to February 1, 2018, shall be higher of –

a) Cost of acquisition of asset; and
b) Lower of –
   I. the fair market value of the asset (as defined in Explanation to Section 55(2)(ac)); and
   II. the full value of consideration received or accruing as a result of transfer of the capital asset.

   For the purpose of this section, in case of listed equity shares, FMV shall be the highest price quoted on a recognised stock exchange on 31.1.2018.

3.2.5 The long-term capital gains arising to the shareholders from the transfer of equity shares held as investments, not covered under point 3.2.4 above shall be taxable as follows: Where the equity shares are acquired in convertible foreign exchange, the same shall be taxable at the rate of 10% on the amount of capital gains computed as per point 3.2.6 below; Where the equity shares are acquired in INR, the same shall be taxable at the rate of 20% (plus applicable surcharge and cess) on the amount of capital gains computed after considering the indexation benefit provided under second proviso to Section 48 or at the rate of 10% on the amount of capital gains computed without indexing the cost of acquisition, whichever is lower.

3.2.6 In accordance with, and subject to Section 48 of the Act read with Rule 115A of the Rules, capital gains arising on transfer of shares which are acquired in convertible foreign exchange and not covered under point 3.2.4 above shall be computed by converting the cost of acquisition, expenditure in connection with such transfer and full value of the consideration received or accruing as a result of the transfer into the same foreign currency as was initially utilised in the purchase of shares and the capital gains computed in such foreign currency shall be reconverted into Indian currency, such that the aforesaid manner of computation of capital gains shall be applicable in respect of capital gains accruing/ arising from every reinvestment thereafter.

3.2.7 Short-term capital gains arising on transfer of the shares will be chargeable to tax at the rate of 15% (plus applicable surcharge and cess) as per the provisions of Section 111A of the Act if such transaction is chargeable to STT. The requirement of chargeability to STT is not applicable to transactions undertaken on a recognized stock exchange located in International Financial Services Centre where the consideration for such transactions is payable in foreign currency.

3.2.8 The rate of surcharge on capital gains under sections 111A and 112A arising on sale of equity shares for all taxpayers and capital gains on securities u/s. 115AD(1)(b) for FIIs will not exceed 15% on the income tax.

3.2.9 As per Section 70 read with Section 74 of the Act, short term capital loss arising during a year is allowed to be set-off against short term capital gains as well as long term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains (short term capital gains or long-term capital gains) arising during subsequent eight assessment years. As per Section 70 read with Section 74 of the Act, long term capital loss arising during a year is allowed to be set- off only against long term capital gains. Balance loss, if any, shall be carried forward and set-off against long term capital gains arising during subsequent eight assessment years. As per Section 71 of the Act, short term capital loss or long- term capital loss for the year cannot be set-off against income under any other heads for the same year.

3.2.10 Where the gains arising on the transfer of shares are included in the business income of an assessee assessable under the head "Profits and Gains from Business or Profession" and on which STT has been charged, such STT shall be a deductible expense from business income as per the provisions of Section 36(1)(xv) of the Act.

3.2.11 Section 56(2)(x) of the Act provides that, subject to exception provided therein, if any person receives from any person, any property, including, inter alia, shares of a company, without consideration or for inadequate consideration, the following shall be treated as 'Income from other sources' in the hands of the recipient: I. where the shares are received without consideration, aggregate FMV exceeds ₹50,000/- the whole FMV; II. where the shares are received for a consideration less than FMV but exceeding Rs. 50,000/-, the aggregate FMV in excess of the consideration paid. Rule 11UA of the Rules provides for the method for determination of the FMV of various properties.

3.2.12 As per Explanation 4 to Section 115JB(2), the provisions of Section 115JB shall not be applicable to a foreign company if the foreign company is a resident of a country having DTAA with India and such foreign company does not have a Permanent Establishment within the definition of the term in the relevant DTAA, or the foreign company is a resident of a country which does not have a DTAA with India and such foreign company is not required to seek registration under section 592 of the Companies Act 1956 or under section 380 of the Companies Act 2013.

3.2.13 In respect of foreign companies which are not exempt from MAT provisions as per point 3.2.12 above, capital gains (whether long term or short term) arising on transactions in securities will need to be adjusted /reduced (if such income is credited to Profit and Loss account and tax payable on such capital gains income under normal provisions is less than the MAT rate of 15%) from the book profits while computing MAT under section 115JB of the Act. Consequently, corresponding expenses shall also be excluded while computing MAT.

3.3 Specific Provisions Applicable to FPIs and FIIs:

3.3.1 As per Section 2(14) of the Act, transfer of any shares/securities by FPIs/FIIs being invested in accordance with the regulations made under the Securities and Exchange Board of India Act, 1992 shall be treated as Capital Assets.

3.3.2 As per the amended provisions of Section 115AD of the Act.

I. Income by way of short-term capital gains arising to an FPI/FII on transfer of shares shall be chargeable at a rate of 30% (plus applicable surcharge and cess) where such transactions are not subjected to STT and at the rate of 15% (plus applicable surcharge and cess) if such transaction of sale is entered on a recognised stock exchange in India and is chargeable to STT;

II. Income by way of long-term capital gains arising to a FPI/FII from transfer of long term capital asset referred to in Section 112A of the Act shall be liable to tax at the rate of 10% (plus applicable surcharge and cess) on such income exceeding Rs.1,00,000;

III. Income by way of long-term capital gains arising to a FPI/FII from the transfer of shares held in the Company (other than those taxable under section 112A of the Act) shall be taxable at the rate of 10% (plus applicable surcharge and cess). The benefits of foreign currency fluctuations and of indexation of cost as per first and second proviso to Section 48 of the Act are not available to FPIs/FIIs.

3.3.3 As per Section 196D(2) of the Act no tax is to be deducted from any income, by way of capital gains arising from the transfer of shares, payable to FIIs. Further, TDS on dividend shall be withheld at the rate of 20% under section 196D. There is provision under section 196D to apply the rates as per DTAA at the time of withholding tax on dividend income payable to FIIs.

3.4 Specific provisions applicable to non-resident shareholders being Non-Resident Indians ('NRIs'):

3.4.1 Besides the above benefits available to non-residents, NRIs have the option of being governed by the provisions of Chapter XII-A of the Act which, inter alia, entitles them to the following benefits in respect of income from shares of an Indian Company acquired, purchased or subscribed to in convertible foreign exchange:

I. Section 115E of the Act provides that NRIs will be taxed at 10% (plus applicable surcharge and cess) on long-term capital gains arising on sale of shares of the company which are acquired in convertible foreign exchange

II. Section 115F of the Act provides that, subject to the conditions and to the extent specified therein, long term capital gains arising to NRIs from transfer of shares of the company acquired out of convertible foreign exchange shall be exempt from capital gains tax if the net consideration is invested within 6 months of the date of transfer of the asset in any specified asset or in any saving certificates referred to in Section 10(4B) of the Act. In case the whole of the net consideration is not so invested, the exemption shall be allowed on a pro rata basis.

III. In accordance with the provisions of Section 115G of the Act, NRIs are not obliged to file a return of income under section 139(1) of the Act if their only source of income is income from investments or long term capital gains earned on transfer of such investments or both, provided tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Act.

IV. In accordance with the provisions of Section 115H of the Act when NRIs become assessable as resident in India, they may furnish a declaration in writing to the Assessing Officer along with their return of income for that year under section 139 of the Act to the effect that the provisions of Chapter XII-A shall continue to apply to them in relation to such investment income derived from the specified assets for that year and subsequent assessment years until such assets are transferred or converted into money.

V. As per the provisions of Section 115-I of the Act, NRIs may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing their return of income for that year under section 139 of the Act declaring therein that the provisions of Chapter XII-A shall not apply to them for that assessment year and accordingly, their total income for that assessment year will be computed in accordance with the other provisions of the Act.

3.5 Specific provisions applicable to Mutual Funds:

3.5.1 Section 10(23D) of the Act provides that any income earned by a Mutual Fund registered under the Securities and Exchange Board of India Act, 1992, or a Mutual Fund set up by a public sector bank or a public financial institution, or a Mutual Fund authorised by the Reserve Bank of India would be exempt from income-tax, subject to such conditions as the Central Government may by notification in the Official

Gazette specify in this behalf. As per Section 196 of the Act, no tax is to be deducted from any income payable to a Mutual Fund specified under section 10(23D) of the Act.

3.6 Specific provisions applicable to Venture Capital Companies/Funds:

3.6.1 Section 10(23FB) of the Act provides that any income of Venture Capital Company or Venture Capital Fund, to whom the certificate of registration is granted under SEBI (Venture Capital Funds) Regulations, 1996 before May 21, 2012 or has been granted a certificate of registration as Venture Capital Fund as a sub-category I Alternative Investment Fund and is regulated under SEBI (Alternative Investment Funds Regulations) 2012, under the SEBI Act, 1992, from a Venture Capital Undertaking would be exempt from income tax, subject to conditions specified therein. As per Section 115U of the Act any income derived by a person from his investment in Venture Capital Company/Venture Capital Fund would be taxable in the hands of the person making an investment in the same manner as if it were the income accruing or arising to or received by such person had the investments been made directly in Venture Capital Undertaking

3.7 Specific provisions applicable to Investment Funds:

3.7.1 Income of an Investment Fund, being a Trust, Company, Limited Liability Partnership or a body corporate which has been granted a certificate of registration and is regulated under SEBI (Alternative Investment Funds) Regulations, 2012 as Category I or Category II Alternate Investment Fund, other than the income chargeable under the head 'profits and gains of business and profession', shall be exempt from tax under section 10(23FBA) of the Act.

3.7.2 The income chargeable under the head 'profits and gains of business and profession' shall be taxed in the hands of the Investment Fund depending on the legal status (ie, a company, a limited liability partnership, body corporate or a Trust) of the Fund and at the rate or rates as specified in the Finance Act of the relevant year. However, income (other than income chargeable under the head "Profits and gains of business or profession) of the unit holder out of the investment made in such investment fund is chargeable to income-tax in the same manner as if it were income accruing or arising to, or received by, such unit holder had the investments, made by the Investment Fund, been made directly by him. Further, the income accruing or arising to or received by the Investment Fund if not paid or credited to a person (who has made investments in an Investment Fund) shall be deemed to have been credited to the account of the said person on the last day of the previous year in the same proportion in which such person would have been entitled to receive the income had it been paid in the previous year.

3.7.3 As regards income of an Investment Fund, being a Trust, Company, Limited Liability Partnership or a body corporate which has been granted a certificate of registration as Category III Alternate Investment Fund and is regulated under SEBI (Alternative Investment Funds) Regulations, 2012 will be taxed in India depending on the legal status of the Fund. In case the Fund is set-up as a 'Trust', the principles of trust taxation should apply.

4. SPECIAL TAX BENEFITS AVAILABLE TO THE SHAREHOLDERS UNDER THE ACT

No Special Tax benefits are available to the shareholders.

Note:

1. The above statement sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of shares.

2. The above statement covers only certain relevant direct tax law benefits and does not cover any indirect tax law benefits or benefit under any other law.

3. The above statement of possible tax benefits is as per the current direct tax laws relevant for AY 2023 - 2024. Several of these benefits are dependent on the company or its shareholder fulfilling the conditions prescribed under the relevant tax laws.

4. This Statement is prepared on the basis of information available with the management of the Bank and there is no assurance that:

I. the Bank or its shareholders will continue to obtain these benefits in future;

II. the conditions prescribed for availing the benefits have been/ would be met with; and

III. the revenue authorities/courts will concur with the view expressed herein. Our views expressed in this statement are based on the facts and assumptions as indicated in the statement. No assurance is given that the revenue authorities/courts will concur with the views expressed herein.

Our views are based on the existing provisions of the Act and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. Reliance on this statement is on the express understanding that we do not assume responsibility towards the investors who may or may not invest in the proposed issue relying on this statement. This statement has been prepared solely in connection with the Issue under the Regulations as amended.

LEGAL PROCEEDINGS

We are involved in various legal proceedings from time to time, including those which arise in the ordinary course of business. These legal proceedings are initiated by us and also by other parties. These legal proceedings are primarily in the nature of, amongst others, civil suits, criminal proceedings, tax disputes, and petitions pending before various statutory and regulatory authorities. This section discloses outstanding legal proceedings, which are considered material in accordance with the Bank's "Policy for Determination of Materiality of any Event/Information" framed in accordance with Regulation 30 of the SEBI Listing Regulations.

*Additionally, the Bank has, in accordance with the resolution passed by the Committee of Directors on March 12, 2024, solely for the purpose of this Issue, also disclosed in this section (i) all outstanding criminal litigation against the Bank, its Directors and its Subsidiary; (ii) all outstanding civil litigation involving the Bank, its Directors or its Subsidiary, which involve an amount equivalent to or above ₹ 361.69 million which is approximately 5% of the average of absolute value of profit or loss after tax as per the last three audited consolidated financial statements of the Bank ("**Materiality Threshold**"); (iii) all outstanding actions (including notices) by statutory or regulatory authorities (such as SEBI, RBI, Stock Exchanges or such similar authorities) involving the Bank, its Directors or its Subsidiary (iv) any other outstanding litigations, involving the Bank or its Subsidiary, where the monetary sum involved is not quantifiable or is below the Materiality Threshold and where an adverse outcome would, as determined by the Bank, materially and adversely affect the business, operations, prospects, reputation or financial position of the Bank; (v) all pending claims related to direct and indirect taxes involving the Bank, its Directors and its Subsidiary, on a consolidated basis in respect of each entity (disclosing total number of claims and amount involved); and (vi) outstanding litigation involving the Directors, an adverse outcome of which could materially and adversely affect the financial position, business, operations, prospects or reputation of the Bank on a consolidated basis.*

Further, other than as disclosed in this section, (i) there are no inquiries, inspections or investigations initiated or conducted under the Companies Act, 2013 or the Companies Act, 1956 in the last three years immediately preceding the year of circulation of this Placement Document involving the Bank or its Subsidiary nor are there any prosecutions filed (whether pending or not), fines imposed, compounding of offences in the last three years immediately preceding the year of this Placement Document involving the Bank or its Subsidiary; (iii) there are no defaults by the Bank in repayment of (a) statutory dues; (b) debentures and interest thereon; (c) deposits and interests thereon and (d) any loan obtained from any bank or financial institution and interest thereon, as of the date of this Placement Document; (iv) there are no material frauds (i.e., more than ₹ 10.00 million) committed against the Bank in the last three years; (v) there are no defaults in annual filing of the Bank under the Companies Act, 2013 and the rules made thereunder; (vi) there are no significant and material orders passed by the regulators, courts and tribunals impacting the going concern status of the Bank and its future operations; or (vii) there are no reservations, qualifications or adverse remarks of auditors in the last five Fiscal Years immediately preceding the year of circulation of this Placement Document.

It is clarified that for the purposes of the above, pre-litigation notices received by any of the Bank, its Subsidiary, or its Directors from third parties (excluding statutory/regulatory/governmental authorities or notices threatening criminal action) shall, not be considered as litigation proceedings till such time that any of the Bank, its Subsidiary or its Directors, are impleaded as parties in any such litigation proceedings before any court, tribunal or governmental authority, or is notified by any governmental, statutory or regulatory authority of any such proceeding that may be commenced.

Further, certain criminal cases have been filed by the Bank against various parties in relation to alleged violations arising in the ordinary course of our business operations, especially in relation to dishonour of cheques and recovery of loans, under, among others, the Indian Penal Code, 1860 and the Negotiable Instruments Act, 1881. These matters are currently pending at various stages of adjudication.

Capitalised terms used herein shall, unless otherwise specified, have the meanings ascribed to such terms in this section.

I. Litigation involving our Bank, its Directors and our Subsidiary

A. Criminal proceedings involving our Bank

Against our Bank

1. S.K. Basavaraj (the "**Complainant**"), running a book shop in the name of M/s Nandi Book House, raised a credit invoice amounting to approximately ₹ 0.09 million against a purchase made by Suman S. Hede ("**Accused 1**") and Basavaraj S. Hede ("**Accused 2**"). As a part payment against the impugned credit invoice, Accused 1 and Accused 2 issued two cheques, from Krishna Grameena Bank, Bidar Branch, Bidar ("**Accused 4**"), amounting to approximately ₹ 0.01 million and ₹ 0.02 million dated November 3, 2005 and November 8, 2005 respectively ("**Cheques**") in favour of the Complainant. Accused 4 and our Bank are bankers to Accused 1 and Accused 2. The Cheques were submitted with UTI Bank, the banker to the Complainant, which were sent to our Bank for collection of the said amount from Accused 4. On request for an encashment of the Cheques on April 27, 2006, the same were returned by UTI Bank with an endorsement issued by our Bank stating them to be 'outdated cheques'.

   Subsequently, the Complainant filed a criminal complaint dated July 11, 2006 against our Bank, amongst others, under Sections 420, 422 read with Section 34 of the Indian Penal Code, 1860 before the First Additional Senior Civil Judge and the Judicial Magistrate First Class cum Civil Court - 1, Davangere, on the grounds that the Cheques were presented for encashment within six months from their respective dates of issue and were therefore not outdated. The matter is currently pending.

2. Shivaji Pandurang Sawanth (the "**Complainant**"), amongst others, filed a criminal complaint against Pradip Dattatray Deshpande, Rau Lalu Pawar, the branch managers of our Satara branch and Ramkrishna Bhat, the recovery officer (collectively, the "**Accused**"), under Sections 420, 468, 469, 470 read with Section 34 of the Indian Penal Code, 1860 before the Satara Police Station. The Complainant alleged that false and fabricated documents had been created, including misusing of a cheque that had been issued by the Complainant for security, for the issue of a false loan for an amount of approximately ₹ 1.02 million by the Accused to a third party. The Accused filed a petition before the Bombay High Court to quash proceedings in this matter. The Accused claimed that the Complainant had availed a loan which stands outstanding. The petition to quash the aforesaid criminal complaint was, on January 10, 2024, dismissed for non-prosecution. The matter is currently pending.

3. A.L Sathyanarayana Gupta (the "**Complainant**") filed a criminal complaint dated October 18, 2013 against our Bank before the 4th Additional Chief Metropolitan Magistrate Court, Nrupatunga Road, Bengaluru City (the "**Complaint**") under Sections 381, 465, 468, 471, 420, 119, 120(B) read with Section 34 of the Indian Penal Code, 1960 alleging that our Bank had issued a cheque book in his name to unknown persons based on forged signatures. As per the Complaint, the said unknown persons withdrew an amount of approximately ₹ 3.98 million using the cheques issued by our Bank. Further, the Complainant alleged that our Bank and its officials who had knowledge about his savings bank account details were involved in this act and did not act with prudence while allowing the withdrawal of high value cheques from his account.

   Our Bank filed an application under Section 239 of the CrPC for discharge. However, the same was rejected by the Hon'ble VI Additional Chief Metropolitan Magistrate, *vide* its order dated March 3, 2018. Subsequently, a revision petition before the Court of Principal City Civil and Sessions Judge, Bengaluru was filed by our Bank under Section 397(1) of CrPC for setting aside the order dated March 3, 2018. The matter is currently pending.

4. R Usha Com Anjinappa (the "**Complainant**") through Prameelanna ("**Respondent 2**") had mortgaged certain gold jewellery, worth approximately ₹ 0.08 million ("**Mortgaged Ornaments**"), against a loan of approximately ₹ 0.03 million with our Bank ("**Respondent 1**", along with Respondent 2, the "**Respondents**") on October 12, 2012. After the payment of interest amount of approximately ₹ 0.01 million on June 24, 2015, the Complainant and the Respondent 2 were allegedly informed that the Mortgaged Ornaments had been auctioned by our Bank, pursuant to which, on June 3, 2016, the Complainant filed a criminal complaint against the Respondents with the Superintendent of Police, Kolar District (the "**Complaint**"). The Complainant alleged that the relevant rules and regulations in relation to the auction were not followed by our Bank. Subsequently, the Complainant filed a complaint under Section 200 of the CrPC with the Court of Principal Sessions Judge at Kolar against the Respondents under Sections 419, 420, 463, 465, 471 and 473 of the Indian Penal Code, 1860, which was dismissed on account of non-prosecution on October 14, 2016 ("**October 2016 Order**").

   Thereafter, the Complainant filed a revision petition before the Principal District and Sessions Judge, Kolar ("**Kolar District Court**") pleading for the dismissal of October 2016 Order. The Kolar District Court, *vide* its order dated April 16, 2018, set aside the October 2016 Order, allowing the Complainant to file, with cost. The matter is currently pending.

5. Santosh Sharma (the "**Complainant**") filed a criminal complaint dated May 11, 2017 ("**Complaint**"), before the Cyber Crime Investigation Cell, Kolkata alleging misuse and compromise of his income tax information, observing that an amount of ₹ 0.70 million was deposited in his account maintained with the Belapur branch of our Bank ("**Belapur Branch**"). Moreover, the Complainant alleged that he had never opened the impugned bank account and the same did not relate to his PAN. Our Bank received a notice of appearance and an investigation was conducted against Madhusudhan Grandhi, the then regional manager of the Belapur Branch (the "**Regional Manager**"), through the regional manager (Kolkata region) of our Bank, pursuant to which, the Regional Manager was arrested. The matter is currently pending.

6. K. Jayashree (the "**Complainant**") filed a first information report dated July 4, 2017, under Sections 406 and 34 of the Indian Penal Code, 1860, before the Kannur Police Station against the employees of the Kannur branch of our Bank (the "**Kannur Branch**"), alleging that the gold ornaments belonging to the Complainant kept in the locker maintained with the Kannur Branch were lost. The matter is currently pending for investigation.

7. Rekha Shivaram (the "**Complainant**") filed a criminal complaint against, amongst others, our Bank under Section 200 of the CrPC before the Court of the IV Additional Chief Metropolitan Magistrate at Bengaluru, alleging criminal breach of trust ("**Complaint**"). As per the Complaint, the Complainant had obtained a term loan from our Bank amounting to approximately ₹ 3.60 million for the construction of a residential house. The sanction of the impugned term loan by our Bank was on security of all original property documents. Subsequently, the term loan was taken over by the Kaveri Grameena Bank ("**Accused 2**"). At the time of sanctioning of the loan amount, it was agreed that the Accused 2 would collect the original documents from our Bank. However, upon such collection, our Bank allegedly handed over the original property documents except the original registered sale deed dated May 3, 1982 (the "**Sale Deed**"). On enquiry, our Bank allegedly informed the Complainant that the original deed was not found within its custody and that same was being searched for. Subsequently, the Accused 2 executed the registered memorandum of deposit of tittle deeds dated March 14, 2014 without obtaining the Sale Deed from our Bank.

As per the Complaint, our Bank issued a letter dated February 27, 2015 stating that the Complainant had not deposited the Sale Deed, pursuant to which the Complaint was filed by the Complainant. The Complainant further alleged that our Bank and Accused 2 had, in furtherance of common intention, conspired criminally with an intention to cheat and cause loss to the Complainant. Our Bank has filed an application before the High Court of Karnataka for quashing of the proceedings. The matter is currently pending.

8. Sunil Goud Patil (the "**Complainant**") registered a complaint against Murgesh Ullagadi, Vithal Vaddar, Ningaraj Emmenavar and Navomi (the "**Accused Individuals**") under Sections 506, 34, 392 and 175 of the Indian Penal Code, 1860, before the Vijayapur Police Station, Karnataka. The Complainant alleged that the Accused Individuals had extorted money and gold ornaments from him by illegal means, including by way of threatening his life. Pursuant to the aforesaid complaint, the police authorities filed a chargesheet before the Hon'ble Additional Civil Judge (Senior Division) and Chief Judicial Magistrate, Vijayapur District under Section 173 of the CrPC (the "**Chargesheet**"). In the said Chargesheet, the then branch manager of our Vijayapura branch, namely Basavaraj Desalli (the "**Vijayapura Branch Manager**"), was, amongst others, added as an accused, in terms of Section 175 of the Indian Penal Code, 1860, for failing to furnish CCTV footage of the off-site ATM of our Bank situated at Manoor Complex, Vijayapura, sought by the police authorities in relation to the offence allegedly committed by the Accused Individuals. The matter is currently pending.

9. B.N. Krishna Kumar (the "**Complainant**") filed a complaint at the Yelahanka New Town Police Station (the "**Yelahanka Police Station**") in relation to the missing of certain jewels from the locker maintained by him at the Bengaluru-Yelahanka New Town branch of our Bank ("**Yelahanka Branch**"). The Complainant alleged that on June 8, 2022, he had deposited certain gold ornaments in the locker maintained by him in the Yelahanka Branch, which, on November 10, 2022, were reported to be missing. Subsequently, the Complainant approached the Yelahanka Police Station and lodged a complaint against the officials at the Yelahanka Branch alleging their involvement in the missing of the aforesaid jewels. Subsequently, a charge sheet was filed against the employees of the Yelahanka Branch before the 30th

Additional CMM Court, Bengaluru. The matter is currently pending.

10. Thulasi (the "**Complainant**") filed a criminal complaint (the "**Complaint**") against the branch manager of our branch located in Vijayapura (the "**Vijayapura Branch**"). As per the Complaint, the Complainant had availed a gold loan on September 2, 2023 against security provided on gold ornaments (the "**Secured Assets**"). Thereafter, on November 17, 2023, the Complainant repaid the gold loan, and the Secured Assets were handed to the Complainant, pursuant to an acknowledgement from the Complainant in relation to receipt of the Secured Assets. The Complainant alleged that the Secured Assets returned by our Bank were spurious, leaving the Secured Assets at the Vijayapura Branch, pursuant to which the Complainant filed the Complaint. The matter is currently pending.

11. Sarvalingam and Gayathri (together, the "**Borrowers**") lodged a criminal complaint dated May 3, 2018 before the Central Crime Branch, Chennai (the "**Complaint**") against, amongst others, the then branch head of our Bank's Mogappair branch in Chennai ("**Mogappair Branch Head**") alleging that the acknowledgement of a debt dated April 23, 2013, was falsely created and the signature of Sarvalingam was forged in the said acknowledgement. The Borrower has alleged that, in order to initiate recovery proceedings, the Mogappair Branch Head, in collusion with others, forged documents, which was allegedly proven before the Debt Recovery Tribunal-I. The matter is currently pending at investigation stage.

By our Bank

Our Bank has initiated six proceedings in relation to dishonour of cheques under Section 138 of the Negotiable Instruments Act, 1881, as amended. The aggregate amount involved in these proceedings is approximately ₹ 4.76 million. These proceedings are pending at various stages of adjudication before various courts.

B. Material civil proceedings involving our Bank

Against our Bank

Nil

By our Bank

<u>Debt recovery proceedings</u>

As on date of this Placement Document, our Bank is involved in 1,732 debt recovery proceedings with an amount aggregating to approximately ₹ 62,826.10 million, of which 20 cases exceed the Materiality Threshold, aggregating to approximately ₹ 41,878.61 million, which are currently pending at various stages of adjudication before various debt recovery tribunals.

<u>Insolvency proceedings</u>

As part of our recovery proceedings, our Bank has initiated insolvency proceedings, with 40 insolvency proceedings, as on date of this Placement Document, aggregating to an amount of approximately ₹ 20,679.35 million, of which 18 cases exceed the Materiality Threshold aggregating to approximately ₹ 17,789.84 million which are currently pending before the National Company Law Tribunal.

C. Criminal proceedings against our Directors

Against our Directors

Nil

By our Directors

Nil

D. Material civil proceedings involving our Directors

Against our Directors

Nil

By our Directors

Nil

E. Criminal proceedings against our Subsidiary

Against our Subsidiary

Nil

By our Subsidiary

Nil

F. Material civil proceedings involving our Subsidiary

Against our Subsidiary

Nil

By our Subsidiary

Nil

G. Outstanding actions by statutory or regulatory authorities involving our Bank, our Directors and our Subsidiary

Involving our Bank

Our Bank received a show cause notice dated December 12, 2023 from the RBI ("**RBI Show Cause Notice**") as per Sections 35, 35A, 46 and 47A of the Banking Regulation Act pursuant to the inspection for supervisory evaluation of our Bank conducted by the RBI from August 1, 2022 to September 16, 2022 with reference to its financial position as on March 31, 2022, the risk assessment report with respect to such period and related correspondences.

As per the RBI Show Cause Notice, our Bank was alleged to have not complied with: (i) Section 28(h) of the Reserve Bank of India (Interest Rate on Deposits) Directions, 2016, when it opened savings deposit accounts in the name of 398 ineligible entities; and (ii) paragraph 4.2.4 (c) of the RBI Circular dated October 1, 2021 on 'Prudential Norms on Income Recognition, Asset Classification and Provisioning Pertaining to Advances', when it did not, *inter alia*, review/ renew 667 accounts within a period of three months from the due date and failed to do so even with a period of six months from the due date, and treat such accounts as NPAs where the review/renewal was not undertaken within 180 days from the due date.

Our Bank, *vide* a letter dated December 30, 2023 submitted its response to the RBI Show Cause Notice seeking condonation of the lapses delineated in the RBI Show Cause Notice ("**Bank December Response**"), pursuant to which the RBI, *vide* its email dated January 12, 2024 ("**RBI Email**"), sought certain additional details in relation to the Bank December Response. Our Bank, *vide* a letter dated January 16, 2024 ("**Bank January Response**"), responded to the RBI Email, furnishing the details sought and seeking an appointment for a personal hearing. The RBI is yet to respond to the Bank January Response.

Involving our Directors

Nil

Involving our Subsidiary

Nil

H. Tax proceedings involving our Bank, our Directors and our Subsidiary

Except as mentioned below, there are no pending claims related to direct and indirect taxes against our Bank, our Directors and our Subsidiary, as on the date of this Placement Document:

Nature of proceedings	Number of proceedings outstanding	Amount in dispute / demanded (₹ in million)*
Our Bank		
Direct Tax		
By our Bank	23	16,192.50
Against our Bank	19	5,063.69
Indirect Tax		
By our Bank	5	1,853.60
Against our Bank	1	45.90
Our Directors		
Direct Tax		
By our Directors	Nil	Nil
Against our Directors	Nil	Nil
Indirect Tax		
By our Directors	Nil	Nil
Against our Directors	Nil	Nil
Our Subsidiary		
Direct Tax		
By our Subsidiary	Nil	Nil
Against our Subsidiary	Nil	Nil
Indirect Tax		
By our Subsidiary	Nil	Nil
Against our Subsidiary	Nil	Nil

**To the extent quantifiable*

II. Litigation involving our Directors

There are no outstanding matters involving the Directors, an adverse outcome of which could materially and adversely affect the financial position, business, operations, prospects or reputation of the Bank on a consolidated basis.

III. Litigation involving the promoter

As on date of this Placement Document, our Bank does not have a promoter.

IV. Litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory authority against the promoter during the last three years

As on date of this Placement Document, our Bank does not have a promoter.

V. Inquiries, inspections, or investigations under the Companies Act initiated or conducted in the last three years

There have been no inquiries, inspections or investigations initiated or conducted against our Bank or our Subsidiary under the Companies Act or the Companies Act, 1956 in the last three years immediately preceding the year of issue of this Placement Document, nor have there been any prosecutions filed (whether pending or not), fines imposed, compounding of offences in the last three years immediately preceding the year of this Placement Document involving our Bank or our Subsidiary.

VI. Details of acts of material frauds committed against our Bank in the last three years, if any, and if so, the action taken by our Bank

In the last three years, the acts of frauds involving an amount of ₹ 10.00 million or more, against our Bank as reported to the RBI, are as follows:

Sr. No.	Fraud committed by	Amount involved *(in ₹ million)*	Nature of fraud	Action taken
1.	SREI Equipment Finance Limited	128.10	Misappropriation and criminal breach of trust – diversion of funds	The matter was reported to the RBI on April 1, 2022. Mandate was given to the lead bank. However, due to stay order from the High Court of Kolkata, a complaint was not filed.
		100.00	Others	
2.	Apoorva Agri & Dairy Farm	60.23	Misappropriation and criminal breach of trust – clandestinely selling of hypothecated security	The matter was reported to the RBI on May 9, 2022. A police complaint was before the Kunigal Police Station.
3.	Siri Gayathri Textiles (India) Private Limited	29.29	Misappropriation and criminal breach of trust – property related	The matter was reported to the RBI on June 17, 2022. A police complaint was filed by our Bank before the Central Crime Station, Hyderabad *vide* FIR No. 180/2022 dated September 3, 2022.
4.	Nutmen Fasteners	43.87	Cheating and forgery	The matter was reported to the RBI on June 17, 2022. A police complaint was filed by our Bank before the Bellandur Police Station and an FIR dated November 4, 2022 was registered at the Bellandur Police Station.
5.	Suyati Impex Private Limited	133.97	Misappropriation and criminal breach of trust – diversion of funds	The matter was reported to the RBI on July 14, 2022. A police complaint was filed by our Bank an FIR dated October 15, 2022 was registered at the Central Crime Station, Hyderabad.
6.	V N R Exports	208.30	Misappropriation and criminal breach of trust – diversion of funds	The matter was reported to the RBI on August 5, 2022. A police complaint was filed by our Bank on September 6, 2022 before the Economic Offences Wing, Mumbai.
7.	Muralidhara (staff)	63.71	Misappropriation and criminal breach of trust	The matter was reported to the RBI on August 23, 2022. A police complaint was filed by our Bank and an FIR dated February 28, 2022 was registered.
8.	Maharaja Constructions	21.90	Cheating and forgery	The matter was reported to the RBI on August 24, 2022. Our Bank has filed a criminal complaint before the Tanuk Police Station, *via* registered post on October 11, 2022. The CID department has sought some documents.
9.	Divine Jewellers Private Limited	73.41	Misappropriation and criminal breach of trust – diversion of fund	The matter was reported to the RBI on September 1, 2022. A police complaint was filed by our Bank.
		47.50	Misappropriation and criminal breach of trust –	The matter was reported to the RBI on September 2, 2022.

Sr. No.	Fraud committed by	Amount involved *(in ₹ million)*	Nature of fraud	Action taken
			diversion of fund	Our Bank has lodged a private complaint.
10.	Ganesh Bio Fuels (R)	66.21	Misappropriation and cheating	The matter was reported to the RBI on September 2, 2022. A police complaint was filed by our Bank and an FIR dated December 7, 2022 was registered at the Nelamangala police station.
11.	S P Coal Resources Private Limited	201.40	Misappropriation and cheating	The matter was reported to the RBI on September 17, 2022. A police complaint was filed by our Bank before Cyber Crime Branch, Chennai and same was acknowledged at the Cyber Crime Branch, Chennai on October 12, 2022.
12.	Rudhra Marine Foods	52.93	Misappropriation and cheating	The matter was reported to the RBI on September 19, 2022. A police complaint was filed by the Bank before the Central Crime Station, Hyderabad and an FIR was registered on April 1, 2023.
13.	IRICH Private Limited	52.00	Misappropriation and cheating	The matter was reported to the RBI on September 19, 2022. Our Bank has filed a private complaint on April 10, 2023 before the Court of 4th ACMM, Bengaluru.
14.	Rama Arts and Exports	135.60	Misappropriation and criminal breach of trust – diversion of funds	The matter was reported to the RBI on September 20, 2022. A private complaint was filed before the Court of Judicial Magistrate North 1, Udaipur on October 17, 2023.
15.	Stoneage Resources	63.75	Misappropriation and criminal breach of trust – diversion of funds	The matter was reported to the RBI on September 20, 2022. A private complaint was filed on October 17, 2023 under Section 156(3) of CrPC.
16.	Saroja	15.13	Cheating and forgery	The matter was reported to the RBI on September 21, 2022. A police complaint was filed before the Ramamurthynagar Police Station and an FIR registered on December 21, 2022.
17.	Kamal Enterprises	18.07	Misappropriation and criminal breach of trust	The matter was reported to the RBI on January 16, 2023. A complaint filed at the Palam Police Station, New Delhi on February 2, 2023.
18.	Sukum Crafts Limited	12.18	Misappropriation and criminal breach of trust	The matter was reported to the RBI on February 20, 2023. A complaint was lodged on March 9, 2023 at the Mayapur Police Station.
19.	Ayush Assets and Infrastructure	29.90	Cheating and forgery	The matter was reported to the RBI on March 3, 2023. A police complaint was filed at the Gotri Police Station, Vadodara on April 10, 2023.

Sr. No.	Fraud committed by	Amount involved *(in ₹ million)*	Nature of fraud	Action taken
20.	Manish Rajeshbhai Pandit	11.06	Cheating and forgery	The matter was reported to the RBI on March 3, 2023. A police complaint was filed at the Gotri Police Station, Vadodara on April 10, 2023.
21.	Manoranjan Kumar Pandey and Anita Pandey	35.09	Cheating and forgery	The matter was reported to the RBI on March 4, 2023. A police complaint was filed before the Thana Ganj Police Station, Raipur on July 21, 2023.
22.	Expovan	449.15	Misappropriation and criminal breach of trust – diversion of fund	The matter was reported to the RBI on June 17, 2023. However, due to a stay order from the High Court of Madras, the complaint was not filed.
23.	Shivam Steel	36.07	Misappropriation and criminal breach of trust – property related	The matter was reported to the RBI on July 1, 2023. A complaint was filed in the police station, but a case has not been registered,
24.	Infinity Research and Development	90.55	Misappropriation and criminal breach of trust	The matter was reported to the RBI on July 1, 2023. A police complaint filed on November 23, 2023 at the Panoli Police Station, Gujarat.
25.	Lakshmi Poultry	70.35	Cheating and forgery	The matter was reported to the RBI on August 2, 2023. A police complaint was filed before the Khammam Town Police Station II.
26.	S D & Company	53.69	Misappropriation and criminal breach of trust – property related	The matter was reported to the RBI on August 24, 2023. A police complaint was filed by our Bank before the Bidhanagar (E) Police Station and an FIR dated October 4, 2023 was registered.
27.	Basava Traders	16.14	Misappropriation and criminal breach of trust – diversion of fund	The matter was reported to the RBI on September 25, 2023 Our Bank is in the process of filing of a private complaint.
28.	Radhakrishna Farms	20.42	Cheating and forgery	The matter was reported to the RBI on October 18, 2023. A police complaint was filed by our Bank before the Khammam II Police Station *via* registered post.
29.	Aarnaa Synergies Private Limited	29.92	Misappropriation and criminal breach of trust – diversion of fund	The matter was reported to the RBI on November 6, 2023, and the account was closed. The complaint has been filed before the police authorities.
30.	GG Jewellery	32.44	Misappropriation and criminal breach of trust – diversion of fund	The matter was reported to the RBI on December 7, 2023. A police complaint was filed on December 12, 2023 with the CCB, Coimbatore.
31.	Kanha Steel	67.68	Misappropriation and criminal breach of trust – diversion of fund	The matter was reported to the RBI on December 22, 2023. Our Bank is in the process of filing of a complaint.

Sr. No.	Fraud committed by	Amount involved *(in ₹ million)*	Nature of fraud	Action taken
32.	Shubham Sales	30.92	Misappropriation and criminal breach of trust – diversion of fund	The matter was reported to the RBI on December 26, 2023. Our Bank is in the process of filing of a complaint.
33.	Jaipur Jewels Global Limited	507.10	Misappropriation and criminal breach of trust – diversion of fund	The matter was reported to the RBI on January 4, 2024. Our Bank is in the process of filing of a complaint.
34.	Reliance Commercial Finance Limited	1,384.10	Misappropriation and criminal breach of trust – diversion of fund	The matter was reported to the RBI on June 7, 2021. The mandate to file a police complaint was given to the lead bank, i.e., Bank of Baroda on June 9, 2021.
35.	Reliance Home Finance Limited	219.40	Misappropriation and criminal breach of trust – diversion of fund	The matter was reported to the RBI on June 7, 2021. The mandate to file a police complaint was given to the lead bank, i.e., Bank of Baroda on June 9, 2021.
36.	Surya Cottons	25.73	Cheating and forgery	The matter was reported to the RBI on November 11, 2021. Our Bank filed a complaint before the Lalapet Police station, Guntur and an FIR was registered on February 23, 2022.
37.	Girish S	19.20	Defective title deed / imperfect mortgage	The matter was reported to the RBI on January 6, 2022. Our Bank has filed a complaint before the Marthahalli Sub – Div., Bengaluru City Police Station and an FIR was registered on March 18, 2022.
38.	Nine Projects	36.90	Cheating and forgery	The matter was reported to the RBI on March 7, 2022. Our Bank has filed a criminal complaint before the Central Crime Station, Hyderabad and an FIR was registered on May 7, 2022.
39.	Fedders Electric and Engineering Limited	413.01	Misappropriation and criminal breach of trust – diversion of fund	The matter was reported to the RBI on June 2, 2020. An FIR was filed with the AC-V, CBI Delhi on July 14, 2020.
40.	Delhi Control Devices Private Limited	1,349.18	Misappropriation and criminal breach of trust – diversion of fund	The matter was reported to the RBI on August 5, 2020. An FIR was filed with BSFB Delhi, CBI on December 13, 2022.
41.	Clarion Projects Private Limited	154.90	Misappropriation and criminal breach of trust – diversion of fund	The matter was reported to the RBI on September 11, 2020. An FIR was filed with Hazrat Ganj Police Station, Lucknow on October 20, 2023.
42.	Sintex Industries Limited	1,079.92	Misappropriation and criminal breach of trust – diversion of fund	The matter was reported to the RBI on October 5, 2020. A police complaint could not be filed due to stay order from the Delhi High Court.
43.	Brahm Alloys Limited	339.92	Misappropriation and criminal breach of trust – diversion of fund	The matter was reported to the RBI on December 4, 2020. A complaint was filed with the

Sr. No.	Fraud committed by	Amount involved *(in ₹ million)*	Nature of fraud	Action taken
				BSFB, CBI Delhi on March 18, 2021.
44.	Infrastructure Leasing and Financial Services Limited	828.12	Misappropriation and criminal breach of trust – diversion of fund	The matter was reported to the RBI on February 3, 2021. An FIR was filed with the AC/IV, CBI Bhopal on May 30, 2023.
45.	IL and FS Transportation Networks Limited	341.63	Misappropriation and criminal breach of trust – diversion of fund	The matter was reported to the RBI on February 10, 2021. An FIR was filed with the AC/IV, CBI Bhopal May 30, 2023.
46.	IL and FS Energy Development Company Limited	555.80	Misappropriation and criminal breach of trust – diversion of fund	The matter was reported to the RBI on February 10, 2021. A Complaint filed with the Economic Offences Wing, Delhi on June 19, 2021.

VII. Details of default, if any, including therein the amount involved, duration of default and present status, in repayment of statutory dues; debentures and interests thereon; deposits and interest thereon; and loan from any bank or financial institution and interest thereon

Except as disclosed below, as on the date of this Placement Document, our Bank has no outstanding defaults in repayment of statutory dues, dues payable to holders of any debentures and interest thereon, deposits and interest thereon and loans and interest thereon from any bank or financial institution:

Sr. No.	Nature of default	Amount involved (in ₹ million)	Duration of default (in days)	Current status
1.	GSTR 3B (March 2022; FY 2021-22)	0.10	1	Returns were filed on April 21, 2022 as against due date of April 20, 2022.

VIII. Details of defaults in annual filing of our Bank under the Companies Act, 2013 and the rules made thereunder

As on the date of this Placement Document, our Bank has not made any default in annual filings of our Bank under the Companies Act, 2013 and the rules made thereunder.

IX. Details of significant and material orders passed by the regulators, courts and tribunals impacting the going concern status of our Bank and its future operations

There are no significant and material orders passed by the regulators, courts and tribunals impacting the going concern status of our Bank and its future operations.

X. Reservations, qualifications or adverse remarks of auditors in the last five Fiscals immediately preceding the year of issue of this Placement Document and their impact on the financial statements and financial position of our Bank and the corrective steps taken and proposed to be taken by our Bank for each of the said reservations or qualifications or adverse remarks

There are no reservations, qualifications or adverse remarks of our Statutory Auditors in their respective reports on our audited consolidated and standalone financial statements for the last five Fiscals preceding the date of this Placement Document.

OUR JOINT STATUTORY AUDITORS

In terms of the RBI guidelines, our Bank is required to appoint a minimum of two statutory auditors. Our Bank has appointed Sundaram & Srinivasan, Chartered Accountants, Kalyaniwalla & Mistry LLP, Chartered Accountants and Ravi Rajan & Co LLP, Chartered Accountants on August 29, 2023, as its joint statutory auditors (collectively, the "**Joint Statutory Auditors**"), in accordance with the Companies Act, 2013, the Banking Regulation Act, 1949 and the guidelines prescribed by the RBI.

Prior to the appointment of the Joint Statutory Auditors, Sundaram & Srinivasan, Chartered Accountants and Kalyaniwalla & Mistry LLP, Chartered Accountants were our joint statutory auditors.

GENERAL INFORMATION

- Our Bank was incorporated on February 18, 1924. In the past, Sringeri Sri Sharada Bank Limited, Chitaldurg Bank Limited and Bank of Karnataka Limited have merged with our Bank. Our Bank is classified as an 'A' Class Scheduled Commercial Bank, in India.

- As on the date of this Placement Document, our Bank's authorised share capital is ₹ 6,000,000,000 divided into 600,000,000 Equity Shares of ₹ 10 each. The Registered Office of our Bank is located at P.B. No. 599, Mahaveera Circle, Kankanady, Mangalore – 575 002, Karnataka, India.

- The CIN of our Bank is L85110KA1924PLC001128.

- The Issue was approved by the Board of Directors on January 27, 2024. Subsequently, our Shareholders through a special resolution passed on February 27, 2024 approved the Issue.

- The Equity Shares are listed on the BSE and NSE since July 27, 2005 and May 10, 2000, respectively.

- Our Bank has received in-principle approvals under Regulation 28(1) of the SEBI Listing Regulations to list the Equity Shares to be issued pursuant to the Issue on BSE and NSE, on March 15, 2024 and March 14, 2024, respectively. We shall apply to the Stock Exchanges for the final listing and trading approvals.

- Copies of our Memorandum of Association and Articles of Association will be available for inspection between 10:00 am to 5:00 pm on any weekday (except public holidays) at our Registered Office.

- Except as disclosed in this Placement Document, our Bank has obtained all material consents, approvals and authorisations required in connection with the Issue.

- No change in control in our Bank will occur consequent to the Issue.

- Except as disclosed in this Placement Document, there has been no material change in the financial or trading position of our Bank since December 31, 2023, the date of the latest audited financial statements included in this Placement Document, except as disclosed herein.

- Except as disclosed in this Placement Document, there are no material litigation or arbitration proceedings pending against or affecting us, or our assets or revenues, nor are we aware of any pending or threatened litigation or arbitration proceedings, which may have a material adverse effect on the Issue.

- Our Bank confirms that it is compliant with the requirement of minimum public shareholding prescribed under the SEBI Listing Regulations and as per Rule 19A of the SCRR.

- The Floor Price is ₹ 231.43 per Equity Share, calculated in accordance with the provisions of Chapter VI of the SEBI ICDR Regulations. Our Bank has offered a discount of 1.91% on the Floor Price in accordance with the approval of the Shareholders accorded through a special resolution passed on February 27, 2024 and in terms of Regulation 176(1) of the SEBI ICDR Regulations.

- Sham Kanathila is the Company Secretary and Compliance Officer of our Bank in terms of SEBI Listing Regulations. His details are as follows:

  Sham Kanathila
  P.B. No. 599, Mahaveera Circle, Kankanady
  Mangalore – 575 002
  Karnataka, India
  Tel: +91 0824 2228182
  E-mail: comsec@ktkbank.com

- Our Bank and the BRLMs accept no responsibility for statements made otherwise than in this Placement Document and anyone placing reliance on any other source of information, including our website, www.karnatakabank.com, would be doing it at his, her or its own risk.

FINANCIAL INFORMATION

PROPOSED ALLOTTEES IN THE ISSUE

In compliance with the requirements of Chapter VI of the SEBI ICDR Regulations, Allotment shall be made by our Bank, in consultation with the Book Running Lead Managers, to Eligible QIBs only, on a discretionary basis.

The names of the proposed Allottees and the percentage of post-Issue share capital that may be held by them is set forth below.

Sr. No.	Name of the proposed Allottees	Percentage of the post-Issue share capital held (%)^
1.	HSBC MIDCAP FUND	1.07
2.	HSBC FLEXI CAP FUND	0.50
3.	HSBC AGGRESSIVE HYBRID FUND	0.41
4.	HSBC GLOBAL INVESTMENT FUNDS - ASIA EX JAPAN EQUITY SMALLER COMPANIES	0.39
5.	HSBC ELSS TAX SAVER FUND	0.37
6.	HSBC MULTI ASSET ALLOCATION FUND	0.31
7.	FRANKLIN INDIA SMALLER COMPANIES FUND	0.88
8.	SBI LIFE INSURANCE COMPANY LIMITED	0.88
9.	BANDHAN SMALL CAP FUND	0.67
10.	MAX LIFE INSURANCE COMPANY LIMITED A/C ULIF01311/02/08LIFEHIGHGR104 - HIGH GROWTH FUND	0.57
11.	MAX LIFE INSURANCE COMPANY LIMITED A/C ULIF00525/11/05PENSGROWTH104 - PENSION GROWTH FUND	0.02
12.	GOLDMAN SACHS INVESTMENTS (MAURITIUS) I LIMITED	0.29
13.	GOLDMAN SACHS (SINGAPORE) PTE – ODI	0.28
14.	MORGAN STANLEY ASIA SINGAPORE PTE (ODI)	0.35
15.	MORGAN STANLEY ASIA (SINGAPORE) PTE	0.19
16.	SOCIETE GENERALE- ODI	0.34
17.	BNP PARIBAS FINANCIAL MARKETS	0.29
18.	EDELWEISS TOKIO LIFE INSURANCE CO LTD - EQUITY TOP 250 FUND	0.13
19.	EDELWEISS TOKIO LIFE INSURANCE CO LTD - EQUITY MIDCAP FUND SFIN: ULIF001107/10/16ETLIMIDCAP-14	0.11
20.	EDELWEISS TOKIO LIFE INSURANCE CO LTD - PENSION PAR FUND	0.02
21.	MIRAE ASSET BANKING AND FINANCIAL SERVICES FUND	0.23
22.	CITIGROUP GLOBAL MARKETS MAURITIUS PRIVATE LIMITED	0.19
23.	NOMURA SINGAPORE LIMITED	0.10
24.	VIKASA INDIA EIF I FUND - INCUBE GLOBAL OPPORTUNITIES	0.07
25.	VIKASA INDIA EIF I FUND-SHARE CLASS P	0.02

^ *Based on beneficiary position as on March 22, 2024.*
Note: Subject to Allotment in this Issue

DECLARATION

Our Bank certifies that all relevant provisions of Chapter VI read with Schedule VII of the SEBI ICDR Regulations have been complied with and no statement made in this Placement Document is contrary to the provisions of Chapter VI and Schedule VII of the SEBI ICDR Regulations and that all material approvals and permissions required to carry on our Bank's business have been obtained, are currently valid and have been complied with. Our Bank further certifies that all the statements in this Placement Document are true and correct.

Signed on behalf of the Board of Directors:

____

Authorized Signatory

Name: **Srikrishnan Hari Hara Sarma**
Designation: **Managing Director and Chief Executive Officer**
DIN: 00318563

Date: March 27, 2024

Place: Bengaluru

DECLARATION

We, the Board of Directors of the Bank, certify that:

(i) the Bank has complied with the provisions of the Companies Act, 2013 and the rules made thereunder;
(ii) the compliance with the Companies Act, 2013 and the rules thereunder does not imply that payment of dividend or interest or repayment of preference shares or debentures, if applicable, is guaranteed by the Central Government; and
(iii) the monies received under the offer shall be used only for the purposes and objects indicated in the Placement Document (which includes disclosures prescribed under Form PAS-4).

SIGNED OF BEHALF OF THE BOARD OF DIRECTORS

Signed by:

____
Authorized Signatory

Name: **Srikrishnan Hari Hara Sarma**
Designation: **Managing Director and Chief Executive Officer**
DIN: 00318563

Date: March 27, 2024

Place: Bengaluru

I am authorized by the Committee of Directors, a committee of the Board of Directors of the Bank, *vide* resolution dated March 27, 2024 to sign this form and declare that all the requirements of the applicable law, including the Companies Act, 2013 and the rules made thereunder in respect of the subject matter of this form and matters incidental thereto have been complied with. Whatever is stated in this form and in the attachments thereto is true, correct and complete and no information material to the subject matter of this form has been suppressed or concealed and is as per the original records maintained by the promoters subscribing to the Memorandum of Association and the Articles of Association.

It is further declared and verified that all the required attachments have been completely, correctly and legibly attached to this form.

Signed by:

____
Authorized Signatory

Name: **Srikrishnan Hari Hara Sarma**
Designation: **Managing Director and Chief Executive Officer**
DIN: 00318563
Date: March 27, 2024
Place: Bengaluru

THE KARNATAKA BANK LIMITED

Registered Office
P.B. No. 599, Mahaveera Circle, Kankanady
Mangalore – 575 002, Karnataka, India
Tel: +91 0824 2228182 / +91 98191 53962
Email: comsec@ktkbank.com
Website: www.karnatakabank.com
CIN: L85110KA1924PLC001128

Compliance Officer
Sham Kanathila, Company Secretary and Compliance Officer
Tel: +91 +91 0824 2228182
E-mail: comsec@ktkbank.com
Address: P.B. No. 599, Mahaveera Circle, Kankanady
Mangalore – 575 002
Karnataka, India

BOOK RUNNING LEAD MANAGERS

Ambit Private Limited
Ambit House, 449, Senapati Bapat Marg, Lower Parel
Mumbai – 400 013
Maharashtra, India

Avendus Capital Private Limited
901, Platina, 9th Floor, Bandra Kurla Complex, Bandra (E)
Mumbai – 400 051
Maharashtra, India

ADVISOR TO OUR BANK

NovaaOne Capital Private Limited
Tower 2A, Floor 9, One World Centre
Lower Parel
Mumbai – 400 013
Maharashtra, India

JOINT STATUTORY AUDITORS OF OUR BANK

Sundaram & Srinivasan, Chartered Accountants
New No.4, Old No. 23
C. P. Ramaswamy Road, Alwarpet
Chennai – 600 018
Tamil Nadu, India

Kalyaniwalla & Mistry LLP, Chartered Accountants
Esplanade House, 29
Hazarimal Somani Marg, Fort
Mumbai – 400 001
Maharashtra, India

Ravi Rajan & Co LLP, Chartered Accountants
505A, Rectangle 1
District Centre, Saket
New Delhi – 110 017
Delhi, India

LEGAL COUNSEL TO OUR BANK

As to Indian law
J. Sagar Associates
2701, 27th Floor
One Lodha Place, Lower Parel
Mumbai – 400 013
Maharashtra, India

LEGAL COUNSELS TO THE BOOK RUNNING LEAD MANAGERS

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Trilegal
One World Centre
10th Floor, Tower 2A & 2B
Senapati Bapat Marg, Lower Parel (West)
Mumbai – 400 013
Maharashtra, India

Special Counsel as to International Law
Duane Morris & Selvam LLP
16 Collyer Quay, #17-00
Singapore 049318

APPLICATION FORM

The Karnataka Bank Limited	APPLICATION FORM
*The Karnataka Bank Limited (the "**Bank**", "**KBL**" or "**Issuer**") was incorporated on February 18, 1924. In the past, Sringeri Sri Sharada Bank Limited, Chitaldurg Bank Limited and Bank of Karnataka Limited have merged with our Bank. Our Bank is classified as an 'A' Class Scheduled Commercial Bank, in India.* **Registered Office**: P.B. No. 599, Mahaveera Circle, Kankanady, Mangalore – 575 002, Karnataka, India **CIN**: L85110KA1924PLC001128 **Website**: www.karnatakabank.com **Tel**: +91 +91 0824 2228182/ +91 9819153962 **Email**: investor.grievance@ktkbank.com LEI: 335800G1GTTVASBXVW10 ISIN: INE614B01018	**Name of the Bidder** ______________ **Form. No.**______________________ **Date:** ______________

QUALIFIED INSTITUTIONS PLACEMENT OF UP TO [●] EQUITY SHARES OF FACE VALUE ₹ 10 EACH (THE "EQUITY SHARES") FOR CASH, AT A PRICE OF ₹ [●] PER EQUITY SHARE (THE "ISSUE PRICE"), INCLUDING A PREMIUM OF ₹ [●] PER EQUITY SHARE, AGGREGATING UP TO ₹ [●] MILLION UNDER CHAPTER VI OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED (THE "SEBI ICDR REGULATIONS") AND SECTION 42 OF THE COMPANIES ACT, 2013, AS AMENDED (THE "COMPANIES ACT"), READ WITH RULE 14 OF THE COMPANIES (PROSPECTUS AND ALLOTMENT OF SECURITIES) RULES, 2014, AS AMENDED (THE "PAS RULES") AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013 AND RULES FRAMED THEREUNDER, EACH AS AMENDED BY THE BANK AND SUCH ISSUE, (THE "ISSUE"). THE APPLICABLE FLOOR PRICE OF THE EQUITY SHARES IS ₹ 231.43 PER EQUITY SHARE AND OUR BANK MAY OFFER A DISCOUNT OF UP TO 5% ON THE FLOOR PRICE IN TERMS OF REGULATION 176(1) OF THE SEBI ICDR REGULATIONS, AS APPROVED BY ITS SHAREHOLDERS.

Only Qualified Institutional Buyers ("QIBs") as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations and which (i) are not, (a) excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations; (b) restricted from participating in the Issue under the SEBI ICDR Regulations and other applicable laws; (c) hold a valid and existing registration under the applicable laws in India (as applicable); and (d) are eligible to invest in the Issue and submit this Application Form, and (ii) are residents in India participating through Schedule II of the Foreign Exchange Management (Non-Debt Instruments) Rules, 2019 ("FEMA Rules"), defined hereinafter or a multilateral or bilateral development financial institution eligible to invest in India under applicable law including the FEMA Rules; can submit this Application Form. However, foreign venture capital investors (as defined under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000 are not permitted to participate in the Issue. The Equity Shares offered in the Issue have not been and will not be registered under the United States Securities Act of 1933, as amended ("U.S. Securities Act"), or the securities laws of any state of the United States and may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any applicable state securities laws. The Equity Shares offered in the Issue are being offered and sold only outside the United States in "offshore transactions", as defined in and in reliance on Regulation S under the U.S. Securities Act ("Regulation S") and in accordance with the applicable laws of the jurisdictions where such offers and sales are made. You should note and observe the selling and transfer restrictions contained in the sections entitled "*Selling Restrictions*" and "*Transfer Restrictions and Purchaser Representations*" in the accompanying preliminary placement document dated March 21, 2024 (the "PPD").

ELIGIBLE FPIs ARE PERMITTED TO PARTICIPATE UNDER SCHEDULE II OF THE FOREIGN EXCHANGE MANAGEMENT (NON-DEBT INSTRUMENTS) RULES, 2019 ("FEMA RULES") IN THIS ISSUE, THROUGH THE PORTFOLIO INVESTMENT SCHEME UNDER SCHEDULE II OF THE FEMA RULES, SUBJECT TO COMPLIANCE WITH ALL APPLICABLE LAWS AND SUCH THAT THE SHAREHOLDING OF ELIGIBLE FPIs DO NOT EXCEED SPECIFIED LIMITS AS PRESCRIBED UNDER APPLICABLE LAWS IN THIS REGARD. PURSUANT TO PRESS NOTE NO. 3 (2020 SERIES), DATED APRIL 17, 2020, ISSUED BY THE DEPARTMENT FOR PROMOTION OF INDUSTRY AND INTERNAL TRADE, GOVERNMENT OF INDIA, AND RULE 6 OF THE FEMA RULES, INVESTMENTS BY AN ENTITY OF A COUNTRY WHICH SHARES LAND BORDER WITH INDIA OR WHERE THE BENEFICIAL OWNER OF SUCH INVESTMENT IS SITUATED IN OR IS A CITIZEN OF SUCH COUNTRY, MAY ONLY BE MADE THROUGH THE GOVERNMENT APPROVAL ROUTE. ALLOTMENTS MADE TO AIFs AND VCFs IN THE ISSUE SHALL REMAIN SUBJECT TO THE RULES AND REGULATIONS APPLICABLE TO EACH OF THEM RESPECTIVELY, INCLUDING THE FEMA RULES. OTHER ELIGIBLE NON-RESIDENT QIBs SHALL PARTICIPATE IN THE ISSUE UNDER SCHEDULE I OF FEMA RULES. FVCIs ARE NOT PERMITTED TO PARTICIPATE IN THE ISSUE.

To,
The Board of Directors
The Karnataka Bank Limited
P.B. No. 599, Mahaveera Circle, Kankanady
Mangalore – 575 002
Karnataka, India
Dear Sirs,

On the basis of the serially numbered PPD of the Bank, and subject to the terms and conditions mentioned in the PPD and in this Application Form, we hereby submit our Bid for the Allotment of the Equity Shares at the terms and price indicated below. We confirm that we are an Eligible QIB as defined in Regulation 2(1)(ss) of the SEBI ICDR Regulations which (i.) is not, (a) excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations; and (b) restricted from participating in the Issue under the SEBI ICDR Regulations and other applicable laws, and (ii) is a resident in India or is an eligible FPI participating through Schedule II of the FEMA Rules. We are not a promoter (as defined in SEBI ICDR Regulations) of the Bank. Further, we confirm that we do not have veto rights or right to appoint any nominee director on the board of the Bank. In addition, we

STATUS (Insert 'X' for applicable category)			
FI	Scheduled Commercial Banks and Financial Institutions	**IC**	Insurance Companies
MF	Mutual Funds	**VCF**	Venture Capital Funds
NIF	National Investment Fund	**FPI**	Eligible Foreign Portfolio Investor**
IF	Insurance Funds	**AIF**	Alternative Investment Fund*
SI-NBFC	Systemically Important Non-Banking Financial Companies	**OTH**	Others ______________ (Please specify)

confirm that we are eligible to invest in the Equity Shares under the SEBI ICDR Regulations and other applicable laws. We confirm that we are neither an AIF or VCF whose sponsor and manager is not Indian owned and controlled in terms of the FEMA Rules. We confirm that we are not an FVCI. We specifically confirm that our Bid for the Allotment of the Equity Shares is not in violation to the amendment made to Rule 6(a) of the FEMA Rules by the Central Government on April 22, 2020.	*Total shares currently held by QIB or QIBs belonging to the same group or those who are under common control. For details of what constitutes "same group" or "common control", see "Application Form" under Issue Procedure section of the Preliminary Placement Document* ** Sponsor and Manager should be Indian owned and controlled* ***Foreign portfolio investors as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, as amended, excluding individuals, corporate bodies and family offices who are not allowed to participate in the Issue.*

We confirm that the application size / aggregate number of the Equity Shares applied for by us, and which may be Allocated to us thereon will not exceed the relevant regulatory or approved limits applicable to us and further confirm that our Bid does not result in triggering an open offer under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended (the "**SEBI Takeover Regulations**"). We further understand and agree that (i) our names, address, contact details, PAN and bank account details will be recorded by the Bank in the format prescribed in terms of the PAS Rules; (ii) in the event that any Equity Shares are Allocated to us in the Issue, our names (as proposed Allottees) and the percentage of our post-Issue shareholding in the Bank will be disclosed in the Placement Document pursuant to the requirements under Form PAS-4 of the PAS Rules; and (iii) in the event that Equity Shares are Allotted to us in the Issue, the Bank will place our name in the register of members of the Bank as a holder of such Equity Shares that may be Allotted to us and in the Form PAS-3 filed by the Bank with the Registrar of Companies, Karnataka at Bangalore (the "**RoC**") as required in terms of the PAS Rules. Further, we are aware and agree that if we are Allotted more than 5% of the Equity Shares in the Issue, the Bank will disclose our name and the number of Equity Shares Allotted to us on the websites of the National Stock Exchange of India Limited and BSE Limited (together referred to as the "**Stock Exchanges**"), and we consent to such disclosure. We are aware that, in accordance with Section 12B of the Banking Regulation Act, 1949 and the Master Direction – Reserve Bank of India (Acquisition and Holding of Shares or Voting Rights in Banking Companies) Directions, 2023 issued by the RBI on January 16, 2023 read together with the Guidelines on Acquisition and Holding of Shares or Voting Rights in Banking Companies issued by the Reserve Bank of India on January 16, 2023, no person (along with his relatives, associate enterprises or persons acting in concert with) can acquire or hold 5% or more of the total paid-up share capital of our Bank, or be entitled to exercise 5% or more of the total voting rights of our Bank, without prior approval of the RBI. Accordingly, a Bidder's aggregate holding in the paid-up share capital of our Bank, whether beneficial or otherwise: after subscription to the Equity Shares in the Issue by such Bidder, his or her relatives, associate enterprises or persons acting in concert with such Bidder, aggregated with any pre-Issue shareholding in the Bank of such Bidder, his or her relatives, associate enterprises or persons acting in concert; or after subscription to the Equity Shares in the Issue aggregated with any pre-Issue shareholding in our Bank of such Bidder, his or her relatives, associate enterprises or persons acting in concert; shall not amount to 5% or more of the total paid-up share capital of our Bank or would not entitle such Bidder to exercise 5% or more of the total voting rights of our Bank, except with the prior approval of the RBI. Accordingly, we hereby represent that our (direct or indirect) aggregate holding in the paid-up share capital of the Issuer, whether beneficial or otherwise: (i) after subscription to the Equity Shares in the Issue by us, our relatives, our associate enterprises or persons acting in concert with us, aggregated with any pre-Issue shareholding in the Bank of us, our relatives, our associate enterprises or persons acting in concert; or (ii) after subscription to the Equity Shares in the Issue by us aggregated with any pre-Issue shareholding in the Bank of us, our relatives, our associate enterprises or persons acting in concert with us shall not amount to 5% or more of the total paid-up share capital of the Bank or would not entitle us to exercise 5% or more of the total voting rights of the Bank, except with the prior approval of the RBI. In addition, we confirm that we are eligible to invest in Equity Shares under the SEBI ICDR Regulations and other applicable laws.

We confirm, that we have a valid and existing registration under applicable laws and regulations of India, and undertake to acquire, hold, manage or dispose of any Equity Shares that are Allotted to us in accordance with Chapter VI of the SEBI ICDR Regulations and undertake to comply with the SEBI ICDR Regulations, and all other applicable laws, including any reporting obligations. We confirm that, in relation to our application, each foreign portfolio investor ("**FPI**") as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, as amended (other than individuals, corporate bodies, and family offices), and including persons who have been registered under these regulations (such FPIs, "**Eligible FPIs**"), have submitted separate Application Form, and asset management companies of mutual funds or custodians of mutual funds have specified the details of each scheme for which the application is being made along with the price and amount to be Allotted under each such scheme. We undertake that we will sign and / or submit all such documents, provide such documents and do all such acts, if any, necessary on our part to enable us to be registered as the holder(s) of the Equity Shares that may be Allotted to us. We confirm that the signatory is authorized to apply on behalf of the Applicant and the Applicant has all the relevant approvals for applying in the issue. We authorise to place our name in the register of members of the Bank as holders of the Equity Shares that may be Allotted to us. We acknowledge that the Board of Directors of the Bank, or any duly authorized committee thereof, is entitled, in consultation with Ambit Private Limited and Avendus Capital Private Limited (together, the "**BRLMs**"), in their absolute discretion, to accept or reject this Application Form without assigning any reason thereof.

By signing and/or submitting this Application Form, we hereby confirm and agree that the representations and warranties as provided in the "*Notice to Investors*", "*Representations by Investors*", "*Issue Procedure*", "*Selling Restrictions*" and "*Transfer Restrictions and Purchaser Representations*" sections of the PPD and this Application Form and the terms, conditions and agreements therein are true and correct and acknowledge and agree that these representations, warranties and undertakings are given by us for the benefit of the Bank and the BRLMs, each of which is entitled to rely on and is relying on these representations, warranties and undertakings in consummating the Issue.

By signing and/or submitting this Application Form, we hereby represent, warrant, acknowledge and agree as follows: (1) we have been provided a serially numbered copy of the PPD along with the Application Form, have read it in its entirety including in particular, the section entitled "*Risk Factors*" therein and we have relied only on the information contained in the PPD and not on any other information obtained by us either from the Bank, the BRLMs or from any other source, including publicly available information; (2) we will abide by the PPD and the Placement Document (when issued), this Application Form, the Confirmation of Application Note ("**CAN**") (when issued) and the terms, conditions and agreements contained therein; (3) that if Equity Shares are Allotted to us pursuant to the Issue, we shall not sell such Equity Shares otherwise than on the floor of a recognised stock exchange in India for a period of one year from the date of Allotment; (4) we will not have the right to withdraw our Bid or revise our Bid downwards after the Issue Closing Date; (5) we will not trade in the Equity Shares credited to our beneficiary account maintained with the Depository Participant until such time that the final listing and trading approvals for the Equity Shares are issued by the Stock Exchanges; (6) Equity Shares shall be Allocated and Allotted at the discretion of the Bank in consultation with the BRLMs and the submission of this Application Form and payment of the corresponding Application Amount by us does not guarantee any Allocation or Allotment of Equity Shares to us in full or in part; (7) in terms of the requirements of the Companies Act, upon Allocation, the Bank will be required to disclose names and percentage of our post-Issue shareholding of the proposed Allottees in the Placement Document; however, disclosure of such details in relation to us in the Placement Document will not guarantee Allotment to us, as Allotment in the Issue shall continue to be at the sole discretion of the Bank, in consultation with the BRLMs; (8) the number of Equity Shares Allotted to us pursuant to the Issue, together with other Allottees that belong to the same group or are under common control, shall not exceed 50% of the Issue. For the purposes of this representation: The expression 'belong to the same group' shall derive meaning from Regulation 180(2) of the SEBI ICDR Regulations i.e. entities where (i) any of them controls, directly or indirectly, through its subsidiary or holding company, not less than 15% of the voting rights in the other; (ii) any of them, directly or indirectly, by itself, or in combination with other persons, exercise control over the others; or (iii) there is a common director, excluding nominee and independent directors, amongst the Eligible QIBs, its subsidiary or holding company and any other QIB; and 'control' shall have the same meaning as is assigned to it under Regulation 2(1)(e) of the SEBI Takeover Regulations; (9) we agree to accept the Equity Shares applied for, or such lesser number of Equity Shares as may be Allocated to us, subject to the applicable laws and regulations, the terms of the PPD and the Placement Document (when issued), this Application Form, the CAN (when issued) and the terms, conditions and agreements mentioned therein and request you to credit the same to our beneficiary account with the Depository Participant as per the details given below; (10) we acknowledge that the Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws and that the Equity Shares are only being offered and sold only outside the United States in in "offshore transactions" as defined in, and in reliance on, Regulation S; and (11) we are located outside the United States (as defined in Regulation S) and we are not submitting this Application Form as a result of any "directed selling" efforts (as defined in Regulation S).

We hereby accept the Equity Shares that may be Allocated to us pursuant to the CAN and request you to credit the same to our beneficiary account as per the details given below, subject to receipt of the Application Amount towards the Equity Shares that may be allocated to us. The amount payable by us as Application Amount for the Equity Shares applied for has been/will be remitted to the designated bank account set out in this Application Form through electronic mode, along with this Application Form within the Issue Closing Date and such Application Amount has been/will be transferred from a bank account maintained in our name and in case we are joint holders, from the bank account of the person whose name appears first in the Application Form. We acknowledge and agree that we have not/shall not make any payment in cash or cheque. We are aware that (i) Allocation and Allotment in the Issue shall be at the sole discretion of the Bank, in consultation with the BRLMs; and (ii) in the event that Equity Shares that we have applied for are not Allotted to us in full or at all, and/or the Application Amount is in excess of the amount equivalent to the product of the Equity Shares that will be Allocated to us and the Issue Price, or the Bank is unable to issue and Allot the Equity Shares offered in the Issue or if there is a cancellation of the Issue, or in case of rejection of Bids or non-allocation of Equity Shares, or if the Application Amount per Equity Shares exceeds the Issue Price per Equity Share, the Application Amount or a portion thereof, as applicable, will be refunded to the same bank account from which the Application Amount has been paid by us. Further, we agree to comply with the rules and regulations that are applicable to us, including in relation to the lock-in and transferability requirements. In this regard, we authorize the Bank to issue instructions to the depositories for such lock-in and transferability requirements, as may be applicable to us.

We acknowledge that once a duly filled Application Form is submitted by an Eligible QIB, whether signed or not, and the Application Amount has been transferred to the Escrow Account, such Application Form constitutes an irrevocable offer and cannot be withdrawn or revised downwards after the Issue Closing Date. In case Bids are being made on behalf of the Eligible QIB and this Application Form is unsigned, we confirm that we are authorized to submit this Application Form and provide necessary instructions for transfer of the Application Amount to the Escrow Account, on behalf of the Eligible QIB.

We confirm that we are eligible to invest and hold the Equity Shares of our Bank in accordance with press note no. 3 (2020 Series), dated April 17, 2020, issued by the Department for Promotion of Industry and Internal Trade, Government of India read with the Companies (Share Capital and Debentures) Rules, 2014 and the Companies (prospectus and Allotment of Securities) Rules, 2014, as amended, wherein if the beneficial owner of the Equity Shares is situated in or is a citizen of a country which shares land border with India, foreign direct investments can only be made through the Government approval route, as prescribed in the FEMA Rules.

BIDDER DETAILS (In Block Letters)			
NAME OF APPLICANT*			
NATIONALITY			
REGISTERED ADDRESS			
CITY AND CODE			
COUNTRY			
PHONE NO.		**FAX NO.**	
EMAIL			
FOR ELIGIBLE FPIs**	SEBI FPI REGISTRATION NO.		
FOR AIFs***	SEBI AIF REGISTRATION NO.		
FOR MFs/VCFs***	SEBI MF/VCF REGISTRATION NO.		
FOR SI-NBFCs	RBI REGISTRATION DETAILS		
FOR INSURANCE COMPANIES	IRDAI REGISTRATION DETAILS		

**Name should exactly match with the name in which the beneficiary account is held. Application Amount payable on Equity Shares applied for by joint holders shall be paid from the bank account of the person whose name appears first in the application. Mutual Fund bidders are requested to provide details of the bids made by each scheme of the Mutual Fund. Each Eligible FPI is required to fill a separate Application Form. Further, any discrepancy in the name as mentioned in this Application Form with the depository records would render the application invalid and liable to be rejected at the sole discretion of the Bank and the BRLMs.*
***In case you are an Eligible FPI holding a valid certificate of registration and eligible to invest in the Issue, please mention your SEBI FPI Registration Number.*
****Allotments made to AIFs and VCFs in the Issue are subject to the rules and regulations that are applicable to each of them respectively, including in relation to lock-in requirement. AIFs and VCFs should independently consult their own counsel and advisors as to investment in and related matters concerning the Issue.*

DEPOSITORY ACCOUNT DETAILS			
Depository Name	National Securities Depository Limited		Central Depository Services (India) Limited
Depository Participant Name			
DP – ID	I	N	
Beneficiary Account Number			(16-digit beneficiary A/c. No. to be mentioned above)

DEPOSITORY ACCOUNT DETAILS			

ESCROW BANK ACCOUNT DETAILS FOR PAYMENT OF APPLICATION AMOUNT THROUGH ELECTRONIC FUND TRANSFER			
REMITTANCE BY WAY OF ELECTRONIC FUND TRANSFER By 3:00 p.m. (IST), Wednesday, March 27, 2024, being the Issue Closing Date			
Name of the Account	KBL QIP ISSUE 2024 ESCROW ACCOUNT	**Account Type**	Escrow Account
Name of Bank	The Karnataka Bank Limited	**Address of the Branch of the Bank**	Head Office Complex Branch Mahaveer Circle Kankanady Mangalore PIN – 575002, Karnataka, India
Account Number	5132000100052301	**IFSC**	KARB0000513
Phone Number	9480842371	**E-MAIL**	513@ktkbank.com
Legal Entity Identifier Code	335800G1GTTVASBXVW10		

The Bid Amount should be transferred pursuant to the Application Form only by way of electronic fund transfers, towards the Escrow Account**.** Payment of the entire Application Amount should be made along with the Application Form on or before the closure of the Issue Period i.e. within the Issue Closing Date. All payments must be made in favour of "KBL QIP ISSUE 2024 ESCROW ACCOUNT". The payment for subscription to the Equity Shares to be allotted in the Issue shall be made only from the bank account of the person subscribing to the Equity Shares and in case of joint holders, from the bank account of the person whose name appears first in the Application Form.

The demographic details like address, bank account details, etc., will be obtained from the Depositories as per the beneficiary account given above. However, for the purposes of refund, if any, only the bank details as mentioned below, from which the Application Amount shall be remitted for the Equity Shares applied for in the Issue, will be considered.

You are responsible for the accuracy of the bank details mentioned below. You are aware that the successful processing of refunds if, any, shall be dependent on the accuracy of the bank details provided by you. The Bank and the BRLMs shall not be liable in any manner for refunds that are not processed due to incorrect bank details.

RUPEE BANK ACCOUNT DETAILS (FOR REMITTANCE)			
Bank Account Number		**IFSC Code**	
Bank Name		**Bank Branch Address**	

NUMBER OF EQUITY SHARES BID FOR		PRICE PER EQUITY SHARE (RUPEES)	
(In Figures)	**(In Words)**	**(In Figures)**	**(In Words)**
APPLICATION AMOUNT (RUPEES)			
(In Figures)		**(In Words)**	

DETAILS OF CONTACT PERSON			
Name:			
Address:			
Tel. No:		**Fax No:**	
Email:			
Mobile No:			

OTHER DETAILS	
PAN*	
Legal Entity Identifier Code	
Date of Application	
Signature of Authorized Signatory	

ENCLOSURES ATTACHED
Attested / certified true copy of the following: **(a) Copy of the PAN Card or PAN Allotment Letter**** **(b) FIRC** **(c) Copy of FPI / MF / AIF / VCF Registration Certificate from SEBI** **(d) Certified copy of the certificate of registration issued by the RBI as an SI-NBFC / a Scheduled Commercial Bank** **(e) Copy of notification as a public financial institution** **(f) Copy of the IRDAI registration certificate** **(g) Certified true copy of power of attorney** **(h) Others, please specify: ________________________**

**A physical copy of the Application Form and relevant documents as required to be provided along with the Application Form shall be submitted as soon as practicable.*
***Please note that the Bidder should not mention the GIR number or any other identification number instead of the PAN, unless the Bidder is exempted from requirement of obtaining a PAN under the Income-tax Act, 1961, as the application is liable to be rejected on this ground*

Note 1: *Capitalized terms used but not defined herein shall have the same meaning as ascribed to them in the PPD.*
Note 2*: The Application Form is liable to be rejected if any information provided is incomplete or inadequate.*
Note 3*: The duly filed Application Form along with all enclosures shall be submitted to the BRLMs either through electronic form at the email mentioned in the PPD or through physical delivery at the address mentioned in PPD.*

The Application Form, the PPD sent to you and the Placement Document which will be sent to you, either in physical form or in electronic form or both, are specific to you and you may not distribute or forward the same and are subject to the disclaimers and restrictions contained or accompanying these documents.