

Regd. & Head Office
P. B. No.599, Mahaveera Circle
Kankanady
Mangaluru – 575 002

Phone : 0824-2228222
E-Mail : investor.grievance@ktkbank.com
Website : www.karnatakabank.com
CIN : L85110KA1924PLC001128

SECRETARIAL DEPARTMENT

23.01.2024

HO: SEC:305:2023-24

To:

The Manager
Listing Department
National Stock Exchange of India Limited
Exchange Plaza, C-1, Block G
Bandra-Kurla Complex
Bandra (E), Mumbai-400051
Scrip Code: KTKBANK

The General Manager
BSE Limited
Corporate Relationship Dept
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai-400001
Scrip Code: 532652

Madam/Dear Sir,

Sub: Security Cover Certificate

Pursuant to Regulation 54(3) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, please find attached the Security Cover Certificate for the quarter ended December 31, 2023.

This is for your information and dissemination.

Yours faithfully,

Sham K
Company Secretary &
Compliance Officer

Kalyaniwalla & Mistry LLP
Chartered Accountants
3rd Floor, Pro-1 Business Centre,
Senapati Bapat Road,
Pune – 411 016

Sundaram & Srinivasan
Chartered Accountants
23, C P Ramaswamy Road,
Alwarpet,
Chennai – 600 018

Ravi Rajan & Co. LLP
Chartered Accountants
505-A, Fifth Floor, Rectangle-1,
District Centre, Saket,
New Delhi – 110017

To
The Board of Directors
The Karnataka Bank Limited
Mangaluru.

Independent Auditor's Certificate on Security Cover and compliance with covenants pursuant to Regulation 54 read with clause (d) of sub-regulation (1) of Regulation 56 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) for submission to Debenture Trustees

1. This certificate is issued in accordance with the terms of our engagement letter dated September 18, 2023, with The Karnataka Bank Limited ('the Bank').
2. We, the Joint Statutory Auditors of the Bank, have been requested by the Bank to examine the accompanying 'Annexure 1 – Security Cover Certificate and Annexure 2 – Compliance with the Financial Covenants criteria' ("The Annexures") containing details of listed non-convertible debt securities ('NCDs') of the Bank outstanding as at 31 December 2023, security cover maintained against such securities, the covenants criteria as per the terms of the Information Memorandum or Debenture Trust Deed and the Bank's compliance with such covenants' ('the Statement') which has been prepared by the Bank from the books of account and other relevant records and documents maintained by the Bank, pursuant to the requirement of Regulation 54 read with Clause (d) of sub-regulation (1) of Regulation 56 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) ('the SEBI LODR Regulations') and Master Circular no. SEBI/HO/DDHS-PoD1/P/CIR/2023/109 dated March 31, 2023 issued by the Securities and Exchange Board of India ('the Circular'). The Statement has been initialled for identification purposes only.

Management Responsibility

3. The preparation of the Annexures, including the preparation and maintenance of all accounting and other relevant supporting records and documents, is solely the responsibility of the Management of the Bank. This responsibility includes identification of covenants, the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the Statement and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.
4. The Management is also responsible for compliance with all the relevant requirements of the SEBI LODR Regulations, the debenture trust deed and the Circular for the purpose of furnishing this Statement and for providing all relevant information to the Debenture Trustees.



Auditor's Responsibility

5. Pursuant to requirements of the SEBI LODR Regulations and the circular, our responsibility is to provide a limited assurance on whether the Annexures as attached containing details of security cover in respect of Listed NCDs of the Bank outstanding for the Period ended and as at 31 December 2023 is in agreement with unaudited books of account, other relevant records, documents maintained and the Bank during the period ended 31 December 2023 has complied in all material aspects, with the covenants in respect of Non-Convertible Debentures of the Bank outstanding as at 31 December 2023.
6. We conducted our examination of the Statement 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 ethical requirements of the Code of Ethics issued by the ICAI.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial information, and Other Assurance and Related Services Engagements, issued by the ICAI.
8. Our scope of work did not involve us performing audit tests for the purpose of expressing an opinion on the fairness or accuracy of any of the financial information or the financial results of the Bank taken as a whole. We have not performed an audit, the objective of which would be the expression of an audit opinion for the purpose of this report. Accordingly, we do not express such opinion.
9. Accordingly, we have performed the following procedures in relation to the Statement:
 - a. Obtained the unaudited standalone financial information and consolidated financial information of the Bank as at and for the period ended 31 December 2023.
 - b. Traced the amounts in the Annexures, in relation to the computation of Security cover, to the unaudited standalone financial information and consolidated financial information of the Bank as at and for the period ended 31 December 2023.
 - c. Verified the details of covenants criteria for the listed NCDs from the debenture trust deeds.
 - d. Obtained other information, reports, documents / records as relevant for the purpose.
 - e. Performed necessary inquiries with the Management and obtained necessary representations.

Conclusion

10. Based on the procedures performed as referred to in paragraph 9 above and according to the information and explanations provided to us by the Management of the Bank, nothing has come to our attention that causes us to believe that:
 - a. the statement as attached in the Annexure 1 – Security Cover Certificate and Annexure 2 – Compliance with the Covenants criteria in respect of listed NCDs of the Bank outstanding as of 31 December 2023, is, in all material respects, not in agreement with the unaudited books of accounts and other relevant records and documents maintained by the Bank for the period ended and as at 31 December 2023, and



- b. the Bank, during the period ended 31 December 2023, has not complied, in all material respects, with the covenants in respect of the listed NCDs of the Bank outstanding as at 31 December 2023.


Restriction on distribution or use

11. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the SEBI Regulations. Our obligations in respect of this certificate are entirely separate from, and our responsibility and liability are in no way changed by, any other role we may have as the Joint Statutory Auditors of the Bank or otherwise. Nothing in this certificate, nor anything said or done in the course of or in connection with the services that are the subject of this certificate, will extend any duty of care we may have in our capacity as Joint Statutory Auditors of the Bank.
12. The certificate is addressed to and provided to the Board of Directors of the Bank solely for the purpose of enabling it to comply with the requirements of the SEBI Regulations, and therefore, this certificate should not be used, referred to or distributed for any other purpose to any other party without our prior written consent. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

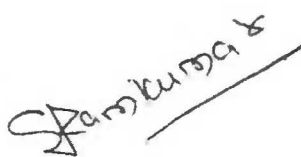
Kalyaniwalla & Mistry LLP
Chartered Accountants
Firm Regn.No.104607W/W100166

Sundaram & Srinivasan
Chartered Accountants
Firm Regn. No. 0042075

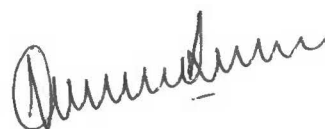
Ravi Rajan & Co. LLP
Chartered Accountants
Firm Regn. No. 009073N/N500320



Anil A. Kulkarni
Partner
Membership No.047576
Date: January 23, 2024
Place: Mangaluru
UDIN:
24047576BKBJDQ2900
Certificate No: KBL/JSA/2023-24/027



S Ramkumar
Partner
Membership No. 238820
Date: January 23, 2024
Place: Chennai
UDIN:
24238820BKERHX3797



Sumit Kumar
Partner
Membership No. 512555
Date: January 23, 2024
Place: Mangaluru
UDIN:
24512555BKFTOE6025



FINANCE & ACCOUNTS DEPARTMENT
Disclosure in Terms of Regulation 54(3) of SEBI (LODR)
Statement of Security Cover


The Karnataka Bank Ltd. had earlier issued “Tier 2 Subordinated Unsecured Non-Convertible Bonds” in the nature of Debentures in accordance with the extent Reserve Bank of India (RBI) Guidelines (i.e. Master Circular - Prudential Guidelines on Capital Adequacy and Market Discipline- New Capital Adequacy Framework (NCAF) dated July 2, 2012 read with Master Circular - Basel III Capital Regulations dated July 1, 2015) which are listed on the NSE Debt Segment. The Non-Convertible Bonds issued in the nature of debentures are unsecured by the very nature of the instrument and hence the Security cover is Nil as per the terms of the Information Memorandum or Debenture Trust Deed. The details of the Debt Securities issued are as under:

ISIN-wise details:

Sl. No.	ISIN	Facility	Type of charge	Sanctioned amount (Rs. Cr)	Outstanding amount as on 31.12.2023 (Rs. Cr)	Cover required	Security required
1.	INE614B08047	Unsecured Non-Convertible Debt Instruments in the nature of Debentures	Unsecured	320.00	320.00	Nil	Nil
2.	INE614B08054			300.00	300.00	Nil	Nil
Grand Total				620.00	620.00		

Details in terms SEBI circular- SEBI/HO/DDHS-PoDI/P/CIR/2023/109 dated July 6, 2023 is enclosed as Annexure 1.

ISIN: INE614B08039 of Rs.400crore was redeemed on 16.11.2023 upon exercising the call option.



Abhishek Sankar Bagchi
CHIEF FINANCIAL OFFICER



ANNEXURE I



Karnataka Bank Ltd.

Your Family Bank, Across India.

Column A	Column B	Column C i	Column D ii	Column E iii	Column F iv	Column G v	Column H vi	Column I vii	Column J	Column K	Column L	Column M	Column N	Column O	
Particulars	Description of asset for which this certificate relate	Exclusive Charge	Exclusive Charge	Pari- Passu Charge	Pari- Passu Charge	Pari- Passu Charge	Assets not offered as Security	Elimination (amount in negative)	(Total C to H)	Related to only those items covered by this certificate					Total Value(=K+L+M+N)
		Debt for which this certificate being issued	Other Secured Debt	Debt for which this certificate being issued	Assets shared by pari passu debt holder (includes debt for which this certificate is issued & other debt with pari-passu charge)	Other assets on which there is pari-Passu charge (excluding items covered in Column F)		Debt amount considered more than once (due to exclusive plus pari passu charge)	Market Value for Assets charged on Exclusive basis	Carrying/book value for exclusive charge assets where market value is not ascertainable or applicable(For Eg.Bank Balance, DSRA market value is not applicable)	Market Value for Pari passu charge Assets viii	Carrying value/book value for pari passu charge assets where market value is not ascertainable or applicable (For Eg. Bank	Relating to Column F		
		Book Value	Book Value	Yes/No	Book Value	Book Value									
ASSETS															
Property, Plant and Equipment															
Capital Work-in- Progress															
Right of Use Assets															
Goodwill															
Intangible Assets															
Intangible Assets under Development															
Investments															
Loans															
Inventories															
Trade Receivables															
Cash and Cash Equivalents															
Bank Balances other than Cash and Cash Equivalents															
Others															
Total															
NIL															
LIABILITIES															
Debt securities to which this certificate pertains															
Other debt sharing pari-passu charge with above debt															
Other Debt															
Subordinated debt															
Borrowings															
Bank															
Debt Securities															
Others															
		not to be filled													
NIL															



ANNEXURE I



Karnataka Bank Ltd.

Your Family Bank, Across India.

Column A	Column B	Column C i	Column D ii	Column E iii	Column F iv	Column G v	Column H vi	Column I vii	Column J	Column K	Column L	Column M	Column N	Column O
Particulars	Description of asset for which this certificate relate	Exclusive Charge	Exclusive Charge	Pari- Passu Charge	Pari- Passu Charge	Pari- Passu Charge	Assets not offered as Security	Elimination (amount in negative)	(Total C to H)	Related to only those items covered by this certificate				
		Debt for which this certificate being issued	Other Secured Debt	Debt for which this certificate being issued	Assets shared by pari passu debt holder (includes debt for which this certificate is issued & other debt with pari-passu charge)	Other assets on which there is pari-passu charge (excluding items covered in Column F)		Debt amount considered more than once (due to exclusive plus pari passu charge)		Market Value for Assets charged on Exclusive basis	Carrying/book value for exclusive charge assets where market value is not ascertainable or applicable (For Eg. Bank Balance, DSRA market value is not applicable)	Market Value for Pari passu charge Assets viii	Carrying value/book value for pari passu charge assets where market value is not ascertainable or applicable (For Eg. Bank	Total Value(=K+L+N+N)
		Book Value	Book Value	Yes/No	Book Value	Book Value								
Trade payables														
Trade Liabilities														
Provisions														
Others														
Total														
Cover on Book Value														
Cover on Market Value ^{ix}														
		Exclusive Security Cover Ratio	NIL		Pari-Passu Security Cover Ratio	NIL								

i This column shall include book value of assets having exclusive charge and outstanding book value of debt for which this certificate is issued.

ii This column shall include book value of assets having exclusive charge and outstanding book value of all corresponding debt other than column C.

iii This column shall include debt for which this certificate is issued having any pari passu charge - Mention Yes, else No.

iv This column shall include a) book value of assets having pari-passu charge b) outstanding book value of debt for which this certificate is issued and c). other debt sharing pari- passu charge along with debt for which certificate is issued.

v This column shall include book value of all other assets having pari passu charge and outstanding book value of corresponding debt.

vi This column shall include all those assets which are not charged and shall include all unsecured borrowings including subordinated debt and shall include only those assets which are paid-for

vii In order to match the liability amount with financials, it is necessary to eliminate the debt which has been counted more than once (included under exclusive charge column as also under pari passu). On the assets side, there shall not be elimination as there is no overlap.

viii Assets which are considered at Market Value like Land, Building, Residential/ Commercial Real Estate to be stated at Market Value. Other assets having charge to be stated at book value/Carrying Value.

ix The market value shall be calculated as per the total value of assets mentioned in Column O.

Abhishek Sankar Bagchi
CHIEF FINANCIAL OFFICER

