F. No. 1303 (H.O.)

Karnataka Bank Ltd.

Estd : 1924

Regd. & Head Office
P.B. No. 599, Mahaveera Circle
Kankanady, Mangalore - 575 002

Phone : 2228222
Grams : Abhyuday
Fax : 0824-2225588 / 2225589

17.09.2012 SECRETARIAL DEPARTMENT

HO:SEC:401:2012-13

The Manager
Listing Department
National Stock Exchange Of India Limited.,
Exchange Plaza,C-1, Block G
Bandra-Kurla Complex,
Bandra (E),
MUMBAI 400 051

Dear Sir,

We enclose the copy of the proceedings of the 88th Annual General Meeting of the Bank held on 30th August, 2012 at 11.30 AM at The Karnataka Bank Ltd, Registered & Head Office, Mahaveera Circle, Mangalore.

Thank You,

Yours faithfully,

COMPANY SECRETARY.

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THE KARNATAKA BANK LTD.

(Regd. & Head Office: Mahaveera Circle, Kankanady Mangalore - 575 002.)

PROCEEDINGS OF THE 88th ANNUAL GENERAL MEETING OF THE KARNATAKA BANK LTD (THE BANK/THE COMPANY) HELD ON 30th AUGUST 2012 AT 11.30AM AT THE REGISTERED & HEAD OFFICE OF THE BANK, MAHAVEERA CIRCLE, KANKANADY, MANGALORE-575002 WHERE THE FOLLOWING DIRECTORS ALONG WITH 503 SHAREHOLDERS IN PERSON AND 29 SHAREHOLDERS BY PROXY/REPRESENTATIVES OF COMPANIES/ INSTITUTIONS WERE PRESENT.

Sarvashri	
Ananthakrishna	Director
P Jayarama Bhat	Managing Director
R V Shastri	Director
U R Bhat	--do--
T S Vishwanath	--do--
Sitarama Murty M	--do--
D Harshendra Kumar	--do--
Dr H Ramamohan	--do--
T R Chandrasekaran	--do--

In attendance: General Managers and the Company Secretary.

Shri N Vishnumoorthy and Guruprasad, Partners M/s Vishnu Daya & Co, Chartered Accountants, Bangalore and Shri B R Ashok partner, M/s R K Kumar & Co, Chartered Accountants, Chennai, the Statutory Central Auditors of the Bank were also present besides Shri M V Shanker Bhat, Bank's Legal Advisor.

The Directors present elected Shri Ananthakrishna to preside over the meeting. Thereafter, Shri Ananthakrishna (hereinafter called "Chairman") presided over the meeting and after ascertaining that necessary quorum was present, he called the meeting to order.

The Chairman welcomed the members and proxy holders/representatives to the meeting. With the consent of the members present, the notice convening the meeting was taken as read. He announced that the Register of Directors` shareholding was open for inspection by the members till the conclusion of the meeting. The certificate from the auditors dated 18.05.2012 to the effect that the Karnataka Bank Employees Stock Options Scheme 2006 (ESOS 2006) had been implemented in accordance with the Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines 1999 and the resolutions passed by the members was placed at the meeting.

The Chairman requested Shri P Jayarama Bhat, the Managing Director, to present a brief report on the performance of the Bank during the year ended March 31, 2012. Thereafter Shri P Jayarama Bhat read out his statement briefly covering the global and Indian economic scenario, problem faced by the Indian economy, policy initiatives of the Government and also RBI taken to face the challenges of global recession etc. He also

briefed about the performance of the Bank during the year ended March 31, 2012 and the corporate goal for the financial year 2012-13.

The Chairman thereupon took up the items of business to be transacted at the meeting.

Item No.1 set out in the notice convening the meeting was taken up for consideration. At the instance of Chairman, Shri P Jayarama Bhat, Managing Director read out the Auditors' Report to the members on the Annual Accounts of the Bank. The Chairman invited the members to raise any query on the Annual Accounts for the year ended March 31, 2012.

Shri Thandaveshwara Arkalgud (Folio No. 9000061) sought to know whether the appropriation made to various reserves was as per the guidelines/circulars issued by RBI. He also hailed the quality of customer service at our branches particularly his experience in the rural branches.

At this moment Shri J Vishwanath Rao Pole a shareholder, (Client ID IN30267932687420) sought to know the reasons for low yield on investments, increase in NPAs, lower profitability, payment to & provisions for employees, amount maintained for CRR requirements etc during the year ended/as on March 31, 2012. He also desired to know the impact of competition due to likely licensing of new banks.

Dr S Ravindranath Bhandari (Client ID IN30009511085949) sought to know the impact of the loan waiver scheme/s of the Government in view of the drought conditions in some parts of the country, and also requested the Board for bonus shares.

A few shareholders also opined that Board could have proposed higher dividend.

Clarifying the above issues, the Chairman said that the transfer to various reserves had been made after taking into consideration the provisions of the Banking Regulation Act, 1949, circulars issued by RBI and the need to strengthen the capital funds of the Bank from internal accruals. Regarding the CRR maintained by the Bank, he explained that the amount of CRR to be kept by the Bank would be arrived at taking into account the average daily balance of Demand and Time Liability (DTL) and the Bank always would keep optimum balance under CRR. In the matter of the proposed dividend, he clarified that the Reserve Bank has issued a dividend matrix wherein payout ratios at different levels of CAR and NPAs have been prescribed. After taking into account the above, the Board has recommended dividend @35% on the paid up capital of the Bank for the year ended March 31, 2012.

The Managing Director also clarified that query relating to quantum of investments and the yield on investment, the NPAs, payment & provision for employees etc. He further informed that efforts to reduce the NPAs and to contain further slippages would continue.

Thereafter Shri Narayana S Hegde Kundargi, (LF No 28000052) a shareholder proposed the following motion which was seconded by Shri Sadashiva M (Client ID IN30192630149308), another shareholder.

"Resolved that the Directors' report dated 18.5.2012 and the audited Balance Sheet as at March 31, 2012 and the Profit and Loss account together with annexed statements for the year

ended on that date, along with the auditors' report thereon be and are hereby received, considered and adopted".

Thereupon, the Chairman put the above motion to vote by show of hands. All members except Shri J Vishwantha Rao Pole, voted in favour of the resolution.

The Chairman declared that the resolution was approved by majority and was passed as an ORDINARY RESOLUTION.

Item No.2 set out in the notice convening the meeting was taken up for consideration. The Chairman informed that the Board of Directors had recommended a dividend @ 35% on the paid up capital of the Bank for the year ended March 31, 2012 for declaration at this meeting.

Shri B Sanjeeva Baliga (IN30192630175181), a shareholder proposed the following motion which was seconded by Shri Thandaveshwara Arkalgud (Ledger Folio No 9000061), another shareholder.

"Resolved that dividend at the rate of 35% on the paid up equity share capital (i.e. on 188301699 equity shares of ₹10 each) i.e. ₹3.50 per share (rounded off to nearest rupee) for the financial year ended 31.03.2012 be and is hereby approved and the same be paid to those members whose name appear in the Register of Members in case of shares held in physical form and as per list of beneficial holders of shares furnished by the depositories in case of shares held in electronic form as on 10.08.2012".

Thereupon the Chairman put this motion to vote by show of hands. All the members except Shri Ramachandra Bhat Chitrigi, voted in favour of the resolution.

The Chairman declared that the motion on declaration of dividend @ 35% has been approved by majority and was passed as an Ordinary resolution.

Before taking up the item No 3 set out in the notice, Shri Ananthakrishna informed the members that since this item relates to his re-appointment, he would, with the concurrence of Directors and members present request Shri R V Shastri to preside over the meeting for transacting this item of business. Thereafter Shri R V Shastri, occupied the Chair and took up item No 3. He informed that Shri Ananthakrishna, retiring by rotation and being eligible offered for re-appointment as a Director of the Bank.

Shri Rajaram Madi K (Client ID IN30131320498262), a shareholder proposed the following motion which was seconded by Shri Narayana S Hegde Kundargi, (LF No 28000052) another shareholder.

"RESOLVED that Shri Ananthakrishna, Director, retiring by rotation at this Annual General Meeting and being eligible, offers himself for re-appointment be and is hereby appointed as a Director of the Bank, whose period of office is subject to retirement by rotation".

Thereupon he put this motion to vote by show of hands. All the members except Shri J Vishwantha Rao Pole, voted in favour of the motion.

Shri R V Shastri declared that the resolution was approved by majority and was passed as an ORDINARY RESOLUTION.

After transacting the above business, Shri Ananthakrishna resumed in the Chair to take up the next items in the notice.

Item No.4 set out in the notice convening the meeting was then taken up for consideration. The Chairman informed the members that Shri D Harshendra Kumar, Director, retires by rotation and being eligible offers himself for re-appointment.

Shri Khandige Keshava (L F No 53000159), a shareholder proposed the following motion which was seconded by Shri Venkappa B (L F No. 20879), another shareholder.

"RESOLVED that Shri D Harshendra Kumar, Director, retiring by rotation at this Annual General Meeting and being eligible, offers himself for re-appointment be and is hereby appointed as a Director of the Bank, whose period of office is subject to retirement by rotation".

Thereupon he put this motion to vote by show of hands. All the members voted in favour of the motion.

The Chairman declared that the resolution was approved unanimously and was passed as an ORDINARY RESOLUTION.

Item No.5 set out in the notice convening the meeting was then taken up for consideration. The Chairman informed the members that Dr Ramamohan H, Director, retires by rotation and being eligible offers himself for re-appointment.

Shri Sudhir P Ghate (Client ID 1302340000356744), a shareholder proposed the following motion which was seconded by Shri Sridhara A (L F No 39590), another shareholder.

"RESOLVED that Dr. Ramamohan H, Director, retiring by rotation at this Annual General Meeting and being eligible, offers himself for re-appointment be and is hereby appointed as a Director of the Bank, whose period of office is subject to retirement by rotation".

Thereupon, the Chairman put the above motion to vote by show of hands, which was approved unanimously.

The Chairman declared that the resolution was approved unanimously and was passed as an ORDINARY RESOLUTION.

Item No.6 set out in the notice convening the meeting was then taken up for consideration. The Chairman explained that the Board of Directors proposed the appointment of two audit firms viz. M/s Vishnu Daya & Co, Chartered Accountants, Bangalore, and M/s R K Kumar & Co, Chartered Accountants, Chennai, the retiring statutory central auditors jointly as Statutory Central Auditors of the Bank for the next year and the Reserve Bank of India has already approved their appointment as Statutory Central Auditors of the Bank.

The following motion was proposed by Shri Jayananda Devadiga (Client ID IN30 021413274284), a shareholder which was seconded by K V Seetharama, (Client ID IN30214810341938) another shareholder.

"Resolved that M/s Vishnu Daya & Co, Chartered Accountants, GF No 7, Karuna Complex, No 337, Sampige Road, Malleshwaram, Bangalore-560003 (Firm Reg No 08456S) and M/s R K Kumar & Co, Chartered Accountants, II Floor, Congress Building, 573, Mount Road, Chennai-600 006 (Firm Reg No. 001595S) be and are hereby appointed as the Statutory Central Auditors of the Bank jointly to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting and the Board of Directors of the Bank /Audit Committee of Board be and is hereby authorised to fix their remuneration".

Thereupon the Chairman put the above motion to vote by show of hands, which was approved unanimously.

The Chairman declared that the resolution was approved unanimously by the shareholders and was passed as an ORDINARY RESOLUTION.

Item No.7 set out in the notice convening the meeting was then taken up for consideration. The Chairman informed that the resolution seeks members approval for appointment of branch auditors for the year 2012-13 as proposed in the notice.

Shri K Lakshminarayana Rao (L F No 50), a shareholder proposed the following motion, which was seconded by Shri B K Ramakrishna Rao (Client ID 1304050000056722), another shareholder.

"RESOLVED THAT in terms of section 228 of the Companies Act,1956,the Board of Directors be and is hereby authorised to appoint from time to time and in consultation with the Bank's Statutory Central Auditors one or more persons qualified for appointment as branch auditor/s to audit the accounts for the year ending 31st March, 2013 of such of the branches/ offices of the Bank as are not proposed to be audited by the Bank's Statutory Central Auditors on such remuneration and subject to such terms and conditions as may be fixed by the Board of Directors /Audit Committee of the Board.".

Thereupon the Chairman put this motion to vote by show of hands, which was approved unanimously.

The Chairman declared that the resolution was approved unanimously by the shareholders and was passed as an ORDINARY RESOLUTION.

Item No.8 set out in the notice convening the meeting was then taken up for consideration. The Chairman informed that the re-appointment and revision in the remuneration etc of Shri P Jayarama Bhat , MD & CEO has been approved by RBI vide their letter dated July 11, 2012 and August 29, 2012 respectively except the annual increment in the salary proposed by the Board .

Shri K Lakshminarayana Rao (L F No 50), a shareholder proposed the following motion, which was seconded by Shri Ramachandra Achar B (L F No. 427), another shareholder.

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RESOLVED that pursuant to the approval of the Reserve Bank of India, appointment of Shri P Jayarama Bhat as the Managing Director and CEO of the Bank for a further period of three years w e f 14.07.2012 be and is hereby approved.

"RESOLVED FURTHER that subject to the approval of the Reserve Bank of India, approval of members of the Bank be and is hereby accorded for the payment of remuneration and other benefits/perquisites to Shri P Jayarama Bhat upon his re-appointment for a further period of 3 years w e f 14.07.2012 as set out in the explanatory statement to the notice of Annual General Meeting or with such modification/s in the remuneration etc as may be advised by the Reserve Bank of India while conveying their approval and acceptable to the Board".

Thereupon the Chairman put this motion to vote by show of hands, which was approved unanimously.

The Chairman declared that the resolution was approved unanimously by the shareholders and was passed as an ORDINARY RESOLUTION.

Item No.9 set out in the notice convening the meeting was then taken up for consideration. The Chairman informed that the present authorized capital is ₹200 crore consisting of 20 crore equity shares of ₹10 each, which is proposed to be increased to ₹300 crore consisting of 30 crore equity shares of ₹10 each which would facilitate further issue of capital.

To a query on the market price vis-à-vis cost of the shares in the hands of the shareholders, the Chairman clarified that all issues made before 1995 were only at par and after 1995, further shares were issued at a premium and that the average cost of shares in the hands of individual shareholders would work out as under:

1. An individual shareholder holding one share before 1995 and who had participated in all the further bonus and rights issues after 1995, would be holding 25 shares now at an average cost of ₹38.20.
2. An individual shareholder who had taken one share in the rights issue of shares in the year 1995 and who had participated in all the further bonus and rights issues after 1995, would be holding 13 shares now at an average cost of ₹41.92.
3. Similarly a shareholder who had subscribed for one share in the public issue of 1995 and who had participated in all the further bonus and rights issues after 1995, would be holding 13 shares now at an average cost of ₹46.54.

Considering the present market price of around ₹80 per share, he concluded that there was no value erosion in the hands of the individual shareholders who had subscribed to the past issues of the Bank.

Shri T B Mohan Rao (L F No 50341), a shareholder proposed the following motion, which was seconded by Shri Srinivas Achar M (L F No 28407), another shareholder.

"RESOLVED THAT pursuant to Section 94 of the Companies Act, 1956 read with Article 15 (1)(a) of the Articles of Association of the Bank, the Authorized Share Capital of the Bank be and is hereby increased from the existing ₹200,00,00,000/- divided into 20,00,00,000 Equity shares of ₹10/- each to ₹300,00,00,000/- divided into 30,00,00,000

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Equity Shares of ₹10/- each and in that connection, the Clause 5 of the Memorandum of Association of the Bank be and is hereby amended to read as under":

"The Authorised share capital of the Bank is ₹300,00,00,000/- divided into 30,00,00,000 Equity shares of ₹10/- each"

Thereupon the Chairman put this motion to vote by show of hands, which was approved unanimously.

The Chairman declared that the resolution was approved unanimously by the shareholders and was passed as a SPECIAL RESOLUTION.

Item No.10 set out in the notice convening the meeting was then taken up for consideration. The Chairman informed that the resolution set out in the notice is consequent to increase in the authorized capital vide item No 9 supra which seeks to alter the clause 3(a) of Article of Association dealing with authorized capital.

Shri B Vasudeva Rao (Client Id IN30051312893873), a shareholder proposed the following motion, which was seconded by Shri Anantharama Rao P (Client ID IN30023910515803), another shareholder.

"RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act 1956, the Article 3(a) of the Articles of Association of the Bank be and is hereby amended to read as under":

"The Authorised share capital of the Bank is ₹300,00,00,000/- divided into 30,00,00,000 Equity shares of ₹10/- each".

Thereupon the Chairman put this motion to vote by show of hands, which was approved unanimously.

The Chairman declared that the resolution was approved unanimously by the shareholders and was passed as a SPECIAL RESOLUTION.

The Chairman informed the meeting that all the items set out in the notice of the meeting have been completely transacted. He then thanked the shareholders, customers and the staff and declared that the meeting has been concluded.

The meeting ended at 1.15 p.m.

15/9/2012

CHAIRMAN OF THE MEETING