



Karnataka Bank Ltd.

Estd : 1924

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

Phone : 2228222
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23.07.2013

SECRETARIAL DEPARTMENT

HO:SEC:270:2013-14

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 89th Annual General Meeting of the Bank held on 6th July, 2013 at 11.30 AM at The Karnataka Bank Ltd, Registered & Head Office, Mahaveera Circle, Mangalore.

Thank You,

Yours faithfully,


COMPANY SECRETARY.



THE KARNATAKA BANK LTD.

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

PROCEEDINGS OF THE 89th ANNUAL GENERAL MEETING OF THE KARNATAKA BANK LTD (THE BANK/THE COMPANY) HELD ON 6th JULY 2013 AT 11.30 AM AT THE REGISTERED & HEAD OFFICE OF THE BANK, MAHAVEERA CIRCLE, KANKANADY, MANGALORE-575002 WHERE THE FOLLOWING DIRECTORS ALONG WITH 537 SHAREHOLDERS IN PERSON AND 13 SHAREHOLDERS BY PROXY/REPRESENTATIVES OF COMPANIES/ INSTITUTIONS WERE PRESENT.

Sarvashri	
Ananthakrishna	Chairman
P Jayarama Bhat	Managing Director & CEO
R V Shastri	Director
U R Bhat	--do--
T S Vishwanath	--do--
Sitarama Murty M	--do--
S V Manjunath	--do--
D Harshendra Kumar	--do--
Dr H Ramamohan	--do--
T R Chandrashekar	--do--
Ashok Haranahalli	--do--

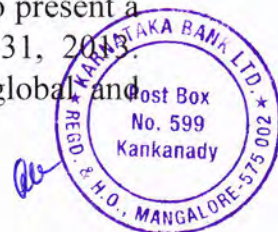
In attendance: General Managers and the Company Secretary.

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

In terms of Article 32(a) of the Articles of Association of the Bank, Shri Ananthakrishna, Chairman, presided over the meeting. After ascertaining that necessary quorum was present, he called the meeting to order.

The Chairman welcomed the members and proxy holders/representatives companies/institutions 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 15.05.2013 on the implementation of the Karnataka Bank Employees Stock Options Scheme 2006(ESOS 2006) 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 also placed at the meeting.

The Chairman requested Shri P Jayarama Bhat, the Managing Director & CEO, to present a brief report on the performance of the Bank during the year ended March 31, 2013. 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 taken by the Government and RBI to face the challenges of slowdown in the economy etc. He also briefed about the performance of the Bank during the year ended March 31, 2013 and the corporate goal for the financial year 2013-14.

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, the Managing Director read out the Auditors' Report to the members on the Annual Accounts of the Bank. The Chairman asked the members about their queries on the Annual Accounts for the year ended March 31, 2013.

At this moment, Shri Jayananda Devadiga (Client ID IN30021413274284) requested for higher dividend keeping in mind the amount invested by the shareholders and also sought to know whether Directors' Report to the members needs to be approved first as a separate item before adopting the Balance Sheet and the Profit and Loss account.

Shri Subraya Maiya (L F No 3644) suggested that cases where the dividend has remained unpaid be followed up to avoid the same being transferred to Investors Education and Protection Fund (IEPF) and raised queries relating to depreciation, other income and other expenditure and number of officers who had undergone the training programmes during the year 2013 vis-à-vis the actual number of officers on roll.

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, maintenance of CRR etc to which it was clarified that these points have already been replied vide our email sent on 27.06.2013.

Dr S Ravindranath Bhandari (Client ID IN30009511085949) sought to know the direction in the interest rates, impact of the new bank licences, recovery of non-performing loans, depreciation of rupee especially against UD \$ and also requested for bonus issue of shares.

Shri Ramachandra Bhat Chitrigi (Client ID IN30113526211635) also requested to step up the dividend payout in the coming years.

Clarifying the above issues, the Chairman, replied that as per Section 173(1)(a) of the Companies Act, 1956, consideration of the accounts, Balance Sheet and the reports of the Board and auditors are included as one item and therefore shall be taken together for adoption. 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 of India 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 @40% on the paid up capital of the Bank for the year ended March 31, 2013. He further added that the efforts to contain slippages and recovery of Non performing advances would continue. The Chairman replied all other queries also.



Thereafter Shri Sadashiva M (Client ID IN30192630149308) a shareholder proposed the following motion which was seconded by Dr S Ravindranath Bhandari (Client ID IN30009511085949), another shareholder.

“Resolved that the Directors’ report dated 15.05.2013 and the audited Balance Sheet as at March 31, 2013 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 @ 40 per cent on the paid up capital of the Bank for the year ended March 31, 2013 for declaration at this meeting.

Dr K Raghavendra Bhat (Client ID 1304050000005090), 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 40% on the paid up equity share capital (i.e, on 188348904 equity shares of Rs 10 each) i.e, Rs 4/= per share for the financial year ended 31.03.2013 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 27.06.2013”.

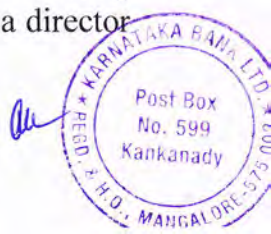
Thereupon the Chairman put this motion to vote by show of hands. All the members voted in favour of the motion.

The Chairman declared that the motion on declaration of dividend @ 40% has been approved unanimously and was passed as an Ordinary resolution.

Item No.3 set out in the notice convening the meeting was taken up for consideration. The Chairman informed the members that Shri U R Bhat, Director, retires by rotation and being eligible offers himself for re-appointment.

Shri Rajaram Madi K (Client ID IN30131320498262), a shareholder proposed the following motion which was seconded by Shri T S Krishna Bhat (Ledger Folio No.548) another shareholder.

“Resolved that Shri U R Bhat, the 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.4 set out in the notice convening the meeting was then taken up for consideration. The Chairman informed the members that Shri Sitarama Murty M, Director, retires by rotation and being eligible offers himself for re-appointment.

Shri M Krishna Bhat (L F No 49997), a shareholder proposed the following motion which was seconded by Shri Subraya Maiya (L F No 3644), another shareholder.

“Resolved that Shri Sitarama Murty M, the 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 Director Shri S V Manjunath, retires by rotation and being eligible offers himself for re-appointment.

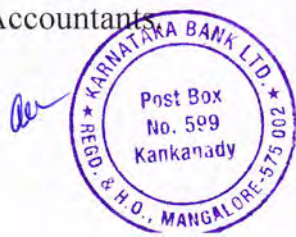
Shri Sudhir P Ghate (Client ID 1302340000356744), a shareholder proposed the following motion which was seconded by Shri Narayana Rao S (Client ID IN30113526031694), another shareholder.

“Resolved that Shri S V Manjunath, the 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,. 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.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 R K Kumar & Co, Chartered Accountants, Chennai, the retiring statutory central auditors and M/s Kamath & Rau, Chartered Accountants, Mangalore jointly as Statutory Central Auditors of the Bank for the next year and the Reserve Bank of India has already approved their appointment and that M/s Vishnu Daya & Co, Chartered Accountants,



Bangalore, the other retiring Statutory Auditors have been rested as per the extant guidelines of Reserve Bank of India.

The following motion was proposed by Shri Jayananda Devadiga (Client ID IN30 021413274284), a shareholder which was seconded by Shri Narayanan Talithaya V (L F No 5000079) another shareholder.

“Resolved that M/s R K Kumar & Co, (Firm Reg No. 001595S), Chartered Accountants, II Floor, Congress Building, 573, Mount Road, Chennai-600 006 and M/s Kamath & Rau (Firm Reg No. 1689S), Chartered Accountants, Karangalpady, Mangalore-575003 be and are hereby appointed jointly as the Statutory Central Auditors of the Bank 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 be and is hereby authorised to fix their remuneration”.

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 of 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 2013-14 as proposed in the notice.

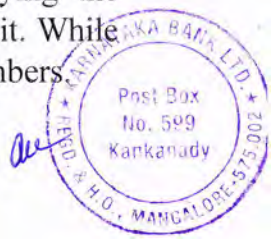
Shri K Lakshminarayana Rao (L F No 50), a shareholder proposed the following motion, which was seconded by Shri N Subramanya Bhat (Client ID IN30023910165541), another shareholder.

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, 2014 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”.

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 of 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 stated that the Board of directors had appointed Shri Ashok Haranahalli as an additional director of the Bank u/s 260 of the Companies Act 1956 at the meeting held on 14.09.2012. Accordingly he would hold the office upto this AGM. A notice u/s 257 of the Companies Act, 1956, in writing has been received from a shareholder signifying the candidature for the office of Director of the Bank together with the prescribed deposit. While introducing Shri Ashok Haranahalli, the Chairman gave his profile in brief to the members.



The following motion was proposed by Shri Ramachandra Achar B (Client ID 1304050000054058), a shareholder which was seconded by Shri Anantharama Rao P (Client ID IN30023910515803) another shareholder.

“Resolved that Shri Ashok Haranahalli be and is hereby appointed as a Director of the Bank whose period of office is subject to retirement by rotation”

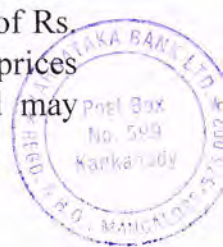
Thereupon the Chairman put the above motion to vote by show of hands. All members voted in favour of the resolution.

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 resolution seeks members approval for issue of equity shares on private placement through Qualified Institutions Placement (QIP) as per SEBI (ICDR) Regulations 2009. He further clarified that only when the market conditions are favourable and the business growth necessitates QIP, the Board of Directors may decide to issue the shares, the price and other terms of the issue would be finalized as per the SEBI (ICDR) Regulations. The Chairman assured that the interest of the shareholders would be kept in mind while taking any decision on QIP.

Shri S Ananadarama Adiga (Client ID 1304050000062544), a shareholder proposed the following motion, which was seconded by Shri K L Upadhyaya (Client ID 1201320000705617), another shareholder.

RESOLVED THAT pursuant to the provisions of Section 81 (1A) and other applicable provisions of the Companies Act, 1956, Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended (“SEBI ICDR Regulations”), Foreign Exchange Management Act, 1999 (“FEMA”), Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, (including any statutory amendments thereto or modifications or re-enactments thereof for the time being in force) and in accordance with the provisions of the Memorandum and Articles of Association of the Bank and the Listing Agreements entered into by the Bank with the Stock Exchanges where the shares of the Bank are listed (the “Listing Agreements”) and such other approvals/permissions as may be necessary including the approval, if any, from Reserve Bank of India, Securities and Exchange Board of India and subject to such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, consents, permissions and sanctions and which may be agreed to by the Board of Directors of the Bank (hereinafter referred to as “the Board”) or a Committee of Directors (hereinafter referred to as “the Committee”) constituted/to be constituted by the Board to exercise its powers including the powers conferred by this Resolution, be and is hereby authorized to create, offer, issue and allot, by way of Qualified Institutions Placement (“QIP”) to Qualified Institutional Buyers (QIBs) in terms of Chapter VIII of the SEBI ICDR Regulations, whether or not such investors are existing Members of the Bank, through one or more tranches, such number of equity shares of face value of Rs. 10 (Ten) each as may be decided by the Board at the appropriate time at such price or prices including premium on each share, as the Board or the Committee of the Board may



determine in accordance with the SEBI ICDR Regulations and where necessary in consultation with the Merchant Banker(s) appointed and/or to be appointed by the Bank in relation to such QIP and such that aggregate amount to be raised from the issue and allotment of such equity shares shall not exceed Rs.500 (Five hundred) crore and on such terms and conditions as may be finalized by the Board and that the Board may finalize all matters incidental thereto as it may in its absolute discretion thinks fit.

RESOLVED FURTHER that the QIP issue shall be completed within 12 months from the date of passing of this resolution or any other applicable provision.

RESOLVED FURTHER that the relevant date for determining the floor price of the equity shares to be issued by way of this QIP shall be the date of the meeting in which the Board of Directors of the Bank or the Committee thereof duly authorized by the Board decide to open the proposed issue.

RESOLVED FURTHER that the Equity shares so issued shall rank pari-passu with the existing equity shares of the Bank in all respects including dividend.

RESOLVED FURTHER THAT the Equity Shares shall be listed with the stock exchanges, where the existing equity shares of the Bank are listed.

RESOLVED FURTHER that for the purpose of giving effect to the above offer, issue or allotment of Equity shares, the Board or a Committee be and is hereby authorized on behalf of the Bank to do all such acts, deeds, matters and things as it may, in its absolute discretion, deems necessary or desirable for such purpose, including without limitation, signing of any agreement, the determination of the terms thereof, for entering into arrangements for managing, underwriting, marketing, listing and trading, to issue placement documents(s), and to sign all deeds, documents and writings and to pay any fees, commissions, remuneration, expenses relating thereto and with power on behalf of the Bank to settle all questions, difficulties or doubts that may arise in regard to such offer(s) or issue(s) or allotment(s) as it may, in its absolute discretion, deem fit".

Thereupon the Chairman put this motion to vote by show of hands. Except Shri J Vishwanath Rao Pole, (Client ID IN30267932687420), all the members voted for the resolution.

The Chairman declared that the resolution was approved by majority of 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 12.50 p.m.


CHAIRMAN

23/07/2013

