

 **Karnataka Bank Ltd.****TRANSCRIPT OF 97TH AGM HELD ON 2ND SEPT 2021 AT 11.00 AM****P Jayarama Bhat**

: Good Morning. I, P Jayarama Bhat, Chairman of Board of Directors of the Bank welcome you all to this 97th Annual General Meeting being held through video conference. I hope all of you are safe and are in good health.

Dear Members, this 97th Annual General Meeting (AGM) of the Karnataka Bank is being held through video conference in accordance with the Companies Act, 2013 and circulars issued by the Ministry of Corporate Affairs and SEBI from time to time.

I have ascertained from the Video Conference facility provider-CDSL, that we have the requisite quorum present through video conferencing to conduct the proceedings of this meeting and all the members attending this meeting through video conference are counted for the purpose of quorum as per the circulars issued by MCA and Section 103 of the Companies Act, 2013 and therefore, I call this meeting to order.

Before I take up the agenda items for discussion, I wish to state that, in accordance with the extant circulars issued by the Ministry of Corporate Affairs and SEBI on account of special situation arising due to COVID19 pandemic, Bank had sent Notice of the 97th AGM together with the Annual Report 2020-21 only through electronic mode to those Members whose email addresses are registered with the Bank/Depositories and therefore, there was no physical copy of Balance Sheet etc., sent to any shareholder this time also. Further, as this meeting is held through video conference, there will be no show of hands and no physical poll. As the Notice has already been circulated to all the members, I take the Notice convening the meeting as read.

Let me now introduce the Board Members.

Due to COVID pandemic related lockdown restrictions and to maintain social distancing, most of the Board Members are participating from different locations.

I have joined this meeting from Bank's Registered & Head Office, Mangaluru accompanied by Mr. Mahabaleshwara M S, MD & CEO of the Bank. We have ensured to take sufficient care to maintain proper social distancing and comply with other health advisories while conducting the meeting.

Mr. Rammohan Rao Belle, Career Banker and Founder MD & CEO of SBI General Insurance Co Ltd: Independent Director and Chairman of the Audit Committee, is attending this meeting from his residence in Bengaluru.

Mr. Keshav K Desai, an Entrepreneur from Hubballi and an Independent Director and also, he is the Chairman of the Nomination & Remuneration Committee, is attending this meeting from his residence in Hubballi.

Mrs. Mythily Ramesh, an IT Professional & Independent Director, is attending this meeting from her residence in Bengaluru.

Mr. B R Ashok, Chartered Accountant from Chennai and a Non-Executive Director whose reappointment is proposed in this AGM and he has joined the meeting from his residence in Chennai.

I also have the pleasure in welcoming Additional Directors (who are Non-Executive and Independent) in respect of whom, the resolutions have been placed before this meeting for confirming their appointment as Independent Directors:

Mr. Justice A V Chandrashekar, Former Judge, High Court of Karnataka, who is attending this meeting from Bank's Regional Office Bengaluru.

Mr. Pradeep Kumar Panja, Former Managing Director (Corporate Banking), State Bank of India, who is attending this meeting from his residence in Bengaluru.

Mrs. Uma Shankar, Former Executive Director of the Reserve Bank of India, who is attending this meeting from her residence in Bengaluru.

Dr. D S Ravindran, Retd. IFS (Indian Forest Service, 1986 Batch) and former Principal Secretary, Finance Department, Khajane-2, Govt. of Karnataka who is attending this meeting from his residence in Bengaluru.

Mr. Balakrishna Alse S, Former Executive Director of Oriental Bank of Commerce who is attending this meeting from his residence in Mangaluru.

All the Directors thanked the Chairman for their introduction and greeted other directors and shareholders who had joined the AGM.

I also wish to state that I am also the Chairman of Stakeholders & Customer Relations Committee of the Board.

Further, the following Executives of the Bank have also joined the meeting from Mangaluru.

Mr. Y V Balachandra, Chief Operating Officer

Mr. Gokuldas Pai, Chief Business Officer

Mr. Muralidhar K Rao, General Manager & Chief Financial Officer

Other General Managers Mr. Chandrashekar Rao B, Mr. Nagaraja Rao B, Mr. Mahalingeshwara K, Mr. Ramesh S, Mr.Vadiraj K A, Mr. Vinay Bhat P J, Mr. Rajkumar P H, Mr. Raja B.S., Mr. Nirmal Kumar Kechappa Hegde and Mr. Ravichandran S have also joined this meeting through video conferencing facility.

Mr. Sudarshan T V and Mr. Rajendiran, Partners representing M/s. Badari Madhusudan & Srinivasan, Chartered Accountants and one of the Joint Statutory Central Auditors of the Bank have joined this AGM through video conferencing from Bengaluru.

Mr. Murali Mohan, Partner representing M/s. Manohar Chowdhry & Associates, Chartered Accountants and the other Joint Statutory Central Auditor has joined from Mangaluru. Secretarial Auditor - Mr. Gopalakrishnaraj H H has also joined the meeting via video conference from Bengaluru.

Bank's Legal Advisor and Scrutinizer to oversee the e-voting – Mr. M V Shanker Bhat and Company Secretary - Mr. Prasanna Patil have joined this meeting from Mangaluru.

Further, Bank's proposed Statutory Central Auditors whose resolution have been placed before the members in this AGM- Mr. Menakshi Sundaram, Mr. Ramkumar, Partners representing M/s. Sundaram & Srinivasan, Chartered Accountants, Chennai have joined through video conferencing from Chennai and Mr. Cyrus Nariman, Mr. Mehli Golvala and Mr. Daraius Fraser, Partners representing M/s. Kalyaniwalla & Mistry LLP, Chartered Accountants, Mumbai have joined through video conferencing from Mumbai.

I now request Mr. Prasanna Patil, Company Secretary, to provide general guidance to the members regarding participation in this meeting.

Prasanna Patil

: Thank you Chairman,

Dear Members, you are requested to note that this 97th Annual General Meeting of the Karnataka Bank is being held through video conference in accordance with the Companies Act, 2013 and circulars issued by the Ministry of Corporate Affairs and SEBI and the meeting proceedings are being recorded as well. The facility for joining this meeting through video conference is made available for the members on a first-come-first-serve basis. Since the AGM is being held through video conference mode, facility for appointment of proxies by the members is not applicable.

The Bank has received requests from few members to register them as speakers at the meeting. Audio and Video of such speakers will be enabled by the moderator one by one once the Chairman opens the floor for questions and answers. For other shareholders, "Q&A option" will also be enabled at that point of time.

It may please be noted that the Bank or the Chairman of this Meeting reserves the right to limit the number of members asking questions and also number of questions depending on the availability of time at the AGM.

Further, the Bank had provided the facility to cast the votes electronically on the resolutions set forth in the Notice and remote e-voting facility was open between August 27, 2021 9:00 am till September 01, 2021 5:00 pm IST. Members who have not yet cast their votes electronically and who are participating in this meeting will have an opportunity to cast their votes during the meeting through the e-voting system provided by CDSL.

Mr. M V Shanker Bhat, Practicing Advocate, Mangaluru has been appointed as the Scrutinizer to oversee the e-voting process.

All the documents referred to in the notice pertaining to the agendas set out in the notice/explanatory statement and also Register of Directors and Key Managerial Personnel etc., are available electronically for inspection upon request by the members and I request you to send an email to investor.grievance@ktkbank.com if you so desire to inspect it. Proxy register is not available for inspection since there is no proxy facility this time.

Thank you very much. Over to you Chairman Sir.

P Jayarama Bhat : Thank you, Mr. Prasanna.

Dear Members, On behalf of the Bank's Board of Directors, I want to thank you for understanding the current situation and yet, taking out your valuable time to join this meeting today virtually. The COVID-19 pandemic is an unprecedented condition and has been impacting the world at large, business units, economy and families too. These are tough times for most of us. However, your Bank has been successful in timely recognizing the risks and taking prudent decisions to overcome the shocks and march ahead.

I now request Mr. Mahabaleshwara MS, MD & CEO to address the members and provide an update on progress made by the Bank during 2020-21. Over to Mr. Mahabaleshwara MS, Managing Director & CEO.

Mahabaleshwara MS : Thank you Sir.

Dear Shareholders,

At the outset let me wish you all happy Ganesh Chaturthi that we all going to celebrate next week.

I feel privileged to present the performance of your Bank for the Financial Year 2020-2021.

I thank all our shareholders for sparing their time & making it convenient to attend the AGM of the Bank virtually this year too, from various locations.

The outbreak of Covid-19 pandemic across the globe and in India has caused significant disruptions & volatility in the global and Indian financial markets. Our experience in navigating the first wave of the pandemic successfully instilled enough confidence to deal with the challenges of the second wave and also subsequent waves, if any, going forward. This crisis-like situation has shown us new opportunities as well. The digital revolution that was going on in all walks of life, has now gained traction manifold. It also taught us to change the way of doing the business and to adjust to the new-normal situation. Your Bank also has taken many innovative steps to face this pandemic and keep the business on track. We have adopted the Covid-19 business prescription by thoroughly discussing at the Board level i.e., 'Conserve, Consolidate & Emerge Stronger' which came in handy in keeping your Bank resilient. Even though the threat of Covid-19 aftermath is still not over, I am confident that your Bank will emerge still stronger in the days to come.

The world Gross Domestic Product (GDP) for the year 2021 is expected to grow by 6.3 per cent, whereas, as far as Indian economy is concerned, it is expected to expand by 8.3 per cent in the fiscal year 2021-22, according to a report by the World Bank in June 2021. The Reserve Bank of India (RBI) has retained the GDP growth projection for the fiscal year 2021-22 (FY22) at 9.5 per cent. RBI also extended certain liquidity measures/relaxation provided earlier to ensure adequate liquidity in the system to support the growth.

In case of Banking Industry, as per the RBI, India's banking sector is sufficiently capitalized and well-regulated. The financial and economic conditions in the country are far superior to many other countries in the world. Further, various measures introduced by RBI in the form of liquidity facility of ₹50,000 crore, Special Long-Term Repo Operations (SLTRO), credit to MSME entrepreneurs and resolution framework 2.0 for COVID-19 related stressed assets for individuals, small businesses & MSME are expected to boost the economy and the banking sector going forward.

With this background, let me throw some light on your Bank's performance. During the year under consideration, your Bank was able to steer the business successfully and focused on further strengthening its fundamentals & bottom line and the overall satisfactory performance of your Bank is the testimony to its strength and resilience, as highlighted herebelow:

- The Business turnover stood at ₹ 1,27,348.56 crore consisting of Deposits of ₹ 75,654.86 crore and advances of ₹ 51,693.70 crore as on 31.03.2021. During the year under report, the Bank has realigned its credit portfolio by reducing

large corporate advances portfolio significantly and further strengthening its Retail & Mid-Corporate advances Portfolios.

- The Bank has continuously focused on the growth of CASA and the total CASA deposits stood at ₹ 23,823 crore constituting 31.49 per cent of total deposits as against 28.91 per cent as on 31.03.2020 and this 31.49 per cent is a new high for the Karnataka Bank.
- Operating Profit grew from ₹ 1656.77 crore for the year ended March 31, 2020 to ₹ 1,999.14 crore for the year ended March 31, 2021 registering a healthy growth of 20.67 per cent. Net Profit also recorded an all-time high of ₹ 482.57 crore from ₹ 431.78 crore thereby recording y-o-y growth of 11.76 per cent.
- The capital funds of the Bank increased from ₹ 6,789.35 crore to ₹ 7,387.05 crore and the Capital Adequacy Ratio is at a comfortable level of 14.85 per cent as against the regulatory requirement of a minimum of 10.875 per cent.
- The Provision Coverage Ratio (PCR) also improved to 70.05 per cent in FY 21 from 64.70 per cent in FY20.
- The Book Value per share is ₹ 213.67 as on 31.03.2021 as against ₹ 192.06 during the previous year.
- Digital banking transactions are gaining momentum and have risen above 90 per cent as on March 31, 2021 as compared to 83 per cent a year ago.
- As far as the asset quality is concerned in spite of pandemic, GNPA's which were at ₹ 2,799.93 crore a year back improved to ₹ 2,588.41 crore in absolute terms with a reduction of ₹ 211 crore. Similarly, NNPA's have also come down from ₹ 1,755.01 crore to ₹ 1,642.10 crore with a reduction of ₹ 113 crore. Even though in percentage terms, there is a marginal increase of around 10 bps both in GNPA and NNPA, this was mainly on account of the denominator effect, as our overall loan book came down by around 9 per cent.

The Reserve Bank of India on April 22, 2021, in partial modification of the instructions contained in its circular dated May 4, 2005 and December 04, 2020, permitted banks to pay dividend to the shareholders subject to certain parameters. Accordingly, I am pleased to inform that your Board of Directors, has proposed a dividend of ₹ 1.80 on each equity share (i.e. @ 18 per cent) on the paid up value of the equity shares for the year ended March 31, 2021.

As far as the Board Composition is concerned, you are aware that your Bank is regarded as a professionally managed time tested Bank. Your Bank now has 11 Directors including two women directors, out of which eight are independent Directors constituting 72.72% of the Board as against the minimum requirement of 33.33%. Further, during the year under report, two Directors had retired from the Board and one more Director retired in May 2021 after completion of their respective full terms. Further, to ensure board level succession planning, five new eminent personalities have been inducted as additional directors.

As far as the distribution network is concerned, during the year under report, a total of 16 Branches were opened and 6 branches were merged. Further 16 branches were shifted for operational convenience and better ambience. The total branch network stood at 858 and 1478 ATMs/Cash Recyclers. The Bank has undertaken rationalisation & optimisation of branch space in line with the Bank's vision of 'Less space More business'.

We have been focusing in financial inclusion, through the Financial Inclusion Plan, your Bank aims at 'connecting and financially empowering people and spreading financial literacy' by meeting the small credit needs of the rural public, giving them access to the payments system, providing remittance facility and life/ health insurance products etc. The Bank has 192 branches located in the rural areas offering banking facilities to the rural clientele and also acting as Financial Literacy Centres (FLCs). Further, the Bank has 35 USBs (Ultra Small Branches) and 120 BC Agents who are covering the allocated villages of Karnataka, Andhra Pradesh and Chattisgarh States. Further, your Bank is actively participating in Direct Benefit Transfer (DBT) Programme of Govt. of India, wherein, the Govt. would transfer benefits of various schemes directly to the beneficiaries' Aadhaar enabled bank accounts. The Bank has sponsored five FLCs at B.C. Road, Tiptur, Hangal, Kundagol and Alur in Karnataka State. During the financial year 2020-21, a total of 429 Financial Literacy campaigns were conducted and 14,159 participants have been covered. The Bank is also taking lead role in implementation of Social Security Schemes-Prime Minister Jeevan Jyothi Bima Yojana (PMJJBY), Prime Minister Suraksha Bima Yojana (PMSBY), Atal Pension Yojana (APY), PM SVANidhi Scheme, Pradhan Mantri Jan Dhan Yojana (PMJDY) etc., and issuing RuPay Debit Cards also.

The priority sector advances of the Bank stood at ₹ 28,616.59 crore as on March 31, 2021, constituting 46.58 per cent of Adjusted Net Bank Credit (ANBC). Credit to agriculture sector reached a level of ₹ 9,071.32 crore, and it constituted 14.76% of ANBC with a focused attention on weaker section, Small and Marginal farmers etc.

The Bank has robust risk management system in place. In the normal course of business, the Bank is exposed to key risks such as Credit Risk, Market Risk, Liquidity Risk and Operational Risk which also includes IT Risk, besides interest rate risk, concentration risk, strategic risk, reputation risk, cyber risk, etc. In compliance to the RBI guidelines, your Bank periodically continues to strengthen various risk management systems that include policies, tools, techniques and other monitoring mechanisms. A Board level Committee i.e. Risk & Capital Management Committee (RCMC) reviews the risk profile, evaluates, develops policies and strategies periodically for its effective management. Further, your Bank attaches highest importance to the Compliance Culture across all aspects of banking. The Bank follows 'Compliance First and Business Next' concept in its operations. A separate Compliance Department at H.O. is supervising the compliance functions and

Compliance Officers have been nominated at all the ROs & Branches of the Bank to closely monitor the compliance.

In order to continuously engage with shareholders and to disseminate corporate information periodically on voluntary basis, a separate 'Investor Relation Cell' is functioning at Head Office. During the year under report, we had 4 concalls soon after the quarterly results and 5 e-mail communications and all these were hosted in the Bank's website also.

During this year, we have received many Awards & Accolades:

- Bank's Staff Training College has been re-accredited with the prestigious ISO 9001:2015 Certification.
- Bank has bagged Certificate of Appreciation 'Power to Persist (Sept. 2020)' in recognition of the achievement of persistency target & contribution towards Atal Pension Yojana from Pension Fund Regulatory and Development Authority (PFRDA), New Delhi.
- Letter of Appreciation for exemplary performance under APY from PFRDA.
- Bank has been honoured with 'Karnataka Best Employer Brand Awards 2020' from World HRD Congress in 15th Employer Branding Awards - Best Employer 2020-2021.
- Bank has won the following prestigious awards from World HRD Congress, Mumbai:
 - a) Dream companies to work for
 - b) Organisation with innovative HR practices

Further, I am humbled to mention here that your Managing Director & CEO has been conferred with the following honours:

- "Distinguished Alumni Award" from the Alumni Association of UASB (University of Agricultural Sciences, Bengaluru)
- Prestigious 'CEO of The Year' award in the 19th Global Edition of Business Leader of the year, presented by World Leadership Congress & Awards.
- Prestigious 'A. Shama Rao Memorial Outstanding Achievement Award – 2021' instituted by A. Shama Rao Foundation, Mangaluru.

KBL-VIKAAS- Aspirational Journey for holistic and inclusive Transformation, the transformation journey in the Bank which began in November 2017 has gained momentum and is oriented towards transformation of credit delivery system, HR, IT and enhancing the customer experience. Your Bank has set up the state-of-the-art Digital Centre of Excellence (DCoE) at Bengaluru to analyse, address and deliver a seamless customer fulfillment experience by digitising the end-to-end customer journeys across both asset and liability products. Your Bank also established a fully digital interface in the form of 'Digi Branch' at Basavanagudi, Bengaluru and will be extending it to other centres. The prospective clients can simply walk-in to 'Digi-Branch' and open SB Account, besides self-generating the Debit Card, all in a matter of just a few minutes. During the year under report, the Bank has introduced a new concept called DhIRA (Digital Human Interactive Relationship Assistant), a digital

chatbot to interact with customers for Bank's products & services, information and capturing leads, etc. As a part of customer journey digitisation, the Bank has launched innovative digital products and majority of Retail Loans are being sanctioned under Digital Loan Processes wherein in-principle sanction is provided instantly. The percentage of sanctions in Home Loans and Car loans through digital mode has exceeded 90% of the eligible loans and your Bank has been able to significantly upgrade its underwriting capabilities with remarkable improvement in TAT (Turn Around Time) for sanction. It is the endeavour of the Bank to cover all the retail products under this initiative going forward so as to achieve the scale and efficiency.

Further, in the second phase of Transformation "KBL VIKAAS 2.0", your Bank intends to undertake advanced digital initiatives and recently launched Digital Transformation drive "KBL NxT" to emerge as the 'Digital Bank of future', with further focus on having tie-ups with Fintechs, Digital Customer on-boarding, Digi-branch, Analytical solutions, Digital Insurance, Increased ADC Adoption, digitisation/Automation of processes across all the verticals of the Bank with enhanced IT infrastructure/Cyber security and end-to-end digital solutions.

Further, with a view to optimise the costs, enhance the overall efficiency and to streamline back-end operations, your Bank has established its first ever wholly owned non-financial subsidiary named 'KBL Services Ltd.' I am happy to inform that the subsidiary company has commenced its operations w.e.f. March 30, 2021 and is taking required steps to accelerate its functions in line with the stated objectives. Business Associates of 'KBL Services Ltd.' are acting as 'Feet on Street' to source the business from New To Bank (NTB) customers.

Our employees are our greatest asset and they have exhibited great resilience & dedication in these turbulent times of pandemic by further redefining the customer service benchmarks even by risking their life and their dedicated service is laudable. The Bank encourages its employees to engage in continuous learning for up-skilling their capabilities as a 'capacity building' initiative. A platform of e-learning called ELM (e-Learning Module) has been put in place in which training materials on various related topics are being uploaded regularly for the benefit of the employees. Apart from this, training is being provided at ISO 9001:2015 Certified Staff Training College of the Bank and also by deputing to other prestigious training Centres like SIBSTC, CAB-RBI, IDRBT, FEDAI, CAFRAL, etc. A total number of 4433 staff members (56.66 per cent of total staff) have undergone training/workshop/seminars during the reporting year.

The Bank has introduced special Covid-19 insurance of ` 20.00 lakh to be paid to the nominee of the employees who succumbed to Covid-19 apart from compassionate appointment to an eligible family member of the deceased staff member based on the extant guidelines. The Bank has organised vaccination camps at various Centres

for the benefit of its employees and their family members. The Covid-19 safety measures such as sanitisers, masks and thermal screening are being followed scrupulously besides WFH (Work From Home), flexible working hours, sabbatical leave etc. to ensure the safety of the employees.

As far as the CSR initiative is concerned, your Bank is actively associated with the society through various activities under CSR programme in promoting education, women & children welfare schemes, preservation of heritage, rejuvenation of lakes, green initiatives, livelihood enhancement, providing infrastructure to rural Govt. Schools, etc. Over the years, your Bank's contribution under CSR has generated a positive social impact in various sections of the society and the results are encouraging. Further, during this Covid-19 related challenging times, your Bank undertook various relief measures such as supply of Digital Pulse Oximeters, Life Support Ambulances, PPE Kits, Life Saving Ventilators, Cardiac Monitors, etc. to further strengthen the health infrastructure. During the year under report, your Bank had sanctioned a sum of ` 979.04 lakh for 185 projects under its CSR initiatives as against the budgeted amount of ` 960.00 lakh. A committee of Directors, viz. Corporate Social Responsibility Committee is overseeing the overall governance of the CSR activities of your Bank ably assisted by a CSR Support Group of Executives.

Your Bank is organising Founders' Day lecture on February 18th of every year to pay tribute to the founding fathers of the Bank. This year too on February 18, 2021, the Bank had its Founders' Day Celebration by duly adhering to the Covid-19 protocols. Renowned motivational speaker Dr. Gururaja Karajagi delivered this year's Founders' Day lecture and the same was well received.

Your Bank will be completing 100 years of its service to the nation on February 18, 2024 and we are planning for Centenary Celebration from February 18, 2023 to February 18, 2024 to lay a strong foundation for the second Century of the Bank by innovative and long lasting initiatives. Your Bank is planning to construct a 'Centenary Building' and also to come out with a 'Centenary Souvenir' to commemorate this special event besides various far reaching initiatives, such as 'KBL NxT etc.

I express my heartfelt gratitude to our beloved Chairman, Shri P. Jayarama Bhat and the Board of Directors for the enlightened advice & guidance to maintain the highest standards of corporate governance and professionalism in running the Bank. I also thankfully acknowledge the continuous guidance & support of the Reserve Bank of India, Indian Banks' Association, SEBI, Stock Exchanges, IRDAI, PFRDA and other Regulatory / Statutory bodies/ various state Governments.

I would like to place on record my appreciation to senior executive team and all the members of staff for their outstanding tireless efforts during the challenging year. My sincere thanks to the President, General Secretary and office bearers of both AIKBEA & KBOO for their continued support in all the endeavours of the Bank as

partners in progress. My special thanks to all of you dear shareholders for reposing your continued faith and support. My sincere thanks to all our valued customers, well-wishers, Channel Partners and Vendors.

As far the way forward is concerned, having overcome the challenges in 2020-21, we look forward with optimism & enthusiasm and our focus continues to make the current financial year an 'YEAR OF EXCELLENCE' and 'Team KBL' shall strive hard to see your Bank among the Top three in the peer group by focusing on following aspects in the years to come:

- a. A healthy, consistent, sustainable and remunerative business.
- b. An efficient collection mechanism to de-stress the Advances Portfolio and to bring down the 'Slippage Ratio'.
- c. To continue our good efforts in NPA resolution and recovery in Technically Written-Off accounts.
- d. To have a 'Cost-Lite' liability portfolio by focusing on CASA and cost effective RTD (Retail Term Deposit).
- e. Customer centric initiatives including Third Party Product (TPP), to broad-base the fee income stream.
- f. Redesigning business model by duly factoring in the service of KBL Services Ltd.
- g. Creating a future ready workforce.
- h. Further strengthening the control functions by spreading the culture of compliance.
- i. Further strengthening the fundamentals like PCR, CRAR, NIM, ROA, ROE, Cost to Income Ratio etc.
- j. Strive hard to enhance the stakeholders' value.
- k. Taking digital initiatives to next level to create the 'Digital Bank of future' by further strengthening the IT/ digital security features and by focusing on 'KBL NxT' concept.

Further, I am happy to inform that your Bank has recently been authorised by the RBI as "Agency Bank" to conduct government business. With this, the Bank would be able to increase its CASA base as well as earn fee income by extending technology driven banking solutions to the Central and State Government Departments in the coming years.

I am sure, with mutual trust between the Bank & its clients and the support of the shareholders your Bank will continue to play the leading role in the economy, as it has done for more than 97 years. The outlook for us is POSITIVE and full of OPPORTUNITIES. Together, let us build a 'New KBL' as strong 'Digital Bank of future'.

Thank you one and all.

P Jayarama Bhat : Thank you Mr. Mahabaleshwara. It was indeed a detailed presentation on the performance and development of our Bank and thank you very much for your lucid presentation. May I request you to provide a summary of the auditors' report.

Mahabaleshwara MS : Thank you Sir. The Joint Statutory Central Auditors – M/s. Badari Madhusudan & Srinivasan, Chartered Accountants and M/s. Manohar Chowdhry & Associates, have expressed unqualified opinion in their audit reports for the financial year 2020-21. There were no qualifications on financial statements and matters which have any material bearing on the functioning of the Bank. The Statutory Central Auditors' Report on financial statements and the Secretarial Auditor's Report have been made available as part of the Annual Report.

Thank you, Sir.

P Jayarama Bhat : Thank you Mr. Mahabaleshwara. We now take up the agenda as set forth in the Notice.

There are 11 items of business proposed in the Notice, of which nine are ordinary resolutions and two are special resolutions. The members who have registered as speakers will be provided with an opportunity soon after these 11 agenda items are read. Similarly, the queries raised by the members through Q&A option, will also be taken up at the end. With this, I will now proceed with the agenda items set out in the Notice one by one:

Item No. 1 of the Notice – It is an Ordinary Resolution - Adoption of Standalone and Consolidated Financial Statements.

The Audited Standalone Financial Statements of the Bank and Audited Consolidated Financial Statements for the financial year ended/as on March 31, 2021 along with the Reports of Board of Directors and Auditors thereon have already been provided to the members.

Item No. 2 of the Notice – It is an Ordinary Resolution- Declaration of Dividend.

The Board of Directors of the Bank recommended a dividend of ₹1.80 per share, i.e. 18% on the paid-up capital and the resolution is placed for declaration of said dividend by the members for the year 2020-21. This amount has been arrived after duly factoring the relevant RBI Guidelines. Even though the Bank has sufficient profits to distribute, the limits for distribution as dividend are governed by various factors as prescribed by the regulator in the matter.

Item No. 3 of the Notice – It is an Ordinary Resolution – Reappointment of Mr. B R Ashok as a Non-Executive Director of the Bank, who retires by rotation and being eligible, offers himself for reappointment.

Item No. 4 of the Notice – It is an Ordinary Resolution - Appointment of Statutory Central Auditors of the Bank.

The Board has recommended the appointment of M/s. Sundaram & Srinivasan, Chartered Accountants, Chennai and M/s. Kalyaniwalla & Mistry LLP, Chartered Accountants, Mumbai, jointly as Statutory Central Auditors of the Bank to hold office from the conclusion of this 97th Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

Our existing joint Statutory Central Auditors viz., M/s. Badari, Madhusudhan & Srinivasan, Chartered Accountants, Bengaluru and M/s. Manohar Chowdhry & Associates, Chartered Accountants, Chennai have completed their full term of three years of audit and are to be rested as per the extant guidelines.

I wish to state here that the Reserve Bank of India has already granted its approval vide their letter dated July 01, 2021.

Item No. 5 of the Notice- It is an Ordinary Resolution – Appointment of Mr. Justice A V Chandrashekar as an Independent Director of the Bank who shall hold office for a period of five years from the date of his original appointment and that he shall not be liable to retire by rotation.

Item No. 6 of the Notice- It is an Ordinary Resolution – Appointment of Mr. Pradeep Kumar Panja as an Independent Director of the Bank who shall hold office for a period of five years from the date of his original appointment and that he shall not be liable to retire by rotation.

Item No. 7 of the Notice- It is an Ordinary Resolution – Appointment of Mrs. Uma Shankar as an Independent Director of the Bank who shall hold office for a period of five years from the date of her original appointment and that she shall not be liable to retire by rotation.

Item No. 8 of the Notice- It is an Ordinary Resolution – Appointment of Dr. D S Ravindran as an Independent Director of the Bank who shall hold office for a period of five years from the date of his original appointment and that he shall not be liable to retire by rotation.

Item No. 9 of the Notice- It is an Ordinary Resolution – Appointment of Mr. Balakrishna A S as an Independent Director of the Bank who shall hold office for a period of five years from the date of his original appointment and that he shall not be liable to retire by rotation.

Item No. 10 of the Notice- It is a Special Resolution – Authorization to the Board of Directors to issue and allot equity shares by way of Qualified Institutions Placement (QIP).

I request MD to speak a few words on this subject as we received a couple of queries on this resolution.

Mahabaleshwara M S

At the outset, I wish to clarify that this is an enabling forward looking resolution to encash the market opportunities if any, at appropriate time.

Further, as on March 31, 2021, the Capital Adequacy Ratio of the Bank stood at 14.85 per cent which is well above the minimum regulatory benchmark of 10.875 per cent. Besides, the Bank has been ensuring the Ratio at least one per cent above the minimum regulatory benchmark as a matter of prudence and thus, your Bank is well capitalized.

However, the Board, at various intervals has felt the need for onboarding few Institutional Investors mainly to broad base the shareholding.

By having approval of the shareholders for this QIP Resolution, the Board can take swift decision at opportune time by thoroughly evaluating the suitability of the investors, pricing and quantity of dilution in tranches etc., to the best advantage of the Bank and all its stakeholders.

The resolution once approved by the shareholders will be valid for a period of one year and the Board can take an informed decision at an appropriate time as and when the need arises. By obtaining this enabling resolution, the Bank will be able to save its future time and efforts towards obtaining shareholders' approval via postal ballot (remote e-voting), hence this resolution.

Thank you and over to you Chairman

P Jayarama Bhat

: Thank you Mr.Mahabaleshwara .

Item No. 11 of the Notice- It is a Special Resolution – Authorizing the Board to borrow/raise funds not exceeding in aggregate Rs.6000 crore over and above the aggregate of the paid up capital of the Bank and free reserve and the securities premium.

I request MD to speak a few words on this subject.

Mahabaleshwara M S

: This is in fact a resolution to facilitate ordinary course of banking business.

As on March 31, 2021, the total borrowings of the Bank was ₹1,764.88 crore as against the extant limit of ₹ 2000 crore as approved by the shareholders in the 95th AGM held on August 7, 2019. This includes subordinated Tier-2 debt instruments of ₹970 crore raised for the purpose of augmenting capital funds and the rest is

refinance availed from eligible financial institutions such as NABARD, SIDBI, NHB etc. at competitive rates to encash the supply side opportunities.

Although the Bank has sufficient liquidity position and does not have any emergent requirement to raise borrowings in the immediate future, the Bank may consider refinance option as a competitive tool when interest rates are conducive.

Here I also wish to state that as on the date of this meeting, there is no proposal for raising capital via bonds. However, in case, if the Bank wishes to explore various options, bonds or debenture route is also kept in mind considering various financial management aspects. Hence, in terms of Companies Act, 2013, the Bank is seeking approval of the shareholders, only as an enabling resolution to meet the future requirements, if any.

Therefore, this resolution is only an enabling resolution in the ordinary course of banking business and the existing borrowings of the Bank will also be subsumed within the proposed limit of ₹6000 crore.

Thank you and over to you Chairman.

P Jayarama Bhat

: Thank you Mr. Mahabaleshwara.

With this, we have completed all the items of business.

Further, 11 shareholders have registered as 'Speakers' and now I request the CDSL Team to enable the speakers one by one and also enable Q&A option. Please mention your name, Folio Number or Demat Account Number and the location from where you have joined. In the interest of time, kindly keep your questions very short. To avoid repetition of answers to similar questions, we will answer all the questions at the end at once.

Members may also note that the Bank reserves the right to limit the number of members asking questions and also the number of questions depending on the availability of time.

Yes, now the name and other particulars of the shareholder will be mentioned and they may ask the Questions or make any other observations.

Now we request Mr. K Sadanand Shastri to kindly speak and request the moderator to unmute.

Moderator

I have unmuted Mr. K Sadanand Shastri.

K Sadanand Shastri

I am Sadanand Shastri from Bangalore. My number is 11702201. First of all, this virtual meeting is fit for nothing. Neither we can approach you properly, nor you can reach us. Absence of your hard copy report is troubling us very much. Bank should endeavor to reach 4 digits in number of branches from the present 859 branches to 1000 branches which highlights the image of the bank. As per your message it is most appreciating factor that the employees have taken risk while working during pandemic period. On the other hand, some need training to lead the branch effectively. It is my bitter experience, as a customer of your Bengaluru Basavanagudi Branch, Netkallappa Circle. I wanted to open a Capital Gain account tax account with the branch on 26-07-21. I asked the branch's single official for opening. He expressed his ignorance about the scheme. He is unaware of the scheme also. Ultimately, this opportunity slipped into the hands of SBI official who was sitting before him. If this is the situation in the branches, how the bank can reach 1000 branches. It needs to extend good customer service also. Sir, Page no. 9 of your report, a strong legacy is reaching centenary within 2 or 3 years. Page no 10, financial highlights, Bank has achieved positive growth in all the segment except advances, which is the main source of income generation. What is the reason other than pandemic impact? Page no 11, your advances, business turnover, gross earnings shows a negative growth, then what magic bank has done to show positive growth in the profit from 431 Crores to 482 Crores i.e., 50 Crores increase is there. Gross and Net NPA is on the increasing side, how the bank is controlling? Can bring it down? CASA deposits have increased so how best bank can use it to be profitable? Page no 146, unclaimed dividend, outstanding is on the higher side, Bank has to attempt to clear it. Page no 177, what is the use of maintaining heavy cash balance without investing it for investment. Supreme court case, Gajendra Sharma whether it is secured or loss assets? Number of complaints is on the higher side and Bank has to clear these to save the image. Page no 217, pending branch adjustments and balancing ledger is a risky as it is a fraud prone area. Bank has to endeavor to reconcile it to detect any discrepancies. Page no 240, frauds, a fraud involved amount of ₹ 507 Crores shown is, whether it is recoverable or not. See you next year again. Thank you very much.

P Jayarama Bhat

Thank you. Next speaker is Harsh Vishariya.

Moderator

I have unmuted Harsh.

Harsh

I've the questions and a solution to make. My first question is why does management not focusing on the wealth maximization? I want to share some figures of the last 10 years i.e., FY11 to FY21, the profit has grown from ₹ 204.61 Crores to ₹ 482 Crores, a growth of 136% but EPS has hardly grown from ₹15.20 to ₹ 15.52 specially if exclude for bonus then it's ₹ 17.24, roughly 13.4% growth. Share price & dividend has not shown the proportionate growth that has happened in the net profit. So, my question is why the management is so focused on the profit maximization if at the end of the day shareholders are not getting any benefit out of it? Instead, the focus

should be more on the wealth maximization from now onwards instead of profit maximization.

My second question is why our Yield on Advances is so low at 9.05%. My third question is why do we have such high NPAs and provisioning if our Yield on asset is low. The point I want to make here is that if we are only earning less NIM and we are having less interest rate then we must be doing safe, sound and secure lending. Then why our NPA figure so high? Some of the NBFCs have their cost of borrowing, as much as our Yield on Asset so why can't we do a tie up with them and do co-lending, if we are not able to lend at better rates.

And my fourth question is you have proposed a resolution of issuing 15 Crore shares so how will it help create shareholder value. You have done this last year also but no shares were issued, so I just want to share some figures i.e., if you sell 15 Crore shares at the rate of ₹ 60, you will raise ₹900 Crores and our company is barely making ROE of 8% meaning only incremental profit of 72 Crores. So if we put things into perspective in FY21 we earned pack of 482 Crores and EPS was ₹ 15.52. After you dilute 15 crores shares, we may get additional profit of ₹72 Crores meaning increase of 15% roughly but the EPS would decrease by 22% roughly. So this proposal does not make any sense. If you want to maximize the profit then you should go for it but it does not increase shareholder value. Now I come to my suggestion, you have answered that you want to bring institutional investors, so my suggestion is that institutional investors can buy from the market also but why they are not buying because your ROE is very low. So you should strive to make it higher at 15%, 20% that too without share dilution then the institutional investors will come automatically and my second suggestion is that if we can't manage this high ROE then we should look for a merger with another financial institution. These were my queries and suggestions with this I end my turn.

- P Jayarama Bhat** : Thank you Harsh. Speakers, please restrict your question to one or two and focus your questions on the resolutions. Next speaker is Ramesh Shankargulla. You can kindly speak now.
- Moderator** : Sir, Mr. Ramesh is not present.
- P Jayarama Bhat** : Okay, next speaker is Mr. Dhyaneshwar K Bhagwat
- Moderator** : Sir, he is also not present.
- P Jayarama Bhat** : Okay. We will move on to Mr. Unmesh Kantilal Shah.
- Moderator** : I have unmuted Unmesh.
- Unmesh Kantilal Shah** : Respected Sir, Chairman Sir Shri Jayarama Bhat, Shri Mahabaleshwara, Managing Director & CEO and distinguished Board of Directors, nice and heartening to see all

of you and allowing me to join me this meeting from Mumbai. This is the new normal and for Mr. Mahabaleshwara, Mumbai is second home I am not wrong. It's nice and heartening to see and I am very positive and confident that as we march toward the centenary year, the Bank will definitely reach to the new heights. I am also thankful to all the staff, officers and everyone in the Bank who have given their best during these testing times. You know they have done all the best efforts to see that the operation keep running and for that they have put in the best efforts. I am very positive about the Bank, as we say in the right spirit that it is "your family bank across India". As we have seen in the CEO's speech, wherever a staff member has deceased due to this Pandemic, they have already done something about it like some appointment and that we must look after them very well. Before coming to my next question, I wish everyone a very healthy and safe year ahead as we are still passing through the pandemic.

Further, let me also thank Mr. Patil and the Secretarial team, who have been very helpful in sorting out my resolution problems. I was not able to vote it through electronically but his team I think Mr. Ajay and Mr. Patil himself in his pressing time telephoned to sort out the issues related to e-voting.

My first question is about NPAs. I am sure that you people are conscious about the NPAs but I think they are little on the higher side and due to the Pandemic the banks have been able to rein in the NPAs. How much you have restructured or how we look ahead and rein in the NPA that is my first question.

And second thing we are raising the equity shares by another 15 Crores so may be from 31 Crores. So what I understand is if we give the enabling resolution, Bank has the power to raise about 1000 Crores from equity and 6000 Crores by debt. Sir subject to the Board's and the regulatory timeline, a rough idea can you give us in which quarter you propose to raise equity and also what you simultaneously go for the debt and equity. Hope to see you sometime, nice to see you after a very long time Mahabaleshwara Sir. Thank you very much sir.

P Jayarama Bhat

Thank you Unmesh ji. Thank you very much. We will answer your questions at the end. Next is Mrs. Usha Yash

Moderator

Sir, Mrs. Usha is not present

P Jayarama Bhat

The next speaker is Mr. Akshay Anil kumar

Moderator

I have unmuted Mr.Akshay

Akshay Anil kumar

Good Morning Sir and Good morning to everybody present.

I was the speaker last year also and thankfully I have the opportunity this year as well. I am a very young investor out of Bangalore so it's tough for me to attend a

physical AGM. My first question is with respect to NPAs that has already been asked so I won't repeat it. My one more question here which I feel very pertinent is your NPA under housing loans is 3.39% which is shocking for me because the gross NPAs of the housing finance companies in a way less than 1%. I don't understand why Karnataka Bank has NPA ratio of 3.39% when it comes to its exposure to the housing loan when an HFC/NBFC can do it in less than 1%. I want to know what extra steps Bank has taken and what your collection department is doing on this. And one more point I would like to add is your NPA last year was 1.32% and this year it is at 3.39%, so there is more than 2% spike whereas an HFC can do it at a much lesser rate and has much lesser NPA.

My second question, if you remember I was a speaker last year also and had asked you what is your overall commission from insurance and said that ₹ 49 Crore is very less & Mahabaleshwara Sir had assured that we will increase that significantly. It has increased by 1 Crore only. Last year, I think you made partnership with 3 others insurance companies but your insurance commission is still 50 Crores. If you look at how Federal bank and IndusInd bank are doing which are on par with Karnataka Bank. Their fee and commission from Insurance or bank assurance channel is significantly higher. Again from the past two years, I don't see any improvements and I want your feedback as to how you can improve that.

Now one more question is, I heard from your speech with respect to you are giving job opportunities to family members of the employees who succumbed to COVID19. If you look at how IDFC First bank and HDFC Bank are doing, I mean, HDFC Bank is giving 2 months of salary for the next two years to the family members of the deceased employees. I think that is the step even your Board should consider because those employees who passed away, I think it's better if their family keeps getting the salary for the next two years. Many companies are doing.

And my final question is even though I am in favor of all the resolutions except one that is in terms of QIP. If you look at IndusInd Bank, last year just before the AGM they called for an EGM where they wanted to raise about ₹ 5000 Crores via QIP, because you have only mentioned to raise it through QIP, I don't know at what price, how much have been reserved under Tier II and Tier III, I do not know due diligence which companies are raising.

So, without that information for a shareholder it is very tough to give in favor of the resolution. So what my suggestion would have been, that had you raised the 15000 Crores QIPs through an EGM I think it would have been much better because then it would have been a much more knowledge. Because now wants to take blanket approval you can go on to raise that without the views of the shareholders. So that was my fourth point, I have more points however in the interest of time I limit it to here. Once again I would like to thank you and the entire Board for giving me this opportunity. Between last 2 years I have attended several AGMs and I think

Karnataka Bank and HDFC are the two best that I have attended and I think that credit goes to Patil Sir and his team. Hopefully in the future I can physically come down and meet you and your team. Thank you. Thank you so much.

P Jayarama Bhat

Thank you Akshay. Thank you very much for your views. Next is Sheetal Shankar Bansal.

Moderator

Sir Sheetal is not present.

P Jayarama Bhat

Okay, Kankanala Bharat Raj. Mr. Bharat Raj

Moderator

I have unmuted him

P Jayarama Bhat

Can you hear me. Mr. Bharat Raj. Okay, we will proceed. Mr. K.R. Nataraj

Moderator

Sir I have unmuted him

KR Nataraj

I am speaking from Bangalore sir.

I am holding shares after inheriting from my parents and these shares are held since many years. Over a period of time I have added some shares also. What MD & CEO has spoken, I don't find the achievements that much noteworthy in as much as your business has not grown over a period of last 5 years and if inflation is accounted for there is absolutely no growth in total business and a meager growth in profit. I think this underperformance is a reason for your share value to remain so subdued that it oscillates between 45, 50, 60 where as you have come out with the right issue about 7-8 years back with premium of ₹ 60. We are really at a loss when the book value is at ₹ 213 and the share value is at around is only at Rs 60 and I personally feel I have incurred huge losses by purchasing shares at the rate of ₹ 100 or so. Explain the reason for the underperformance not only business parameters but also in the share price. My last question is what future holds for the Bank of size of the Karnataka bank when we are witnessing mergers and banks' failures in the country during the last decade. Thank you sir.

P Jayarama Bhat

Thank you Mr Nataraj. Next is Mr. Kamal Kumar Mujumdar

Moderator

Sir he is not present

P Jayarama Bhat

Ok. Once again Mr. Bharat Raj we could not connect to you, are you there?

Moderator

I have unmuted him. He is not there.

P Jayarama Bhat

Ok we will proceed.

Some five members have wished to ask some questions through chat under Q&A menu.

Mr. Siddharath Mohan: How long it will take you to complete the process of on boarding new investors and bringing in the growth capital. How equity dilution occurring owing to issuance of new shares is being taken care off.

Mr. Yash Datawada : Please share more details on QIP and use of funds and also what is the minimum value to book value at which we will do QIP.

Mrs. Sudha Deshpande: Kudos to you and your team sir. What are your future plans for centenary year apart from building and souvenir?

Mr. Yashwanth Tippeswamy: Why bank not considering buy back instead of dividend.

Mr. Saratha Kalyansundaram: what is the latest position of NPAs, have you recovered any money from Reliance Home Finance which was classified as a fraud account. These are the questions from other shareholders.

Mehul Patak: Your ROA continues to be terrible and I had asked this question last year too, what is the point in raising fresh capital when you can't manage current assets efficiently?

Ramchandra Vidyaranyapura: Regarding item no. 11 special resolution to borrow funds in one or more branches not exceeding and aggregating of 6000 Crores. Can you please share the information or how the funds will be deployed.

These are the questions for which our MD will summarise and answer.

Mahabaleshwara M S : Thank you Sir.

I should really thank all the speakers as well as other shareholders who have shared their critical input through chat box. A special thanks to each one of the speakers for their inputs. I could observe that there are many detailed question. But two major issues which have been flagged off by each of you is about QIP as well as low share price. While giving my initial observations on QIP, I have made it very clear that it is a forward looking enabling resolution to encash the market opportunity at appropriate time. Even though Capital Adequacy Ratio of the Bank is comfortable at 14.85%, the requirement is purely from the point of the growth in future. Current year we are very optimistic of the credit growth.

Somebody has even raised concern of low credit growth during the last year. I think it was Mr. Natrajan. Yes what you said is correct, but we had utilized this pandemic affected year for re-alignment of our credit portfolio. We were slightly tilted towards the large advances and we have re-aligned it during the last year towards the retail

and mid corporate advances by having about 5.99% credit growth under retail category and about 6% credit growth in mid corporate sector. The retail and mid corporate is our focus area because we have observed here the delinquency are less and it would also help us to improve the yield on advances. Somebody has even raised this particular issue of yield on advance and also risk in this portfolio is highly diversified. That has been the reason for the low credit growth during last year. However during the current year, especially during the second quarter the credit off take is impressive and we have projected a credit growth of 15 to 17% and hence there may be a requirement of an additional capital. That's way I said it is a forward looking enabling resolution. That doesn't mean we will go for the entire 15 Crores dilution at one go. This is the upper cap and the Board of directors will evaluate the situation, the suitability of investors and even the pricing also. We are very well aware that the present price may not be interested for us also. The quantity of dilution if at all it happens it will be in tranches.

What I would like to reiterate to all the shareholders is that whenever we go for capital augmentation through QIP, in all probability it will be in tranches and it will be in the best advantage of the Bank and all its stakeholders. That is the main responsibility of all of us and definitely we will adhere to that.

There was another important point why the share pricing is still at a low level. Yes, I am also equally concerned over the lower price to book of our shares even though the book value is consistently improving which is presently at ₹213.67. You might have observed that in the recent past we have been consistent and steady in our quarterly results, without any major negative surprises and also with the best disclosure standards as well.

Asset quality has been engaging our continuous attention. Some of you have noted that NPA is on the higher side. Definitely there is scope for further improvement but my submission is that we have been able to keep the NPA in good stead. In spite of the pandemic, the GNPA has come down to ₹ 2588.41 Core from ₹ 2799.30 Core and the NNPA also improved to ₹ 1642.10 Crores from ₹ 1755.01 Crores about a year back.

Mr. Sadanand Shastri has observed that there is an increase in GNPA and NNPA. Mr. Shastri your point is wrong. Actually in absolute terms both GNPA and NNPA has come down but in percentage terms 10 basis point increase is there. Please understand the rationale that this increase is mainly on account of the denominator factor. That means overall advances have come down. So the moment advances improves naturally percentage will also come down.

The stress in portfolio in terms of SMA i.e., special mentioned accounts, is also well under control and we have been able to take care of the banking requirements of our customers. Definitely, it is our responsibility to further improve the

fundamentals. We have focused and delivered on that front in a consistent way. You have already observed the significant improvement in CRAR, PCR, CASA, Digital transactions and also on top of it the 11.76% growth in the net profit. Please understand that the year 2020-21 was a unique year for the banking sector. Your expectations we can understand but the ground realities also we need to factor in. Further we are also now in the process of addressing the issue of shareholding pattern by on boarding suitable institutional investors as proposed in today's AGM to have a long lasting positive impact in value creation.

All of you are aware of the basic facts, that the movement of the price is the function of demand and supply as the existing shareholders would always prefer to sell high whereas the intended buyers prefer to buy low. So with this background, the solution to certain extent lies in the hands of the shareholders also. That is why we have given topmost priority for Corporate Governance and Investor Communication especially by having Con-Calls on quarterly results, updation of a detailed results and it's analysis on the Bank's website, sending emails to all the registered shareholders on the results highlights and other developments and also stock exchanges filing on any issues of shareholders' interest etc., so as to facilitate an informed decision. However, I am optimistic and confident, as a well-developed capital market can no longer ignore a fundamentally strong scrip.

Mr. Sadanand Shastri has also highlighted that he has made a demand for the hard copy of the Annual Report. Sir, as per the SEBI/MCA guidelines, in view of the pandemic they have dispensed with the submission of the hard copy and that is why only the soft copy is shared. Further, you have also mentioned that we will need to have thousand branches. These were the concepts which were having currency about 10 years back. Now, in view of the new age banking, it is the digital touch points and the alternate delivery channels which are in demand.

You were concerned about negative growth in Advances, GNPA and NNPA, which I have already highlighted.

Harsha, I am thankful to your wealth maximization suggestion. I am sure my respective General Manager might have already taken note of this.

Mr. Unmesh Kantilal, you have expressed positive confidence, appreciated Staff Welfare measures and good service extended by them during the pandemic period for which I am thankful to you. Yes, better NPA management is engaging our attention. I'm confident that going forward the asset quality would further improve. That is what we have created a strong foundation. Equity dilution related things I have already answered.

Mr. Akshay, you highlighted an important point of Housing Loan NPA. Of course, yes, that was a pain point, what we did is thereafter we specifically focused on our KBL Apna Ghar Scheme.

Under the KBL Apna Ghar Scheme, our overall exposure is 16.26% of the GBC and this was the initiative which we had highlighted and focused during our KBL 'Vikaas' transformation journey. About three years back it was at 12% of our GBC. We had a dream of surpassing 16% exposure under the KBL Apna Ghar Scheme and we have been able to achieve that and at present i.e., as of 31st March' 21, our KBL Apna Ghar exposure is at 16.26%. But the relevant point you raised is the NPA. What I'm highlighting is that ever since we introduced this particular scheme, the NPA is very much under control and it is just at 0.53% of the GBC. Secondly, I have also highlighted that during this transformation journey, we have started digital underwriting. There we have put in good number of filters while onboarding the customers and not only NPA, even the SMA accounts under this particular scheme is also very much under control and at bare minimum. So that is the precautions that we have taken care and your suggestion of TPP income is definitely engaging our attention.

Mr. KR Natraj Sir, your question was what future holds for KBL. Definitely, it is positive and full of opportunities i.e., by the turn of the first century of the Karnataka Bank, we would like to enter the second century with a new image, new vigor, new KBL and powered by KBL 'Nxt', the digital Bank of future. The future is positive and the sentiment is optimistic. You have also appreciated the employee benefits, other welfare measures that we have undertaken. They are an integral part of our family and that was the basic responsibility from our side. Board has also deliberated on this and naturally the management has to stand by with its employees and I am happy that you have taken a note of it. If you have any other points, please send us an email, we will be able to respond for all those things.

Mr. Tony K.J. has suggested that "dividend distribution restrictions are well understood and is partially influenced by regulations, the Bank needs to consider periodical stock buybacks in place of dividends to boost shareholder value". So let us attain that strength in due course.

Mr. Ramchandra from Vidyaaranyapura, has said that "the Reserve Bank of India imposed a monetary penalty of ₹ 1 Crore is highly disappointing and a drain on the shareholders' wealth. Measures should be initiated to avoid such incidence causing penalty besides identifying accountability". Sir, abundant precaution has already been put in place.

Over to you Chairman Sir.

P Jayarama Bhat

: Thank you Mr. Mahabaleshwara. I think almost all the queries are answered. There was also one query as to why this AGM is to be held under video conference. As regards the Annual Meeting held virtually, all the listed entities are guided by MCA and SEBI circulars on the manner of conducting AGM. In fact, it is mandatory to hold AGM virtually. So, you all appreciate that it is better to maintain social distancing even the uncertainties arising out of COVID-19 pandemic.

Dear Shareholders, Thank you for your overwhelming support and also raising relevant queries here and we have made an attempt to consider as much possible. Yet if you have any queries left, you can write to investor.grievance@ktkbank.com and we will put best efforts to address your queries.

Thank you, Mr. Mahabaleshwara. Thanks for answering most of the questions and queries of the shareholders and also responding to the appreciation received from our shareholders also.

And now we are moving further.

Members, you may please note that the voting on the CDSL platform will continue to be available for the next 30 minutes that is up to 1.10 PM. Therefore, the members who are present in this meeting and those who are yet to cast vote are requested to do so.

The Board of directors has appointed Mr. M.V. Shanker Bhat, practicing advocate, Mangaluru as the Scrutinizer to supervise the e-voting process. Further, we shall declare e-voting results within the SEBI prescribed timeline and inform stock exchanges and also will place the same on the Bank's website. The resolutions, as set forth in the Notice, will be deemed to have been passed in today's AGM subject to receipt of requisite number of votes.

I thank each one of you for sparing your valuable time for attending the meeting and also for your active participation. I hereby declare the proceedings as closed. Thank you.

Mahabaleshwara M S

Once again, Thank you one and all.
