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CIN : L85110KA1924PLC001128

NOTICE TO THE MEMBERS

Notice is hereby given that the Ninety Sixth Annual General Meeting of **THE KARNATAKA BANK LIMITED** will be held **through Video Conferencing (“VC”)/Other Audio Visual Means (“OAVM”)** as under:

Date : July 17, 2020
Day : Friday
Time : 11.30AM

to transact the following businesses:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited financial statements for the financial year ended March 31, 2020 together with the reports of the Auditors and the Directors thereon.
2. To appoint a director in place of **Mr. P. Jayarama Bhat (DIN: 00041500)**, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint auditors to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration. The Board proposes to appoint **M/s. Badari, Madhusudhan & Srinivasan, (Firm Registration No.005389S)** Chartered Accountants, No. 132, II Floor, Kantha Court, Lalbagh Road, Bengaluru-560027 and **M/s. Manohar Chowdhry & Associates, (Firm Registration No.001997S)** Chartered Accountants, New No.27, Subramaniam Street, Abiramapuram, Chennai-600018, jointly as Statutory Central Auditors of the Bank to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting, subject to approval from the Reserve Bank of India.
4. To authorize the Board of Directors/Audit Committee of the Board to appoint branch auditors in consultation with the Bank's Statutory Central Auditors to audit the accounts for the year ending March 31, 2021 of such of the branches/ offices of the Bank as are not proposed to be audited by the Bank's Statutory Central Auditors pursuant to Section 139 and 143(8) of the Companies Act, 2013 and subject to the approval of the Reserve Bank of India under Section 30(1A) of the Banking Regulation Act, 1949 on such remuneration and subject to such terms and conditions as may be fixed by the Board of Directors or Audit Committee of the Board.

SPECIAL BUSINESS

5. To consider passing of following resolution as an ORDINARY RESOLUTION:

“RESOLVED that pursuant to the approval received from the Reserve Bank of India (RBI) under Section 10B(1A) of the Banking Regulation Act, 1949 for the reappointment of **Mr. P Jayarama Bhat (DIN: 00041500)**, Part-Time Non-Executive Chairman of the Board of Directors of the Bank for a further period from April 12, 2020 up to November 13, 2021 and the remuneration etc. in relation to his reappointment, approval of the members of the Bank be and is hereby accorded for the payment of remuneration etc., as stated below to Mr. P Jayarama Bhat during the above period :

Sr. No.	Particulars	Description
1	Remuneration	Consolidated salary of ₹12 lakh per annum (Rupees one lakh per month).
2	Entertainment allowance	Reimbursement of entertainment expenses including Club Membership Fees up to ₹25,000 p.a.
3	Use of Bank's car	Free use of Bank's car for official purpose.
4	Travelling and Halting allowance	Governed by the rules as applicable to the Whole Time Directors of the Bank with regard to reimbursement of the travel, halting allowance and other expenses incurred for attending the meetings of the Board/ Committees of the Board and other official visits.
5	Insurance cover	Reimbursement of medical insurance premium upto a cover of ₹10.00 lakh p.a. for self and spouse.
6	Telephone	Reimbursement of telephone expense.
7	Sitting fees	Payment of sitting fees of such amount as applicable to other Non-executive Directors of the Bank for attending meetings of the Board & Committees of the Board.

RESOLVED FURTHER THAT the Board/any Officer of the Bank duly authorized by the Board be and is hereby authorized to do all such acts, deeds and things as may be required to give effect to the aforesaid resolution.”

6. To consider passing of the following resolution, as an ORDINARY RESOLUTION:

“RESOLVED THAT pursuant to the approval received from the Reserve Bank of India (RBI) under Section 35B of the Banking Regulation Act, 1949 and subject to the applicable provisions of the Companies Act, 2013 and subject to such other approvals as may be necessary, approval of members of the Bank be and is hereby accorded for the reappointment of **Mr. Mahabaleshwara M S (DIN: 07645317)** as Managing Director & CEO of the Bank for a period of three (3) years w.e.f. April 15, 2020 on the terms and remuneration as detailed in the explanatory statement annexed to this notice.”

"RESOLVED FURTHER THAT the Board/any Officer of the Bank duly authorized by the Board be and is hereby authorized to do all such acts, deeds and things as may be required to give effect to the aforesaid resolution."

7. To consider passing of the following resolution, as an ORDINARY RESOLUTION:

"RESOLVED THAT in accordance with applicable provisions of the Companies Act, 2013 and the Rules made thereunder and the Articles of Association of the Bank, Mr. B R Ashok (DIN: 00415934), who was appointed as an Additional Director by the Board of Directors on August 27, 2019, pursuant to Article 38(d) of the Articles of Association of the Bank and Section 161(1) of the Companies Act, 2013 and who holds office upto the date of this Annual General Meeting and in respect of whom a written Notice pursuant to Section 160 of the Companies Act, 2013, has been received from a member signifying his intention to propose Mr. B R Ashok as a candidate for the office of Director of the Bank pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and Schedule IV to the Companies Act, 2013, Section 10A and other applicable provisions of the Banking Regulation Act, 1949 and the Circulars and Guidelines issued by the Reserve Bank of India, **Mr. B R Ashok (DIN: 00415934)** be and is hereby appointed as a Non-Independent Director of the Bank, liable to retire by rotation".

"RESOLVED FURTHER THAT the Board/any Officer of the Bank duly authorized by the Board be and is hereby authorized to do all such acts, deeds and things as may be required to give effect to the aforesaid resolution."

8. To consider passing of the following resolution, as a SPECIAL RESOLUTION:

"RESOLVED that pursuant to the provisions of Sections 149, 152 and any other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules 2014 and Schedule IV to the Companies Act, 2013, Section 10A and other applicable provisions of the Banking Regulation Act, 1949 and the Circulars and Guidelines issued by the Reserve Bank of India, **Mr. Keshav K Desai (DIN: 07427621)**, an Independent Director of the Bank, in respect of whom a written Notice pursuant to Section 160 of the Companies Act, 2013 has been received from a member signifying intention to propose him as a candidate for re-appointment as an Independent Director of the Bank, be and is hereby reappointed as an Independent Director of the Bank who shall hold office from February 19, 2021 upto February 18, 2024 and that he shall not be liable to retire by rotation."

"RESOLVED FURTHER THAT the Board/any Officer of the Bank duly authorized by the Board be and is hereby authorized to do all such acts, deeds and things as may be required to give effect to the aforesaid resolution."

9. To consider passing of the following resolution, as an ORDINARY RESOLUTION:

“Resolved that pursuant to section 61(1)(e) and other applicable provisions, if any, of the Companies Act, 2013 read with Article 3(a) of the Articles of Association of the Bank and such approvals, consents, permissions and sanctions, as may be necessary from the Reserve Bank of India and other appropriate authorities, approval of the Members of the Bank be and is hereby accorded to reduce the Authorized capital of the Bank from ₹800,00,00,000 (Rupees Eight hundred Crore) divided into 80,00,00,000 equity shares of ₹10/- each to ₹600,00,00,000 (Rupees Six hundred Crore) divided into 60,00,00,000 Equity Shares of ₹10/- each by cancelling 20,00,00,000 unissued equity shares of ₹10/- each.”

“Resolved further that Clause V of the Memorandum of Association be and is hereby altered as under:

“V. The Authorised Share Capital of the Bank is ₹600,00,00,000/- divided into 60,00,00,000 equity shares of Rs. 10/- each.”

“Resolved further that the Board/any Officer of the Bank duly authorized by the Board be and is hereby authorized to do all such acts, deeds and things as may be required to give effect to the aforesaid resolution.”

10. To consider and pass, the following resolution, as a SPECIAL RESOLUTION:

“Resolved that Article 3(a) of the Articles of Association be and is hereby substituted with the following:

3(a): The Authorised Share Capital of the Bank is as per clause V (Capital Clause) of the Memorandum of Association of the Bank.”

“Resolved further that the Board/any Officer of the Bank duly authorized by the Board be and is hereby authorized to do all such acts, deeds and things as may be required to give effect to the aforesaid resolution.”

Registered Office:
Mahaveera Circle
Kankanady, Mangaluru-575002
Date: June 06, 2020

By order of the Board of Directors

Prasanna Patil
Company Secretary

Notes:

1. In view of the continuing Covid-19 pandemic in the country, social distancing norms to be followed and continuing restriction on movement of persons at several places, the Ministry of Corporate Affairs (“MCA”) has, vide its circular dated May 5, 2020 read with circulars dated April 8, 2020 and April 13, 2020 (collectively referred to as “MCA Circulars”), directed that companies shall hold the Annual General Meeting through **Video Conferencing (“VC”) / Other Audio Visual Means (“OAVM”) only** and accordingly, in compliance with the provisions of the Companies Act, 2013 (the “Act”), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) and MCA Circulars, Annual General Meeting of the members of the Bank

(AGM) will be held through VC/OAVM only (hereinafter referred to as "AGM").

2. Further, in compliance with the aforesaid MCA Circulars and SEBI Circular dated May 12, 2020, **Notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic mode** to those Members whose email addresses are registered with the Bank/ Depositories. Members may note that the Notice and Annual Report 2019-20 will also be available on the Bank's website www.karnatakabank.com, websites of the Stock Exchanges i.e., BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively, and also on the website of CDSL <https://www.evoting.cdsl.com>.
3. The explanatory statement pursuant to Section 102 of the Companies Act, 2013 in respect of the special businesses set out above and the relevant details pursuant to Regulations 26(4) and 36(3) of the SEBI (LODR) and Secretarial Standard-2 on General Meetings issued by the Institute of Company Secretaries of India are provided in page number **9** onwards.
4. All documents referred to in the notice and the explanatory statement provided hereinafter, will also be available for electronic inspection by the members without any fee from the date of circulation of this notice up to the date of AGM i.e., **July 17, 2020**. Members seeking to inspect such documents can send an email to investor.grievance@ktkbank.com.
5. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Bank. Since this AGM is being held pursuant to the MCA Circulars referred to above through VC/OAVM, physical attendance of Members has been dispensed with. **Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.**
6. Institutional/Corporate Shareholders (i.e. other than individuals/HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of its Board or governing body Resolution/Authorization etc., authorizing its representative to attend the AGM through VC/OAVM on its behalf and to vote through remote e-voting. The said Resolution/Authorization shall be sent to the Scrutinizer by email from its registered email address to investor.grievance@ktkbank.com with a copy marked to evoting@cdsl.co.in.
7. Members are requested to intimate changes, if any, pertaining to their name, postal address, email address, telephone/ mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank account details such as, name of the bank and branch, bank account number, MICR code, IFSC code, etc., to their DPs in case the shares are held by them in electronic form and to **Bank's RTA- Integrated Registry Management Services Private Ltd., No. 30, Ramana Residency, 4th Cross, Sampige Road, Malleshwaram, Bengaluru-560003 (Tel no. 080-23460815 / 6 /7) in case the shares are held by them in physical form.**
8. In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Bank or Register of Beneficial holders as made available by

the depositories, will be entitled to vote at the AGM.

9. Members desiring any information with regard to the annual accounts or any matter to be placed at the AGM, are requested to write to the Bank on or before **July 15, 2020** through email on investor.grievance@ktkbank.com.
10. Members are requested to note that, dividends if not encashed for a consecutive period of 7 years from the date of transfer to Unpaid Dividend Account of the Bank, are liable to be transferred to the Investor Education and Protection Fund ("IEPF"). The shares in respect of such unclaimed dividends are also liable to be transferred to the demat account of the IEPF Authority. In view of this, Members are requested to claim their dividends from the Bank, within the stipulated timeline. The Members, whose unclaimed dividends/shares have been transferred to IEPF, may claim the same by making an online application to the IEPF Authority in web Form No. IEPF-5 available on the website at www.iepf.gov.in. For details, please refer to corporate governance report of Annual Report.
11. Members attending the AGM through "VC"/"OAVM" shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
12. **RBI vide circular DOR.BP.BC.No.64/21.02.067/2019-20 dated April 17, 2020 has directed all the banks not to make any further dividend pay-out from the profits pertaining to the financial year ended March 31, 2020 until further instructions, and hence, no dividend from the profits pertaining to the financial year ended March 31, 2020 is proposed by the Board.**
13. Since the AGM will be held through "VC"/"OAVM", the Route Map is not annexed in this Notice.
14. Article 74A of the Articles of Association of the Bank states that any suit by a member or members relating to any Annual General Meeting or Extraordinary General Meeting of the Bank or any meeting of its Board of Directors or a Committee of Directors or to any item of business on the agenda of any such meeting shall be subject to the exclusive jurisdiction of courts in Mangaluru city.
15. **Instructions for remote e-voting and procedure to join the AGM are provided in Page No.24 to 27.**

ANNEXURE TO NOTICE

Annexure to Item No. 3 & 4

Appointment of Statutory Central Auditors (SCAs) and Branch Auditors

In terms of Section 30(1A) of the Banking Regulation Act, 1949, every banking company shall before appointing, re-appointing or removing auditor or auditors, obtain the previous approval of the Reserve Bank of India.

At the 95th Annual General Meeting held on August 07, 2019, M/s. Badari, Madhusudhan & Srinivasan, (Firm Registration No. 005389S) Chartered Accountants, No. 132, II Floor, Kantha Court, Lalbagh Road, Bengaluru-560027 and M/s Manohar Chowdhry & Associates, (Firm Registration No. 001997S), Chartered Accountants, New No.27, Subramaniam Street, Abiramapuram, Chennai-600018, were appointed as the Joint Statutory Central Auditors of the Bank who, at the conclusion of the ensuing Annual General Meeting, will be completing the period of second year (i.e., in the term commencing from FY 2018-19). Both the above audit firms have confirmed their eligibility to be appointed as Statutory Auditors as per Section 141 of the Companies Act, 2013 and applicable rules. The Board of Directors recommends the appointment of M/s Badari, Madhusudhan & Srinivasan, Chartered Accountants (BMS) and M/s. Manohar Chowdhry & Associates, Chartered Accountants (MCA) jointly as Statutory Central Auditors of the Bank to hold office upto the conclusion of 97th AGM, in respect of whom, an application seeking approval from the Reserve Bank of India has been submitted under Section 30(1A) of the Banking Regulation Act, 1949, and approval from them is awaited.

Details of fees of Statutory Auditors:

Proposed fees payable to the statutory auditor(s) along with terms of appointment.	The joint Statutory Central Auditors (SCAs) were paid remuneration for the year ended 2019-20 as detailed below. It is proposed to retain the existing remuneration structure for the FY2020-21 also. However, the Board/Committee(s) thereof be given the power to alter and vary the terms and conditions of the appointment, remuneration etc. including by reason of necessity on account of conditions as may be stipulated by RBI and/or any other authority, in such manner and to such extent as may be mutually agreed with the auditors.
In case of a new auditor, any material change in the fee payable to such auditor from that paid to the outgoing auditor along with the rationale for such change.	Not applicable since the reappointment of the existing statutory auditors have been proposed.

Fees paid to Statutory Central Auditors for the FY 2019-20: (Amounts in Rs.)

	TOTAL (₹)
Year-end Audit Fees	20,00,000
Limited Review	12,00,000
Tax Audit Fees FY 2018-19	8,00,000
Branch audit Fees*	45,23,000
E Filing Fees	25,000
Certification fees	3,27,501
Total (Exclusive of applicable taxes)	₹88,75,501

* The Statutory Central Auditors audited a total of 57 branches/controlling offices covering 47% of the total advances and the remuneration paid to both the Statutory Central Auditors for carrying out branch audit was ₹45.23 lakh (plus taxes).

Further, out of pocket expenses incurred in connection with the Audit and for attending Audit Committee meetings were reimbursed at actuals.

Basis of recommendation for the appointment including the details in relation to and credentials of the statutory auditor(s):

Brief profile of M/s. Badari, Madhusudhan & Srinivasan:

The firm M/s Badari, Madhusudhan & Srinivasan, Chartered Accountants, Bengaluru was established in the year 1991 by Mr. N, Srinivasan, Chartered Accountant and the firm has a standing of over 28 years in the profession. The firm has six full time and one part time Fellow members of ICAI (FCAs) as partners and two (2) paid Chartered Accountants and has total staff strength of 47 employees. Two of the Partners also possess DISA qualification, apart from obtaining certificate course on Bank concurrent audit conducted by the ICAI.

The firm is on the RBI Panel for appointment as auditors of the nationalized Banks and also empanelled with the C&AG for audit of the PSUs. The firm has the experience as Central Statutory Auditors of Indian Overseas Bank. The firm has a total experience of more than 28 years in the audit of Banking/Financial Services Sector which includes 3 years in the Statutory Central Audit, 26 years in Statutory Bank Branch Audits, 28 years in Concurrent Audit and other special assignments for Banks such as Systems Audit, Revenue Audits, Stock/Security Audits, Credit Audits etc. Besides, they meet the criteria to be appointed as SCA as per RBI circular DBS.No.ARS.BC.8/08.91.001/2000-2001 dated January 30, 2001.

Brief profile of M/s. Manohar Chowdhry & Associates:

Established in the year 1984 by CA. T. N. Manoharan, Manohar Chowdhry & Associates has a standing of over 36 years in the profession with 24 Partners at present with 30 CAs working fulltime. The firm has 13 branches in India with total staff strength of 400 employees.

The firm has the experience of providing variety of services such as tax consultancy, Audit and Assurance, Taxation, Appeals and legal consultancy, Information Systems Audit, International taxation, Due diligence, Valuation of entities, Management consultancy etc. The firm is empanelled with RBI & Comptroller & Auditor General of India (C&AG) and has the experience in conducting Statutory Central Audit of Corporation Bank for two years and has a total experience of around 18 years in Statutory Bank Branch Audits and around 20 years in concurrent Audit. Also the firm has handled other special assignments for banks such as Systems Audit, Duration Gap Analysis Audit, Revenue Audits, stock audits etc. The firm is also statutory Auditor for various PSUs. Besides, they meet the criteria to be appointed as SCA as per RBI circular DBS.No.ARS.BC.8/08.91.001/2000-2001 dated January 30, 2001.

Agenda Item no. 4

Further, pursuant to Section 143(8) of the Companies Act, 2013, Bank shall also appoint branch auditors for audit of such of the branches/offices which are not proposed to be audited by the Statutory Central Auditors.

The remuneration structure payable to the branch auditors for carrying out audit of such branches which were not audited by the Statutory Central Auditors was fixed taking into account the advances size of the branch and it varied between ₹16,500 to ₹1,06,000 per branch plus applicable taxes. No out of pocket expenses were reimbursed barring few cases where the travel restrictions were imposed on account of Covid-19 pandemic.

The remaining 824 branches/controlling offices were audited by the other branch auditors appointed by the Bank covering 53% of the total advances and the total remuneration paid to these auditors was ₹278.00 lakh (plus taxes).

Accordingly, as set out in item No. 3 and 4 of this Notice, subject to the approval of the Reserve Bank of India, your Bank seeks approval of the members to:

- (i) to appoint the above two audit Firms as Statutory Central Auditors & authorise the Board of Directors to fix their remuneration and
- (ii) to authorise the Board to appoint Branch auditors and fix their remuneration.

None of the Directors, Key Managerial Personnel and their relatives is concerned or interested in this resolution.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 (the "Act").

In conformity with Section 102(1) of the Act, the following explanatory statement sets out the material facts relating to item **Nos. 2 & 5, 6 to 10** appearing in this Notice dated June 6, 2020.

Item No.2 & 5:**Re-appointment of Mr. P Jayarama Bhat (DIN: 00041500) as Director and to hold the post of Part-Time Non-Executive Chairman of the Bank and payment of remuneration.**

Mr. P. Jayarama Bhat (DIN: 00041500) has been on the Board of the Bank since the year 2009. Currently, he is the Non-Executive Chairman and prior to this, he was the Managing Director & CEO of the Bank from 13th July 2009 to 11th April 2017. During April 2017, as a well-thought out succession planning, he relinquished the post ahead of the tenure approved by RBI. Thereafter, he took up the position of Part-Time Non-Executive Chairman of the Bank pursuant to the approval received from Reserve Bank of India vide DBR. Appt. No.12034/ 08.40.001/2016-17 dated April 10, 2017 in accordance with Section 10B(1A) of the Banking Regulation Act, 1949, for a period of three years w.e.f. April 12, 2017. Now, pursuant to recommendations of the Board, RBI vide email dated March 24, 2020 has communicated its approval for the reappointment of Mr. P Jayarama Bhat as Part-time Non-Executive Chairman of the Bank to hold the office for a further period up to November 13, 2021

(i.e., till the date of his attaining the age of 70 years being the upper age limit for Directors as per extant guidelines of RBI).

Further, the Independent Directors of the Bank at their exclusive meeting held on March 20, 2020 for carrying out performance evaluation opined that Mr. P Jayarama Bhat has been effectively functioning as the Chairman and his contribution in the deliberations on all issues in the Board meetings were excellent. They also opined that he has been demonstrating leadership in fostering reciprocation amongst all the Board members and has been able to synthesize the discussion and divergent views to lead to consensus. Besides, the Board of Directors at its meeting held on April 24, 2020, opined that his candidature is in compliance with the 'Fit & Proper' norms of RBI.

In terms of Section 152 of the Companies Act, 2013 read with Section 149 of the Act, he is classified as a Non-Executive Non-Independent Director and as such he is liable to retire by rotation, and being eligible, offers himself for reappointment. Hence, the resolution is submitted before the members seeking approval for his reappointment.

Brief Profile and Additional Information about Mr. P Jayarama Bhat as per Secretarial Standard-2:

Name of the Director	P Jayarama Bhat (DIN: 00041500)
Age	68 years
Qualification	M.Sc., CAIIB
Experience	<p>Born on 14th November 1951, Mr. P Jayarama Bhat (Polali Jayarama Bhat) is a Post Graduate in Chemistry (with First Rank) from University of Mysore. He is a Certified Associate of Indian Institute of Bankers (CAIIB). He joined the Bank as an Officer in the year 1973 and over the period of time was promoted to various positions. In the year 2005, he was elevated as Chief General Manager of the Bank and he was the first Managing Director & CEO of the Bank for the period from July 2009 to April 2017. Presently, he is the Part- time Non-Executive Chairman of the Bank from April 2017.</p> <p>He was a member on Management Committee of the Indian Banks' Association (IBA) from August 2010 to August 2014, during which period he was also the Chairman of 'IBA Committee on Member Private Sector Banks'.</p> <p>Mr. P. Jayarama Bhat has rich experience of over 4 decades in all the facets of banking operations. He is also on the Board of Universal Sompo General Insurance Company Ltd., a joint venture of the Bank, as Bank's nominee. He is also the Chairman of the Governing Board of Southern India Banks' Staff Training College (SIBSTC), Bengaluru.</p> <p>During his tenure as Managing Director, Bank had secured many awards in the field of IT, CSR, MSME instituted by IDRBT, IBA, CIMSME, ASSOCHAM etc. He was figured in the list of "Top-30 best CEOs of BFSI sector" for the year 2016-2017 published by 'Business Today' magazine. He is having specialisation in Banking, Accountancy, Agriculture, Rural economy & SSI and IT.</p>
Terms and conditions of appointment	Reappointment as Part-Time Non-Executive Chairman of the Bank up to November 13, 2021 (i.e., till the date of his attaining the age of 70 years being the upper age limit for Directors as per extant guidelines of RBI).

Remuneration details	During the year 2019-20, a consolidated remuneration of ₹12,00,000/- and sitting fees aggregating to ₹29,70,000/- for attending meetings of the Board/Committees were paid. He has been reappointed on the existing remuneration of ₹12 lakh per annum (₹1,00,000 per month) and other benefits enumerated in item No 5 of this Notice.
Date of first appointment on the Board	April 12, 2017 (in the present position). Previously as MD & CEO of the Bank from 13 th July 2009 to 11 th April 2017.
Shareholding	6599 shares
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	Not related to any other Directors, Manager and Key Managerial Personnel of the Bank.
Number of meetings of the Board attended during the year	All the 16 Board meetings held during the reporting year.
Other Directorships, Membership/ Chairmanship of Committees of other Boards	Universal Sompo General Insurance Company Ltd. (Nominee Director) and Investment Committee (Member)

Payment of Remuneration to Mr. P Jayarama Bhat:

Mr. P Jayarama Bhat had taken charge as the Chairman of the Board of the Bank w.e.f. April 12, 2017 for a period of three years. The appointment including payment of consolidated remuneration of ₹12 Lakh per annum (i.e., ₹1 lakh per month) was approved by RBI vide letter No.DBR.Appt.No.12034 / 08.40.001/2016-17 dated April 10, 2017 and also by the members of the Bank at the 93rd Annual General Meeting held on July 17, 2017.

Now, pursuant to the approval received from RBI vide email dated March 24, 2020, the Board of Directors has reappointed Mr. P Jayarama Bhat as Part time Non- Executive Chairman of the Bank for a further period up to November 13, 2021 (i.e., till the date of his attaining the age of 70 years being the upper age limit for Directors as per extant guidelines of RBI) on the existing remuneration as referred to above subject to approval of the members. Your Board recommends this resolution for the approval of the members as stated under item No.5 of the notice.

Except Mr. P Jayarama Bhat, no other Director or Key Managerial Personnel of the Bank or their respective relatives are in any way concerned or interested, financially or otherwise, in this resolution.

Item No.6:

Reappointment of Mr. Mahabaleshwara M S as the Managing Director & CEO for a further period of 3 years and approval for revision in his remuneration:

Mr. Mahabaleshwara M S was appointed as the Managing Director & CEO of the Bank for a period of three years (i.e., w.e.f. April 15, 2017 to April 14, 2020). Now, upon completion of his three year term, the Board of Directors of the Bank has reappointed him as the Managing Director & CEO for a further period of 3 years as per the approval received from RBI vide email dated March 24, 2020. Accordingly, your Board recommends the resolution seeking his reappointment for the approval of the members.

Some of the major contributions made by Mr. Mahabaleshwara M S during his first term of three years include: increased credit portfolio, improved CD Ratio, Income, Operating Profit, Provision

Coverage Ratio etc., thus further strengthening of the Balance sheet, ensured capital adequacy well above the regulatory requirement at all times, rolled out various initiatives under transformation journey, introduced Digital Centre of Excellence (DCoE) for development of new software applications/tools, rolling out of many digital products, improved Turn Around Time (TAT) in loan processing, migration to newer version of core banking solution without major hassles, introduction of sales culture in Bank, improved staff productivity etc. He has also been conferred with the prestigious 'CEO with HR Orientation Award' at the 27th World HRD Congress summit presented by 'ET Now' in the year 2019. He is also a Member of Management Committee of the Indian Banks' Association (IBA) since November 2019.

During his tenure, Bank has bagged several awards and accolades in recognition of Bank's performance in various sectors including but not limited to Human Resource, Information Technology, Risk Management etc.

Brief Profile and Additional Information as per Secretarial Standard-2 (SS-2)

Name of the Director	Mr. Mahabaleshwara M S
Age	60 years
Qualification	MSc. (Agri), CAIIB, PGDBM
Experience	<p>Mr. Mahabaleshwara M S took charge as Managing Director & Chief Executive Officer on April 15, 2017. Prior to this, he was serving as Chief General Manager of the Bank.</p> <p>Mr. Mahabaleshwara M S has total 35 years of banking experience. He holds Master's Degree in Agricultural Sciences (M.Sc. Agri.), with specialization in Agronomy, from the University of Agricultural Sciences (UAS), Bengaluru. He is also a Certified Associate of the Indian Institute of Bankers (CAIIB) and also holds Post Graduate Diploma in Business Management (PGDBM) from St. Aloysius College, Mangaluru.</p> <p>He joined the Bank as a Probationary Officer during 1984 and over a period time, he was promoted to various posts and during 2013, he was elevated as Chief General Manager and was overall in charge of the Departments of Credit, Planning & Development, IT & MIS, Treasury & Accounts and HR & IR.</p> <p>He also served as the Non-Executive Director on the Board of Universal Sompo General Insurance Co. Ltd., as the nominee director of Karnataka Bank. Presently, he is a member on Management Committee of the Indian Banks' Association (IBA), Mumbai.</p> <p>He has been honoured with "Aryabhata International Award of 2017" by Aryabhata Cultural Organisation (Regd.), Bengaluru, in recognition of his praiseworthy contribution to the field of banking. He has also been conferred with the prestigious 'CEO with HR Orientation Award' at the 27th World HRD Congress summit presented by 'ET Now' in a function</p>

	held on February 15, 2019 at Mumbai.
Terms and conditions of appointment	Appointed as the Managing Director & CEO w.e.f. April 15, 2017 and reappointed by the Board for a further period of 3 years.
Remuneration details	During the year 2019-20, remuneration of ₹92.06 lakhs was paid (incl. of Variable Pay of ₹21.00 lakhs for FY 2017-18).
Date of first appointment on the Board	April 15, 2017
Shareholding	17178 Equity Shares
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	Not related to any other Directors, Manager and other Key Managerial Personnel of the Bank.
Number of meetings of the Board attended during the year	All the 16 Board meetings held during the year under report.
Other Directorships, Membership / Chairmanship of Committees of other Boards	Nil

The Independent Directors of the Bank at the meeting held on March 20, 2020 for annual performance evaluation opined that Bank under the leadership of Mr. Mahabaleshwara M S has witnessed very good growth trajectory in most of the performance related areas amid challenging business environment and continued sluggish market conditions. Further, the Board of Directors at its meeting held on April 24, 2020, opined that his candidature is in compliance with the 'Fit & Proper' norms of RBI. Having regard to the rich domain experience possessed by Mr. Mahabaleshwara M S in all the facets of Banking operations, his reappointment as Managing Director & CEO of the Bank is expected to provide significant value addition to the Bank going forward and your Board recommends his reappointment as Managing Director & CEO of the Bank for a further period of three years.

The Board of Directors while reappointing Mr. Mahabaleshwara M S as the Managing Director & CEO has also revised the remuneration package w.e.f. April 1, 2020 which has been approved by the RBI vide email dated March 24, 2020.

The existing remuneration structure was approved by the members at the 94th AGM held on July 21, 2018 with a fixed pay of ₹4,00,000 p.m. Further, RBI vide circular No.DOR.Appt. BC. No.23/ 29.67 .001 / 2019-20 dated November 4, 2019 has issued the revised guidelines on 'Compensation of Whole Time Directors/Chief Executive Officers/Material Risk Takers and Control Function staff etc.', for the pay cycles beginning from April 2020. Therefore, the compensation structure of Bank's Managing Director & CEO also needed realignment in line with the revised guidelines. The revised RBI Guidelines explicitly lay down that the Variable Pay component is a part of the overall compensation package and such variable pay shall be at least 50% of the total compensation with a maximum ceiling limit of 300% of fixed pay. Keeping in view the regulatory guidance in the matter, the Compensation Policy of the Bank has been amended to provide for a variable pay, up to 200% of the fixed pay, payable after evaluation of the performance and risk score assigned thereon and subject to approval of the RBI each year.

As required under Secretarial Standard-2 on General Meetings, the details of the remuneration last drawn and the remuneration sought to be paid are furnished below:

Note: Format of remuneration as prescribed under RBI Circular No. DOR.Appt.BC.No.23/29.67.001/2019-20 dated November 4, 2019 and as approved by the Reserve Bank of India.

Particulars	Remuneration Last Drawn	Remuneration sought to be paid
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>
PART A - Fixed Pay (including perquisites)		
Effective date		w.e.f. 01.04.2020
1. Salary (Basic)	₹48,00,000 p.a. (₹4.00 lakh p.m.)	₹62,40,000 p.a. (₹5.20 lakh p.m.)
2. Dearness Allowance	₹9,60,000/- p.a. (20% of Basic Salary)	₹12,48,000/- p.a. (20% of Basic Salary)
3. Retiral/Superannuation benefits: a) Provident Fund b) Gratuity c) Pension	a. 12% of the Basic Pay (₹5,76,000/- p.a.) b. As applicable to the officer staff of the Bank, without the restriction of minimum service required. The bank should seek approval of the RBI as and when the gratuity is proposed to be paid. c. Pension: Nil	a. 12% of the Basic Pay (₹7,48,800/-p.a.) b. Gratuity is calculated for every completed year of service or part thereof in excess of six months at the rate of 15 days basic based on the last drawn basic, without the restriction of minimum service required subject to approval of the RBI. (i.e., ₹2,60,000/- p.a.). c. Pension: Nil
4. Leave Fare Concession	Highest class by whichever mode of travel within the country once a year for self and family including dependent children. (No amount was fixed).	Highest class by whichever mode of travel within the country once a year for self and family including dependent children.
5. Other fixed allowances: i. Entertainment allowance ii. Medical benefits	i) ₹50,000/- p.a. ii) Reimbursement upto ₹25,000/- p.a. for self and family on declaration basis.	i) ₹1,00,000/- p.a.(including club memberships if any) ii) Reimbursement upto ₹50,000/- p.a. for self and family on declaration basis.
6. Perquisites: i) Free Furnished House and its maintenance/House Rental Allowance	i) Free furnished residential accommodation. Proper upkeep and security arrangement to the residential accommodation to be provided by the Bank. Till the bank arranges to buy and provide an independent house to the Managing Director, House Rent Allowance @ 15% of Basic Pay be given which works	i) Free furnished residential accommodation. Proper upkeep and security arrangement to the residential accommodation to be provided by the Bank. Till the bank arranges to buy and provide an independent house to the Managing Director, House Rent Allowance @ 15% of Basic Pay be given which works out

Particulars	Remuneration Last Drawn	Remuneration sought to be paid
(1)	(2)	(3)
ii) Conveyance allowance Free use of Bank's Car for i. Official purpose ii. Private purpose*	out ₹7,20,000/- p.a. ii) Conveyance allowance: Nil Free use of Bank's Car for official purpose (journeys from residence to office and vice versa to be treated as duty runs). For personal use ₹250/- per month to be recovered.	₹9,36,000/- p.a. ii) Conveyance allowance: Nil Free use of Bank's Car for official purpose (journeys from residence to office and vice versa to be treated as duty runs). For personal use ₹250/- per month to be recovered. *Perquisites for private use is considered at ₹50,000 p.a.
iii) Driver's Salary	iii) Drivers' Salary: Nil.	iii) Drivers' Salary: Nil.
iv) Club memberships	iv) Club membership: Nil	iv) Club membership: Subsumed in Entertainment allowance.
v) Reimbursement of medical expenses	v) Reimbursement of medical expenses: Reimbursement of actual expenses incurred including hospitalization in full for self and spouse and to the extent of 50% for his dependent children or in lieu thereof suitable medical insurance policy with a cover up to ₹10.00 lakh may be taken by the Bank.	v) Reimbursement of medical expenses: Reimbursement of actual expenses incurred including hospitalization in full for self and spouse and to the extent of 50% for his dependent children.
vi) <u>Any other perquisites</u> [§] : a. Insurance Cover b. Telephone c. Bonus & sitting fees d. Travelling and Halting allowance	vi) <u>Any other perquisites:</u> a. Insurance Cover: Personal accident insurance cover upto ₹20,00,000. § Perquisites value considered as ₹2,000/- p.a. b. Telephone: Telephone facility at MD's residence at Bank's Cost. c. Bonus & sitting fee: Nil d. Travelling and Halting allowance: As may be decided by the Board from time to time.	vi) <u>Any other perquisites:</u> a. Insurance Cover: Personal accident insurance cover upto ₹20,00,000. §Perquisites value considered as ₹2,000/- p.a. b. Telephone: Telephone facility at MD's residence at Bank's Cost. c. Bonus & sitting fee: Nil d. Travelling and Halting allowance: As may be decided by the Board from time to time.
TOTAL Fixed Pay (including perquisites)	₹74,31,100	₹96,34,800
Leave		
vii) Causal Leave	As applicable to the Officers of the Bank.	No Change.
viii) Privilege Leave	As applicable to the Officers of the Bank encashable at the time of	No Change.

Particulars	Remuneration Last Drawn	Remuneration sought to be paid
(1)	(2)	(3)
	demission of office upto the limit as applicable to the Officers of the Bank.	
ix) Sick Leave	As applicable to the Officers of the Bank	No Change

Part B: Variable Pay		
Variable Pay		Structure and amount of variable pay will be as approved by the RBI from time to time. Exact amount cannot be determined at this juncture. The process adopted in determining the variable pay and the structure thereof is furnished below:
(i) Cash Component	With prior approval of RBI	
(ii) Non Cash Component (i.e. Stock options)	With prior approval of RBI	

Particulars	Remuneration Last Drawn	Remuneration sought to be paid (2020-21)
PART-B: Variable Pay: For FY / Performance Period	Up to 45% of Fixed pay* * ₹ 21 Lakh paid for FY 2018-19 upon receipt of RBI approval.	Up to 200% of fixed pay* *This payment would be made in the FY 2021-22 only after duly evaluating the performance for FY 2020-21.
1. Cash Component		
• Upfront Payment	100% (of Cash Component)	40% (of Cash Component)
• Deferred Payment	There was no deferral as the variable component was not in excess of 50% of fixed pay.	60% (of Cash Component)
Total Cash Component	100% of variable pay	50% of variable pay
Vesting period (in years)	N.A.	3 Years
Deferral arrangement		
(i) First Year (2022-23)	N.A.	30%
(ii) Second Year (2023-24)		30%
(iii) Third Year (2024-25)		40%
		} of Deferred Payment
2. Non-cash Components (Share-linked instruments)		
(i) ESOP/ESPS	Nil	
(a) Number of shares/Share linked instruments		(a) 50% of Variable Pay
(b) Monetary value		(b) Cannot be determined now since the ESOPs will be allotted at market price.

(c) Deferral (with %) (d) Vesting Schedule details		(c) & (d) Deferral and Vesting Schedule:
<ul style="list-style-type: none"> • First Year (2022-23) • Second Year (2023-24) • Third Year (2024-25) 		30% } 30% } of Options Granted 40% }
(ii) Any other share-linked instruments		--
(iii) Any other non-cash component		--
Total monetary value of non-cash component		Cannot be Determined at present

* As the revised compensation package will be applicable for the pay cycles commencing from April 1, 2020 onwards, the variable pay for the FY 2019-20 will be as per the earlier RBI Guidelines issued in the year 2012. However, Mr. Mahabaleshwara M S, Managing Director & CEO has opted to forgo his variable pay for the FY 2019-20 in view of the special situation caused by the COVID19 pandemic in the country and the same has been taken note of by the Board at its meeting held on June 6, 2020.

Variable Pay:

Duly evaluating the performance based on the metrics (both Quantitative and Qualitative) stipulated in the Compensation Policy, the Board of Directors on the recommendation of NRC, will determine the amount of variable pay payable to MD & CEO for each FY. Thereafter, the application will be submitted to RBI for their approval. The variable pay slab has a ceiling limit of 200% of fixed pay and depending on the scores arrived at under the above referred metrics, the variable pay can even come down to zero. Accordingly, in line with the new RBI circular referred above, the Bank has submitted the new variable pay format to the RBI for its approval.

Considering the Bank's performance related benchmarks and key initiatives taken up during his first term, your Board recommends approval of the resolution appointing Mr. Mahabaleshwara M S as Managing Director & CEO of Bank, who shall not be liable to retire by rotation as aforesaid and also payment of revised remuneration by way of Ordinary resolution as set out above in Item No.6 of the notice.

Except Mr. Mahabaleshwara M S, no other Director or Key Managerial Personnel of the Bank or their respective relatives are in any way concerned or interested, financially or otherwise, in this resolution.

Item No.7:

Appointment of Mr. B R Ashok (DIN: 00415934) as Director of the Bank:

The Board of Directors of the Bank at the meeting held on August 27, 2019, on the recommendation of the Nomination & Remuneration Committee (NRC), appointed Mr. B R Ashok (DIN: 00415934) as an Additional Director of the Bank pursuant to Article 38(d) under Section 161(1) of the Companies Act, 2013. In terms of the said section, he holds office upto the date of this Annual General Meeting. Mr. B R Ashok was appointed based on his expertise in the fields of finance, taxation, insolvency law and considering the requirements of the RBI Circular dated DOS.No.BC.3/08.91.020/96 dated January 20, 1997 relating to the composition of the Board and the areas of expertise prescribed for directors under Section 10 of the B R Act, 1949.

In this connection, a notice has been received from a member of the Bank under Section 160 of the Companies Act, 2013 proposing the candidature of Mr. B R Ashok for the office of Director. A copy of the notice is available on our website viz. www.karnatakabank.com. Further, the Bank has received from Mr. B R Ashok (i) consent in writing to act as director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment and Qualification of Directors) Rules, 2014 (ii) intimation in Form DIR-8 in

terms of above Rules to the effect that he is not disqualified under sub-section 2 of Section 164 of the Companies Act, 2013.

The Independent Directors at their exclusive meeting held on March 20, 2020 while carrying out the performance evaluation of the Directors, concluded that participation of Mr. B R Ashok in the Board deliberations etc., and contributions made by him in various subject matters like accounting, credit, risk, capital augmentation, inspection, audit, insurance etc., has been noteworthy and accordingly evaluated his performance as very good. Further, the Board of Directors at its meeting held on April 24, 2020, while carrying out due diligence of the directors under, 'Fit & Proper' norms of RBI opined that his candidature is in compliance with the said norms and is eligible to be appointed as a Director of the Bank u/s 160 of the Companies Act, 2013 and accordingly resolved to recommend his appointment as a Director.

In terms of Section 152 of the Companies Act, 2013 read with Section 149 of the Act, he is classified as a Non-Executive Non-Independent Director and liable to retire by rotation in view of his earlier association with the Bank in the capacity as a Partner of the Audit Firm (i.e., M/s. R K Kumar & Co. which is now known as M/s. MSKC & Associates, Chennai) which carried out the Statutory Central Audit of the Bank for the FY 2017-18.

The statement may also be regarded as a disclosure under Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Brief profile and Additional information about Mr B R Ashok as per Secretarial Standard-2:

Name of the Director	Mr. B R Ashok
Age	57 years
Qualification	FCA
Experience	<p>Mr. B R Ashok, FCA, aged 57 years, is a Fellow Member of the Institute of Chartered Accountants of India (ICAI), a professional member of the Indian Institute of Insolvency Professionals of ICAI (IIPI). He secured 1st Rank in the post-qualification Diploma Course on Information Systems Audit conducted by the ICAI in December 2002 and has successfully qualified the online Proficiency Self-Assessment Test for Independent Director's Databank conducted by the Indian Institute of Corporate Affairs in March 2020.</p> <p>He qualified as a Chartered Accountant in the year 1984 and has more than 35 years of experience in practice and his areas of expertise include statutory central audit of banks, statutory audit of insurance companies, corporates including public sector undertakings, NGOs and other entities besides advisory, consultancy and taxation assignments.</p> <p>He also has expertise in the fields of statutory related attestation services, consultancy in direct taxes and FEMA, management advisory services and representation before various adjudicating authorities up to Tribunal level in income-tax. He is a partner in M/s. MSKC & Associates (formerly known as R K Kumar & Co.) Chartered Accountants, Chennai, a partnership firm established in the year 1974.</p>

Terms and conditions of appointment	Proposed to be appointed as a Non-independent, non-whole time director liable to retire by rotation.
Remuneration details	During the year 2019-20, sitting fees aggregating to ₹15,20,000/- for attending meetings of the Board/Committees were paid. It is proposed to pay the applicable Sitting Fees for attending the meetings of Board / Committees also for his tenure as Non-Executive Director.
Date of first appointment on the Board	August 27, 2019 as an Additional Director
Shareholding	1650 Equity Shares of ₹10 each & 5 subordinated debt instruments (Series V) with a face value of ₹1,00,000/- each.
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	Not related to any other Directors, Manager and other Key Managerial Personnel of the Bank.
Number of meetings of the Board attended during the year	Since his induction on the Board, he has attended all the 11 Board Meetings.
Other Directorships, Membership / Chairmanship of Committees of other Boards	Nil

Appointment of Mr. B R Ashok as a Director on the Board of the Bank is expected to provide substantial value addition to the Bank in achieving its future objectives. Further, his appointment is also in line with the RBI Circular DOS.No.BC.3/08.91.020/96 dated January 20, 1997 which requires Banks to have one non-official Director as a Chartered Accountant on their Board and also as part of the Audit Committee.

Your Board recommends the resolution for appointing Mr. B R Ashok as a Non-Independent Director of the Bank as set out SI No. 7 of the notice, liable to retire by rotation as aforesaid.

Except Mr. B R Ashok, no other Director or Key Managerial Personnel of the Bank or their respective relatives are in any way concerned or interested, financially or otherwise, in this resolution.

Item No.8:

Reappointment of Mr. Keshav K Desai as an Independent Director:

In terms of Section 149(10) of the Companies Act, 2013, an Independent Director shall hold office for a term upto five consecutive years on the Board of a company but shall be eligible for re-appointment on passing of a special resolution by the company for a further period upto five years. However, in terms of Section 10A(2A) of the Banking Regulation Act, 1949, no director of a banking company, other than its Chairman or Whole-Time-Director, by whatever name called, shall hold office continuously for a period exceeding eight years subject to the upper age limit of 70 years.

Mr. Keshav K Desai, Independent Director, was appointed on the Board of the Bank on February 19, 2016 and will be completing the tenure of 5 years on February 18, 2021. The Board of Directors in its meeting held on March 20, 2020 while carrying out the performance evaluation of the Directors, concluded that Mr. Keshav K Desai has actively participated in the Board deliberations and made valuable contribution and evaluated his performance as "very good". Further, the Board of Directors

at its meeting held on April 24, 2020, while carrying out due diligence of the directors under, 'Fit & Proper' norms of RBI opined that he is in compliance with the said norms and is eligible to continue as Director of the Bank and accordingly resolved to recommend his re-appointment as an Independent Director.

In this regard, a notice has been received from a member of the Bank under Section 160 of the Companies Act, 2013 proposing the candidature of Mr. Keshav K Desai for re-appointment to the office of Director. A copy of the notice is available on our website viz., www.karnatakabank.com. The Bank has received from Mr. Keshav K Desai, (i) consent in writing to act as director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment and Qualification of Directors) Rules, 2014 (ii) intimation in Form DIR-8 in terms of above Rules to the effect that they are not disqualified under sub-section 2 of Section 164 of the Companies Act, 2013 and (iii) a declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013 and this appointment is also in compliance with the provisions of Section 10A(2) of the Banking Regulation Act, 1949.

Brief Profile and additional Information of Mr. Keshav K Desai as per Secretarial Standard-2:

Name of the Director	Mr. Keshav K Desai
Age	60 years
Qualification	B.E.(Mech.)
Experience	Entrepreneur having experience of more than 3 decades in automobile Sector. Mr. Keshav K Desai (Keshav Krishnarao Desai), aged 60 years, is BE (Mech.) graduate. He is an entrepreneur carrying on automobile business for the past 32 years. Presently, he is the Managing Partner of Desai Group of concerns established in the year 1939 having its Head Office at Hubballi(Karnataka) and other offices at all the major places of North Karnataka region namely- Gadag, Haveri, Ranebennur, Koppal, Sindhanur, Raichur, Kustagi, Vijayapura and Bagalkot. The Group has dealerships for the products of TAFE Limited and Force Motors Limited. He is also into real estate business of constructing residential/commercial complexes for the last 25 years. He is the Managing Trustee of Shri Bindurao Desai Trust which owns GeetaMandir, in Hubli. He is the trustee of Lokshikshana Trust, publisher of the daily Kannada Newspaper Samyukta Karnataka, weekly magazine Karmaveera and monthly magazine Kasturi. Mr. Keshav K Desai is Director on the Board of the Bank since February 19, 2016.
Date of first appointment on the Board	February 19, 2016
Terms and conditions of appointment	Appointed as an Additional Director on February 19, 2016 and thereafter appointed as an Independent Director in 92 nd AGM held on July 28, 2016.
Remuneration details	Sitting fees paid for attending meetings of Board/ Committees during FY 2019-20 was ₹19.70 lakh . It is proposed to pay the applicable sitting fees for attending Board and Committee meetings.
Shareholding	11000 equity shares

Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	Not related to any other Directors, Manager and other Key Managerial Personnel of the Bank
Number of meetings of the Board attended during the year	All 16 Board Meetings held during the year.
Other Directorships, Membership/ Chairmanship of Committees of other Boards	Nil

In view of the above, Board recommends the proposal of approval of reappointment of Mr. Keshav K Desai as an Independent Director not liable to retire by rotation for a period of three years up to February 18, 2024 as per the extant RBI guidelines and the special resolution as set out SI No.8 of the notice has been put up for the approval of the members.

Except Mr. Keshav K Desai, no other Director or Key Managerial Personnel of the Bank or their respective relatives are in any way concerned or interested, financially or otherwise, in this resolution

Item No.9:

Reduction in Authorized Equity Share Capital of the Bank and resultant Alteration to Capital Clause of the Memorandum of Association of the Bank:

With a view to support business growth, meet enhanced capital requirements, if any, upon proposed implementation of IND AS and to maintain satisfactory Capital to Risk Weighted Assets Ratio (CRAR) on a continuous basis, augmentation of capital was felt necessary and as a first step in this regard , approval from the members of the Bank was obtained sufficiently well in advance at the 94th Annual General Meeting (AGM) held on July 21, 2018 for increasing the authorized capital of the Bank from ₹500 crore to ₹800.00 crore, comprising of 80,00,00,000 equity shares of ₹10/- each. The subscribed and paid up capital of the Bank at the time of above increase was ₹282.62 crore and ₹282.60 crore respectively.

The subsequent events like Bank utilising the window available under Tier-2 to raise ₹720 crore by issue of Subordinated Tier-2 Bonds and certain regulatory changes like deferment of implementation of IND AS and alignment of risk weight on exposure to NBFCs with external rating resulting in reduction in Risk Weighted Assets etc. prompted the Bank to rework its capital requirement and hence, no immediate need was felt to raise equity capital. Further, as on March 31, 2020, the Capital to Risk Weighted Assets Ratio (CRAR) of the Bank is comfortable at 12.66% as against the regulatory minimum prescription of 10.875%.

Section 12(1)(i) of Banking Regulation Act, 1949 states that, *"the subscribed capital of the company is not less than one-half of the authorised capital, and the paid-up capital is not less than one-half of the subscribed capital and that, if the capital is increased, it complies with the conditions prescribed in this clause within such period not exceeding two years as the Reserve Bank may allow;"*. In this context, pursuant to our application, the Reserve Bank of India had initially permitted the Bank to comply the above requirements by December 31, 2019.

To facilitate further augmentation of capital, Bank obtained members approval for issue up to 15 crore equity shares under Qualified Institutional Placement (QIP) and issue of bonus shares in the ratio of ONE (1) share for every TEN (10) shares held, through postal ballot /e-voting dated March 05, 2020.

The bonus issue formalities were completed within the time line as per the SEBI regulations with the allotment of bonus shares on March 19, 2020 resulting in paid-up capital reaching ₹310.87 crore from ₹282.60 crore.

However, QIP issue could not be launched in view of unprecedented market conditions due to outbreak of COVID-19 pandemic during March 2020, even though Bank had fruitful interactions with many potential Qualified Institutional Buyers who had evinced keen interest in subscribing to equity shares in proposed QIP issue. Hence, in view of this of special situation, the RBI has further extended the timeline for complying with the requirements of Section 12(1)(i) of the Banking Regulation Act 1949 to July 21, 2020. However, in view of prevailing market conditions, Bank may not be able raise the capital before the extended timeline and hence, the Board of Directors has recommended for reduction in the authorised capital by cancelling the unissued shares to the extent of 20 crore shares and while doing so, the Bank is protecting the members' approval for QIP which is valid upto March 04, 2021. The Board of Directors of the Bank may exercise the option of raising the equity share capital at an appropriate time when the stock market conditions are conducive for such an issue having regard to the capital funds requirement of the Bank in future, but before the expiry of members' approval for QIP.

With the proposed reduction in the authorised capital, the subscribed capital would be 51.81% of the authorised capital and the paid up capital would stand at 99% of the subscribed capital and thus provisions of section 12(1)(i) would be complied with.

In view of the above, Board of Directors recommends the approval of the members for reduction in Authorised Share capital by way of an ordinary resolution as set out in SI No.9 of the notice.

None of the Directors or Key Managerial Persons or their relatives is in anyway concerned or interested in this Resolution.

Item No.10:

Alteration to the Article 3(A) of Articles of Association (AOA) of the Bank:

At present, the Article 3(a) of the AOA of the Bank states as under:

"3(a). The Authorised share capital of the Bank is Rs.800,00,00,000/- divided into 80,00,00,000 Equity shares of Rs.10/- each."

Any amendment to Clause V of the MOA (i.e., increase/reduction in the Authorised Capital) would invariably require the Bank to simultaneously alter **Article 3(a)** of AOA as a consequential amendment to Clause V of MOA. Therefore, with a view to avoid duplicity in obtaining members' approval twice for the same subject matter, the Board of Directors thought fit to alter the Article 3(a) of the AOA to read as under and hence, seek members' approval for such alteration:

"3(a): The Authorised share capital of the Bank is as per clause V (Capital Clause) of the Memorandum of Association of the Bank."

In view of the above, Board of Directors recommends the approval of the members by way of special resolution as set out in SI No.10 of the notice.

None of the Directors or Key Managerial Persons or their relatives is in anyway concerned or interested in this Resolution.

Registered Office:
Mahaveera Circle
Kankanady, Mangaluru-575002.
Date: June 6, 2020

By order of the Board of Directors

Prasanna Patil
Company Secretary

INSTRUCTIONS FOR REMOTE E-VOTING AND VOTING DURING AGM

In compliance with the provisions of Section 108 of Companies Act, 2013, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time, and Regulation 44 of the SEBI Listing Regulations, the Members are provided with remote e-voting facility on all the resolutions set forth in this Notice. For this purpose, Bank has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using "**remote e-voting**" as well as "**e-voting on the date of AGM**" will be provided by CDSL. The Board of Directors has appointed Mr. M V Shanker Bhat, Advocate, Mangaluru, as the Scrutinizer to scrutinize the remote e-voting process in a fair and transparent manner. The instructions for **REMOTE E-VOTING** are given below:

- a. A person whose name is recorded in the register of members in case of shares held in physical form or in the register of beneficial owners maintained by the depositories in case of shares held in dematerialized (demat) form as on **Cut-off date (i.e. July 7, 2020)** only shall be entitled to vote by electronic means or in the AGM. The remote e-voting schedule is as under:

Date and time of commencement of remote voting through electronic means:	July 10, 2020 at 9.00 a.m. (IST).
Date and time of end of voting through electronic means (beyond which voting will not be allowed):	July 16, 2020 at 5.00 p.m. (IST).
Details of website:	www.evotingindia.com
Details of persons to be contacted for issues relating to remote e-voting:	Mr. Vijayagopal / Mr. Giridhar, Integrated Registry Management Services Pvt Ltd. Tel No. 080-23460815-18 Fax No. 080-23460819, Email: irg@integratedindia.in
Cut-off date to determine the eligibility to cast vote	July 7, 2020

- b. The remote e-voting is open for all the members whether holding shares in physical form or dematerialized form. The remote e-voting shall be disabled at 5.00 PM on July 16, 2020 and remote e-voting shall not be allowed beyond this date and time.
- c. Further, the facility for voting through electronic voting system will also be made available at the AGM from the CDSL and the members attending the AGM who have not cast their vote(s) by remote e-voting will be able to vote at the AGM and for detailed procedure, please refer to Notice of the AGM.
- d. A member may participate in the AGM even after exercising his/her right to vote through remote e-voting but shall not vote again at the AGM.
- e. Any person, who acquires shares of the Bank and becomes a member after despatch of the notice and holding shares as on the cut-off date i.e., July 7, 2020, may write to irg@integratedindia.in in case of any login related issues. **However, if you are already registered with CDSL for remote e-voting, then you can use your existing user ID and password for casting your vote and also for attending the AGM electronically.**
- f. Members who wish to vote on the date of AGM should invariably attend the general meeting through VC/OAVM, failing which, the votes cast by such member on the date of AGM will be treated as invalid.
- g. The Chairman of the Meeting will reserve the rights to limit the number of questions and time limit for each question during the course of AGM.
- h. The Chairman reserves the right to limit the number of Members asking questions depending on either the availability of time or live streaming related concerns or any other unforeseen situations if any at the time of AGM.
- i. At the time of logging-in to the system to attend the AGM or during the course of AGM, if a Member loses the connection, the same shall not be a ground to complaint.
- j. The results of voting on the above resolutions shall be declared not later than 48 hours from the conclusion of the Annual General Meeting of the Bank. The results declared along with the Scrutinizer's Report will be made available on the Bank's website and on the website of Central Depository Services (India) Limited (CDSL) and the same shall simultaneously be communicated to the stock exchanges.

Procedure to be followed to vote through remote e-voting:

- (i) The members should log on to the e-voting website www.evotingindia.com.
- (ii) Click on Shareholders/members.
- (iii) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Bank.
- (iv) Next enter the Image Verification as displayed and Click on Login.
- (v) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vi) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	<ul style="list-style-type: none">• Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) Members who have not updated their PAN with the Bank/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.• In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the Bank's records in order to login. <ul style="list-style-type: none">• If both the details are not recorded with the depository or Bank, please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction.

- (vii) After entering these details appropriately, click on "SUBMIT" tab.
- (viii) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (x) Click on the EVSN for The Karnataka Bank Ltd on which you choose to vote.
- (xi) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xv) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xvi) If a demat account holder has forgotten the changed login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xvii) **Members can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. iPhone and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.**
- (xviii) **Note for Non – Individual Members and Custodians:**
 - Non-Individual members (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.

- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details, the relevant user using admin login would be able to link the account(s) for which they wish to vote on.
 - The list of accounts linked in the login should be emailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.
- (xx) Any person, who acquires shares of the Bank and becomes a member after despatch of the notice and holding shares as on the Cut-off date i.e. **July 7, 2020** may write to investor.grievance@ktkbank.com or irg@integratedindia.in in case of any login related issues. However, if you are already registered with CDSL for remote e-voting, then you can use your existing user ID and password for casting your vote.

The instructions for members **E-VOTING ON THE DATE OF AGM** are as under:

- a. Only those Members/shareholders, present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available in the AGM.
- b. If any Votes are cast by the members through the e-voting during the AGM and if the same members have not participated in the meeting through VC/OAVM facility, then the votes cast by such members shall be considered INVALID as the facility of e-voting during the meeting is available only to the members participating in the meeting.
- c. Members who have voted through remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
- d. The procedure to be followed for e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.

Instructions for members for attending the AGM through VC/OAVM are as under:

1. Members will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system. Members may access the same at <https://www.evotingindia.com> under shareholders/members login by using the remote e-voting credentials. **The link for electronically attending the AGM via VC/OAVM will be available in shareholder/members login where the EVSN of Bank will be displayed.**
 2. Members are encouraged to join the Meeting through Laptops for a better experience.
 3. Further, Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
 4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
- 5. Registration as "Speakers"**
- a. Kindly note that the members who have registered themselves as a '**speaker**' **will only be allowed to express their views/ask questions during the meeting.**
 - b. The members who would like to express their views/ask questions during the meeting need to register themselves as a speaker and are required to send their request **2 working days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number to investor.grievance@ktkbank.com.

In case of any queries regarding remote e-voting you may refer to the 'user manual for members available at www.evotingindia.com under Help menu. The members can also contact for any grievances in the matter:

**Registrar & Share Transfer Agent
of the Bank (RTA) :**

Mr. Vijayagopal / Mr. Giridhar / Mr. Harish
Integrated Registry Management Services Pvt Ltd.
Tel No. 080-23460815-18 Fax No. 080-23460819
Email: irg@integratedindia.in

Or

**CDSL
(for remote e-voting or for
attending AGM electronically)**

: Phone No.: 1800-200-5533
E-mail : helpdesk.evoting@cdslindia.com
Mr. Nitin Kunder (022-23058738)
Mr. Mehboob Lakhani (022-23058543)
Mr. Rakesh Dalvi (022-23058542)

Secretarial Department of the Bank

Mr. Prasanna Patil (Company Secretary)
Phone No.: 0824-2228183/184/266
E-mail : investor.grievance@ktkbank.com
