



The Karnataka Bank Limited

Regd. & Head Office: Mahaveera Circle, Kankanady, Mangaluru - 575002
CIN:L85110KA1924PLC001128, email: investor.grievance@ktkbank.com
[Website: www.karnatakabank.com, Tel. No. 0824-2228222, Fax No. 0824-2225588]

NOTICE TO THE MEMBERS

Notice is hereby given that the Ninety Third Annual General Meeting of THE KARNATAKA BANK LIMITED will be held as scheduled below:

Date : July 17, 2017
Day : Monday
Time : 11.30 a.m.
Place : Registered & Head Office:
The Karnataka Bank Limited
Mahaveera Circle, Kankanady,
Mangaluru - 575 002

to transact the following businesses:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited financial statements for the financial year ended March 31, 2017 (Balance Sheet as at 31st March 2017 and Profit & Loss Account for the year ended on that date etc.) together with the reports of the Auditors and the Directors thereon.
2. To declare dividend.
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. Abarna & Ananthan (Firm Reg. No.000003S), Chartered Accountants, #521, 3rd Main, 6th Block, 2nd Phase, BSK 3rd Stage, Bengaluru-560085, one of the retiring Statutory Central Auditors and M/s R K Kumar & Co, (Firm Registration No.001595S) Chartered Accountants, II Floor, Congress Building, 573, Mount Road, Chennai-600006, 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. Necessary approval in terms of Section 30(1A) of the Banking Regulation Act, 1949, has been obtained from Reserve Bank of India for the above appointment vide their letter DBS.ARS.No. 9724/08.11.005/2016-17, dated June 15, 2017.
4. To authorize the Board of Directors to appoint branch auditors in consultation with the Bank's Statutory Central Auditors to audit the accounts for the year ending 31st March, 2018 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 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.

SPECIAL BUSINESS

5. To consider the passing of the following resolution, as an ORDINARY RESOLUTION, with or without modifications.
"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. D Surendra Kumar, who was appointed as an Additional Director by the Board of Directors on December 29, 2016, 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. D Surendra Kumar 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. D Surendra Kumar be and is hereby appointed as an Independent Director of the Bank who shall hold office upto May 31, 2021 and that he shall not be liable to retire by rotation".

6. To consider the passing of the following resolution as an ORDINARY RESOLUTION with or without modifications.

"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. P Jayarama Bhat, who was appointed as an Additional Director by the Board of Directors, 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. P Jayarama Bhat as a candidate for the office of Director of the Bank pursuant to the provisions of Section 152 and any other applicable provisions of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and 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. P Jayarama Bhat be and is hereby appointed as a Director of the Bank, liable to retire by rotation."

7. To consider the passing of the following resolution as an ORDINARY RESOLUTION with or without modifications

"RESOLVED that pursuant to the approval received from the Reserve Bank of India (RBI) under Section 10B(1A) of the Banking Regulation Act, 1949, 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, Part Time Chairman of the Board of Directors of the Bank (hereinafter referred to as Chairman) for a period of 3 years from the date of taking charge.

Sr. No.	Particulars	Description
1	Remuneration	Consolidated salary of ₹12 lakh per annum (Rupees one lakh per month)
2	Entertainment allowance	Re-imbursment of entertainment expenses including Club Membership Fees up to ₹25000 p.a.
3	Free use of Bank's car	Free use of Bank's car for official purpose.
4	Traveling 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."

8. To consider the passing of the following resolution, as an ORDINARY RESOLUTION, with or without modifications.

"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. Mahabaleshwara M S, who was appointed as an Additional Director by the Board of Directors, 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. Mahabaleshwara M S as a candidate for the office of Director of the Bank pursuant to the provisions of Section 152 and any other applicable provisions of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and 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. Mahabaleshwara M S be and is hereby appointed as a Director of the Bank, not liable to retire by rotation."

9. To consider the passing of the following resolution, as an ORDINARY RESOLUTION, with or without modifications.

"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 appointment of Mr. Mahabaleshwara M S as Managing Director & CEO of the Bank for a period of three (3) years from the date of taking charge and on the remuneration and other perquisites mentioned hereunder:

Sr. No.	Particulars	Description
1	Basic salary	₹42,00,000/- p.a. (₹3.50 lakh p.m.)
2	Variable Pay	Such amount of variable pay as may be decided by Board/N&RC subject to approval from Reserve Bank of India.
3	Dearness allowance	₹8,40,000/- (20% of the basic salary)
4	House rent allowance	Free furnished residential accommodation. Proper up keep 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 MD, allowance @ 15% of the basic salary be given, which works out ₹6,30,000/- per annum.
5	Conveyance allowance	Nil
6	Entertainment allowance	₹50,000/- p.a.
7	Other allowance, if any	Nil
	Total	₹57,20,000/- p.a.
	Employee Stock Options (ESOPs)	Such number of stock options at such price and other conditions as may be decided by Board/N&RC subject to approval from Reserve Bank of India.
	Perquisites	
	Free furnished house	At present HRA as per Sl. No. 4

Use of Bank's car	i) free use for official purpose ii) for private purpose on compensating the Bank with suitable amount; for personal use ₹250/- per month to be recovered
Provident Fund Gratuity	12% of basic pay. As applicable to the Officers of the Bank without the restriction of minimum service required. The Bank should seek RBI approval as and when gratuity is proposed to be paid.
Travelling and Halting allowance	As may be decided by the Board of the Bank from time to time
Medical Benefit	Reimbursement upto ₹25,000/- p.a. for self & family on declaration basis. Reimbursement of actual expenses incurred including hospitalisation 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.
Other benefits 1. Insurance cover 2. Telephone 3. Bonus & sitting fees	1. Personal accident insurance cover up to ₹20,00,000/- 2. Telephone facility at residence at bank's cost 3. No bonus & sitting fees
Leave fare concession	Highest class by whatever mode of travel within the country once in a year for self and family members including dependent children.

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 the passing of the following resolution, as a SPECIAL RESOLUTION, with or without modifications.

"RESOLVED THAT pursuant to provisions of section 62(1)(b) and other applicable provisions, if any, of the Companies Act, 2013 including any statutory modifications or re-enactment thereof for the time being in force, subject to the provisions of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 as amended from time to time and other Rules, Regulations, Guidelines, provisions of Memorandum and Articles of Association of the Bank and further subject to such approval, permissions and sanctions as may be necessary from Securities and Exchange Board of India, the Stock Exchanges, Reserve Bank of India, Govt. of India and other appropriate authorities as may be required and subject to such terms and conditions that may be prescribed or imposed by such authorities while granting such approval which may be agreed to or accepted by the Board of Directors (hereinafter referred to as "the Board" which expression shall include Committee/s of the Board including Nomination & Remuneration Committee (N&RC) of the Board, the consent of the members of the Bank be and is hereby accorded to create, issue, grant/allot upto 50,00,000 (fifty lakh) equity stock options to employees of the Bank as defined under aforesaid SEBI regulations in one or more tranches through KBL STOCK OPTION SCHEME 2017(ESOS 2017) of the Bank which entitles the option holders to subscribe to 1 (ONE) equity share of the Bank of ₹10 each aggregating face value of ₹5,00,00,000/- at such price, in such manner, during such period and on such terms and conditions and in the manner as may be determined by the "Board".

RESOLVED FURTHER that without prejudice to the generality of the above but subject to terms as approved by the members, the Board be and is hereby authorised to implement the scheme (with or without modification/s and variation/s) in one or more tranches in such manner as it may determine.

RESOLVED FURTHER that the Board be and is hereby authorised to issue and allot such number of equity shares as may be required upon exercise of options from time to time in pursuance of scheme and that equity shares so issued and allotted subject to the provisions of Memorandum and Articles of Association of the Bank shall rank pari-passu in all respects with the existing fully paid up equity shares of the Bank including dividend, if any, during year of allotment of shares pursuant to exercise of options vested in the employees.

RESOLVED FURTHER that in case Bank`s equity share capital or its valuation is affected due to any corporate actions like issue of bonus/rights shares, any split or consolidation of face value of equity shares or any event of merger/ consolidation, capitalization or other reorganization of the Bank, tender offer of equity shares , the Board, be and is hereby authorised to make such adjustment with respect to outstanding Stock Options and such other action as it deems necessary or appropriate in this regard.

RESOLVED FURTHER that for the purpose of giving effect to the above resolution the Board be and is hereby authorised to do all such deeds, matters and things as it may in its absolute discretion deem fit or necessary or desirable for such purpose on behalf of the Bank to settle any issues, questions difficulties, doubts that may arise in this regard.

Registered Office:
Mahaveera Circle,
Kankanady, Mangaluru - 575 002
Date: June 17, 2017

By order of the Board of Directors

Prasanna Patil
Company Secretary

Note:

1. SUBJECT TO THE PROVISIONS OF SECTION 105 OF THE COMPANIES ACT, 2013 AND COMPANIES (MANAGEMENT AND ADMINISTRATION) RULES, 2014, A MEMBER OF THE BANK ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE BANK. A PERSON CAN ACT AS A PROXY ON BEHALF OF MEMBERS NOT EXCEEDING 50 AND HOLDING IN THE AGGREGATE NOT MORE THAN 10 PERCENT OF THE TOTAL SHARE CAPITAL OF THE BANK. THE INSTRUMENT APPOINTING PROXY IN ORDER TO BE VALID AND EFFECTIVE SHOULD BE LODGED/DEPOSITED WITH THE BANK AT ITS REGISTERED OFFICE AT LEAST FORTY EIGHT (48) HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The Register of Members and Share Transfer Books of the Bank will remain closed from July 10, 2017 to July 17, 2017 (both days inclusive).
3. Members are requested to be in their seats at the meeting hall before the scheduled time for commencement of the Meeting.
4. Members/proxies should fill up the attendance slips for attending the meeting and bring the same to the meeting.
5. Members are requested to immediately notify change of their address, if any, to the Registrar & Share Transfer Agent of the Bank i.e. Integrated Registry Management Services Pvt. Ltd. (Previously Integrated Enterprises (India) Ltd. before demerger) No. 30, Ramana Residency, 4th Cross, Sampige Road, Malleshwaram, Bengaluru-560003 (Tel no. 080-23460815/6/7) in respect of shares held in physical form. In case the shares are held in electronic form (demat), changes, if any, in their addresses shall be communicated to the Depository Participants (DPs) where the beneficiary account is maintained.
6. Dividend on equity shares as recommended by the Board of Directors for the year ended March 31, 2017, upon declaration at this meeting will be payable to those members whose names stand on the Register of Members on July 17, 2017 in respect of shares held in physical form and Register of Beneficial holders of shares for shares held in electronic (demat) form on July 9, 2017.
7. Members who have not encashed their dividend warrants of the previous years are hereby requested to encash the same at the earliest. The dividend remaining unclaimed for a period of seven years from the date of declaration shall be transferred to the Investor Education and Protection Fund (IEPF) as per the provisions of Section 125 of the Companies Act, 2013. Further the details of the unclaimed dividend of the shareholders are also available on the website of IEPF as well as the website of the Bank for information of the shareholders.
8. Pursuant to Section 124(6) of Companies Act, 2013, all shares in respect of which dividend has not been paid or claimed for seven consecutive years or more shall be transferred by the Bank in the name of Investor Education and Protection Fund after sending reminders to the shareholders at the latest available address.
9. Members desiring any information about the annual accounts at the meeting are requested to write to the Bank so as to reach the Bank at least five (5) days in advance of the Annual General Meeting (AGM).
10. Brief profile and other details of directors proposed to be appointed as per Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are annexed to this Notice.
11. In support of the 'Green Initiative' of the Ministry of Corporate Affairs, the Bank has sent through email the financial statements and other documents relating to this meeting to all those members whose e-mail Ids are available with the Bank's Registrar and Share Transfer Agent. Further, the members are requested to encourage 'Green Initiative' by registering /updating their e-mail Ids with

their respective Depository Participant(s) or with Integrated Registry Management Services Pvt. Ltd. for shares held in electronic form (Demat) or in physical form respectively to service the documents etc. electronically in future.

12. The relevant statement pursuant to Section 102 of the Companies Act, 2013, in respect of the special businesses set out above is annexed.
13. 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.
14. Corporate members intending to send their authorized representative(s) to attend the meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.
15. In case of joint shareholders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
16. Pursuant to Section 107 and 108 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Bank is pleased to provide members the facility to exercise votes at the 93rd AGM by electronic means and the business may be transacted through remote e-voting. Members holding the shares on the cut-off date only are eligible to vote by electronic means or in the general meeting. The schedule of remote e-voting is as under;
 - (a) Date and time of commencement of remote voting through electronic means: **July 13, 2017 at 10.00 a.m. (IST)**
 - (b) Date and time of end of voting through electronic means (remote e-voting) beyond which voting will not be allowed: **July 16, 2017 at 5.00 p.m (IST).**
 - (c) Details of website: www.evotingindia.com
 - (d) Details of persons to be contacted for issues relating to remote e-voting: Mr. Vijayagopal / Mr. Giridhar, M/s.Integrated Registry Management Services Pvt. Ltd. Phone No. 080-23460815-18 Fax No. 080-23460819, email: helpdesk.evoting@cDSLindia.com or irg@integratedindia.in
 - (e) Instructions for remote e-voting are given on page Nos.14 to 15 of this notice.

The remote e-voting module shall be disabled for voting on July 16, 2017, after 5.00 p.m. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently. The voting right of members shall be in proportion to their shares in the paid up capital of the Bank, as on the cut-off date i.e. July 10, 2017, subject to restrictions contained in the Banking Regulation Act, 1949.

The Board of Directors has appointed Mr. M V Shanker Bhat, Advocate, Mangaluru as a Scrutinizer to scrutinize the remote e-voting process in a fair and transparent manner.

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 and the same shall be simultaneously communicated to the stock exchanges.

17. Members who have not voted through remote e-voting will be provided with the facility for voting either through electronic voting or ballot or polling paper at the meeting. It may be noted that the shareholders whose names appear in the Register of Members of the Bank as on the cut-off date i.e. July 10, 2017 only are allowed to vote at the AGM.

18. Members who have exercised their right to vote by remote e-voting may attend Annual General Meeting but shall not vote at the Annual General Meeting. If a member has opted for remote-voting, then he/she should not vote at the venue. However, in case such members have cast their votes at the venue then, remote e-voting shall prevail and the vote done at venue shall be treated as invalid.
19. Resolutions assented to by the requisite majority of the members by means of venue voting and remote e-voting shall be deemed to have been duly passed at the AGM.

Registered Office:
Mahaveera Circle,
Kankanady, Mangaluru - 575 002

Date: June 17, 2017

By order of the Board of Directors

Prasanna Patil
Company Secretary

Annexure to Notice

Note on appointment of Statutory Central Auditors and branch auditors

In terms of Section 139(1) of the Companies Act, 2013, (the "Act") every company shall, at the first Annual General Meeting, appoint an individual or a firm as an Auditor who shall hold office from the conclusion of that meeting till the conclusion of its sixth Annual General Meeting (AGM) and thereafter till the conclusion of every sixth meeting. Further at every subsequent Annual Meeting, ratification for the appointment of Statutory Central Auditors shall be obtained from the members of the Bank.

However, in terms of the RBI Circular issued on the Appointment of Statutory Central Auditors in Indian private sector banks, an audit firm can continue as the Statutory Central Auditor for a period of four years and thereafter the said firm should be compulsorily rested for two years. M/s. Kamath & Rau (Firm Registration No. 001689S), Chartered Accountants, Mangaluru, one of the retiring statutory central auditors, will be completing the period of four years at the conclusion of the ensuing Annual General Meeting, are subject to resting period as aforesaid.

Further, the Board of Directors has proposed the appointment of M/s. Abarna & Ananthan (Firm Registration No. 000003S), Chartered Accountants, Bengaluru, retiring Statutory Auditors, who have been in Office for the last three years, jointly with M/s. R K Kumar & Co, (Firm Registration No. 001595S) Chartered Accountants, II Floor, Congress Building, 573, Mount Road, Chennai-600006 upto the conclusion of 94th AGM. Pursuant to Section 30(1A) of the Banking Regulation Act, 1949, approval from Reserve Bank of India has been obtained for the above appointment.

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

Accordingly your Bank proposes to appoint above two audit Firms as Statutory Central Auditors and also authorise the Board to appoint Branch auditors and fix their remuneration, subject to the approval of the Reserve Bank of India as set out in item No. 3 and 4 of this Notice.

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. 5 to 10 appearing in this Notice dated June 17, 2017.

Item No. 5

The Board of Directors of the Bank at the meeting held on December 29, 2016 appointed Mr. D Surendra Kumar (DIN: 00234305) as an Additional Director of the Bank under Section 161(1) of the Companies Act, 2013. He holds office upto the date of this Annual General Meeting. A notice has been received from a member of the Bank under Section 160 of the Companies Act, 2013 proposing the candidature of Mr. D Surendra Kumar for the office of Director. A copy of the notice is available on our website viz. www.karnatakabank.com. The Bank has received from Mr. D Surendra Kumar (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 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.

Further, pursuant to Section 149 read with Schedule IV of the Companies Act, 2013, the Board of Directors having taken into consideration the declaration received from Mr. D Surendra Kumar, is of the view that he meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013. The Board is of the opinion that he fulfils the conditions specified in the Companies Act, 2013 and the Rules made thereunder and he is independent of the management.

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 reappointment on passing of a special resolution by the company for a further period upto five years. Further 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. In terms of extant guidelines, the upper age limit for a director in a bank is fixed at 70 years. In view of the above provisions, the proposal for appointment of Mr. D Surendra Kumar as an Independent Director not liable to retire by rotation for a period upto May 31, 2021 i.e., up to the date of reaching 70 years of age has been put up for the approval of the shareholders. His appointment is also in compliance with the provisions of Section 10A(2) of the Banking Regulation Act, 1949.

The brief profile of Mr. D Surendra Kumar is as under:

Mr. D Surendra Kumar, aged 65 years holds BA degree from University of Bangalore. He has nearly 25 years of experience in Small Scale Industry as Managing Director. He is also involved in making policy decisions and monitoring the implementation of rural development projects through Shree Kshetra Dharmasthala Rural Development Project (SKDRDP). He is an agriculturist and has adopted modern practices in cultivation. He is the Vice President of Sri Dharmasthala Manjunatheshwara Educational Society(R), Ujire, Trustee-SKDRDP, SDMD-Trust, Managing Partner of Kuduma Industries, SDM Pharmacy and Padmalatha Transport.

Mr. D Surendra Kumar holds 18411 shares of the Bank. He is not related to any of the Directors of the Bank.

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

Appointment of Mr. D Surendra Kumar as an Independent Director on the Board of the Bank is expected to provide substantial value addition to the Bank in achieving its future objectives.

Your Board recommends the resolution appointing Mr. D Surendra Kumar as an Independent Director of the Bank, who shall not be liable to retire by rotation as aforesaid.

Except Mr. D Surendra Kumar, 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 & 7

Consequent to the retirement of Mr. Ananthakrishna as Part-Time Non-Executive Chairman (hereinafter referred to as Chairman) on October 26, 2016 upon attainment of upper age limit of 70 years, the said post remained vacant and the Board of Directors of the Bank at its meeting held on April 12, 2017 appointed Mr. P Jayarama Bhat (DIN: 00041500) as Chairman of the Board of the Bank, after inducting him as an Additional Director under Section 161 of the Companies Act, 2013, 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)(i) of the Banking Regulation Act, 1949, for a period of three years from the date of taking charge.

The Reserve Bank of India vide aforesaid letter, has also approved the remuneration payable to Mr. P Jayarama Bhat which is appearing in the resolution No. 7 set out in the Notice.

A notice has been received from a member of the Bank under Section 160 of the Companies Act, 2013 proposing the candidature of Mr. P Jayarama Bhat for the office of Director. A copy of the notice is available on our website viz. www.karnatakabank.com. The Bank has received from Mr. P Jayarama Bhat (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 brief profile of Mr. P Jayarama Bhat is as under:

Mr. P Jayarama Bhat, aged 65 years, is a Post Graduate in Chemistry from University of Mysore. He is a Certified Associate of Indian Institute of Bankers (CAIIB). He has banking experience of over 4 decades. He joined the Bank as an Officer in the year 1973 and over the period of time got promoted to various positions. In the year 2005, he was promoted as Chief General Manager of the Bank. Later, he was elevated to the post of Managing Director & CEO of the Bank who held the office from July 13, 2009 to

April 11, 2017. During his tenure as Managing Director & CEO, Bank registered significant growth in all the areas of operations. He has rich experience in all the facets of banking operations.

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'.

Presently he is also serving on the Board of Universal Sompo General Insurance Company Ltd., as the Nominee Director of The Karnataka Bank Ltd.

He holds 5350 shares of the Bank. He is not related to any of the Directors of the Bank.

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

The knowledge and expertise of Mr. P Jayarama Bhat in banking is well known and widely appreciated and his appointment as a Chairman on the Board of the Bank is expected to provide substantial value addition to the Bank in achieving its future objectives.

Your Board recommends the resolution for the approval of the members for appointing Mr. P Jayarama Bhat as a Director of the Bank liable to retire by rotation and the approval is also sought for payment of remuneration as stated in the resolution number 7 of this 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. 8 & 9

Consequent to the appointment of Mr. P Jayarama Bhat as the Part Time Non-Executive Chairman, Board of Directors at its meeting held on 12.04.2017 appointed Mr. Mahabaleshwara M S (DIN: 07645317) as Managing Director & CEO of the Bank after inducting him as an Additional Director under section 161 of the Companies Act, 2013 and also pursuant to the approval received from the Reserve Bank of India vide their letter DBR Appt. No.11838/08.40.001/2016-17 dated April 05, 2017 in accordance with Section 35B of the Banking Regulation Act, 1949 for a period of three (3) years with effect from the date of taking charge i.e. w.e.f. April 15, 2017, who shall exercise his powers subject to superintendence, control and directions of the Board, on remuneration and other perquisites set out in the resolution under item No. 9 of this Notice.

A notice has been received from a member of the Bank under Section 160 of the Companies Act, 2013 proposing the candidature of Mr. Mahabaleshwara M S for the office of Director. A copy of the notice is available on our website viz. www.karnatakabank.com. The Bank has received from Mr. Mahabaleshwara M S (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 brief profile of Mr. Mahabaleshwara M S is as under:

Mr. Mahabaleshwara M.S., aged 58 years, has over 32 years of banking experience both at operational and administrative levels. He holds M.Sc.(Agri) with specialization in Agronomy, from the University of Agricultural Sciences (UAS), Bengaluru and is a Certified Associate of the Indian Institute of Bankers (CAIIB) and has also done Post Graduate Diploma in Business Management (PGDBM).

He joined Karnataka Bank as Agricultural Field Officer in 1984. During his tenure, he worked in various branches and also at Head office of the Bank before being elevated as the Head of the Delhi Region. He played a key role in launching KRISHI CARD scheme of the Bank and has been the member of the prestigious "Chairman's Club" for 5 times, for his outstanding performance as Branch Head. He played a key role in expanding the foot prints of the Bank in the Northern part of India by opening good number of branches. He also served as Regional Head of Mumbai Region before being elevated to the Post of General Manager in 2011. In the year 2013 he was promoted as Chief General Manager and was overall in-charge of the Departments of Credit, Planning & Development, IT & MIS, Treasury & Accounts and HR & IR. He was

actively involved in Bank's BPR (Business Process Reengineering) initiative and later on played a pivotal role in the Digital Banking initiatives of the Bank. He is also actively involved in the implementation of "KBL Vision 2020", a five year growth plan of the Bank.

He also served as the Non-Executive Director on the Board of Universal Sompo General Insurance Co. Ltd., as the Nominee Director of The Karnataka Bank Ltd.

Presently he is not a director in any company. He holds 15617 shares of the Bank and he is not related to any of the Directors of the Bank.

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

Having regard to his rich experience in all the facets of Banking operations, his appointment as Managing Director & CEO of the Bank is expected to provide significant value addition going forward.

Your Board recommends the resolution for the approval of the members for the appointment of Mr. Mahabaleshwara M S as Managing Director & CEO of the Bank, not liable to retire by rotation and for payment of remuneration as stated under item numbers 8 & 9 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. 10

In an increasingly competitive environment, rewarding performing employees of the Bank is imperative for continued success. In order to incentivize, motivate and retain the employees, Bank has recognized granting of stock options as a tool to reward the performing employees. Stock options create a sense of ownership among the employees and provide an opportunity to them to contribute to the growth of the Bank. It also helps in creation of long term wealth in the hands of the employees and also provides performance linked rewards to the eligible employees (excluding Independent Directors). In this regard, the Board of Directors of the Bank is proposes to offer stock options to eligible employees including Directors. Accordingly the Bank has formulated an Employee Stock Option Scheme called KBL STOCK OPTION SCHEME 2017 (ESOS 2017) and is administered directly by the Bank through the Board / Nomination & Remuneration Committee of the Board (N&RC). The salient features of the scheme are set out below:

1. The total number of options to be granted under the scheme

Upto 50,00,000 options in aggregate each option exercisable for 1 (ONE) equity share of ₹10 each fully paid up will be available under the scheme for granting to eligible employees.

2. Identification of class of employees entitled to participate in the ESOS 2017

All Employees subject to fulfilling the eligibility criteria as may be laid down by the Board / Nomination and Remuneration Committee(N&RC) shall be eligible to participate in the ESOS 2017.

3. Vesting

The employee stock options granted under this scheme shall vest in a graded manner over a period of three years from the date of grant as may be decided by N&RC, subject to minimum vesting period of one year from the date of grant.

4. The maximum Exercise period

Subject to the terms and conditions prescribed under the ESOS 2017, stock options vested in the employees shall be capable of being exercised in one or more tranches, within a period of maximum of five years from the date of vesting of the respective stock options.

5. Pricing

The option would be granted to the eligible employees at a discount of 20% to average of weekly high and low of the closing prices of the shares of the Bank quoted on the stock exchange

where highest volume is recorded during the six months preceding the date of grant, being the relevant date as per SEBI (Share Based Employee Benefits) Regulations, 2014. The decision of the Board/N&RC in this regard shall be final and binding on the employees.

6. Appraisal process

The appraisal process for determining the eligibility of the employees under the scheme shall be as prescribed by the Board/N&RC.

7. Process of exercise

The eligible employee may apply for and seek allotment of shares against options vested in them in one more tranches as the case may be within a period as stated above. Application duly filled and signed by eligible employees along with exercise price should be sent to the Bank for allotment of shares against options. An option granted to an employee is not transferable.

8. The maximum number of options to be granted per employee shall be as under

The number of options that would be issued to an employee under the ESOS would be determined by the N&RC. However, no single employee shall be granted options under the ESOS entitling such employee to equity shares in the Bank which would represent more than one per cent of the issued capital of the Bank as on the date of grant of options or 15% of the total number of options reserved under the Scheme.

9. Accounting policies

The Bank shall conform to the accounting policies specified in Clause Regulation 15 of the SEBI (Share Based Employee Benefits) Regulations, 2014.

10. Valuation method

The Bank shall value its options by using intrinsic value method as prescribed under the 'Guidance Note on Accounting for Employees Shares Based Payments (Guidance Note)' or accounting standards issued by the ICAI or Ministry of Corporate Affairs from time to time. 'Intrinsic Value' of an option is the excess of the market price of the underlying share on the grant date over the exercise price. Since the Bank is opting for intrinsic value method, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value, the same shall be disclosed in the Directors' report along with impact of this difference on profits and on earnings per share of the Bank.

11. Disclosure in Directors' report

Necessary disclosures shall be made in the Director's Report in accordance with the provisions of Companies Act, 2013 and applicable SEBI Regulations.

Pursuant to Section 62(1)(b) and other applicable provisions of the Companies Act, 2013 and as per SEBI Regulations, consent of the members by way of special resolution is required for grant of stock options to employees including the Directors. Hence the Board of Directors recommends the above resolution for approval by the shareholders.

The draft ESOS 2017 Scheme document referred above is available for inspection by any member during the normal business hours of the Bank.

Except Mr. Mahabaleshwara M.S., Managing Director & CEO, who may be interested in this resolution the extent of stock options to be granted to him, no other director is interest in the above resolution.

Registered Office:
Mahaveera Circle,
Kankanady, Mangaluru - 575 002

Date: June 17, 2017

By order of the Board of Directors

Prasanna Patil
Company Secretary

The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on July 13, 2017 at 10.00 a.m. and ends on July 16, 2017 at 5.00 p.m. During this period shareholders' of the Bank, holding shares either in physical form or in dematerialized form, as on the cut-off date (i.e. July 10, 2017) may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iv) Click on Shareholders / Members
- (v) 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.
- (vi) Next, enter the Image Verification as displayed and Click on Login.
- (vii) 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.
- (viii) 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 Company/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)	<p>Enter the Dividend Bank Details or Date of Birth (dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> • If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) 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.
- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for The Karnataka Bank Limited on which you choose to vote.
- (xiii) 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.

- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xv) 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.
- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xviii) 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.
- (xix) **Shareholders 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.**
- (xx) **Note for Non - Individual Shareholders and Custodians**
- Non-Individual shareholders (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 a Compliance User should be created using the admin login and password. The Compliance User 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.
- (xxi) 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.
- (xxii) Any person, who acquires shares of the Bank and become a member after despatch of the notice and holding shares as on the Cut-off date i.e. July 10, 2017 may obtain the login and password by sending a request @ helpdesk.evoting@cdslindia.com or irg@integratedindia.in
- 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.

ROUTE MAP

