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THE KARNATAKA BANK LIMITED

Our Bank was incorporated on February 18, 1924 as The Karnataka Bank Limited under the Indian Companies Act, 1913. The certificate of commencement of business was obtained on May 23, 1924. Our Bank received a license to carry on the banking business in India under the Banking Regulation Act, 1949, from the Reserve Bank of India on April 4, 1966.

Registered Office: P.B. No. 599, Mahaveera Circle, Kankanady, Mangaluru 575 002, Karnataka; **Contact Person:** Mr. Y.V. Balachandra, Company Secretary and Compliance Officer; **Telephone:** +91 (824) 2228182-4; **Facsimile:** +91 (824) 2225588; **Email:** comsec@ktkbank.com; **Website:** www.karnatakabank.com; **Corporate Identity Number:** L85110KA1924PLC001128

PROMOTERS: Our Bank has no identifiable promoters

FOR PRIVATE CIRCULATION TO THE ELIGIBLE SHAREHOLDERS OF THE KARNATAKA BANK LIMITED (OUR "BANK" OR THE "ISSUER") ONLY

ISSUE OF UP TO 9,42,35,441 EQUITY SHARES OF FACE VALUE ₹ 10 EACH ("RIGHTS EQUITY SHARES") OF OUR BANK FOR CASH AT A PRICE OF ₹ 70 PER RIGHTS EQUITY SHARE ("ISSUE PRICE") INCLUDING A PREMIUM OF ₹ 60 PER RIGHTS EQUITY SHARE AGGREGATING UP TO ₹ 659.65 CRORE ON A RIGHTS BASIS TO THE ELIGIBLE SHAREHOLDERS OF OUR BANK IN THE RATIO OF 1 (ONE) RIGHTS EQUITY SHARES FOR 2 (TWO) FULLY PAID-UP EQUITY SHARES HELD BY SUCH ELIGIBLE SHAREHOLDER ON THE RECORD DATE, THAT IS, OCTOBER 25, 2016 ("ISSUE"). THE ISSUE PRICE OF THE RIGHTS EQUITY SHARES IS SEVEN TIMES THE FACE VALUE OF THE EQUITY SHARES. FOR FURTHER DETAILS, PLEASE SEE "TERMS OF THE ISSUE" ON PAGE 92 OF THE LETTER OF OFFER ("LOF") READ WITH ADDENDUM CUM CORRIGENDUM DATED NOVEMBER 19, 2016. THE ENTIRE ISSUE PRICE FOR THE RIGHTS EQUITY SHARES IS PAYABLE ON APPLICATION.

BASIS OF ALLOTMENT

The Board of Directors of our Bank thanks all the investors for their response to the Issue, which opened for subscription on November 7, 2016 and closed on November 28, 2016 (extended from November 21, 2016 through an addendum cum corrigendum dated November 19, 2016). The total number of Composite Application Forms ("CAFs") and Plain Paper Applications (together referred as "Applications") received were 65,771 for 17,48,22,711 Rights Equity Shares which is 185.52% of the Issue size in terms of number of Rights Equity Shares applied for. The Basis of Allotment was finalized on December 7, 2016 in consultation with the BSE Limited ("BSE"), the Designated Stock Exchange. The Basis of Allotment has been approved by the Board of Directors on December 8, 2016 and 9,41,36,866 Rights Equity Shares have been allotted. All valid Applications (including Application Supported by Blocked Amount ("ASBA")) have been considered for allotment.

1. The break-up of valid Applications (including ASBA applications) is given below:

Category	No. of Valid Applications (including ASBA applications) received	No. of Rights Equity Shares accepted and allotted against Entitlement (A)	No. of Rights Equity Shares accepted and allotted against Additional applied (B)	Total Rights Equity Shares accepted and allotted (A+B)
Shareholders	62,609	7,60,98,360	1,53,10,926	9,14,09,286
Renounees	2,895	27,27,580	-	27,27,580
Total	65,504	7,88,25,940	1,53,10,926	9,41,36,866*

*Out of the total issue size of 9,42,35,441 Rights Equity Shares, 98,575 Rights Equity Shares have been kept in abeyance.

2. Information regarding total Applications received (including ASBA applications received):

Category	Applications		Rights Equity Shares Applied for			Rights Equity Shares allotted		
	Number	%	Number	Value (₹)	%	Number	Value (₹)	%
Shareholders	62,780	95.45	17,13,15,949	11,99,22,10,930	97.99	9,14,09,286	6,39,86,50,020	97.10
Renounees	2,991	4.55	35,06,762	2,45,473,340	2.01	27,27,580	19,09,30,600	2.90
Total	65,771*	100.00	17,48,22,711	12,23,76,84,270	100.00	9,41,36,866	6,58,95,80,620	100.00

*Under ASBA process, four shareholders had submitted 10 Applications with same CAFs number, which have been grouped and considered as 4(four) valid Applications. Thus the total number of Applications received reduced from 65,777 to 65,771.

Out of the total 65,771 Applications (including 11,150 ASBA Applications) received, 267 CAFs (including 100 ASBA Applications) for 3,13,773 Rights Equity Shares (including 2,16,138 Rights Equity Shares applied under ASBA process) were rejected on technical grounds.

Dispatch / Refund Orders : The refund instructions to SCSBs for unblocking of funds, was given on December 8, 2016. The dispatch of allotment advice cum refund orders, allotment advice cum refund intimation and physical share certificates to the Allottees, as applicable, have been completed on December 9 and 10, 2016. The Company has filed the listing applications with the BSE Limited ("BSE") and with the National Stock Exchange of India Ltd. ("NSE") on December 8, 2016. The credit in respect of allotment of Rights Equity Shares in dematerialized form to the respective demat accounts of the investors with National Securities Depository Limited and Central Depository Services (India) Limited, was completed on December 9, 2016. The Rights Equity Shares shall commence trading on BSE and NSE with effect from December 14, 2016, pursuant to their listing and trading approval and shall be traded with the same ISIN INE614B01018, as the existing equity shares.

INVESTORS MAY PLEASE NOTE THAT THE SECURITIES OF OUR BANK CAN BE TRADED ON THE STOCK EXCHANGES ONLY IN DEMATERIALIZED FORM.

No Offer in the United States

The Rights Entitlements and the Rights Equity Shares have not been and will not be registered under the Securities Act, or any U.S. state securities laws and may not be offered, sold, resold or otherwise transferred within the United States of America or the territories or possessions thereof ("United States" or "U.S."), or to, or for the account or benefit of "U.S. persons" (as defined in Regulation S of the Securities Act), except in a transaction not subject to, or exempt from the registration requirements of the Securities Act. The offering to which the LOF relates is not, and under no circumstances is to be construed as, an offering of any Rights Equity Shares or Rights Entitlement for sale in the United States or as a solicitation therein of an offer to buy any of the Rights Equity Shares or Rights Entitlement. There is no intention to register any portion of the Issue or any of the securities described herein in the United States or to conduct a public offering of securities in the United States. Accordingly, the LOF /Abridged Letter of Offer ("ALOF") and the CAFs should not be forwarded to or transmitted in or into the United States at any time. In addition, until the expiry of 40 days after the commencement of the Issue, an offer or sale of Rights Entitlements or Rights Equity Shares within the United States by a dealer (whether or not it is participating in the Issue) may violate the registration requirement of the Securities Act.


DISCLAIMER CLAUSE OF SEBI: Submission of LOF to SEBI should not in any way be deemed or construed that SEBI has cleared or approved the LOF. The investors are advised to refer to the full text of the "Disclaimer Clause of SEBI" on page 83 of the LOF.

DISCLAIMER CLAUSE OF BSE (Designated Stock Exchange): It is to be distinctly understood that the permission given by BSE Limited should not, in anyway, be deemed or construed that the LOF has been cleared or approved by BSE Limited; nor does it certify the correctness or completeness of any of the contents of the LOF. The investors are advised to refer to the full text of the "Disclaimer Clause of BSE" on page 87 of the LOF.

DISCLAIMER CLAUSE OF NSE: It is to be distinctly understood that the permission given by NSE should not in any way be deemed or construed that the LOF has been cleared or approved by NSE nor does it certify the correctness or completeness of any of the contents of the LOF. The investors are advised to refer to the full text of the "Disclaimer clause of NSE" on page 88 of the LOF.

DISCLAIMER CLAUSE OF THE RBI: A license authorising our Bank to carry on banking business has been obtained from the RBI in terms of Section 22 of the Banking Regulation Act. It must be distinctly understood, however, that in issuing the license the RBI does not undertake any responsibility for the financial soundness of our Bank.

All capitalised terms used but not defined herein shall have the meanings assigned to them in the LOF dated October 28, 2016, read with Addendum cum Corrigendum dated November 19, 2016. Any correspondence in respect of allotment of Rights Equity Shares pertaining to the Issue may be addressed to the Registrar to the Issue at the address mentioned below.

Lead Manager to the Issue	Registrar to the Issue	Company Secretary & Compliance Officer
 <p>Edelweiss Financial Services Limited 14th Floor, Edelweiss House, Off C.S.T. Road, Kalina, Mumbai 400 098 Telephone: +91 (22) 4009 4400; Facsimile: +91 (22) 4086 3610 E-mail: kbl.rights@edelweissfn.com Website: www.edelweissfn.com Contact Person: Mr. Viral Shah / Mr. Vaibhav Shah SEBI Registration No.: INM0000010650</p>	 <p>Integrated Enterprises (India) Limited No 30 Ramana Residency, 4th Cross, Sampige Road, Malleswaram, Bengaluru 560 003 Telephone: + 91 (80) 23460815-818; Facsimile: + 91 (80) 23460819 E-mail: vijayagopal@integratedindia.in Investor Grievance E-mail: blr@integratedindia.in Website: www.integratedindia.in Contact Person: Mr. S. Vijayagopal/ Mr. E.T Balaji SEBI Registration No.: INR 000000544</p>	<p>Mr. Y.V. Balachandra, Company Secretary and Compliance Officer P.B. No. 599, Mahaveera Circle, Kankanady, Mangaluru 575 002 Telephone: +91 (824) 2228182/3/4; Facsimile: +91 (824) 2225588 Website: www.karnatakabank.com; E-mail: comsec@ktkbank.com Investors may contact the Registrar to the Issue or the Company Secretary and Compliance Officer for any pre-Issue/ post-Issue related matters such as non-receipt of letter of Allotment, credit of Rights Equity Shares, Refund Orders or refund through electronic credit and such other matters. All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSB, giving full details such as name, address of the applicant, number of Rights Equity Shares applied for, amount blocked, ASBA Account number and the Designated Branch of the SCSB where the CAF, or the plain paper application, as the case may be, was submitted by the ASBA Investors.</p>

THE LEVEL OF SUBSCRIPTION SHOULD NOT BE TAKEN TO BE INDICATIVE OF EITHER THE MARKET PRICE OF THE EQUITY SHARES OR THE BUSINESS PROSPECTS OF THE BANK.

For The Karnataka Bank Limited,
Sd/-

Y.V. Balachandra
Company Secretary & Compliance Officer

Place: Mangaluru
Date: December 13, 2016