Letter of Offer
Dated February 20, 2017
For Eligible Equity Shareholders only

THE SOUTH INDIAN BANK LIMITED

Our Bank was incorporated under the Indian Companies Act, 1913 on January 25, 1929 at Thrissur.

Registered Office: SIB House, Mission Quarters, T.B. Road, Thrissur 680 001, Kerala, India
Telephone: + 91 487 2420 020/ 2429 333; **Facsimile:** +91 487 2442 021
Contact Person: Mr. Jimmy Mathew, Company Secretary and Compliance Officer
Email: ho2006@sib.co.in; **Website:** www.southindianbank.com
Corporate Identity Number: L65191KL1929PLC001017

FOR PRIVATE CIRCULATION TO THE ELIGIBLE EQUITY SHAREHOLDERS OF THE SOUTH INDIAN BANK LIMITED (THE "BANK" OR THE "ISSUER") ONLY

ISSUE OF UP TO 45,07,09,302 EQUITY SHARES OF FACE VALUE OF ₹ 1 EACH ("EQUITY SHARES") OF OUR BANK FOR CASH AT A PRICE OF ₹ 14 PER EQUITY SHARE ("ISSUE PRICE") INCLUDING A PREMIUM OF ₹ 13 PER EQUITY SHARE AGGREGATING UP TO ₹ 630.99 CRORES TO THE ELIGIBLE EQUITY SHAREHOLDERS OF OUR BANK ON RIGHTS BASIS IN THE RATIO OF ONE EQUITY SHARE FOR EVERY THREE EQUITY SHARES HELD ON FEBRUARY 17, 2017 (THE "RECORD DATE") (THE "ISSUE"). THE ISSUE PRICE IS 14 TIMES THE FACE VALUE OF THE EQUITY SHARES. FOR FURTHER DETAILS, PLEASE SEE SECTION TITLED "TERMS OF THE ISSUE" ON PAGE 95 OF THIS LETTER OF OFFER.

GENERAL RISKS

Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in the Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Issue. For taking an investment decision, investors must rely on their own examination of our Bank and the Issue including the risks involved. The Equity Shares being offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India ("**SEBI**") nor does SEBI guarantee the accuracy or adequacy of this Letter of Offer. **Investors are advised to refer to the section titled "Risk Factors" on page 15 of this Letter of Offer before making an investment in the Issue.**

ISSUER'S ABSOLUTE RESPONSIBILITY

Our Bank, having made all reasonable inquiries, accepts responsibility for and confirms that this Letter of Offer contains all information with regard to our Bank and the Issue, which is material in the context of the Issue, that the information contained in this Letter of Offer is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Letter of Offer as a whole or any such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The existing Equity Shares are listed on the BSE Limited ("**BSE**") and the National Stock Exchange of India Limited ("**NSE**"). The Equity Shares offered through this Letter of Offer are proposed to be listed on the BSE and NSE. Our Bank has received "in-principle" approval from BSE and NSE for listing of the Equity Shares to be allotted pursuant to the Issue vide letters dated February 6, 2017 and February 7, 2017 respectively. The BSE shall be the Designated Stock Exchange for the Issue.

LEAD MANAGER TO THE ISSUE	REGISTRAR TO THE ISSUE
Edelweiss Financial Services Limited 14th Floor, Edelweiss House Off C.S.T. Road, Kalina Mumbai 400 098 Telephone: +91 22 4009 4400 Fax: +91 22 4086 3610 E-mail: sib.rights@edelweissfin.com Investor Grievance E-mail: customerservice.mb@edelweissfin.com Website: www.edelweissfin.com Contact Person: Mr. Shubham Mehta SEBI Registration No.: INM0000010650	**Link Intime India Private Limited** C-101, 1st Floor, 247 Park, Lal Bahadur Shastri Marg, Vikhroli (West), Mumbai 400 083, India Telephone: +91 22 6171 5400 Facsimile: +91 22 2596 0329 Email: sib.rights@linkintime.co.in Investor Grievance E-mail: sib.rights@linkintime.co.in Website: www.linkintime.co.in Contact Person : Mr. Dinesh Yadav SEBI Registration Number: INR000004058

ISSUE PROGRAMME

ISSUE OPENS ON	LAST DATE FOR RECEIPT OF REQUEST FOR SPLIT APPLICATION FORMS	ISSUE CLOSES ON
FEBRUARY 28, 2017	**MARCH 7, 2017**	**MARCH 14, 2017**

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SECTION I - GENERAL

DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise indicates or requires, the following terms shall have the meanings given below in this Letter of Offer. References to statutes, enactments or regulations shall include any amendments and supplements thereto made from time to time.

Issuer and Industry Related Terms

Term	Description
"Articles" or "Articles of Association" or "AoA"	The articles of association of our Bank, as amended from time to time.
Audit Committee	The audit committee of the Board of Directors of our Bank.
Audited Financial Statements	The audited financial statements of our Bank as at and for the year ended March 31, 2016
Board/ Board of Directors/ our Board/ Committee of Directors	Board of Directors of our Bank or a duly constituted committee thereof, as the context may refer to.
"Director(s)" or "our Director(s)"	Director(s) of our Bank.
Equity Shares	The equity shares of our Bank of face value ₹ 1 each.
Eligible Equity Shareholders	The holders of Equity Shares, as on the Record Date i.e. February 17, 2017.
ESOS Scheme	'The South Indian Bank Limited Employees Stock Option Scheme' as adopted by our members in the AGM dated August 18, 2008, as amended from time to time.
"The South Indian Bank Limited" or "our Bank" or "Issuer"	The South Indian Bank Limited, a public limited company incorporated under the Companies Act, 1913 and a scheduled commercial bank within the meaning of the RBI Act, having its registered office at SIB House, Mission Quarters, T.B. Road, Thrissur 680 001, Kerala, India.
"Memorandum" or "Memorandum of Association"	The memorandum of association of our Bank, as amended from time to time.
Reformatted Summary Financial Statements	The reformatted summary financial statements of our Bank as at and for the year ended March 31, 2016
Registered Office	SIB House, Mission Quarters, T.B. Road, Thrissur 680 001, Kerala, India
Registrar and Share Transfer Agent	The registrar and share transfer agent of our Bank, being BTS Consultancy Services Private Limited.
Statutory Auditors	The statutory auditors of our Bank, being M/s Deloitte Haskins & Sells, Chartered Accountants.
"our Bank" or "we" or "us" or "our"	The South Indian Bank Limited.
Unaudited Interim Condensed Financial Information	The unaudited interim condensed financial information of our Bank as at and for the nine month period ended December 31, 2016

Issue Related Terms and Abbreviations

Term	Description
"Abridged Letter of Offer" or "ALOF"	The abridged letter of offer to be sent to the Eligible Equity Shareholders, in accordance with the SEBI Regulations and the Companies Act.
"Allotment" or to "Allot" or "Allotted"	The allotment of Equity Shares pursuant to the Issue.
Allotment Date	The date on which Allotment is made.
Allottee(s)	An Investor who is Allotted Equity Shares.
Application	Application made between the Issue Opening Date and the Issue Closing Date, whether submitted by way of CAF or on plain-paper, to subscribe to the Equity Shares issued pursuant to the Issue at the Issue Price, including applications by way of the ASBA process.
Application Money	The aggregate amount payable in respect of the Equity Shares applied for in the Issue at the Issue Price.
"ASBA" or "Application Supported by Blocked Amount"	The Application (whether physical or electronic) used to apply for Equity Shares in the Issue, together with an authorisation to an SCSB to block the Application Money in the ASBA Account.
ASBA Account	An account maintained with an SCSB which will be blocked by such SCSB to the extent of the Application Money, as specified in the CAF or plain paper applications, as the case may be.
ASBA Investor	An Investor applying in the Issue through an account maintained with an SCSB. In terms of the circular (no. CIR/CFD/DIL/1/2011) dated April 29, 2011, all QIBs and

Term	Description
	Non Institutional Investors are mandatorily required to make Applications in the Issue through the ASBA process. Further in terms of SEBI circular no. SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009, for being eligible to apply in the Issue through the ASBA process, an Eligible Equity Shareholder: (a) should hold the Equity Shares in dematerialised form as on the Record Date and has applied for his Rights Entitlement and/ or additional Equity Shares in dematerialised form; (b) should not have renounced his/ her Rights Entitlement in full or in part; (c) should not be a Renouncee; and (d) must apply through blocking of funds in an account maintained with an SCSB.
Basis of Allotment	The basis on which the Equity Shares will be Allotted to successful applicants in the Issue.
"CAF" or "Composite Application Form"	The application form used by Investors to make an Application for Allotment.
Category III foreign portfolio investor(s)	Includes all other investors who are not eligible under category I and category II foreign portfolio investors (as defined under the SEBI FPI Regulations) such as endowments, charitable societies, charitable trusts, foundations, corporate bodies, trusts, individuals and family offices.
Consolidated Certificate	The certificate that would be issued for Equity Shares Allotted to each folio in case of Eligible Equity Shareholders who hold Equity Shares in physical form.
Controlling Branches	The branches of the SCSBs which coordinate with the Registrar to the Issue, the Lead Manager and the Stock Exchange and a list of which is available at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries.
Designated Branches	Such branches of the SCSBs which shall collect the CAF or the plain paper Application, as the case may be, from the ASBA Investors and a list of which is available on http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries.
Demographic Details	Demographic details of Investors available with the Depositories, including address and bank account details.
Designated Stock Exchange	BSE Limited
Eligible Equity Shareholder	Holders of Equity Shares of our Bank as on the Record Date.
Escrow Collection Bank	The South Indian Bank Limited
"Foreign Portfolio Investor(s)" or "FPI(s)"	Foreign portfolio investor under the SEBI (Foreign Portfolio Investors) Regulations.
Investor(s)	Eligible Equity Shareholder(s), Renouncee(s) and any other persons eligible to subscribe in this Issue applying in the Issue.
Issue	Issue of up to 45,07,09,302 Equity Shares for cash at a price of ₹ 14 per Equity Share including a premium of ₹ 13 per Equity Share aggregating up to ₹ 630.99 crores by the Bank to the Eligible Equity Shareholders of our Bank on a rights basis of one Equity Share for every three Equity Shares held on the Record Date.
Issue Closing Date	March 14, 2017.
Issue Opening Date	February 28, 2017
Issue Price	₹ 14 per Equity Share.
Issue Proceeds	The gross proceeds raised through the Issue.
Lead Manager	Edelweiss Financial Services Limited
Letter of Offer	This letter of offer dated February 20, 2017 filed with the Stock Exchanges and SEBI.
Listing Agreement(s)	The erstwhile equity listing agreements entered into between us and each of NSE, BSE and CSE and the uniform equity agreement(s) entered into between us and the Stock Exchanges under the SEBI Listing Regulations, as applicable.
NACH	National Automated Clearing House which is a consolidated system of ECS.
Net Proceeds	The Issue Proceeds less Issue related expenses.
Non – ASBA Investor	All Investors other than ASBA Investors who apply in the Issue otherwise than through the ASBA process.
Non-Institutional Investors	An Investor other than a Retail Individual Investor and Qualified Institutional Buyers.
Non Retail Individual Investors	Individual investors who are not Retail Individual Investors
"QIBs" or "Qualified Institutional Buyers"	Qualified institutional buyers as defined under Regulation 2(1)(zd) of the SEBI Regulations
Record Date	February 17, 2017
Refund Banker(s)	The South Indian Bank Limited
"Registrar" or "Registrar to the Issue"	Link Intime India Private Limited.

Term	Description
Renouncees	Persons who have acquired Rights Entitlements from Eligible Equity Shareholders
Retail Individual Investors	Individual Investors who have applied for Equity Shares for an amount less than or equal to ₹ 0.02 crores in the Issue (including HUFs applying through the Karta).
Rights Entitlement	One Equity Share that an Equity Shareholder is entitled to apply for under the Issue for every three fully paid up Equity Share(s) held as on the Record Date.
Self Certified Syndicate Bank or SCSB	The banks which are registered with SEBI under the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994, and offers services of ASBA, including blocking of bank account and a list of which is available on http://www.sebi.gov.in.
Split Application Form(s) or "SAF(s)"	The application form(s) used in case of renunciation in part by an Eligible Equity Shareholder in favour of one or more Renouncees.
Stock Exchanges	BSE and NSE where the Equity Shares are presently listed.
Working Day	All days other than second and fourth Saturdays of the month, Sundays or public holidays, on which commercial banks in Mumbai are open for business.

Conventional/ General Terms and References to other Entities

Term	Description
AGM	Annual general meeting.
AIF(s)	Alternative investment funds, as defined and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012.
AMFI	Association of Mutual Funds in India.
AS	Accounting Standards issued by the Institute of Chartered Accountants of India.
Banker's Books Evidence Act	Banker's Books Evidence Act, 1891.
Banking Regulation Act	Banking Regulation Act, 1949, as amended.
BIFR	Board of Industrial and Financial Reconstruction.
BSE	BSE Limited.
CAGR	Compounded annual growth rate.
CDSL	Central Depository Services (India) Limited.
Civil Procedure Code, Civil Code	The Code of Civil Procedure, 1908, as amended.
Companies Act	Companies Act, 2013, to the extent notified and the rules thereunder and the Companies Act, 1956, to the extent in force.
CSE	Cochin Stock Exchange Limited.
Delisting Regulations	The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009, as amended.
Depositories Act	The Depositories Act, 1996, as amended.
Depository	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participant) Regulations, 1996, as amended.
"Depository Participant" or "DP"	A depository participant as defined under the Depositories Act.
DIN	Director Identification Number
DIPP	The Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, GoI.
DP ID	Depository Participant identity
DRT	Debt Recovery Tribunal.
DTC	The direct tax code.
EBITDA	Earnings before interest, tax, depreciation and amortisation.
EGM	Extra ordinary general meeting.
EPS	Earnings per share.
FDI	Foreign direct investment.
FEMA	The Foreign Exchange Management Act, 1999, as amended, and the regulations issued thereunder.
FEMA 20	The Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended.
FERA	Foreign Exchange Regulation Act, 1973.
FII	Foreign Institutional Investor as defined under the SEBI FPI Regulations.
"financial year", "fiscal" or "FY"	Unless stated otherwise, financial year of our Bank ending on March 31 of a particular year.
FVCI	Foreign venture capital investors (as defined and registered with SEBI under the (Foreign Venture Capital Investors) Regulations, 2000).
GAAP	Generally Accepted Accounting Principles.
GDP	Gross domestic product.
Government	Government of India or State Government, as applicable.

Term	Description
Government of India	Central government of India.
HUF	Hindu undivided family.
ICAI	Institute of Chartered Accountants of India.
IFRS	International Financial Reporting Standards of the International Accounting Standards Board.
IND-AS	Indian Accounting Standards.
Indian GAAP	Generally Accepted Accounting Principles in India, as applicable to a bank.
IPC	The Indian Penal Code, 1860.
IRDA	Insurance Regulatory and Development Authority
IT	Information technology.
ITAT	Income Tax Appellate Tribunal
Listing Agreements	The listing agreements entered into by our Bank with the Stock Exchanges.
IT Act	The Income Tax Act, 1961, as amended.
MAT	Minimum alternate tax.
MCA	Ministry of Corporate Affairs
MFIs	Micro finance institutions.
MICR	Magnetic ink character recognition.
MoU	Memorandum of understanding.
"Mutual Fund" or "MF"	A mutual fund registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.
NABARD	National Bank for Agriculture and Rural Development.
NBFC	Non-banking financial company.
Negotiable Instruments Act	Negotiable Instruments Act, 1881.
NPCI	National Payments Corporation of India.
NRI	Non resident Indian.
NSDL	National Securities Depository Limited.
NSE	The National Stock Exchange of India Limited.
p.a.	Per annum.
PAN	Permanent Account Number.
PAT	Profit after tax.
PBT	Profit before tax.
PIO	Persons of Indian origin.
Portfolio Investment Scheme	Portfolio investment scheme under the FEMA.
PSU	Public sector undertaking.
RBI	Reserve Bank of India.
RBI Act or the Reserve Bank of India Act	The Reserve Bank of India Act, 1934, as amended.
Regulation S	Regulation S under the Securities Act.
"Rs.", "Rupees", "INR" or "₹"	The legal currency of the Republic of India.
SARFAESI Act	The Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, as amended.
SAT	Securities Appellate Tribunal.
SCRA	Securities Contracts (Regulation) Act, 1956, as amended.
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended.
SCR (SECC) Rules	Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012, as amended.
SEBI	Securities and Exchange Board of India.
SEBI Act	The Securities and Exchange Board of India Act, 1992, as amended.
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, as amended.
SEBI Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended
SEBI Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended.
Securities Act	The U.S. Securities Act, 1933, as amended.
SENSEX	The index of a basket of 30 constituent stocks traded on the BSE representing a sample of liquid securities of large and representative companies.
State Government	Government of a state of the Republic of India.
Stock Exchanges	The BSE, the NSE and the CSE.
STT	Securities Transaction Tax.
Takeover Code	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations 2011, as amended.
"U.S.$", or "U.S. Dollars"	The legal currency of the United States.

Term	Description
"U.S." or "United States"	United States of America.
U.S. GAAP	Generally accepted accounting principles in the U.S.
VCF	A venture capital fund (as defined and registered with SEBI under the erstwhile Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996).

Industry/ Project Related Terms, Definitions and Abbreviations

Term	Description
AFS	Available for sale.
ALCO	Asset liability management committee.
ALM	Asset liability management.
AML	Anti money laundering.
ANBC	Adjusted net bank credit
ATM	Automatic teller machine.
AUM	Assets under management.
Base Rate	Minimum lending rate set by our Bank in accordance with applicable laws and regulations.
Basel III	A set of reform measures, developed by the Basel Committee on Banking Supervision, to strengthen the regulation, supervision and risk management of the banking sector.
BPLR	Benchmark prime lending rate.
CAR	Capital adequacy ratio.
CARE	Credit Analysis and Research Limited
CASA	Current account saving account.
CBLO	Collateralised borrowing and lending obligations.
CBS	Core banking solutions.
CD	Certificate of deposit.
CDR	Corporate debt restructuring.
CP	Commercial paper.
CRAR	Capital to risk asset ratio.
CRISIL	CRISIL Limited
CRM	Credit risk mitigation.
CRMC	Credit risk management committee.
CRR	Cash reserve ratio.
CTS	Cheque truncation system.
DRI	Differential rate of interest.
ECS	Electronic clearing services.
EEFC	Exchange earners' foreign currency.
EFT	Electronic funds transfer.
FCNR Account	Foreign currency non resident account.
FCNR(B)	Foreign currency non resident (banks).
HFT	Held for trading.
HTM	Held to maturity.
IBA	Indian Banks Association.
IRDM	Integrated Risk Management Department of our Bank.
IST	Indian Standard Time.
KYC	Know your customer.
LAF	Liquidity adjustment facility.
LC	Letter of credit.
LFAR	Long form audit report.
MSE	Micro and small enterprises.
MSF	Marginal standing facility.
MSME	Micro, small and medium enterprises.
NDTL	Net demand and time liabilities.
NEFT	National electronic fund transfer.
NPA	Non performing advances.
NPI	Non performing investments.
NRNR	Non resident non repatriable.
OTS	One time settlement.
PCR	Provisioning coverage ratio.
RAROC	Risk adjusted return on capital.
RFC Account	Resident foreign currency account.
RIDF	Rural Infrastructure Development Fund
RoNW	Return on net worth.

Term	Description
RTGS	Real time gross settlement.
S4A	Scheme for Sustainable Structuring of Stressed Assets
SDR	Strategic Debt Restructuring
SLBC	State Level Bankers' Committee.
SLR	Statutory liquidity ratio.
Tier I	Tier I capital instruments as defined under the guidelines on capital adequacy issued by the RBI
Tier II	Tier II capital instruments as defined under the guidelines on capital adequacy issued by the RBI
VaR	Value at risk.

The words and expressions used in this Letter of Offer but not defined herein shall have the same meaning as is assigned to such words and expressions under the SEBI Regulations, the Companies Act, the SCRA, the Depositories Act and the rules and regulations made thereunder.

Notwithstanding the foregoing, terms in sections titled "*Statement of Tax Benefits*", "*Financial Information*" and "*Outstanding Litigation and Defaults*" on pages 58, 74 and 78, respectively, of this Letter of Offer have the meanings given to such terms in these respective sections.

OVERSEAS SHAREHOLDERS

The distribution of this Letter of Offer, the Abridged Letter of Offer or CAF and the Issue to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Persons who come into possession of this Letter of Offer, the Abridged Letter of Offer or CAF are required to inform themselves about and observe such restrictions. The Bank is making the Issue on a rights basis to Eligible Equity Shareholders and will dispatch the Abridged Letter of Offer, Composite Application Form, and upon request, this Letter of Offer, to only those Eligible Equity Shareholders who have a registered address in India or who have provided an Indian address to our Bank.

No action has been or will be taken to permit the Issue in any jurisdiction where action would be required for that purpose. Accordingly, the Equity Shares or the Rights Entitlement may not be offered or sold, directly or indirectly, and this Letter of Offer, Abridged Letter of Offer or any offering materials or advertisements in connection with the Issue may not be distributed, in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Letter of Offer or Abridged Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, in those circumstances, this Letter of Offer and the Abridged Letter of Offer must be treated as sent for information only and should not be acted upon for subscription to the Equity Shares, copied or redistributed. Accordingly, persons receiving a copy of this Letter of Offer or the Abridged Letter of Offer should not, in connection with the Issue or the Rights Entitlements, distribute or send this Letter of Offer or Abridged Letter of Offer in or into jurisdictions where it would or might contravene local securities laws or regulations. If this Letter of Offer or the Abridged Letter of Offer is received by any person in any such territory, or by their agent or nominee, they must not seek to subscribe to the Equity Shares or the Rights Entitlements referred to in this Letter of Offer and the Abridged Letter of Offer. Envelopes containing the CAF should not be dispatched from any jurisdiction where it would be illegal to make an offer and all persons subscribing to the Equity Shares in the Issue must provide an Indian address.

Neither the delivery of this Letter of Offer nor any sale hereunder, shall under any circumstances create any implication that there has been no change in our Bank’s affairs from the date hereof or that the information contained herein is correct as at any time subsequent to the date of this Letter of Offer.

The contents of this Letter of Offer should not be construed as legal, tax or investment advice. Prospective investors may be subject to adverse foreign, state or local tax or legal consequences as a result of the offer of Equity Shares. As a result, each investor should consult its own counsel, business advisor and tax advisor to the legal, business, tax and related matters concerning the offer of Equity Shares. In addition, neither our Bank nor the Lead Manager is making any representations to any offeree or purchaser of the Equity Shares regarding the legality of an investment in the Equity Shares by such offeree or purchaser under any applicable laws or regulations.

Any person who makes an application to acquire rights and the Equity Shares offered in this Issue will be deemed to have declared, represented, warranted and agreed that he is authorized to acquire the Equity Shares in compliance with all applicable laws and regulations prevailing in his jurisdiction.

NO OFFER IN THE UNITED STATES

The Rights Entitlement and the Equity Shares offered in this Issue have not been and will not be registered under the United States Securities Act of 1933 as amended (“**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, or to, or for the account or benefit of U.S. Persons (as defined in Regulation S of the Securities Act (“**Regulation S**”)), except in a transaction exempt from the registration requirements of the Securities Act. The offering to which this Letter of Offer relates is not, and under no circumstances is to be construed as, an offering of any Equity Shares or rights for sale in the United States or as a solicitation therein of an offer to buy any of the said Equity Shares offered in this Issue or Rights Entitlement. Accordingly, this Letter of Offer and the enclosed CAF should not be forwarded to or transmitted in or into the United States at any time.

Neither we nor any person acting on behalf of us will accept subscriptions or renunciation from any person, or the agent of any person, who appears to be, or who we or any person acting on behalf of us has reason to believe is, either a U.S. Person or otherwise in the United States when the buy order is made. Envelopes containing a CAF should not be postmarked in the United States or otherwise dispatched from the United States or any other jurisdiction where it would be illegal to make an offer, and all persons subscribing for the Equity Shares in this Issue and wishing to hold such Equity Shares in registered form must provide an address for registration of the Equity Shares in India. We are making the Issue on a rights basis to Eligible Equity Shareholders and the Letter of Offer and CAF will be dispatched only to Eligible Equity Shareholders who have an Indian address. Any person who acquires rights and the Equity Shares offered in this Issue will be deemed to have declared, represented, warranted and agreed, (i) that it is not and that at the time of subscribing for such Equity Shares or the Rights Entitlements, it will not be, in the United States, (ii) it is not a U.S. Person and does not have a registered address (and is not otherwise located) in the United States when the buy order is made, and (iii) it is authorised to acquire the rights and the Equity Shares in compliance with all applicable laws and regulations.

We reserve the right to treat any CAF as invalid which: (i) does not include the certification set out in the CAF to the effect that the subscriber is not a U.S. Person and does not have a registered address (and is not otherwise located) in the United States and is authorized to acquire the Equity Shares offered in the Issue or Rights Entitlement in compliance with all applicable laws and regulations; (ii) appears to us or our agents to have been executed in or dispatched from the United States; (iii) appears to us or our agents to have been executed by a U.S. Person; (iv) where a registered Indian address is not provided; or (v) where we believe that CAF is incomplete or acceptance of such CAF may infringe applicable legal or regulatory requirements; and we shall not be bound to allot or issue any Equity Shares or Rights Entitlement in respect of any such CAF.

CERTAIN CONVENTIONS, USE OF FINANCIAL INFORMATION AND MARKET DATA AND CURRENCY OF PRESENTATION

Certain Conventions

Unless otherwise specified or the context otherwise requires, all references to "India" in this Letter of Offer are to the Republic of India, together with its territories and possessions, and all references to the "US", the "USA", the "United States" or the "U.S." are to the United States of America, together with its territories and possessions. Unless the context otherwise requires, a reference to the "Bank" is a reference to The South Indian Bank Limited and unless the context otherwise requires, a reference to "we", "us" and "our" refers to The South Indian Bank Limited, as applicable in the relevant fiscal period.

References to the singular also refers to the plural and one gender also refers to any other gender, wherever applicable.

Financial Data

In this Letter of Offer, we have included (i) the Reformatted Summary Financial Statements of our Bank along with the review report dated February 4, 2017 issued by the Statutory Auditors; (ii) the Unaudited Interim Condensed Financial Information along with the report dated February 4, 2017 issued by the Statutory Auditors.

Our fiscal year commences on April 1 and ends on March 31 of the next year. Unless stated otherwise, reference herein to a particular "financial year" or "fiscal year" or "Fiscal" are to the 12-month period ended March 31 of that year.

Our Bank prepares its financial statements in accordance with the generally accepted accounting principles in India, which differ in certain respects from generally accepted accounting principles in other countries. Indian GAAP differs in certain significant respects from IFRS. Our Bank publishes its financial statements in Indian Rupees. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Letter of Offer should accordingly be limited. We have not attempted to explain those differences or quantify their impact on the financial data included herein, and we urge you to consult your own advisors regarding such differences and their impact on our financial data. For more information, please see the section titled "*Risk Factors - 48. Significant differences exist between Indian GAAP and other accounting principles, such as U.S. GAAP and IFRS, which investors may be more familiar with and may consider material to their assessment of our financial condition, cash flows and results of operations.*" on page 34.

Additionally, India has decided to adopt the "Convergence of its existing standards with IFRS", referred to in India as the Indian Accounting Standards ("**IND-AS**"). In terms of a notification released by the Ministry of Corporate Affairs, Government of India, our Bank is required to prepare its financial statements in accordance with IND-AS for periods beginning on or after April 1, 2018. Accordingly, our financial statements for the period commencing from April 1, 2018 may not be comparable to our historical financial statements. We have not attempted to quantify the impact of IND-AS on the financial information included in this Letter of Offer, nor have we provided a reconciliation of our financial statements to those under IND-AS. For more information, please see the section titled "*Risk Factors - 49. We will be required to prepare financial statements under IND-AS from April 1, 2018 onwards. We have not determined with any degree of certainty the impact of such adoption on our financial reporting*." on page 34.

In this Letter of Offer, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off, and unless otherwise specified, all financial numbers in parenthesis represent negative figures.

Industry and Market Data

Unless stated otherwise, industry and market data used throughout this Letter of Offer have been derived from publicly available sources and industry publications. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe that the industry and market data used in this Letter of Offer is reliable, neither we nor the Lead Manager nor any of their respective affiliates nor advisors have prepared or verified it independently. The extent to which the market and industry data used in this Letter of Offer is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in the section titled "*Risk Factors*" on page 15 of this Letter of Offer. Accordingly, investment decisions should not be based on such information.

Currency of Presentation

All references to "Rs." or "INR" or "Rupees" or "₹" refer to Indian Rupees, the lawful currency of India. Any reference to "USD" or "US$" or "$" refers to the United States Dollar, the lawful currency of the United States of America. In this Letter of Offer, our Bank has presented certain numerical information in "crore" unit. One crore represents 1,00,00,000.

FORWARD-LOOKING STATEMENTS

We have included statements in this Letter of Offer which contain words or phrases such as "will", "aim", "is likely to result", "believe", "expect", "will continue", "anticipate", "estimate", "intend", "plan", "contemplate", "seek to", "future", "objective", "goal", "project", "should", "will pursue" and similar expressions or variations of such expressions, that are "forward – looking statements". Similarly, statements that describe our objectives, strategies, plans or goals are also forward-looking statements.

All forward – looking statements in this Letter of Offer are based on our current plans and expectations and are subject to a number of uncertainties, assumptions and risks that could significantly affect our current plans and expectations, and our future financial condition and results of operations and may differ materially from those contemplated by the relevant forward-looking statement. These factors include, but are not limited to:

- Volatility in interest rates and other market conditions;
- Increase or decrease in the value of our collaterals;
- Our ability to control the level of NPAs in our portfolio and the levels of restructured/stressed assets;
- Our ability to recover unsecured advances in a timely manner;
- Ability to manage credit, market and operational risk;
- Any inability to manage maturity and interest rate mismatches between our assets and liabilities;
- Material changes in regulations related to the banking sector; and
- Changes in the economic condition of states in south India and adverse change in the economy of India

For a further discussion of factors that could cause our actual results to differ, see the sections titled "*Risk Factors*" on page 15 of this Letter of Offer. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated.

Neither our Bank, the Lead Manager, nor any of its respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. If any of these risks and uncertainties materialise, or if any of our Bank's underlying assumptions prove to be incorrect, the actual results of operations or financial condition of our Bank could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to our Bank are expressly qualified in their entirety by reference to these cautionary statements. In accordance with the SEBI and Stock Exchange requirements, our Bank will ensure that investors in India are informed of material developments until the time of the grant of listing and trading permission by the Stock Exchanges.

SECTION II - RISK FACTORS

Prospective investors should carefully consider the risks and uncertainties described below, in addition to the other information contained in this Letter of Offer before making any investment decision relating to our Equity Shares. The occurrence of any of the following events, or the occurrence of other risks that are not currently known or are now deemed immaterial, could cause our business, results of operations, cash flows, financial condition and prospects to suffer and could cause the market price of our Equity Shares to decline or fall significantly and you may lose all or part of your investment.

Prior to making an investment decision, prospective investors should carefully consider this section as well as all of the other information contained in this Letter of Offer, including the financial statements prepared in accordance with Indian GAAP and included in this Letter of Offer.

Unless otherwise stated in the relevant risk factors set forth below, we are not in a position to specify or quantify the financial or other implications of any of the risks mentioned herein.

Risks Relating to our Business

1. ***Our results of operations and cash flows depend to a great extent on our net interest income. Volatility in interest rates and other market conditions could materially and adversely impact our cash flows and results of operations.***

   Our results of operations largely depend on our net interest income. For the financial year 2016, our net interest income (i.e. gross interest income minus interest expense) represented 24.85% of our total income. For the nine months ended December 31, 2016, our net interest income represented 24.96% of our total income. As of December 31, 2016, our interest-earning assets comprised both fixed interest rate assets and floating interest rate assets, while the majority of our interest-bearing liabilities had fixed interest rates. Any decrease in the interest rates applicable to our assets, without a corresponding decrease in the interest rates applicable to our liabilities or any increase in the interest rates applicable to our liabilities without a corresponding increase in the interest rates applicable to our assets, will result in a decline in our net interest income and consequently reduce our net interest margin.

   Interest rates are sensitive to many factors beyond our control, including India's GDP growth, inflation, liquidity, the RBI's monetary policy, deregulation of the financial sector in India, domestic and international economic and political conditions and other factors. Our sources of funding have primarily been customer deposits, share capital, and reserves and surplus. Our cost of funds is sensitive to interest rate fluctuations, which exposes us to the risk of a reduction in spreads. In addition, attracting customer deposits in the Indian banking industry is competitive. The rates that we must pay to attract deposits are determined by numerous factors such as the prevailing interest rate structure, competitive landscape, Indian monetary policy and inflation. If we fail to achieve or sustain continued growth of our deposit base, we may be forced to rely on more expensive sources of funding, such as the wholesale market, which could materially and adversely affect our profitability and business. In addition, interest-earning assets tend to re-price more quickly than interest-bearing liabilities. Our ability to pass on any increase in interest rates depends on our borrowers' willingness to pay higher rates and the competitive landscape in which we operate. We cannot assure you that we will be able to adequately manage our interest rate risk in the future. Volatility and changes in market interest rates could disproportionately affect the interest we earn on our assets as compared to the interest we pay on our liabilities. An increase in interest rates may also adversely affect the rate of growth of important sectors of the Indian economy such as the corporate, retail and agricultural sectors, which may adversely impact our business.

   Furthermore, in the event of rising interest rates, our borrowers may not be willing to pay correspondingly higher interest rates on their borrowings and may choose to repay their loans from us if they are able to switch to more competitively priced advances. In the event of falling interest rates, we may face more challenges in retaining our customers if we are unable to switch to more competitive rates as compared to other banks in the market. Any inability to retain customers as a result of changing interest rates may also adversely impact our earnings and cash flows in future periods.

   In addition, under the regulations of RBI, we are required to maintain a minimum specified percentage, currently 20.50% of our net demand and time liabilities in Government securities and other approved assets as a statutory liquidity ratio ("**SLR**"). Yields on these investments, as well as yields on our other interest-earning assets, are dependent to a large extent on interest rates and valuation. In a rising interest rate environment, especially if the increase is sudden or sharp, and/or due to changes in valuation of the investments/assets we could be adversely affected by a decline in the market value of our Government securities portfolio and other fixed income securities and may be required to further provide for depreciation in the Available for Sale and Held for Trading categories.

2. The value of collateral may decrease or we may experience delays in enforcing the sale of collateral when borrowers default on their obligations to us, which may result in failure to recover the expected value of collateral security, exposing us to a potential loss.

As of March 31, 2016 and December 31, 2016, 89.46% and 91.03%, respectively, of our loans to corporate customers were secured by assets, including property, plant and equipment. Our loans to corporate customers also include working capital credit facilities that are typically secured by a first lien on inventory, receivables and other current assets. In some cases, we may have taken further security of a first or second lien on fixed assets or a pledge of financial assets like marketable securities. As of March 31, 2016 and December 31, 2016, 97.56% and 97.23%, respectively, of our loans to retail customers were also secured by assets, predominantly gold, property and vehicles.

We use a technology-based risk management system and follow strict internal risk management guidelines on portfolio monitoring, which include periodic assessment of loan to security value on the basis of conservative market price levels, limits on the amount of margin, ageing analysis and pre-determined margin call thresholds. However, we may not be able to realize the full value of our collateral as a result of, among other factors:

- delays in bankruptcy and foreclosure proceedings;
- defects or deficiencies in the perfection of collateral (including due to inability to obtain approvals that may be required from third parties);
- fraud by borrowers;
- decreases in value of the collateral, which may be particularly relevant in the case of gold and traded securities;
- an illiquid market for the sale of the collateral; and
- current legislative provisions or changes thereto and past or future judicial pronouncements.

The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, (the "**SARFAESI Act**"), the Recovery of Debts Due to Bank and Financial Institutions Act, 1993 and the RBI's corporate debt restructuring ("**CDR**") mechanism have strengthened the ability of lenders to resolve NPAs by granting them greater rights to enforce security and recover amounts owed from secured borrowers. In India, foreclosure on collateral generally requires a written petition to an Indian court or tribunal. Although special tribunals have been set up for expeditious recovery of debts due to banks, any proceedings brought may be subject to delays and administrative requirements that may result in, or be accompanied by, a decrease in the value of the collateral.

In addition, the RBI's guidelines on CDR specify that for debt amounts of ₹ 100.0 million and above, 60.0% of the creditors by number and 75.0% of the creditors by value can decide to restructure the debt and that such a decision would be binding on the remaining creditors. If we own 25.0% or less of the debt of such a borrower, we could be forced to agree to an extended restructuring of debt, which may not be in our best interests.

As a result of the foregoing factors, we may not be able to realise the full value of collateral, which could have an adverse effect on our financial condition and results of operations.

3. If we are not able to control the level of NPAs in our portfolio effectively or if we are unable to improve our provisioning coverage as a percentage of gross NPA, our business may be adversely affected.

As of March 31, 2016 and December 31, 2016, our gross NPAs were ₹ 1,562.36 crore and ₹ 1,786.98 crore, respectively, representing 3.77% and 3.98% of our gross advances, respectively. Various factors, including a rise in unemployment, a sharp and sustained rise in interest rates, developments in the Indian economy, movements in global commodity markets and exchange rates and global competition may cause an increase in the level of NPAs and have an adverse impact on the quality of our loan portfolio. The RBI regulates some aspects of the recovery of non-performing loans, such as the use of recovery agents. Any limitation on our ability to recover, control and reduce non-performing and restructured/stressed loans as a result of these guidelines or otherwise may affect our collections and ability to foreclose on existing NPAs.

As of March 31, 2016, our provision coverage as a percentage of NPAs was 40.34%. As of December 31, 2016, our provision coverage as a percentage of NPAs had increased to 50.17%. However, there can be no assurance that there will be no deterioration in the provisioning coverage as a percentage of gross NPAs or otherwise or that the percentage of NPAs that we will be able to recover will be similar to our past NPA recovery experience. If we are not able to control or reduce the level of our NPAs, the overall quality of our loan portfolio may deteriorate, which may have a material adverse effect on our financial condition and results of operations.

4. A portion of our advances are unsecured. If we are unable to recover such advances in a timely manner or at all, our financial condition and results of operations may be adversely affected.

As of March 31, 2016 and December 31, 2016, 5.50% (i.e. ₹ 2,260.51 crore) and 4.90% (i.e. ₹ 2,168.61 crore), respectively, of our net advances were unsecured.

While we have been selective in our lending policies and strive to satisfy ourselves with the credit worthiness and repayment capacities of our customers, there can be no assurance that we will be able to recover the interest and principal advanced by us in a timely manner. Any failure to recover the unsecured advances given to our customers would expose us to a potential loss, which could adversely affect our financial condition and results of operations.

5. The level of restructured/stressed advances in our portfolio may increase and the failure of such advances to perform as expected could adversely affect our financial condition and results of operations.

Our standard assets include restructured standard advances. As of March 31, 2016 and December 31, 2016, our total restructured standard advances for which higher provisions are required as per applicable RBI guidelines were ₹ 949.25 crore and ₹ 642.56 crore, respectively. In addition, our advances portfolio also includes loans of approximately ₹ 1,204.45 crore under 'stressed' category on large corporate advances as on December 31, 2016, which are being monitored for structuring of the portfolio in accordance with the applicable RBI guidelines. Further regulatory changes and economic challenges in India could result in additions to restructured/stressed advances and we may not be able to control or reduce the level of restructured/stressed advances in our project and corporate finance portfolio.

Resolution of large borrowal accounts which are facing severe financial difficulties may *inter-alia* require co-ordinated deep financial restructuring under the SDR/S4A schemes of the RBI, which often involves a substantial write-down of debt and/or making of large provisions. While the 'stand still' clause in asset classification is permitted in both SDR/S4A process in order to provide reasonable time to lenders to review the processes involved in the resolution plan, if the account fails to get mandate and resolution within the time frame stipulated under the guidelines relating to SDR/S4A, then the asset classification will be as per the extant asset classification norms, assuming there was no such 'stand still'.

The combination of changes in regulations regarding advances, provisioning, and any substantial increase in the level of restructured/ stressed assets and the failure of these restructured/ stressed advances to perform as expected, due to any reason, could adversely affect our financial condition and results of operations.

6. ***We are required to lend a minimum percentage of our adjusted net bank credit ("ANBC") to certain "priority sectors" and if we fail to meet these requirements, we must place the amount as may be allocated by the RBI by way of deposit with Government-sponsored Indian development banks or with other financial institutions specified by the RBI. These deposits typically carry interest rates lower than market rates, which would result in reduced interest income on such advances. Any change in the RBI's regulations relating to priority sector lending could have a material adverse impact on our financial condition and results of operations.***

In accordance with current RBI guidelines, all banks in India, including us, are subject to directed lending regulations. We are required to lend 40.0% of our ANBC or credit equivalent amount of off-balance sheet exposure, whichever is higher, to "priority sectors". Our priority sectors advances include loans to agricultural, micro and small enterprises, education and housing sectors etc as specified by the RBI. Out of the advances we are required to lend under the "priority sector", at least 18.0% of our ANBC or credit equivalent amount of off-balance sheet exposure, whichever is higher, must be lent to the agricultural sector and at least 10.0% of our ANBC or credit equivalent amount of off-balance sheet exposure, whichever is higher, must be lent to weaker sectors/sections.

In case of any shortfall by us in meeting the priority sector lending requirements, we would subsequently be required to place the amount as may be allocated by the RBI by way of deposit with Government-sponsored Indian development banks such as the National Bank for Agriculture and Rural Development ("**NABARD**") or with other financial institutions specified by the RBI. These deposits typically carry interest rates lower than market rates, which would result in reduced interest income on such deposits. We have experienced instances of shortfalls in our directed lending to the priority sectors in the past and we cannot assure you that we will be able to meet the lending targets towards priority sectors in the future.

As of March 31, 2016, and December 31, 2016, our lending to "priority sectors" constituted 41.11% (i.e. ₹ 16,589.75 crores) and 32.88% (i.e. ₹ 14,178.47 crores), respectively, of our ANBC, including 14.17% (i.e. ₹ 5,716.80 crore) and 14.37%% (i.e. ₹ 6,198.38 crore), respectively, to the agricultural sector. However, the RBI, vide RBI/2013-14/591 dated June 15, 2014, allows banks to include the outstanding deposits placed by banks with RIDF and certain other funds designated by NABARD as a part of their indirect agricultural advances. Accordingly, considering our investments of ₹ 2,185.57 crore with NABARD as of March 31, 2016, our agriculture advances were 19.58% of our ANBC and our total priority sector advances were 46.52% of our ANBC as of March 31, 2016. Further, considering our investments of ₹ 2,040.50 crores with NABARD as of December 31, 2016, our agriculture advances were 19.11% (excluding net PSLC) of our ANBC and our total priority sector advances were 37.61% of our ANBC as of December 31, 2016.

Further, any change in the RBI's guidelines may require us to increase our lending to the priority sectors. For example, the RBI has pursuant to circulars dated November 25, 2013 and May 15, 2014, among other things, revised the targets and classification of loans to the micro and small enterprises sector.

7. ***Banking is a heavily regulated industry and material changes in the regulations that govern us could cause our business to suffer.***

Banks in India are subject to detailed supervision and regulation by the RBI. In addition, banks are generally subject to changes in Indian law, as well as to changes in regulation and government policies and accounting principles. Since 2005, the RBI has made several changes in regulations applicable to banking companies, including:

1. risk-weights on certain categories of loans for computation of capital adequacy;
2. general provisioning requirements for various categories of assets;
3. capital requirements and accounting norms for securitisation;
4. policy interest rates, cash reserve ratio, cessation of payment of interest on cash reserve balances;

5. limits on investments in financial sector enterprises and venture capital funds; and

6. directed lending requirements.

The Banking Regulation Act imposes a number of restrictions, which affect our operating flexibility and investors' rights, including the following:

- Section 12B of the Banking Regulation Act requires any person to seek prior approval of the RBI to acquire or agree to acquire shares or voting rights of a bank, either directly or indirectly, by himself or acting in concert with other persons, wherein such acquisition (taken together with shares or voting rights held by him or his relative or associate enterprise or persons acting in concert with him) results in the aggregate shareholding of such persons to be 5.0% or more of the paid-up share capital of a bank or entitles him to exercise 5.0% or more of the voting rights in a bank. Such approval may be granted by the RBI if it is satisfied that the applicant meets certain fitness and propriety tests. According to the master direction dated November 19, 2015 issued by the RBI, an existing investor who has already obtained an approval for an earlier acquisition, can further acquire up to 10% of the paid-up share capital or voting rights in a bank without prior approval, subject to obtaining a prior 'no-objection' from the RBI. However, if the further acquisition results in shareholding exceeding 10%, the prior approval of the RBI is necessary. Further, the RBI may, by passing an order, restrict any person holding more than 5.0% of the total voting rights of the bank from exercising voting rights in excess of 5.0%, if such person is deemed to be not fit and proper by the RBI.

- Section 12(2) of the Banking Regulation Act states that "no person holding shares in a banking company shall exercise voting rights on poll in excess of 10.0% of the total voting rights of all the shareholders of the banking company, provided that the RBI may increase, in a phased manner, such ceiling on voting rights from 10.0% to 26.0%". As of the date of this Letter of Offer, shareholders will not be able to exercise voting rights in excess of 15.0% of the total voting rights.

- Section 15(1) of the Banking Regulation Act states that "no banking company shall pay any dividend on its shares until all its capitalized expenses (including preliminary expenses, organization expenses, share-selling commission, brokerage, amounts of losses incurred and any other item of expenditure not represented by tangible assets) have been completely written off".

- Section 17(1) of the Banking Regulation Act requires every banking company to create a reserve fund and to transfer out of the balance of the profit of each year as disclosed in the profit and loss account a sum equivalent to not less than 20.0% (the RBI circular dated September 23, 2000 has fixed this limit at 25.0%, which is currently applicable) of such profit before paying any dividend.

- Section 19 of the Banking Regulation Act restricts the opening of subsidiaries by banks, which may prevent us from exploiting emerging business opportunities. Similarly, Section 23 of the Banking Regulation Act contains certain restrictions on banking companies regarding the opening of new places of business and transfers of existing places of business, which may hamper our operational flexibility.

- Section 25 of the Banking Regulation Act requires each banking company to maintain assets in India equivalent to not less than 75.0% of its demand and time liabilities in India, which in turn may restrict us from building overseas asset portfolios and exploiting overseas business opportunities.

- We are required to obtain approval of RBI for the appointment and remuneration of our Managing Director and CEO, chairman and other full time directors, if any. RBI has powers to remove management and other persons from office, and to appoint additional directors. We are also required to obtain approval of the RBI for the creation of floating charges on our borrowings, thereby hampering leverage.

- The Banking Regulation Act also contains provisions regarding production of documents and availability of records for inspection.

Any changes in the regulatory environment under which we operate, or our inability to comply with the regulations, could adversely affect our business, financial condition and results of operations.

8. The impact of the GoI's recent demonetization exercise on the Indian economy and the banking sector is currently uncertain.

Pursuant to notifications dated November 8, 2016 issued by the GoI and the RBI and other circulars and clarifications issued thereafter by the GoI and the RBI (together, the "**Demonetization Circulars**"), the GoI declared existing currency notes of denominations of ₹ 500 and ₹ 1,000 as having ceased to be legal tender with effect from November 9, 2016. The Demonetization Circulars have laid down the manner of implementation of the demonetization policy of the GoI, including amongst others, restrictions on use of the demonetized currency, deadlines for exchange and deposit of the demonetized currency with banks, introduction of new currency notes in the system and limits on withdrawal of cash from bank branches and ATMs. The impact of the Demonetization Circulars on the Indian economy and the banking sector are currently uncertain. The potential consequences could include, amongst others, a decrease in the GDP of India, increase in compliance costs for banking companies and higher incidents of fraud. Any one or more of these events, if and when they transpire, could have a material adverse effect on our business, results of operations and financial condition, as well as on our reputation.

Additionally, our results for the quarter and nine month period ended December 31, 2016 may reflect increased CASA levels, primarily due to additional deposits having been made by our customers in light of the Demonetization Circulars. Accordingly, potential investors are advised to consider these factors while evaluating our financial condition.

9. Our Bank has a regional concentration in Southern India and any adverse change in the economy of states in Southern India could impact our results of operations and cash flows. Additionally, we may not be successful in expanding our operations to other parts of India.

Out of our 840 branches as of December 31, 2016, 700, or 83.33%, are located in Southern India (comprising the states of Andhra Pradesh, Telangana Karnataka, Kerala, Tamil Nadu and the union territory of Pondicherry). As of March 31, 2015 and 2016 and December 31, 2016, 69.85%,71.02% and 71.04%, respectively, of our total advances and 79.30%,79.36% and 77.44%, respectively, of our total deposits were from Southern India. Our concentration in Southern India exposes us to any adverse economic or political circumstances in that region as compared to other public and private sector banks that have a more diversified national presence. Any disruption, disturbance or sustained downturn in the economy of, or any adverse geological, ecological or political circumstances in, the states in Southern India could adversely affect our business, financial condition and results of operations.

Additionally, while we continue to expand our operation outside of Southern India, we face risks with our operations in geographic areas in which we do not possess the same level of familiarity with the economy, consumer base and commercial operations. In addition, our competitors may already have established operations in such areas and we may find it difficult to attract customers in such new areas. We may not be able to successfully manage the risks of such an expansion, which could have an adverse effect on our business, financial conditions and results of operations.

10. We may not have or may be unable to maintain or renew our statutory and regulatory permits and approvals required to operate our business.

We require certain statutory and regulatory permits and approvals to operate our business. We have a licence from the RBI, which requires us to comply with certain terms and conditions for us to continue our banking operations. In the event that we are unable to comply with any or all of these terms and conditions, or seek waivers or extensions of time for complying with these terms and conditions, it is possible that the RBI may revoke this licence or may place stringent restrictions on our operations. This may result in the interruption of all or some of our operations.

We also require additional approvals under a number of other legislations, including laws relating to labour and taxation. Further, under certain of our contractual arrangements, we are required to hold all necessary and applicable approvals and licences from authorities such as the RBI and the IRDA. We may not, at all points of time, have all approvals required for our business. For instance, in respect of certain of our branches (including some of our top 50 branches), we have not obtained the licenses under the applicable state regulations relating to shops and establishments. For more information, please see the section titled "Government Approvals" on page 83 of this Letter of Offer.

Failure by us to obtain, renew or maintain the required permits or approvals, including those set out above, could subject us to penalties, may result in the interruption of our operations or delay or prevent our expansion plans and may have a material adverse effect on our business, financial condition and results of operations.

11. With respect to some of our branches, we are unable to locate the records relating to the permission obtained from the RBI for the opening of such branches, which may result in the imposition of penalties by the RBI.

Under Section 23 of the Banking Regulation Act and the applicable RBI circulars, we are required to obtain the RBI's permission prior to the opening of branches in certain specified areas. We are unable to locate the records relating to the permission obtained from the RBI under Section 23 of the Banking Regulation Act for opening of some of our branches, including some of our top 50 branches. For more information, please see the section titled "Government Approvals" on page 83 of this Letter of Offer.

We have not faced any problems or have received any queries from the RBI in respect of records relating to such permission for these branches. However, we cannot assure you that the copies of the permission obtained from the RBI will be available in the future or that we will not be subject to any penalty by the RBI or any other competent regulatory authority in this regard.

12. If we are unable to comply with the capital adequacy requirements stipulated by the RBI, our business, financial condition and results of operations may be materially and adversely affected.

We are subject to regulations relating to the capital adequacy of banks, which determine the minimum amount of capital we must hold as a percentage of the risk-weighted assets on our portfolio, or capital-to-risk asset ratio ("**CRAR**"). Due to the capital charge for operational risk, there is an impact on the CRAR under the Basel III standards. Although we have been maintaining a CRAR under the Basel III standards, which was 11.82% as of March 31, 2016 and 11.05% as of December 31, 2016, as compared to the regulatory minimum requirement of 9.625% (including capital conservation buffer of 0.625%) we cannot assure you that we will be able to maintain our CRAR within the regulatory requirements. Further, any adverse developments could affect our ability to continue to satisfy the capital adequacy requirements, including deterioration in our asset quality, decline in the values of our investments or applicable risk weight for different asset classes.

The RBI has issued the guidelines on Basel III capital regulations on May 2, 2012, pursuant to the Monetary Policy Statement 2012-13. These guidelines become effective from April 1, 2013 in a phased manner. The Basel III capital ratios will be fully implemented on March 31, 2019. The RBI Basel III Capital Regulations require, among other things, higher levels of Tier I capital, including common equity, capital conservation buffers, deductions from common equity Tier I capital for investments in subsidiaries (with minority interest), changes in the structure of debt instruments eligible for inclusion in Tier I and Tier II capital and preference shares in Tier II capital, criteria for classification as common shares, methods to deal with credit risk and reputational risk, capital charges for credit risks, introduction of a leverage ratio and criteria for investments in capital of banks, financial and insurance entities (including where ownership is less than 10.0%). The RBI Basel III Capital Regulations also stipulate that non-equity Tier I and Tier II capital should have loss absorbency characteristics, which require them to be written down or be converted into common equity upon the occurrence of a pre-specified trigger event.

With the implementation of the Basel III guidelines, we may be required to improve the quality, quantity and transparency of Tier I capital, which will now have to be predominantly equity shares. We may be required to apply regulatory deductions against core capital as opposed to Tier I and Tier II capital and a minimum capital ratio may be set, among other suggested changes. In addition, these changes may result in the incurrence of substantial compliance and monitoring costs. Furthermore, with the implementation of Basel III guidelines, our ability to support and grow our business could be limited by a declining capital adequacy ratio, if we are unable to access or face difficulty in accessing the capital or have difficulty in obtaining capital in any other manner.

If we fail to meet capital adequacy requirements, the RBI may take certain actions, including restricting our lending and investment activities and the payment of dividends by us. These actions could materially and adversely affect our business, financial condition and results of operations.

13. We are required to maintain cash reserve and statutory liquidity ratios and any increase in these requirements could materially and adversely affect our business, financial condition and results of operations.

As a result of the statutory reserve requirements stipulated by the RBI, we may be more exposed structurally to interest rate risk than banks in other countries. Under the RBI regulations, we are subject to a CRR requirement under which we are currently required to keep 4.0% of our net demand and time liabilities in a current account with the RBI. We do not earn interest on cash reserves maintained with the RBI. The RBI may further increase the CRR requirement as a monetary policy measure and has done so on numerous occasions. Increases in the CRR requirement could materially and adversely affect our business, financial condition and results of operations.

In addition, under the Banking Regulation Act and the RBI regulations, our liabilities are subject to an SLR requirement, according to which 20.50% of our net demand and time liabilities need to be invested in Government securities, state government securities and other securities approved by the RBI from time to time. In our experience, these securities generally carry fixed coupons. When interest rates rise, the value of these fixed coupon securities depreciates. We cannot assure you that investments in such securities will provide returns better than other market instruments. Further, any increase in the CRR and SLR requirements would reduce the amount of cash available for lending, which may materially and adversely affect our business, financial condition and results of operations.

Our bond portfolio is principally held for fulfilling the regulatory investment purposes. Investment holdings are classified as "held to maturity" ("**HTM**"), AFS and HFT investment in accordance with regulatory stipulations. As of March 31, 2016, 81.63% of our investment was classified as HTM, 17.65% was classified as AFS, and the balance 0.72% as HFT. As of December 31, 2016, 76.77% of our investment was classified as HTM, 23.22% was classified as AFS, and the balance 0.01% as HFT. While we cannot hold securities classified as HFT for more than 90 days, there are no such restrictions on the holding period or monetary limits for AFS. In respect of HTM securities, we cannot hold SLR securities classified as HTM in excess of 20.50% of our demand and time liabilities. Regulatory investment requirements, high and increasing interest rates or greater interest rate volatility would adversely affect our ability to grow, our net interest margins, our net interest income, our income from treasury operations and the value of our fixed income securities portfolio.

14. We face maturity mismatches between our assets and liabilities. Our funding is primarily through short-term and medium-term deposits, and if depositors do not roll over deposited funds on maturity or if we are unable to continue to increase our deposits, our business could be adversely affected.

Most of our funding requirements are met through short-term and medium-term funding sources, primarily in the form of deposits. As of December 31, 2016, 90.75% of our source of funds consisted of deposits, of which 25.92% consisted of current deposits and savings deposits. Further, 74.08% of the total deposits as of December 31, 2016 were term deposits. A portion of our assets have long-term maturities, creating a possibility for funding mismatches.

In our experience, a substantial portion of our customer deposits have been rolled over on maturity and have been, over time, a stable source of funding. However, if a significant portion of our depositors do not roll over deposited funds upon maturity or do so for a shorter maturity than that of our assets, which tend to have medium to long-term maturities, our liquidity position could be adversely affected. We may be forced to pay higher interest rates in order to attract or retain further deposits.

Our ability to raise fresh deposits and grow our deposit base depends in part on our ability to expand our network of branches, which requires the approval of the RBI. There can be no assurance that we will be able to obtain the RBI's authorizations to meet our requirements for branch expansion to achieve the desired growth in our deposit base.

If we fail to sustain or achieve the growth rate of our deposit base, including our CASA base, our business, liquidity position and financial condition may be adversely affected.

15. If we do not satisfy the eligibility criteria for the opening of new branches in Tier 1 centres, the growth of our business would be adversely affected.

The opening of new branches and shifting of existing branches of banks is governed by the provisions of the Banking Regulation Act. Domestic scheduled commercial banks are permitted to open branches in Tier 2 to Tier 6 centres without permission from the RBI, subject to reporting requirements. Further, pursuant to the RBI circulars dated September 19, 2013 and October 21, 2013, domestic scheduled commercial banks are permitted to open branches in Tier 1 centres without permission from the RBI, subject to the following conditions being satisfied:

1. At least 25.0% of the total number of branches opened during a financial year (excluding entitlement for branches in Tier 1 centres given by way of incentive), must be opened in unbanked rural (Tier 5 and Tier 6) centres (i.e. centres which do not have a brick and mortar structure of any scheduled commercial banks for customer based banking transactions); and

2. The total number of branches opened in Tier 1 centres during the financial year (excluding entitlement for branches in Tier 1 centres given by way of incentive) cannot exceed to total number of branches opened in Tier 2 to Tier 6 centres and all centres in the North Eastern States and Sikkim.

As of December 31, 2016, we had 323 branches in Tier 1 centres and 517 branches in Tier 2 to Tier 6 centres.

If we do not satisfy the eligibility criteria for the opening of new branches in Tier 1 centres, the growth of our business would be adversely affected.

16. We have concentrations of loans to and deposits from certain customers, which exposes us to risk of defaults by these borrowers and premature withdrawal of deposits by these depositors that could materially and adversely affect our business, financial condition and results of operations.

As of March 31, 2016 and December 31, 2016, our advances to the 20 largest borrowers accounted for approximately 13.28% (i.e. ₹ 5,507.7 crore) and 10.60% (i.e. ₹ 5,931.43 crore) of our total advances, respectively. We cannot assure you that there will not be any default or delay in payments of interest or principal from these borrowers.

As of March 31, 2016 and December 31, 2016, our deposits from the 20 largest depositors accounted for approximately 9.10% (i.e. ₹ 5,070.41 crore) and 8.70% (i.e. ₹ 5,532.13 crore) of our total deposits, respectively. We cannot assure you that there will not be any premature withdrawals or non-renewal of deposits from these depositors.

In the event that any of the above risks materialise, our financial condition and results of operations may be adversely affected.

17. Deterioration in the performance of any industry sector in which we have significant exposure may materially and adversely affect our financial condition and results of operations.

Our total exposure to borrowers is dispersed across various sectors, the most significant of which are agriculture, trade, infrastructure, NBFCs and professional services, which represented 13.59% (i.e. ₹ 7,864.21 crore), 12.93% (i.e. ₹ 7,482.24 crore), 8.97% (i.e. ₹ 5.188.02 crore), 7.79% (i.e. ₹4,505.97 crore) and 6.16% (i.e. ₹ 3,564.74 crore) respectively, of our total exposures as of December 31, 2016.

Despite monitoring our level of exposure to sectors and borrowers, any significant deterioration in the performance of a particular sector driven by events not within our control, such as natural calamities, regulatory action or policy announcements by central or state government authorities, would adversely impact the ability of borrowers within that industry to service their debt obligations to us. As a result, we would experience increased delinquency risk, which may materially and adversely affect our business, financial condition and results of operations.

We cannot assure you that we will be able to diversify our exposure over different industry sectors in the future. Failure to maintain diverse exposure resulting in industry sector concentration may adversely impact our business, financial condition and results of operations, in case of any significant deterioration in performance of such industry sector.

18. Materialization of contingent liabilities could adversely affect our financial condition.

As of December 31, 2016, we had contingent liabilities not provided for amounting to ₹ 12,980.13 crore, details of which are set forth in the table below:

Contingent Liabilities	(₹ in crore)
	As of December 31, 2016
I. Claims against the Bank not acknowledged as debts:	
(i) Service tax disputes	20.53
(ii) Others	7.56
II. Liability on account of outstanding forward exchange contracts1	10,036.64
III. Guarantees given on behalf of constituents in India	2,050.85
IV. Acceptances, endorsements and other obligations	782.88
V. Other items for which the bank is contingently liable:	
(i) Capital commitments	14.80
(ii)Transfers to depositor education and awareness Fund	66.88
Total	12,980.13

The contingent liabilities have arisen in the normal course of our business and are subject to the prudential norms as prescribed by the RBI. If any of these contingent liabilities materialize, our business, financial condition and results of operations could be materially and adversely affected.

19. We could be subject to volatility in income from our treasury operations, which could have a material adverse effect on our results of operations, cash flows and our business.

Our treasury operations contributed 19.85% of our total income during the financial year 2016 and 23.86% of our total income for the nine months ended December 31, 2016. Our income from treasury operations comprises interest and dividend income from investments, profit from sale of investments and income from our foreign exchange operations. Our treasury operations are vulnerable to changes in interest rates, exchange rates, equity prices and other factors. In particular, if interest rates rise, the valuation of our portfolio may be impaired due to the negative impact on the value of certain investments such as Government securities and corporate bonds. Although we have operational controls and procedures in place for our treasury operations, such as counterparty limits, position limits, stop loss limits and exposure limits, that are designed to mitigate the extent of such losses, there can be no assurance that we will not incur losses in the course of our proprietary trading on our fixed income book held in the HFT and AFS portfolios. Any such losses could adversely affect our business, financial condition and results of operations.

20. External or internal fraud and misconduct by our employees could adversely affect our reputation, business, results of operations and financial condition.

In the past, we have experienced acts of fraud and misconduct (as defined under the applicable RBI guidelines) committed by or involving our customers, as well as by our employees. For instance, based on a forensic audit, we recently reported a fraud at our Thrissur branch of an amount of approximately ₹ 242.40 crore in respect of a loan account maintained by one of our borrower companies. In April, 2016, our Kolkata Branch also reported a fraud of approximately ₹ 69.87 crore in respect of a cash credit account of another borrower company. In addition to frauds involving our customers, misconduct by our employees could also bind us to transactions that exceed authorised limits or present unacceptable risks or hiding unauthorised or unlawful activities from us. For instance, in November, 2016, we reported a fraud by the manager of one of our branches, involving pledging of certain missing and spurious gold ornaments, totaling up to approximately ₹ 1.36 crore.

Employee misconduct could also involve the improper use or disclosure of confidential information, which could result in regulatory sanctions and serious reputational or financial harm, including harm to our brand. It is not always possible to deter misconduct by employees and the precautions we take and the systems we have put in place to prevent and deter such activities may not be effective in all cases. Any instances of such misconduct or fraud could adversely affect our reputation, business, results of operations and financial condition.

21. Weaknesses, disruption or failures in IT systems could adversely impact our business.

We are heavily reliant on IT systems in connection with financial controls, risk management and transaction processing. The increasing size of our operations, which use automated control and recording systems for record keeping, exposes us to the risk of errors in control and record keeping. Given our high volume of transactions, certain errors may be repeated or compounded before they are discovered and successfully rectified. Our dependence upon automated IT systems to record and process transactions may further increase the risk that technical system flaws will result in losses that are difficult to detect. As a result, we face the risk that the design of our controls and procedures may prove inadequate thereby causing delays in detection or errors in information.

Our on-line delivery channels are subject to various risks such as network connectivity failure, information security issues and browser compatibility issues. We may also be subject to disruptions of our IT systems, arising from events that are wholly or partially beyond our control (including, for example, damage or incapacitation by human error, natural disasters, electrical or telecommunication outages, sabotage, computer viruses, hacking, cyber-attacks or similar events, or loss of support services from third parties such as internet backbone providers). So far, we have not experienced widespread longstanding disruptions of service to our customers but there can be no assurance that we will not encounter disruptions in the future due to substantially increased number of customers and transactions, or for other reasons. In the event we experience systems interruptions, errors or downtime (which could result from a variety of causes, including changes in customer use patterns, technological failure, changes to systems, linkages with third party systems and power failures), this may give rise to deterioration in customer service and to loss or liability to us and may materially and adversely affect our business, financial condition and results of operations.

We have established and maintain a comprehensive disaster recovery centre in Bengaluru as part of our risk management measures. However, if for any reason the switch over to the back-up system does not take place or if a calamity occurs in both Kochi and Bengaluru such that our business is compromised at both centres, our operations would be materially and adversely affected.

Further, we are dependent on various external vendors for certain non-core elements of our operations, including implementing IT infrastructure and hardware, branch roll-outs, networking, managing our data centre and back-up support for disaster recovery and are exposed to the risk that external vendors or service providers may be unable to fulfill their contractual obligations to us (or will be subject to the same risk of fraud or operational errors by their respective employees) and the risk that their (or their vendors') business continuity and data security systems prove to be inadequate. Failure to perform any of these functions by our external vendors or service providers could materially and adversely affect our business, financial condition and results of operations.

22. Our risk management policies and procedures may not adequately address unidentified or unanticipated risks.

We have devoted significant resources to develop our risk management policies and procedures and aim to continue to do so in the future. Despite this, our policies and procedures to identify, monitor and manage risks may not be fully effective. Some of our risk management systems are not automated and are subject to human error. Some of our methods of managing risks are based upon the use of observed historical market behaviour. As a result, these methods may not accurately predict future risk exposures, which could be significantly greater than those indicated by the historical measures.

To the extent any of the instruments and strategies we use to hedge or otherwise manage our exposure to market or credit risk are not effective, we may not be able to mitigate effectively our risk exposures in particular market environments or against particular types of risk. Further, some of our risk management strategies may not be effective in a difficult or less liquid market environment, where other market participants may be attempting to use the same or similar strategies to deal with the difficult market conditions. In such circumstances, it may be difficult for us to reduce our risk positions due to the activity of such other market participants. Other risk management methods depend upon an evaluation of information regarding markets, clients or other matters. This information may not in all cases be accurate, complete, up-to-date or properly evaluated.

Our investment and interest rate risk are dependent upon our ability to properly identify, and mark-to-market changes in the value of financial instruments caused by changes in market prices or rates. Our earnings are dependent upon the effectiveness of our management of changes in credit quality and risk concentrations, the accuracy of our valuation models and our critical accounting estimates and the adequacy of our allowances for loan losses.

To the extent our assessments, assumptions or estimates prove inaccurate or not predictive of actual results, we could suffer higher than anticipated losses. See also "−If we are not able to control the level of NPAs in our portfolio effectively or if we are unable to improve our provisioning coverage as a percentage of gross NPA, our business may be adversely affected" above.

Management of operations, legal and regulatory risks requires, among other things, policies and procedures to properly record and verify a large number of transactions and events, and these policies and procedures may not be fully effective. As we seek to expand our operations, we also face the risk that we may be unable to develop risk management policies and procedures that are properly designed for new business areas or to manage the risks associated with the growth of our existing businesses. Implementation and monitoring may prove challenging with respect to businesses that we plan on developing. If we are unable to develop and implement effective risk management policies, it could materially and adversely affect our business, financial condition and results of operations.

23. ***Any non-compliance with mandatory AML and KYC policies could expose us to additional liability and harm our business and reputation.***

In accordance with the requirements applicable to banks, we are mandated to comply with applicable anti money laundering ("**AML**") and know your client ("**KYC**") regulations in India. These laws and regulations require us, among other things, to adopt and enforce AML and KYC policies and procedures. While we have adopted policies and procedures aimed at collecting and maintaining all AML and KYC related information from our customers, there may be instances where we may be used by other parties in attempts to engage in money-laundering and other illegal activities.

Although, we believe that we have adequate internal policies, processes and controls in place to prevent and detect AML activity and ensure KYC compliance there can be no assurance that we will be able to fully control instances of any potential or attempted violation by other parties and may accordingly be subject to regulatory actions including imposition of fines and other penalties by the relevant government agencies to whom we report. Our business and reputation could suffer if any such parties use or attempt to use us for money-laundering or illegal or improper purposes and such attempts are not detected or reported to the appropriate authorities in compliance with applicable regulatory requirements.

24. ***If we fail to effectively manage our growth, it may adversely impact our business.***

In the past, we have witnessed growth in both our business and our branch network. The number of branches has grown from 834 as of March 31, 2016 to 840 as of December 31, 2016. Our total assets have grown from ₹ 63,474.88 crore as of March 31, 2016 to ₹ 71,445.92 as of December 31, 2016.

Our ability to effectively manage our growth depends primarily upon our ability to manage key issues, such as selecting and retaining skilled manpower, establishing additional branches, achieving cost efficiencies, maintaining an effective technology platform that can be continually upgraded, developing profitable products and services to cater to the needs of our existing and potential customers, improving our risk management systems, developing a knowledge base to face emerging challenges and ensuring a high standard of customer service. The business and future prospects of our Bank should be considered in light of the risks, uncertainties and challenges that we may face in managing these issues in a fast growing and competitive financial services industry in India.

25. A significant reduction in our credit rating could adversely affect our business, financial condition, cash flows and results of operations.

Some of our debt is rated by various agencies. India Ratings & Research has rated Tier II bonds issued by us in the form of a subordinated debt instrument as IND A+. CARE has also rated the Tier II bonds issued by us as “CARE A+. Certificate of deposits issued by the Bank is rated by CARE as A1+ and short term fixed deposits are rated by CRISIL as CRISIL A1+. Any downgrade in our credit ratings may increase interest rates for refinancing our outstanding debt, which would increase our financing costs, and adversely affect our future issuances of debt and our ability to raise new capital on a competitive basis, which may adversely affect our business, financial condition, cash flows and results of operations.

26. The Indian banking industry is intensely competitive and our inability to compete effectively may adversely affect our business.

We face intense competition from Indian and foreign commercial banks in all our products and services. Some Indian banks have larger customer and deposit bases, larger branch networks and wider capital base than we have. Further, some banks have recently experienced higher growth, achieved better profitability and increased their market shares relative to us. We also face competition in some or all of our products and services from NBFCs, mutual funds and other entities operating in the financial sector.

Liberalisation of the Indian financial sector could also lead to a greater presence or new entries of Indian and foreign banks offering a wider range of products and services, which could adversely affect our competitive environment. In this respect, the RBI has liberalized its licensing regulations and intends to issue licenses on an on-going basis, subject to the RBI’s qualification criteria. In 2014, the RBI has granted licenses to two applicants to set up new full scale universal banks. On February 22, 2013, the RBI issued Guidelines for Licensing New Banks in the Private Sector, which spells out a comprehensive framework for granting licenses to increase the number of banks. RBI has also issued final guidelines for newer category of banks: small finance banks and payments banks. In 2015, the RBI granted “in-principle” approval to 10 applicants for a small finance bank license and 11 applicants for a payment bank license. The RBI has also released guidelines with respect to a continuous licensing policy for universal banks in August, 2016.

We also compete with foreign banks with operations in India. These competitors include a number of large multinational banks and financial institutions. In November 2013, the RBI released a framework for the setting up of wholly owned subsidiaries in India by foreign banks. The framework encourages foreign banks to establish a presence in India by granting rights similar to those received by Indian banks, subject to certain restrictions and safeguards. Under the current framework, wholly-owned subsidiaries of foreign banks are allowed to raise Rupee resources through issue of non-equity capital instruments. Further, wholly-owned subsidiaries of foreign banks may be allowed to open branches in Tier 1 to Tier 6 centres (except at a few locations considered sensitive on security considerations) without having the need for prior permission from RBI in each case, subject to certain reporting requirements. The guidelines may result in increased competition from foreign banks.

In addition, the moderation of growth in the Indian banking sector is leading to greater competition for business opportunities. We may face attrition and difficulties in hiring at senior management and other levels due to competition from existing Indian and foreign banks, as well as new banks entering the market. Due to such intense competition, we may be unable to execute our growth strategy successfully and offer competitive products and services, which may materially and adversely affect our business, financial condition and results of operations.

27. We are involved in various legal proceedings, which if determined against us, could have an adverse impact on our financial condition, cash flows and results of operations.

Our Bank is involved in various civil, criminal, taxation and regulatory proceedings. Most of these proceedings are incidental to our business and banking operations and have generally arisen in relation to recovery of dues from our borrowers, claims and consumer complaints from our customers and in relation to certain claims from dismissed employees.

In addition, the Enforcement Directorate has initiated proceedings under the FERA and has filed a criminal case against our Bank and certain officers, for alleged violations of various provisions of FERA and procedures laid down by RBI. There are also certain tax proceedings pending before various forums relating to disallowance of deduction from our income in relation to our previous assessments years. See the section entitled "Outstanding Litigation and Defaults" on page 78 of this Letter of Offer for details of material civil criminal, regulatory and tax proceedings against our Bank.

We cannot assure you that these legal proceedings will be decided in our favour. Such legal proceedings could divert management time and attention, and consume financial resources in their defence or prosecution. In addition, should any developments arise, such as changes in Indian law or rulings against us by the regulators, courts or tribunals, we may need to make provisions in our financial statements, which could increase our expenses and current liabilities. If we fail to successfully defend our claims or if our provisions prove to be inadequate, our financial condition and results of operations could be adversely affected.

28. We are exposed to fluctuations in foreign exchange rates.

We undertake various foreign exchange transactions to hedge our customers' business and for proprietary trading, which exposes us to various kinds of risks, including credit risk, market risk and exchange risk. We have adopted a market risk management policy, which is also articulated in our asset liability management policy, to mitigate risks through various risk limits such as counterparty limits, country wide exposure limits, daylight limits, overnight open position limits, aggregate gap limits and value at risk limits. Adverse movements in foreign exchange rates may also impact our borrowers negatively, which may in turn impact the quality of our exposure to these borrowers. Volatility in foreign exchange rates could materially and adversely affect our financial condition and results of operations.

29. We are exposed to possible losses arising out of derivative transactions, which could have a material adverse effect on our financial condition and results of operations.

We undertake foreign exchange forward contracts for our customers and hedge them with other banks. Our outstanding open position foreign exchange forward contracts as of December 31, 2016 are set out below:

	(₹ in crore)*
	As of December 31, 2016
On behalf of clients	566.16
Proprietary capacity	9,470.48
Total	**10,036.64**

* *Represents notional amount*

Our proprietary derivative transactions are subject to regular monitoring by our risk assessment committee to ensure compliance with limits prescribed by the RBI. However, we cannot assure you that we will be able to anticipate the movement in foreign exchange or at all. Failure to anticipate the foreign exchange movement could cause us to incur losses in such derivatives or forward contracts, thereby adversely affecting our financial condition and results of operations.

30. We lease most of our business premises and any failure to renew such leases or their renewal on terms unfavourable to us may affect our business, financial condition and results of operations.

Our disaster recovery centre in Bengaluru, Karnataka is leased. As of December 31, 2016, we had 20 regional offices, 840 branches and 1,313 ATMs, a vast majority of which were on leased premises. A failure to renew these lease agreements or a failure to renew these lease agreements on terms favourable to us may require us to relocate operations. If we are required to relocate operations, this may cause a disruption in our operations or result in increased costs, or both, which may adversely affect our business, financial condition and results of operations.

We may also face the risk of being evicted in the event that our landlords allege a breach on our part of any terms under these lease agreements. This may cause a disruption in our operations or result in increased costs, or both, which may adversely affect our business, financial condition and results of operations.

31. ***If we fail to successfully enforce our intellectual property rights, our competitive position and operating results could be adversely affected.***

We have registered our logo and the tagline "Experience Next Generation Banking" under under the Trade Marks Act, 1999. The registrations provided to our trade marks are for a limited duration and are required to be renewed from time to time. For instance, our registration for the tagline "Experience Next Generation Banking" is due to expire in March, 2017. While we apply for renewal of these registrations from time to time, we cannot assure you that we will be able to obtain them in a timely manner or at all. Unauthorized use of our logo by third parties could adversely affect our reputation. Intellectual property rights and our ability to enforce them may be unavailable or limited in some circumstances. If we fail to successfully enforce our intellectual property rights, our competitive position and operating results could be adversely affected.

32. ***We may face labour disruptions that would interfere with our operations and have an adverse impact on our business, financial condition, cash flows and results of operations.***

We are exposed to the risk of strikes and other industrial actions. Most of our employees up to Scale IV are unionised and are members of South Indian Bank Officer's Association and South Indian Bank Employees Association. While our relations have been good with our employees, we cannot guarantee that our employees will not undertake or participate in strikes, work stoppage or other industrial action in the future. Any such event could disrupt our operations, possibly for a significant period of time, result in increased wages and other benefits or otherwise have an adverse effect on our business, financial condition, cash flows and results of operations.

33. ***We depend on the accuracy and completeness of information about customers and counterparties and any misrepresentation, errors or incompleteness of such information could cause our business to suffer.***

In deciding whether to extend credit or enter into other transactions with customers and counterparties, we may rely on information furnished to us by or on behalf of customers and counterparties, including financial statements and other financial information. We may also rely on certain representations as to the accuracy and completeness of that information and, with respect to financial statements, on reports of independent auditors. For example, in deciding whether to extend credit, we may assume that a customer's audited financial statements conform to generally accepted accounting principles and present fairly, in all material respects, the financial condition, results of operations and cash flows of the customer.

The difficulties associated with the inability to accurately assess the value of collateral and to enforce rights in respect of collateral, along with the absence of such accurate statistical, corporate and financial information, may decrease the accuracy of our assessments of credit risk, thereby increasing the likelihood of borrower default on our loan and decreasing the likelihood that we would be able to enforce any security in respect of such a loan or that the relevant collateral will have a value commensurate to such a loan. Moreover, the availability of accurate and comprehensive credit information on retail customers and small businesses in India is more limited than for larger corporate customers, which reduces our ability to accurately assess the credit risk associated with such lending.

Difficulties in assessing credit risks associated with our day-to-day lending operations may lead to an increase in the level of our non-performing and restructured/stressed assets, which could materially and adversely affect our business, financial condition and results of operations.

34. ***Our success depends, in large part, upon our management team and skilled personnel and our ability to attract and retain such persons. Further, we do not have a "key man" insurance policy.***

Our performance and success depends largely on our ability to nurture and retain the continued service of our management team and skilled personnel. Although we have been recruiting on a large scale, we face a continuing challenge to recruit a sufficient number of suitably skilled personnel, particularly as we continue to grow. There is significant competition for management and other skilled personnel in the banking industry.

We do not have written employment agreements with our senior management. As such, they are not obligated to work for us for any specified period and we cannot stop them from working for our competitors if they stop working for us. Further, we do not have a "key man" insurance policy to cover for loss of our senior management.

There is no assurance that we will be able to continue our successful hiring of talented and key personnel in the future. The loss of key personnel or our inability to replace such personnel effectively may materially and adversely affect our ability to grow and operate our business in an efficient manner.

35. Our introduction of new products and services may not be successful and, as a result our reputation could be harmed.

We may incur substantial costs to expand our range of products and services and cannot guarantee that such new products will be successful once they are offered as a result of circumstances beyond our control, such as general economic conditions, or due to inherent shortcomings of such products and services. In addition, we may not correctly anticipate our customers' needs or desires, which may change over time. In the event that we fail to develop and launch new products or services successfully, we may lose any or all of the investments that we have made in promoting them, and our reputation with our customers would be harmed. In addition, if our competitors are better able to anticipate the needs of those individuals in our target market, our market share could decrease and our business could be adversely affected.

36. Our ability to pay dividends in the future will depend upon our future earnings, financial condition, cash flows, capital requirements, capital expenditures and restrictive covenants in our financing arrangements.

Our ability to pay dividends in the future will depend on our earnings, financial condition and capital requirements. Dividends distributed by us will attract dividend distribution tax at rates applicable from time to time and may be subject to other requirements prescribed by the RBI. We cannot assure you that we will generate sufficient income to cover our operating expenses and pay dividends to our shareholders. Our ability to pay dividends could also be restricted under certain financing arrangements that we may enter into.

If we were to raise Tier II capital in the future, the payment of any dividends would be after payment of interest on such capital. In addition, dividends that we have paid in the past may not be reflective of the dividends that we may pay in a future period. The amount of our future dividend payments, if any, will depend on our future earnings, financial condition, cash flows, working capital requirements, terms and conditions of our indebtedness, capital expenditures and regulations. There can be no assurance that we will be able to pay dividends.

37. Our insurance coverage could prove inadequate to satisfy potential claims. If we were to incur a serious uninsured loss or a loss that significantly exceeds the limits of our insurance policies, it could have a material adverse effect on our financial condition and results of operations.

We have taken out insurance within a range of coverage consistent with industry practice in India to cover certain risks associated with our business. We cannot assure you that our current insurance policies will insure us fully against all risks and losses that may arise in the future. Even if such losses are insured, we may be required to pay a significant deductible on any claim for recovery of such a loss, or the amount of the loss may exceed our coverage for the loss.

In addition, our insurance policies are subject to annual review, and we cannot assure you that we will be able to renew these policies on similar or otherwise acceptable terms, or at all. If we were to incur a serious uninsured loss or a loss that significantly exceeds the limits of our insurance policies, it could have a material adverse effect on our financial condition and results of operations.

38. Our Statutory Auditors have highlighted certain matters in their reports on the Reformatted Summary Financial Statements and the Unaudited Interim Condensed Financial Information

Our Statutory Auditors have included the following emphasis of matter in their examination report on the Reformatted Summary Financial Statements:

"*Our report on the Audited Financial Statements, included an emphasis of matter paragraph which describes the shortfall arising from the sale of certain non-performing assets during the year ended March 31, 2015 and 2016 over a period of 2 years, in terms of RBI Master Circular DBOD.No.BP.BC.9/21.04.048/2014-15 on Prudential Norms on Income Recognition, Asset Classification and Provisioning pertaining to advances, dated July 1, 2014, as amended and the balance outstanding of such cumulative shortfall as at March 31, 2016 of Rs.23.74 Crore in Note No.A.10.A of Schedule 18 of the Audited Financial Statements*

Our opinion was not modified in respect of this matter."

Our Statutory Auditors included the following emphasis of matters in their report on the Unaudited Interim Condensed Financial Information:

"Attention is drawn to:

(i) Note No.1 of Schedule 17 to the Unaudited Interim Condensed Financial Information regarding deferment of shortfall arising from the sale of certain non-performing assets during an earlier year / current period in terms of RBI Master Circular DBOD. No. BP. BC.9 / 21.04.048/2014-15 on Prudential Norms on Income Recognition, Asset Classification and Provisioning pertaining to advances, dated July 1, 2014, as amended / RBI Circular DBR.No.BP.BC.102/21.04.048/2015-16 on Prudential norms on income recognition, asset classification and provisioning pertaining to advances – spread over of shortfall on sale of NPAs to SCs/SRs dated June 13, 2016 respectively and the unamortised balance as at 31st December, 2016 of Rs.9.72 Crore.

(ii) Note No.2 of Schedule 17 to the Unaudited Interim Condensed Financial Information regarding deferment of provisioning pertaining to a fraud account during the current quarter in terms of RBI Circular DBR.No.BP.BC.92 /2 1.0 4.048/ 2015-16 dated April 18, 2016 and the unamortised balance as at 31st December, 2016 of Rs.146.82 Crore.

Our conclusion is not modified in respect of these matters."

Prospective investors are urged to take note of the emphasis of matters in the course of reviewing and evaluating our financial statements. For additional information, see the section entitled "Financial Statements" on page 74 of this Letter of Offer.

39. The Companies Act, 2013 has effected significant changes to the existing Indian company law framework, which may subject us to higher compliance requirements and increase our compliance costs.

The Companies Act, 2013 has brought into effect significant changes to the Indian company law framework, such as in the provisions related to issue of capital, disclosures, corporate governance norms, audit matters, and related party transactions. Further, the Companies Act, 2013 has also introduced additional requirements which did not have corresponding equivalents under the Companies Act, 1956, including the introduction of a provision allowing the initiation of class action suits in India against companies by shareholders or depositors and prohibitions on advances to directors. Further, the Companies Act, 2013 imposes greater monetary and other liability on our Directors and officers in default for any non-compliance. To ensure compliance with the requirements of the Companies Act, 2013, we may need to allocate additional resources, which may increase our regulatory compliance costs and divert management attention.

We may face challenges in anticipating the changes required by, interpreting and complying with such provisions due to limited jurisprudence on them. For instance, as a result of the provisions of the Companies Act, 2013, our Board of Directors presently does not have requisite number of directors liable to retire by rotation to be in strict compliance with the requirements therein. For more information, please see the section titled "Our Management" on page 69 of this Letter of Offer.

In the event, our interpretation of such provisions of the Companies Act, 2013 differs from, or contradicts with, any judicial pronouncements or clarifications issued by the Government in the future, we may face regulatory actions or we may be required to undertake remedial steps. Additionally, some of the provisions of the Companies Act, 2013 (such as those relating to corporate governance norms and insider trading regulations) overlap with other existing laws and regulations. We may face difficulties in complying with any such overlapping requirements. Any increase in our compliance requirements or in our compliance costs may have an adverse effect on our business and results of operations.

Risks Relating to India

40. A slowdown in economic growth in India and other countries in which we operate could cause our business to suffer.

Our results of operations and financial condition are dependent on, and have been adversely affected by, economic and market conditions in India. The Indian market and the Indian economy are influenced by economic and market conditions in other countries, including, but not limited to, the conditions in the United States, in Europe and in certain emerging economies in Asia. Financial turmoil in Asia and elsewhere in the world in recent years has affected the Indian economy. Any worldwide financial instability may cause increased volatility in the Indian financial markets and, directly or indirectly, adversely affect the Indian economy and financial sector and its business, which could adversely affect our business, financial condition and results of operations.

41. Increases in the prices of crude oil could adversely affect the Indian economy, which could adversely affect our business.

India imports a substantial portion of its crude oil requirement. While oil prices have declined from their peak levels, any sharp increase in oil prices and the pass-through of such increases to Indian consumers could have a material negative impact on the Indian economy and on the Indian banking and financial system in particular, including through a rise in inflation and market interest rates and a higher trade deficit, which could adversely affect our business, financial condition and results of operations.

42. A significant change in the Government's economic liberalisation and deregulation policies could disrupt our business.

We are incorporated in India and derive most of our revenues in India with substantially all of our assets located in India. Most of our customers are also located in India. Consequently, our performance and liquidity of the Equity Shares may be affected by changes in exchange rates and controls, interest rates, Government policies, taxation, social and ethnic instability and other political and economic developments affecting India.

The Government has traditionally exercised and continues to exercise a dominant influence over many aspects of the economy. In recent years, India has been following a course of economic liberalisation and our business could be significantly influenced by economic policies followed by the Government. Further, our businesses are also impacted by regulation and conditions in the various states in India where we operate.

The rate of economic liberalisation could change, and specific laws and policies affecting foreign investment, currency exchange rates and other matters affecting investment in India could change as well. A significant change in India's economic liberalisation and deregulation policies, in particular, those relating to the businesses in which we operate, could disrupt business and economic conditions in India generally and our business in particular.

43. If acts of terrorism and other similar threats to security, communal disturbances or riots erupt in India, or if regional hostilities increase, this would adversely affect the Indian economy, and our business, financial condition, cash flows and results of operations.

India has experienced communal disturbances, terrorist attacks and riots during recent years. If such events recur, our operational and marketing activities may be adversely affected, resulting in a decline in our income. The Asian region has from time to time experienced instances of civil unrest and hostilities among neighbouring countries, including those between India and Pakistan. Hostilities and tensions may occur in the future and on a wider scale. Military activity or terrorist attacks in India, as well as other acts of violence or war could influence the Indian economy by creating a perception that investments in India involve higher degrees of risk. Events of this nature in the future, as well as social and civil unrest within other countries in Asia, could influence the Indian economy and could have an adverse effect on the market for securities of Indian companies, including our Equity Shares.

44. Trade deficits could have a negative effect on our business.

India's trade relationships with other countries and its trade deficit may adversely affect Indian economic conditions. According to the Ministry of Commerce and Industry, India's trade deficit increased in fiscal year 2015 to an estimated US$138 billion from an estimated US$136 billion in fiscal year 2014 and decreased in fiscal year 2016 to an estimated US$118 billion. If India's trade deficits increase or no longer become manageable, the Indian economy, and therefore our business, our financial performance and our stockholders' equity could be adversely affected.

45. Natural disasters and other calamities could have a negative impact on the Indian economy and could cause our business to suffer and the trading price of our Equity Shares to decline.

India has experienced natural disasters like earthquakes, floods, tsunamis and drought in recent years. The extent and severity of these natural disasters determine their impact on the Indian economy. In particular, climatic and weather conditions, such as level and timing of monsoon rainfall, impact the agricultural sector which constitutes a significant portion of India's GDP. Prolonged spells of below or above normal rainfall or other natural calamities, or global or regional climate change, could adversely affect the Indian economy and our business, especially our agricultural portfolio and some farmers' ability to repay our loans. Similarly global or regional climate change or natural calamities in other countries where we or our borrowers operate could affect the economies of those countries and our exposure to those countries.

Health epidemics could also disrupt our business, including the most highly pathogenic strains of avian and swine influenza, H5N1 and H1N1. Certain countries in Southeast Asia have reported cases of bird to human transmission of avian and swine influenza resulting in numerous human deaths. Moreover, certain areas of India have experienced outbreaks of H5N1 among livestock. The World Health Organization and other agencies have issued warnings on a potential avian or swine influenza pandemic if there is sustained human to human transmission. Future outbreaks of avian or swine influenza or a similar contagious disease could adversely affect the Indian economy and economic activity in the region. As a result, any present or future outbreak of avian or swine influenza or other contagious disease could adversely affect our business.

46. A decline in India's foreign exchange reserves may affect liquidity and interest rates in the Indian economy, which could adversely impact us. A rapid decrease in reserves would also create risk of higher interest rates and a consequent slowdown in growth.

India's foreign exchange reserves stood at US$ 360.30 billion as on December 30, 2016, up from US$ 295.71 billion as on December 27, 2013. Flows to foreign exchange reserves can be volatile, and any past declines may have adversely affected the valuation of the Rupee. There can be no assurance that India's foreign exchange reserves will not decrease again in the future. Further decline in foreign exchange reserves, as well as other factors, could adversely affect the valuation of the Rupee and could result in reduced liquidity and higher interest rates that could adversely affect our business, financial condition and results of operations.

47. Any downgrade of credit ratings of India or Indian companies may adversely affect our ability to raise debt financing.

India's credit rating outlook was revised by the international rating agencies (from "stable" to "positive" by Moody's in April 2015 and from "negative" to "stable" by Standard & Poor's in September 2014) due in part to an improvement in the political climate in India. However, there is no assurance that India's credit ratings will not be downgraded in the future. Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely impact our business and limit our access to capital markets, increase the cost of funds, adversely impact our liquidity position, our shareholders' funds and the price of our Equity Shares.

48. Significant differences exist between Indian GAAP and other accounting principles, such as U.S. GAAP and IFRS, which investors may be more familiar with and may consider material to their assessment of our financial condition, cash flows and results of operations.

Our financial statements, including the financial statements included in this Letter of Offer, were prepared in accordance with Indian GAAP. No attempt has been made to reconcile any of the information given in this Letter of Offer to any other principles or to base it on any other standards. Indian GAAP differs in certain significant respects from IFRS, U.S. GAAP and other accounting principles with which prospective investors may be familiar in other countries. If our financial statements were to be prepared in accordance with such other accounting principles, our results of operations, cash flows and financial position may be substantially different. Prospective investors should review the accounting policies applied in the preparation of our financial statements, and consult their own professional advisers for an understanding of the differences between these accounting principles and those with which they may be more familiar. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Letter of Offer should accordingly be limited. In making an investment decision, investors must rely upon their own examination of us, the terms of this Issue and the financial information contained in this Letter of Offer.

49. We will be required to prepare financial statements under IND-AS from April 1, 2018 onwards. We have not determined with any degree of certainty the impact of such adoption on our financial reporting.

The Ministry of Corporate Affairs notified the Companies (Indian Accounting Standards) Rules, 2015 on February 16, 2015 (the "**IND-AS**"). The Ministry of Corporate Affairs, in its press release dated January 18, 2016, issued a roadmap for implementation of IND-AS converged with IFRS for scheduled commercial banks, insurers, insurance companies and non-banking financial companies. For banking companies, non-banking finance companies and insurance companies, preparation of IND-AS based financial statements are required for the accounting periods beginning from April 1, 2018 onwards with comparatives for the periods ending March 31, 2018. The RBI, by its circular dated February 11, 2016, requires all scheduled commercial banks to comply with IND-AS for financial statements for the periods stated above. The RBI does not permit banks to adopt IND-AS earlier than the above timeline and the guidelines also state that the RBI shall issue necessary instruction, guidance, and clarification on the relevant aspects for implementation of the IND-AS as and when required. Accordingly, we will be required to report our financials as per IND-AS from April 1, 2018 onwards. While our Bank has appointed an external consultant to assist it in the transition, it has not determined with any degree of certainty the impact that such adoption will have on its financial reporting. Further, the new accounting standards may change, among other things, our Bank's methodology for estimating allowances for probable loan losses and for classifying and valuing our investment portfolio and revenue recognition policy. There can be no assurance that our Bank's financial condition, results of operations, cash flows or changes in shareholders' equity will not appear materially worse under IND-AS than under Indian GAAP. In our Bank's transition to IND-AS reporting, the Bank may encounter difficulties in the ongoing process of implementing and enhancing its management information systems. Moreover, there is increasing competition for the small number of IFRS-experienced accounting personnel available as more Indian companies begin to prepare IND-AS financial statements. Further, there is no significant body of established practice on which to draw in forming judgments regarding the new system's implementation and application. There can be no assurance that our Bank's adoption of IND-AS will not adversely affect our reported results of operations, cash flows or financial condition and any failure to successfully adopt IND-AS could adversely affect our Bank's business, financial condition, cash flows and results of operations.

50. New income computation and disclosure standards notified by the Government of India became effective in Fiscal 2017 and may impose higher compliance requirements on us and increase our compliance costs.

On March 31, 2015, the Government of India notified ten Income Computation and Disclosure Standards ("**ICDS**"), which became effective starting from Fiscal 2017, pursuant to Section 145(2) of the Income Tax Act, 1961. ICDS applies to the computation of income chargeable to income tax under the heads of "Profit and gains of business or profession" or "Income from other sources". All Indian taxpayers (including corporates and non-corporates) are subject to the new ICDS, which was implemented with a view toward better alignment with the upcoming implementation of IND-AS. However, there are several key differences between ICDS and IND-AS, as well as Indian GAAP. Given such differences, Indian taxpayers (including our Bank) may need to develop and implement more sophisticated internal finance controls and systems to track the differences between current and future accounting standards and the new ICDS. Developing and maintaining such systems may result in the incurrence of substantial compliance and monitoring costs, both initially and on an ongoing basis. Any failure to comply with the ICDS may subject us to penalties for any underreported income and give the tax authorities the power to assess our income on a "best judgment" basis, which could have a material and adverse effect on our financial condition, cash flows and results of operations.

51. Financial difficulty and other problems in certain long-term lending institutions and investment institutions in India could have a negative impact on our business.

As an Indian bank, we are exposed to the risks of the Indian financial system which may be affected by the financial difficulties faced by certain Indian financial institutions because the commercial soundness of many financial institutions may be closely related as a result of credit, trading, clearing or other relationships. This risk, which is referred to as "systemic risk," may adversely affect financial intermediaries, such as clearing agencies, banks, securities firms and exchanges with whom we interact on a daily basis. Our transactions with these financial institutions expose us to credit risk in the event of default by the counterparty, which can be exacerbated during periods of market illiquidity. As the Indian financial system operates within an emerging market, we face risks of a nature and extent not typically faced in more developed economies, including the risk of deposit runs notwithstanding the existence of a national deposit insurance scheme. The problems faced by individual Indian financial institutions and any instability in or difficulties faced by the Indian financial system generally could create adverse market perception about Indian financial institutions and banks. This in turn could adversely affect our business, financial condition and results of operations.

52. Companies operating in India are subject to a variety of central and state government taxes and surcharges.

Tax and other levies imposed by the central and state governments in India that affect our tax liability include central and state taxes and other levies, income tax, value added tax, turnover tax, service tax, stamp duty and other special taxes and surcharges which are introduced on a temporary or permanent basis from time to time. Moreover, the central and state tax scheme in India is extensive and subject to change from time to time. In addition, a new Goods and Services Tax (GST) regime is expected to be introduced in the near future, and the scope of the service tax is proposed to be enlarged. The lower house of the parliament has passed the Constitution (One Hundred And Twenty-Second Amendment) Bill, 2014 on May 6, 2015 which was widely seen as a milestone with regard to implementation of the GST. The bill is yet to be passed by the upper house of parliament. Following the passage by the parliament, this bill is also required to be ratified by 50% of the States. Further, the provisions in relation to the General Anti-Avoidance Act (GAAR) have been introduced in the Finance Act, 2012 which will come into effect from the fiscal year beginning from April 1, 2017 following a two year deferment as part of the Union Budget of 2015. The GAAR provisions intend to catch arrangements declared as "impermissible avoidance arrangements", which is any arrangement, the main purpose or one of the main purposes of which is to obtain a tax benefit and which satisfy at least one of the following tests: (i) creates rights, or obligations, which are not ordinarily created between persons dealing at arm's length; (ii) results, directly or indirectly, in misuse, or abuse, of the provisions of the Income Tax Act, 1961; (iii) lacks commercial substance or is deemed to lack commercial substance, in whole or in part; or (iv) is entered into, or carried out, by means, or in a manner, which are not ordinarily employed for bona fide purposes. If GAAR provisions are invoked, then the tax authorities have wide powers, including denial of tax benefit or a benefit under a tax treaty. The statutory corporate income tax in India, which includes a surcharge on the tax and an education cess on the tax and the surcharge, is currently 34.61% for companies earning 'taxable income' of more than ₹ 100 million. The central government has laid down a road map of reducing the corporate tax rate over the next three years. However, generally, central or state government may in the future increase the corporate income tax or any indirect taxes it imposes. Any such future increases or amendments may affect the overall tax efficiency of companies operating in India and may result in significant additional taxes becoming payable. Additional tax exposure could adversely affect our business, cash flows and results of operations.

53. Our ability to raise foreign capital may be constrained by Indian law, which may adversely affect our business, financial condition, cash flows and results of operations.

As an Indian company, we are subject to exchange controls that regulate borrowing in foreign currencies. Such regulatory restrictions limit our financing sources and hence could constrain our ability to obtain financing on competitive terms and refinance existing indebtedness. In addition, we cannot assure you that the required approvals will be granted to us without onerous conditions, if at all. Limitations on raising foreign debt may have an adverse effect on our business, financial condition, cash flows and results of operations.

54. Investors in the Equity Shares may not be able to enforce a judgment of a foreign court against us, our directors or executive officers.

We are a limited liability company incorporated under the laws of India. Substantially all of our Directors and executive officers and key managerial personnel are residents of India and a substantial portion of our assets and such persons are located in India. As a result, it may not be possible for investors to effect service of process upon us or such persons outside India, or to enforce judgments obtained against such parties in courts outside of India.

Recognition and enforcement of foreign judgments are provided for under Section 13 and Section 44A of the Civil Procedure Code on a statutory basis. Section 13 of the Civil Procedure Code provides that foreign judgments shall be conclusive as to any matter thereby directly adjudicated upon between the same parties or between parties under whom they or any of them claim litigating under the same title except: (a) where it has not been pronounced by a court of competent jurisdiction; (b) where it has not been given on the merits of the case; (c) where it appears on the face of the proceedings to be founded on an incorrect view of international law or a refusal to recognise the law of India in cases in which such law is applicable; (d) where the proceedings in which the judgment was obtained are opposed to natural justice; (e) where it has been obtained by fraud; and (f) where it sustains a claim founded on a breach of any law in force in India.

Under the Civil Procedure Code, a court in India shall presume, upon the production of any document purporting to be a certified copy of a foreign judgment, that such judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on the record; but such presumption may be displaced by proving want of jurisdiction.

India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. However, Section 44A of the Civil Procedure Code provides that where a foreign judgment has been rendered by a superior court, within the meaning of that Section, in any country or territory outside India which the Government has by notification declared to be a reciprocating territory, it may be enforced in India by proceedings in execution as if the judgment had been rendered by the relevant court in India. However, Section 44A of the Civil Procedure Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalty and does not include arbitration awards.

A judgment of a court of a country which is not a reciprocating territory may be enforced only by a fresh suit resulting in a judgment or order and not by proceedings in execution. Such a suit has to be filed in India within three years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India. A judgment of a superior court of a country which is a reciprocating territory may be enforced by proceedings in execution, and a judgment not of a superior court, by a fresh suit resulting in a judgment or order. The latter suit has to be filed in India within three years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India. Execution of a judgment or repatriation outside India of any amounts received is subject to the approval of the RBI, wherever required. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action were to be brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if that court was of the view that the amount of damages awarded was excessive or inconsistent with public policy, and is uncertain whether an Indian court would enforce foreign judgments that would contravene or violate Indian law.

55. Rights of shareholders under Indian law may be more limited than under the laws of other jurisdictions.

Our Articles, the instructions issued by the RBI and Indian law govern our corporate affairs. Legal principles relating to these matters and the validity of corporate procedures, Directors' fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a bank or corporate entity in another jurisdiction. Shareholders' rights under Indian law may not be as extensive as shareholders' rights under the laws of other countries or jurisdictions. Investors may have more difficulty in asserting their rights as one of our shareholders than as a shareholder of a bank or corporate entity in another jurisdiction.

Risks Relating to the Equity Shares and the Issue

56. We cannot guarantee that our Equity Shares issued pursuant to the Issue will be listed on the Stock Exchanges in a timely manner, or at all.

In accordance with Indian law and practice, permission for listing and trading of the Equity Shares issued pursuant to this Issue will not be granted until after the Equity Shares have been issued and Allotted. Approval for listing and trading will require all relevant documents authorising the issuing of the Equity Shares to be submitted. There could be a failure or delay in obtaining these approvals from the Stock Exchanges, which in turn could delay the listing of our Equity Shares on the Stock Exchanges. Any failure or delay in obtaining these approvals would restrict an investor's ability to dispose of the Equity Shares.

57. After this Issue, the price of our Equity Shares may be volatile.

The trading price of our Equity Shares may fluctuate after this Issue due to a variety of factors, including our results of operations and the performance of our business, competitive conditions, general economic, political and social factors, the performance of the Indian and global economy and significant developments in India's fiscal regime, volatility in the Indian and global securities market, performance of our competitors, the Indian banking industry and the perception in the market about investments in the banking industry, changes in the estimates of our performance or recommendations by financial analysts and announcements by us or others regarding contracts, acquisitions, strategic partnerships, joint ventures, or capital commitments. In addition, if the stock markets in general experience a loss of investor confidence, the trading price of our Equity Shares could decline for reasons unrelated to our business, financial condition or operating results. The trading price of our Equity Shares might also decline in reaction to events that affect other companies in our industry even if these events do not directly affect us. Each of these factors, among others, could adversely affect the price of our Equity Shares.

There can be no assurance that an active trading market for the Equity Shares will be sustained after this Issue, or that the price at which the Equity Shares have historically traded will correspond to the price at which the Equity Shares will trade in the market subsequent to this Issue.

58. Fluctuations in the exchange rate between the Rupee and the U.S. dollar could have an adverse effect on the value of our Equity Shares, independent of our operating results.

Our Equity Shares are quoted in Rupees on the Stock Exchanges. Any dividends in respect of our Equity Shares will be paid in Rupees and subsequently converted into U.S. dollars for repatriation. Any adverse movement in exchange rates during the time it takes to undertake such conversion may reduce the net dividend to investors. In addition, any adverse movement in exchange rates during a delay in repatriating the proceeds from a sale of Equity Shares outside India, for example, because of a delay in regulatory approvals that may be required for the sale of Equity Shares, may reduce the net proceeds received by shareholders. The exchange rate between the Rupee and the U.S. dollar has changed substantially in the last two decades and could fluctuate substantially in the future, which may have an adverse effect on the value of our Equity Shares and returns from our Equity Shares, independent of our operating results.

59. Any future issuance of the Equity Shares by us or sales of the Equity Shares by any of our significant shareholders may adversely affect the trading price of the Equity Shares.

Any future issuance of the Equity Shares by us could dilute your shareholding. Any such future issuance of the Equity Shares or sales of the Equity Shares by any of our significant shareholders may also adversely affect the trading price of the Equity Shares, and could impact our ability to raise capital through an offering of our securities. We cannot assure you that we will not issue further Equity Shares or that the shareholders will not dispose of, pledge or otherwise encumber their Equity Shares. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of the Equity Shares.

60. Investors may be subject to Indian taxes arising out of capital gains on the sale of our Equity Shares.

Under current Indian tax laws and regulations, capital gains arising from the sale of shares in an Indian company are generally taxable in India. Any gain realised on the sale of listed equity shares on a stock exchange held for more than 12 months will not be subject to capital gains tax in India if Securities Transaction Tax ("**STT**") has been paid on the transaction. STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold. Any gain realised on the sale of equity shares held for more than 12 months to an Indian resident, which are sold other than on a recognised stock exchange and on which no STT has been paid, will be subject to long term capital gains tax in India. Further, any gain realised on the sale of listed equity shares held for a period of 12 months or less will be subject to short term capital gains tax in India. Capital gains arising from the sale of the Equity Shares will be exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of the Equity Shares.

61. Foreign investors are subject to foreign investment restrictions under Indian law that limit our ability to attract foreign investors, which may adversely impact the market price of the Equity Shares.

Under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents are freely permitted (subject to certain exceptions) if they comply with the pricing guidelines and reporting requirements specified by the RBI. If the transfer of shares is not in compliance with such pricing guidelines or reporting requirements and does not fall under any of the specified exceptions, then the prior approval of the RBI will be required. Additionally, shareholders who seek to convert the Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India will require a no-objection or a tax clearance certificate from the income tax authority. We cannot assure you that any required approval from the RBI or any other Government agency can be obtained on any particular terms or at all.

In addition, foreign investment, including FDI and investments by FIIs, foreign portfolio investors ("**FPIs**") and qualified foreign investors, in private sector banks in India is restricted to 74.0%. Moreover, foreign investment by FIIs, FPIs and qualified foreign investors in private sector banks in India cannot exceed 49.0%. As per the RBI, purchases by a single FPI, FII or sub-account of a registered FII is restricted to below 10.0% of our paid-up capital. The RBI monitors such limits on a regular basis. Once the foreign investment of a bank reaches a trigger limit of 2.0% below the prescribed limit, the RBI cautions non-resident investors and authorised dealers not to further transact in equity shares of such bank without prior approval of the RBI. This may restrict or delay an investor's ability to sell Equity Shares. Further, upon aggregate foreign shareholding in Indian companies reaching the ceiling, the RBI prohibits further purchase of equity shares by non-resident investors on the stock exchanges. In this regard, the FII/FPI/NRI/PIOs shareholding on our Bank rose to 47.5 % as on August 26, 2016, and subsequently the RBI had, on September 16, 2016, issued a press statement stipulating that any further purchase of the Equity Shares of the Bank would be allowed only after obtaining its prior approval ("**NR Purchase Restriction**"). Our Bank has written a letter dated December 16, 2016 intimating the RBI that the non-resident shareholding in our Bank (including indirect foreign holding) had come down to 46.39% as on December 9, 2016. The lifting of the NR Purchase Restriction by the RBI is currently awaited. For details of shareholding of our Bank, see the section titled "Capital Structure" on page 52 of this Letter of Offer.

These foreign investment restrictions may adversely affect the liquidity and free transferability of the Equity Shares and could result in an adverse effect on the price of the Equity Shares.

62. Conditions in the Stock Exchanges may affect the price and liquidity of the Equity Shares.

Indian stock exchanges are smaller than stock markets in developed economies and have in the past experienced substantial fluctuations in the prices of listed securities.

Indian stock exchanges have also experienced problems that have affected the market price and liquidity of the securities of Indian companies. These problems have included temporary closure of the stock exchanges to manage extreme market volatility, broker defaults, settlement delays and strikes by brokers. In addition, the governing bodies of Indian stock exchanges have from time to time restricted securities from trading, limited price movements and imposed margin requirements. Further, from time to time, disputes have occurred between listed companies and Indian stock exchanges and other securities regulatory bodies that, in some case, have had a negative effect on market sentiment. Similar problems could occur in the future, and if they do they could negatively affect the market price and liquidity of the Equity Shares.

63. There are restrictions on daily movements in the price of the Equity Shares, which may adversely affect a shareholder's ability to sell, or the price at which it can sell the Equity Shares at a particular point in time.

We are subject to a daily "circuit breaker" imposed by the Stock Exchanges, which does not allow transactions beyond certain specified increases or decreases in the price of the Equity Shares. This circuit breaker operates independently of the index-based market-wide circuit breaker generally imposed by the SEBI on Indian stock exchanges. The maximum movement allowed in the price of the Equity Shares before the circuit breaker is triggered is determined by the Stock Exchanges based on the historical volatility in the price and trading volume of the Equity Shares. The Stock Exchanges will inform us of the triggering point of the circuit breaker in effect from time to time, but it may change without our knowledge. This circuit break will limit the upward and downward movements in the price of the Equity Shares. As a result of this circuit breaker, there can be no assurance that shareholders will be able to sell the Equity Shares at their preferred price or at all at any particular point in time.

64. Investors will be subject to market risks until the Equity Shares credited to the investor's demat account are listed and permitted to trade.

Investors can start trading the Equity Shares allotted to them only after they have been credited to an investor's demat account, are listed and permitted to trade. Since the Equity Shares are currently traded on the Stock Exchanges, investors will be subject to market risk from the date they pay for the Equity Shares to the date when trading approval is granted for the same. Further, there can be no assurance that the Equity Shares allocated to an investor will be credited to the investor's demat account or that trading in the Equity Shares will commence in a timely manner.

65. U.S. Foreign Account Tax Compliance Act withholding may affect payments on the Equity Shares.

The U.S. Foreign Account Tax Compliance Act ("**FATCA**") imposes a new reporting regime and, potentially, a 30.0% withholding tax with respect to (a) certain payments from sources within the United States, (b) "foreign passthru payments" made to certain non-U.S. financial institutions that do not comply with this new reporting regime, and (c) payments to certain investors that do not provide identification information with respect to interests issued by a participating non-U.S. financial institution. We are classified as a financial institution for these purposes. If a withholding tax in respect of FATCA were to be deducted or withheld from any payments, neither we nor any other person will pay additional amounts as a result of the deduction or withholding.

Prominent notes

The net worth of our Bank was ₹ 3,701.92 crores, ₹ 3,557.08 crores and ₹ 3,294.87 crores as on December 31, 2016, March 31, 2016 and March 31, 2015, respectively. This is an issue of up to 45,07,09,302 Equity Shares at the Issue Price of ₹ 14 per Equity Share, aggregating to ₹ 630.99 crores, to the Eligible Equity Shareholders of our Bank in the ratio of one Equity Share for every three fully paid-up Equity Shares held as on the Record Date, February 17, 2017.

There has been no financing arrangement whereby the Directors and their relatives have financed the purchase by any other person of securities of our Bank other than in the normal course of business of the financing entity during the period of six months immediately preceding the date of filing of this Letter of Offer with the Designated Stock Exchange.

SECTION III – INTRODUCTION

THE ISSUE

The Issue has been authorized through resolutions passed by our Board of Directors on December 21, 2016. Following is a summary of the Issue. This summary should be read in conjunction with and is qualified in its entirety by, more detailed information in the section titled "*Terms of the Issue*" on page 95 of this Letter of Offer.

Equity Shares proposed to be issued by our Bank	Up to 45,07,09,302 Equity Shares aggregating to ₹ 630.99 crores.
Rights Entitlement	1 Equity Share for every 3 fully paid up Equity Shares held on the Record Date.
Fractional Entitlement	For Equity Shares being offered on a rights basis under this Issue, if the shareholding of any of the Eligible Equity Shareholders is less than three Equity Shares or is not in multiples of three, the fractional entitlement of such Eligible Equity Shareholders shall be ignored for computation of the Rights Entitlement. However, Eligible Equity Shareholders whose fractional entitlements are being ignored earlier will be given preference in the Allotment of one additional Equity Share each, if such Eligible Equity Shareholders have applied for additional Equity Shares. Those Eligible Equity Shareholders holding less than three fully paid-up Equity Shares, i.e., holding up to two fully paid-up Equity Shares, and therefore entitled to 'Zero' Equity Shares under this Issue shall be dispatched a CAF with 'Zero' entitlement. Such Eligible Equity Shareholders are entitled to apply for additional Equity Shares and would be given preference in allotment of one additional Equity Share if, such Eligible Equity Shareholders have applied for the additional Equity Shares. However, they cannot renounce the same in favour of third parties. CAFs with zero entitlement will be non-negotiable/non-renounceable.
Record Date	February 17, 2017
Face Value per Equity Share	₹ 1
Issue Price per Equity Share	₹ 14
Issue Size	Up to ₹ 630.99 crores.
Equity Shares issued, subscribed and paid up prior to the Issue	1,35,21,27,907 Equity Shares.
Equity Shares subscribed and paid up after the Issue (assuming full subscription for and allotment of the Rights Entitlement)	1,80,28,37,209 Equity Shares.*
Security Codes	ISIN: INE683A01023 BSE: 532218 NSE: SOUTHBANK
Use of Issue Proceeds	See the section titled "*Objects of the Issue*" on page 56 of this Letter of Offer.
Terms of the Issue	See the section titled "*Terms of the Issue*" on page 95 of this Letter of Offer.

* *Does not include any Equity Shares that may be allotted pursuant to exercise of options granted under the ESOS Scheme in the future.*

Terms of Payment

The entire Issue Price of ₹ 14 will be paid on Application.

SELECTED FINANCIAL INFORMATION

The following tables set forth below indicate a summary of the financial data derived from the Reformatted Summary Financial Statements and Unaudited Interim Condensed Financial Information. The summary financial information presented below should be read in conjunction with the financial statements and the notes thereto beginning on page 74 of this Letter of Offer.

THE SOUTH INDIAN BANK LIMITED		
REFORMATTED SUMMARY BALANCE SHEET AS AT MARCH 31, 2016		
	As at March 31, 2016 Rs in Crore	**As at March 31, 2015 Rs in Crore**
CAPITAL AND LIABILITIES		
Capital	135.03	135.02
Employees' Stock Options (Grants) Outstanding	3.65	2.38
Reserves and Surplus	3,706.90	3,454.39
Deposits	55,720.73	51,912.49
Borrowings	2,614.96	2,232.47
Other liabilities and provisions	1,293.61	1,379.57
TOTAL	**63,474.88**	**59,116.32**
ASSETS		
Cash and Balances with Reserve Bank of India	2,476.13	2,441.58
Balances with banks and money at call and short notice	798.34	1,953.50
Investments	14,743.93	13,286.14
Advances	41,085.75	37,391.64
Fixed Assets	486.99	479.05
Other Assets	3,883.74	3,564.41
TOTAL	**63,474.88**	**59,116.32**
Contingent Liabilities	14,749.74	27,220.07
Bills for collection	620.52	554.44

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THE SOUTH INDIAN BANK LIMITED		
REFORMATTED SUMMARY PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2016		
	Year ended March 31, 2016 Rs. in Crore	**Year ended March 31, 2015 Rs.in Crore**
I. INCOME		
Interest Earned	5,557.20	5,286.22
Other Income	517.42	497.07
TOTAL	**6,074.62**	**5,783.29**
II. EXPENDITURE		
Interest Expended	4,047.50	3,919.99
Operating Expenses	1,147.84	981.30
Provisions and Contingencies	546.01	574.80
TOTAL	**5,741.35**	**5,476.09**
III. PROFIT/LOSS		
Net Profit for the year	333.27	307.20
Profit brought forward from previous year	95.22	39.86
Profit available for Appropriation:	428.49	347.06
IV. APPROPRIATIONS		
Transfer to Statutory Reserve	83.32	76.81
Transfer to Capital Reserve	24.53	3.86
Transfer to Revenue and Other Reserve	50.00	50.00
Transfer to Special Reserve u/s 36(i)(viii) of Income Tax Act	25.72	30.00
Transfer to/(from) Investment Reserve	(10.05)	(6.79)
Proposed Dividend	67.52	81.01
Tax on Proposed Dividend	13.74	16.95
Balance carried over to Reformatted Balance Sheet	173.71	95.22
TOTAL	**428.49**	**347.06**

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THE SOUTH INDIAN BANK LIMITED			
REFORMATTED SUMMARY CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016			
		Year Ended March 31, 2016 Rs. in Crore	**Year Ended March 31, 2015 Rs. in Crore**
Cash flow from operating activities			
Net Profit As Per Reformatted Summary Profit and Loss Account		333.27	307.20
Adjustments for:			
Provision for taxes(Net)		176.40	160.75
Depreciation		67.03	(1.11)
Deferred Employee Cost Amortized		-	22.49
Amortisation of Premium on HTM Investments		18.88	19.50
Provision for Depreciation / Non Performing Investments		43.21	11.78
General Provisions against Standard Assets		(0.79)	31.37
Provision/write off for Non-Performing Assets		391.90	225.52
Other Provisions		(64.71)	145.38
ESOS Employee Compensation expense amortised		1.49	1.64
Interest on Subordinated bonds		35.03	19.50
Loss on sale of land, buildings and other assets		0.04	0.42
Operating profit before working capital changes	**(A)**	**1,001.75**	**944.44**
Changes in working capital:			
Increase / (Decrease) in Deposits		3,808.24	4,421.40
Increase / (Decrease) in Borrowings		82.48	(598.30)
Increase / (Decrease) in Other liabilities		(41.23)	(118.83)
(Increase) / Decrease in Investments		(197.05)	(656.15)
(Increase) / Decrease in Advances		(4,066.21)	(1,438.23)
(Increase) / Decrease in Other Assets		(240.80)	(792.36)
	(B)	(654.57)	817.53
Cash flow from operating activities before taxes	**(A+B)**	347.18	1,761.97
Direct Taxes Paid		(237.82)	(274.98)
Net cash flow from operating activities	**(C)**	**109.36**	**1,486.99**
Cash flow from investing activities:			
Purchase of Fixed Assets/Capital Work-In-Progress		(76.25)	(71.23)
Sale of Fixed Assets		1.21	2.74
(Purchase)/Sale of Investments (Held To Maturity)		(1,322.83)	(104.12)
Net cash flow from investing activities	**(D)**	**(1,397.87)**	**(172.61)**
Cash flow from financing activities:			
Proceeds from issue of share capital		0.30	8.06
Dividend paid including Corporate Dividend Tax		(97.50)	(125.79)
Interest on Subordinated bonds		(34.90)	(19.50)
Issue/(Repayment) of Subordinate bonds		300.00	-
Net cash flow from financing activities	**(E)**	**167.90**	**(137.23)**
Net increase in cash and cash equivalents	**(C+D+E)**	(1,120.61)	1,177.15
Cash and cash equivalents as at beginning of the year		**4,395.08**	**3,217.93**
Cash and cash equivalents as at the end of the year		**3,274.47**	**4,395.08**

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THE SOUTH INDIAN BANK LIMITED		
UNAUDITED CONDENSED BALANCE SHEET AS AT DECEMBER 31, 2016		
	As at December 31, 2016 Rs. in Crore	**As at March 31, 2016 Rs. in Crore**
CAPITAL AND LIABILITIES		
Capital	135.17	135.03
Employees' Stock Options (Grants) Outstanding	3.11	3.65
Reserves and Surplus	4,141.40	3,706.90
Deposits	63,594.55	55,720.73
Borrowings	2,205.48	2,614.96
Other liabilities and provisions	1,366.21	1,293.61
TOTAL	**71,445.92**	**63,474.88**
ASSETS		
Cash and Balances with Reserve Bank of India	3,576.45	2,476.13
Balances with banks and money at call and short notice	1,420.41	798.34
Investments	17,575.51	14,743.93
Advances	44,255.64	41,085.75
Fixed Assets	594.67	486.99
Other Assets	4,023.24	3,883.74
TOTAL	**71,445.92**	**63,474.88**
Contingent Liabilities	12,980.13	14,749.74
Bills for collection	786.32	620.52

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THE SOUTH INDIAN BANK LIMITED		
UNAUDITED CONDENSED PROFIT AND LOSS ACCOUNT FOR THE NINE MONTHS ENDED DECEMBER 31, 2016		
	Nine months ended December 31, 2016 Rs. in Crore	**Nine months ended December 31, 2015 Rs. in Crore**
I. INCOME		
Interest Earned	4,376.37	4,189.32
Other Income	577.85	378.36
TOTAL	**4,954.22**	**4,567.68**
II. EXPENDITURE		
Interest Expended	3,140.04	3,053.91
Operating Expenses	880.39	856.78
Provisions and Contingencies	616.83	396.69
TOTAL	**4,637.26**	**4,307.38**
III. PROFIT/LOSS		
Net Profit for the Nine Months	316.96	260.30
Profit brought forward from previous year	173.71	95.22
Profit available for Appropriation:	**490.67**	**355.52**
IV. APPROPRIATIONS		
Transfer to Statutory Reserve	-	-
Transfer to Capital Reserve	-	-
Transfer to Revenue and Other Reserve	-	-
Transfer to Special Reserve u/s 36(i)(viii) of Income Tax Act	-	-
Transfer to/(from) Investment Reserve	-	-
Proposed Dividend	-	-
Tax on Proposed Dividend	-	-
Balance carried over to Unaudited condensed Balance Sheet	490.67	355.52
TOTAL	**490.67**	**355.52**

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THE SOUTH INDIAN BANK LIMITED		
UNAUDITED CONDENSED CASH FLOW STATEMENT FOR THE NINE MONTHS ENDED DECEMBER 31, 2016		
	Nine Months Ended December 31, 2016 Rs. in Crore	**Nine Months Ended December 31, 2015 Rs. in Crore**
Cash flow from operating activities		
Net Profit As Per Unaudited Condensed Profit and Loss Account	316.96	260.30
Adjustments for:		
Provision for taxes(Net)	167.76	143.32
Depreciation	47.38	49.41
Amortisation of Premium on HTM Investments	19.82	14.16
Provision for Depreciation / Non Performing Investments	6.59	38.49
General Provisions against Standard Assets	19.36	36.58
Provision/write off for Non-Performing Assets	402.44	205.03
Other Provisions	20.68	(26.73)
ESOS Employee Compensation expense amortised	0.72	1.18
Interest on Subordinated bonds	37.80	22.54
Loss on sale of land, buildings and other assets	0.85	(0.01)
Operating profit before working capital changes (A)	**1,040.36**	**744.27**
Changes in working capital:		
Increase / (Decrease) in Deposits	7,873.82	1,528.79
Increase / (Decrease) in Borrowings	(409.47)	(747.33)
Increase / (Decrease) in Other liabilities	86.01	(16.05)
(Increase) / Decrease in Investments	(1,381.17)	553.87
(Increase) / Decrease in Advances	(3,558.46)	(2,714.47)
(Increase) / Decrease in Other Assets	(107.24)	(413.11)
(B)	2,503.49	(1,808.30)
Cash flow from operating activities before taxes (A+B)	3,543.85	(1,064.03)
Direct Taxes Paid	(214.03)	(152.99)
Net cash flow from operating activities (C)	**3,329.82**	**(1,217.02)**
Cash flow from investing activities:		
Purchase of Fixed Assets/Capital Work-In-Progress	(42.99)	(56.77)
Sale of Fixed Assets	0.82	0.97
(Purchase)/Sale of Investments (Held To Maturity)	(1,476.82)	(649.38)
Net cash flow from investing activities (D)	**(1,518.99)**	**(705.18)**
Cash flow from financing activities:		
Proceeds from issue of share capital	2.68	0.05
Dividend paid including Corporate Dividend Tax	(81.26)	(97.50)
Interest on Subordinated bonds	(9.86)	(9.83)
Issue/(Repayment) of Subordinate bonds	-	300.00
Net cash flow from financing activities (E)	**(88.44)**	**192.72**
Net increase in cash and cash equivalents (C+D+E)	1,722.39	(1,729.48)
Cash and cash equivalents as at beginning of the Financial Year	**3,274.47**	**4,395.08**
Cash and cash equivalents as at the end of the period/ Year	**4,996.86**	**2,665.60**

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GENERAL INFORMATION

Registered Office

The South Indian Bank Limited
SIB House, Mission Quarters,
T.B. Road, Thrissur 680 001,
Kerala, India
Telephone: + 91 487 2420020/2429333
Facsimile: +91 487 2442021
Email: ho2006@sib.co.in
Website: www.southindianbank.com

Registration Number: 001017

Corporate Identification Number: L65191KL1929PLC001017

Address of the RoC

Registrar of Companies, Kerala and Lakshadweep
Office of The Registrar of Companies,
Ministry of Company Affairs,
Government of India,
1st Floor, Company Law Bhavan,
B.M.C. Road, Thrikkakara P. O.,
Kakkanad, Kochi - 682 021
Kerala
Telephone: +91 484 2421 626 /+91 484 2421 310
Facsimile: +91 484 2442 021

Company Secretary and Compliance Officer

Mr. Jimmy Mathew
Company Secretary and Compliance Officer
SIB House, Mission Quarters,
T.B. Road, Thrissur 680 001,
Kerala, India
Telephone: + 91 487 2420020/2429333
Facsimile: + 91 487 2442021
E-mail: jimmymathew@sib.co.in

Lead Managers to the Issue

Edelweiss Financial Services Limited
14th Floor, Edelweiss House,
Off CST Road,
Kalina,
Mumbai 400 021, India
Tel: +91 22 4009 4400
Fax: +91 22 4086 3610
E-mail: sib.rights@edelweissfin.com
Investor Grievance E-mail: customerservice.mb@edelweissfin.comWebsite: www.edelweissfin.com
Contact Person: Mr. Shubham Mehta
SEBI Registration Number: INM0000010650

Legal Counsel to the Bank and the Lead Manager as to Indian Law

Luthra & Luthra Law Offices
Indiabulls Finance Centre
Tower 2, Unit A2, 20th Floor
Elphinstone Road
Senapati Bapat Marg
Lower Parel
Mumbai - 400 013
Telephone: +91 22 6630 3600
Facsimile: +91 22 6630 3700

Statutory Auditors to our Bank

M/s. Deloitte Haskins & Sells
Chartered Accountants
1st Floor, Wilmont Park Business Centre
Warriam Road, Kochi – 682 016
Telephone: 0484 2381359
Facsimile: 0484 2380094
Email: ssundaresan@deloitte.com
Firm's Registration Number: 008072S

Registrar to the Issue

Link Intime India Private Limited
C-101, 1st Floor, 247 Park,
Lal Bahadur Shastri Marg, Vikhroli (West),
Mumbai 400 083, India
Telephone: +91 22 6171 5400
Fascimile: +91 22 2596 0329
Email: sib.rights@linkintime.co.in
Website: www.linkintime.co.in
Investor Grievance ID: sib.rights@linkintime.co.in
Contact Person: Mr. Dinesh Yadav
SEBI Registration Number: INR000004058

Note: Investors are advised to contact the Registrar to the Issue or the Company Secretary and Compliance Officer in case of any pre-Issue or post-Issue related issues such as non-receipt of letter of Allotment, credit of shares, receipt of Split Application Forms or Refund Orders 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 SCSBs, giving full details such as name, address of the applicant, ASBA Account number and the Designated Branch of the SCSBs where the CAF, or the plain paper application, as the case may be, was submitted by the ASBA Investor.

Issue Schedule

The subscription will open upon the commencement of the banking hours and will close upon the close of banking hours on the dates mentioned below:

Issue Opening Date	February 28, 2017
Last date for receipt of requests for Split Application Forms	March 7, 2017
Issue Closing Date	March 14, 2017

Monitoring Agency

In terms of the proviso to Regulation 16(1) of the SEBI Regulations, our Bank is not required to appoint a monitoring agency for the purposes of this Issue. As required under the Listing Regulations, the Audit Committee constituted by the Board of our Bank will monitor the utilisation of the Gross Proceeds. To the extent applicable, our Bank will disclose the utilization of the Gross Proceeds under a separate head in our balance sheet along with the relevant details, for all such amounts that have not been utilized.

Appraising Agency

The Net Proceeds are not proposed to be utilized for any project and hence our Bank has not obtained any appraisal of the use of proceeds of the Issue.

Escrow Collection Bank and Refund Bank

The South Indian Bank Limited
EMCA House (Ground floor),
289, SB Singh Road,
Fort,
Mumbai- 400 038
Contact Person: Mr.Bala Naga Anjaneyulu G.
Telephone Number: +91 22 22611209/ 22658974
Facsimile: +91 22 22614749
E-mail: br0263@sib.co.in
Website: www.southindianbank.com
SEBI Registration Number: INBI00001024

Self Certified Syndicate Banks

The list of SCSBs is available on the SEBI website, or at such other website as may be prescribed by SEBI from time to time. The list of banks which have been notified by SEBI to act as SCSBs are provided at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries.

Statement of responsibilities of the Lead Manager

The statement of responsibilities of the Lead Manager in relation to the Issue is provided below:

Sr. no.	Activity
1.	Capital structuring with relative components and formalities such as type of instruments, etc.
2.	Drafting, design and distribution of the Letter of Offer, Abridged Letter of Offer, CAF, etc.
3.	Drafting and approval of all publicity material including statutory advertisements, corporate advertisements, brochures, corporate films, etc.
4.	Assistance in selection of various agencies connected with the Issue, namely Registrar to the Issue, printers, advertisement agencies, etc
5.	Liaising with the Stock Exchanges and SEBI, including for obtaining in-principle approval and completion of prescribed formalities with the Stock Exchanges and SEBI
6.	Post-issue activities, which shall involve essential follow-up steps including follow-up with Bankers to the Issue and Self Certified Syndicate Banks to get quick estimates of collection and advising the issuer about the closure of the issue, based on correct figures, finalisation of the basis of allotment or weeding out of multiple applications, listing of instruments, dispatch of certificates or demat credit and refunds and coordination with various agencies connected with the post-issue activity such as registrars to the issue, bankers to the issue, Self-Certified Syndicate Banks, etc.

Credit rating

This being a rights issue of Equity Shares, no credit rating is required.

Debenture Trustee

As the Issue is of Equity Shares, the appointment of a debenture trustee is not required.

Issue Grading

As the Issue is a rights offering, grading of the Issue is not required.

Underwriting

The Issue is not underwritten.

Principal Terms of Loans and Assets charged as Security

For the principal terms of loans and assets charged as security, see the section titled "*Financial Information*" on page 74 of this Letter of Offer.

CAPITAL STRUCTURE

The share capital of our Bank as on the date of this Letter of Offer is set forth below:

		Aggregate value at face value (*In* ₹ *crore*)	Aggregate value at Issue Price (*In* ₹ *crore*)
A)	**AUTHORISED SHARE CAPITAL**		
	2,50,00,00,000 Equity Shares of ₹ 1 each	250.00	--
B)	**ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL BEFORE THE ISSUE**		
	135,21,27,907 Equity Shares	135.21	--
C)	**PRESENT ISSUE BEING OFFERED THROUGH LETTER OF OFFER***		
	Up to 45,07,09,302 Equity Shares	45.07	630.99
D)	**PAID-UP EQUITY CAPITAL AFTER THE ISSUE****		
	180,28,37,209 Equity Shares	180.28	--
E)	**SECURITIES PREMIUM ACCOUNT**		
	Before the Issue	960.23	
	After the Issue**	1,546.15	

* *The Issue has been authorized through a resolution passed by our Board of Directors on December 21, 2016.*
** *Assuming full subscription to the Issue and excluding the impact of any further allotments of Equity Shares pursuant to the exercise of options granted under the ESOS Scheme*

Notes to the Capital Structure

1. Our Bank is a professionally managed company and does not have a promoter in terms of the SEBI Regulations or the Companies Act, 2013. Therefore, the disclosures in relation to shareholding, lock-in, pledge of and encumbrance on shares held, acquisition of shares by the promoter and promoter group in the last one year immediately prior to the date of filing of the Letter of Offer, intention and extent of participation by promoters and promoter group in the Issue and lock-in, are not applicable.

2. **Shareholding pattern of our Bank**

   The shareholding pattern of Bank as on December 31, 2016 as per the latest filing with the Stock Exchanges pursuant to the SEBI Listing Regulations, is as reproduced below:

Category(I)	Category of shareholder (II)	Nos. of shareholders (III)	No. of fully paid up equity shares held (IV)	No. of Partly paid-up equity shares held (V)	No. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII)= (IV)+(V)+ (VI)	Share holding as a % of total no. of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities (IX)				No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Share holding, as a % assuming full conversion of convertible securities(as a percentage of diluted share capital) (XI)=(VII)+(X) As a % of (A+B+C2)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
								No of Voting Rights			Total as a %of(A+B+C)			No.(a)	As a %of total Shares held(b)	No.(a)	As a %of total Shares held(b)	
								Classeg: X	Classeg: y	Total								
A	Promoter & Promoter Group	0		0	0	0	0	0	0	0	0	0	0		0			0
B	Public	275463	1351738250	0	0	1351738250	100	1351738250	0	1351738250	100	0	100	3750	0			1261825266
C	Non Promoter-Non Public	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
C1	Shares underlying DRs	0		0	0	0	0	0	0	0	0	0	0		0			0
C2	Shares held by Employee Trusts	0		0	0	0	0	0	0	0	0	0	0		0			0
	Total	275463	1351738250	0	0	1351738250	100	1351738250	0	1351738250	100	0	100	3750	0			1261825266

The post-Issue shareholding pattern of the Bank would be available on the website of the Stock Exchanges upon finalization of the Basis of Allotment.

3. **Details of outstanding instruments:**

Except for the options granted by our Bank under the ESOS Scheme, there are no outstanding warrants, options, convertible loans, debentures or any other securities convertible at a later date into Equity Shares, as on the date of this Letter of Offer, which would entitle the holders to acquire further Equity Shares.

The details of outstanding options under the ESOS Scheme are as follows:

The shareholders of our Bank approved the ESOS Scheme at the AGM held on August 18, 2008 for grant to eligible employees, including Directors, up to 4,50,00,000 Equity Shares of ₹ 1 each at an exercise price as may be decided by the Compensation Committee of the Board. Subsequently, the shareholders of our Bank at the AGM held on June 28, 2013 increased the limit of 4,50,00,000 Equity Shares to 5% of the total number of fully paid-up Equity shares of the Bank at the time of grant options. The options vested, subject to other conditions, are exercisable within a period of one year from the date of vesting.

Summary of options granted as on February 17, 2017:

	SIB ESOS-2008 (Tranche I)	**SIB ESOS – 2008 (Tranche II)**	**SIB ESOS-2008 (Tranche III)**	**SIB ESOS-2008 (Tranche IV)**	**SIB ESOS-2008 (Tranche V)**	**SIB ESOS-2008 (Tranche VI)**	**SIB ESOS-2008 (Tranche VII)**
Options granted	30,725,000	510,500	942,000	21,000	1,066,500	21,352,100	2,226,500
Date of grant	21/11/2009	21/10/2010	16/02/2012	28/06/2012	05/03/2013	03/12/2013	27/03/2015
Options cancelled	0	0	0	0	0	0	0
Net options granted	30,725,000	510,500	942,000	21,000	1,066,500	21,352,100	2,226,500
Options vested	30,002,550	433,600	814,300	19,200	535,100	12,340,770	3,000
Options exercised	20,046,651	21,560	19,875	900	13,350	1,960,671	0
Equity Shares issued on exercise of options	20,046,651	21,560	19,875	900	13,350	1,960,671	0
Options lapsed	10,678,349	488,940	921,325	12,900	480,650	5,586,866	151,500
Exercise price (in ₹)	12.93	24.98	24.12	12.93	21.65	18.72	21.65
Money realized by exercise of options (₹ in crores)	25.92	0.05	0.05	0.001	0.03	3.67	0
Total number of options outstanding	0	0	800	7,200	572,500	13,804,563	2,075,000
Total options outstanding	**16,460,063**						

4. Except as stated below, none of our Directors or key managerial persons of our Bank have been granted options as on the date of the filing of this Letter of Offer under the ESOS Scheme:

S. No.	Name of Director/ Key managerial personnel	Number of options granted	Number of options vested	Number of options lapsed	Number of options exercised
1.	Mr. Cheryan Varkey	97,000	75,000	0	58,500
2.	Mr. V.G. Mathew	100,000	0	0	Nil
3.	Mr. Gireesh C.P.	44,500	32,700	0	23,850
4.	Mr. Jimmy Mathew	13,500	9,500	6,500	Nil
	Total	**255,000**	**1,17,200**	**6,500**	**82,350**

5. The details of equity shareholders belonging to the public and holding more than 1% of the paid up capital of our Bank as on February 17, 2017 is as detailed below:

S. No.	Name	Number of Equity Shares Held	Percentage of total equity share capital (%)
1.	Yusuffali Musaliam Veettil Abdul Kader	66,666,808	4.93
2.	Lavender Investments Limited	66,627,000	4.93
3.	First Carlyle Ventures Mauritius	66,544,763	4.92
4.	Life Insurance Corporation Of India	64,739,424	4.79
5.	CX Securities Limited	39,521,841	2.92
6.	Iva International Fund	35,355,923	2.61
7.	Deutsche Securities Mauritius Limited	34,562,438	2.56
8.	GKFF Ventures	29,061,955	2.15
9.	Acacia Partners, LP	24,985,520	1.85
10.	Acacia Institutional Partners, LP	20,700,000	1.53
11.	DB International (Asia) Ltd	20,437,562	1.51
12.	IFCI Ltd	17,593,829	1.30
13.	Quant Foreign Value Small Cap Fund	16,888,651	1.25
	Total	**503,685,714**	**37.25**

6. The ex-rights price of the Equity Shares as per regulation 10(4)(b) of the Takeover Code is ₹ 20.71.

OBJECTS OF THE ISSUE

Our Bank intends to use the Net Proceeds of the Issue to augment our Bank's Tier-I capital base to meet our capital requirements which are expected to increase out of growth in our assets, primarily loans/advances and investment portfolio, and to ensure compliance with Basel III regulations and/or other RBI guidelines.

The objects clause of our Memorandum of Association enables us to undertake our existing activities, for which the funds being raised by us in the Issue, will be deployed.

Proceeds of the Issue

The details of the proceeds of the Issue are summarized below:

Particular	Estimated Amount (*In ₹ Crore*)
Gross proceeds to be raised through the Issue	630.99
Less: Estimated Issue-related expenses	6.31
Net proceeds of the Issue after deducting the Issue related expenses ("**Net Proceeds**")	624.68

Requirements of Funds

Details of the activities to be financed from the Net Proceeds

We intend to apply the Net Proceeds for augmenting our Bank's Tier-I capital base to meet our capital requirements which are expected to increase out of growth in our assets, primarily loans/advances and investment portfolio, and to ensure compliance with Basel III regulations and/or other RBI guidelines.

As prescribed by the RBI, our Bank has adopted Basel III starting from April 1, 2013. The minimum capital to risk weighted assets ratio ("**CRAR**") required to be maintained by the Bank for fiscal 2016 was 9.625% including Capital Conservation Buffer ("**CCB**"), with common equity tier-1 CRAR of 6.125% (including CCB), under Pillar 1 of Basel III regulations of the RBI. The capital requirement is progressively going up under the Basel III regulations prescribed by RBI. The minimum capital requirement (including CCB) will increase from 9.625% as at March 31, 2016 to 11.50% by March 31, 2019; an increase of 0.625% every fiscal. In addition to the minimum capital prescribed under Pillar 1, under Pillar 2 of Basel III regulations, RBI requires banks to have an additional capital buffer for absorbing risks which are not covered under Pillar 1, such as liquidity risk, concentration risk, strategic risk, reputational risk etc. In our estimate, this additional requirement would push up the capital needs by about 1. 50 - 2.00% over and above the minimum prescribed.

The RBI has indicated that the capital requirements for implementation of the RBI Basel III Capital Regulations may be lower during the initial period and higher in later years. As on December 31, 2016, our Bank's total CAR and common equity tier-1 CAR was 11.05% and 9.39% respectively. With the adoption of Basel III by our Bank and the ongoing implementation of BASEL III by RBI, the minimum capital requirements of our Bank is expected to increase in a phased manner over the next few years.

Accordingly, the objects of the Issue are to augment our Bank's Tier-I capital base in line with the expected growth of our business.

Schedule of Implementation and Deployment of Funds and Interim Utilisation of funds

Our Bank currently proposes to deploy the Net Proceeds in the aforesaid objects in the current fiscal. In the event that the estimated utilization of the Net Proceeds is not completely met in the current fiscal year, the same shall be utilised in the next fiscal year.

Issue related expenses

The total expenses of the Issue are estimated to be approximately ₹ 6.31 crores. The expenses of the Issue include, among others, fees of the Lead Manager, fees of the Registrar to the Issue, fees of the other advisors, printing and stationery expenses, advertising, marketing expenses and other expenses.

The estimated Issue expenses are as under:

Particulars	Estimated Expenses (In ₹ crore)	% of Estimated Issue size	% of Estimated Issue expenses
Fee (including out-of-pocket expenses) to Intermediaries (Lead Manager, Legal Counsel, Registrar to the Issue)	1.90	0.30	30.11
Advertising, traveling and marketing expenses	0.35	0.06	5.55
Printing, postage and stationery expenses	1.90	0.30	30.11
Regulatory fees, listing fees and depository fees	1.20	0.19	19.02
Miscellaneous expenses	0.96	0.15	15.21
Total	**6.31**	**1.00**	**100.00%**

Appraisal

The objects have not been appraised by any banks, financial institutions or agency.

Bridge loans

We have not raised any bridge loans against the Net Proceeds.

Means of Finance

The requirements of the objects detailed above are intended to be funded from the Net Proceeds of the Issue. Accordingly, our Bank confirms that there is no requirement for it to make firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised through the Issue.

Interim Use of Net Proceeds

Pending utilization for the purposes described above, we intend to deposit the Net Proceeds only in scheduled commercial banks included in the Second Schedule of the Reserve Bank of India Act, 1934.

Monitoring of Utilization of Funds

As we are a bank, in accordance with Regulation 16 of the SEBI Regulations, there is no requirement for appointment of a monitoring agency. Our Bank is raising capital to meet future capital adequacy related requirements and not for any specified project(s). Our Bank will disclose the utilization of the Gross Proceeds in our balance sheet in accordance with applicable laws.

Other confirmations

No part of the Net Proceeds will be paid by our Bank as consideration to the Directors or KMPs.

SECTION IV - STATEMENT OF TAX BENEFITS

The Board of Directors
South Indian Bank Limited
SIB House, T.B. Road,
Mission Quarters,
Thrissur 680 001

Dear Sirs,

Sub: Statement of possible Tax Benefits available in connection with proposed Rights Issue of Equity Shares (the "Rights Issue") of South Indian Bank Limited (the "Bank")

We report the tax benefits available to the Bank or its shareholders under the current tax laws presently in force in India relevant to FY 2016-17. Several of these benefits are dependent on the Bank or its shareholders fulfilling the conditions prescribed under the relevant provisions of the statute. Hence, the ability of Bank or its shareholders to derive these tax benefits is dependent upon their fulfilling such conditions.

The possible tax benefits discussed in the enclosed annexure are not exhaustive. This statement is only intended to provide general information to investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the Rights Issue particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail. Neither are we suggesting nor are we advising the investor to invest money based on this statement.

The benefits discussed in the Statement are only intended to provide the tax benefits to the Bank and its shareholders in a general and summary manner and does not purport to be a complete analysis or listing of all the provisions or possible tax consequences of the subscription, purchase, ownership or disposal etc. of shares. The tax benefits listed herein are only the possible benefits which may be available under the current tax laws presently in force in India. Several of these benefits are dependent on the Bank or its shareholders fulfilling the conditions prescribed under the relevant tax laws, which based on business imperative it faces in the future, it may or may not choose to fulfil.

We do not express any opinion or provide any assurance as to whether:

(i) The Bank or its shareholders will continue to obtain these benefits in future; or
(ii) The conditions prescribed for availing the benefits have been/would be met with.

The contents of the enclosed statement are based on the representations obtained from the Bank and on the basis of our understanding of the business activities and operations of the Bank.

This statement is intended solely for information and for inclusion in Letter of Offer in relation to the Rights Issue and is not to be used, circulated or referred to for any other purpose without our prior written consent. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. We do not assume responsibility to update the views consequent to such changes. The views are exclusively for the use of South Indian Bank Limited and shall not, without our prior written consent, be disclosed to any other person.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
Firm's Registration No. 008072S

S Sundaresan
Partner
Membership No.25776

THRISSUR, 4th February, 2017

ANNEXURE

STATEMENT OF DIRECT TAX BENEFITS AVAILABLE TO SOUTH INDIAN BANK LIMITED ("THE BANK") AND ITS SHAREHOLDERS

INCOME TAX

A. TO THE BANK

Special Tax Benefits

1. Under section 36(1)(iiia) of the Act, the Bank is entitled to claim deduction for the pro rata amount of discount on zero coupon bond having regard to the period of life of such bond calculated in the manner as may be prescribed.

2. Under section 36(1)(viia) of the Act in respect of any provision made for bad and doubtful debts, a Scheduled Bank is entitled to a deduction not exceeding:

   a. 7.5% of the total income (computed before making any deductions under this clause and Chapter VIA) and

   b. 10% of the aggregate average advances made by the rural branches of the Bank computed in the prescribed manner.

   Also the Bank shall, at its option, be allowed a further deduction in excess of the limit specified above, for an amount not exceeding the income derived from redemption of securities in accordance with a scheme framed by the Central Government provided such income has been disclosed in its return of income under the head "Profits and gains of business or profession".

3. In addition to the deduction available under section 36(1)(viia) of the Act, the Bank is entitled to claim a deduction under section 36(1)(vii) of the Act for the amount of bad debts written off as irrecoverable in the accounts. The deduction shall be limited to the amount by which such debt or part thereof, which exceeds the credit balance in the provision for bad and doubtful debts account made under section 36(1)(viia) of the Act and subject to the compliance of provisions of section 36(2)(v) of the Act.

4. Under section 36(1)(viii) of the Act, the Bank is entitled to claim deduction for amount transferred to special reserve account subject to maximum 20% of profit derived from providing long term finance in India for industrial or agriculture development or development of infrastructure facility in India or development of housing in India.

   However, where the aggregate of the amounts carried to such reserve account from time to time exceeds twice the amount of the paid up share capital and of general reserves of the bank, no allowance under this section shall be made in respect of such excess.

5. Under the provisions of section 43D of the Act interest income on certain categories of bad or doubtful debts as specified in Rule 6EA of the Income Tax Rules having regard to the guidelines issued by Reserve Bank of India in relation to such debts shall be chargeable to tax, only in the year in which it is actually received or the year in which it is credited to the Profit and Loss Account by the Scheduled Bank, whichever is earlier.

General Tax Benefits

1. Under section 10(15)(i) of the Act, income by way of interest, premium on redemption or other payment on securities, bonds, etc. issued by the Government and deposits notified by the Government is exempt from tax, subject to such conditions and limits as may be specified by Government in this behalf.

2. Under section 10 (33) of the Act, any income arising from the transfer of a capital asset, being a unit of

the Unit Scheme, 1964 referred to in Schedule I to the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002 (58 of 2002) and where the transfer of such asset takes place on or after the 1st day of April 2002 is exempt.

3. In accordance with section 10(34) of the Act, any dividend income as referred to in section 115-O of the Act which is declared, distributed or paid by any domestic company on or after April 1, 2003 is exempt from tax in the hands of the Bank.

4. In accordance with section 10(35) of the Act, the following income shall be exempt in the hands of the Bank:

   a. Income received in respect of the units of a Mutual Fund specified under section 10(23D) the Act; or
   b. Income received in respect of units from the Administrator of the specified undertaking; or
   c. Income received in respect of units from the specified company;

   Provided that this exemption does not apply to any income arising from transfer of units of the Administrator of the specified undertaking or of the specified company or of a mutual fund, as the case may be.

5. By virtue of section 10(36) of the Act, any long term capital gain arising to the Bank from the transfer of a long term capital asset being an eligible equity share in a company purchased on or after 1st day of March 2003 and before 1st day of March 2004 and held for a period of 12 months or more would not be liable to tax in the hands of the Banks.

6. In accordance with section 10(38) of the Act, long-term capital gains arising from the transfer of a long-term capital asset, being an equity share in a company or a unit of an equity oriented fund or units of a business trust is exempt in the hands of the Bank, provided, the transaction of sale of such equity share or unit is entered on or after the date on which chapter VII of the Finance (No.2) Act, 2004 comes into force and such transaction is chargeable to securities transaction tax under that chapter unless the transaction is undertaken on a recognised stock exchange located in any International Financial Services Centre and where the consideration for such transaction is paid or payable in foreign currency.

   However, minimum alternate tax (MAT) of 18.5% (plus applicable surcharge and education cess) on book profits (which would include such long term capital gains) is payable under section 115JB of the Act, if 18.5% of book profit computed as per provision of section 115JB of the Act is higher than the total income tax payable as per normal provision of the Act.

7. Under section 32 of the Act, the Bank is entitled to claim depreciation on tangible and intangible assets owned by it and used for the purpose of its business.

8. In accordance with and subject to the provisions of section 35 of the Act, the Bank would be entitled to deduction in respect of expenditure laid out or expended on scientific research not being in the nature of capital expenditure. Further the Bank also would be entitled to a weighted deduction in respect of any sum paid to a scientific research association which has as its object the undertaking of scientific research or to a university or college or company or other institution to be used for scientific research subject to the conditions specified therein or in certain cases to be used for research in social science or statistical research.

9. In terms of section 35DD of the Income-tax Act, any expenditure incurred wholly and exclusively for the purposes of amalgamation, the bank is eligible for deduction of an amount equal to one-fifth of such expenditure for each of the five successive years beginning with the year in which amalgamation takes place.

10. Pursuant to the amendment introduced by the Finance Act 2008, any payment of securities transaction tax in respect of securities transactions which are taxable under the head “profits and gains of business or profession” shall be allowed as deduction under section 36 (1) (xv) of the Act against such income.

11. In accordance with section 47(viaa) of the Act, any transfer of a capital asset by a banking company to the banking institution, in a scheme of amalgamation of a banking company with a banking institution

sanctioned and brought into force by the Central Government would not be liable to capital gains under section 45 of the Act as such transaction shall not be regarded as a 'transfer'.

12. Under the provisions of section 54EC of the Act and subject to conditions specified therein, the Bank is eligible to claim exemption from the tax arising on long-term capital gains, on investment of capital gains on or after 01.04.2007 in certain specified assets not exceeding Rupees fifty lakhs per financial year, within six months from the date of transfer of capital asset. If only a portion of the capital gains is invested, then the exemption is proportionately available.

If the specified asset is transferred or converted into money at any time within a period of three years from the date of acquisition, the amount of capital gains on which tax was not charged earlier shall be deemed to be income chargeable under the head "Capital Gains" of the year in which the specified asset is transferred or converted into money.

For this purpose, 'specified asset, means, any bond redeemable after three years but issued on or after 01.4.2007, by the National Highways Authority of India or by the Rural Electrification Corporation Limited.

13. In accordance with section 72AA of the Act, where there has been an amalgamation of a banking company with any other banking institution under a scheme sanctioned and brought into force by the Central Government, notwithstanding the provision of section 2(1B) or section 72A of the Act, the accumulated loss under the head "Profits and Gains from Business or Profession" (other than speculation loss) and the unabsorbed depreciation of such banking company shall be deemed to be the loss or, as the case may be, allowance for depreciation of such banking institution for the previous year in which the scheme of amalgamation was brought into force and other provisions of the Act relating to set off and carry forward of loss and allowance for depreciation shall apply accordingly.

14. In accordance with

i. Section 80LA (1) of the Act, where the gross total income of a scheduled bank or any bank incorporated by or under the laws of a country outside India and having an offshore banking unit in a Special Economic Zone or being a unit of an International Financial Services Centre includes any income referred to in subsection 2, there shall be allowed in accordance with and subject to the provisions of this section, a deduction from such income, of an amount equal to –

   a. One hundred percent of such income for five consecutive assessment years beginning with the assessment year relevant to the previous year in which the permission under clause (a) of subsection (1) of section 23 of the Banking regulations Act, 1949 (10 of 1949) or registration under the Securities and Exchange Board of India Act, 1992 (15 of 1992) or any other relevant law was obtained and thereafter.

   b. Fifty percent of such income for five consecutive assessment years.

ii. Section 80LA(2) of the Act, the income referred to the sub-section (1) shall be the income

   a. from an offshore banking unit in a special economic zone.

   b. from the business, referred to in the sub-section(1) of the section 6 of the Banking Regulation Act,1949 with an undertaking located in a special economic zone or any other undertaking which develops, develops and operates or develop, operates and maintains a Special Economic Zone

   c. from any unit of the International Financial Services Centre from its business for which it has been approved for setting up in such a Centre in a Special Economic Zone.

iii. Section 80LA(3) of the Act, no deduction under this section shall be allowed unless the Bank furnishes along with the return of income

a. the report to an accountant as defined below sub-section (2) of section 288 of the Act in the prescribed form, certifying that the deduction has been correctly claimed in accordance with the provisions of this section, and

b. a copy of the permission obtained under clause (a) of the subsection (1) of section 23 of the Banking Regulations Act, 1949.

15. In terms of the provisions of section 111A of the Act, short-term capital gains arising from the transfer of a short-term capital asset, being an equity share in a company or a unit of an equity oriented fund or a unit of a business trust shall be chargeable to tax at the rate of 15% in the hands of the Bank, provided, the transaction of sale of such equity share or unit is entered on or after the date on which chapter VII of the Finance (No.2) Act, 2004 comes into force and such transaction is chargeable to securities transaction tax under that chapter.

    However, if the transaction is undertaken on a recognised stock exchange located in any International Financial Services Centre and where the consideration for such transaction is paid or payable in foreign currency fulfillment of the condition in respect of securities transaction tax shall not apply.

16. The benefit of exemption from tax under section 10(38) of the Act on long term capital gains, or, concessional rate of tax under section 111-A on short-term capital gains will not be available, where no securities transactions tax is paid. In such cases, under the provisions of section 112 of the Act, taxable long-term capital gains, if any, on sale of listed securities or zero coupon bond would be charged to tax either at the rate of 20% (plus applicable surcharge and education cess), after considering indexation benefits as per second proviso to section 48, or at 10% (plus applicable surcharge and education cess) without indexation benefits..

    Under section 48 of the Act, the long-term capital gains arising out of sale of capital assets ***excluding*** bonds and debentures (except Capital Indexed Bonds issued by the Government and Sovereign Gold Bond issued by the Reserve Bank of India under the Sovereign Gold Bond Scheme, 2015) will be computed after indexing the cost of acquisition/improvement.

    The short term capital gains not eligible for the concessional rate under section 111-A of the Act, are chargeable to tax as per the relevant rate applicable to the Bank plus applicable surcharge and education cess.

17. In terms of provisions of section 115JAA (1A) of the Act, tax credit shall be allowed of any tax paid (MAT) under section 115JB of the Act. Credit eligible for carry forward is the difference between MAT paid and the tax computed as per the normal provisions of the Act. Such MAT credit shall not be available for set-off beyond 10 years succeeding the year in which the MAT becomes allowable.

18. Deduction under section 80JJAA of an amount equal to thirty per cent of additional employee cost incurred in the course of business in the previous year, shall be allowed for three assessment years including the assessment year relevant to the previous year in which such employment is provided subject to satisfactions of conditions as prescribed therein.

B. TO THE RESIDENT SHAREHOLDERS OF THE BANK

The following are the benefits as per the current tax laws to shareholders in the Bank. However, in view of the individual nature of the tax consequences, prospective investors are advised to consult his/her/their own tax advisor with respect to the specific tax consequences of his/her/their purchasing shares in the Issue:

1. Under section 10 (32) of the Act, any income of minor children clubbed with the total income of the parent under section 64 (1A) of the Act, will be exempt from tax to the extent of Rs. 1500 per minor child.

2. In accordance with section 10(34) of the Act, any dividend income as referred to in section 115-O of the Act which is declared, distributed or paid by any domestic company on or after April 1, 2003 is exempt from tax in the hands of the shareholders subject to provision of section 115BBDA. As per section 115BBDA, the total income of an assessee, being an individual, Hindu undivided family or a firm, resident in India, includes any income in aggregate exceeding ten lakh rupees, by way of

dividends declared, distributed or paid by a domestic company or companies, the income-tax payable shall be the aggregate of—

a. the amount of income-tax calculated on the income by way of such dividends in aggregate exceeding ten lakh rupees, at the rate of ten per cent; and

b. the amount of income-tax with which the assessee would have been had the total income of the assessee been reduced by the amount of income by way of dividends.

3. In accordance with section 10(38) of the Act, long-term capital gains arising from the transfer of a long-term capital asset, being an equity share in a company or a unit of an equity oriented fund or units of a business trust is exempt in the hands of the shareholder, provided, the transaction of sale of such equity share or unit is entered on or after the date on which chapter VII of the Finance (No.2) Act, 2004 comes into force and such transaction is chargeable to securities transaction tax under that chapter. However, minimum alternate tax (MAT) of 18.5% (plus applicable surcharge and education cess) on book profits (which would include such long term capital gains) is payable by the company under Section 115JB of the Act, if 18.5% of book profit computed as per provision of Section 115JB of the Act is higher than the total income tax payable as per normal provision of the Act.

4. In terms of the provisions of section 111A of the Act, short-term capital gains arising from the transfer of a short-term capital asset, being an equity share in a company or a unit of an equity oriented fund or a unit of a business trust shall be chargeable to tax at the rate of 15% in the hands of the shareholders, provided, the transaction of sale of such equity share or unit is entered on or after the date on which chapter VII of the Finance (No.2) Act, 2004 comes into force and such transaction is chargeable to securities transaction tax under that chapter.

However, if the transaction is undertaken on a recognised stock exchange located in any International Financial Services Centre and where the consideration for such transaction is paid or payable in foreign currency fulfillment of the condition in respect of securities transaction tax shall not apply.

5. The benefit of exemption from tax under section 10(38) of the Act on long term capital gains, or, concessional rate of tax under section 111-A on short-term capital gains will not be available, where no securities transactions tax is paid. In such cases, under the provisions of section 112 of the Act, taxable long-term capital gains, if any, on sale of listed securities or zero coupon bond would be charged to tax either at the rate of 20% (plus applicable surcharge and education cess), after considering indexation benefits as per second proviso to section 48, or at 10% (plus applicable surcharge and education cess) without indexation benefits..

Under section 48 of the Act, the long-term capital gains arising out of sale of capital assets excluding bonds and debentures (except Capital Indexed Bonds issued by the Government and Sovereign Gold Bond issued by the Reserve Bank of India under the Sovereign Gold Bond Scheme, 2015) will be computed after indexing the cost of acquisition/improvement.

The short term capital gains not eligible for the concessional rate under section 111-A of the Act, are chargeable to tax as per the relevant rate applicable to the shareholder plus applicable surcharge and education cess.

6. Pursuant to the amendment introduced by the Finance Act 2008, any payment of securities transaction tax in respect of taxable securities transactions which are taxable under the head “profits and gains of business or profession” shall be allowed as deduction under section 36 (1) (xv) of the Act against such income.

7. Under the provisions of section 54EC of the Act and subject to conditions specified therein, the assessee is eligible to claim exemption from the tax arising on long-term capital gains, on investment of capital gains on or after 01.04.2007 in certain specified assets not exceeding Rupees fifty lakhs per financial year, within six months from the date of transfer of capital asset. If only a portion of the capital gains is invested, then the exemption is proportionately available.

If the specified asset is transferred or converted into money at any time within a period of three years from the date of acquisition, the amount of capital gains on which tax was not charged earlier shall be deemed to be income chargeable under the head "Capital Gains" of the year in which the specified asset is transferred or converted into money.

For this purpose the term assessee would include various types of persons like Individual, Hindu undivided Family, Association of Persons, Body of Individuals, Firm, Company etc,.

For the meaning of the term "specified asset" kindly refer Para no. 12 above.

8. As per the provisions of section 54F of the Act, long term capital gains arising in the hands of an individual or HUF on transfer of Bonds/securities of the Bank shall be exempt if the net consideration is invested in purchase of residential house within a period of one year before or two years from the date of transfer or on construction of a residential house within a period of three years from the date of transfer. The exemption is available proportionately if only a portion of the net consideration is invested as above. The exemption is subject to other conditions specified in that section.

If the new residential house is transferred within a period of three years from the date of purchase or construction, the amount of capital gains on which tax was not charged earlier, shall be deemed to be income chargeable under the head "Capital Gains" of the year in which the residential house is transferred.

C. TO NON-RESIDENT SHAREHOLDERS INCLUDING NRIs, OCBs and FIIs

1. In accordance with section 10(34) of the Act, any dividend income as referred to in section 115-O of the Act which is declared, distributed or paid by any domestic company on or after April 1, 2003 is exempt from tax in the hands of the shareholder.

2. Long-term capital gains would arise to non-resident shareholders where the equity shares are held for a period of more than 12 months prior to the date of transfer of the shares. In accordance with and subject to the provisions of section 48 of the Income-tax Act, in order to compute capital gains, the following amounts would be deductible from the full value of consideration:

   (i) Cost of acquisition/improvement of the shares as adjusted by the Cost Inflation Index notified by the Central Government and

   (ii) Expenditure incurred wholly and exclusively in connection with the transfer of the shares.

   As per the provisions of the first proviso to section 48 of the Income-tax Act, capital gains arising from the transfer of equity shares acquired by non-residents in foreign currency are to be computed by converting the cost of acquisition/improvement, expenditure incurred wholly and exclusively in connection with such transfer and the full value of the consideration received or accruing into the same foreign currency as was initially utilized in the purchase of equity shares and the capital gains so computed in such foreign currency shall then be reconverted into Indian currency. Cost indexation benefits will not be available in such case.

   Further, any gains arising on account of appreciation of rupee against a foreign currency at the time of redemption of rupee denominated bond of an Indian company subscribed by him, shall be ignored for the purposes of computation of full value of consideration under this section:

   Further, the aforesaid manner of computation of capital gains shall be applicable in respect of every reinvestment thereafter in and sale of, shares in, or debentures of an Indian company.

3. The benefit of exemption from tax under section 10(38) of the Act on long term capital gains, or, concessional rate of tax under section 111-A on short-term capital gains will not be available, where no securities transactions tax is paid. In such cases, under the provisions of section 112 of the Act, taxable long-term capital gains, if any, on sale of listed securities or zero coupon bond would be charged to tax either at the rate of 20% (plus applicable surcharge and education cess), after considering indexation benefits as per second proviso to section 48, or at 10% (plus applicable surcharge and education cess) without indexation benefits..

Under section 48 of the Act, the long-term capital gains arising out of sale of capital assets excluding bonds and debentures (except Capital Indexed Bonds issued by the Government and Sovereign Gold Bond issued by the Reserve Bank of India under the Sovereign Gold Bond Scheme, 2015) will be computed after indexing the cost of acquisition/improvement.

The short term capital gains not eligible for the concessional rate under section 111-A of the Act, are chargeable to tax as per the relevant rate applicable to the shareholder plus applicable surcharge and education cess.

4. Pursuant to the amendment introduced by the Finance Act 2008, any payment of securities transaction tax in respect of taxable securities transactions which are taxable under the head "profits and gains of business or profession" shall be allowed as deduction under section 36 (1) (xv) of the Act against such income.

5. Under section 54EC of the Act, exemption from capital gain tax is available in respect of long term capital gains arising on transfer of the Bonds/securities of the Bank if the assessee at any time within a period of six months from the date of such transfer, invests the whole of the capital gains in specified assets subject to maximum of Rupees fifty lakhs per financial year made on or after 01.04.2007. If only a portion of capital gains is so invested, then the exemption is proportionately available.

   If the specified asset is transferred or converted into money at any time within a period of three years from the date of acquisition, the amount of capital gains on which tax was not charged earlier shall be deemed to be income chargeable under the head "Capital Gains" of the year in which the specified asset is transferred or converted into money.

   For this purpose the term assessee would include various types of persons like Individual, Hindu undivided Family, Association of Persons, Body of Individuals, Firm, Company etc,.

   For the meaning of the term "specified asset" kindly refer Para no. 12 above.

6. As per the provisions of section 54F of the Act, long term capital gains arising in the hands of an individual or HUF on transfer of Bonds/securities of the Bank shall be exempt if the net consideration is invested in purchase of residential house within a period of one year before or two years from the date of transfer or on construction of a residential house within a period of three years from the date of transfer. The exemption is available proportionately if only a portion of the net consideration is invested as above. The exemption is subject to other conditions specified in that section.

   If the new residential house is transferred within a period of three years from the date of purchase or construction, the amount of capital gains on which tax was not charged earlier, shall be deemed to be income chargeable under the head "Capital Gains" of the year in which the residential house is transferred.

7. Capital gains arising to Non Resident Indians (NRIs) on sale of shares on which securities transaction tax is not paid, is governed by Chapter XII-A of the Income-tax Act, subject to fulfilling the conditions stipulated therein.

   (i) In accordance with and subject to the provisions of section 115D read with section 115E of the Income-tax Act, long-term capital gains arising on transfer of specified capital assets (including bank's Equity Shares) acquired out of convertible foreign exchange, are taxable at the rate of 10% (plus applicable surcharge and cess). Cost indexation benefits will not be available in such case.

   (ii) In accordance with and subject to the provisions of section 115F of the Income-tax Act, long-term capital gains arising on sale of shares acquired by a NRI shareholder out of convertible foreign exchange shall be exempt from income tax entirely/proportionately, if the entire/part of the net consideration is invested for a period of three years in any savings certificates specified under section 10(4B) or specified assets as defined in section 115C(f) of the Income-tax Act, within six months from the date of transferring the shares. The amount so exempted will be chargeable to tax under the head 'Capital Gains' if these new assets are transferred or converted (otherwise than by way of transfer) into money within three years from the date of its acquisition in accordance with the provisions of section 115F(2) of the Income-tax Act.

(iii) As per section 115G of the Income-tax Act, a NRI would not be required to file a return of income under section 139(1) of the Income-tax Act, where the total income consists only of investment income and/or long-term capital gains and tax deductible at source has been deducted from such income as per provisions of Chapter XVIIB of the Income-tax Act.

(iv) As per the provision of section 115I of Income-tax Act, a NRI may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing his return of income for that assessment year under section 139 of the Income-tax Act, declaring therein that the provisions of Chapter XII-A shall not apply to him for that assessment year and accordingly his total income for that assessment year will be computed in accordance with the provisions of the Income-tax Act.

8. A capital gain arising to FIIs on sale of shares on which securities transaction tax is not paid is governed by section 115AD of the Income-tax Act. As per section 115AD of the Income-tax Act, long-term capital gains arising on transfer of shares purchased by FIIs are taxable at the rate of 10% (plus applicable surcharge, education cess and secondary and higher education cess). Short-term capital gains are however, taxable at the rate of 30% (plus applicable surcharge, education cess and secondary and higher education cess). Cost indexation benefits will not be available. Further, the provisions of the first proviso of section 48 of the Income-tax Act as stated above will not apply.

9. In accordance with and subject to the provisions of section 115AD read with section 196D(2) of the Income-tax Act, no deduction of tax at source is applicable in respect of capital gains arising from the transfer of the equity shares payable to FIIs.

10. In the case of all non-resident shareholders, the above tax rates are subject to the benefits, if any, available under the double taxation avoidance agreements signed by India with the country of which the non-resident shareholder may be a tax resident, subject to fulfillment of conditions prescribed there under.

Notes:
All the above benefits are as per the current tax law and will be available only to the sole/first names holder in case the shares are held by joint holders.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
Firm's Registration No. 008072S

S Sundaresan
Partner
Membership No.25776

THRISSUR, 4th February, 2017

SECTION V – ABOUT THE BANK

HISTORY AND CORPORATE STRUCTURE

Brief Corporate History of our Bank

Our Bank was incorporated under the Indian Companies Act, 1913 on January 25, 1929 as 'The South Indian Bank Limited' in Thrissur. The registration number of our Bank is 001017 and our CIN is L65191KL1929PLC001017.

We are a banking company recognized as a scheduled commercial bank within the meaning of the Reserve Bank of India Act, 1934.

Our Main Objects

The main objects of our Bank are as follows:
(a) to establish and carry on the business of banking at the registered office of the Company and at such branches, agencies or offices in Cochin, Travancore and other Indian States and in any other part of India or elsewhere as may from time to time be determined upon by the Directors of the Company;
(b) carrying on the business of accepting deposits of money on current account or otherwise subject to withdrawal by cheque, draft, or order and to carry on the business of banking in all its branches and departments;
(c) the borrowing raising or taking up of money; the lending or advancing of money either upon or without security; the drawing, making, accepting, discounting, buying, selling, collecting and dealing in bills of exchange, hundies, promissory notes, coupons, drafts, bills of lading, railway receipts, warrants, debentures, certificates, scrips and other instruments and securities whether transferable or negotiable or not; the granting and issuing of letters or credit, travellers' cheques and circular notes; the buying, selling and dealing in bullion and specie; the buying and selling of foreign exchange including foreign bank notes; the acquiring, holding, issuing on commission, underwriting and dealing in stock, funds, shares, debentures, debenture stock, bonds, obligations, securities and investments of all kinds; the purchasing and selling of bonds, scrips or other forms of securities on behalf of constituents or others; the negotiating of loans and advances; the receiving of all kinds of bonds, scrips or valuables on deposits or for safe custody or otherwise; the collecting and transmitting of money and securities;
(d) acting as agents for Governments or Local Authorities or for any other person or persons; the carrying on of agency business of any description other than the business of a managing agent (of a Company not being a Banking Company) including the power to act as attorneys and to give discharges and receipts;
(e) contracting for public and private loans and negotiating and issuing the same;
(f) The promoting, effecting, insuring, guaranteeing, underwriting, participating, in managing and carrying out of any issue, public or private of State, Municipal or other loans or of shares, stock, debentures or debenture stock of any Company, Corporation or Association and the lending of money for the purpose of any such issue;
(g) carrying on and transacting every kind of guarantee and indemnity business;
(h) promoting or financing or assisting in promoting or financing any business undertaking or industry, either existing or new, and developing or forming the same either through the instrumentality of syndicates or otherwise;
(i) acquisition by purchase, lease, exchange, hire, or otherwise of any property immovable or movable and any rights or privileges, which the Company may think necessary or convenient to acquire or the acquisition of which in the opinion of the Company is likely to facilitate the realisation of any securities held by the Company or to prevent or diminish any apprehended loss or liability;
(j) managing, selling and realising all property movable and immovable which may come into the possession of the Company in satisfaction or part satisfaction of any of its claims;
(k) acquiring and holding and generally dealing with any property and any right, title or interest in any property movable or immovable which may form part of the security for any loans or advance or which may be connected with any such security;
(l) undertaking and executing trusts;
(m) undertaking the administration of estates as executor, trustee or otherwise;
(n) taking or otherwise acquiring and holding shares in any other Company having objects similar to those of the Company;
(o) establishing and supporting or aiding in the establishment and support of associations, institutions, funds, trusts and conveniences calculated to benefit employees or exemployees of the Company or the dependants

or connections of such persons; granting pensions and allowances and making payments towards insurance; subscribing to or guaranteeing moneys for charitable or benevolent objects or for any exhibition or for any public, general or useful object;

(p) the acquisition, construction, maintenance and alteration of any building or works necessary or convenient for the purposes of the Company;

(q) selling, improving, managing, developing, exchanging, leasing, mortgaging, disposing of or turning into account or otherwise dealing with all or any part of the property and rights of the Company;

(r) acquiring and undertaking the whole or any part of the business of any person or Company when such business is of a nature enumerated or described in these clauses;

(s) the starting and conducting of Kuries or Chit Funds in accordance with the provisions of the Cochin Kuries Act or in accordance with any Act in Travancore or elsewhere regulating Kuries or Chit Funds;

(t) to open establish maintain and operate currency chests and small coin depots on such terms and conditions as may be required by the Reserve Bank of India Act, 1934 and enter into all administrative or other arrangements for undertaking such functions with the Reserve Bank of India;

(u) to establish and administer mutual funds either alone or in association with other banks or financial institutions and / or to set up, establish, incorporate, register or otherwise bring into existence wholly-owned or partly-owned subsidiary companies, firms or trusts for carrying on mutual fund business of all nature as may be allowed by the Reserve Bank of India;

(v) to engage in and carry on any activity of Merchant Banking as may be permissible including inter alia, the business of issue management by making arrangements regarding selling, buying or subscribing to securities and / or acting as advisor, consultant, manager, underwriter and bankers to the issue and portfolio manager and also to engage in venture capital business, acquisitions, mergers and amalgamations and also select merchant banking activities including loan syndication and rendering of advisory services relating to any of these activities;

(w) to establish, incorporate, register or otherwise bring into existence subsidiary or associate companies, firms or trusts for the purpose of undertaking merchant banking business, and / or factoring, leasing, housing, hire purchasing and forfeiting services as may be permitted by the Reserve Bank of India;

(x) to undertake credit card business and business of similar or identical nature either alone or in association with other banks or business organisations specialising in business of this kind;

(y) to carry on insurance and reinsurance business of all kinds including but not limited to life, marine, fire, motor accidents, sickness, fidelity, burglary, earthquake, flood, whether alone or jointly with other persons, bodies, corporate or firms, whether domestic or international;

(z) to carry on the business of surveyors, actuaries, brokers, agents and distributors for all insurance products;

(aa) doing all such other things as are incidental or conducive to the promotion or advancement of the business of the Company;

(bb) to undertake and carry on all other forms of business as may be permissible for a banking company to undertake or carry on by any law in force for the time being and in particular such other form of business which the Government of Cochin may by notification in the Cochin Government Gazette under the Indian Companies Act, 1913 as made applicable to the Cochin State specify to be lawful for a banking company to engage in;

(cc) to create, issue and allot debt instruments / sub-ordinate debt instruments or hybrid debt capital instruments of long term maturity whether unsecured or secured by all or some of the assets and properties of the Company and to provide for their cancellation, liquidation, substitution or redemption by appropriations from profits, transfer from reserves and / or out of the proceeds of a fresh issue of securities or instruments.

Key Events and Milestones

The following table illustrates the major events and milestones in the history of our Bank:

Calendar year	Key events, milestones and achievements
1929	Our Bank was incorporated as 'The South Bank Indian Limited' in Thrissur, India.
1957	Our Bank received a licence to carry on banking business in India from the Reserve Bank of India.
1975	Our Bank was granted a license to deal in foreign exchange at five offices, subject to conditions as may be notified from time to time by the RBI.
1998	Our Bank raised ₹ 35 crores through an initial public offer of its Equity Shares.
2004	Our Bank raised ₹ 47.68 crores through a rights issue of its Equity Shares.
2006	Our Bank raised ₹ 150 crores through a further public offer of its Equity Shares.
2012	Our Bank raised ₹ 442.60 crores through a qualified institutional placement of its Equity Shares.

OUR MANAGEMENT

Board of Directors

The composition of our Board is governed by the provisions of the Companies Act, the Banking Regulation Act, the SEBI Listing Regulations, the Listing Agreements and our Articles of Association. Under our Articles of Association, we are required to have not less than seven directors and not more than ten directors. As on the date of this Letter of Offer, we have ten Directors on the Board of our Bank.

Pursuant to the provisions of the Companies Act, at least two-thirds of the total number of Directors excluding the Independent Directors, are liable to retire by rotation, with one-third of such number retiring at each annual general meeting. Our Board presently does not have requisite number of directors liable to retire by rotation to strictly comply with the Companies Act.

The following table sets forth details regarding our Board as on the date of this Letter of Offer:

Name, Designation, Occupation, Address and Term	Nationality	Director's Identification Number	Age (years)	Directorships in other companies
Mr. Salim Gangadharan **Designation**: Part-time Chairman and Non-Executive Director[1] **Occupation**: Retired Principal Chief General Manager and Regional Director, RBI **Address**: C-26, RNP Lane, Sasthamangalam P.O, Vellayambalam, Trivandrum, Kerala, India 695010 **Term**: For a period of five years with effect from April 1, 2014 (as an Independent Director) and for a period of three years from November 2, 2016 to November 1, 2019 (as Part-time Chairman)	Indian	06796232	63	1. The National Securities Clearing Corporation Limited 2. IFMR Rural Channels & Services Limited 3. Kerala Infrastructure Investment Fund Board
Mr. V.G. Mathew **Designation**: Managing Director and Chief Executive Officer **Occupation**: Professional **Address**: Plot No 264, 2nd Gate, Door No Viii /705 [1], Hill Gardens, Kuttanellur, Thrissur, Kerala 680006 **Term**: For a period of 3 years from October 1, 2014 till September 30, 2017.	Indian	05332797	63	Nil

[1] Mr. Gangadharan was appointed as an Independent Director with effect from April 1, 2014. Subsequently, he was appointed as a part-time Chairman with effect from November 2, 2016 and commenced receiving certain benefits due to which he no longer remains an Independent Director. Our Bank is in the process of obtaining necessary corporate approvals noting the change in his designation.

Name, Designation, Occupation, Address and Term	Nationality	Director's Identification Number	Age (years)	Directorships in other companies
Mr. Mohan E. Alapatt **Designation**: Non-Executive Independent Director **Occupation**: Corporate Executive **Address**: No. 503, Golf Manor, 126 NAL Wind Tunnel Road, Off Airport Road, Bangalore, Karnataka, India 560017 **Term**: From April 1, 2014 to February 28, 2018	Indian	00025594	53	1. Beer Works Restaurants and Microbrewery Private Limited
Mr. K. Thomas Jacob **Designation**: Non-Executive Independent Director **Occupation**: Chartered Accountant **Address**: Kalappilayil, Krishna Gardens, Golf Links Road, Kowdiar, Thiruvanthapuram, Kerala, India 695003 **Term**: From April 1, 2014 till August 30, 2018	Indian	00812892	63	1. Spot Markets Securities Private Limited 2. Syncon Management Consultants Private Limited
Dr. John Joseph Alapatt **Designation**: Non-Executive Independent Director **Occupation**: Doctor and Entrepreneur **Address**: T-4, Nithyadhan Apartments, Padma Layout, Trichy Road, Coimbatore, Tamil Nadu, India – 641045 **Term**: For a period of five years from April 1, 2014	Indian	00021735	63	1. Janakshemam Kuries Private Limited
Mr. Francis Alapatt alias Palathingal Antony Francis **Designation**: Non-Executive Independent Director **Occupation**: Entrepreneur **Address**: No. 37/3166, Palathingal, Bank Road, Kaloor, Ernakulam, Kerala, India 682017 **Term**: For a period of five years from April 1, 2014	Indian	01419486	64	1. CII Guardian International Limited 2. Alapatt Properties Private Limited
Mr. Cheryan Varkey	Indian	06884551	65	Nil

Name, Designation, Occupation, Address and Term	Nationality	Director's Identification Number	Age (years)	Directorships in other companies
Designation: Non-Executive Director **Occupation**: Banker **Address**: Sam Villa, Padinjarethala Angadi, Paravattani P.O, Thrissur, Kerala, India 680005 **Term**: With effect from May 28, 2014, liable to retire by rotation				
Ms. Ranjana S. Salgaocar **Designation**: Non-Executive Independent Director **Occupation**: Business Executive/Partner **Address**: Hira Vihar Chicalim Mormugao, Goa India 403711 **Term**: Period of five years from July 15, 2015.	Indian	00120120	62	1. Achintya Real Estate Private Limited 2. Amona Shipyard Private Limited 3. Cauvery Mining Private Limited 4. Curti Enterprises Private Limited 5. Dhanistha Real Estates Private Limited 6. Dhareshwar Real Estates Private Limited 7. Ganadev Real Estate Private Limited 8. Ganapal Real Estates Private Limited 9. Ganaraj Real Estates Private Limited 10. Hotel Lapaz Gardens Private Limited 11. International Wine and Food Society 12. Medini Real Estates Private Limited 13. Nova Sancoale Services Private Limited 14. Pyramid Metallics Private Limited 15. Sandstone Real Estates Private Limited 16. Sumedha Plantations Private Limited 17. VM Salgaocar Corporation Private Limited 18. VM Salgaocar Hotels and Resorts Private Limited
Mr. John Parayil George Tharakan alias Parayil George John Tharakan **Designation**: Non-Executive Independent Director **Occupation**: Agriculturist **Address**: Ayanat Parayil Thycattusserry, P O Cherthala Alappuzha, Kerala India 688528 **Term**: For a period of five years with effect from July 15, 2015	Indian	07018289	56	Nil
Mr. Achal Kumar Gupta **Designation**: Non-Executive Independent Director (Additional) **Occupation**: Former Bank Executive	Indian	02192183	63	Nil

Name, Designation, Occupation, Address and Term	Nationality	Director's Identification Number	Age (years)	Directorships in other companies
Address: 814, Asian Games Village Complex, New Delhi - 110049 **Term**: With effect from January 11, 2017 till the conclusion of the next annual general meeting				

Brief Biographies of our Directors

Mr. Salim Gangadharan is the Part-time Chairman and Non-Executive Director of the Board of our Bank. Mr. Gangadharan holds a master's degree in economics from the University of Kerala. He is also a certified associate of the Indian Institute of Bankers. He has several years of experience in the Reserve Bank of India. He retired in October, 2013 as principal chief general manager and regional director, RBI, Trivandrum. He has been on our Board since January, 2014. In the fiscal year 2016, Mr. Gangadharan received sitting fees of ₹ 15,75,000 from our Bank.

Mr. V. G. Mathew is the Managing Director and Chief Executive Officer of our Bank. Mr. Mathew holds bachelor's degree and a master's in science from the University of Kerala. Additionally, he is a certified associate of the Indian Institute of Bankers. Mr. Mathew was the Executive Vice President of our Bank from January 2, 2014 to September 30, 2014. Prior to joining our Bank, Mr. Mathew was employed at State Bank of India for more than 30 years. He retired from State Bank of India as Chief General Manager on November 30, 2013. In the fiscal year 2016, Mr. Mathew received remuneration of ₹ 83,36,325 from our Bank.

Mr. Mohan E. Alapatt is a Non-Executive Independent Director on our Board. Mr. Alapatt holds a bachelor's degree in engineering from PSG College of Technology, Tamil Nadu. Mr. Alapatt has been a Director of our Bank for a period of eight years from April 30, 1999 to April 23, 2007. Further, he is also a Director at Beer Works Restaurants and Microbrewery Private Limited. In the fiscal year 2016, Mr. Mohan Alapatt received sitting fees of ₹12,75,000 from our Bank.

Mr. K. Thomas Jacob is a Non-Executive Independent Director on our Board. Mr. Jacob holds a bachelor's degree in science from University of Kerala. He is also a fellow of the Institute of Chartered Accountants of India. Further, he has completed practical training and passed the Information Systems Audit ("**ISA**") assessment test conducted by the Institute of Chartered Accountants of India. Mr. Jacob is a partner at the firm M/s Thomas Jacob & Company and has about 30 years of experience in the field of audit. In the fiscal year 2016, Mr. Jacob received sitting fees of ₹ 14,10,000 from our Bank.

Dr. John Joseph Alapatt is a Non-Executive Independent Director on our Board. Dr. Alapatt holds a Bachelor of Medicine and Bachelor of Surgery degree as well as a Post-Graduate diploma from Bangalore University. He is an industrialist having several years of experience in managing a small scale industry unit. Dr. Alapatt has been the Director of our Bank for 16 years, with his first term from February 1, 1986 to January 25, 1994 and his second term from February 12, 2002 to February 12, 2010. In the fiscal year 2016, Dr. Alapatt received sitting fees of ₹ 13,75,000 from our Bank.

Mr. Francis Alapatt *alias* Palathingal Antony Francis is a Non-Executive Independent Director on our Board. Mr. Alapatt holds a bachelor's degree in science. He is a director of M/s CII Guardian International Ltd and an executive committee member of Indo-American Chamber of Commerce. In the fiscal year 2016, Mr. Francis Alapatt received sitting fees of ₹ 9,25,000 from our Bank.

Mr. Cheryan Varkey is a Non-Executive Director on our Board. Mr. Varkey holds a master's degree in science from University of Kerala. He is also a certified associate of the Indian Institute of Bankers. He joined the Bank on September 8, 1975. He was an executive director of the Bank until April 30, 2014. In the fiscal year 2016, Mr. Varkey received sitting fees of ₹ 12,85,000 from our Bank.

Ms. Ranjana S. Salgaocar is a Non-Executive Independent Director on our Board. Ms. Salgaocar holds a bachelor's degree in social work from University of Bombay. Ms. Salgaocar is also a Director at International

Wine and Food Society. Ms. Salgaocar has been on the Board of our Bank since October 1, 2014. In the fiscal year 2016, Ms. Salgaocar received sitting fees of ₹ 5,80,000 from our Bank.

Mr. John Parayil George Tharakan *alias* Parayil George John Tharakan is a Non-Executive Independent Director on our Board. Mr. Tharakan holds a bachelor's degree in commerce from the University of Kerala and a LLB degree from Bangalore University. Mr. Tharakan has experience of 30 years in the field of agriculture. In the fiscal year 2016, Mr. Tharakan received sitting fees of ₹ 7,35,000 from our Bank.

Mr. Achal Kumar Gupta is a Non-Executive Independent Director (Additional) on our Board. Mr. Gupta holds a bachelor's and a master's degree in arts from Panjab University in the subject of English. Further, he is a certified associate of the Indian Institute of Bankers. Mr. Gupta retired on November 30, 2013 as the Managing Director of the State Bank of Patiala. He has previously worked in IFCI Limited as Deputy Managing Director from December 12, 2013 to December 11, 2016. Mr. Gupta did not receive any remuneration from our Bank in the fiscal year 2016.

Relationships between Directors

None of our Directors are related to each other.

Details of Service Contracts

There are no service contracts entered into with any of the Directors for provision of benefits or payments of any amount upon termination of employment.

Details of current and past directorship(s) in listed companies whose shares have been/ were suspended from being traded on the BSE/ NSE and reasons for suspension

None of our Directors are currently or have been, in the past five years, on the board of directors of a listed company whose shares have been or were suspended from being traded on the BSE or NSE.

Details of current and past directorship(s) in listed companies which have been/ were delisted from the stock exchange(s) and reasons for delisting.

None of our Directors are currently or have been on the board of directors of a public listed company whose shares have been or were delisted from being traded on any stock exchange.

Arrangements and Understanding with Major Shareholders, Customers, Suppliers or others.

None of our Directors or members of our senior management have been appointed pursuant to any arrangement or understanding with our major shareholders, customers, suppliers or others.

SECTION VI – FINANCIAL INFORMATION

FINANCIAL STATEMENTS

REPORT OF THE INDEPENDENT AUDITOR ON THE REFORMATTED SUMMARY FINANCIAL STATEMENTS

To the Board of Directors of
The South Indian Bank Limited

1) The accompanying Reformatted Summary Financial Statements of **THE SOUTH INDIAN BANK LIMITED** (the "Bank"), which comprise the Reformatted Summary Balance Sheet as at March 31, 2016, and also the Reformatted Summary Profit and Loss Account and the Reformatted Summary Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (together comprising the "Reformatted Summary Financial Statements") are derived from the audited financial statements as at and for the year ended March 31, 2016 (the "Audited Financial Statements") of the Bank audited by us as detailed in paragraph 2 below. The Audited Financial Statements, and the Reformatted Summary Financial Statements, do not reflect the effects of events that occurred subsequent to the date of our report on the Audited Financial Statements except for the matters as mentioned under section "Basis of preparation" in Schedule 17 to the Reformatted Summary Financial Statements.

2) a) We expressed an unmodified audit opinion on the Audited Financial Statements, vide our report dated May 11, 2016. The Audited Financial Statements incorporate the Returns of 19 branches of the bank audited by us and 839 branches/ offices audited by the Branch Auditors of the Bank's branches.

   b) Our report on the Audited Financial Statements, included an emphasis of matter paragraph which describes the shortfall arising from the sale of certain non-performing assets during the year ended March 31, 2015 and 2016 over a period of 2 years, in terms of RBI Master Circular DBOD.No.BP.BC.9/21.04.048/2014-15 on Prudential Norms on Income Recognition, Asset Classification and Provisioning pertaining to advances, dated July 1, 2014, as amended and the balance outstanding of such cumulative shortfall as at March 31, 2016 of Rs.23.74 Crore in Note No.A.10.A of Schedule 18 of the Audited Financial Statements.

   Our opinion was not modified in respect of this matter.

3) **Management's Responsibility for the Reformatted Summary Financial Statements**

   Management is responsible for the preparation of the Reformatted Summary Financial Statements from the Audited Financial Statements on the basis described under section "Basis of preparation" in Schedule 17 to the Reformatted Summary Financial Statements.

4) **Auditor's Responsibility**

   Our responsibility is to express an opinion on the Reformatted Summary Financial Statements based on our procedures, which were conducted in accordance with Standard on Auditing (SA) 810, "Engagements to Report on Summary Financial Statements" issued by the Institute of Chartered Accountants of India.

5) **Opinion**

   In our opinion, the Reformatted Summary Financial Statements derived from the Audited Financial Statements of the Bank is a fair summary of the Audited Financial Statements on the basis described under section "Basis of preparation" in Schedule 17 to the Reformatted Summary Financial Statements.

6) **Restrictions on Use**

This report is addressed to and is provided to enable the Bank to include this report in the Letter of Offer in connection with the rights issue, to be filed by the Bank with Securities and Exchange Board of India and that these Reformatted Summary Financial Statements may not be meaningful for any other purpose.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
Firm's Registration No. 008072S

S Sundaresan
Partner
Membership No.25776

THRISSUR, 4th February, 2017

THE SOUTH INDIAN BANK LIMITED			
REFORMATTED SUMMARY BALANCE SHEET AS AT MARCH 31, 2016			
	Schedule No	As at March 31, 2016 ₹ in Crore	As at March 31, 2015 ₹ in Crore
CAPITAL AND LIABILITIES			
Capital	1	135.03	135.02
Employees' Stock Options (Grants) Outstanding		3.65	2.38
Reserves and Surplus	2	3,706.90	3,454.39
Deposits	3	55,720.73	51,912.49
Borrowings	4	2,614.96	2,232.47
Other liabilities and provisions	5	1,293.61	1,379.57
TOTAL		63,474.88	59,116.32
ASSETS			
Cash and Balances with Reserve Bank of India	6	2,476.13	2,441.58
Balances with banks and money at call and short notice	7	798.34	1,953.50
Investments	8	14,743.93	13,286.14
Advances	9	41,085.75	37,391.64
Fixed Assets	10	486.99	479.05
Other Assets	11	3,883.74	3,564.41
TOTAL		63,474.88	59,116.32
Contingent Liabilities	12	14,749.74	27,220.07
Bills for collection		620.52	554.44
Significant Accounting Policies	17		
Notes on Accounts	18		
Schedules referred to above form an integral part of the Reformatted Balance Sheet			

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

For and on behalf of Board of Directors

V G Mathew
Managing Director & CEO

Thomas Joseph K
Executive Vice President

S. Sundaresan
Partner

C P Gireesh
Chief Financial Officer

Jimmy Mathew
Company Secretary

Thrissur, 4th February, 2017

Kochi, 11th January, 2017

THE SOUTH INDIAN BANK LIMITED

REFORMATTED SUMMARY PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2016

	Schedule No	**Year ended March 31, 2016 ₹ in Crore**	Year ended March 31, 2015 ₹ in Crore
I. INCOME			
Interest Earned	13	5,557.20	5,286.22
Other Income	14	517.42	497.07
TOTAL		6,074.62	5,783.29
II. EXPENDITURE			
Interest Expended	15	4,047.50	3,919.99
Operating Expenses	16	1,147.84	981.30
Provisions and Contingencies		546.01	574.80
TOTAL		5,741.35	5,476.09
III. PROFIT/LOSS			
Net Profit for the year		333.27	307.20
Profit brought forward from previous year		95.22	39.86
Profit available for Appropriation:		428.49	347.06
IV. APPROPRIATIONS			
Transfer to Statutory Reserve		83.32	76.81
Transfer to Capital Reserve		24.53	3.86
Transfer to Revenue and Other Reserve		50.00	50.00
Transfer to Special Reserve u/s 36(i)(viii) of Income Tax Act		25.72	30.00
Transfer to/(from) Investment Reserve		(10.05)	(6.79)
Proposed Dividend		67.52	81.01
Tax on Proposed Dividend		13.74	16.95
Balance carried over to Reformatted Balance Sheet		173.71	95.22
TOTAL		428.49	347.06
Earnings per share (Face value of ₹ 1 per share)			
Basic (in ₹)	18.B.2	2.47	2.28
Diluted (in ₹)	18.B.2	2.47	2.27
Significant Accounting Policies	17		
Notes on Accounts	18		

Schedules referred to above form an integral part of the Reformatted Profit and Loss Account

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

For and on behalf of Board of Directors

V G Mathew
Managing Director & CEO

S. Sundaresan
Partner

Thomas Joseph K
Executive Vice President

C P Gireesh
Chief Financial Officer

Jimmy Mathew
Company Secretary

Thrissur, 4th February, 2017

Kochi, 11th January, 2017

THE SOUTH INDIAN BANK LIMITED				
REFORMATTED SUMMARY CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016				
		Year Ended March 31, 2016 ₹ in Crore		Year Ended March 31, 2015 ₹ in Crore
Cash flow from operating activities				
Net Profit As Per Reformatted Profit and Loss Account		333.27		307.20
Adjustments for:				
Provision for taxes(Net)		176.40		160.75
Depreciation		67.03		(1.11)
Deferred Employee Cost Amortized		-		22.49
Amortisation of Premium on HTM Investments		18.88		19.50
Provision for Depreciation / Non Performing Investments		43.21		11.78
General Provisions against Standard Assets		(0.79)		31.37
Provision/write off for Non-Performing Assets		391.90		225.52
Other Provisions		(64.71)		145.38
ESOS Employee Compensation expense amortised		1.49		1.64
Interest on Subordinated bonds		35.03		19.50
Loss on sale of land, buildings and other assets		0.04		0.42
Operating profit before working capital changes	**(A)**	**1,001.75**		**944.44**
Changes in working capital:				
Increase / (Decrease) in Deposits		3,808.24		4,421.40
Increase / (Decrease) in Borrowings		82.48		(598.30)
Increase / (Decrease) in Other liabilities		(41.23)		(118.83)
(Increase) / Decrease in Investments		(197.05)		(656.15)
(Increase) / Decrease in Advances		(4,066.21)		(1,438.23)
(Increase) / Decrease in Other Assets		(240.80)		(792.36)
	(B)	(654.57)		817.53

		Year Ended March 31, 2016 ₹ in Crore		Year Ended March 31, 2015 ₹ in Crore
Cash flow from operating activities before taxes	**(A+B)**	347.18		1,761.97
Direct Taxes Paid		(237.82)		(274.98)
Net cash flow from operating activities	**(C)**	109.36		1,486.99
Cash flow from investing activities:				
Purchase of Fixed Assets/Capital Work-In-Progress		(76.25)		(71.23)
Sale of Fixed Assets		1.21		2.74
(Purchase)/Sale of Investments (Held To Maturity)		(1,322.83)		(104.12)
Net cash flow from investing activities	**(D)**	**(1,397.87)**		**(172.61)**
Cash flow from financing activities:				
Proceeds from issue of share capital		0.30		8.06
Dividend paid including Corporate Dividend Tax		(97.50)		(125.79)
Interest on Subordinated bonds		(34.90)		(19.50)
Issue/(Repayment) of Subordinate bonds		300.00		-
Net cash flow from financing activities	**(E)**	**167.90**		**(137.23)**
Net increase in cash and cash equivalents	**(C+D+E)**	(1,120.61)		1,177.15
Cash and cash equivalents as at beginning of the year *(Refer note below)*		**4,395.08**		**3,217.93**
Cash and cash equivalents as at the end of the year *(Refer note below)*		**3,274.47**		**4,395.08**

Cash and cash equivalents comprise of cash on hand (including foreign currency notes), Balances with Reserve Bank of India, Balance with Banks and money at call and short notice (Refer schedules 6 and 7 of the Reformatted Summary Balance sheet)

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

For and on behalf of Board of Directors

S. Sundaresan
Partner

Thomas Joseph K
Executive Vice President

V G Mathew
Managing Director & CEO

C P Gireesh
Chief Financial Officer

Jimmy Mathew
Company Secretary

Thrissur, 4th February, 2017

Kochi, 11th January, 2017

THE SOUTH INDIAN BANK LIMITED

SCHEDULES TO REFORMATTED SUMMARY BALANCE SHEET AS AT MARCH 31, 2016

		As at March 31, 2016 ₹ in Crore	As at March 31, 2015 ₹ in Crore
SCHEDULE 1 - CAPITAL			
Authorised Capital		250.00	250.00
250,00,00,000 Equity shares of ₹ 1/- each (Previous year 250,00,00,000 equity shares of ₹ 1/- each)			
Issued, Subscribed and Paid up Capital		135.03	135.02
135,03,09,041 Equity shares of ₹ 1/- each (Previous year 135,01,52,036 equity shares of ₹ 1/- each)			
	TOTAL	135.03	**135.02**
Employees' Stock Options (Grants) Outstanding			
Employees' Stock Options Outstanding		5.00	5.31
Less: Deferred Employee Compensation Expense (unamortised)		1.35	2.93
	TOTAL	3.65	2.38
SCHEDULE 2 - RESERVES AND SURPLUS			
I. Statutory Reserve			
Opening Balance		788.09	711.28
Additions during the year		83.32	76.81
	Sub total	871.41	788.09
II. Capital Reserve			
Opening Balance		47.95	44.09
Additions during the year		24.53	3.86
	Sub total	72.48	47.95
III. Asset Revaluation Reserve			
Opening Balance		138.58	131.66
Additions - Write back to Reserve on account of change in method of Depreciation		-	11.88
		138.58	143.54
Deductions during the year: Deduction from revaluation reserve to the extent of depreciation on revalued amount		4.96	4.96
	Sub total	133.62	138.58
IV. Share Premium			
Opening Balance		956.31	947.97
Additions during the year		0.32	8.34
	Sub total	956.63	956.31

THE SOUTH INDIAN BANK LIMITED			
SCHEDULES TO REFORMATTED SUMMARY BALANCE SHEET AS AT MARCH 31, 2016			
		As at March 31, 2016 ₹ in Crore	As at March 31, 2015 ₹ in Crore
V. Revenue and Other Reserves			
Opening Balance		1,327.91	1,281.67
Additions during the year by way of lapse of vested options		0.18	0.66
Addition during the year due to transfer of depreciation on revaluation		4.96	4.96
Additions during the year by way of appropriation		50.00	50.00
Deduction on account of transitional provision of Sch II of Companies Act 2013 (Refer Note no. A. 26.b of Schedule 18)		-	9.38
	Sub total	1,383.05	1,327.91
VI. Investment Reserve			
Opening Balance		10.05	16.84
Less: Transfer to Profit & Loss Appropriation A/c		10.05	6.79
	Sub total	-	10.05
VII. Special Reserve u/s 36(i)(viii) of Income Tax Act			
Opening Balance		90.28	60.28
Additions during the year		25.72	30.00
	Sub total	116.00	90.28
VIII. Balance in Profit and Loss Account		173.71	95.22
	TOTAL	3,706.90	3,454.39

THE SOUTH INDIAN BANK LIMITED

SCHEDULES TO REFORMATTED SUMMARY BALANCE SHEET AS AT MARCH 31, 2016

		As at March 31, 2016 ₹ in Crore	As at March 31, 2015 ₹ in Crore
SCHEDULE 3 - DEPOSITS			
A. I. Demand Deposits			
(i) From Banks		4.64	2.02
(ii) From Others		1,978.49	1,815.83
II. Savings Bank Deposits		10,475.85	8,868.45
III. Term Deposits			
(i) From Banks		3,164.21	2,799.68
(ii) From Others		40,097.54	38,426.51
	TOTAL	55,720.73	51,912.49
B. (i) Deposits of branches in India		55,720.73	51,912.49
(ii) Deposits of branches outside India		-	-
	TOTAL	55,720.73	51,912.49
SCHEDULE 4 - BORROWINGS			
I. Borrowings in India			
(i) Reserve Bank of India		300.00	-
(ii) Other Banks		35.01	35.01
(iii) Other Institutions and Agencies (Refer Note no. B. 9 of Schedule 18)		1,123.08	1,283.51
II. Borrowings outside India - from other banks		1,156.87	913.95
	TOTAL	2,614.96	2,232.47
Secured borrowings included in above		300.00	-
SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS			
I. Bills Payable		107.09	146.73
II. Inter -Office adjustments (Net)		-	-
III. Interest Accrued		152.08	193.32
IV. Others (including provisions)*		1,034.44	1,039.52
	TOTAL	1,293.61	1,379.57

*Includes :-

a) Provision for standard assets ₹ 213.64 Crore (previous year ₹ 214.43 crore)

b) Proposed dividend amounting to ₹ 67.52 Crore (previous year ₹ 81.01 crore)

c) Corporate Dividend Tax payable amounting to ₹ 13.74 Crore (previous year ₹ 16.95 crore)

THE SOUTH INDIAN BANK LIMITED			
SCHEDULES TO REFORMATTED SUMMARY BALANCE SHEET AS AT MARCH 31, 2016			
		As at March 31, 2016 ₹ in Crore	As at March 31, 2015 ₹ in Crore
SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA			
I. Cash in hand		304.43	298.67
(Including foreign currency notes)			
II. Balances with Reserve Bank of India			
In Current Account		2,171.70	2,142.91
	TOTAL	2,476.13	2,441.58
SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE			
I. In India			
i) Balances with Banks			
(a) In Current Accounts		11.79	65.07
(b) In Other Deposit Accounts		281.26	405.50
ii) Money at call & short notice			
With Banks		150.00	600.00
With other Institutions		175.00	800.00
	Sub total	618.05	1,870.57
II. Outside India			
(a) In Current Accounts		5.38	36.24
(b) In Other Deposit Accounts		-	-
(c) Money at call & short notice - with banks		174.91	46.69
	Sub total	180.29	82.93
	TOTAL	798.34	1,953.50
SCHEDULE 8 - INVESTMENTS (net of provisions)			
I. Investments in India in:			
(i) Government Securities*		13,962.21	11,551.11
(ii) Other Approved Securities		-	-
(iii) Shares		137.36	117.14
(iv) Debentures and Bonds		414.49	531.40
(v) Subsidiaries and/or Joint Venures		-	-
(vi) Others (Certificate of deposits, Security Receipts etc.)		229.87	1,086.49
	TOTAL	14,743.93	13,286.14
Gross Investments		14,818.89	13,317.88
Less: Depreciation		50.67	20.86
Provision for NPI		24.29	10.88
Net Investments		14,743.93	13,286.14
* Including Non SLR SG special bonds with Book Value ₹719.29 Crore (Previous Year: ₹50.68 Crore).			
II. Investments outside India		-	-
	TOTAL	14,743.93	13,286.14

THE SOUTH INDIAN BANK LIMITED

SCHEDULES TO REFORMATTED SUMMARY BALANCE SHEET AS AT MARCH 31, 2016

		As at March 31, 2016 ₹ in Crore	As at March 31, 2015 ₹ in Crore
SCHEDULE 9 - ADVANCES (net of provisions)			
A. (i) Bills Purchased and Discounted		1,796.21	2,027.67
(ii) Cash Credits, Overdrafts and Loans repayable on demand		19,092.34	16,800.86
(iii) Term Loans		20,197.20	18,563.11
	TOTAL	41,085.75	37,391.64
B. (i) Secured by tangible assets (including advances against book debts)		37,931.43	34,288.50
(ii) Covered by Bank/Government Guarantees		893.81	884.81
(iii) Unsecured		2,260.51	2,218.33
	TOTAL	41,085.75	37,391.64
C. I. Advances in India			
(i) Priority Sectors		16,504.17	13,221.45
(ii) Public Sector		1,343.92	1,982.18
(iii) Banks		63.25	-
(iv) Others		23,174.41	22,188.01
	TOTAL	41,085.75	37,391.64
II. Advances outside India		-	-
	TOTAL	41,085.75	37,391.64
SCHEDULE 10 - FIXED ASSETS (Refer Note 5 of Schedule 17)			
I. Premises (including Land)			
At cost as on March 31, of the preceding year		314.67	314.60
Additions during the year		-	0.07
		314.67	314.67
Deductions during the year		-	-
		314.67	314.67
Depreciation to date		37.91	30.77
	Sub total	276.76	283.90
II. Assets under construction			
At cost as on March 31, of the preceding year		9.83	8.02
Additions during the year		37.35	26.26
		47.18	34.28
Capitalisations during the year		27.02	24.45
		20.16	9.83
Depreciation to date		-	-
	Sub total	20.16	9.83

THE SOUTH INDIAN BANK LIMITED		
SCHEDULES TO REFORMATTED SUMMARY BALANCE SHEET AS AT MARCH 31, 2016		
	As at March 31, 2016 ₹ in Crore	As at March 31, 2015 ₹ in Crore
III. Other Fixed Assets		
At cost as on March 31, of the preceding year	394.57	333.52
Additions during the year	66.01	69.35
	460.58	402.87
Deductions/adjustments during the year	9.99	8.30
	450.59	394.57
Depreciation/adjustments to date	260.52	209.25
Sub total	190.07	185.32
TOTAL	486.99	479.05
SCHEDULE 11 - OTHER ASSETS		
I. Inter -Office adjustments (Net)	1.31	12.74
II. Interest Accrued	537.68	446.66
III. Tax Paid in Advance/Tax Deducted at Source (Net)	276.78	182.03
IV. Deferred tax asset (net) (Refer Note no. B.4 of Schedule 18)	102.63	135.96
V. Stationery and Stamps	1.68	1.87
VI. Non-Banking Assets acquired in satisfaction of claims	3.17	1.13
VII. Others*	2,960.49	2,784.02
TOTAL	3,883.74	3,564.41
*Includes RIDF ₹2,760.09 Crore (previous year ₹2,631.02 crore)		
SCHEDULE 12 - CONTINGENT LIABILITIES (Refer Note no. 14 of Schedule 17)		
I. Claims against the Bank not acknowledged as debts:		
(i) Service Tax disputes	20.53	21.11
(ii) Others	7.66	7.16
II. Liability on account of outstanding Forward Exchange Contracts[1]	11,907.56	24,916.00
III. Guarantees given on behalf of constituents in India	1,896.80	1,479.56
IV. Acceptances, endorsements and other obligations	843.24	752.30
V. Other items for which the bank is contingently liable:		
(i) Capital Commitments	18.99	1.76
(ii) Transfers to Depositor Education and Awareness Fund (DEAF)	54.96	42.18
TOTAL	14,749.74	27,220.07
[1]. Represents notional amount		

THE SOUTH INDIAN BANK LIMITED

SCHEDULES TO REFORMATTED SUMMARY PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2016

		Year ended March 31, 2016 ₹ in Crore		Year ended March 31, 2015 ₹ in Crore
SCHEDULE 13 - INTEREST EARNED				
I. Interest/Discount on Advances/Bills		4,363.59		4,152.97
II. Income on Investments		1,007.78		945.85
III. Interest on balances with Reserve Bank of India and Other Inter - Bank funds		28.77		79.52
IV. Others		157.06		107.88
TOTAL		5,557.20		5,286.22
SCHEDULE 14 - OTHER INCOME				
I. Commission, Exchange and Brokerage		51.91		46.56
II. Profit on sale of Investments	143.39		170.53	
Loss on sale of Investments	(6.85)	136.54	(6.53)	164.00
III. Profit on sale of land, buildings and other assets	0.34		0.08	
Loss on sale of land, buildings and other assets	(0.38)	(0.04)	(0.50)	(0.42)
IV. Profit/(Loss) on Exchange transactions (net)		45.19		31.59
V. Miscellaneous Income		283.82		255.34
TOTAL		517.42		497.07
SCHEDULE 15 - INTEREST EXPENDED				
I. Interest on Deposits		3,827.56		3,661.79
II. Interest on Reserve Bank of India/Inter-Bank Borrowings		126.23		121.04
III. Others		93.71		137.16
TOTAL		4,047.50		3,919.99
SCHEDULE 16 - OPERATING EXPENSES				
I. Payments to and Provisions for Employees		692.25		633.69
II. Rent, Taxes and Lighting		101.86		90.69
III. Printing and Stationery		12.00		10.52
IV. Advertisement and Publicity		11.56		15.86
V. Depreciation	67.03		64.63	
Less: Reversal of excess depreciation due to change in accounting policy	-		65.74	
		67.03		(1.11)
VI. Directors fees, allowances and expenses		1.09		0.76
VII. Auditors' fees and expenses (incl. branch auditors)		3.06		3.27
VIII. Law charges		3.01		3.44
IX. Postage, telegrams, telephones, etc.		22.70		19.79
X. Repairs and Maintenance		16.57		21.70
XI. Insurance		58.89		52.84
XII. Other Expenditure		157.82		129.85
TOTAL		1,147.84		981.30

Schedule – 17

SIGNIFICANT ACCOUNTING POLICIES APPENDED TO AND FORMING PART OF THE REFORMATTED SUMMARY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2016

Background

The South Indian Bank Limited ('SIB' or the 'Bank') was incorporated on January 29, 1929 at Thrissur as a private limited company and was later converted into a public limited company on August 11, 1939. SIB has a network of 858 branches/offices in India and provides retail and corporate banking, Para banking activities such as debit card, third party product distribution, in addition to Treasury and Foreign Exchange Business. SIB is governed by Banking Regulation Act, 1949 and other applicable Acts / Regulations. Its shares are listed in BSE Limited and National Stock Exchange of India Limited.

The Bank is proposing to go for rights issue of equity shares. For this purpose the Bank has prepared the reformatted summary balance sheet as at March 31, 2016, the reformatted summary profit and loss account, and the reformatted summary cash flow statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (together comprising the "Reformatted Summary Financial Statements"). Accordingly the Reformatted Summary Financial Statements will be included in the Letter of Offer to be filed by the Bank with the National Stock Exchange of India Limited, and the BSE Limited (collectively, the "Stock Exchanges"), and with the Securities and Exchange Board of India ("SEBI") in connection with the proposed rights issue of the Bank.

Basis of Preparation

The Reformatted Summary Financial Statements as at and for the year ended March 31, 2016 are based on and have been extracted by the Management of the Bank from the audited financial statements of the Bank for the year ended March 31, 2016 (the "Audited Financial Statements"). The amounts reported in the reformatted summary financial statements have been modified from thousands to crore rounded to two decimals.

The audited financial statements used for the preparation of the Reformatted Summary Financial Statements have been prepared in accordance with requirements prescribed under the Third Schedule (Form A and Form B) of the Banking Regulation Act, 1949. The accounting and reporting policies of the bank used in the preparation of these Reformatted financial statements conform to Generally Accepted Accounting Principles in India ("Indian GAAP"), the circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time and the Accounting Standards prescribed under Section 133 of the Companies Act, 2013 to the extent applicable and the relevant provisions of the Companies Act, 2013 ("the Act") and current practices prevailing within the banking industry in India. The Bank follows the historical cost convention and accrual method of accounting in the preparation of the Audited Financial Statements, except where otherwise stated. These Reformatted Summary Financial Statements, do not reflect the effects of events that occurred subsequent to the date of the Auditor's report on the Audited Financial Statements except as mentioned in para 2 (d) of Schedule 17.

The Ministry of Corporate affairs (MCA) has notified the Companies (Accounting

Standards) Amendment Rules, 2016 vide its notification dated March 30, 2016. As per Clarification issued by Institute of Chartered Accountants of India dated 26th April, 2016, the said notification is applicable to accounting periods commencing on or after the date of notification i.e. 1st April, 2016. Hence the said notification has not been considered in the preparation of the Reformatted Summary Financial Statements.

Use of estimates

The preparation of the Reformatted summarry financial statements in conformity with the generally accepted accounting principles requires the Management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses and disclosure of contingent liabilities at the date of the Reformatted Financial Statements. Actual results could differ from those estimates. The Management believes that the estimates used in the preparation of the Reformatted financial statements are prudent and reasonable. Any revisions to the accounting estimates are recognised prospectively in the current and future periods.

Significant Accounting Policies

1. **Revenue recognition**

a) Interest / discount income from loans, advances and investments (including deposits placed with banks and other institutions) are recognized on accrual basis, except in respect of income relating to advances/ investments, classified as non-performing advances/ investments where in accordance with RBI guidelines the income is recognized only on realization.

b) Dividend on investments in shares and units of mutual funds are accounted when the bank's right to receive the dividend is established.

c) Income on discounted instruments is recognised over the tenure of the instrument on a straight line basis.

d) Insurance claims and locker rent are accounted on receipt basis.

e) Commission income on issuance of bank guarantee / letter of credit is recognized over the period of the guarantee/letter of credit.

f) Processing fee/ upfront fee, handling charges or income of similar nature collected at the time of sanctioning or renewal of loan/ facility is recognized at the inception/renewal of loan.

g) Other fees and commission income are recognised when due, except in cases where the bank is uncertain of ultimate collection.

h) Funded interest on term loans are recognised on realisation as per the guidelines of RBI.

i) The difference between the sale price and purchase cost of gold coins, received on consignment basis is included in other income.

2. **Investments**

A) Classification

a) In accordance with the RBI guidelines, investments are categorized into "Held for Trading", "Available for Sale" and "Held to Maturity" and further classified under five groups, viz. Government Securities, Other Approved Securities, Shares, Debentures & Bonds and Other Investments for the purposes of disclosure in the Balance Sheet.

b) Investments which are held for sale within 90 days from the date of purchase are classified as "Held for Trading".

c) Investments which the bank intends to hold till maturity are classified as "Held to Maturity".

d) Investments which are not classified in either of the above two categories are classified as "Available for Sale".

B) Acquisition cost

The cost of investments is determined on the weighted average basis. Broken period interest on debt instruments and government securities is treated as a revenue item. The transaction cost including brokerage, commission etc. paid at the time of acquisition of investments are charged to the Profit and Loss Account.

C) Valuation

The valuation of investments is performed in accordance with the RBI Guidelines:

a) <u>Investments classified as HFT or AFS</u> – Investments classified under the AFS and HFT categories are marked-to-market. The market/fair value of quoted investments included in the 'AFS' and 'HFT' categories is measured with respect to the Market Price of the Scrip as available from the trades/ quotes on the stock exchanges, SGL account transactions, pricelist of RBI or prices declared by Primary Dealers Association of India ('PDAI') jointly with Fixed Income Money Market and Derivative Associations of India ('FIMMDA'), periodically. Net depreciation, if any, within each category of investment classification is recognised in Profit and Loss Account. The net appreciation, if any, under each category of Investment is ignored. Except in cases where provision for diminution other than temporary is created, the Book value of individual securities is not changed consequent to the periodic valuation of Investments.

b) <u>Held to Maturity</u> – These are carried at their acquisition cost. Any premium on acquisition of government securities are amortized over the remaining maturity of the security on a straight line basis. Any diminution, other than temporary, in the value of such securities is provided for.

c) Treasury Bills and Certificate of Deposits being discounted instruments, are valued at carrying cost.

d) Units of Mutual Funds are valued at the latest repurchase price/net asset value declared by Mutual Fund.

e) Market value of investments where current quotations are not available, is determined as per the norms prescribed by the RBI as under:

- in case of unquoted bonds, debentures and preference shares where interest/dividend is received regularly (i.e. not overdue beyond 90 days), the market price is derived based on the Yield to Maturity (YTM) for Government Securities as published by FIMMDA/ PDAI and suitably marked up for credit risk applicable to the credit rating of the instrument. The matrix for credit risk mark-up for each categories and credit ratings along with residual maturity issued by FIMMDA are adopted for this purpose;
- in case of bonds and debentures (including Pass Through Certificates or PTCs) where interest is not received regularly (i.e. overdue beyond 90 days), the valuation is in accordance with prudential norms for provisioning as prescribed by RBI;
- equity shares, for which current quotations are not available or where the shares are not quoted on the stock exchanges, are valued at break-up value (without considering revaluation reserves, if any) which is ascertained from the company's latest Balance Sheet. In case the latest Balance Sheet is not available, the shares are valued at ₹1/- per company;
- Investment in security receipts are valued as per the Net Asset Value (NAV) obtained from the issuing Reconstruction Company /Securitisation Company.
- Non- Performing Investments are identified and valued based on RBI guidelines.

f) The Bank follows 'Settlement Date' accounting for recording purchase and sale transactions in securities.

D) Repo and Reverse Repo transactions

In accordance with the RBI guidelines repo and reverse repo transactions in government securities [excluding transactions conducted under Liquidity Adjustment Facility (‘LAF’) and Marginal Standby facility(‘MSF’) with RBI)] are reflected as borrowing and lending transactions respectively. Borrowing cost on repo transactions is accounted for as interest expense and revenue on reverse repo is accounted for as interest income.

In respect of Repo transactions under LAF and MSF with RBI, amount borrowed from RBI is credited to investment account and reversed on maturity of the transaction. Costs thereon are accounted for as interest expense. In respect of reverse Repo transactions under LAF, amount lent to RBI is debited to investment account and reversed on maturity of the transaction. Revenues thereon are accounted as interest income.

Pursuant to RBI Circular FMRD.DIRD.10/14.03.002/2015-16 dated May 19, 2016, as amended, the Bank has with effect from November 26, 2016 considered its repo/reverse repo transactions under Liquidity Adjustment facility (LAF) and Marginal Standing Facility (MSF) of RBI as Borrowings / Lending, as the case may be. Hitherto, the repo / reverse repo transactions were included under Investments. Figures for the previous year has been regrouped / reclassified to conform to current year's classification. The above regrouping / reclassification has no impact on the profit of the Bank for the years ended March 31, 2016 and 2015.

E) Short Sales

The Bank undertakes short sale transactions in Central Government dated securities in accordance with RBI guidelines. The short position is reflected as the amount received on sale and is classified under 'Other Liabilities'. The short position is marked to market and resultant mark-to-market gain/losses are accounted for as per the relevant RBI guidelines for valuation of investments.

F) Transfer of securities Between Categories

Transfer of securities between categories is done at the lower of the acquisition cost / book value/ market value on the date of the transfer and the depreciation, if any, on such transfer is fully provided for in accordance with RBI guidelines.

Disposal of Investments

a) Investments classified as HFT and AFS – Profit or loss on sale / redemption is included in the Profit and Loss account.

b) Investments classified as HTM – Profit on sale of /redemption of investments is included in the Profit and Loss Account and is appropriated to capital Reserve after adjustments for tax and transfer to Statutory Reserve. Loss on sale/redemption is charged to the Profit and Loss Account.

3. Advances

A) Valuation / Measurement

a) Advances are classified into performing assets (Standard) and non-performing assets ('NPAs') as per the RBI guidelines and are stated net of specific provisions made towards NPAs, sacrifice provisions on restructured advances and unrealized interest on NPAs. Interest on Non Performing advances is transferred to an unrealized interest account and not recognized in profit and loss account until received. Further, NPAs are classified into sub-standard, doubtful and loss assets based on the criteria stipulated by the RBI. Provisions for NPAs are made at the minimum required level as per the guidelines of the RBI on matters relating to prudential norms.

b) Amounts recovered against debts written off are recognised in the profit and loss account and included under "Other Income".

c) For restructured/rescheduled assets, provision is made in accordance with the guidelines issued by the RBI, which requires the diminution in the fair value of the assets to be provided at the time of restructuring. In respect of loans and advances accounts subjected to restructuring, the account is upgraded to standard only after the specified period i.e. a period of one year after the date when first payment of interest or of principal, whichever is later, falls due, subject to satisfactory performance of the account during the period.

d) For entities with Unhedged Foreign currency Exposure (UFCE) , provision is made in accordance with the guidelines issued by RBI, which requires to ascertain the amount of UFCE, estimate the extent of likely loss and estimate the riskness of unhedged position. The Provision is classified under Schedule 5 – Other Liabilities in the Balance Sheet.

e) The Bank maintains general provision for standard assets including credit exposures computed as per the current marked-to-market values of foreign exchange derivative contracts, in accordance with the guidelines and at levels stipulated by RBI from time to time – direct advances to Sectors agricultural and SME at 0.25%, Commercial Real Estate at 1%, restructured advances at 5%, teaser rate housing loans at 2%, commercial real estate- residential housing at 0.75% and for other sectors at 0.40%.

f) The bank transfers advances through inter-back participation with and without risk. In accordance with the RBI guidelines , in the case of participation with risk, the aggregate amount of the participation issued by the Bank is reduced from advances and where bank is participating, the aggregate amount of participation is classified under advances. In the case of participation without risk, the aggregate amount of participation issued by the Bank is classified under borrowings and where the bank is participating, the aggregate amount of participation is shown as due from banks under advances.

g) Loss on sale of assets to Asset Reconstruction Companies

   The RBI issued guidelines on sale of non-performing advances on February 26, 2014. In accordance with these guidelines, if the sale of non- performing advances is at a price below the net book value, the shortfall is charged to the Profit and Loss Account spread over a period of two years. If the sale is for a value higher than the net book value, the excess provision is credited to the Profit and Loss Account in the year the amounts are received.

4. **Country risk:**

In addition to the provisions required to be held according to the asset classification status, provisions are held for individual country exposure (other than for home country). The countries are categorised into seven risk categories namely insignificant, low, moderate, high, very high, restricted and off-credit as per Export Credit Guarantee Corporation of India Limited ("ECGC") guidelines and provision is made on exposures exceeding 180 days on a graded scale ranging from 0.25% to 100%. For exposures with contractual maturity of less than 180 days, 25% of the normal provision requirement is held. If the country exposure (net) of the Bank in respect of each country does not exceed 1% of the total funded assets, no provision is maintained on such country exposure.

5. **Fixed assets and depreciation**

a) The Fixed Assets (other than those, which are revalued) are stated at historical cost less accumulated depreciation/amortisation and impairment losses, if any.

b) The revalued assets are stated at the revalued amount less depreciation. The appreciation in value consequent to revaluation is credited to Asset Revaluation Reserve. Depreciation on assets revalued is charged on the historical cost or the amount substituted for the historical cost. The Bank transfers difference between depreciation based on the revalued carrying amount of the asset and depreciation based on its original cost from Asset Revaluation Reserve to the General Reserve.

   Depreciation on fixed assets, including amortisation of software, is charged over the estimated useful life of the fixed assets on a straight line basis at the rates and in the manner prescribed in Schedule II of the Companies Act, 2013.

6. **Impairment of Assets**

The carrying values of assets at each balance sheet date are reviewed for impairment, if any indication of impairment exists. If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Profit and Loss Account, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a reduction in revaluation to the extent a revaluation reserve is available for that asset.

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Profit and Loss Account, to the extent the amount was previously charged to the Profit and Loss Account. In case of revalued assets such reversal is not recognised.

7. **Non-Banking Assets**

Non-Banking assets acquired in settlement of debts /dues are accounted at the lower of their cost of acquisition or net realisable value.

8. **Transactions involving foreign exchange**

a) Foreign currency income and expenditure items are translated at the exchange rates prevailing on the date of the transaction. Monetary foreign currency assets and liabilities outstanding at the Balance Sheet date are revalued at rates notified by Foreign Exchange Dealers Association of India [FEDAI] and resulting profits or losses are included in the Profit and Loss Account.

b) Foreign exchange spot and forward Contracts outstanding as at the Balance Sheet date are revalued at the closing Spot and Forward Rates respectively as notified by FEDAI and at interpolated rates for contracts of interim maturities. For valuation of contracts having longer maturities, the forward points (for rates/tenures not published by FEDAI) are obtained from Reuters for valuation of the FX Deals. The resulting profit or loss on valuation is recognised in the Profit and Loss Account.

c) Contingent liabilities on account of foreign exchange contracts, guarantees, letters of credit, acceptances and endorsements are reported at closing rates of exchange notified by FEDAI as at the Balance Sheet date.

9. **Employee benefits**

a) Provident Fund:

The contribution made by the Bank to "The South Indian Bank Ltd Employees Provident Fund", administered by the trustees is charged to Profit and Loss account. The fund is a defined contribution fund and the Bank has no further liability beyond the contribution made to the fund.

b) Pension Fund:

The contribution towards "The South Indian Bank Ltd Employees' Pension Fund Trust", managed by trustees, is determined on actuarial basis on projected unit credit method as on the Balance Sheet date and is recognized in the profit and loss account. The actuarial gain or loss arising during the year is recognized in the Profit and Loss Account.

Employees who had joined the services of the Bank with effect from April 01, 2010 are covered under Defined Contributory Pension Scheme (DCPS). In respect of such employees the bank contributes 10% of the Basic Pay plus Dearness Allowance and the expenditure thereof is charged to Profit and Loss account and the Bank has no further liability beyond the contribution to the fund on this account.

c) Gratuity:

The bank makes annual contribution to "The South Indian Bank Ltd Employees' Gratuity Trust" administered and managed by the trustees. The present value of the bank's obligation towards the same is actuarially determined based on the projected unit credit method as at the balance sheet date. The actuarial gain or loss arising during the year is recognized in the Profit and Loss Account.

d) Compensated absence on Privilege / Sick / Casual Leave:

The employees of the Bank are entitled to compensated absence on account of privilege / sick / casual leave as per the leave rules. The bank measures the long term expected cost of compensated absence as a result of the unused entitlement that has accumulated at the balance sheet date based on actuarial valuation and such costs are recognized in the profit and loss account. The actuarial gain or loss arising during the year is recognized in the Profit and Loss Account.

e) Employees Stock Option Scheme (ESOS)

The Bank has formulated Employee Stock Option Scheme (ESOS) in accordance with Securities and Exchange Board of India (Employee Stock Option Scheme) Guidelines, 1999. The Scheme provides for grant of options to Employees of the Bank to acquire Equity Shares of the Bank that vest in a graded manner and are to be exercised within a specified period. The Bank follows the intrinsic value method to account for its stock-based employee compensation plans. In accordance with the SEBI Guidelines Regulations 2014 and the guidance note on "Accounting for Employee Share based payments" issued by the ICAI, the excess of the market price of the share preceding the date of grant of the option under ESOS over the exercise price of the option is amortized on a straight line basis over the vesting period.

f) Other Employee Benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employee is recognised during the period when the employee renders the service. These benefits include performance incentives.

10. **Segment Reporting**

The disclosure relating to segment information is in accordance with the guidelines issued by RBI.

11. **Debit Card Reward Points**

The Bank runs a loyalty program which seeks to recognise and reward customers based on their relationship with the Bank. Under the program, eligible customers are granted loyalty points redeemable in future, subject to certain conditions. The Bank estimates the probable redemption of such loyalty/reward points using an actuarial method at the Balance Sheet date by employing independent actuary. Provision for said reward points is then made based on the actuarial valuation report as furnished by the said independent Actuary.

12. **Earnings Per Share (EPS)**

The Bank reports Basic and Diluted Earnings per Equity Share in accordance with Accounting Standard 20, prescribed under section 133 of the Companies Act, 2013. Basic EPS has been computed by dividing Net Profit for the year by the weighted average number of Equity Shares outstanding for the year.

Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted earnings per share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding at the year end. Potential equity shares which are anti-dilutive in nature are ignored.

13. **Taxes on income**

Income tax expense is the aggregate amount of current tax and deferred tax charge.

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Bank has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

14. **Accounting for Provisions, Contingent Liabilities and Contingent Assets**

In accordance with Accounting Standard 29, Provisions, Contingent Liabilities and Contingent Assets prescribed under section 133 of the Companies Act, 2013, the Bank recognizes provisions when it has a present obligation as a result of a past event and, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation in respect of which a reliable estimate of the amount of the obligation can be made.
Provisions are determined based on management estimate required to settle the obligation at the balance sheet date, supplemented by experience of similar transactions. These are reviewed at each balance sheet date and adjusted to reflect the current

management estimates. In cases where the available information indicates that the loss on the contingency is reasonably possible but the amount of loss cannot be reasonably estimated, a disclosure is made in the Reformatted summary financial statements.

15. **Operating Lease**

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the lease term are classified as operating lease. Lease payments for assets taken on operating lease are recognised as an expense in the Profit and Loss Account as per the lease terms.

16. **Cash and cash equivalents**

Cash and cash equivalents include cash in hand, balances with Reserve Bank of India and balances with other banks/institutions and Money at Call and Short Notice (including the effect of changes in exchange rates on cash and cash equivalents in foreign currency).

17. **Corporate Social Responsibility**

Spends towards corporate social responsibility, in accordance with Companies Act, 2013 are recognised in the Profit and Loss Account.

18. **CENVAT Credit**

Service tax input credit is accounted for in the books within the time limit prescribed under CENVAT Credit Rules 2004, as amended.

SCHEDULE - 18

NOTES ON ACCOUNTS FORMING PART OF THE FINANICAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

A: Disclosures as per RBI's Master Circular on Disclosure in Reformatted summary financial statements

Amounts in Notes forming part of the Reformatted summary financial statements for the year ended 31st March, 2016 are denominated in Rupees Crore (unless specified otherwise) to conform to extant RBI guidelines.

1. Capital Adequacy Ratio

The Bank computes Capital Adequacy Ratio as per RBI guidelines. As per Basel III guidelines, the Bank is required to maintain a minimum Capital to Risk Weighted Assets Ratio (CRAR) of 9% {11.5% including Capital Conservation Buffer (CCB)}, with minimum Common Equity Tier I (CET1) of 5.5% (8% including CCB) as on 31st March 2019. These guidelines on Basel III have been implemented on 1st April 2013 in a phased manner. The minimum capital required to be maintained by the Bank for the year ended 31st March 2016 is 9.625% with minimum Common Equity Tier 1 (CET1) of 6.125% (including CCB of 0.625%). The Capital adequacy Ratio of the Bank calculated as per Basel III Capital Regulations is set out below.

[₹. in Crore]

	Particulars	March 31, 2016	March 31, 2015
	Common Equity Tier I Capital	3656.94	3,290.07
	Tier I Capital	3656.94	3,290.07
	Tier II Capital	741.72	499.32
	Total Capital	4,398.66	3,789.39
	Total Risk Weighted Assets	37,199.34	31,561.71
	Capital Ratios		
I	Common Equity Tier I Capital Ratio (%)	9.83	10.43
II	Tier I Capital Ratio (%)	9.83	10.43
III	Tier II Capital Ratio (%)	1.99	1.58
IV	Total Capital Ratio (CRAR) (%)	11.82	12.01
		March 31, 2016	**March 31, 2015**
V	Percentage of the shareholding of the Government of India in public sector banks (%)	NA	NA
VI	Amount of Equity Capital raised	0.02	0.62
VII	Amount of Additional Tier I capital raised; *of which* Perpetual Non- Cumulative Preference Shares (PNCPS) : Perpetual Debt Instruments (PDI):	Nil	Nil
VIII	Amount of Tier II capital raised: *of which* Debt Capital instrument: Preference Share Capital Instruments:	 300 Nil	 Nil Nil

In accordance with RBI Guidelines, banks are required to make Pillar 3 disclosures under Basel III capital regulations. The Bank has made these disclosures which are available on its website at the following link :-

http://www.southindianbank.com/content/viewContentLvl1.aspx?linkIdLvl2=854&LinkI

dLvl3=880&linkId=880
Pillar 3 disclosures have not been subjected to audit.

2. Investments

[₹. in Crore]

Particulars	March 31, 2016	March 31, 2015
a. Value of Investments		
(i) Gross Value of Investments		
(a) In India	14,818.89	13,317.88
(b) Outside India	-	-
(ii) Provisions for Depreciation		
(a) In India	50.67	20.86
(b) Outside India	-	-
(iii) Provisions for Non Performing Investments (NPI)		
(a) In India	24.29	10.88
(b) Outside India	-	-
(iv) Net Value of Investments		
(a) In India	14,743.93	13,286.14
(b) Outside India	-	-
b. Movement of provisions held towards depreciation on investments		
(i) Opening Balance	20.86	7.13
(ii) Provisions made during the year	57.70	13.73
(iii) Less: Write-off/ (write back) of excess provisions during the year	27.89	-
(iv) Closing Balance	50.67	20.86
c. Movement of provisions held towards NPIs		
(i) Opening Balance	10.88	12.85
(ii) Provisions made during the year	13.41	10.56
(iii) Less: Write-off/ (write back) of excess provisions during the year	-	12.53
(iv) Closing Balance	24.29	10.88

Movement in provisions held towards depreciation on investments have been reckoned on a yearly basis.

2.1. a) Investments under HTM (excluding specified investments as per RBI norms) account for 20.40% (Previous Year 21.94%) of demand and time liabilities as at the end of March 2016 as against permitted ceiling of 21.50% (Previous Year 23.50%) stipulated by RBI.

b) In respect of securities held under HTM category premium of ₹18.88 Crore (Previous Year: ₹19.50 Crore) has been amortised during the year and debited under interest received on Government securities.

c) Profit on sale of securities from HTM category amounting to ₹50 Crore (Previous Year: ₹7.07 Crore) has been taken to Profit and Loss Account. During the year, the Bank had appropriated ₹24.52 (Previous Year ₹4.10 Crore), net of taxes and transfer to statutory reserve to the Capital Reserve, being the gain on sale of HTM Investments in accordance with RBI guidelines.

d) The bank had withdrawn ₹10.05 Crore (Previous Year ₹6.79 Crore) from Investment Reserve Account and credited to Profit and Loss Appropriation account.

3. Details of Repo/ Reverse Repo (excluding LAF transactions for the year) deals:

a) **Done during the year ended March 31, 2016**:

[₹in Crore]

	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	As on March 31, 2016
Securities sold under repo	Nil	Nil	Nil	Nil
Securities purchased under reverse repo	Nil	Nil	Nil	Nil

b) Done during the previous year ended March 31, 2015:

[₹in Crore]

	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	As on March 31, 2015
Securities sold under repos	Nil	Nil	Nil	Nil
Securities purchased under reverse repos	Nil	Nil	Nil	Nil

4. Disclosure in respect of Non-SLR investments:

(i) Issuer composition of Non-SLR investments as at March 31, 2016:

[₹ in Crore]

No	Issuer	Amount	Extent of Private Placement	Extent of 'Below Investment Grade' Securities	Extent of 'Unrated' Securities	Extent of 'Unlisted' Securities
[1]	[2]	[3]	[4]*	[5]*	[6]*	[7]*
(i)	PSUs	244.08	221.43	-	51.75	211.12
(ii)	FIs	161.25	16.02	-	17.68	16.05
(iii)	Banks	63.61	-	-	16.71	-
(iv)	Private Corporate	141.50	18.71	-	58.04	6.63
(v)	Subsidiaries/ Joint Ventures	-	-	-	-	-
(vi)	Others #	965.53	959.61	-	959.61	959.61
(vii)	Total Book Value of investments	1575.97				
(viii)	Less: Provision for NPI	(24.29)				
(ix)	Less: Provision held towards depreciation	(50.67)				
	Total	**1,501.01**	**1,215.77**	**-**	**1,103.79**	**1,193.41**

* Column values in 4,5,6,7 are net of Depreciation and provision for NPI.
# Includes Non SLR SG special bonds with Book Value ₹719.29 Crore.

(ii) Issuer composition of Non-SLR investments as at March 31, 2015:

[₹ in Crore]

No	Issuer	Amount	Extent of Private Placement	Extent of 'Below Investment Grade' Securities	Extent of Unrated Securities	Extent of Unlisted Securities*
[1]	[2]	[3]	[4]**	[5]**	[6]**	[7]**
(i)	PSUs	393.43	298.27	-	81.09	297.95
(ii)	FIs	320.48	25.44	-	58.49	215.48
(iii)	Banks	861.77	-	-	9.46	-
(iv)	Private Corporate	190.20	145.90	-	135.07	104.35
(v)	Subsidiaries/ Joint Ventures	-	-	-	-	-
(vi)	Others #	50.68	50.68	-	50.68	50.68
(vii)	Total Book Value of investments	1,816.56				
(viii)	Less: Provision for NPI	(10.88)				
(ix)	Less: Provision held towards depreciation	(19.97)				
	Total	**1,785.71**	**520.29**	**-**	**334.79**	**668.46**

* Does not include Certificate of Deposits Face Value ₹ 806.50 Crore.
** Column values in 4, 5, 6 & 7 are net of depreciation and provision for NPI.
# Includes Non SLR SG special bonds with Book Value ₹ 50.68 Crore).

[₹inCrore]

	Particulars	March 31, 2016	March 31, 2015
A	Shares	137.36	117.14
B	Debentures & Bonds@	1133.78	582.08
C	Subsidiaries/ joint ventures	-	-
D	Others	229.87	1,086.49
E	**Total**	**1501.01**	**1785.71**

@ Including Non SLR SG special bonds with Book Value ₹719.29 Crore (Previous Year: ₹ 50.68 Crore).

(iii) Non performing Non-SLR investments [₹ in Crore]

Particulars	March 31, 2016	March 31, 2015
Opening Balance	12.19	36.29
Additions during the year	26.26	7.18
Reductions during the year	-	31.28
Closing balance	38.45	12.19
Total provisions held	24.29	10.88

5. **Investments held under the 3 categories viz. "Held for Trading (HFT)", "Available for Sale (AFS)" and "Held to Maturity (HTM)" are as under:**

[₹in Crore]

Particulars	March 31, 2016				March 31, 2015			
	HFT	AFS	HTM	Total	HFT	AFS	HTM	Total
Govt. Securities#	89.71	1,836.80	12,035.70	13,962.21	229.65	589.22	10,732.24	11,551.11
Other Approved	-	-	-	-	-	-	-	-
Shares	16.28	121.08	-	137.36	7.16	109.98	-	117.14
Debentures & Bonds	-	414.49	-	414.49	-	531.40	-	531.40
Others*	-	229.87	-	229.87	606.98	479.51	-	1,086.49
Total	**105.99**	**2,602.24**	**12,035.70**	**14,743.93**	**843.79**	**1,710.11**	**10,732.24**	**13,286.14**

Includes Non SLR SG Special Bonds with Book Value ₹ 662.53 Crore (Previous Year: Nil) under HTM and Non SLR SDL Special Bonds issued by State Government ₹56.76 Crore (Previous Year: ₹ 50.68 Crore) under AFS.

- In accordance with RBI Circular DBR.BP.BC.No.31/21.04.018/2015-16 dated July 16, 2015, the Bank has, effective from September 30, 2015 included its deposits placed with NABARD, SIDBI, and NHB on account of shortfall in lending to priority sector under 'Other Assets'. Hitherto these were included under 'Investments' and Interest income thereon was included under 'Interest Earned - Income on Investments'. Arising out of regrouping in line with the above mentioned RBI guidelines, interest income on deposit placed with NABARD,SIDBI and NHB is included under "Interest Earned - Others". Figures for the previous year have been regrouped/reclassified to conform to current year classification. The above change in classification has no impact on the profit of the Bank for the year ended March 31, 2016 and March 31, 2015.
- Investments having Face Value aggregating ₹2216 Crore (Previous Year: ₹1730 Crore) are kept as margin towards repo transactions and those having Face Value aggregating ₹180 Crore (Previous Year: ₹180 Crore) are kept as margin towards intraday liquidity with the RBI.
- Investments having Face Value aggregating ₹103 Crore (Previous Year: ₹103 Crore) are kept as margin for clearing of securities, Face Value of ₹925 Crore (Previous Year: ₹905 Crore) are kept as margin for collateralized borrowing and Lending Obligations (CBLO) and Face Value aggregating ₹10.30 Crore (Previous Year: ₹9.25 Crore) are kept as margin for Forex forward segment-Default Fund with the Clearing Corporation of India Ltd.
- On 31-03-2016, Investment having Face Value ₹312 Crore are marked as lien against Repo Borrowing of ₹300 Crore.

6. Sale and transfers to/ from HTM Category

During the current year, the value of sales/transfers of securities to/from HTM category (excluding one-time transfer of securities and sales to RBI under OMO auctions) was within 5% of the book value of investments held in HTM category at the beginning of the year.

7. Derivatives

The bank uses forward exchange contracts to hedge against its foreign currency exposures relating to the underlying transactions and firm commitments. The bank has not entered into any derivative instruments for trading / speculative purposes either in Foreign Exchange or domestic treasury operations. Bank does not have any Forward Rate Agreement or Interest Rate Swaps.

The notional principal amount of foreign exchange contracts classified as trading on

March 31, 2016 amounted to ₹4,705.11 Crore (Previous Year ₹19,452.70 Crore). For these trading contracts, on March 31, 2016, marked to market position was asset of ₹46.80 Crore (Previous Year ₹140.63 Crore) and liability of ₹46.76 Crore (Previous Year ₹140.70 Crore). The notional principal amount of foreign exchange contracts classified as hedging on March 31, 2016 amounted to ₹1,444.51 Crore (Previous Year ₹1,072.48 Crore).

8. Movements in non-performing advances (funded)

[₹in Crore]

Particulars	**31-Mar-16**	**31-Mar-15**
(i) Net NPAs to Net Advances [%]	2.89	0.96
(ii) Movement of NPAs (Gross)		
a) Gross NPAs as at the beginning of the year	643.45	432.62
b) Additions (Fresh NPAs during the Year)	1609.70	499.95
Sub- total (A)	2253.15	932.57
c) Less:		
i. Upgradations	134.63	85.40
ii. Recoveries (excluding recoveries made from upgraded accounts)	66.29	86.77
iii. Technical/Prudential Write-offs	169.93	-
iv. Write- offs other than those under (iii) above	1.23	11.24
v. Reduction by sale of Assets to ARCs	318.71	105.71
Sub-total (B)	690.79	289.12
d) Gross NPAs as at the end of the year *	1562.36	643.45
(iii) Movement of NPAs (Net)**		
a) Opening Balance	357.05	281.67
b) Additions during the year	1267.25	366.59
c) Reductions during the year	439.04	291.21
d) Closing Balance	1185.26	357.05
(iv) Movement of provisions for NPAs*** (excluding provisions on Standard Assets)		
a) Opening Balance	259.76	131.90
b) Provisions made during the year	438.64	236.39
c) Write off / write back of Excess provisions	343.79	108.53
d) Closing Balance	354.61	259.76

* After considering technical/ Prudential Write – Offs. Closing Gross NPAs before technical/ Prudential Write – Offs is ₹1732.28 Crore (Previous Year ₹643.45 Crore)

** Net NPA is after considering ECGC/DICGC/Insurance claim amount pending for adjustment of ₹22.49 Crore (Previous Year ₹26.64 Crore).

*** Includes sacrifice provision on accounts classified as NPA, amounting to ₹9.19 Crore (Previous Year ₹2.29 Crore.)

9. Particulars of Accounts Restructured as on March 31, 2016

[₹in Crore]

Sl. No	Type of Restructuring	Under CDR Mechanism (A)					Under SME Debt Restructuring Mechanism (B)				
	Asset Classification / Details	Standard	Sub Standard	Doubtful	Loss	Total	Standard	Sub Standard	Doubtful	Loss	Total
1	**Restructured Accounts as on April 1, 2015(Opening figures)**										
	No. of borrowers	7	-	2	-	9	-	-	-	2	2
	Amount outstanding	656.03	-	77.62	-	733.65	-	-	-	-	-
	Provision thereon	56.15	-	0.80	-	56.95	-	-	-	-	-
2	**Fresh restructuring during the year 2015-16**										
	No. of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount outstanding	32.69	-	8.23	-	40.92	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-
3	**Upgradations to restructured standard category during the year 2015-16**										
	No. of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount outstanding	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-
4	**Restructured standard advances which cease to attract higher provisioning and/ or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY (2016-17)**										
	No. of borrowers	-				-	-				-
	Amount outstanding	-				-	-				-
	Provision thereon	-				-	-				-
5	**Down gradations of restructured accounts during the year 2015-16**										
	No. of borrowers	(1)	-	-	1	-	-	-	-	-	-
	Amount outstanding	(50.62)	-	47.10	3.52	-	-	-	-	-	-
	Provision thereon	(0.67)	-	0.67	-	-	-	-	-	-	-
6	**Write offs of restructured accounts during the year 2015-16**										
	No. of borrowers	1	-	-	-	1	-	-	-	1	1
	Amount outstanding	119.49	-	46.76	-	166.25	-	-	-	-	-
	Provision written back	31.73	-	0.80	-	32.53	-	-	-	-	-
7	**Restructured Accounts as on March 31, 2016 (closing figures)**										
	No. of borrowers	5	-	2	1	8	-	-	-	1	1
	Amount outstanding	518.61	-	86.19	3.52	608.32	-	-	-	-	-
	Provision thereon	23.75	-	0.67	-	24.42	-	-	-	-	-

(Contd…)

[₹ in Crore]

Sl. No	Type of Restructuring / Asset Classification / Details	Others (C)					Total (D)=(A)+(B)+(C)				
		Standard	Sub Standard	Doubtful	Loss	Total	Standard	Sub Standard	Doubtful	Loss	Total
1	**Restructured Accounts as on April 1, 2015(Opening figures)**										
	No. of borrowers	20	2	7	3	32	27	2	9	5	43
	Amount outstanding	1,225.68	0.22	108.07	0.20	1,334.17	1,881.71	0.22	185.69	0.20	2,067.82
	Provision thereon	11.84	0.01	1.46	0.01	13.32	67.99	0.01	2.26	0.01	70.27
2	**Fresh restructuring during the year 2015-16**										
	No. of borrowers	1	-	-	-	1	1	-	-	-	1
	Amount outstanding	207.37	-	0.01	-	207.38	240.06	-	8.24	-	248.30
	Provision thereon	3.03	-	0.02	-	3.05	3.03	-	0.02	-	3.05
3	**Upgradations to restructured standard category during the year 2015-16**										
	No. of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount outstanding	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-
4	**Restructured standard advances which cease to attract higher provisioning and/ or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY (2016-17)**										
	No. of borrowers	3				3	3				3
	Amount outstanding	37.07				37.07	37.07				37.07
	Provision thereon	-				-	-				-
5	**Down gradations of restructured accounts during the year 2015-16**										
	No. of borrowers	(4)	1	2	1	-	(5)	1	2	2	-
	Amount outstanding	(292.50)	36.03	256.15	0.32	-	(343.12)	36.03	303.25	3.84	-
	Provision thereon	(7.71)	4.77	2.92	0.02	-	(8.38)	4.77	3.59	0.02	-
6	**Write offs of restructured accounts during the year 2015-16**										
	No. of borrowers	6	-	3	-	9	7	-	3	1	11
	Amount outstanding	672.84	0.02	47.95	0.08	720.89	792.33	0.02	94.71	0.08	887.14
	Provision written back	4.74	-	1.44	-	6.18	36.47	-	2.24	-	38.71

7	**Restructured Accounts as on March 31, 2016 (closing figures)**										
	No. of borrowers	8	3	6	4	21	13	3	8	6	30
	Amount outstanding	430.64	36.23	316.28	0.44	783.59	949.25	36.23	402.47	3.96	1,391.91
	Provision thereon	2.42	4.78	2.96	0.03	10.19	26.17	4.78	3.63	0.03	34.61

i. Fresh Restructuring includes fresh sanction / increase in existing accounts : CDR - ₹40.92 Crore (Provision Nil), SME - Nil (Provision Nil), Others - ₹ 89.72 Crore (Provision ₹ 3.05 Crore), Total - ₹ 130.64 Crore (Provision ₹3.05 Crore)

ii. Write off of restructured accounts includes recoveries / closure/Sale in existing accounts : CDR - ₹72.13 Crore (Provision ₹16.25 Crore), SME - Nil (Provision Nil), Others - ₹ 705.21 Crore (Provision ₹ 4.75 Crore), Total -₹ 777.34 Crore (Provision ₹21 Crore)

iii. The bank maintains a provision for diminution in fair value of assets amounting to ₹39.63 Crore, of which assets holding ₹ 5.02 Crore of such provision, have shown satisfactory performance as per RBI guidelines are not disclosed above.

iv. A Restructured Doubtful account with opening balance of ₹10.25 Crore which was restructured again in the current year is not disclosed under Fresh Restructuring.

v. A Doubtful account with Balance of ₹3.24 Crore which was restructured during the period, however was closed before the yearend itself is not considered under above disclosure.

Particulars of Accounts Restructured as on March 31, 2015

[₹ in Crore]

Sl. No	Type of Restructuring	Under CDR Mechanism (A)					Under SME Debt Restructuring Mechanism (B)				
	Asset Classification / Details	Standard	Sub Standard	Doubtful	Loss	Total	Standard	Sub Standard	Doubtful	Loss	Total
1	**Restructured Accounts as on April 1, 2014(Opening figures)**										
	No. of borrowers	9	-	2	1	12	1	1	1	2	5
	Amount outstanding	495.37	-	16.30	2.77	514.44	1.56	0.04	0.09	-	1.69
	Provision thereon	36.60	-	1.15	-	37.75	-	-		-	-
2	**Fresh restructuring during the year 2014-15**										
	No. of borrowers	4	-	-	-	4	-	-	-	-	-
	Amount outstanding	362.29	-	1.97	-	364.26	-	-	-	-	-
	Provision thereon	30.55	-	-	-	30.55	-	-	-	-	-
3	**Upgradations to restructured standard category during the year 2014-15**										
	No. of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount outstanding	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-
4	**Restructured standard advances which cease to attract higher provisioning and/ or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY (2015-16)**										
	No. of borrowers	3				3	1				1
	Amount outstanding	37.68				37.68	1.56				1.56
	Provision thereon	2.16				2.16	-				-
5	**Down gradations of restructured accounts during the year 2014-15**										
	No. of borrowers	(1)	-	1	-	-	-	-	-	-	-
	Amount outstanding	(68.53)	-	68.53	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-
6	**Write offs of restructured accounts during the year 2014-15**										
	No. of borrowers	2	-	1	1	4	-	1	1	-	2
	Amount outstanding	95.42	-	9.18	2.77	107.37	-	0.04	0.09	-	0.13
	Provision written back	8.84	-	0.35	-	9.19	-	-	-	-	-
7	**Restructured Accounts as on March 31, 2015 (closing figures)**										
	No. of borrowers	7	-	2	-	9	-	-	-	2	2
	Amount outstanding	656.03	-	77.62	-	733.65	-	-	-	-	-
	Provision thereon	56.15	-	0.80	-	56.95	-	-	-	-	-

[₹ in Crore]

Sl. No	Type of Restructuring / Asset Classification / Details	Others (C) Standard	Others (C) Sub Standard	Others (C) Doubtful	Others (C) Loss	Others (C) Total	Total (D)= (A)+(B)+(C) Standard	Total (D) Sub Standard	Total (D) Doubtful	Total (D) Loss	Total (D) Total
1	**Restructured Accounts as on April 1, 2014(Opening figures)**										
	No. of borrowers	21	2	7	5	35	31	3	10	8	52
	Amount outstanding	915.79	0.08	72.56	0.16	988.59	1,412.72	0.12	88.95	2.93	1,504.72
	Provision thereon	0.39	-	1.46	0.01	1.86	36.99	-	2.61	0.01	39.61
2	**Fresh restructuring during the year 2014-15**										
	No. of borrowers	6	-	-	-	6	10	-	-	-	10
	Amount outstanding	346.59	0.01	5.91	0.04	352.55	708.88	0.01	7.88	0.04	716.81
	Provision thereon	11.48	-	0.01	-	11.49	42.03	-	0.01	-	42.04
3	**Upgradations to restructured standard category during the year 2014-15**										
	No. of borrowers	1	(1)	-	-	-	1	(1)	-	-	-
	Amount outstanding	0.01	(0.01)	-	-	-	0.01	(0.01)	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-
4	**Restructured standard advances which cease to attract higher provisioning and/ or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY (2015-16)**										
	No. of borrowers	3				3	7				7
	Amount outstanding	0.30				0.30	39.54				39.54
	Provision thereon	0.02				0.02	2.18				2.18
5	**Down gradations of restructured accounts during the year 2014-15**										
	No. of borrowers	(4)	1	3	-	-	(5)	1	4	-	-
	Amount outstanding	(30.84)	0.16	30.68	-	-	(99.37)	0.16	99.21	-	-
	Provision thereon	(0.01)	0.01	-	-	-	(0.01)	0.01	-	-	-
6	**Write offs of restructured accounts during the year 2014-15**										
	No. of borrowers	1	-	3	2	6	3	1	5	3	12
	Amount outstanding	5.55	0.02	1.08	-	6.65	100.97	0.06	10.35	2.77	114.15
	Provision written back	-	-	-	-	-	8.84	-	0.35	-	9.19
7	**Restructured Accounts as on March 31, 2015 (closing figures)**										
	No. of borrowers	20	2	7	3	32	27	2	9	5	43
	Amount outstanding	1,225.70	0.22	108.07	0.20	1,334.19	1,881.70	0.22	185.69	0.20	2,067.84
	Provision thereon	11.84	0.01	1.47	0.01	13.33	67.99	0.01	2.27	0.01	70.28

i. Fresh Restructuring includes fresh sanction/ increase in existing accounts: CDR – ₹ 53.87 Crore (Provision Nil), Others - ₹ 73.05 Crore (Provision Nil), Total – ₹ 126.92 Crore (Provision Nil)

ii. Write off of restructured accounts includes recoveries/ closure/sale in existing accounts: CDR – ₹ 56.04 Crore (Provision ₹ 9.19 Crore), SME DRM – ₹ 0.57 Crore (Provision ₹ 0.01 Crore), Others – ₹ 6.64 Crore (Provision Nil), Total – ₹ 63.25 Crore (Provision ₹ 9.21 Crore)

iii. The bank maintains a provision for diminution in fair value of assets amounting to ₹ 76.54 Crore (PY ₹44.59Crore), of which assets holding ₹ 6.26 Crore (PY ₹4.98 Crore) of such provision, have shown satisfactory performance as per RBI guidelines are not disclosed above.

10.A. Details of Financial Assets sold to Securitization / Reconstruction company for asset reconstruction

[₹ in Crore]

Particulars	March 31, 2016	March 31, 2015
(i) No. of Accounts	16	8
(ii) Aggregate value (net of provisions) of accounts sold to SC/RC	196.18	140.83
(iii) Aggregate Consideration	168.83	91.38
(iv) Additional consideration realized in respect of accounts transferred in earlier years	-	11.71
(v) Aggregate gain/ (loss) over net book value	(27.35)	(37.74)

Item no. (ii) and (v) of previous year includes ₹82.07 Crore in respect of sale of certain non-performing financial assets and net shortfall in recovery of net book value of ₹8.32 Crore respectively.

The Bank had assigned certain non-performing financial assets having a net book value of ₹196.18 Crore during the current financial year (₹82.07 Crore during the year ended March 31, 2015) to Asset Reconstruction Companies. The Bank has, in terms of RBI Circular DBOD.No.BP.BC.9/21.04.048/2014-15 on "Prudential norms on income recognition, asset classification and provisioning pertaining to advances" dated July 1, 2014 , as amended, spread the net shortfall in recovery of net book value of ₹41.50 Crore (Previous year ₹8.32 Crore) over a period of two years.

In respect of such assignments, an amount of ₹ 16.10 Crore (Previous year ₹1.66 Crore) has been charged to the profit and loss account during the year ended March 31, 2016 and the unamortised balance carried forward as at March 31, 2016 is ₹ 23.74 Crore (Previous year ₹6.66 Crore).

B. Details of Book value of Investments in Security Receipts [₹in Crore]

Particulars	Backed by NPAs sold by the bank as underlying		Backed by NPAs sold by other banks / financial institutions / non-banking financial companies as underlying		Total	
	March 31, 2016	**March 31, 2015**	**March 31, 2016**	**March 31, 2015**	**March 31, 2016**	**March 31, 2015**
Book value of investments in security receipts	204.40	62.70	-	-	204.40	62.70

Note- In addition to the above, bank holds security receipt of ₹16.75 Crore (Previous Year ₹16.75 Crore) which are backed by Standard asset sold by the bank.

C. Details of Non-Performing financial assets purchased/ sold [₹ in Crore]

Particulars	March 31, 2016	March 31, 2015
Non performing financial assets purchased/ sold (from/to banks)	Nil	Nil

11.Provisions on Standard Assets: [₹ in Crore]

Particulars	March 31, 2016	March 31, 2015
Provisions towards Standard Assets	213.64	214.43

12.Business ratios

Particulars	March 31, 2016	March 31, 2015
(i) Interest Income as a percentage to Working Funds [1]	9.18%	9.55%
(ii) Non-interest income as a percentage to Working Funds [1]	0.86%	0.90%
(iii) Operating Profit as a percentage to Working Funds [1]	1.45%	1.59%
(iv) Return on Assets [Based on Working Fund] [1]	0.55%	0.56%
(v) Business (Customer Deposits plus Advances) per employee [2] (₹ in Crore)	12.55	11.54
(vi) Profit per employee [2] (₹ In Crore)	0.04	0.04

1. For the purpose of computing the ratio, Working Fund represents the average of total assets as reported in Form X to RBI under Section 27 of the Banking Regulation Act, 1949.
2. For the purpose of computing the ratios number of employees (excluding Part time employees) as on Balance Sheet date is considered.

13. Lending to sensitive sectors:

A. **Exposures to Real Estate Sector** [₹ in Crore]

Category	March 31, 2016	March 31, 2015
a) **Direct Exposure**		
(i) Residential Mortgages - Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented;	2470.11	2,037.46
of which Individual housing loans eligible for inclusion in priority sector advances	*1283.89*	*1,041.41*
(ii) Commercial Real Estate - Lending secured by mortgages on commercial real estate (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure include non-fund based (NFB) limits	287.30	122.37
(iii) Investments in Mortgage Backed Securities (MBS) and other securitized exposures -		
a. Residential	Nil	Nil
b. Commercial Real Estate	Nil	Nil
b) **Indirect Exposure** Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	594.82	477.80
Total Exposure to Real Estate Sector	**3352.23**	**2,637.63**

B. **Exposure to Capital Market sectors** [₹ in Crore]

Particulars	March 31, 2016	March 31, 2015
(i) Direct Investments in equity shares	168.29	106.16
(ii) Investments in convertible bonds/ convertible debentures	5.00	5.00
(iii) Investments in units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debt	10.43	30.43
(iv) Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), bonds and debentures, units of equity oriented mutual funds	-	-
(v) Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
(vi) Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e where the primary security other than shares/ convertible bonds/ convertible debentures/ units of equity oriented mutual funds does not fully cover the advances;	-	-
(vii) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers:	101.22	178.05
(viii) Loans sanctioned to corporate against the security of shares/ bonds/ debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(ix) Bridge loans to companies against expected equity flows/ issues	-	-
(x) Underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds;	-	-
(xi) Financing to stockbrokers for margin trading	-	-
(xii) All exposures to Venture Capital Funds (both registered and unregistered)	-	-
Total Exposure to Capital Market	**284.94**	**319.64**

C. **Risk category wise country exposure**:

Country Risk exposure has been classified on the following basis: [₹ in Crore]

Risk Category	Exposure (net) as at March 31, 2016	Provision held as at March 31, 2016	Exposure (net) as at March 31, 2015	Provision held as at March 31, 2015
Insignificant	929.93	-	828.72	-
Low	645.62	-	342.43	-
Moderate	8.18	-	10.83	-
High	9.03	-	4.75	-
Very High	-	-	-	-
Restricted	-	-	-	-
Off Credit	-	-	-	-
TOTAL	**1592.76**	**-**	**1186.73**	**-**

As the Bank's net exposure with each country for the year in respect of foreign exchange transaction is less than 1% of the total assets of the Bank, no provision is required.

14. Floating Provision

[₹ in Crore]

	Particulars	2015-16	2014-15
(a)	Opening balance in the floating provisions account	Nil	Nil
(b)	The quantum of floating provisions made in the accounting year	Nil	Nil
(c)	Amount of draw down made during the accounting year	Nil	Nil
(d)	Closing balance in the floating provisions account	Nil	Nil

15. Maturity Pattern of key assets and liabilities:

As at March 31, 2016: [₹ in Crore]

	Day 1	2-7 days	8-14 days	15-28 days	29 days and upto 3 months	Over 3 months and upto 6 months	Over 6 months and upto 1 year	Over 1 year and upto 3 years	Over 3 year and upto 5 years	Over 5 years	Total
Deposits	212.74	930.69	863.88	1,290.92	8,709.88	6,860.07	16,672.03	6,152.90	1,229.61	12,798.01	55,720.73
Advances	1,863.66	214.98	270.17	863.03	5,289.95	4,753.82	8,593.20	6,835.50	4,737.45	7,663.99	41,085.75
Investments	-	316.01	162.05	45.05	301.53	108.48	394.23	2,079.04	2,020.30	9,317.25	14,743.93
Borrowings	63.69	300.00	-	-	927.57	336.27	170.63	316.79	200.00	300.00	2,614.95
Foreign Currency-Assets	146.54	167.77	44.58	84.74	175.01	330.03	85.08	9.23	-	-	1,042.98
Foreign Currency-Liabilities	36.84	3.48	2.93	12.53	990.00	307.53	165.14	391.93	403.52	-	2,313.90

As at March 31, 2015: [₹ in Crore]

	Day 1	2-7 days	8-14 days	15-28 days	29 days and upto 3 months	Over 3 months and upto 6 months	Over 6 months and upto 1 year	Over 1 year and upto 3 years	Over 3 year and upto 5 years	Over 5 years	Total
Deposits	137.06	1120.97	842.63	2915.84	11270.62	10270.38	10497.58	6337.70	952.78	7566.93	51912.49
Advances	2067.01	233.53	323.95	814.37	4379.40	4042.54	8985.38	5993.77	4166.06	6385.63	37391.64
Investments	285.27	600.67	209.65	2.46	736.54	245.24	37.63	2303.93	1931.79	6932.96	13286.14
Borrowings	76.48	-	500.00	-	150.00	94.47	781.97	341.25	88.30	200.00	2232.47
Foreign Currency-Assets	107.23	-	1.25	5.80	82.45	281.81	428.87	4.23	0.01	-	911.65
Foreign Currency-Liabilities	20.84	1.62	1.64	4.71	194.90	102.12	809.50	167.65	418.26	-	1721.24

In computing the above information, certain estimates and assumptions have been made by the Bank's management which has been relied upon by the auditors.

16. Details of Single Borrower Limit (SGL), Group Borrower Limit (GBL) exceeded by the Bank.

During the year ended 31 March, 2016 and 31 March, 2015, the Bank's credit exposure to single borrower and group borrowers was within the prudential exposure limits prescribed by RBI.

17. Unsecured Advances [₹ in Crore]

Particulars	March 31, 2016	March 31, 2015
Total Advances for which intangibles securities such as charge over the rights, licenses, authority etc has been taken as collateral	434.37	498.61
Estimated value of such intangible collateral	434.37	498.61

18. Penalties levied by the Reserve Bank of India

The penalty imposed by RBI during the year ended March 31, 2016 was ₹32,400/- (Previous year ₹52,550/-)

19. Asset quality ratios

Particulars	March 31, 2016	March 31, 2015
Percentage of net NPAs to net advances (%)	2.89	0.96
Provision Coverage Ratio (%)	40.34	60.96

20. Concentration of Deposits, Advances, Exposures and NPAs

(i) Concentration of Deposits [₹ in Crore]

Particulars	March 31, 2016	March 31, 2015
Total Deposits of twenty largest depositors	5,070.41	4,634.12
Percentage of Deposits of twenty largest depositors to Total Deposits of the bank	9.10%	8.93%

Note: Exclude holders of certificate of deposits

(ii) Concentration of Advances* [₹ in Crore]

Particulars	March 31, 2016	March 31, 2015
Total Advances to twenty largest borrowers	5507.79	5,962.53
Percentage of Advances to twenty largest borrowers to Total Advances of the bank	13.28%	13.50%

*Advance is computed as per definition of Credit Exposure including derivatives furnished in RBI's Master Circular on Exposure Norms

(iii) Concentration of Exposures* [₹in Crore]

Particulars	March 31, 2016	March 31, 2015
Total Exposure to twenty largest borrowers/customers	5565.01	6,228.84
Percentage of Exposures to twenty largest borrowers/ customers to Total Exposure of the bank on borrowers/ customers	9.89%	9.26%

*Exposure is computed based on credit and investment exposure as prescribed in RBI's Master Circular on Exposure Norms

(iv) Concentration of NPAs [₹ in Crore]

Particulars	March 31, 2016	March 31, 2015
Total Exposure to top four NPA accounts	909.01	189.43

The bank has compiled the data for the purpose of this disclosure from its internal MIS system and has been furnished by the management, which has been relied upon by the auditors.

21. Sector-wise Advances

[₹in Crore]

Sl. No.	Sector*	2015-16			2014-15		
		Outstanding Total Advances	Gross NPAs	Percentage ofGross NPAs to Total Advances in that sector (%)	Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector (%)
A	**Priority Sector**						
1	Agriculture and allied activities	5715.93	42.33	0.74	4029.24	21.38	0.53
2	Advances to industries sector eligible as priority sector lending	4244.09	109.79	2.59	3131.36	87.17	2.78
2.a	Textile	662.38	4.95	0.75	462.46	18.24	3.95
2.b	Basic Metal	453.83	1.72	0.38	277.07	1.70	0.61
2.c	Infra	304.99	17.88	5.86	380.45	40.00	10.51
3	Services	4909.79	103.72	2.11	3974.74	44.21	1.11
3.a	Professional	420.70	4.08	0.97	323.74	3.04	0.94
3.b	Trade	3676.75	60.79	1.65	2326.96	36.25	1.56
3.c	NBFC	343.31	30.98	9.02	466.30	-	-
4	Personal loans	1493.15	41.55	2.78	2153.93	36.27	1.68
4.a	Housing Loan	1086.87	22.77	2.10	1017.04	22.57	2.22
4.b	Other Personal loans incl. Gold Loan	159.86	0.08	0.05	861.91	1.85	0.21
	Sub-total (A)	**16362.96**	**297.39**	**1.82**	**13289.27**	**189.03**	**1.42**
B	**Non Priority Sector**						
1	Agriculture and allied activities	443.29	-	-	-	-	-
2	Industry	10750.32	898.74	8.36	11766.38	324.29	2.76
2.a	Textile	990.87	58.38	5.89	1147.66	23.77	2.07
2.b	Basic Metal	1482.97	375.64	25.33	1430.37	122.13	8.54
2.c	Infra	3871.24	276.41	7.14	4590.35	66.76	1.45
3	Services	10324.22	338.89	3.28	8910.69	86.98	0.98
3.a	Professional	1761.13	4.50	0.26	1641.05	10.61	0.65
3.b	Trade	3218.16	313.97	9.76	2016.57	47.85	2.37
3.c	NBFC	3799.79	-	-	3071.75	-	-
4	Personal loans	3590.00	27.34	0.76	3759.33	43.14	1.15
4.a	Housing Loan	1383.24	13.61	0.98	854.11	9.00	1.05
4.b	Other Personal loans incl. Gold Loan	2105.12	12.85	0.61	2467.07	32.74	1.33
	Sub-total (B)	**25107.83**	**1264.97**	**5.04**	**24436.40**	**454.41**	**1.86**
	Total (A+B)	**41470.79**	**1562.36**	**3.77**	**37725.67**	**643.44**	**1.71**

The Bank has compiled the data for the purpose of this disclosure from its internal MIS system and has been furnished by the management, which has been relied upon by the auditors.

22. Movement in technical/prudential written off accounts:

[₹inCrore]

Particulars	March 31, 2016	March 31, 2015
Opening balance of Technical/ Prudential written-off accounts as at April 1	271.24	322.74
Add: Technical/ Prudential write-offs during the year	169.93	-
Sub-total (A)	441.17	322.74
Less: Reduction due to recovery made from previously technical/prudential written-off accounts during the year	8.44	5.24
Less: Reduction due to sale of NPAs to ARCs from previously technical/prudential written-off accounts during the year	0.05	1.00
Less: Sacrifice made from previously technical/prudential written-off accounts during the year	8.40	45.26
Sub-total (B)	16.89	51.50
Closing balance as at March 31 (A-B)	424.28	271.24

23. Overseas Assets, NPAs and Revenue - Nil

24. Off-balance Sheet SPVs sponsored

The Bank has not sponsored any special purpose vehicle which is required to be consolidated in the consolidated Reformatted summary financial statements as per accounting norms.

25. Bancassurance Business

[₹ in Crore]

Particulars	March 31, 2016	March 31, 2015
Fees/ remuneration received from bancassurance business:		
- For selling life insurance policies	1.63	1.89
- For selling non-life insurance policies	1.57	1.50
Total	**3.20**	**3.39**

26. Draw Down from Reserves

a) The Bank has drawn down ₹10.05 Crore (Previous Year ₹6.79 Crore) from Investment Reserve Account in accordance with RBI guidelines on 'Prudential Norms for Classification, Valuation and Operation of Investment Portfolio by banks'.

b) During the previous year, in accordance with the requirements of Schedule II of the Companies Act 2013, the Bank has re-assessed the useful lives of the fixed assets and an amount of ₹ 9.38 Crore (net of taxes) has been drawn from the Revenue and Other Reserve in respect of assets whose useful life is nil as at April 1, 2014.

27. Provision for taxes during the year:

[₹ in Crore]

Particulars	March 31, 2016	March 31, 2015
Current Tax	143.07	201.89
Deferred Tax (net)	33.33	(41.17)
Wealth Tax	-	0.03
Total	**176.40**	**160.75**

28. Provisions and Contingencies

a) Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account:

[₹in Crore]

Particulars	March 31, 2016	March 31, 2015
Provision for NPAs	391.90	225.52
Provision for NPIs	13.40	(1.94)
Provision for taxes (Net) *	143.07	201.92
Deferred Tax (net)	33.33	(41.17)
Provision for Standard Assets	(0.79)	31.37
Provision for Restructured Advances	(36.90)	32.56
Provision for depreciation in the value of investments	29.81	13.72
Provision for FITL	(25.40)	86.82#
Provision for unhedged foreign currency exposures	(5.05)	15.12
Others	2.64	10.88
TOTAL	**546.01**	**574.80**

* Includes Wealth Tax ₹ 0.03 Crore during the previous financial year.

Pursuant to the clarification by Reserve Bank of India (RBI) vide para 14.2.5 of Master Circular dated July 1, 2014 in relation to Prudential norms for conversion of unpaid interest into Funded Interest Term Loan, Debt or Equity instruments, the Bank based on special dispensation issued by RBI vide letter no DBOD.No.BP.5886/21.04.132/2014-15 dated October 20, 2014, deferred the provision over three quarters during the previous financial year.

b) Movement in provision for debit card reward points:

[₹in Crore]

Particulars	March 31, 2016	March 31, 2015
Opening provision at the beginning of the year	-	-
Provision made during the year	0.15	-
Reductions during the year	-	-
Closing provision at the end of the year	0.15	-

c) Movement in provision for other contingencies:

[₹in Crore]

Particulars	March 31, 2016	March 31, 2015
Opening provision at the beginning of the year	13.93	3.05
Provision made during the year	2.92	11.35
Reductions during the year	0.30	0.47
Closing provision at the end of the year	16.55	13.93

29. Disclosures on Remuneration

a) Information relating to the composition and mandate of the Nomination & Remuneration Committee.

Composition

The Nomination & Remuneration committee of the Board consists of three members of which one member from Risk Management committee of the Board facilitate effective governance of compensation.

The roles and responsibilities of the Nomination & Remuneration Committee inter-alia includes the following:

- Scrutinizing the declarations received from persons to be appointed as Directors as well as from the existing Directors seeking re-appointment and make references to the appropriate authority/persons to ensure compliance with the requirements indicated by Reserve Bank of India vide their directive dated May 23, 2011 on Fit & Proper Criteria of the Banks.
- To devise a Succession Planning Policy for the Board and Senior Management.
- To formulate a Nomination policy of the Board to guide the Board in relation to appointment/re-appointment/removal of Directors
- To identify persons who are qualified to become Directors/ KMPs and who may be appointed in senior management as defined in the Succession Policy in accordance with the criteria laid down and to recommend to the Board their appointment and/ or removal.
- To formulate the criteria for evaluation of Independent Directors and the Board/Committees.
- To devise a policy on Board diversity.
- To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.
- To perform such other functions as may be necessary or appropriate for the performance of its duties.
- To oversee the framing, review and implementation of Bank's overall compensation structure and related polices on remuneration packages payable to the WTDs/MD & CEO and other staff including performance linked incentives, perquisites, Stock option scheme etc. with a view to attracting, motivating and retaining employees and review compensation levels vis-a-vis other Banks and the industry in general.
- The Committee shall work in close coordination with the Risk Management Committee of the Bank, in order to achieve effective alignment between remuneration and risks. The Committee will also ensure that the cost/income ratio of the Bank supports the remuneration package consistent with maintenance of sound capital adequacy ratio.
- With respect to the Performance Linked Incentive Schemes, the Committee is empowered to:
  - (i) Draw up terms and conditions and approve the changes, if any, to the Performance Linked Incentive schemes;
  - (ii) Moderate the scheme on an ongoing basis depending upon the circumstances and link the same with the recommendations of Audit Committee;
  - (iii) Coordinate the progress of growth of business vis -a- vis the business parameters laid down by the Board and Audit Committee and effect such improvements in the scheme as considered necessary;
  - (iv) On completion of the year, finalize the criteria of allotment of marks to ensure objectivity/equity.

- The Committee shall also function as the Compensation Committee as prescribed under the SEBI (Share Based Employee Benefits) Regulations, 2014 and is empowered to formulate detailed terms and conditions of the Scheme, administer, supervise the same and to allot shares in compliance with the guidelines and other applicable laws.
- To obtain necessary clearances and approvals from regulatory authorities, appoint Merchant Bankers and do such other things as may be necessary in respect of the Employees Stock Option Scheme.
- To oversee the administration of Employee benefits, such as, provident fund, Pension Fund, Gratuity, Compensation for absence on Privilege/Sick/Casual Leave etc., which are recognized in accordance with Accounting Standard-15 (revised) specified in the Companies (Accounting Standards) Rules, 2006.
- The Committee may suggest amendments to any stock option plans or incentive plans, provided that all amendments to such plans shall be subject to consideration and approval of the Board;
- Any other matters regarding remuneration to WTDs/MD & CEO and other staffs of the Bank as and when permitted by the Board.
- To conduct the annual review of the Compensation Policy
- To fulfill such other powers and duties as may be delegated to it by the Board.

b) Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy.

The Bank has formed the compensation policy based on the Reserve Bank of India guidelines vide its Circular No. DBOD.No.BC.72/29.67.001/2011-12 dt. January 13, 2012.

The fixed remuneration and other allowances including retirement benefits of all subordinate, clerical and officers up to the rank of General Manager (Scale VII) is governed by the industry level wage settlement under Indian Banks Association (IBA) pattern. In respect of officers above the cadre of General Manager, the fixed remuneration is fixed by Board / Committee.

Further, the compensation structure for the Whole Time Directors (WTDs) / Managing Director & Chief Executive Officers (MD & CEO) of the bank are subject to approval of Reserve Bank of India in terms of Section 35 B of the Banking Regulation Act, 1949. The payment of compensation also requires approval of the shareholders of the Bank in the General Meeting pursuant to clause 95 of Articles of Association of the Bank read with Section 197 of the Companies Act, 2013.

c) Description of the ways in which current and future risks are taken into account in the remuneration processes. It should include the nature and type of the key measures used to take account of these risks.

The Board of Directors through the NRC shall exercise oversight and effective governance over the framing and implementation of the Compensation Policy. Human Resource Management under the guidance of MD & CEO shall administer the compensation and Benefit structure in line with the best suited practices and statutory requirements as applicable.

d) Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration. The factors taken in to account for the annual review and revision in the variable pay and performance bonus are:

- The performance of the Bank
- The performance of the business unit
- Individual performance of the employee
- Other risk perceptions and economic considerations.

Further, the Bank has not identified any employee as "risk taker" for the purpose of variable pay under this compensation policy.

e) A discussion of the bank's policy on deferral and vesting of variable remuneration and a discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and after vesting.

- Where the variable pay constitutes a substantial portion of the fixed pay, i.e., 50% or more, an appropriate portion of the variable pay, i.e., 40% will be deferred for over a period of 3 years.
- In case of deferral arrangements of variable pay, the deferral period shall not be less than three years. Compensation payable under deferral arrangements shall vest no faster than on a pro rata basis.
- The Board may adopt principles similar to that enunciated for WTDs / CEOs, as appropriate, for variable pay-timing, m`alus / clawback, guaranteed bonus and hedging.
- Employee Stock Option Scheme / Employee Stock Option Plan as may be framed by the Board from time to time in conformity with relevant statutory provisions and SEBI guidelines as applicable will be excluded from the components of variable pay.

f) Description of the different forms of variable remuneration (i.e., cash, shares, ESOPs and other forms) that the bank utilizes and the rationale for using these different forms.

Variable pay means the compensation as fixed by the Board on recommendation of the Committee, which is based on the performance appraisal of an employee in that role, that is, how well they accomplish their goals. It may be paid as:

(i) Performance Linked Incentives to those employees who are eligible for incentives.

(ii) Exgratia for other employees who are not eligible for Performance linked Incentives.

(iii) Bonus for those staff members who are eligible for bonus under the Payment of Bonus Act, 1965

(iv) Any other incentives, by whatever name called having the features similar to the above.

			2015-16	2014-15
Quantitative disclosures	(a)	• Number of meetings held by the Remuneration Committee during the financial year • remuneration paid to its members (₹ in Lakhs)	6 4.50	5 2.35
	(b)	(i) Number of employees having received a variable remuneration award during the financial year. (ii) Number and total amount of sign-on awards made during the financial year. (iii) Details of guaranteed bonus, if any, paid as joining / sign on bonus (iv) Details of severance pay, in addition to accrued benefits, if any.	1 - - -	1 - - -
	(c)	(i) Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms. (ii) Total amount of deferred remuneration paid out in the financial year.	- -	- -
	(d)	Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred. (₹ in Lakhs) • Fixed • Variable • Deferred • Non Deferred	 66.00 7.50 - -	 65.81 16.39 - -
	(e)	(i) Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments (ii) Total amount of reductions during the financial year due to ex- post explicit adjustments. (iii) Total amount of reductions during the financial year due to ex- post implicit adjustments.	- - -	- - -

30. Securitisation Transactions

The Bank has not done any securitisation transactions during the year ended 31 March, 2016 and 31 March, 2015.

31. Credit Default Swaps

The bank has not taken any transactions in credit default swaps during the year ended March 31, 2016 and March 31, 2015.

32. Status of Complaints

A. **Shareholder complaints**:

		March 31, 2016	March 31, 2015
(a)	No. of complaints pending at the beginning of the year	-	-
(b)	No. of complaints received during the year	250	402
(c)	No. of complaints redressed during the year	250	402
(d)	No. of complaints pending at the end of the year	-	-

B. **Customer complaints**:

		March 31, 2016	March 31, 2015
(a)	No. of complaints pending at the beginning of the year	149	65
(b)	No. of complaints received during the year	10430	7741
(c)	No. of complaints redressed during the year	10446	7657
(d)	No. of complaints pending at the end of the year	133	149

Complaints on ATM transactions (Included in B above):

Complaints against banks own ATM's

		March 31, 2016	March 31, 2015
(a)	No. of complaints pending at the beginning of the year	34	10
(b)	No. of complaints received during the year	2853	1843
(c)	No. of complaints redressed during the year	2833	1819
(d)	No. of complaints pending at the end of the year	54	34

Complaints against other bank ATM's

		March 31, 2016	March 31, 2015
(a)	No. of complaints pending at the beginning of the year	115	55
(b)	No. of complaints received during the year	7151	5,499
(c)	No. of complaints redressed during the year	7187	5,439
(d)	No. of complaints pending at the end of the year	79	115

C. **Status of Awards passed by the Banking Ombudsman**:

		March 31, 2016	March 31, 2015
(a)	No. of unimplemented Awards at the beginning of the year	-	-
(b)	No. of awards passed by the Banking Ombudsman during the year	-	-
(c)	No. of Awards implemented during the year	-	-
(d)	No. of unimplemented Awards at the end of the year	-	-

The above details are as furnished by the Management and relied upon by the auditors.

33. Letter of Comfort (LoCs) issued by Banks:

The Bank has not issued any reportable Letter of Comfort during the year ended March 31, 2016 and March 31, 2015 respectively.

34. Unhedged Foreign Currency Exposure

The Bank has in place a policy on managing credit risk arising out of unhedged foreign currency exposures of its borrowers. The objective of this policy is to maximize the hedging on foreign currency exposures of borrowers by reviewing their foreign currency product portfolio and encouraging them to hedge the unhedged portion. In line with the policy, assessment of unhedged foreign currency exposure is a part of assessment of borrowers and is undertaken while proposing limits or at the review stage.

Further, the Bank reviews the unhedged foreign currency exposure across its portfolio on a periodic basis. The Bank also maintains incremental provision towards the unhedged foreign currency exposures of its borrowers in line with the extant RBI guidelines. The Bank has maintained provision of ₹10.07Crore (Previous Year ₹15.12 Crore) and additional capital of ₹8.42 Crore (Previous Year ₹17.10 Crore) on account of Unhedged Foreign Currency Exposure of its borrowers as at March 31, 2016.

35.Liquidity Coverage Ratio (LCR)

[₹in Crore]

	Particulars	Quarter ended March 31, 2016		Quarter ended December 31, 2015		Quarter ended September 30, 2015		Quarter ended June 30, 2015		Quarter ended March 31, 2015	
		Total Unweighted Value	Total Weighted Value	Total Unweighted Value	Total Weighted Value	Total Unweighted Value	Total Weighted Value	Total Unweighted Value	Total Weighted Value	Total Unweighted Value (average)	Total Weighted Value (average)
High Quality Liquid Assets											
1	Total High Quality Liquid Assets (HQLA)		**6464.83**		**4463.84**		**4357.58**		**4370.62**		**4336.87**
Cash Outflows											
2	Retail deposits and deposits from small business customers, of which:	37,965.79	3,686.91	36,703.66	3,565.86	36,510.26	3,549.84	35,695.25	3,468.91	33,452.48	3,247.32
(i)	Stable deposits	2,193.35	109.67	2,090.19	104.51	2,023.65	101.18	2,012.27	100.61	1,958.53	97.93
(ii)	Less stable deposits	35,772.44	3,577.24	34,613.47	3,461.35	34,486.61	3,448.66	33,682.98	3,368.30	31,493.95	3,149.40
3	Unsecured wholesale funding, of which:	3,170.29	1,959.70	3,466.34	1,814.93	3,565.56	1,819.43	3,379.38	2,070.30	3,510.01	1,985.82
(i)	Operational deposits (all counterparties)	909.19	203.47	908.66	202.90	791.99	182.01	720.74	165.60	657.97	154.04
(ii)	Non-operational deposits (all counterparties)	1,636.12	1,506.24	1,211.32	1,073.49	1,053.97	949.59	1,553.11	1,462.49	1,338.95	1,226.54
(iii)	Unsecured debt	624.98	249.99	1,346.37	538.55	1,719.59	687.84	1,105.53	442.21	1,513.09	605.24
4	Secured wholesale funding		-		-		-		-		166.67
5	Additional requirements, of which	1.71	1.71	2.92	2.92	53.32	53.32	16.87	16.87	419.07	419.07
(i)	*Outflows related to derivative exposures and other collateral requirements*	1.71	1.71	2.92	2.92	53.32	53.32	16.87	16.87	419.07	419.07

(ii)	*Outflows related to loss of funding on debt products*	-	-	-	-	-	-	-	-	-	-
(iii)	*Credit and liquidity facilities*	-	-	-	-	-	-	-	-	-	-
6	Other contractual funding obligations	461.75	583.21	461.75	596.11	461.75	482.47	461.75	480.68	461.75	446.25
7	Other contingent funding obligations	2598.10	650.74	2598.10	629.94	2598.10	495.07	2,598.10	594.66	2,598.10	621.70
8	**TOTAL CASH OUTFLOWS**		**6,882.28**		**6,609.76**		**6,400.13**		**6,631.43**		**6,886.83**
Cash Inflows											
9	Secured lending (e.g. reverse repos)	-		-		-		-		-	
10	Inflows from fully performing exposures	3,268.14	1,634.07	3,029.39	1,514.69	3,179.36	1,589.68	3,639.33	1,819.67	3,845.28	1,922.64
11	Other cash inflows	780.30	756.71	353.39	307.60	374.44	343.61	530.10	508.67	931.77	913.48
12	**TOTAL CASH INFLOWS**	**-**	**2,390.78**	**-**	**1,822.30**	**-**	**1,933.29**	**-**	**2,328.34**	**-**	**2,836.12**
13	**TOTAL HQLA**		**6,464.83**		**4,463.84**		**4,357.58**		**4,370.62**		**4336.87**
14	**TOTAL NET CASH OUTFLOWS**		**4,491.49**		**4,787.46**		**4,466.84**		**4,303.09**		**4,050.71**
15	**LIQUIDITY COVERAGE RATIO (%)**		**143.94%**		**93.24%**		**97.55%**		**101.57%**		**107.06%**

Note: The average weighted and unweighted amounts are calculated taking simple average for the months in the respective quarters.

36. Qualitative Disclosure around LCR

The Bank measures and monitors the LCR in line with the Reserve Bank of India's circular dated June 9, 2014 on "Basel III Framework on Liquidity Standards - Liquidity Coverage Ratio (LCR), Liquidity Risk Monitoring Tools and LCR Disclosure Standards". The LCR guidelines aim to ensure that a bank maintains an adequate level of unencumbered High Quality Liquid Assets (HQLAs) that can be converted into cash to meet its liquidity needs for a 30 calendar day time horizon under a significantly severe liquidity stress scenario. At a minimum, the stock of liquid assets should enable the bank to survive until day 30 of the stress scenario, by which time it is assumed that appropriate corrective actions can be taken. Banks are required to maintain High Quality Liquid Assets of a minimum of 100% of its Net Cash Outflows by January 1, 2019. However, with a view to providing transition time, the guidelines mandate a minimum requirement of 70% w.e.f. January 1, 2016 and a step up of 10% every year to reach the minimum requirement of 100% by January 1, 2019. The adequacy in the LCR maintenance is an outcome of a conscious strategy of the Bank towards complying with LCR mandate ahead of the stipulated time lines. The monthly average LCR of the bank for the quarter March 2016 is 143.94%.

The Bank has been maintaining HQLA primarily in the form of SLR investments over and above mandatory requirement, regulatory dispensation allowed upto 2% of NDTL in the form of borrowing limit available through Marginal Standing Facility (MSF) and 5% of NDTL as Facility to Avail Liquidity for Liquidity Coverage Ratio (FALLCR). From February 2016 onwards, RBI has allowed Banks to reckon an additional 3% of NDTL as FALLCR. Level 1 asset contributes to 97.99% of the total high quality liquid assets of the bank of which the major contribution is from the Government securities.

The principal components of the estimated cash out flows which could arise in next 30 days are retail deposits (59.36%) and unsecured wholesale funding (27.75%). The bank intends to fund the short term cash outflows from extremely liquid Government securities and funding for estimated cash outflows considered in LCR computation substantially flows from this source.

Bank has only forward contract as derivative exposure. The bank is managing its liquidity from the centralized fund management cell attached to Treasury Department, Mumbai.

37. Transfers to Depositor Education and Awareness Fund (DEAF)

[₹in Crore]

Particulars	March 31,2016	March 31,2015
Opening balance of amounts transferred to DEAF	42.18	--
Add : Amounts transferred to DEAF during the year	13.07	42.85
Less : Amounts reimbursed by DEAF towards claims	0.29	0.67
Closing balance of amounts transferred to DEAF	54.96	42.18

38. Intra-Group Exposure - Nil.

39. Inter-bank participation with risk sharing

The aggregate amount of participation purchased by the Bank, shown as advances as per regulatory guidelines, outstanding as of March 31, 2016 was ₹689 Crore (Previous Year: Nil).

B: Other Disclosures

1. Fixed Assets

a) Premises of the Bank were revalued as on March 31, 2011 in accordance with the policy formulated by the Bank based on RBI guidelines by professionally qualified independent valuers empanelled by the Bank using the indices based on current market price. The written down value of the premises has been increased from ₹192.31 Crore to ₹326.18 Crore and the resultant appreciation in the value amounting to ₹ 133.87 Crore has been credited to revaluation reserve during 2010-11.

b) The software capitalized under Fixed Asset (Net of depreciation) was ₹24.86 Crore (PY ₹13.34 Crore) as at March 31, 2016.

c) Fixed Assets as per Schedule 10 include Intangible Assets relating to Software and System Development Expenditure which are as follows:

[₹in Crore]

Particulars	March 31,2016	March 31,2015
Gross Block		
At the beginning of the year	15.05	-
Additions during the year	16.26	15.05
Deductions during the year	-	-
Closing Balance	31.31	15.05
Depreciation / Amortisation		
At the beginning of the year	1.71	-
Charge for the year	4.74	1.71
Deductions during the year	-	-
Depreciation to date	6.45	1.71
Net Block	**24.86**	**13.34**

2. Earnings Per Share

The Bank reports basic and diluted EPS in accordance with the Accounting Standard - 20 on "Earnings per Share"

Particulars	March 31, 2016	March 31, 2015
Weighted average number of equity shares used in computation of basic earnings per share	135,01,89,368	134,78,81,375
Potential equity shares arising out of the Employees Stock Option Scheme	3,554	73,17,759
Weighted average number of equity shares used in computation of diluted earnings per share	135,01,92,922	135,51,99,134
Earnings used in the computation of basic earnings per share (₹ in Crore)	333.27	307.20
Earnings used in the computation of diluted earnings per share (₹ in Crore)	333.27	307.20
Nominal Value of share (in ₹)	1.00	1.00
Basic earnings per share (in ₹)	2.47	2.28
Effect of potential equity shares for ESOS	0.00	0.01
Diluted earnings per share (in ₹)	2.47	2.27

3. Accounting for Employee Share Based Payments.

The company has provided various share based payment schemes to its employees. As on March 31, 2016, the following schemes were in operation;

	Tranche 1	Tranche 2	Tranche 3	Tranche 4	Tranche 5	Tranche 6	Tranche 7
Date of grant	21.11.2009	21.10.2010	16.02.2012	28.06.2012	05.03.2013	03.12.2013	27.03.2015
Date of Board approval	21.11.2009	21.10.2010	16.02.2012	28.06.2012	05.03.2013	03.12.2013	27.03.2015
Date of Shareholders approval	18.08.2008	18.08.2008	18.08.2008	18.08.2008	18.08.2008	18.08.2008	18.08.2008
Number of options granted	307,25,000	5,10,500	9,42,000	21,000	10,66,500	213,52,100	22,26,500
Method of settlement	Equity	Equity	Equity	Equity	Equity	Equity	Equity
Vesting period	21.11.2011 to 21.11.2013	21.10.2012 to 21.10.2014	16.02.2014 to 16.02.2016	28.06.2014 to 28.06.2016	05.03.2015 to 05.03.2017	03.12.2015 to 03.12.2017	27.03.2017 to 27.03.2019
Exercise period (for all Tranches)	Eligible to exercise the options during any one of the four specific periods (i.e., within 30 days after the end of each quarter) within one year from the date of vesting.						
Manner of Vesting (for all Tranches)	In a graded manner over a 4 year period with 30%, 30% and 40% of the grants vesting in each year commencing from the end of 24 months from the grant date.						

The Bank had elected to use intrinsic value method to account the compensation cost of ESOS. Intrinsic value is the amount by which the quoted market price of the underlying share exceeds the exercise price of the option.

Activity in the options outstanding under the ESOS

Particulars	March 31, 2016		March 31, 2015	
	Options	Weighted average exercise price (₹)	Options	Weighted average exercise price (₹)
Options outstanding at the beginning of the year	2,47,66,990	19.25	3,34,25,040	17.25
Options granted during the year	0.00	0.00	22,26,500	21.65
Options exercised during the year	1,57,005	19.04	62,04,475	12.99
Forfeited / lapsed during the year	1,127,240	21.68	46,80,075	14.44
Options outstanding at the end of the year	23,482,745	19.13	2,47,66,990	19.25
Options Exercisable	66,33,955	19.09	7,16,140	22.91

The weighted average share price at the date of exercise of the options was ₹ 19.75 (Previous year ₹27.16)

Details of exercise price for stock options outstanding as at March 31, 2016

Particulars	Exercise price per share	Number of options outstanding	Remaining contractual life of options
Tranche 1	12.93	0.00	0.00
Tranche 2	24.98	0.00	0.00
Tranche 3	24.12	3,16,600	0.88
Tranche 4	12.93	12,600	0.81
Tranche 5	21.65	6,03,950	1.50
Tranche 6	18.72	2,04,06,595	1.78
Tranche 7	21.65	21,43,000	3.09

No options were granted during the year.

Details of exercise price for stock options outstanding as at March 31, 2015

Particulars	Exercise price per share	Number of options outstanding	Remaining contractual life of options
Tranche 1	12.93	14,600	0.64
Tranche 2	24.98	1,58,890	0.56
Tranche 3	24.12	5,69,100	1.45
Tranche 4	12.93	19,400	1.38
Tranche 5	21.65	9,14,800	2.03
Tranche 6	18.72	2,08,63,700	2.78
Tranche 7	21.65	22,26,500	4.09

The weighted average fair value of stock options granted during the year 2014-15 was ₹8.48.

Fair Value methodology

The fair value of the options is estimated on the date of grant using Black Scholes options pricing model with following inputs

	Year ended March 31, 2016							Year ended March 31, 2015						
Tranches	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**1**	**2**	**3**	**4**	**5**	**6**	**7**
Exercise Price per share (₹)	12.93	24.98	24.12	12.93	21.65	18.72	21.65	12.93	24.98	24.12	12.93	21.65	18.72	21.65
Weighted Average Share Price per share (₹)	8.57	17.03	22.57	23.10	24.26	23.49	27.56	8.57	17.03	22.57	23.10	24.26	23.49	27.56
Expected Volatility (%)	28.26	28.26	28.26	28.26	28.26	29.95	34.59	28.26	28.26	28.26	28.26	28.26	29.95	34.59
Historical Volatility (%)	43.50	31.33	29.23	31.32	28.94	32.19	34.83	43.50	31.33	29.23	31.32	28.94	32.19	34.83
Life of the options granted (Vesting and Exercise period in years)	4.20	3.28 to 4.28	2.20 to 4.21	2.09 to 4.09	2.15 to 4.16	2.16 to 4.16	3.10 to 5.10	4.20	3.28 to 4.28	2.20 to 4.21	2.09 to 4.09	2.15 to 4.16	2.16 to 4.16	3.10 to 5.10
Average Risk Free Interest rate (%)	7.98	7.88 to 7.98	7.89 to 7.94	7.88 to 7.95	7.89 to 8.09	8.61 to 8.88	8.15 to 8.19	7.98	7.88 to 7.98	7.89 to 7.94	7.88 to 7.95	7.89 to 8.09	8.61 to 8.88	8.15 to 8.19
Expected Dividend Yield (%)	8.17	4.11	3.10	3.03	2.89	3.41	2.90	8.17	4.11	3.10	3.03	2.89	3.41	2.90

Effect of the ESOS on the profit and loss account and on its financial position: [₹ in Crore]

Particulars	March 31, 2016	March 31, 2015
Opening of ESOS Liability	5.31	6.43
Liability on account of ESOS issued	0.00	0.53
Reversal on account of Exercise	(0.03)	(0.90)
Reversal on account of lapsed/forfeiture	(0.28)	(0.75)
Total Employee compensation cost pertaining to ESOS (₹ in Crore)	5.00	5.31
Opening Deferred Compensation Cost	2.93	4.12
Deferred compensation cost on ESOS issued	0.00	0.53
Compensation Cost pertaining to ESOS amortized during the year (₹ in Crore)	(1.54)	(1.67)
Reversal on account of lapse/ forfeiture	(0.04)	(0.06)
Deferred compensation cost (₹ in Crore)	1.35	2.92

Impact of fair value method on net profit and on EPS:

Had compensation cost for the ESOS outstanding being determined based on the fair value approach instead of intrinsic value method, the Bank's net profit and earnings per share would have been as indicated below:

Particulars	March 31, 2016	March 31, 2015
Net Profit as reported(₹ in Crore)	333.27	307.20
Proforma Net profit based on fair value approach (₹ in Crore)	331.30	305.82
Basic EPS as reported (₹)	2.47	2.28
Basic EPS (Proforma)(₹)	2.45	2.27
Diluted EPS as reported(₹)	2.47	2.27
Diluted EPS (Proforma)(₹)	2.45	2.26

In computing the above information, certain estimates and assumptions have been made by the management which has been relied upon by the auditors.

4. Deferred Tax Assets (net)

[₹ in Crore]

Particulars	March 31, 2016	March 31, 2015
Deferred Tax Asset (A)		
Provisions for Loans/Investments/ others	149.61	180.88
Total (A)	**149.61**	**180.88**
Deferred Tax Liabilities (B)		
Fixed Assets: Impact of difference between tax depreciation and Depreciation charged for the financial reporting	6.83	13.68
Special Reserve created u/s 36(i)(viii) of I T Act	40.15	31.24
Total (B)	**46.98**	**44.92**
Deferred Tax Asset (net) (A-B)	**102.63**	**135.96**

5. Related party disclosure:

a. Key Management Personnel
   Sri. V G Mathew, Managing Director & Chief Executive Officer.

b. Gross Remuneration paid.

[₹ in Crore]

Name	Designation	2015-16	2014-15
Sri. Mathew V G	M.D& C.E.O	0.83	0.46
Dr. Joseph V.A.	M.D& C.E.O till Sept 2014	N.A	0.52

Note: - The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits as they are determined on an actuarial basis for the bank as a whole.

[₹ in Crore]

Items/Related Party	Key Management Personnel		Relatives of Key Management Personnel		Total	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Deposits						
Balance outstanding	0.18	0.10	0.33	0.24	0.51	0.34
Peak Balance	0.26	0.10	0.38	0.46	0.64	0.56
Interest paid	0.01	0.01	0.02	0.01	0.03	0.02

6. Employee Benefits

a) **Retirement Benefits.**

The bank has recognized the following amounts in the Profit and loss account towards employee benefits as under:

[₹ in Crore]

Particulars	**March 31, 2016**	**March 31, 2015**
Pension Fund	160.55	178.43
Gratuity Fund	14.59	11.77
Compensation for absence on privilege/sick/casual leave	25.27	18.98

The employee benefits on account of pension, gratuity and Leave have been ascertained on actuarial valuation in accordance with Accounting Standard - 15 prescribed under section 133 of the Companies Act, 2013.

The following table as furnished by Actuary sets out the funded status of gratuity / pension plan and the amount recognized in the Bank's Reformatted summary financial statements as at March 31, 2016.

b) **Changes in the defined benefit obligations**

[₹ in Crore]

	Gratuity Plan		**Pension Plan**	
	March 31, 2016	**March 31, 2015**	**March 31, 2016**	**March 31, 2015**
Projected defined benefit obligation, beginning of the year	157.33	155.39	480.72	415.69
Current Service Cost	8.91	8.11	130.57	120.69
Interest Cost	11.70	11.34	31.96	27.76
Actuarial (gain)/ loss	7.02	3.71	83.38	38.93
Benefits paid	(19.88)	(21.22)	(156.46)	(122.34)
Projected defined benefit obligation, end of the year	165.08	157.33	570.16	480.72
Liability (net) of fair value of plan asset at the end of the year	14.59	11.77	160.55	178.43

c) **Changes in the fair value of plan assets**

[₹ in Crore]

	Gratuity Plan		**Pension Plan**	
	March 31, 2016	**March 31, 2015**	**March 31, 2016**	**March 31, 2015**
Fair value of plan assets, beginning of the year	145.56	136.48	302.29	246.44
Expected return on plan assets	11.32	10.82	25.35	21.68
Employer's contributions	11.77	16.83	178.43	148.83
Actuarial gain/ (loss)	1.72	2.65	60.00	7.68
Benefits paid	(19.88)	(21.22)	(156.46)	(122.34)
Fair value of plan assets, end of the year	150.49	145.56	409.61	302.29

The Company expects to contribute ₹14.59 Crore towards gratuity and ₹160.55 Crore towards pension in the next year.

d) Net Employee benefit expense (recognized in payments to and provisions for employees)

[₹ in Crore]

	Gratuity Plan		Pension Plan	
	March 31, 2016	**March 31, 2015**	**March 31, 2016**	**March 31, 2015**
Current Service Cost	8.91	8.11	130.57	120.69
Interest defined benefit obligation	11.70	11.34	31.96	27.76
Expected return on plan assets	(11.32)	(10.82)	(25.35)	(21.68)
Net actuarial (gain)/ loss recognized in the year	5.30	1.06	23.38	31.25
Past service cost	-	-	-	-
Employee cost	14.59	9.69	160.55	158.02
Amortization cost	-	2.08	-	20.41
Total	14.59	11.77	160.55	178.43
Actual return on plan assets	13.05	13.08	85.35	29.01

(e) Categories of plan assets as a percentage of the fair value of total plan assets

	Gratuity Plan		Pension Plan	
	March 31, 2016	**March 31, 2015**	**March 31, 2016**	**March 31, 2015**
Government of India Securities	-	-	-	-
State Government Securities	-	-	-	-
High quality Corporate Bonds	-	-	-	-
Equity Shares of Listed Companies	-	-	-	-
Funds Managed by Insurer *	100%	100%	100%	100%
Others (With Fund and Bank)	-	-	-	-
Total	100%	100%	100%	100%

* In the absence of detailed information regarding plan assets which is funded with Insurance Companies, the composition of each major category of plan assets, the percentage or amount for each category to the fair value of plan assets has not been disclosed.

(f) Experience adjustments

(i) Gratuity (₹ in Crore)

	March 31, 2016	**March 31, 2015**	**March 31, 2014**	**March 31, 2013**	**March 31, 2012**
Defined Benefit Obligations	165.08	157.33	155.39	146.95	136.88
Plan Assets	150.49	145.56	136.48	115.21	93.72
(Surplus)/Deficit	14.59	11.77	18.91	31.74	43.16
Unamortized	-	-	2.08	5.59	10.44
Net Benefit expense	14.59	11.77	16.83	26.15	32.72
Experience adjustments on Plan Liabilities	7.02	3.71	8.34	14.50	17.44
Experience Adjustments on Plan Assets	(1.72)	(2.65)	(3.12)	(3.71)	(0.27)

(ii) Pension (₹ in Crore)

	March 31, 2016	**March 31, 2015**	**March 31, 2014**	**March 31, 2013**	**March 31, 2012**
Defined Benefit Obligations	570.16	480.72	415.69	369.80	323.64
Plan Assets	409.61	302.29	246.44	179.74	166.84
Surplus/Deficit	160.55	178.43	169.25	190.06	156.80
Unamortized	-	-	20.41	45.13	73.87
Net Benefit expense	160.55	178.43	148.84	144.93	82.93
Experience adjustments on Plan Liabilities	83.38	38.93	32.64	90.64	32.32
Experience Adjustments on Plan Assets	(60.00)	(7.68)	5.50	3.72	8.99

(g) Assumptions used by the actuary in accounting for Gratuity/ Pension/Compensation for absence

	Gratuity Plan		Pension Plan		Compensation for absence	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Discount rate	7.94%	7.83%	7.94%	7.83%	7.83%	7.83%
Expected rate of return on plan assets	8.00%	8.00%	8.00%	8.00%	*	*
Increase in compensation cost	8.00%	6.00%	5.00%	5.00%	6.00%	6.00%

*Not applicable

Notes:

(i) Discount rate is based on the prevailing market yields of Indian Government securities as at the balance sheet date for the estimated term of obligations.

(ii) Expected rate of return on plan assets is based on the average long term rate of return expected on investments of the funds during the estimated term of the obligations.

(iii) The estimates of future salary increases, considered in actuarial valuation, take account the inflation, seniority, promotion and other relevant factors.

(h) Compensation for absence on Privilege / Sick / Casual Leave

The charge on account of compensation for privilege / sick / casual leave has been actuarially determined and an amount of ₹25.27 Crore (Previous year ₹ 18.98 Crore) has been debited to Profit and Loss account.

The above information is as certified by actuary and relied upon by the auditor.

7. The Bank has not received any intimation from "Suppliers" regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year-end together with interest paid/ payable as required under the said Act have not been given.

8. Segment reporting

Business Segments have been identified and reported taking into account, the target customer profile, the nature of product and services, the differing risks and returns, the organization structure, the internal business reporting system and guidelines issued by RBI vide notification dated April 18, 2007. The Bank operates in the following business segments;

a) Treasury:

The treasury segment primarily consists of interest earnings on investments portfolio of the bank, gains or losses on investment operations and earnings from foreign exchange business. The principal expenses of the segment consist of interest expense on funds borrowed and other expenses.

b) Corporate / Whole sale Banking:

The Corporate / Whole sale Banking segment provides loans to corporate segment identified on the basis of RBI guidelines. Revenues of this segment consist of interest earned on Loans made to corporate customers and the charges / fees earned from other banking services. The principal expenses of the segment consist of interest expense on funds borrowed and other expenses.

c) Retail banking:

The Retail Banking segment provides loans to non-corporate customers identified on the basis of RBI guidelines. Revenues of this segment consist of interest earned on Loans made to non-corporate customers and the charges / fees earned from other banking services. The principal expenses of the segment consist of interest expense on funds borrowed and other expenses.

d) Other Banking Operations:

This segment includes income from para banking activities such as debit cards, third party product distribution and associated costs.

Geographic segment

The Bank operations are predominantly confined within one geographical segment (India) and accordingly this is considered as the only secondary segment.

In accordance with RBI guidelines in regard to business segments of banks, the bank has determined the business segments and the required disclosures are as follows:

[₹in Crore]

Business Segments	Treasury		Corporate/ Wholesale Banking		Retail Banking		Other Banking Operations		Total	
Particulars	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Revenue	1,205.86	1,212.59	2,836.12	2,512.50	1,892.35	1,941.64	140.29	116.56	6074.62	5783.29
Result	(83.76)	(46.42)	118.39	(76.73)	361.25	429.90	113.79	95.46	509.67	402.21
Unallocated Expenses/ (Income)									-	-
Operating profit									509.67	402.21
Income Taxes									176.40	160.75
Depreciation Reversal *	-	-	-	-	-	-	-	-	-	(65.74)
Net Profit									333.27	307.20
Other Information:										
Segment Assets	15,567.94	14,381.53	29,197.93	27,081.10	17,098.36	16,241.25	-	-	61,864.23	5,7703.88
Unallocated Assets									1,610.65	1,412.44
Total Assets									63,474.88	59,116.32
Segment Liabilities	14,679.99	13,494.54	27810.73	25,731.96	16286.02	15432.13	-	-	58,776.74	54,658.63
Unallocated Liabilities									856.21	868.28
Total Liabilities									59,632.95	55,526.91

* Depreciation Reversal of ₹65.74 Crore on account of change in accounting policy for charging depreciation from WDV Method to Straight line Method.

Since the Bank operates only in domestic segment, disclosure regarding geographical segment is not applicable.

9. Tier II Bonds

During the FY 15-16, the Bank has raised ₹ 300.00 Crore of Basel III compliant Tier II Capital. Lower Tier II Bonds outstanding as at March 31, 2016 (included under Schedule 4 Borrowings) is ₹500 Crore (Previous Year ₹ 200 Crore).
Amount reckoned for Tier II Capital as per RBI guidelines is ₹460 Crore (Previous Year ₹200 Crore).

10. Description of contingent liabilities

Sl. No	Contingent liability	Brief Description
1	Claims not acknowledged as debts	This includes liability on account of Service tax, and other legal cases filed against the bank. The bank is a party to various legal proceedings in the ordinary course of business and these are contested by the Bank and are therefore subjudice. The bank does not expect the outcome of these proceedings to have a material adverse impact on the bank's financial position.
2	Liability on account of outstanding forward contracts	The bank enters into foreign exchange contracts with interbank participants on its own account and for its customers. Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the contract rate.
3	Guarantees on behalf of constituents in India, Acceptances, endorsements and other obligations	As a part of banking activities, the Bank issues Letter of Guarantees and documentary credit on behalf of its customers, with a view to augment the customer's credit standing. Through these instruments, the Bank undertakes to make payments for its customers' obligations, either directly or in case the customer fails to fulfill their financial or performance obligations..
4	Other items for which the bank is contingently liable	Includes capital commitments and amount transferred to RBI under the Depositor Education and Awareness Fund (DEAF).

* Also refer schedule – 12

11. Provision for long term contracts

The Bank has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the bank has reviewed and recorded adequate provision as required under any Law/Accounting Standards for material foreseeable losses on such long term contracts (including derivative contracts) in the books of account and disclosed the same under the relevant notes in the Reformatted summary financial statements.

12. Corporate social responsibility

Operating expenses include ₹2.30 Crore for the year ended March 31, 2016 towards Corporate Social Responsibility (CSR), in accordance with the Companies Act, 2013.

The Bank has spent 0.40% of its average net profit for the last three financial years as part of its CSR for the year ended March 31, 2016. As a responsible Bank, it has approached the mandatory requirements of CSR spend positively by utilising the reporting year to lay a foundation on which to build and scale future projects and partnerships. The Bank is currently in the process of evaluating strategic avenues for CSR expenditure in order to deliver maximum impact. In the years to come, the Bank will further strengthen its processes as per requirement.

13. Investor education and protection fund

There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Bank.

14. Provisioning pertaining to fraud accounts

The Bank has reported 8 cases as fraud during the Financial Year ended March 31, 2016 amounting to ₹ 1.59 Crore and has provided for the same in full. Bank does not have any unamortised loss in this regard as on March 31, 2016.

15. The Financial Statements for the year ended March 31, 2016 are audited by the statutory auditors, M/s. Deloitte Haskins & Sells, Chartered Accountants. The Financial Statements for the year ended March 31, 2015 were audited by another firm of chartered accountants.

16. Figures of the previous year have been regrouped to confirm to the current year presentation wherever necessary.

For and on behalf of Board of Directors

V G Mathew
Managing Director & CEO
(DIN : 05332797)

Thomas Joseph K
Executive Vice President

C P Gireesh
Chief Financial Officer

Jimmy Mathew
Company Secretary

Place: Kochi
Date : 11th January, 2017

REVIEW REPORT ON UNAUDITED INTERIM CONDENSED FINANCIAL INFORMATION

The Board of Directors
The South Indian Bank Limited
SIB House, T B Road
Mission Quarters
Thrissur – 680 001, Kerala

1. We have reviewed the accompanying Unaudited Interim Condensed Financial Information of the South Indian Bank Limited (the "Bank"), which comprise the Unaudited Condensed Balance Sheet as at December 31, 2016 and the related Unaudited Condensed Profit and Loss Account and the Unaudited Condensed Cash Flow Statement for the nine month period then ended, together with selected explanatory notes (collectively, the "Unaudited Interim Condensed Financial Information"). In conduct of our review, we have relied on the reports in respect of non-performing assets received from the concurrent auditors of 165 branches, specifically appointed for this purpose. These reports cover 72 percent of the advances portfolio of the Bank. Apart from these reports, in the conduct of our review, we have also relied upon various returns received from the braches of the Bank.

2. Management's Responsibility for the Unaudited Interim Condensed Financial Information

The Bank's Board of Directors is responsible with respect to preparation and presentation of the Unaudited Interim Condensed Financial Information in accordance with accounting principles generally accepted in India and the recognition and measurement principles laid down in Accounting Standard for "Interim Financial Reporting" (AS 25), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder in so far as they apply to the Banking Companies and Circulars and Guidelines issued by the Reserve Bank of India from time to time.

3. Auditors' Responsibility

We conducted our review of the Unaudited Interim Condensed Financial Information in accordance with the Standard on Review Engagements (SRE) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity', issued by the Institute of Chartered Accountants of India. A review of the Unaudited Interim Condensed Financial Information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

4. Conclusion

Based on our review conducted as stated above, nothing has come to our attention that causes us to believe that the accompanying Unaudited Interim Condensed Financial Information has not been prepared, in all material respects, in accordance with accounting principles generally accepted in India and the recognition and measurement principles laid down in Accounting Standard for "Interim Financial Reporting" (AS 25), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder in so far as they apply to the Banking Companies and Circulars and Guidelines issued by the Reserve Bank of India from time to time.

5. Emphasis of Matters

Attention is drawn to:

(i) Note No.1 of Schedule 17 to the Unaudited Interim Condensed Financial Information regarding deferment of shortfall arising from the sale of certain non-performing assets during an earlier year /

current period in terms of RBI Master Circular DBOD. No. BP. BC.9 / 21.04.048/2014-15 on Prudential Norms on Income Recognition, Asset Classification and Provisioning pertaining to advances, dated July 1, 2014, as amended / RBI Circular DBR.No.BP.BC.102/21.04.048/2015-16 on Prudential norms on income recognition, asset classification and provisioning pertaining to advances – spread over of shortfall on sale of NPAs to SCs/SRs dated June 13, 2016 respectively and the unamortised balance as at 31st December, 2016 of Rs.9.72 Crore.

(ii) Note No.2 of Schedule 17 to the Unaudited Interim Condensed Financial Information regarding deferment of provisioning pertaining to a fraud account during the current quarter in terms of RBI Circular DBR.No.BP.BC.92 /2 1.0 4.048/ 2015-16 dated April 18, 2016 and the unamortised balance as at 31st December, 2016 of Rs.146.82 Crore.

Our conclusion is not modified in respect of these matters.

6. **Restrictions on Use**

This report is addressed to and is provided to enable the Bank to include this report in the Letter of Offer in connection with the rights issue, to be filed by the Bank with Securities and Exchange Board of India and that these Unaudited Interim Condensed Financial Information may not be meaningful for any other purpose.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
Firm's Registration No. 008072S

S Sundaresan
Partner
Membership No.25776

THRISSUR, 4th February, 2017

THE SOUTH INDIAN BANK LIMITED

UNAUDITED CONDENSED BALANCE SHEET AS AT DECEMBER 31, 2016

	Schedule No.	**As at December 31, 2016 ₹ in Crore**	As at 31st March, 2016 **₹ in Crore**
CAPITAL AND LIABILITIES			
Capital	1	135.17	135.03
Employees' Stock Options (Grants) Outstanding		3.11	3.65
Reserves and Surplus	2	4,141.40	3,706.90
Deposits	3	63,594.55	55,720.73
Borrowings	4	2,205.48	2,614.96
Other liabilities and provisions	5	1,366.21	1,293.61
TOTAL		**71,445.92**	63,474.88
ASSETS			
Cash and Balances with Reserve Bank of India	6	3,576.45	2,476.13
Balances with banks and money at call and short notice	7	1,420.41	798.34
Investments	8	17,575.51	14,743.93
Advances	9	44,255.64	41,085.75
Fixed Assets	10	594.67	486.99
Other Assets	11	4,023.24	3,883.74
TOTAL		**71,445.92**	63,474.88
Contingent Liabilities	12	12,980.13	14,749.74
Bills for collection		786.32	620.52
Selected explanatory Notes	17		

Schedules referred to above form an integral part of the unaudited condensed Balance Sheet

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

For and on behalf of Board of Directors

S. Sundaresan
Partner

Thomas Joseph K
Executive Vice President

V G Mathew
Managing Director & CEO
(DIN : 05332797)

C P Gireesh
Chief Financial Officer

Jimmy Mathew
Company Secretary

Thrissur, 4th February, 2017

Kochi, 11th January, 2017

THE SOUTH INDIAN BANK LIMITED

UNAUDITED CONDENSED PROFIT AND LOSS ACCOUNT FOR THE NINE MONTHS ENDED DECEMBER 31, 2016

	Schedule No	**Nine months ended December 31, 2016 ₹ in Crore**	Nine months ended December 31, 2015 ₹ in Crore
I. INCOME			
Interest Earned	13	4,376.37	4,189.32
Other Income	14	577.85	378.36
TOTAL		**4,954.22**	**4,567.68**
II. EXPENDITURE			
Interest Expended	15	3,140.04	3,053.91
Operating Expenses	16	880.39	856.78
Provisions and Contingencies		616.83	396.69
TOTAL		**4,637.26**	**4,307.38**
III. PROFIT/LOSS			
Net Profit for the Nine Months		316.96	260.30
Profit brought forward from previous year		173.71	95.22
Profit available for Appropriation:		**490.67**	**355.52**
IV. APPROPRIATIONS			
Transfer to Statutory Reserve		-	-
Transfer to Capital Reserve		-	-
Transfer to Revenue and Other Reserve		-	-
Transfer to Special Reserve u/s 36(i)(viii) of Income Tax Act		-	-
Transfer to/(from) Investment Reserve		-	-
Proposed Dividend		-	-
Tax on Proposed Dividend		-	-
Balance carried over to Unaudited condensed Balance Sheet		490.67	355.52
TOTAL		**490.67**	**355.52**
Earnings per share (Face value of ₹ 1 per share)			
Basic (in ₹)		**2.35**	1.93
Diluted (in ₹)		**2.34**	1.93
Selected explanatory Notes	17		

Schedules referred to above form an integral part of the unaudited condensed Profit and Loss Account

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

For and on behalf of Board of Directors

S. Sundaresan
Partner

Thomas Joseph K
Executive Vice President

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Thrissur, 4th February, 2017

Kochi, 11th January, 2017

THE SOUTH INDIAN BANK LIMITED

UNAUDITED CONDENSED CASH FLOW STATEMENT FOR THE NINE MONTHS ENDED DECEMBER 31, 2016

	Nine Months Ended December 31, 2016 ₹ in Crore	Nine Months Ended December 31, 2015 ₹ in Crore
Cash flow from operating activities		
Net Profit As Per Unaudited Condensed Profit and Loss Account	316.96	260.30
Adjustments for:		
Provision for taxes(Net)	167.76	143.32
Depreciation	47.38	49.41
Amortisation of Premium on HTM Investments	19.82	14.16
Provision for Depreciation / Non Performing Investments	6.59	38.49
General Provisions against Standard Assets	19.36	36.58
Provision/write off for Non-Performing Assets	402.44	205.03
Other Provisions	20.68	(26.73)
ESOS Employee Compensation expense amortised	0.72	1.18
Interest on Subordinated bonds	37.80	22.54
Loss on sale of land, buildings and other assets	0.85	(0.01)
Operating profit before working capital changes (A)	**1,040.36**	**744.27**
Changes in working capital:		
Increase / (Decrease) in Deposits	7,873.82	1,528.79
Increase / (Decrease) in Borrowings	(409.47)	(747.33)
Increase / (Decrease) in Other liabilities	86.01	(16.05)
(Increase) / Decrease in Investments	(1,381.17)	553.87
(Increase) / Decrease in Advances	(3,558.46)	(2,714.47)
(Increase) / Decrease in Other Assets	(107.24)	(413.11)
(B)	2,503.49	(1,808.30)

		Nine Months Ended Dec 31, 2016 ₹ in Crore		Nine Months Ended Dec 31, 2015 ₹ in Crore
Cash flow from operating activities before taxes	**(A+B)**	3,543.85		(1,064.03)
Direct Taxes Paid		(214.03)		(152.99)
Net cash flow from operating activities	**(C)**	**3,329.82**		**(1,217.02)**
Cash flow from investing activities:				
Purchase of Fixed Assets/Capital Work-In-Progress		(42.99)		(56.77)
Sale of Fixed Assets		0.82		0.97
(Purchase)/Sale of Investments (Held To Maturity)		(1,476.82)		(649.38)
Net cash flow from investing activities	**(D)**	**(1,518.99)**		**(705.18)**
Cash flow from financing activities:				
Proceeds from issue of share capital		2.68		0.05
Dividend paid including Corporate Dividend Tax		(81.26)		(97.50)
Interest on Subordinated bonds		(9.86)		(9.83)
Issue/(Repayment) of Subordinate bonds		-		300.00
Net cash flow from financing activities	**(E)**	**(88.44)**		**192.72**
Net increase in cash and cash equivalents	**(C+D+E)**	1,722.39		(1,729.48)
Cash and cash equivalents as at beginning of the Financial Year		3,274.47		**4,395.08**
Cash and cash equivalents as at the end of the period/ Year		**4,996.86**		**2,665.60**

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

For and on behalf of Board of Directors

S. Sundaresan
Partner

Thomas Joseph K
Executive Vice President

V G Mathew
Managing Director & CEO
(DIN : 05332797)

C P Gireesh
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Company Secretary

Thrissur, 4th February, 2017

Kochi, 11th January, 2017

THE SOUTH INDIAN BANK LIMITED

SCHEDULES TO UNAUDITED CONDENSED BALANCE SHEET AS AT DECEMBER 31, 2016

	As at December 31, 2016 ₹ in Crore	As at March 31, 2016 ₹ in Crore
SCHEDULE 1 - CAPITAL		
Authorised Capital 250,00,00,000 Equity shares of ₹ 1/- each (Previous year 250,00,00,000 equity shares of ₹ 1/- each)	**250.00**	250.00
Issued, Subscribed and Paid up Capital 135,17,38,250 Equity shares of ₹ 1/- each (Previous year 135,03,09,041 equity shares of ₹ 1/- each)	**135.17**	135.03
TOTAL	**135.17**	135.03
Employees' Stock Options (Grants) Outstanding		
Employees' Stock Options Outstanding	**3.69**	5.00
Less: Deferred Employee Compensation Expense (unamortised)	**0.58**	1.35
TOTAL	**3.11**	3.65
SCHEDULE 2 - RESERVES AND SURPLUS		
I. Statutory Reserve		
Opening Balance	871.41	788.09
Additions during the period/Year	**-**	83.32
Sub total	**871.41**	**871.41**
II. Capital Reserve		
Opening Balance	72.48	47.95
Additions during the period/Year	**-**	24.53
Sub total	**72.48**	**72.48**
III. Asset Revaluation Reserve		
Opening Balance	133.62	138.58
Additions during the period/Year	113.74	-
	247.36	**138.58**

THE SOUTH INDIAN BANK LIMITED

SCHEDULES TO UNAUDITED CONDENSED BALANCE SHEET AS AT DECEMBER 31, 2016

	As at December 31, 2016 ₹ in Crore	As at March 31, 2016 ₹ in Crore
Deductions during the period		
Deduction from revaluation reserve to the extent of depreciation on revalued amount	2.14	4.96
Sub total	**245.22**	**133.62**
IV. Share Premium		
Opening Balance	956.63	956.31
Additions during the period/Year	2.83	0.32
Sub total	**959.46**	**956.63**
V. Revenue and Other Reserves		
Opening Balance	1,383.05	1,327.91
Additions during the period by way of lapse of vested options	0.97	0.18
Addition during the period due to transfer of depreciation on revaluation	2.14	4.96
Additions during the period/ year by way of appropriation	-	50.00
Sub total	**1,386.16**	**1,383.05**
VI. Investment Reserve		
Opening Balance	-	10.05
Sub total	-	10.05
Transfer to Profit & Loss Appropriation A/c	-	10.05
Sub total	-	-
VII. Special Reserve u/s 36(i)(viii) of Income Tax Act		
Opening Balance	116.00	90.28
Additions during the period/Year	-	25.72
Sub total	**116.00**	**116.00**
VIII. Balance in Profit and Loss Account	490.67	173.71
TOTAL	**4,141.40**	**3,706.90**

THE SOUTH INDIAN BANK LIMITED

SCHEDULES TO UNAUDITED CONDENSED BALANCE SHEET AS AT DECEMBER 31, 2016

	As at December 31, 2016 ₹ in Crore	As at March 31, 2016 ₹ in Crore
SCHEDULE 3 - DEPOSITS		
A. I. Demand Deposits		
(i) From Banks	10.65	4.64
(ii) From Others	2,935.54	1,978.49
II. Savings Bank Deposits	13,539.67	10,475.85
III. Term Deposits		
(i) From Banks	2,924.54	3,164.21
(ii) From Others	44,184.15	40,097.54
TOTAL	**63,594.55**	**55,720.73**
B. (i) Deposits of branches in India	63,594.55	55,720.73
(ii) Deposits of branches outside India	-	-
TOTAL	**63,594.55**	55,720.73
SCHEDULE 4 - BORROWINGS		
I. Borrowings in India		
(i) Reserve Bank of India	-	300.00
(ii) Other Banks	689.92	35.01
(iii) Other Institutions and Agencies	1,440.89	1,123.08
II. Borrowings outside India - from other banks	74.67	1,156.87
TOTAL	**2,205.48**	**2,614.96**
Secured borrowings included in above	-	300.00
SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS		
I. Bills Payable	95.76	107.09
II. Inter -Office adjustments (Net)	-	-
III. Interest Accrued	219.51	152.08
IV. Others (including provisions)*	1,050.94	1,034.44
TOTAL	**1,366.21**	**1,293.61**

*Includes :-

a) Provision for standard assets ₹ 233.15 Crore (previous Year ₹ 213.64 crore)

b) Proposed dividend amounting to ₹ Nil (previous year ₹ 67.52 Crore)

Corporate Dividend Tax payable amounting to ₹ Nil (previous year ₹ 13.74 Crore)

THE SOUTH INDIAN BANK LIMITED

SCHEDULES TO UNAUDITED CONDENSED BALANCE SHEET AS AT DECEMBER 31, 2016

	As at December 31, 2016 ₹ in Crore	As at March 31, 2016 ₹ in Crore
SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA		
I. Cash in hand	538.48	304.43
(Including foreign currency notes)		
II. Balances with Reserve Bank of India		
In Current Account	3,037.97	2,171.70
TOTAL	**3,576.45**	**2,476.13**
SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE		
I. In India		
i) Balances with Banks		
(a) In Current Accounts	165.14	11.79
(b) In Other Deposit Accounts	111.83	281.26
ii) Money at call & short notice		
With Banks	-	150.00
With other Institutions	725.00	175.00
Sub total	**1,001.97**	**618.05**
II. Outside India		
(a) In Current Accounts	379.11	5.38
(b) In Other Deposit Accounts	-	-
(c) Money at call & short notice - with banks	39.33	174.91
Sub total	418.44	180.29
TOTAL	**1,420.41**	**798.34**
SCHEDULE 8 - INVESTMENTS (net of provisions)		
I. Investments in India in:		
(i) Government Securities*	16,375.69	13,962.21
(ii) Other Approved Securities	-	-
(iii) Shares	168.60	137.36
(iv) Debentures and Bonds	755.88	414.49
(v) Subsidiaries and/or Joint Ventures	-	-
(vi) Others (Certificate of deposits, Security Receipts etc.)	275.34	229.87
TOTAL	**17,575.51**	**14,743.93**

THE SOUTH INDIAN BANK LIMITED

SCHEDULES TO UNAUDITED CONDENSED BALANCE SHEET AS AT DECEMBER 31, 2016

	As at December 31, 2016 ₹ in Crore	As at March 31, 2016 ₹ in Crore
Gross Investments	17,654.21	14,818.89
Less: Depreciation	33.31	50.67
Provision for NPI	45.39	24.29
Net Investments	**17,575.51**	**14,743.93**
* Including Non SLR SG special bonds with Book Value ₹676.75 Crore (Previous Period: ₹719.29 Crore).		
II. Investments outside India	-	-
TOTAL	**17,575.51**	**14,743.93**
SCHEDULE 9 - ADVANCES (net of provisions)		
A.(i) Bills Purchased and Discounted	2,638.54	1,796.21
(ii) Cash Credits, Overdrafts and Loans repayable on demand	20,364.53	19,092.34
(iii) Term Loans	21,252.57	20,197.20
TOTAL	**44,255.64**	**41,085.75**
B. (i) Secured by tangible assets (including advances against book debts)	41,085.76	37,931.43
(ii) Covered by Bank/Government Guarantees	1,001.27	893.81
(iii) Unsecured	2,168.61	2,260.51
TOTAL	**44,255.64**	**41,085.75**
C. I. Advances in India		
(i) Priority Sectors	13,947.21	16,504.17
(ii) Public Sector	1,564.74	1,343.92
(iii) Banks	-	63.25
(iv) Others	28,743.69	23,174.41
TOTAL	**44,255.64**	**41,085.75**
II. Advances outside India	-	-
TOTAL	**44,255.64**	**41,085.75**
SCHEDULE 10 - FIXED ASSETS		
I. Premises (including Land)		
At cost as on March 31, of the preceding year	314.67	314.67
Additions due to revaluation	113.74	-
	428.41	**314.67**
Deductions during the Period	0.82	-
	427.59	314.67
Depreciation to date	41.61	37.91
Sub total	**385.98**	**276.76**

THE SOUTH INDIAN BANK LIMITED

SCHEDULES TO UNAUDITED CONDENSED BALANCE SHEET AS AT DECEMBER 31, 2016

	As at December 31, 2016 ₹ in Crore	As at March 31, 2016 ₹ in Crore
II. Assets under construction		
At cost as on March 31, of the preceding year	20.16	9.83
Additions during the Period	45.39	37.35
	65.55	**47.18**
Capitalisations during the Period	41.78	27.02
	23.77	**20.16**
Depreciation to date	-	-
Sub total	**23.77**	**20.16**
III. Other Fixed Assets		
At cost as on March 31, of the preceding year	450.59	394.57
Additions during the Period	39.57	66.01
	490.16	**460.58**
Deductions/adjustments during the Period	10.78	9.99
	479.38	**450.59**
Depreciation/adjustments to date	294.46	260.52
Sub total	**184.92**	**190.07**
TOTAL	**594.67**	**486.99**

SCHEDULE 11 - OTHER ASSETS

I. Inter -Office adjustments (Net)	33.06	1.31
II. Interest Accrued	695.95	537.68
III. Tax Paid in Advance/Tax Deducted at Source (Net)	290.39	276.78
IV. Deferred tax asset (net)	135.30	102.63
V. Stationery and Stamps	0.65	1.68
VI. Non-Banking Assets acquired in satisfaction of claims	3.17	3.17
VII. Others*	2,864.72	2,960.49
TOTAL	**4,023.24**	**3,883.74**

*Includes RIDF ₹2,578.19 Crore (previous year ₹2,760.09 Crore)

THE SOUTH INDIAN BANK LIMITED

SCHEDULES TO UNAUDITED CONDENSED BALANCE SHEET AS AT DECEMBER 31, 2016

	As at December 31, 2016 ₹ in Crore	As at March 31, 2016 ₹ in Crore
SCHEDULE 12 - CONTINGENT LIABILITIES		
I. Claims against the Bank not acknowledged as debts:		
(i) Service Tax disputes	20.53	20.53
(ii) Others	7.56	7.66
II. Liability on account of outstanding Forward Exchange Contracts[1]	10,036.64	11,907.56
III. Guarantees given on behalf of constituents in India	2,050.85	1,896.80
IV. Acceptances, endorsements and other obligations	782.88	843.24
V. Other items for which the bank is contingently liable:		
(i) Capital Commitments	14.80	18.99
(ii) Transfers to Depositor Education and Awareness Fund (DEAF)	66.87	54.96
TOTAL	**12,980.13**	**14,749.74**

[1]. Represents notional amount

THE SOUTH INDIAN BANK LIMITED

SCHEDULES TO UNAUDITED CONDENSED PROFIT AND LOSS ACCOUNT FOR THE NINE MONTH PERIOD ENDED DECEMBER 31, 2016

		Nine months ended December 31, 2016 ₹ in Crore		Nine months ended December 31, 2015 ₹ in Crore
SCHEDULE 13 - INTEREST EARNED				
I. Interest/Discount on Advances/Bills		3,351.59		3,305.51
II. Income on Investments		899.55		743.87
III. Interest on balances with Reserve Bank of India and Other Inter - Bank funds		14.57		23.08
IV. Others		110.66		116.86
TOTAL		**4,376.37**		**4,189.32**
SCHEDULE 14 - OTHER INCOME				
I. Commission, Exchange and Brokerage		41.63		38.11
II. Profit on sale of Investments	238.83		112.14	
Loss on sale of Investments	(4.55)	234.28	(6.07)	106.07
III. Profit on sale of land, buildings and other assets	0.31		0.29	
Loss on sale of land, buildings and other assets	(1.16)	(0.85)	(0.28)	0.01
IV. Profit/(Loss) on Exchange transactions (net)		36.76		35.15
V. Miscellaneous Income		266.03		199.02
TOTAL		**577.85**		**378.36**
SCHEDULE 15 - INTEREST EXPENDED				
I. Interest on Deposits		2,959.46		2,897.53
II. Interest on Reserve Bank of India/Inter-Bank Borrowings		88.10		90.63
III. Others		92.48		65.75
TOTAL		**3,140.04**		**3,053.91**
SCHEDULE 16 - OPERATING EXPENSES				
I. Payments to and Provisions for Employees		510.32		520.69
II. Rent, Taxes and Lighting		80.61		74.61
III. Printing and Stationery		11.42		8.69
IV. Advertisement and Publicity		12.15		9.14
V. Depreciation		47.38		49.41
VI. Directors fees, allowances and expenses		0.80		0.79
VII. Auditors' fees and expenses (incl. branch auditors)		2.52		2.66
VIII. Law charges		2.01		2.00
IX. Postage ,telegrams, telephones, etc.		18.23		16.58
X. Repairs and Maintenance		15.02		13.96
XI. Insurance		50.63		45.72
XII. Other Expenditure		129.30		112.53
TOTAL		**880.39**		**856.78**

Schedule 17 - Selected Explanatory Notes

1. The Bank had assigned certain non-performing financial assets (NPA's) having a net book value of ₹ 196.18 Crore during an earlier year and ₹ 61.16 Crore during the current quarter to Asset Reconstruction Companies. The Bank has, in terms of RBI Circular DBOD.No.BP.BC.9/21.04.048/2014-15 on "Prudential norms on income recognition, asset classification and provisioning pertaining to advances" dated July 1, 2014 , as amended, spread the net shortfall in recovery of net book value of ₹ 33.19 Crore in respect of NPA's assigned during an earlier year over a period of two years and in terms of RBI Circular DBR.No.BP.BC.102/21.04.048/2015-16 on "Prudential norms on income recognition, asset classification and provisioning pertaining to advances - Spread Over of Shortfall on Sale of NPAs to SCs/RCs " dated June 13, 2016 spread the net shortfall in recovery of net book value of ₹ 5.16 Crore inrespect of NPA's assigned during the current quarter over a period of four quarters.

In respect of such assignments, an amount of ₹ 19.18 Crore has been charged to the profit and loss account during the nine months ended December 31, 2016 and the unamortised balance carried forward as at December 31, 2016 is ₹ 9.72 Crore is included under other assets.

2. During the current period, bank identified a Non Performing Advance as a fraud case and has provided 25% of the outstanding net book value. The balance remaining amount of ₹146.82 Crore will be provided during the next three quarters in equal instalments as permitted by the Reserve Bank in accordance with DBR No.BP.BC.92/21.04.048/2015-16 dated April 18, 2016 and included under other assets.

3. Pursuant to RBI Circular FMRD.DIRD.10/14.03.002/2015-16 dated May 19, 2016, as amended, the Bank has with effect from November 26, 2016 considered its repo/reverse repo transactions under Liquidity Adjustment facility (LAF) and Marginal Standing Facility (MSF) of RBI as Borrowings/Lendings, as the case may be. Hitherto, the repo/ reverse repo transactions were included under Investments. Figures for the previous year have been regrouped/reclassified to conform to current period's classification. The above regrouping/ reclassification has no impact on the profit of the Bank for the Nine Months ended 31st December, 2016 or the previous year.

4. The Bank has followed the same significant accounting policies in the preparation of the interim financial statements as those followed in the annual financial statements for the year ended March 31, 2016 except the following:
With effect from 01.04.2016, in respect of accounting of swap cost pertaining to FCNR Deposits/ Overseas Borrowings, Bank has adopted amortisation method over the period of swap tenure, as against the mark-to-market method. This change in policy does not have any financial impact over the full period of the swap.
The impact of the change in the policy as described above is reduction in profit after tax by ₹ 6.53 Crore for the nine months ended 31st December, 2016. Had this policy been adopted in the previous year, the reported after tax profit numbers for the Nine months ended 31st December, 2015 would have reduced by ₹4.09 Crore.

5. Segment reporting

[₹in Crore]

Business Segments	Treasury		Corporate/ Wholesale Banking		Retail Banking		Other Banking Operations		Total	
	Nine months ended									
Particulars	Dec 31, 2016	Dec 31, 2015	Dec 31, 2016	Dec 31, 2015	Dec 31, 2016	Dec 31, 2015	Dec 31, 2016	Dec 31, 2015	Dec 31, 2016	Dec 31, 2015
Revenue	1,182.16	908.22	2,105.43	2,150.65	1,543.20	1,421.23	123.43	87.58	4,954.22	4567.68
Result	108.66	(24.04)	(110.42)	84.03	384.97	272.48	101.51	71.15	484.72	403.62
Unallocated Expenses/ (Income)									-	-
Operating profit									484.72	403.62
Income Taxes									167.76	143.32
Net Profit									316.96	260.30

Other Information:

Business Segments	Treasury		Corporate/ Wholesale Banking		Retail Banking		Other Banking Operations		Total	
Particulars	As at Dec 31, 2016	As at Mar 31, 2016	As at Dec 31, 2016	As at Mar 31, 2016	As at Dec 31, 2016	As at Mar 31, 2016	As at Dec 31, 2016	As at Mar 31, 2016	As at Dec 31, 2016	As at Mar 31, 2016
Segment Assets	18,939.01	15,567.94	31,593.09	29,197.93	18,874.10	17,098.36	-	-	69,406.20	61,864.23
Unallocated Assets									2,039.72	1,610.65
Total Assets									71,445.92	63,474.88
Segment Liabilities	17,954.99	14,679.99	30,293.24	27,810.73	18,072.28	16,286.02	-	-	66,320.51	58,776.74
Unallocated Liabilities									848.84	856.21
Total Liabilities									67,169.35	59,632.95

For the above segment reporting, the reportable segments are identified into Treasury, Corporate/Wholesale Banking, Retail Banking and Other Banking Operations in Compliance with the revised RBI Guidelines. The Bank operates in India.

6. Previous period's / year's figures have been regrouped, wherever necessary to conform to the current period's classification.

For and on behalf of Board of Directors

V G Mathew
Managing Director & CEO
(DIN : 05332797)

Thomas Joseph K	C P Gireesh	Jimmy Mathew
Executive Vice President	Chief Financial Officer	Company Secretary

Place: Kochi
Date : 11th January, 2017

STOCK MARKET DATA FOR THE EQUITY SHARES OF THE BANK

Our Equity Shares are currently listed on the BSE and NSE. Our Equity Shares were also listed on the Cochin Stock Exchange until December 31, 2014. Stated below is the stock market data for the Equity Shares for the periods indicated.

For the purpose of this section:

a) Year is a fiscal year;

b) Average price is the average of the daily closing prices of the Equity Shares for the year, or the month, as the case may be;

c) High price is the maximum of the daily high prices and low price is the minimum of the daily low prices of the Equity Shares for the year, or the month, as the case may be;

d) In case of two days with the same high/low/closing price, the date with higher volume has been considered.

1. The high, low and average prices recorded on the BSE and NSE for years 2014, 2015 and 2016 and the number of Equity Shares traded on the days the high and low prices were recorded are stated below:

Fiscal Year	High (₹)	Date of High	Volume on date of High (Number of Equity Shares)	Turnover on Date of High (₹ In Lacs)	Low (₹)	Date of Low	Volume on date of Low (Number of Equity Shares)	Turnover on Date of Low (₹ In Lacs)	Average price for the year (₹)
BSE									
2014	26.35	June 7, 2013	486,510	124.78	18.95	September 4, 2013	264,056	50.88	21.71
2015	35.05	July 7, 2014	5,182,678	1,784.06	21.8	April 1, 2014	2,054,817	455.44	27.59
2016	26.70	April 9, 2015	1,009,611	264.77	16.4	February 29, 2016	836,766	139.25	21.36
NSE									
2014	26.30	June 7, 2013	1,665,852	427.33	18.95	September 4, 2013	1,217,235	233.65	21.75
2015	35.05	July 7, 2014	22,850,342	7,869.36	21.85	April 1, 2014	5,366,573	1,191.34	27.59
2016	26.65	April 9, 2015	2,036,186	535.50	16.35	February 29, 2016	2,670,534	443.47	21.36

Source: www.bseindia.com, www.nseindia.com

2. The high, low and average prices of Equity Shares traded on the respective dates on the BSE and NSE during the last six months is as follows:

Month, Year	High (₹)	Date of High	Volume on date of High (Number of Equity Shares)	Turnover on date of high (₹ in lacs)	Low (₹)	Date of Low	Volume on date of High (Number of Equity Shares)	Turnover on date of low (₹ in lacs)	Average price for the month (₹)
BSE									
August 2016	22.85	August 24, 2016	486,888	109.67	20.85	August 11, 2016	436,382	92.51	21.81
September 2016	25.40	September 8, 2016	1,450,839	359.11	21.20	September 29, 2016	1,387,331	305.40	23.07
October 2016	25.55	October 7, 2016	2,578,890	636.07	22.00	October 3, 2016	1,140,686	258.78	23.92
November 2016	24.35	November 10, 2016	1,307,691	309.29	20.00	November 23, 2016	452,148	92.65	22.11
December 2016	22.65	December 13, 2016	1,074,503	237.97	18.60	December 26, 2016	3,309,320	625.90	20.68

Month, Year	High (₹)	Date of High	Volume on date of High (Number of Equity Shares)	Turnover on date of high (₹ in lacs)	Low (₹)	Date of Low	Volume on date of High (Number of Equity Shares)	Turnover on date of low (₹ in lacs)	Average price for the month (₹)
January 2017	21.85	January 12, 2017	636,372	136.64	19.50	January 2, 2017	434,816	85.39	20.98
NSE									
August 2016	22.90	August 24, 2016	4,945,623	1,113.55	20.80	August 4, 2016	3,411,464	722.03	21.81
September 2016	25.40	September 8, 2016	10,599,948	2,623.77	21.20	September 29, 2016	12,166,994	2,672.20	23.08
October 2016	25.50	October 7, 2016	28,419,119	7,005.96	22.00	October 3, 2016	8,345,678	1,895.67	23.88
November 2016	24.35	November 10, 2016	10,680,508	2,534.80	20.10	November 22, 2016	7,956,726	1,628.09	22.11
December 2016	22.65	December 13, 2016	7,871,568	1,744.37	18.55	December 26, 2016	16,726,985	3,167.97	20.69
January 2017	21.85	January 11, 2017	16,689,064	3,589.17	19.50	January 2, 2017	1,893,016	371.73	20.96

Source: www.bseindia.com, www.nseindia.com

3. The week end closing prices of the Equity Shares for last four weeks on the BSE and NSE is provided in the tables below:

BSE:

Week Ending	Closing (₹)	High (₹)	Date of High	Low (₹)	Date of Low
January 27, 2017	21.45	21.70	January 27, 2017	20.90	January 23, 2017
February 3, 2017	22.35	22.50	February 3, 2017	20.80	February 1, 2017
February 10, 2017	23.00	23.55	February 8, 2017	22.15	February 6, 2017
February 17, 2017	20.00	23.20	February 13, 2017	19.70	February 16, 2017

Source: www.bseindia.com

NSE:

Week Ending	Closing (₹)	High (₹)	Date of High	Low (₹)	Date of Low
January 27, 2017	21.40	21.70	January 27, 2017	20.80	January 23, 2017
February 3, 2017	22.35	22.55	February 3, 2017	20.75	February 1, 2017
February 10, 2017	22.95	23.60	February 9, 2017	22.15	February 6, 2017
February 17, 2017	20.00	23.20	February 13, 2017	19.70	February 16, 2017

Source: www.nseindia.com

4. The closing market price of the Equity Shares on the BSE and NSE as on February 17, 2017, the trading day immediately prior to the date of the Letter of Offer was ₹ 20.00 and ₹ 20.00, respectively. The closing price of our Equity Shares as on December 22, 2016 (the trading day immediately following the day on which the Board resolution was passed approving the Issue) was ₹ 20.50 on the BSE and ₹ 20.50 on the NSE. The Issue Price of ₹ 14 has been arrived at by our Bank in consultation with the Lead Manager.

ACCOUNTING RATIOS AND CAPITALIZATION STATEMENT

Accounting Ratios

Ratio (on a standalone basis)	As at March 31, 2015	As at March 31, 2016	As at December 31, 2016
Basic Earnings per share (₹)	2.28	2.47	2.35*
Diluted Earnings per share (₹)	2.27	2.47	2.34*
Return on net worth	9.57%	9.73%	8.73%*
Net asset value per equity share (₹)	24.40	26.34	27.39

* *Not annualized*

Definitions of key terms:

Basic earnings per share is computed by dividing Net Profit for the year / period by the weighted average number of Equity Shares outstanding for the year/period. There were no extra ordinary items.

Diluted earnings per share is computed by dividing Net Profit for the year / period by the sum of weighted average number of Equity Shares and dilutive potential Equity Shares outstanding at the year/period end. Potential Equity Shares which are anti-dilutive in nature are ignored. There were no extra ordinary items.

Return on net worth: Net Profit / Average Net worth i.e. (Opening + closing)/2

Net asset value: Net worth divided by number of equity shares outstanding at the end of the period

Net worth: the aggregate value of the paid up share capital and all reserves created out of the profits and share premium, after deducting the aggregate value of accumulated losses, deferred expenditure, deferred tax assets (net), intangible assets and miscellaneous expenditure not written off, as per the audited / unaudited balance sheet, as the case may be, but does not include reserves created out of revaluation of assets, write–back of depreciation and amalgamation.

Capitalization Statement

The following table sets forth our Bank's capitalization and total debt as of December 31, 2016 and as adjusted to give effect to the Issue:

(In ₹ crore)

Particulars	As at December 31, 2016 (Pre-Issue)	Increase due to Issue of ESOS Shares during January, 2017	Increase due to the Issue	Post Issue Amount after considering the Issue (Refer Note below)*
	(A)	**(B)**	**(C)**	**(A)+(B)+(C)=**
Borrowings				
Short Term Borrowings	1218.04	-	-	1,218.04
Long Term Borrowings	987.44	-	-	987.44
Total Borrowings	**2,205.48**	-	-	**2,205.48**
Shareholders Funds				
Equity Share Capital	135.17	0.04	45.07	180.28
Reserves and Surplus (Excluding Revaluation Reserves)	3896.18	0.77	585.92	4,482.87
Total Shareholders funds	**4,031.35**	**0.81**	**630.99**	**4,663.15**
Total Debt Equity ratio [Total Borrowings/Total Shareholders funds]	0.55	-	-	0.47
Long Term Debt Equity Ratio [Long Term Borrowings/ Shareholders Funds]	0.24	-	-	0.21

* *The figures included under Post Issue column relating to the shareholder's fund are derived after considering the impact due to the issue of Equity Shares through the Issue assuming that the Issue will be fully subscribed, but does not include any other transactions or movements/Issue related expenses.*

SECTION VII – LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND DEFAULTS

Except as stated below, there are no (i) outstanding litigations, suits, criminal or civil prosecutions, statutory or legal proceedings including those for economic offences, tax liabilities, show cause notices or legal notices pending against our Bank, whose outcome could have a materially adverse effect on our operations or financial position; (ii) outstanding cases involving criminal liability or moral turpitude on the part of our Bank, proceedings involving material violations of statutory regulations by the Bank or economic offences where proceedings have been initiated against our Bank that are pending or which have arisen in the immediately preceding ten years.

Except as stated below, there is no outstanding litigation involving a monetary claim that is more than ₹ 35.57 crore (being the lower of 1% of our net worth i.e. ₹ 35.57 crore and 1% of our total revenue i.e. ₹ 60.75 crore), as per our audited financial statements for the year ended March 31, 2016.

A. Outstanding proceedings initiated against our Bank

i) Criminal Proceedings

1. The Enforcement Directorate has filed a criminal case dated May 23, 2002 before the Court of Chief Metropolitan Magistrate, Esplanade, Mumbai alleging that our Bank and its officers failed to follow the procedures laid down under Para 7A.21 of Chapter 7 of the Exchange Control Manual (1993 edition) issued by the RBI, and had violated provisions of FERA, 1973. The matter is currently pending before the court and is posted to April 6, 2017.

ii) Civil cases

The Enforcement Directorate issued a show cause notice dated January 4, 2002 against our Bank and certain officers of our Bank, alleging failure to exercise due care while handling import documents to establish the genuineness of the import, before effecting remittances, and failure to follow procedures under para 7A.21 of chapter 7 of the Exchange Control Manual (1993 edition) issued by the RBI. The show cause notice further stated that our Bank and our officers abetted in the illegal transfer of funds and hence, contravened the provisions of Section 8(3) and Section 8(4), read with Section 64(2) of the FERA, 1973. The special director of the Enforcement Directorate passed an order dated March 9, 2009 imposing a penalty of ₹ 63 crore on our Bank. Our Bank filed an appeal against the order and an application for dispensation of pre-deposit of penalty, before the Appellate Tribunal for Foreign Exchange, New Delhi. By an order dated May 22, 2009 the Appellate Tribunal for Foreign Exchange, New Delhi allowed the application for dispensation of pre deposit of penalty and ordered our Bank to furnish a bank guarantee for penalty amount, which our Bank has furnished and subsequently, extended. The matter is currently pending.

iii) Tax Cases involving our Bank

1. Our Bank filed an appeal before the Commissioner of Income Tax (Appeals) against order of Assistant Commissioner of Income Tax, Circle 1(1) Thrissur, dated March 18, 2015 for assessment year 2012-2013. The assessing officer made additions and/or disallowances of approximately ₹ 10.11 crore under Section 14A of the IT Act, 1961, ₹ 116.01 crore on depreciation on securities in the held to maturity category, ₹ 10.80 crore under Section 36(1)(viii) of the IT Act. 1961 and raised a demand of ₹ 64.02 crores. We have prayed for all the above disallowances and additions made by the assessing officer to be deleted. The matter is currently pending.

   Our Bank has also filed an appeal before the Commissioner of Income Tax (Appeals) against order of Joint Commissioner of Income Tax, Range 1, Thrissur, dated December 24, 2010 for assessment year 2008-2009. The assessing officer made certain additions and/or disallowances of approximately ₹ 2.02 crore under Section 14A of the IT Act, 1961, ₹ 85.67 crore under Section 36(1)(vii) of the IT Act, 1961, ₹ 2.70 crore towards expenses on QIP of shares, ₹ 6.76 crore under Section 37 of the IT Act, 1961, ₹ 0.01 crore towards surplus realized on sale of jewellery, ₹ 0.01 crore towards excess cash received by branches, ₹ 4.76 crore on depreciation on securities in the held to maturity category, and raised a demand of ₹ 46.22 crore. We have prayed for all the above disallowances and additions made by the assessing officer to be deleted. The matter is currently pending.

Further, on the same point of law, the Income Tax Department has filed appeals before the Kerala High Court dated May 19, 2015, February 10, 2007, and November 3, 2003 relating to assessment years 2007-2008, 2000-2001 and 1993-1994, respectively. The appeals have been filed against the orders of the ITAT that struck down disallowances in respect of depreciation claimed on 'held to maturity' investments. The disallowance was made on the basis of CBDT circular 665 dated October 5, 1993. Therefore, the amount demanded in all the above matters is approximately ₹ 45.04 crore, ₹ 13.16 crore and ₹ 2 crore for assessment years 2007-2008, 2000-2001 and 1993-1994 respectively. All the above matters are currently pending.

2. Our Bank has filed appeals before the Supreme Court of India, Kerala High Court and the Commissioner of Income Tax (Appeals), Thrissur dated January 19, 2012, June 17, 2009, January 2, 2004, January 2, 2004, September 9, 2003, September 9, 2003, August 18, 2003 and January 28, 2011 relating to assessment years 2002-2003, 1999-2000, 1997-1998, 1996-1997, 1995-1996, 1994-1995, 1993-1994 and 2008-2009, respectively. In all of the above cases, the grounds of appeal included whether a) deduction for bad debts written off is allowed under Section 36(1)(vii) of the IT Act, 1961, b) whether the prohibition in the *proviso* to Section 36(1)(vii) allows deduction of bad debts written off which is not in excess of the credit balance in the provision for bad and doubtful debts account made under Section 36(1)(viia) of the IT Act, 1961, and c) whether deduction can be claimed in respect of rural branches under Section 36(1)(vii) of the IT Act, 1961. The total estimated demand raised on our Bank is ₹ 78.36 crore. All of the above matters are currently pending.

3. Further, our Bank has filed appeals before the Supreme Court, Kerala High Court and Commissioner of Income Tax (Appeals), Thrissur dated January 19, 2012, March 19, 2011, March 19, 2011, March 19, 2011, May 17, 2015, and April 25, 2014 relating to assessment years 2002-2003, 2001-2002, 2000-2001, 1999-2000, 2007-2008 and 2006-2007. Similarly, the Income Tax Department has filed appeals dated July 6, 2007 and February 11, 2008, before the Kerala High Court, against our Bank in relation to assessment years 1998-1999 and 2003-2004 respectively. The appeals involve the specific question of whether our Bank can claim as deductions provisions for bad and doubtful debts pertaining to our rural branches. The assessing officer has denied the same by construing the word 'place' in Section 36(1)(viia) as a 'village' and not 'ward'. The total estimated demand raised on our Bank is ₹ 146.57 crore. For the assessment year 2004-2005, the Commissioner of Income Tax has filed an appeal dated February 11, 2008 before the Kerala High Court contesting the order dated September 27, 2007 of the Income Tax Appellate Tribunal regarding disallowances made by the assessing officer of approximately:
   a) ₹ 14.86 crore for provision of bad and doubtful debts of rural branches under section 36(1)(viia) of the IT Act, 1961;
   b) ₹ 94.62 crore for bad debts written off under section 36(1)(vii) of the IT Act, 1961; and
   c) ₹ 0.53 crore for addition on loss on amortization of securities.

All of the above matters are pending.

B. Outstanding proceedings initiated by our Bank

i) Civil cases

1. Our Bank has filed an original application no. 165 of 2013 before the DRT, New Delhi, against the National Agricultural Co-operative Marketing Federation of India ("**NAFED**") in relation to certain credit facilities extended to NAFED. Our Bank prayed for recovery of an amount of ₹ 190.17 crore with interest of 10.50% per annum with monthly rests and penal interest of 2% per annum from the date of filing of the application. On June 9, 2015, the DRT passed an order in favour of our Bank issuing a part recovery certificate for an amount of ₹ 160.49 crore. The matter is currently pending and posted before the recovery officer for January 27, 2017.

2. We have filed an original application dated November, 13 2015 before the DRT, Ernakulam against Avatar Jewelers and others ("**Avatar**"). The application, filed in relation to certain credit facilities granted to the Borrower, prays for the following *inter alia*: a) recovery of a sum of ₹ 39.39 crore with interest of 12.80% and 14.20% as applicable to the various defendants; b) sale of movable and immovable properties hypothecated to our Bank with the paramount charge retained in our favour for recovery of the aforementioned sum; c) in the event such sale is insufficient to clear dues, recovery of

balance amount personally from the defendants and their assets and d) award of costs of proceedings. Further, our Bank prayed for an interim injunction restraining Avatar or its agents from dealing with or encumbering the security property. The matter is currently pending.

3. Our Bank has filed an original application dated January 13, 2016 before DRT, Ernakulam against Atlas Jewellery Pvt Ltd and others ("**Borrowers**") for the recovery of sums aggregating to ₹ 242.41 crore with a range of interest rates (12.55% to 12.95% per annum), as applicable, and 2% penal interest per annum. Our Bank also prayed for an interim order for a) injunction restraining the Borrowers or their agents from dealing with or encumbering the security property until disposal of the original application; b) appointment of receiver and c) appointment of advocate commissioner. Against the original application, the Borrowers have filed a written statement denying the claims made by our Bank. The matter is currently pending. In this regard, our Bank has issued a demand notice, as detailed below:

   i) Our Bank issued a demand notice dated January 8, 2016 under Section 13(2) of the SARFAESI Act against Atlas Jewellery Pvt Ltd and others ("**Defendants**") for the payment of a sum of ₹ 241.24 crore along with interest, failing which our Bank would proceed against the security property. Against the same, one Ms. Ivy Abraham Thomas and others, all interested parties in the secured asset, filed a securitization application no. 329/2016 before the DRT, Ernakulam praying a) proceedings initiated by the Bank under the SARFAESI Act against a part of the secured assets illegal and without jurisdiction b) set aside such proceedings and c) award costs.

   ii) Further, against the same, RI Kanth Property Developers Private Limited and others ("**Guarantors**") filed a securitization application no. 2/2016 before the DRT-II, Kerala and Lakshadweep praying for: a) stay of all further proceedings pursuant to demand notice to take possession of part of the secured asset, b) a declaration that all further proceedings shall be illegal and unsustainable c) set aside possession notice issued against the secured asset and all further proceedings under the SARFAESI Act against the scheduled property d) permit the Guarantors to conduct sale of mortgaged property by way of private treaty as under Rule 8(5)(d) of the Security Interest (Enforcement) Rules 2002 e) direct our Bank to restrain themselves from proceeding against the Guarantors and the scheduled property and f) award costs. On January 12, 2017, the DRT dismissed the securitization application filed by the Guarantors.

4. Our Bank filed an original application before the DRT, Lucknow against Mr. Manojkumar R and others. Mr. Manojkumar R and Mr. Jacob Kovoor, both employees of our branch at Dehradun, allegedly used their position in our Bank to collude with the other defendants to conduct a series of fraudulent transactions resulting in a principal loss of ₹ 34.15 crore to our Bank. In the original application, our Bank has prayed for the recovery of an amount of ₹ 50.84 crore (inclusive of interest as on February 28, 2015) with interest at 18% per annum with monthly rests and penal interest at 2% per annum payable from February 28, 2015 till the date of payment. Further, the Bank has sought the interim relief for *inter alia* temporary injunction to restrain the defendants from selling, disposing off, dealing with or creating any third party interest or rights in regards to their immoveable assets. The matter is currently pending for hearing on February 13, 2017.

5. Our Bank filed an original application dated April 29, 2016 before the DRT, Hyderabad, against *inter alia* M. Ravinder Reddy Contractors Pvt Ltd ("**Ravinder Reddy**"), a director of Ravinder Reddy, legal heirs of Mr. Ravinder Reddy (erstwhile managing director of Ravinder Reddy), and a guarantor to the credit facilities sanctioned to Ravinder Reddy. Our Bank has prayed for a) from Ravinder Reddy, its director and the guarantor, an amount of ₹ 37.52 crore together with future/*pendent lite* interest on ₹ 36.85 crore at 12.70% per annum with monthly rests and penal interest of 2% per annum from the date of this application; b) from the guarantor, an amount of ₹ 3.59 crore (housing loan facility) together with future/ *pendent lite* interest on ₹ 3.59 crore at 10.80% per annum with monthly rests and penal interest of 2% per annum from the date of the application; c) from the legal heirs, amounts of ₹ 37.52 crore and ₹ 3.59 crore together with aforementioned interest and penal interest; and d) award costs. The matter is currently pending.

6. Our Bank filed an original application dated February 22, 2016 before the DRT, Kolkata against Shree Ganesh Jewellery House (I) Ltd and others (including various other banks) for recovery of an amount

of ₹ 69.84 crore along with interest and penal interest. In addition, our Bank has prayed for an interim order restraining directors of the defendant companies from leaving the jurisdiction of the tribunal *sans* prior permission, appointment of receiver, inventory and sale of properties belonging to some of the defendants before the final judgment. The matter is pending.

The CBI issued directions for all banks in the consortium, including our Bank, to declare the account of Shree Ganesh Jewellery House (I) Ltd fraudulent. Pursuant to CBI directions, our Bank has declared the account fraudulent. Further, on behalf of the consortium of banks involved in the case, SBI filed a FIR dated July 8, 2016 alleging cheating and forgery of documents by Shree Ganesh Jewellery House (I) Ltd. involving an amount of ₹ 2672.00 crores during the period from 2012 to 2014.

Furthermore, in this regard, a committee of the Board of Directors of the Bank in a resolution dated October 16, 2015 classified Shree Ganesh Jewellery House (I) Ltd and its directors as willful defaulters. Shree Ganesh Jewellery House (I) Ltd filed a writ petition WP 21572 of 2015 before the Calcutta High Court challenging this decision and praying for a writ of certiorari directing transmission of all records of the case to the High Court. The matter is currently reserved for orders.

7. Our Bank filed an Original Application before the DRT, Mumbai against M/s Parekh Aluminex Limited and others for recovery of an amount of ₹ 78.94 crore together with interest ranging from 11.8% to 16% per annum and 2% per annum penal interest as applicable to various credit facilities. Further, our Bank has prayed for interim relief including a) an order from the DRT restraining some of the defendants from leaving India without prior permission, and b) that these defendants be directed to surrender their passports with the DRT.

8. Our Bank filed writ petition no. 1679/2015 before the Kerala High Court against the State of Kerala, Vibha Chocolates Pvt Ltd ("**Vibha Chocolates**") and others in relation to an investigation being conducted in relation to the matter of forgery, fraud and creation of false documents allegedly by Vibha Chocolates. Our Bank prayed for a call for records and proper investigation by the Muvattupuzha Police Station in a time bound manner so as to ensure prosecution of persons involved. The matter is currently pending.

C. Material litigation involving our Directors

1. Pursuant to a complaint dated September 20, 2011 ("**Complaint**") filed by the Enforcement Directorate ("**ED**"), the Directorate of Enforcement issued a show cause notice dated December 13, 2011 ("**SCN**") against inter alia STCL Limited, Future Metals (India) Private Limited, Future Exim India Private Limited, State Bank of India (mid-corporate group, Mumbai), Mr. V.G. Mathew in his capacity as the then deputy general manager of State Bank of India, overseas branch, Bangalore, seven other banks and their respective executives and others ("**Noticees**"). The SCN required Mr. V.G. Mathew to show cause as to why proceedings under section 13(1) of the Foreign Exchange Management Act, 1999, ("**FEMA**") should not be held for alleged contravention of sections 10(4) and 10(5) read with sections 42(1) and 42(2) of FEMA in respect of credit facilities extended to STCL Limited. The SCN, on the basis of the Complaint, alleges failure to exercise due diligence in respect of foreign exchange remittances of approximately US $ 28.38 million, out of a total of approximately US $ 250 million in connection with letters of credit sanctioned in favour of STCL Limited. Subsequently, Mr. V.G. Mathew has submitted a reply to the SCN stating that:

   a) STCL is a public limited company and a wholly owned subsidiary of State Trading Corporation of India Limited (a Government of India undertaking) with whom the State Bank of India had a relationship of over five decades;
   b) The sanctioning of credit limits to STCL Limited was comprehensively assessed at multiple levels with sanction finally being accorded by the central office credit committee;
   c) Mr. V.G. Mathew himself was not directly involved in the day to day transaction processing at the branch and more specifically, in the opening of letters of credit.

   Based on the above, it was submitted that Mr. V.G. Mathew was not directly involved in the opening of letters of credit and hence the provisions of FEMA were not attracted as alleged, and therefore the Complaint be dismissed. The matter is currently pending.

2. In April 2011, a criminal case no. 498/2011 in relation to allegedly fraudulent transfer of units of SBI Mutual Fund was filed by an investor before the sub-divisional district magistrate, Ranchi under sections 406, 409, 420, 467, 468 and 471 of the IPC against the transferee of the aforementioned units, Mr. Vijay Kumar Agarwal, and Mr. Achal Kumar Gupta, an Independent Director on the Board of our Bank, in his capacity as the Managing Director of SBI at the time. An application has been filed before the Jharkhand High Court praying for a) quashing of criminal proceedings in relation to case no. 498/2011, b) quashing of order dated October 15, 2015 wherein the sub-divisional judicial magistrate, Ranchi held that a *prima facie* case is made out against the defendants under Sections 420 and 406 of the IPC, and c) stay on proceedings before the sub-divisional judicial magistrate.

3. Mr. Vijay Kushwaha filed a complaint dated September 9, 2015 with the Haridwar police station pursuant to which, the Haridwar police registered a FIR no. 667/2015 against Dr. V.A. Joseph (former MD & CEO of our Bank), Mr. V.G. Mathew (MD & CEO of our Bank) and others for offences under Sections 420, 467, 468, 471, 409 and 120-B of the IPC. In this regard, Mr. Kushwaha filed a writ petition no. 527/2016 against the Uttarakhand Home Secretary, Mr. V. G. Mathew and others before the High Court of Uttarakhand praying for a writ of mandamus directing the respondents to carry out expeditious and fair investigation of the aforementioned complaint dated September 9, 2015 filed by Mr. Kushwaha himself. Subsequently, Dr. V.A. Joseph, Mr. V.G. Mathew and others filed a writ petition (W.P. 1116/2016) before the High Court of Uttarakhand praying for the quashing and cancellation of the aforementioned FIR. The matter is currently pending.

GOVERNMENT APPROVALS

*Except as stated below, our Bank has received all material consents, licenses, permissions and approvals from the government and various regulatory agencies, including RBI, required by our top 50 branches, identified on the basis of total business (advances and deposits) as on December 31, 2016 ("**Top 50 Branches**"), to undertake our current business activities*

Certain licenses obtained by some of Top 50 Branches, are not traceable. These pertain to registrations under Section 23 of the Banking Regulation Act in respect of four branches in Kerala and one branch in Tamil Nadu.

In relation to the above, please also see section titled "*Risk Factors –11. With respect to some of our branches, we are unable to locate the records relating to the permission obtained from the RBI for the opening of such branches, which may result in the imposition of penalties by the RBI.*" on page 21 of this Letter of Offer.

Pursuant to RBI Circular No. DBOD.No.BAPD.BC.54/22.01.001/2013-14 dated September 19, 2013, domestic scheduled commercial banks (other than regional rural banks) are permitted to open branches in Tier 2 to Tier 6 centres and in the rural, semi-urban and urban centres in north-eastern states and Sikkim, without any permission from RBI in each case, subject to certain conditions. The general permission has been extended to branches in Tier 1 centres as well, subject to fulfilment of criteria laid down under the circular.

Further, some of our branches are required to obtain shops and establishments licenses under the relevant state legislations applicable to them. Out of our Top 50 Branches, five branches located in the National Capital Territory of Delhi have not obtained or applied for the shops and establishments licenses.

MATERIAL DEVELOPMENTS

1. In accordance with circular no. F.2/5/SE/76 dated February 5, 1977 issued by the Ministry of Finance, Government of India, as amended by Ministry of Finance, Government of India through its circular dated March 8, 1977, and in accordance with sub-item (B) of item X of Part E of Schedule VIII of the SEBI Regulations, the information required to be disclosed for the period between the last date of the balance sheet and the profit and loss account provided to the shareholders (i.e., for fiscal year 2016), and up to the end of the last but one month preceding date of the Letter of Offer (i.e., December 31, 2016), is provided below:

1. *Working results of our Bank for the period from April 1, 2016 to December 31, 2016:*

   The unaudited working results our Bank for the period from April 1, 2016 to December 31, 2016 are as follows:

(In ₹ crore)

Serial No.	Particulars	Amount
1.	Interest income	4,376.37
2.	Other income	577.85
3.	Profit before depreciation and taxes	532.10
4.	Provision for depreciation	47.38
5.	Provision for taxes	167.76
6.	Net profit	316.96

2. *Material changes and commitments, affecting the financial position of our Bank for the period from April 1, 2016 to December 31, 2016:*

   There have been no material changes and commitments in the period from April 1, 2016 to December 31, 2016, which are likely to affect the financial position of our Bank.

2. Further, except as stated in this Letter of Offer, there have been no material developments since December 31, 2016 (i.e. date of the latest financial information incorporated in this Letter of Offer)

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

Pursuant to a resolution passed by our Board of Directors on December 21, 2016, it has been decided to make the rights issue to the Eligible Equity Shareholders of our Bank in terms of Section 62(1)(a)(ii) of the Companies Act, 2013. The Board in its meeting held on December 21, 2016 has determined the Issue Price as ₹ 14 per Equity Share and the Rights Entitlement as one Equity Share for every three fully paid-up Equity Share(s) held on the Record Date. The Issue Price has been arrived at in consultation with the Lead Manager.

Our Bank has received "in-principle" approvals from BSE and NSE for listing of the Equity Shares to be allotted pursuant to the Issue through letters dated February 6, 2017 and February 7, 2017 respectively.

Prohibition by SEBI, RBI or governmental authorities

Our Bank, our Directors and the companies with which our Directors are associated as directors or promoters or persons in control have not been restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.

Our Bank, our Directors and the companies with which our Directors are associated as directors or promoters or persons in control have not been prohibited from accessing or operating in the capital markets under any order or direction passed by SEBI.

Further, neither our Bank nor our Directors have not been identified as a wilful defaulter as defined under the SEBI Regulations. Accordingly, no disclosures have been made pursuant to the requirements of Regulation 4(6) read with Part G of Schedule VIII of the SEBI Regulations.

Association with securities markets

Other than pursuant to their directorship in our Bank, none of the Directors of our Bank are presently associated with the securities markets in any manner.

Eligibility for the Issue

Our Bank is an existing listed company whose Equity Shares are listed on BSE and NSE. We are eligible to make the Issue in terms of Chapter IV of the SEBI Regulations.

Compliance with Regulation 4(2) of the SEBI Regulations

Our Bank is in compliance with the conditions specified in Regulation 4(2) of the SEBI Regulations, to the extent applicable. Further, in relation to compliance with Regulation 4(2)(d) of the SEBI Regulations, Bank undertakes to make an application to the Stock Exchanges for listing of the Securities to be issued pursuant to this Issue. Our Bank has chosen BSE as the Designated Stock Exchange in relation to the Issue.

Compliance with Regulation 10 of the SEBI Regulations

Our Bank satisfies the following conditions specified in Regulation 10 of the SEBI Regulations and accordingly, our Bank is eligible to make this Issue by way of a 'fast track issue':

1. The Equity Shares have been listed on BSE and NSE, each being a recognised stock exchange having nationwide trading terminals, for a period of at least three years immediately preceding the date of filing this Letter of Offer with the Designated Stock Exchange; Complied with
2. The average market capitalisation of the public shareholding of our Bank is at least ₹250 crore; Complied with
3. The annualised trading turnover of the Equity Shares during the six calendar months immediately preceding the month of filing of this Letter of Offer with the Designated Stock Exchange has been at least 2% of the weighted average number of Equity Shares listed during the such six months' period; Complied with

4. Our Bank has redressed at least 95% of the complaints received from the investors till the end of the quarter immediately preceding the month of the date of filing this Letter of Offer with the Designated Stock Exchange; Complied with
5. Our Bank has been in compliance with the equity listing agreement for a period of at least three years immediately preceding the date of filing this Letter of Offer with the Designated Stock Exchange; Complied with
6. The impact of auditor qualifications, if any, on the audited accounts of our Bank in respect of fiscal year 2016 and fiscal year 2015 does not exceed 5% of the net profit after tax for the respective years; Not applicable. There have been no qualifications made by the Statutory Auditors in respect of the audited accounts for fiscal year 2015 and fiscal year 2016.
7. No show-cause notices have been issued or prosecution proceedings initiated by the SEBI or pending against our Bank or whole time directors as of the date of filing this Letter of Offer with the Designated Stock Exchange; Complied with.
8. Our Bank, or Directors have not settled any alleged violation of securities laws through the consent or settlement mechanism with SEBI during three years immediately preceding the reference date; Complied with
9. The entire shareholding of the Promoter Group is held in dematerialised form as on the date of filing this Letter of Offer with the Designated Stock Exchange. Not applicable. Our Bank is a professionally managed company and does not have a promoter or promoter group in terms of the SEBI Regulations or the Companies Act, 2013.
10. The Promoter and members of the Promoter Group shall mandatorily subscribe to their Rights Entitlement and shall not renounce their rights, except to the extent of renunciation within the promoter group or for the purpose of complying with minimum public shareholding norms prescribed under Rule 19A of the Securities Contracts (Regulation) Rules, 1957; Not applicable. Our Bank is a professionally managed company and does not have a promoter or promoter group in terms of the SEBI Regulations or the Companies Act, 2013.
11. The Equity Shares have not been suspended from trading as a disciplinary measure during last three years immediately preceding the date of filing this Letter of Offer with the Designated Stock Exchange; Complied with
12. The annualized delivery-based trading turnover of the Equity Shares during six calendar months immediately preceding the month of filing this Letter of Offer with the Designated Stock Exchange has been at least ten per cent of the weighted average number of equity shares listed during such six months' period; Complied with
13. there has been no conflict of interest between the Lead Manager and our Bank or its group or associate company in accordance with applicable regulations; Complied with and noted for compliance, to the extent applicable

Compliance with Part E of Schedule VIII of SEBI Regulations

Our Bank is in compliance with the provisions specified in Clause (1) of Part E of Schedule VIII of the SEBI Regulations as explained below:

(a) Our Bank has been filing periodic reports, statements and information with the Stock Exchanges in compliance with the Listing Agreements for the last three years immediately preceding the date of filing of the Letter of Offer with SEBI with the Designated Stock Exchange;

(b) The reports, statements and information referred to in sub-clause (a) above are available on the website of BSE and NSE which are recognised stock exchanges with nationwide trading terminals; and

(c) Our Bank has an investor grievance-handling mechanism which includes meeting of the Stakeholders Relationship Committee at frequent intervals, appropriate delegation of power by the Board as regards share transfer and clearly laid down systems and procedures for timely and satisfactory redressal of investor grievances.

Accordingly, disclosures in this Letter of Offer have been made in terms of Clause (5) of Part E of Schedule VIII of the SEBI Regulations.

Disclaimer Clause of SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE SUBMISSION OF THE LETTER OF OFFER TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE LETTER OF OFFER. THE LEAD MANAGER, EDELWEISS FINANCIAL SERVICES LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE LETTER OF OFFER ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE LETTER OF OFFER, THE LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGER, EDELWEISS FINANCIAL SERVICES LIMITED HAS FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED FEBRUARY 20, 2017 WHICH READS AS FOLLOWS:

1. **WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC., AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE LETTER OF OFFER PERTAINING TO THE SAID ISSUE;**

2. **ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE ISSUER, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE ISSUER,**

   WE CONFIRM THAT:

   (A) THE LETTER OF OFFER FILED WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA ("SEBI") IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;

   (B) ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE, AS ALSO THE REGULATIONS, GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ ISSUED BY SEBI, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND

   (C) THE DISCLOSURES MADE IN THE LETTER OF OFFER ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE COMPANIES ACT, 2013, THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.

3. **WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE LETTER OF OFFER ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATION IS VALID.**

4. **WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITER TO FULFIL THEIR UNDERWRITING COMMITMENTS. – <u>NOT APPLICABLE. THE ISSUE IS NOT UNDERWRITTEN.</u>**

5. **WE CERTIFY THAT WRITTEN CONSENT FROM THE PROMOTER HAS BEEN OBTAINED FOR INCLUSION OF THEIR EQUITY SHARES AS PART OF THE**

PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE EQUITY SHARES PROPOSED TO FORM PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN WILL NOT BE DISPOSED OR SOLD OR TRANSFERRED BY THE PROMOTER DURING THE PERIOD STARTING FROM THE DATE OF FILING THE LETTER OF OFFER WITH SEBI UNTIL THE DATE OF COMMENCEMENT OF THE LOCK-IN PERIOD AS STATED IN THE LETTER OF OFFER.- <u>NOT APPLICABLE</u>

6. **WE CERTIFY THAT REGULATION 33 OF THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO EQUITY SHARES INELIGIBLE FOR COMPUTATION OF PROMOTERS' CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE LETTER OF OFFER.- <u>NOT APPLICABLE</u>**

7. **WE UNDERTAKE THAT SUB-REGULATION 4 OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITOR'S CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO SEBI. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE BANK ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE. - <u>NOT APPLICABLE</u>**

8. **WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION. –<u>COMPLIED WITH.</u>**

9. **WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 40 OF THE COMPANIES ACT, 2013 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE LETTER OF OFFER. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKER TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION.- <u>NOT APPLICABLE. THIS BEING A RIGHTS ISSUE, SECTION 40(3) OF THE COMPANIES ACT, 2013 IS NOT APPLICABLE. FURTHER, IN ACCORDANCE WITH REGULATION 56 OF THE SEBI REGULATIONS, THE BANK SHALL UTILIZE THE FUNDS COLLECTED IN THE ISSUE AFTER THE FINALIZATION OF THE BASIS OF ALLOTMENT.</u>**

10. **WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE LETTER OF OFFER THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE EQUITY SHARES IN DEMAT OR PHYSICAL MODE. –<u>COMPLIED WITH.</u>**

11. **WE CERTIFY THAT ALL APPLICABLE DISCLOSURES MANDATED IN THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION. – <u>COMPLIED WITH.</u>**

12. **WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE LETTER OF OFFER:**

(A) AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE ISSUER; AND

(B) AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY SEBI FROM TIME TO TIME.

13. WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE. <u>NOTED FOR COMPLIANCE</u>

14. WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OF THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, RISK FACTORS, PROMOTERS EXPERIENCE ETC. – <u>COMPLIED WITH, TO THE EXTENT APPLICABLE</u>

15. WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE LETTER OF OFFER WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY. – <u>COMPLIED WITH, TO THE EXTENT APPLICABLE</u>

16. WE ENCLOSE STATEMENT ON 'PRICE INFORMATION OF PAST ISSUES HANDLED BY MERCHANT BANKERS (WHO ARE RESPONSIBLE FOR PRICING THIS ISSUE)', AS PER THE FORMAT SPECIFIED BY THE BOARD THROUGH CIRCULAR – <u>NOT APPLICABLE</u>

17. WE CERTIFY THAT THE PROFITS FROM RELATED PARTY TRANSACTIONS HAVE ARISEN FROM LEGITIMATE BUSINESS TRANSACTIONS. <u>COMPLIED WITH TO THE EXTENT OF THE RELATED PARTY TRANSACTIONS OF THE BANK REPORTED AS PER THE ACCOUNTING STANDARD 18 IN THE FINANCIAL STATEMENTS OF THE BANK AND INCLUDED IN THE LETTER OF OFFER.</u>

18. WE CERTIFY THAT THE ENTITY IS ELIGIBLE UNDER 106Y (1) (A) OR (B) (AS THE CASE MAY BE) TO LIST ON THE INSTITUTIONAL TRADING PLATFORM, UNDER CHAPTER XC OF THESE REGULATIONS (IF APPLICABLE). <u>NOT APPLICABLE</u>

19. WE CONFIRM THAT NONE OF THE INTERMEDIARIES NAMED IN THE LETTER OF OFFER HAVE BEEN DEBARRED FROM FUNCTIONING BY ANY REGULATORY AUTHORITY. <u>COMPLIED WITH AND NOTED FOR COMPLIANCE.</u>

20. WE CONFIRM THAT THE ISSUER IS ELIGIBLE TO MAKE FAST TRACK ISSUE IN TERMS OF REGULATION 10 OF THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009. THE FULFILMENT OF THE ELIGIBILITY CRITERIA AS SPECIFIED IN THAT REGULATION, BY THE BANK, HAS ALSO BEEN DISCLOSED IN THE LETTER OF OFFER. <u>COMPLIED WITH</u>

21. WE CONFIRM THAT ALL THE MATERIAL DISCLOSURES IN RESPECT OF THE ISSUER HAVE BEEN MADE IN THE LETTER OF OFFER AND CERTIFY THAT ANY MATERIAL DEVELOPMENT IN THE ISSUER OR RELATING TO THE ISSUE, UP TO THE COMMENCEMENT OF LISTING AND TRADING OF THE EQUITY SHARES OFFERED THROUGH THIS ISSUE SHALL BE INFORMED THROUGH PUBLIC NOTICES/ ADVERTISEMENTS IN ALL THOSE NEWSPAPERS IN WHICH THE PRE-ISSUE ADVERTISEMENT AND ADVERTISEMENT FOR OPENING OR CLOSURE OF THE ISSUE HAVE BEEN GIVEN. – <u>COMPLIED WITH AND NOTED FOR COMPLIANCE</u>

22. **WE CONFIRM THAT THE ABRIDGED LETTER OF OFFER CONTAINS ALL THE DISCLOSURES AS SPECIFIED IN THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009. – <u>COMPLIED WITH</u>**

23. **WE CONFIRM THAT AGREEMENTS HAVE BEEN ENTERED INTO WITH THE DEPOSITORIES FOR DEMATERIALISATION OF THE EQUITY SHARES OF THE ISSUER. – <u>COMPLIED WITH</u>**

24. **WE CERTIFY THAT AS PER THE REQUIREMENTS OF FIRST PROVISO TO SUBREGULATION (4) OF REGULATION 32 OF SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, THE CASH FLOW STATEMENT HAS BEEN PREPARED AND DISCLOSED IN THE LETTER OF OFFER. – <u>NOT APPLICABLE.</u>**

THE FILING OF THIS LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ISSUER FROM ANY LIABILITIES UNDER SECTION 34 OR SECTION 36 OF THE COMPANIES ACT, 2013 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI, FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MANAGER, ANY IRREGULARITIES OR LAPSES IN THE LETTER OF OFFER.

Disclaimer from the Bank and the Lead Manager

Our Bank and the Lead Manager accept no responsibility for statements made other than in this Letter of Offer or in any advertisement or other material issued by our Bank or by any other persons at the instance of our Bank and anyone placing reliance on any other source of information would be doing so at his own risk.

Investors who invest in the Issue will be deemed to have represented to our Bank, the Lead Manager and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares, and are relying on independent advice/ evaluation as to their ability and quantum of investment in the Issue.

CAUTION

Our Bank and the Lead Manager shall make all information available to the Eligible Equity Shareholders and no selective or additional information would be available for a section of the Eligible Equity Shareholders in any manner whatsoever including at presentations, in research or sales reports etc. after filing of this Letter of Offer.

No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this Letter of Offer. You must not rely on any unauthorized information or representations. This Letter of Offer is an offer to sell only the Equity Shares and rights to purchase the Equity Shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this Letter of Offer is current only as of its date.

Disclaimer with respect to jurisdiction

This Letter of Offer has been prepared under the provisions of Indian Laws and the applicable rules and regulations thereunder. Any disputes arising out of the Issue will be subject to the jurisdiction of the appropriate court(s) in Mumbai only.

Selling restrictions

The distribution of this Letter of Offer and the issue of Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Letter of Offer may come are required to inform themselves about and observe such restrictions. Our Bank is making the Issue to the Eligible Equity Shareholders of our Bank and will dispatch the Abridged Letter of Offer and CAF and upon request, the Letter of Offer to the Eligible Equity Shareholders who have provided an Indian address. Any person who acquires Rights Entitlements or Equity Shares pursuant to this Issue will be deemed to have declared, warranted and agreed, by accepting the delivery of the Letter of Offer/

Abridged Letter of Offer, that he/she/it will acquire such Equity Shares in compliance with the US Securities Act and the rules and regulations thereunder, and the laws of the jurisdiction in which the person is located.

No action has been or will be taken to permit the Issue in any jurisdiction where action would be required for that purpose, except that this Letter of Offer has been filed with the Designated Stock Exchanges and SEBI. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and this Letter of Offer may not be distributed, in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, in those circumstances, this Letter of Offer must be treated as sent for information only and should not be copied or redistributed. Accordingly, persons receiving a copy of this Letter of Offer should not, in connection with the issue of the Equity Shares or the Rights Entitlements, distribute or send this Letter of Offer in any other jurisdiction where to do so would or might contravene local securities laws or regulations. If this Letter of Offer is received by any person in any such territory, or by their agent or nominee, they must not seek to subscribe to the Equity Shares or the Rights Entitlements referred to in this Letter of Offer. Neither the delivery of this Letter of Offer nor any sale hereunder, shall under any circumstances create any implication that there has been no change in our Bank's affairs from the date hereof or that the information contained herein is correct as at any time subsequent to this date.

Filing

This Letter of Offer is being filed with the Designated Stock Exchange as per the provisions of the SEBI Regulations. Further, in terms of Regulation 6(4) of the SEBI Regulations, our Bank will simultaneously while filing this Letter of Offer with the Designated Stock Exchange, file a copy of this Letter of Offer with SEBI.

Consents

Consents in writing of our Directors, Company Secretary and Compliance Officer, the Statutory Auditors, the Lead Manager, the legal counsel, the Registrar to the Issue and Escrow Collection Bank to act in their respective capacities have been obtained and such consents have not been withdrawn up to the date of this Letter of Offer.

M/s Deloitte Haskins & Sells, Chartered Accountants, the Statutory Auditors of our Bank, have given their written consent for the inclusion of the report dated February 4, 2017 relating to the Reformatted Summary Financial Statements, the review report dated February 4, 2017 relating to the Unaudited Interim Condensed Financial Information, and the statement of tax benefits dated February 4, 2017 in the form and context in which they appear in this Letter of Offer, and such consents and reports have not been withdrawn up to the date of this Letter of Offer. Further, the Statutory Auditors of our Bank, have consented to be named as an "expert" as defined under Section 2(38) of the Companies Act, 2013, read with Section 26(5) and 26(1)(a)(v) of the Companies Act, 2013, in relation to the Reformatted Summary Financial Statements, Unaudited Interim Condensed Financial Information, their report thereon, and the statement of tax benefits included in the Letter of Offer.

Expert Opinion

Except as stated below, the Bank has not obtained any expert opinions:

The Bank has received from its Statutory Auditors, Deloitte Haskins & Sells, Chartered Accountants to include their name as "experts" as defined under Section 2(38) of the Companies Act, 2013, read with Section 26(5) and 26(1)(a)(v) of the Companies Act, 2013 in relation to the Reformatted Summary Financial Statements, Unaudited Interim Condensed Financial Information, their report thereon and the statement of tax benefits included in this Letter of Offer.

Designated Stock Exchange

The Designated Stock Exchange for the purposes of the Issue will be the BSE.

Disclaimer Clause of the BSE

"BSE Limited ("the Exchange") has given, vide its letter dated February 06, 2017 permission to this Company to use the Exchange's name in this Letter of Offer as one of the stock exchanges on which this Company's securities are proposed to be listed. The Exchange has scrutinized this Letter of Offer for its limited internal

purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:

- *Warrant, certify or endorse the correctness or completeness of any of the contents of this letter of offer; or*
- *Warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or*
- *Take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;*

and it should not for any reason be deemed or construed that this letter of offer has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever."

Disclaimer Clause of the NSE

"As required, a copy of this letter of offer has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter Ref. No. NSE/LIST/103253 dated February 07, 2017 permission to the Issuer to use the Exchange's name in this letter of offer as one of the stock exchanges on which this Issuer's securities are proposed to be listed. The Exchange has scrutinized this letter of offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer.

It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the letter of offer has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this letter of offer; nor does it warrant that this Issuer's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription /acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever."

Disclaimer Clause of 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.

Expenses of the Issue

The total expenses of the Issue are estimated to be approximately ₹ 6.31 crores. The expenses of the Issue include, among others, fees of the Lead Manager, fees of the Registrar to the Issue, fees of the other advisors, printing and stationery expenses, advertising, travelling and marketing expenses and other expenses.

The estimated Issue expenses are as under:

Particulars	**Estimated Expenses (In ₹ crore)**	**% of Estimated Issue size**	**% of Estimated Issue expenses**
Fee (including out-of-pocket expenses) to Intermediaries (Lead Manager, Legal Counsel, Registrar to the Issue)	1.90	0.30	30.11
Advertising, traveling and marketing expenses	0.35	0.06	5.55
Printing, postage and stationery expenses	1.90	0.30	30.11
Regulatory fees, listing fees and depository fees	1.20	0.19	19.02
Miscellaneous expenses	0.96	0.15	15.21
Total	**6.31**	**1.00**	**100.00%**

Status of Outstanding Investor Complaints in relation to our Bank

Our Bank has adequate arrangements for redressal of Investor complaints. We have been registered with the SEBI Complaints Redress System (SCORES) as required by the SEBI Circular no. CIR/ OIAE/ 2/ 2011 dated June 3, 2011. Consequently, investor grievances are tracked online by our Bank.

Our Bank has a Stakeholders Relationship Committee which meets as and when required, to deal and monitor redressal of complaints from shareholders. BTS Consultancy Services Private Limited is our Registrar and Share Transfer Agent. All investor grievances received by us have been handled by the Registrar and Share Transfer Agent in consultation with the Company Secretary and Compliance Officer.

Investor Grievances arising out of the Issue

Any investor grievances arising out of the Issue will be handled by the Registrar to the Issue. The Bank typically takes 10- 15 days for disposal of various types of investor grievances.

Our agreement with the Registrar to the Issue provides for retention of records with the Registrar for a period of at least one year from the last date of dispatch of letters of Allotment and refund orders to enable the Registrar to the Issue to redress grievances of Investors.

All grievances relating to the Issue may be addressed to the Registrar to the Issue giving full details such as folio no./ demat account no., name and address, contact telephone/ cell numbers, email id of the first applicant, number and type of shares applied for, CAF serial number, amount paid on Application and the name of the bank and the branch where the Application was deposited, along with a photocopy of the acknowledgement slip. In case of renunciation, the same details of the Renouncee should be furnished.

The average time taken by the Registrar to the Issue for attending to routine grievances will be seven working days from the date of receipt. In case of non-routine grievances where verification at other agencies is involved, it would be the endeavour of the Registrar to the Issue to attend to them as expeditiously as possible. We undertake to resolve the investor grievances in a time bound manner.

Investors may contact the Registrar to the Issue at:

Link Intime India Private Limited
C-101, 1st Floor, 247 Park,
Lal Bahadur Shastri Marg, Vikhroli (West),
Mumbai 400 083, India
Telephone: +91 22 6171 5400
Facsimile: +91 22 2596 0329
Email: sib.rights@linkintime.co.in
Website: www.linkintime.co.in
Investor Grievance ID: sib.rights@linkintime.co.in
Contact Person: Mr. Dinesh Yadav
SEBI Registration Number: INR000004058

Investors may contact the Company Secretary and Compliance Officer at the below mentioned address and/ or Registrar to the Issue at the above mentioned address in case of any pre-Issue/ post -Issue related problems such as non-receipt of allotment advice/share certificates/ demat credit/refund orders etc.

Address of our Company Secretary and Compliance Officer:

Mr. Jimmy Mathew
Company Secretary and Compliance Officer
SIB House, Mission Quarters,
T.B. Road, Thrissur 680 001,
Kerala, India
Telephone: + 91 487 2420020/2429333
Facsimile: + 91 487 2442021
E-mail: jimmymathew@sib.co.in

IMPORTANT INFORMATION FOR INVESTORS – ELIGIBILITY

This Issue and the Equity Shares have not been and will not be registered under the Securities Act or any other applicable law of the United States and, unless so registered, may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) ("U.S. Persons") except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws.

This Issue and the Equity Shares have not been and will not be registered, listed or otherwise qualified in any jurisdiction outside India and may not be offered or sold, and bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Eligible Investors

The rights or Equity Shares are being offered and sold only to persons who are outside the United States and are not U.S. Persons, nor persons acquiring for the account or benefit of U.S. Persons, in offshore transactions in reliance on Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur. All persons who acquire the rights or Equity Shares are deemed to have made the representations set forth immediately below.

Equity Shares and Rights Offered and Sold in this Issue

Each purchaser acquiring the rights or Equity Shares, by its acceptance of this Letter of Offer and of the rights or Equity Shares, will be deemed to have acknowledged, represented to and agreed with us, the Lead Manager that it has received a copy of the Abridged/ Letter of Offer and such other information as it deems necessary to make an informed investment decision and that:

(1) the purchaser is authorised to consummate the purchase of the rights or Equity Shares in compliance with all applicable laws and regulations;

(2) the purchaser acknowledges that the rights and Equity Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state of the United States and, accordingly, may not be offered or sold within the United States or to, or for the account or benefit of, U.S. Persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act;

(3) the purchaser is purchasing the rights or Equity Shares in an offshore transaction meeting the requirements of Rule 903 of Regulation S under the Securities Act;

(4) the purchaser and the person, if any, for whose account or benefit the purchaser is acquiring the rights or Equity Shares, is a non-U.S. Person and was located outside the United States at each time (i) the offer was made to it and (ii) when the buy order for such rights or Equity Shares was originated, and continues to be a non-U.S. Person and located outside the United States and has not purchased such rights or Equity Shares for the account or benefit of any U.S. Person or any person in the United Sates or entered into any arrangement for the transfer of such rights or Equity Shares or any economic interest therein to any U.S. Person or any person in the United States;

(5) the purchaser is not an affiliate of the Bank or a person acting on behalf of an affiliate;

(6) the purchaser agrees that neither the purchaser, nor any of its affiliates, nor any person acting on behalf of the purchaser or any of its affiliates, will make any "directed selling efforts" as defined in Regulation S under the Securities Act in the United States with respect to the rights or the Equity Shares; and

(7) the purchaser acknowledges that the Bank, the Lead Manager, their respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations and agreements deemed to have been made by virtue of its purchase of such rights or Equity Shares are no longer accurate, it will promptly notify the Bank, and if it is acquiring any of such rights or Equity Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of such account.

SECTION VIII - OFFERING INFORMATION

TERMS OF THE ISSUE

The Equity Shares proposed to be issued are subject to the terms and conditions contained in this Letter of Offer, the Abridged Letter of Offer, the CAF, the Split Application Form, the Memorandum and Articles of Association, the provisions of the Companies Act, FEMA, the SEBI Regulations, the SEBI Listing Regulations and any other regulations, guidelines, notifications and for issue of capital and for listing of securities issued by SEBI, RBI, GOI and/ or other statutory authorities and bodies from time to time, and the terms and conditions as stipulated in the Allotment advice or letters of Allotment or share certificate and rules as may be applicable and introduced from time to time.

Please note that in accordance with the provisions of the SEBI circular no. CIR/CFD/DIL/1/2011 dated April 29, 2011 all QIBs and Non-Institutional Investors and Non Retail Individual Investors complying with the eligibility conditions prescribed under the SEBI circular no. SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009 must mandatorily invest through the ASBA process. Applicants that are QIBs, Non-Institutional Investors and Non Retail Individual Investors whose Application Money exceeds ₹ 2,00,000 can participate in the Issue only through the ASBA Process. The Investors who are (i) not QIBs; (ii) not Non-Institutional Investors; or (iii) investors whose application amount is not more than Rs. 200,000, can participate in the Issue either through the ASBA process or the non ASBA process.

Subject to SCSBs complying with the requirements of SEBI Circular No. CIR/CFD/DIL/13/2012 dated September 25, 2012 within the periods stipulated therein, ASBA Applications may be submitted at all branches of the SCSBs.

Accordingly, an eligible ASBA Investor is an Investor who:

- holds the Equity Shares in dematerialised form as on the Record Date and has applied towards his/her Rights Entitlements or additional Equity Shares in the Issue in dematerialised form;
- has not renounced his/her Rights Entitlements in full or in part;
- is not a Renouncee; and
- applies through a bank account maintained with one of the SCSBs.

ASBA Investors should note that the ASBA process involves Application procedures that may be different from the procedure applicable to non-ASBA process. ASBA Investors should carefully read the provisions applicable to such Applications before making their Application through the ASBA process. For more information, see the section titled "*Terms of the Issue – Applications by ASBA Investors*" on page 101 of this Letter of Offer.

Subject to SCSBs complying with the requirements of SEBI Circular No. CIR/CFD/DIL/13/2012 dated September 25, 2012 within the periods stipulated therein, ASBA Applications may be submitted at all branches of the SCSBs.

Further, in terms of the SEBI circular no. CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making applications by banks on own account using ASBA facility, SCSBs should have a separate account in their own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making application in public issues/ rights issues and clear demarcated funds should be available in such account for ASBA applications. SCSBs applying in the Issue using the ASBA facility shall be responsible for ensuring that they have a separate account in their own name with any other SCSB, having clear demarcated funds for applying in the Issue and that such separate account shall be used as the ASBA Account for the application, for ensuring compliance with the applicable regulations.

All rights/obligations of the Eligible Equity Shareholders in relation to application and refunds pertaining to this Issue shall, unless otherwise stated, apply to the Renouncee(s) as well.

Authority for the Issue

Pursuant to a resolution passed by our Board of Directors on December 21, 2016, it has been decided to make the rights offer to the Eligible Equity Shareholders of our Bank in terms of Section 62(1)(a)(ii) of the Companies Act, 2013. The Board in its meeting held on December 21, 2016 has determined the Issue Price as ₹

14 per Equity Share and the Rights Entitlement as one Equity Share for every three fully paid-up Equity Share(s) held on the Record Date. The Issue Price has been arrived at in consultation with the Lead Manager.

Pursuant to an application made by our Bank, RBI has issued a letter dated January 11, 2017, approving the renunciation of rights entitlement by and to persons/entities resident outside India.

Basis for the Issue

The Equity Shares are being offered for subscription for cash to those existing equity shareholders of our Bank whose names appear, as beneficial owners as per the list to be furnished by the Depositories in respect of the Equity Shares held in the electronic form, and on the register of members of our Bank in respect of Equity Shares held in the physical form at the close of business hours on the Record Date, i.e., February 17, 2017 fixed in consultation with the Designated Stock Exchange.

Ranking of Equity Shares

The Equity Shares shall be subject to the provisions of Memorandum and Articles of Association. The Equity Shares allotted in the Issue shall rank *pari passu* with the existing Equity Shares in all respects, including payment of dividends, provided that voting rights and dividend payable shall be in proportion to the paid-up value of the Equity Shares held.

Mode of Payment of Dividend

We shall pay dividends (in the event of declaration of such dividends) to our equity shareholders as per the provisions of the Companies Act, the Banking Regulation Act, the guidelines issued by RBI from time to time, and our Articles of Association.

Principal Terms and Conditions of the Issue

Face Value

Each Equity Share shall have the face value of ₹ 1.

Issue Price

Each Equity Share is being offered at a price of ₹ 14 (including a premium of ₹ 13 per Equity Share).

Terms of payment

Full amount of ₹ 14 shall be payable at the time of making the Application.

The payment towards each Equity Share offered will be applied as under:

(a) ₹ 1 towards share capital; and

(b) ₹ 13 towards securities premium account.

Where an applicant has applied for additional Equity Shares and is allotted lesser number of Equity Shares than applied for, the excess Application Money paid shall be refunded. The monies would be refunded within 15 days from the Issue Closing Date. In the event that there is a delay in making refunds beyond such period as prescribed by applicable laws, our Bank shall pay interest for the delayed period at rates prescribed under applicable laws.

Rights Entitlement

As your name appears as a beneficial owner in respect of Equity Shares held in the electronic form or appears in the register of members as an Eligible Equity Shareholder of our Bank as on the Record Date, you are entitled to the number of Equity Shares as set out in Part A of the CAF.

Our Bank is making this Issue on a rights basis to the Eligible Equity Shareholders of our Bank and will dispatch this Letter of Offer/ Abridged Letter of Offer and CAF only to Eligible Equity Shareholders who have provided an Indian address to our Bank. The distribution of this Letter of Offer/Abridged Letter of Offer and the issue of securities on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. Any person who acquires Rights Entitlements or securities will be deemed to have declared, warranted and agreed, by accepting the delivery of this Letter of Offer/Abridged Letter of Offer/CAF, that such person is not and that at the time of subscribing for the Securities or the Rights Entitlements, will not be, in any restricted jurisdiction.

Rights Entitlement Ratio

The Equity Shares are being offered on a rights basis to the existing equity shareholders of our Bank in the ratio of one Equity Share for every three fully paid-up Equity Shares held as on the Record Date.

Fractional Entitlements

For Equity Shares being offered on a rights basis under this Issue, if the shareholding of any of the Eligible Equity Shareholders is equal to or less than 3 Equity Shares or is not in multiples of 3, the fractional entitlement of such Eligible Equity Shareholders shall be ignored for computation of the Rights Entitlement. However, Eligible Equity Shareholders whose fractional entitlements are being ignored earlier will be given preference in the Allotment of one additional Equity Share each, if such Eligible Equity Shareholders have applied for additional Equity Shares over and above the Rights Entitlement.

Those Eligible Equity Shareholders holding less than 3 fully paid-up Equity Shares, i.e, holding up to 2 fully paid-up Equity Shares, and therefore entitled to zero Equity Shares under this Issue shall be dispatched a CAF with zero entitlement. Such Eligible Equity Shareholders are entitled to apply for additional Equity Shares and would be given preference in allotment of one additional Equity Share if, such Eligible Equity Shareholders have applied for the additional Equity Shares. However, they cannot renounce the same in favor of any third parties. CAF with zero entitlement will be non-negotiable/ non-renounceable.

An illustration stating the Rights Entitlement for number of Equity Shares is set out below

No. of Equity Shares held as on Book Closure Date	Rights Entitlement
1	0
2	0
3	1

The distribution of the Letter of Offer and the issue of the Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. We are making the issue of the Equity Shares on a rights basis to the Eligible Equity Shareholders and the Letter of Offer, Abridged Letter of Offer and the CAFs will be dispatched only to those Eligible Equity Shareholders who have a registered address in India or who have provided an Indian address. Any person who acquires Rights Entitlements or the Equity Shares will be deemed to have declared, warranted and agreed, by accepting the delivery of the Letter of Offer/ Abridged Letter of Offer/ CAF, that it is not and that at the time of subscribing for the Equity Shares or the Rights Entitlements, it will not be, in the United States or in other restricted jurisdictions.

Notices

All notices to the Eligible Equity Shareholders required to be given by our Bank shall be published in one English national daily newspaper with wide circulation, one Hindi national daily newspaper with wide circulation and one regional language newspaper with wide circulation at the place where our Registered Office is situated and/ or will be sent by ordinary post or registered post or speed post to the registered address of the Equity Shareholders in India as updated with the Depositories/ registered with the Registrar and Share Transfer Agent from time to time.

Listing and trading of the Equity Shares proposed to be issued

Our Bank's existing Equity Shares are currently traded on the BSE (scrip code 532218) and NSE (symbol SOUTHBANK). The fully paid-up Equity Shares proposed to be issued pursuant to the Issue shall, in terms of the circular (no. CIR/MRD/DP/21/2012) by SEBI dated August 2, 2012, be Allotted under a temporary ISIN which shall be kept blocked till the receipt of final listing and trading approval from the Stock Exchanges. Upon receipt of such listing and trading approval, the Equity Shares proposed to be issued pursuant to the Issue shall be debited from such temporary ISIN and credited in the existing ISIN of the Bank and be available for trading.

The listing and trading of the Equity Shares to be offered through this Issue shall be based on the current regulatory framework applicable thereto. Accordingly, any change in the regulatory regime would affect the listing and trading schedule. All steps for the completion of the necessary formalities for listing and commencement of trading of the Equity Shares allotted pursuant to the Issue shall be taken within seven working days of the finalization of the Basis of Allotment. Our Bank has recieved "in-principle" approval for the listing of the Equity Shares proposed to be issued pursuant to the Issue from BSE and NSE pursuant to their letters dated February 6, 2017 and February 7, 2017. Our Bank will also apply to the Stock Exchanges for final approval for the listing and trading of the Equity Shares. No assurance can be given regarding the active or sustained trading in the Equity Shares or that price at which the Equity Shares offered under the Issue will trade after listing on the Stock Exchanges.

If permissions to list, deal in and for an official quotation of the Equity Shares are not granted by any of the Stock Exchanges, our Bank will forthwith repay, without interest, all moneys received from the applicants in pursuance of the Letter of Offer. If such money is not repaid beyond eight days after our Bank becomes liable to repay it, i.e., the date of refusal of an application for such a permission from a Stock Exchange, or on expiry of 15 days from the Issue Closing Date in case no permission is granted, whichever is earlier, then our Bank and every Director who is an officer in default shall, on and from such expiry of eight days, be liable to repay the money, with interest as per applicable law.

Rights of the Equity Shareholder

Subject to applicable laws, Equity Shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability of shares; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act and the Memorandum and Articles of Association.

GENERAL TERMS AND CONDITIONS OF THE ISSUE FOR ASBA INVESTORS AND NON – ASBA INVESTORS

Market Lot

The Equity Shares are tradable only in dematerialised form. The market lot for the Equity Shares in dematerialised mode is one Equity Share. In case an Eligible Shareholder holds Equity Shares in physical form, our Bank would issue to the Allottees one certificate for the Equity Shares Allotted to each folio ("**Consolidated Certificate**"). Such Consolidated Certificates may be split into smaller denominations at the request of the respective shareholder.

Arrangements for disposal of odd lots

Since our Equity Shares will be traded in dematerialised form only, the market lot for our Equity Shares will be one, and therefore, no arrangements for disposal of odd lots are required.

Minimum Subscription

If our Bank does not receive the minimum subscription of 90% of the Issue, our Bank shall refund the entire subscription amount within the prescribed time. In the event that there is a delay of making refunds beyond such period as prescribed by applicable laws, our Bank shall pay interest for the delayed period at rates prescribed under applicable laws.

The above is subject to the terms mentioned under the section titled '*Terms of the Issue - Basis of Allotment'* on page 118of this Letter of Offer.

Joint-Holders

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as joint-holders with benefits of survivorship subject to provisions contained in the Articles of Association. In case of joint holders, the CAF would be required to be signed by all the joint holders to be considered as valid for allotment of Equity Shares offered in the Issue. In case such Eligible Equity Shareholders who are joint holders wish to renounce their Rights Entitlement, all such Eligible Equity Shareholders who are joint holders would be required to sign Part B of the CAF. In absence of signatures of all joint holders, the CAF would be liable for rejection.

Nomination facility

In terms of Section 72 of the Companies Act, 2013, nomination facility is available in case of Equity Shares. An applicant can nominate, by filling the relevant details in the CAF in the space provided for this purpose.

A sole Eligible Equity Shareholder or first Eligible Equity Shareholder, along with other joint Eligible Equity Shareholders being individual(s) may nominate any person(s) who, in the event of the death of the sole holder or all the joint-holders, as the case may be, shall become entitled to the Equity Shares. A Person, being a nominee, becoming entitled to the Equity Shares by reason of the death of the original Eligible Equity Shareholder(s), shall be entitled to the same advantages to which he would be entitled if he were the registered holder of the Equity Shares. Where the nominee is a minor, the Eligible Equity Shareholder(s) may also make a nomination to appoint, in the prescribed manner, any person to become entitled to the Equity Share(s), in the event of death of the said holder, during the minority of the nominee. A nomination shall stand rescinded upon the sale of the Equity Share by the person nominating. A transferee will be entitled to make a fresh nomination in the manner prescribed. When the Equity Share is held by two or more persons, the nominee shall become entitled to receive the amount only on the demise of all the holders. Fresh nominations can be made only in the prescribed form available on request at our Registered Office or such other person at such addresses as may be notified by our Bank. The applicant can make the nomination by filling in the relevant portion of the CAF.

In terms of Rule 19 of the Companies (Share Capital and Debentures) Rules, 2014, the person nominated as the nominee may upon the production of such evidence as may be required by the Board, elect, either- (a) to register himself as holder of the securities; or (b) to transfer the securities, as the deceased holder could have done. If the person being a nominee, so becoming entitled, elects to be registered as holder of the securities himself, he shall deliver or send to the Bank a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased share or debenture holder(s). Further, our Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the securities, and if the notice is not complied with within ninety days, our Board may thereafter withhold payment of all dividends or interests, bonuses or other moneys payable in respect of the securities, as the case may be, until the requirements of the notice have been complied with.

Only one nomination would be applicable for one folio. Hence, in case the Eligible Equity Shareholder(s) has already registered the nomination with our Bank, no further nomination needs to be made for Equity Shares to be allotted in this Issue under the same folio. However, new nominations, if any, by the Eligible Equity Shareholder(s) shall operate in supersession of the previous nomination, if any.

In case the Allotment of Equity Shares is in dematerialised form, there is no need to make a separate nomination for the Equity Shares to be allotted in the Issue. Nominations registered with respective DP of the applicant would prevail. If the applicant requires to change the nomination, they are requested to inform their respective DP.

Offer to Non Resident Eligible Equity Shareholders/ Applicants

Applications received from NRs for Allotment shall be *inter alia*, subject to the conditions imposed from time to time by the RBI under FEMA, in the matter of receipt and refund of Application Money, Allotment, issue of letters of Allotment/ Allotment advice/ share certificates, payment of interest, dividends, etc. General permission has been granted to any person resident outside India to purchase shares offered on a rights basis by an Indian company in terms of FEMA and Regulation 6 of notification No. FEMA 20/2000-RB dated 3 May 2000. Our Board of Directors shall agree to such terms and conditions as may be stipulated by RBI while approving the Allotment of Equity Shares, payment of dividend etc. to the Non Resident Eligible Equity Shareholders. The Equity Shares purchased on a rights basis by non-residents shall be subject to the same conditions including restrictions in regard to the repatriability as are applicable to the original equity shares against which equity shares are issued on a right basis.

By virtue of Circular No. 14 dated September 16, 2003 issued by the RBI, OCBs have been derecognized as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Accordingly, OCBs shall not be eligible to subscribe to the Equity Shares. Any applicant being an erstwhile OCB is required to obtain prior approval from RBI for applying in the Issue.

The Abridged Letter of Offer and CAF shall only be dispatched to Non Resident Eligible Equity Shareholders with registered addresses in India.

Option to subscribe

Applicants to the Equity Shares issued through this Issue shall be Allotted the securities in dematerialised (electronic) form or in physical form at the option of the applicant. Our Bank, along with the Registrar and Share Transfer Agent, has signed tripartite agreements dated November 2, 2007 and October 4, 2007, with each of NSDL and CDSL respectively, which enables our Equity Share to be held and traded in a dematerialised form, instead of in the form of physical certificates. Our Bank has appointed Link Intime India Private Limited as the Registrar to the Issue, which has connectivity with both Depositories, and can therefore, allot the Equity Shares in dematerialised form.

Our Bank expects to complete the Allotment within a period of 15 days from the Issue Closing Date in accordance with the SEBI Regulations. Our Bank shall retain no oversubscription.

Procedure for Application

In case the original CAF is not received by the Eligible Equity Shareholder or is misplaced by the Eligible Equity Shareholder, the Eligible Equity Shareholder may request the Registrar to the Issue, for issue of a duplicate CAF, by furnishing the registered folio number, DP ID Number, Client ID Number and their full name and address. In case the signature of the Eligible Equity Shareholder(s) does not match with the specimen registered with the Bank or the DP, the Application is liable to be rejected.

Neither our Bank nor the Registrar to the Issue shall be responsible for delay in the receipt of the CAF/duplicate CAF attributable to postal delays or if the CAF/duplicate CAF are misplaced in the transit. The request for a duplicate CAF should reach the Registrar to the Issue within seven days from the Issue Opening Date. Eligible Equity Shareholder(s) should note that those who are making the Application in such duplicate CAF should not utilize the original CAF for any purpose, including renunciation, even if the original CAF is received or found subsequently. If any Investor violates any of these requirements, they shall face the risk of rejection of both Applications.

Please note that in accordance with the provisions of the SEBI circular no. CIR/CFD/DIL/1/2011 dated April 29, 2011 all QIBs and Non-Institutional Investors and Non Retail Individual Investors complying with the eligibility conditions prescribed under the SEBI circular no. SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009 must mandatorily invest through the ASBA process. Applicants that are QIBs Non-Institutional Investors and Investors whose Application Money exceeds ₹ 2,00,000 can participate in the Issue only through the ASBA Process. ASBA Investors should note that the ASBA process involves Application procedures that may be different from the procedure applicable to non-ASBA process. ASBA Investors should carefully read the provisions applicable to such Applications before making their Application through the ASBA process. The Investors who are (i) not QIBs; (ii) not Non-Institutional Investors; or (iii) investors whose application amount is not more than Rs. 200,000, can participate in the Issue either through the ASBA process or the non ASBA process.

How to Apply?

Resident Eligible Equity Shareholders

Applications should be made only on the CAF enclosed with the Abridged Letter of Offer. The CAF should be complete in all respects, as explained in the instructions indicated in the CAF. An Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF may make an Application to subscribe to the Issue on plain paper. For further details, see the section titled "*Terms of the Issue – Application on Plain Paper'*" on page 116 of this Letter of Offer. Applications will not be accepted by the Lead Manager or by the Registrar to the Issue or by our Bank at any offices, except in the case of postal Applications submitted to the Registrar as per instructions given in this Letter of Offer. ASBA Investors shall be required to indicate either in (i) Part A of the CAF, or (ii) a plain paper Application, as to their desire to avail of the ASBA option of payment.

Non Resident Eligible Equity Shareholders

Non Resident Indian applicants can obtain the CAF from the Registrar to the Issue. Applications received from Non Resident Eligible Equity Shareholders for the Issue shall, *inter alia*, be subject to the conditions as may be imposed from time to time by the RBI under FEMA, in the matter of receipt and refund of Application Money, Allotment, issue of letters of Allotment/ Allotment advice, payment of interest, dividends etc.

APPLICATIONS BY ASBA INVESTORS

This section is for the information of the ASBA investors proposing to subscribe to the Issue through the ASBA process. Our Bank and the Lead Manager are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of the Letter of Offer. Eligible Equity Shareholders who are eligible to apply under the ASBA process are advised to make their independent investigations and to ensure that the CAF is correctly filled up, specifying the number of the bank account maintained with the Self Certified Syndicate Bank ("SCSB") in which the Application Money will be blocked by the SCSB.

The Lead Manager, our Bank, its directors, its employees, affiliates, associates and their respective directors and officers and the Registrar to the Issue shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to Applications accepted by SCSBs, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for Applications uploaded by SCSBs, the amount payable on Application has been blocked in the relevant ASBA Account.

Self Certified Syndicate Banks

The list of banks which have been notified by SEBI to act as SCSBs for the ASBA process is provided on http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries. For details on Designated Branches of SCSBs collecting the CAF, please refer the above mentioned SEBI link.

Eligible Equity Shareholders who are eligible to apply under the ASBA process

The option of applying for Equity Shares through the ASBA process is available only to Eligible Equity Shareholders of our Bank as on the Record Date.

In terms of the SEBI circular no. SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009 ("**December 2009 Circular**"), to qualify as ASBA Investors, Eligible Equity Shareholders:

(a) are required to hold Equity Shares in dematerialised form as on the Record Date and apply for (i) their Rights Entitlement or (ii) their Rights Entitlement and Equity Shares in addition to their Rights Entitlement in dematerialised form;

(b) should not have renounced their Right Entitlement in full or in part;

(c) should not be Renouncees (paragraphs (a), (b) and (c) are collectively referred to as the "**ASBA Investor Eligibility Criteria**"); and

(d) should apply through blocking of funds in bank accounts maintained with SCSBs.

Please note that in accordance with the provisions of the SEBI circular no. CIR/CFD/DIL/1/2011 dated April 29, 2011 all QIBs and Non-Institutional Investors and Non Retail Individual Investors complying with the eligibility conditions prescribed under the SEBI circular no. SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009 must mandatorily invest through the ASBA process. Applicants that are QIBs Non-Institutional Investors and Investors whose Application Money exceeds ₹ 2,00,000 can participate in the Issue only through the ASBA Process. ASBA Investors should note that the ASBA process involves Application procedures that may be different from the procedure applicable to non-ASBA process. ASBA Investors should carefully read the provisions applicable to such Applications before making their Application through the ASBA process.

A Retail Individual Investor applying for a value of up to ₹ 2,00,000 in the Issue can participate in the Issue through either the ASBA process or the non – ASBA process.

CAF

The Registrar will dispatch the CAF to all Eligible Equity Shareholders as per their Rights Entitlement on the Record Date. Those Eligible Equity Shareholders who must apply or who wish to apply through the ASBA process and have complied with the parameters mentioned above will have to select this mechanism in Part A of the CAF and provide necessary details.

Application in electronic mode will only be available with such SCSBs who provide such facility. The Eligible Equity Shareholder shall submit the CAF to the SCSB for authorising such SCSB to block an amount equivalent to the amount payable on the Application in the said bank account maintained with the same SCSB.

Please note that no more than five Applications (including CAF and plain paper) can be submitted per bank account in the Issue. ASBA Investors are also advised to ensure that the CAF is correctly filled up, stating therein the bank account number maintained with the SCSB in which an amount equivalent to the amount payable on Application as stated in the CAF will be blocked by the SCSB.

Acceptance of the Issue under the ASBA process

ASBA Investors may accept the Issue and apply for the Equity Shares either in full or in part, by filling Part A of the respective CAFs sent by the Registrar, selecting the ASBA process option in Part A of the CAF and submit the same to the SCSB before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by the Board of Directors in this regard.

Mode of payment under the ASBA process

An ASBA Investor agrees to block the entire amount payable on Application with the submission of the CAF, by authorising the SCSB to block an amount, equivalent to the amount payable on Application, in a bank account maintained with the SCSB.

After verifying that sufficient funds are available in the bank account, details of which are provided in the CAF, the SCSB shall block an amount equivalent to the amount payable on Application mentioned in the CAF until it receives instructions from the Registrar to the Issue. Upon receipt of intimation from the Registrar to the Issue, the SCSBs shall transfer such amount as per the Registrar to the Issue's instruction from the bank account maintained with the SCSB, as mentioned by the Eligible Equity Shareholder in the CAF. This amount will be transferred in terms of the SEBI Regulations, into a separate bank account maintained by our Bank. The balance amount remaining after the finalisation of the Basis of Allotment shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the Issue and the Lead Manager.

The ASBA Investor would be required to block the entire amount payable on their Application at the time of the submission of the CAF. The SCSB may reject the Application at the time of acceptance of CAF if the bank account with the SCSB, details of which have been provided by the Eligible Equity Shareholder in the CAF, does not have sufficient funds equivalent to the amount payable on Application mentioned in the CAF. Subsequent to the acceptance of the Application by the SCSB, our Bank would have a right to reject the Application only on technical grounds.

Options available to the ASBA Investors

A summary of options available to Eligible Equity Shareholders is presented below. ASBA Investors may exercise any of the following options with regard to the Equity Shares, using the respective CAFs received from Registrar:

Option Available	Action Required
Accept whole or part of your Rights Entitlement without renouncing the balance.	Fill in and sign Part A of the CAF (All joint holders must sign)
Accept your Rights Entitlement in full and apply for additional Equity Shares	Fill in and sign Part A of the CAF including Block III relating to the acceptance of entitlement and Block IV relating to additional Equity Shares (All joint holders must sign)

ASBA Investors will need to select the ASBA process option in the CAF and provide required details. However, in cases where this option is not selected, but the CAF is tendered to the SCSBs with the relevant details required under the ASBA process option and the SCSBs block the requisite amount, then that CAF would be treated as if the Eligible Equity Shareholder has selected to apply through the ASBA process.

Additional Equity Shares under the ASBA process

An ASBA Investor is eligible to apply for additional Equity Shares over and above the number of Equity Shares that it is entitled to, provided that it is eligible to apply for Equity Shares under applicable law and has applied for all the Equity Shares (as the case may be) offered without renouncing them in whole or in part in favour of any other person(s). Applications for additional Equity Shares shall be considered and Allotment shall be made at the sole discretion of the Board, in consultation with the Designated Stock Exchange and in the manner prescribed under "*Terms of the Issue - Basis of Allotment*" on page 118 of this Letter of Offer.

Renouncees applying for all the Equity Shares renounced in their favour may also apply for additional Equity Shares in the Issue.

If you desire to apply for additional Equity Shares please indicate your requirement in the place provided for additional Equity Shares in Part A of the CAF.

Renunciation under the ASBA process

ASBA Investors can neither be Renouncees, nor can renounce their Rights Entitlements in part.

ELIGIBLE EQUITY SHAREHOLDERS UNDER THE ASBA PROCESS MAY PLEASE NOTE THAT THE EQUITY SHARES OF OUR BANK UNDER THE ASBA PROCESS CAN BE ALLOTTED ONLY IN DEMATERIALISED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH THE EQUITY SHARES ARE HELD BY SUCH ASBA INVESTOR ON THE RECORD DATE.

Issuance of Intimation Letters for ASBA Investors

Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar to the Issue shall send the controlling branches, a list of the ASBA Investors who have been allocated Equity Shares in the Issue, along with:

- The number of Equity Shares to be allotted against each successful ASBA Application;
- The amount to be transferred from the ASBA Account to the separate account opened by the Bank for the Issue, for each successful ASBA Application;
- The date by which the funds referred to in above paragraph, shall be transferred to separate account opened by the Bank for Rights Issue; and
- The details of rejected ASBA Applications, if any, along with reasons for rejection to enable SCSBs to unblock the respective ASBA Accounts.

General instructions for ASBA Investors

- Please read the instructions printed on the CAF carefully.
- Applications should be made on the printed CAFs and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/ or which are not completed in conformity with the terms of the Letter of Offer, Abridged Letter of Offer are liable to be rejected. The CAF must be filled in English.
- No correction of name, folio/ DP client ID should be made in the printed CAF sent.
- The CAF/ plain paper application in the ASBA process should be submitted at a Designated Branch of the SCSB and whose bank account details are provided in the CAF and not to the Escrow Collection Bank (assuming that such Escrow Collection Bank is not a SCSB), to our Bank or Registrar or a Lead Manager to the Issue.
- All applicants, and in the case of Application in joint names, each of the joint applicants, should mention his/ her PAN number allotted under the IT Act, irrespective of the amount of the Application. Except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, CAFs without PAN will be considered incomplete and are liable to be rejected.
- All payments will be made by blocking the amount in the bank account maintained with the SCSB. Cash payment or payment by cheque/ demand draft/ pay order is not acceptable for ASBA Investors. In case payment is affected in contravention of this, the Application may be deemed invalid and the Application money will be refunded and no interest will be paid thereon.
- Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/ her official seal. The Eligible Equity Shareholders must sign the CAF as per the specimen signature recorded with our Bank and/ or Depositories.
- In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with the Depository/ our Bank. In case of joint applicants, reference, if any, will be made in the first applicant's name and all communication will be addressed to the first applicant.
- All communication in connection with Application for the Equity Shares, including any change in address of the Eligible Equity Shareholders should be addressed to the Registrar to the Issue prior to the date of Allotment in the Issue quoting the name of the first/ sole applicant Eligible Equity Shareholder and CAF number.
- Only the person or persons to whom the Equity Shares have been offered shall be eligible to participate under the ASBA process.
- Only persons outside restricted jurisdictions and who are eligible to subscribe for Rights Entitlement and Equity Shares under applicable securities laws are eligible to participate.
- Only the Eligible Equity Shareholders holding shares in demat form, and who comply with all the parameters for being an ASBA Investor, are eligible to participate through ASBA process.
- SCSBs making ASBA Applications on their own account are required to have a separate ASBA Account in their own name with any other SEBI- registered SCSB in accordance with SEBI circulars dated September 25, 2012 and January 2, 2013. Such ASBA Account should be used solely for the purpose of making applications in rights issues and clear demarcated funds should be available in such account for ASBA Applications.
- Eligible Equity Shareholders who have renounced their entitlement in part or full are not entitled to apply using the ASBA process.
- Investors are required to ensure that the number of Equity Shares applied for by them do not exceed the investment limits prescribed under applicable law.

Do's for ASBA Investors:

- Ensure that the ASBA process option is selected in part A of the CAF and necessary details are filled in. In case of non-receipt of the CAF, the Application can be made on plain paper with all necessary details as required under the paragraph "*Terms of the Issue - Application on plain paper*" on page 116 of this Letter of Offer.
- Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated.
- Ensure that the CAFs are submitted with the Designated Branch of the SCSBs and details of the correct bank account have been provided in the CAF.
- Ensure that there are sufficient funds (equal to {number of Equity Shares as the case may be applied

for} multiplied by {the Issue Price, as the case may be}) are available in the bank account maintained with the SCSB mentioned in the CAF before submitting the CAF to the respective Designated Branch of the SCSB.

- Ensure that you have authorised the SCSB for blocking funds equivalent to the total amount payable on Application mentioned in the CAF, in the bank account maintained with the respective SCSB, of which details are provided in the CAF, and have signed the same.
- Ensure that you receive an acknowledgement from the SCSB for your submission of the CAF in physical form.
- Except for CAFs submitted on behalf of the Central or State Government, or by the residents of Sikkim and the officials appointed by the courts, each applicant should mention their PAN allotted under the IT Act.
- Ensure that the name(s) given in the CAF is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the CAF is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the CAF.
- Ensure that the Demographic Details are updated, true and correct, in all respects.
- Ensure that the account holder in whose bank account the funds are to be blocked has signed authorizing such funds to be blocked.
- Ensure that you apply through the ASBA process if you are a QIB or a Non – Institutional Investor and satisfy the eligibility requirements for being an ASBA Investor in terms of the SEBI Circular dated December 30, 2009.
- For ASBA Applications by SCSBs on own account, ensure that a separate ASBA Account in its own name is opened with any other registered SCSB.

Don’ts for ASBA Investors:

- Do not apply if you are not eligible to participate in the Issue under the securities laws applicable to your jurisdiction.
- Do not apply on duplicate CAF after you have submitted a CAF to a Designated Branch of the SCSB.
- Do not pay the amount payable on Application in cash, by money order or by postal order.
- Do not send your physical CAFs/ plain paper applications to the Lead Manager/ Registrar to the Issue/ Escrow Collection Bank (assuming that such Escrow Collection Bank is not a SCSB)/ the Bank; instead submit the same to a Designated Branch of the SCSB only.
- Do not submit the GIR number instead of the PAN as the Application is liable to be rejected on this ground.
- Do not apply if the ASBA Account has been used for five applicants.
- Do not instruct SCSBs to release the funds blocked under the ASBA process.

Grounds for Technical Rejection under ASBA process

Applications under the ASBA process are liable to be rejected on the following grounds:

- Application on a Split Application Form.
- Application for Allotment of Rights Entitlements or additional shares which are in physical form.
- DP ID and Client ID mentioned in CAF not matching with the DP ID and Client ID records available with the Registrar.
- Renouncees applying under the ASBA process.
- Sending an ASBA Application on plain paper to the Registrar to the Issue.
- Sending CAF to a Lead Manager / the Registrar to the Issue/ the Registrar and Share Transfer Agent/ a Escrow Collection Bank (assuming that such Escrow Collection Bank is not a SCSB)/ to a branch of a SCSB which is not a Designated Branch of the SCSB/ Bank.
- Insufficient funds are available with the SCSB for blocking the application amount.
- Funds in the bank account with the SCSB whose details are mentioned in the CAF, having been frozen pursuant to regulatory orders.
- Submission of more than five CAFs per ASBA Account.
- Account holder not signing the CAF or declaration mentioned therein.
- QIBs, Non-Institutional Investors and Investors applying for Securities in this Issue for value of more than ₹ 2,00,000 who hold Securities in dematerialised form and is not a Renouncer, not applying through the ASBA process.

- Application by an Eligible Shareholder whose cumulative value of Securities applied for is more than ₹ 2,00,000 but has applied separately through split CAFs of less than ₹ 2,00,000 and has not done so through the ASBA process.
- Multiple CAFs, including cases where an Eligible Shareholder submits CAFs along with a plain paper application.
- CAFs that do not include the certification set out in the CAF to the effect that the subscriber does not have a registered address (and is not otherwise located) in restricted jurisdictions and is authorized to acquire the rights and the securities in compliance with all applicable laws and regulations.
- Applications by persons not competent to contract under the Indian Contract Act, 1872, as amended, except applications by minors having valid demat accounts as per the demographic details provided by the Depositories.
- CAFs which have evidence of being executed in/ dispatched from restricted jurisdiction or executed by or for the benefit of a "U.S. Person" (as defined in Regulation S).
- Submitting the GIR number instead of the PAN.
- Applications by persons ineligible to make applications through the ASBA process, made through the ASBA process.
- Failure to mention an Indian address in the application.
- Applications made through the ASBA process by Eligible Equity Shareholders who are ineligible to make applications through the ASBA process.
- Failure to attach (in case of investors debarred by SEBI), a copy of the relevant order from SEBI providing any interim relief, revoking such debarment or otherwise permitting such investors to subscribe to their Rights Entitlement.

Depository account and bank details for ASBA Investors

IT IS MANDATORY FOR ALL THE ELIGIBLE EQUITY SHAREHOLDERS WHO COMPLY WITH THE PARAMETERS FOR BEING AN ASBA INVESTOR TO RECEIVE THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL SUCH ELIGIBLE EQUITY SHAREHOLDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE CAF/ PLAIN PAPER APPLICATION. SUCH ELIGIBLE EQUITY SHAREHOLDERS MUST ENSURE THAT THE NAME GIVEN IN THE CAF IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE CAF IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE CAF.

Such Eligible Equity Shareholders should note that on the basis of name of these Eligible Equity Shareholders, Depository Participant's name and identification number and beneficiary account number provided by them in the CAF, the Registrar to the Issue will obtain from the Depository, the Demographic Details. Hence, Eligible Equity Shareholders should carefully fill in their Depository Account details in the CAF.

These Demographic Details would be used for all correspondence with such Eligible Equity Shareholders including mailing of the letters intimating unblocking of bank account of the respective Eligible Equity Shareholder. The Demographic Details given by the Eligible Equity Shareholders in the CAF would not be used for any other purposes by the Registrar to the Issue. Hence, Eligible Equity Shareholders are advised to update their Demographic Details as provided to their Depository Participants.

By signing the CAFs/ plain paper ASBA Applications, ASBA Investors would be deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Letters intimating Allotment and unblocking of funds would be mailed to the Indian addresses of the ASBA Investors as per the Demographic Details received from the Depositories. The Registrar to the Issue will give instructions to the SCSBs for unblocking funds in the ASBA Account to the extent Equity Shares are not allotted to such shareholders. ASBA Investors may note that delivery of letters intimating unblocking of the funds may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Eligible Equity Shareholder in the CAF/ plain paper application would be used only to ensure dispatch of letters intimating unblocking of the funds.

Note that any such delay shall be at the sole risk of the ASBA Investors and none of the Bank, the SCSBs or the Lead Manager shall be liable to compensate the ASBA Investors for any losses caused due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that matches three parameters, (a) names of the Eligible Equity Shareholders (including the order of names of joint holders), (b) the DP ID and (c) the beneficiary account number, then such Applications are liable to be rejected.

APPLICATIONS BY NON – ASBA INVESTORS

Eligible Equity Shareholders who are eligible to apply under the non – ASBA process

The option of applying for Equity Shares through the non – ASBA process is available only to Eligible Equity Shareholders of our Bank on the Record Date as well as Renouncees. **Applicants that are QIBs Non-Institutional Investors and Investors whose Application Money exceeds ₹ 2,00,000 can participate in the Issue only through the ASBA Process.**

Furthermore, a Retail Individual Investor applying for a value of up to ₹ two lacs in the Issue can participate in the Issue through either the ASBA process or the non – ASBA process.

Instructions for options for non – ASBA Investors

The CAF consists of four parts:

Part A: Form for accepting the Equity Shares offered and for applying for additional Equity Shares;
Part B: Form for renunciation;
Part C: Form for Application by Renouncee(s); and
Part D: Form for request for Split Application Forms.

The summary of options available to the Eligible Equity Shareholder who applies through the non – ASBA process is presented below. You may exercise any of the following options with regard to the Equity Shares offered, using the enclosed CAF:

Option Available	Action Required
Accept whole or part of your Rights Entitlement without renouncing the balance.	Fill in and sign Part A *(all joint holders must sign)*
Accept your Rights Entitlement in full and apply for additional Equity Shares	Fill in and sign Part A including 'Block III' relating to the acceptance of Rights Entitlement and 'Block IV' relating to additional Equity Shares *(all joint holders must sign)*
Renounce your Rights Entitlement in full to one person, *(Joint Renouncees are considered as one)*.	Fill in and sign Part B *(all joint holders must sign)* indicating the number of Equity Shares renounced and hand it over to the Renouncee. The Renouncees must fill in and sign Part C *(all joint Renouncees must sign)*
Accept a part of your Rights Entitlement and renounce the balance to one or more Renouncee(s) OR **Renounce your Rights Entitlement to all the Equity Shares offered to you to more than one Renouncee**	Fill in and sign Part D *(all joint holders must sign)* requesting for Split Application Forms. Send the CAF to the Registrar to the Issue so as to reach them on or before the last date for the receipt of requests for Split Application Forms. Splitting will be permitted only once. **On receipt of the Split Application Form take action as indicated below.** For the Equity Shares you wish to accept, if any, fill in and sign Part A. For the Equity Shares you wish to renounce, fill in and sign Part B indicating the number of Equity Shares renounced and hand it over to the Renouncees. Each of the Renouncees should fill in and sign Part C for the Equity Shares accepted by them.
Introduce a joint holder or change the sequence of joint holders	This will be treated as a renunciation. Fill in and sign Part B and the Renouncees must fill in and sign Part C.

Please note that:

- Part A of the CAF must not be used by any person(s) other than the Eligible Equity Shareholders. If used, this will render the Application invalid.
- Request for Split Application Form should be made for a minimum of one Equity Share or in multiples thereof and one Split Application Form for the balance Equity Shares, if any.
- Request by the Eligible Equity Shareholder(s) for the Split Application Form should reach the Registrar to the Issue on or before March 7, 2017.
- Only the person, to whom the Letter of Offer and/ or Abridged Letter of Offer has been addressed to and not the Renouncee(s) shall be entitled to renounce and to apply for Split Application Forms. Please note that renunciations by Eligible Equity Shareholders may be subject to additional legal requirements and investors must obtain their own independent legal advice in relation to such requirements, including the number of persons in whose favour the Equity Shares offered through this Issue may be renounced. CAF once split cannot be split again.
- Eligible Equity Shareholders may not renounce in favour of persons or entities in restricted jurisdictions including the United States or to or for the account or benefit of U.S. Person (as defined in Regulation S) who would otherwise be prohibited from being offered or subscribing to the Equity Shares or Rights Entitlement under applicable securities law.
- While applying for or renouncing their Rights Entitlement, joint Eligible Equity Shareholders must sign the CAF in the same order and as per specimen signatures recorded with our Bank/ the Depositories.
- Split Application Forms(s) will be sent to the applicant(s) by post at the applicant's risk.

Acceptance of the offer to participate in the Issue through the non – ASBA process

You may accept the offer to participate and apply for the Equity Shares offered through the Issue, either in full or in part by filling of Part A of the CAF and submit the same along with the Application Money payable to the Escrow Collection Bank or any of the collection branches as mentioned on the reverse of the CAF before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by our Board thereof in this regard. Non – ASBA Investors located at centers not covered by the branches of collecting banks can send their CAF together with the cheque drawn at par at Mumbai or demand draft/ pay order payable at Mumbai to the Registrar to the Issue by registered post, speed post or courier. Such Applications sent to anyone other than the Registrar to the Issue are liable to be rejected. Please note that all applicants that are QIBs, Non-Institutional Investors and Non Retail Individual Investors whose Application Money exceeds ₹ 2,00,000 can participate in the Issue only through the ASBA Process..

An Eligible Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF may make an Application to subscribe to the Issue on plain paper. For further details, see the section titled "*Terms of the Issue – Application on Plain Paper*" on page 116 of this Letter of Offer.

Payment options for Non – ASBA Investors

Mode of payment for Resident Eligible Equity Shareholders/ Applicants

- Non – ASBA Investors who are resident in centers with the bank collection centres shall draw cheques/ drafts accompanying the CAF, crossed account payee only and marked "***South Indian Bank– Rights Issue-R***".

- Resident Non – ASBA Investors residing at places other than places where the bank collection centres have been opened by our Bank for collecting Applications, are requested to send their Applications together with Demand Draft/ Pay Order net of bank and postal charges, payable at Mumbai, crossed account payee only and marked "***South Indian Bank – Rights Issue - R***" directly to the Registrar to the Issue by registered post so as to reach them on or before the Issue Closing Date. Our Bank or the Registrar to the Issue or the Lead Manager will not be responsible for postal delays or loss of Applications in transit, if any. Applicable banking and postal charges in this regard shall be borne by the Bank.

Mode of payment for Non – Resident Eligible Equity Shareholders/ Applicants

Payment by Non – Residents must be made by demand draft payable at Mumbai/ Thrissur (in case of applications submitted to the collection centre at Thrissur) or cheque, net of bank and postal charges, payable drawn on a bank account maintained at Mumbai or funds remitted from abroad in any of the following ways and crossed account payee only and marked "***South Indian Bank – Rights Issue - NR***" directly to the Registrar to the Issue by registered post so as to reach them on or before the Issue Closing Date. Our Bank or the Registrar to the Issue or the Lead Manager will not be responsible for postal delays or loss of Applications in transit, if any. Applicable banking and postal charges in this regard shall be borne by the Bank.

Application with repatriation benefits

- By Indian Rupee drafts purchased from abroad and payable at Mumbai/ Thrissur (in case of applications submitted to the collection centre at Thrissur), or funds remitted from abroad (submitted along with Foreign Inward Remittance Certificate);
- By cheque/ draft on a Non Resident External Account (NRE) or FCNR Account maintained in India; or
- By Rupee draft purchased by debit to NRE/ FCNR Account maintained elsewhere in India and payable at Mumbai/ Thrissur (in case of applications submitted to the collection centre at Thrissur);
- FIIs/ FPIs registered with SEBI must remit funds from special Non Resident rupee deposit account.
- Non Resident investors applying with repatriation benefits should draw crossed account payee cheques/ drafts in favour of the Escrow Collection Bank and marked "***South Indian Bank – Rights Issue - NR***" payable at Mumbai/ Thrissur (in case of applications submitted to the collection centre at Thrissur) for the full Application Money.
- In the case of NRIs who remit their application money from funds held in FCNR/NRE Accounts, refunds and other disbursements, if any shall be credited to such account, details of which should be furnished in the appropriate columns in the CAF. In the case of NRIs who remit their application money through Indian Rupee Drafts from abroad, refunds and other disbursements, if any will be made in U.S Dollars at the rate of exchange prevailing at such time subject to the permission of RBI. Our Bank will not be liable for any loss on account of exchange rate fluctuation for converting the Rupee amount into U.S. Dollar or for collection charges charged by the applicant's bankers.

Application without repatriation benefits

- As far as Non Residents holding shares on non-repatriation basis is concerned, in addition to the modes specified above, payment may also be made by way of cheque drawn on Non Resident (Ordinary) Account maintained in India or Rupee Draft purchased out of NRO Account maintained elsewhere in India but payable at Mumbai/ Thrissur (in case of applications submitted to the collection centre at Thrissur). In such cases, the Allotment of Equity Shares will be on non-repatriation basis.
- All cheques/ demand drafts submitted by non-residents applying on a non-repatriation basis should be drawn in favour of the Escrow Collection Bank and marked "***South Indian Bank – Rights Issue-R***" payable at Mumbai/ Thrissur (in case of applications submitted to the collection centre at Thrissur) and must be crossed 'account payee only' for the full Application Money. The CAF duly completed together with the amount payable on Application must be deposited with the Collecting Bank indicated on the reverse of the CAF before the close of banking hours on or before the Issue Closing Date. A separate cheque or bank draft must accompany each CAF.
- Applicants may note that where payment is made by drafts purchased from NRE/ FCNR/ NRO accounts as the case may be, an Account Debit Certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/ FCNR/ NRO account should be enclosed with the CAF. Otherwise the Application shall be considered incomplete and is liable to be rejected.
- New demat account shall be opened for holders who have had a change in status from resident Indian to NRI.

Note:

- In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Equity Shares can be remitted outside India, subject to tax, as applicable according to IT Act.
- In case Equity Shares are allotted on non-repatriation basis, the dividend and sale proceeds of the Equity Shares cannot be remitted outside India.
- The CAF duly completed together with the amount payable on Application must be deposited with the collecting banks indicated on the reverse of the CAF before the close of banking hours on or before the Issue Closing Date. A separate cheque or bank draft must accompany each CAF.

In case of an Application received from Non Residents, Allotment, refunds and other distribution, if any, will be made in accordance with the guidelines/ rules prescribed by RBI as applicable at the time of making such Allotment, remittance and subject to necessary approvals.

The Reserve Bank of India has issued standard operating procedure in terms of paragraph 2(a) of RBI circular number DPSS.CO.CHD.No./133/04.07.05/2013-14 dated July 16, 2013, detailing the procedure for processing CTS 2010 and Non-CTS 2010 instruments in the three CTS grid locations. As per this circular, processing of non-CTS cheques shall be done only once a week.

In order to enable to ensure listing of Equity Shares issued and allotted pursuant to this Issue in a timely manner, investors are advised to use CTS cheques or use ASBA facility to make payment.

Investors using non-CTS cheques are cautioned that applications accompanied by such cheques are liable to be rejected due to any clearing delays beyond six working days from the date of the closure of the Issue.

Renunciation for non – ASBA Investors

Pursuant to an application made by our Bank, RBI has issued a letter dated January 11, 2017, approving the renunciation of rights entitlement by and to persons/entities resident outside India.

As an Eligible Equity Shareholder, you have the right to renounce your Rights Entitlement for the Equity Shares in full or in part in favour of one or more persons. Your attention is drawn to the fact that our Bank shall not allot and/ or register any Equity Shares in favour of the following Renouncees:

- More than three joint holders;
- Partnership firm(s) or their nominee(s);
- Minors (except applications by minors having valid demat accounts as per the demographic details provided by the Depositories);
- A Hindu Undivided Family (however, you may renounce your Rights Entitlements to the Karta of an Hindu Undivided Family acting in his capacity of a Karta);
- Any trust or society (unless the same is registered under the Societies Registration Act, 1860 or any other applicable trust laws and is authorised under its constitutions to hold equity shares of a company), not being an existing shareholder of the Bank;
- Any person or entity in the United States or to, or for the account or benefit of, a "U.S. Person" (as defined in Regulation S); or
- Any person situated or subject to jurisdiction where the offering in terms of the Letter of Offer could be illegal or requires compliance with securities laws.

The right of renunciation is subject to the express condition that our Board shall be entitled in its absolute discretion to reject the Application from the Renouncee(s) without assigning any reason thereof. Renouncee(s) shall not be entitled to further renounce the entitlement in favour of any other person.

Procedure for renunciation

The procedure for renunciation is as follows:

To renounce the entire Rights Entitlement in favour of one Renouncee

If you wish to renounce the Rights Entitlement indicated in Part A of the CAF, in whole, please complete Part B of the CAF. In case of joint holding, all joint holders must sign Part B of the CAF. The person in whose favour renunciation has been made should complete and sign Part C of the CAF. In case of Renouncees, all joint Renouncees must sign this part of the CAF.

To renounce in part/ or renounce the whole to more than one person(s)

If you wish to either accept the Rights Entitlement in part and renounce the balance or renounce the entire Rights Entitlement in favour of two or more Renouncees, the CAF must be first split into requisite number of forms. Please indicate your requirement of Split Application Forms in the space provided for this purpose in Part D of the CAF and return the entire CAF to the Registrar to the Issue so as to reach latest by the close of business hours on the last date of receiving requests for Split Application Forms. On receipt of the required number of Split Application Forms from the Registrar to the Issue, the procedure as mentioned in paragraph above shall have to be followed.

In case the signature of the Eligible Equity Shareholder(s), who has renounced the Equity Shares, does not agree with the specimen registered with our Bank, the Application is liable to be rejected.

Renouncee(s)

The person(s) in whose favour the Equity Shares are renounced should fill in and sign Part C of the CAF and submit the entire CAF on or before the Issue Closing Date along with the Application Money.

Change and/ or introduction of additional holders

If you wish to apply for Equity Shares jointly with any other person(s), not exceeding two persons, who is/ are not already a joint holder with you, it shall amount to renunciation and the procedure as stated above for renunciation shall have to be followed. Even a change in the sequence of the name of joint holders shall amount to renunciation and the procedure, as stated above shall have to be followed.

However, this right of renunciation is subject to the express condition that our Board of Directors shall be entitled in its absolute discretion to reject the Application from the Renouncee(s) without assigning any reason thereof.

Additional Equity Shares

You may apply for additional Equity Shares over and above your Rights Entitlement, provided that you have applied for your entire Rights Entitlement without renouncing them in whole or in part in favor of any other person(s). Applications for additional Equity Shares shall be considered and Allotment shall be in the manner prescribed under the section titled "*Terms of the Issue - Basis of Allotment*" on page 118 of this Letter of Offer. If you desire to apply for additional Equity Shares, please indicate your requirements in the place provided for additional Equity Shares in Part A of CAF. The Renouncees applying for all the Equity Shares renounced in their favor may also apply for additional Equity Shares by indicating the details of additional Equity Shares applied for in the place provided for additional Equity Shares in Part C of CAF.

Non Resident investors who are not existing Eligible Equity Shareholders of the Bank may not apply for Equity Shares in addition to their Rights Entitlement, i.e., Non Resident Renouncees cannot apply for additional shares.

Where the number of additional Equity Shares applied for exceeds the number available for Allotment, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange.

Availability of duplicate CAF

In case the original CAF is not received, or is misplaced by an applicant, the Registrar to the Issue will issue a duplicate CAF on the request of the applicant who should furnish the registered folio number/ DP and Client ID number and his/ her full name and address to the Registrar to the Issue. Please note that the request for duplicate CAF should reach the Registrar to the Issue at least seven days prior to the Issue Closing Date. Please note that those who are making the Application in the duplicate form should not utilize the original CAF for any purpose including renunciation, even if it is received/ found subsequently. If the applicant violates any of these requirements, he/ she shall face the risk of rejection of both the Applications. Neither the Registrar to the Issue nor the Lead Manager or our Bank, shall be responsible for postal delays or loss of duplicate CAFs in transit, if any.

General instructions for Non – ASBA Investors

(a) Please read the instructions printed on the CAF carefully.

(b) Application should be made on the printed CAF, provided by our Bank or on a plain paper Application and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/ or which are not completed in conformity with the terms of this Letter of Offer are liable to be rejected and the money paid, if any, in respect thereof will be refunded without interest and after deduction of bank commission and other charges, if any. The CAF must be filled in English and the names of all the applicants, details of occupation, address, father's/ husband's name must be filled in block letters.

(c) The CAF together with cheque/ demand draft should be sent to the Escrow Collection Bank or to the Registrar to the Issue, and not to our Bank, or the Lead Manager. Resident applicants residing at places other than cities where the branches of the Escrow Collection Bank have been authorised by our Bank for collecting Applications, will have to make payment by crossed account payee cheques payable at Mumbai or demand drafts/ pay orders payable at Mumbai and marked "***South Indian Bank – Rights Issue-R***" and send their CAFs to the Registrar to the Issue by registered post/ speed post. If any portion of the CAF is/ are detached or separated, such Application is liable to be rejected.

(d) Each of the applicants should mention his/ her PAN allotted under the IT Act along with the Application for the purpose of verification of the number. Except in case of Applications on behalf of the Central or State Government and the officials appointed by the courts and by Investors residing in Sikkim**, CAFs without the PAN details will be considered incomplete and are liable to be rejected.**

(e) Investors holding Equity Shares in physical form, are advised to provide information as to their savings/ current account number, the nine digit MICR number and the name of the bank and branch with whom such account is held, in the CAF to enable the Registrar to the Issue to print the said details in the refund orders, if any, after the names of the payees. Applications not containing such details are liable to be rejected.

(f) All payment should be made by cheques/ demand draft only. Cash payment is not acceptable. In case payment is effected in contravention of this, the Application may be deemed invalid and the Application Money will be refunded and no interest will be paid thereon.

(g) Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/ her official seal. The Eligible Equity Shareholders must sign the CAF or the plain paper Application as per the specimen signature recorded with our Bank.

(h) In case of an Application under a power of attorney or by a body corporate or by a society, a certified true copy of the relevant power of attorney or relevant resolution or authority to the signatory to make the relevant investment under this Issue and to sign the Application and a certified true copy of the memorandum and articles of association and/ or bye-laws of such body corporate or society must be lodged with the Registrar to the Issue giving reference of the serial number of the CAF. In case these papers are sent to any other entity besides the Registrar to the Issue or are sent after the Issue Closing Date, then the Application is liable to be rejected.

(i) In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with our Bank. Further, in case of joint applicants who are Renouncees, the number of applicants should not exceed three. In case of joint applicants, reference, if any, will be made in the first applicant's name and all communication will be addressed to the first applicant.

(j) Application(s) received from Non Residents/ NRIs, or persons of Indian origin residing abroad for Allotment of Equity Shares shall, *inter alia*, be subject to conditions, as may be imposed from time to time by the RBI under FEMA in the matter of refund of Application Money, Allotment of Equity Shares, subsequent issue and Allotment of Equity Shares, interest, dispatch of share certificates, etc. In case a Non Resident Eligible Equity Shareholder has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the CAF.

(k) All communication in connection with Application for the Equity Shares, including any change in address of the Eligible Equity Shareholders should be addressed to the Registrar to the Issue prior to the Allotment Date quoting the name of the first/ sole applicant Eligible Equity Shareholder (in case of joint holders), folio numbers and CAF number. Please note that any intimation for change of address of Eligible Equity Shareholders, after the Allotment Date, should be sent to the Registrar and Share Transfer Agent, in the case of Equity Shares held in physical form and to the respective Depository Participant, in case of Equity Shares held in dematerialised form.

(l) Split Application Forms cannot be re-split.

(m) Only the person or persons to whom Equity Shares have been offered and not Renouncee(s) shall be entitled to obtain Split Application Forms.

(n) Applicants must write their CAF number at the back of the cheque/ demand draft.

(o) A separate cheque/ demand draft must accompany each CAF. Outstation cheques/ demand drafts or post-dated cheques and postal/ money orders will not be accepted and Applications accompanied by such cheques/ demand drafts/ money orders or postal orders will be rejected. The Registrar will not accept payment against Application if made in cash. (For payment against Application in cash please refer point (f) above).

(p) No receipt will be issued for Application Money received. The Escrow Collection Bank/ Registrar to the Issue will acknowledge receipt of the same by stamping and returning the acknowledgment slip at the bottom of the CAF.

(q) Our Bank shall not allot and/ or register any Equity Shares in favour of any person situated or subject to any jurisdiction where the offering in terms of this Letter of Offer could be illegal or requires compliance with applicable securities laws.

(r) The distribution of this Letter of Offer and issue of Equity Shares under the Issue and Rights Entitlements to persons in certain jurisdictions outside India may be restricted by legal requirements in those jurisdictions. Persons in the United States and such other jurisdictions are instructed to disregard the Letter of Offer and not to attempt to subscribe for Rights Issue Equity Shares.

(s) Investors are required to ensure that the number of Equity Shares applied for by them do not exceed the investment limits prescribed under applicable law.

(t) Investors shall be given an option to get the securities in demat or physical form.

Do's for non-ASBA Investors:

(a) Check if you are eligible to apply, i.e. you are an Eligible Equity Shareholder on the Record Date;

(b) Read all the instructions carefully and ensure that the cheque/ draft option is selected in part A of the CAF and necessary details are filled in;

(c) In the event you hold Equity Shares in dematerialised form, ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as the Equity Shares will be allotted in the dematerialised form only;

(d) Ensure that your Indian address is available to our Bank and the Registrar and Share Transfer Agent, in case you hold Equity Shares in physical form or the depository participant, in case you hold Equity Shares in dematerialised form;

(e) Ensure that the value of the cheque/ draft submitted by you is equal to the (number of Equity Shares applied for) X (Issue Price of Equity Shares, as the case may be) before submission of the CAF;

(f) Ensure that you receive an acknowledgement from the collection centres of the Escrow Collection Bank for your submission of the CAF in physical form;

(g) Ensure that you mention your PAN allotted under the IT Act with the CAF, except for Applications on behalf of the Central and State Governments, residents of Sikkim and officials appointed by the courts;

(h) Ensure that the name(s) given in the CAF is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the CAF is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the CAF; and

(i) Ensure that the Demographic Details are updated, true and correct, in all respects.

Don'ts for non-ASBA Investors:

(a) Do not apply on duplicate CAF after you have submitted a CAF to a collection centre of the Escrow Collection Bank;

(b) Do not pay the amount payable on Application in cash, by money order or by postal order;

(c) Do not submit the GIR number instead of the PAN as the Application is liable to be rejected on this ground;

(d) Do not submit an Application accompanied with stockinvest; or

(e) Do not apply if you are not eligible to participate in the Issue under the securities laws applicable to your jurisdiction.

Please note that pursuant to the applicability of the directions issued by SEBI vide its circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011, all Applicants that are QIBs Non-Institutional Investors and Non Retail Individual Investors whose Application Money exceeds ₹2,00,000 can participate in the Issue only through the ASBA Process.

Grounds for Technical Rejections for non-ASBA Investors

Investors are advised to note that Applications are liable to be rejected on technical grounds, including the following:

- Amount paid does not tally with the Application Money payable;
- Bank account details (for refunds) are not given and the same are not available with the Depository Participant (in the case of Equity Shares held in dematerialised form) or the Registrar and Share Transfer Agent (in the case of Equity Shares held in physical form);
- Age of the first applicant not given (in case of Renouncees);
- Except in case of Applications on behalf of the Central or State Government and the officials appointed by the courts and by Investors residing in Sikkim, PAN details not given;
- PAN in CAF not matching the PAN in the DP ID;
- In case of CAF under power of attorney or by limited companies, corporate, trust, etc., relevant supporting documents are not submitted;
- If the signature of the existing shareholder does not match with the one given on the CAF and for Renouncees if the signature does not match with the records available with their depositories;
- If the applicant desires to have Equity Shares in electronic form, but the CAF does not have the applicant's depository account details;
- CAF is not submitted by the applicants within the time prescribed as per the CAF and this Letter of Offer;
- CAF not duly signed by the sole/ joint applicants;
- CAF by OCBs unless accompanied by specific/general approval from the RBI permitting such OCBs to invest in the Issue;
- CAF accompanied by stockinvest/ outstation cheques/ post – dated cheques/ outstation money orders/ postal orders/ outstation demand drafts;
- CAFs that do not include the certifications set out in the CAF to the effect that, among other thing, the subscriber is not located in restricted jurisdictions and is authorized to acquire the Rights Entitlements and Equity Shares under the Issue in compliance with all applicable laws and regulations;
- CAFs which have evidence of being executed in/dispatched from restricted jurisdictions;
- In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the applicants (including the order of names of joint holders), the DP ID and the beneficiary's identity;

- CAFs by ineligible Non Residents (including on account of restriction or prohibition under applicable local laws) and where last available address in India has not been provided;
- Additional shares applied for by Non Resident Renouncees
- Multiple Applications, including where an applicant submits a CAF and a plain paper Application; and
- Duplicate Applications;
- In case the GIR number is submitted instead of the PAN;
- Applications by Renouncee(s) who are persons not competent to contract under the Indian Contract Act, 1872, including minors; and
- Non – ASBA Applications made by QIBs and Non – Institutional Investors who satisfy the ASBA Investor Eligibility Criteria.
- The Application by an Eligible Equity Shareholder whose cumulative value of Equity Shares applied for is more than ₹ 2,00,000 but has applied separately through Split CAFs for less than ₹ 2,00,000 and has not done so through the ASBA process.
- Failure to attach (in case of investors debarred by SEBI), a copy of the relevant order from SEBI providing any interim relief, revoking such debarment or otherwise permitting such investors to subscribe to their Rights Entitlement.

Please read this Letter of Offer and the instructions contained therein and in the CAF carefully before filling in the CAF. The instructions contained in the CAF are an integral part of the Letter of Offer and must be carefully followed. The CAF is liable to be rejected for any non-compliance of the provisions contained in the Letter of Offer or the CAF.

Payment of refunds to Non – ASBA Investors

Our Bank will issue and dispatch refund orders within a period of 15 days from the Issue Closing Date. If such money is not repaid within the stipulated time period or such other period as may be prescribed under applicable laws, our Bank shall pay that money with interest at the rates prescribed by applicable laws for the delayed period in this regard.

Refund payment to Non- residents

Where applications are accompanied by Indian rupee drafts purchased abroad, refunds will be made in the Indian rupees based on the U.S. Dollars equivalent which ought to be refunded. Indian rupees will be converted into U.S. Dollars at the rate of exchange, which is prevailing on the date of refund. The exchange rate risk on such refunds, if any shall be borne by the concerned Applicant and our Bank shall not bear any part of the risk.

Where the applications made are accompanied by NRE/FCNR/NRO cheques, refunds will be credited to NRE/FCNR/NRO accounts respectively, on which such cheques were drawn and details of which were provided in the CAF.

Printing of Bank Particulars on Refund Orders

As a matter of precaution against possible fraudulent encashment of refund orders due to loss or misplacement, the particulars of the Investor's bank account are mandatorily required to be given for printing on the refund orders. Bank account particulars, where available, will be printed on the refund orders/refund warrants which can then be deposited only in the account specified. Our Bank will in no way be responsible if any loss occurs through these instruments falling into improper hands either through forgery or fraud.

The payment of refund to Non – ASBA Investors, if any, would be done through any of the following modes:

1. NACH – Payment of refund would be done through NACH for applicants having an account at one of the centres specified by the RBI, where such facility has been made available. This would be subject to availability of complete bank account details including Magnetic Ink Character Recognition (MICR) code wherever applicable from the depository. The payment of refund through NACH is mandatory for applicants having a bank account at any of the centres where NACH facility has been made available by the RBI (subject to availability of all information for crediting the refund through NACH including the MICR code as appearing on a cheque leaf, from the depositories), except where applicant is otherwise disclosed as eligible to get refunds through NEFT or Direct Credit or RTGS.

2. National Electronic Fund Transfer ("**NEFT**") – Payment of refund shall be undertaken through NEFT wherever the Investor's bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Investors have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Investors through this method.

3. Direct Credit – Investors having bank accounts with the Refund Banker(s), in this case being, The South Indian Bank Limited shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by our Bank.

4. RTGS – Investors whose refund amount exceeds ₹ two lacs, have the option to receive refund through RTGS. Such eligible Investors who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the CAF. In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by our Bank. Charges, if any, levied by the Investors' bank receiving the credit would be borne by the Investor.

5. For all other Investors, including those who have not updated their bank particulars with the MICR code, the refund orders will be dispatched through Speed Post/ Registered Post. Such refunds will be made by cheques, pay orders or demand drafts drawn and will be payable at par.

6. In case of any category of Investors specified by SEBI, crediting of refunds to the Investors in any other electronic manner permissible under the banking laws of India for the time being in force which is permitted by SEBI from time to time.

Option to receive Equity Shares in Dematerialised Form

Except for ASBA Investors, Investors shall be Allotted Equity Shares in dematerialised (electronic) form at the option of the Investor. Our Bank, along with the Registrar and Share Transfer Agent, has signed tripartite agreements dated November 2, 2007 and October 4, 2007 with NSDL and CDSL, respectively, which enables the Investors to hold and trade in securities in a dematerialised form, instead of holding the securities in the form of physical certificates. Our Bank has appointed Link Intime India Private Limited as the Registrar to the Issue, which has connectivity with both Depositories, and can therefore, credit the Equity Shares Allotted in dematerialised form.

In this Issue, Allottees who have opted for Equity Shares in dematerialised form will receive their Equity Shares in the form of an electronic credit to their beneficiary account with a Depository Participant. Investors will have to give the relevant particulars for this purpose in the appropriate place in the CAF or the plain paper application, as the case may be. Applications, which do not accurately contain this information, will receive securities in physical form. No separate Applications for securities in physical and/ or dematerialised form should be made. If such Applications are made, the Application for physical securities will be treated as multiple Applications and is liable to be rejected. In case of partial Allotment, Allotment will be done in demat option for the shares sought in demat and balance, if any, may be allotted in physical shares.

OTHER GENERAL INSTRUCTIONS

Application on plain paper

An Eligible Equity Shareholder who has neither received the original CAF nor is in a position to obtain a duplicate CAF may make an application to subscribe to the Issue on plain paper. The format of the application to be made on plain paper shall be available on the website of the Registrar. Eligible Equity Shareholders shall submit the plain paper application to the Designated Branch of the SCSB for authorizing such SCSB to block an amount equivalent to the amount payable on the application in the said bank account maintained with the same SCSB. Applications on plain paper from any address outside India will not be addressed.

Applications on plain paper, duly signed by the applicants including joint holders, in the same order as per specimen recorded with our Bank, must reach the office of the Registrar to the Issue or submitted with the

Designated Branch of the SCSB/Escrow Collection Bank, as the case may be, before the Issue Closing Date and should contain the following particulars:

- Name of Bank, being "The South Indian Bank Limited";
- Name and address of the Eligible Equity Shareholder including joint holders;
- Registered Folio Number/ DP and Client ID No.;
- Share certificate numbers and distinctive numbers of Equity Shares (if Equity Shares are held in physical form);
- Number of Equity Shares held as on Record Date;
- Number of Equity Shares entitled as per Rights Entitlement;
- Number of Equity Shares applied for as per Rights Entitlement;
- Number of additional Equity Shares applied for, if any;
- Total number of Equity Shares applied for;
- Total amount paid at the rate of ₹ 14 per Equity Share;
- Particulars of cheque/ demand draft/ pay order;
- Savings/ current account number, name and address of the bank where the Eligible Equity Shareholders will be depositing the refund order (in case of Equity Shares held by such Eligible Equity Shareholders in physical form). In case of Equity Shares allotted in dematerialised form, the bank account details will be obtained from the information available with the Depositories;
- Details of PAN, except in case of Applications on behalf of the Central or State Government and the officials appointed by the courts and by Investors residing in Sikkim, irrespective of the total value of the Equity Shares being applied for pursuant to the Issue;
- Signature of Eligible Equity Shareholders to appear in the same sequence and order as they appear in the records of our Bank;
- If the payment is made by a draft purchased from NRE/FCNR/NRO account, as the case may be, an account debit certificate from the bank issuing the draft, confirming that the draft has been issued by debiting the NRE/FCNR/NRO account.
- For ASBA Investors, the Application on plain paper should contain details of the ASBA Account such as the account number, name, address and branch of the relevant SCSB.
- Additionally, by subscribing to any Equity Shares offered in the Issue, you are deemed to have represented, warranted, acknowledged and agreed to us, the Lead Manager, as follows:

  "*I/We understand the offering to which this application relates is not, and under no circumstances is to be construed as, an offering of any Equity Shares or Rights Entitlement for sale in the United States, or as a solicitation therein of an offer to buy any of the said Equity Shares or Rights Entitlement in the United States. Accordingly, I/we understand this application should not be forwarded to or transmitted in or to the United States at any time. I/we understand that neither us, nor the Registrar, the Lead Manager or any other person acting on behalf of us will accept subscriptions from any person, or the agent of any person, who appears to be, or who we, the Registrar, the Lead Manager or any other person acting on behalf of us have reason to believe is, a resident of the United States or "U.S. Person" (as defined in Regulation S) or is ineligible to participate in the Issue under the securities laws of their jurisdiction.*

  I/We (i) am/are, and the person, if any, for whose account I/we am/are acquiring such Rights Entitlement and/or the Equity Shares is/are, outside the United States, (ii) am/are not a "U.S. Person" (as defined in Regulation S), and (iii) is/are acquiring the Rights Entitlement and/or the Equity Shares in an offshore transaction meeting the requirements of Regulation S.

  I/We acknowledge that the Bank, the Lead Manager, their affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements."

Please note that those who are making the Application otherwise than on original CAF shall not be entitled to renounce their rights and should not utilize the original CAF for any purpose including renunciation even if it is received subsequently. If an applicant violates any of these requirements, he/ she shall face the risk of rejection of both the Applications. Our Bank will refund such Application Money to such applicant without any interest thereon.

A Resident Non – ASBA Investor and a Non Resident Non – ASBA Investors applying on non-repatriation basis, who has neither received the original CAF nor is in a position to obtain the duplicate CAF may make an

Application to subscribe to the Issue on plain paper, along with a crossed account payee cheque payable at Mumbai or demand draft/ pay order (after deducting banking and postal charges) payable at Mumbai and marked ***South Indian Bank – Rights Issue-R*** and send the same by registered post directly to the Registrar to the Issue, so as to reach the Registrar to the Issue on or before the Issue Closing Date. The envelope should be superscribed "***South Indian Bank – Rights Issue-R***".

Non Resident Non – ASBA Investors applying on repatriation basis who have neither received the original CAF nor are in a position to obtain the duplicate CAF may make an Application to subscribe to the Issue on plain paper, along with a crossed 'Account Payee Cheque' payable at Mumbai/ Thrissur (in case of applications submitted to the collection centre at Thrissur), or a demand draft/ pay order (after deducting banking and postal charges) payable at Mumbai/ Thrissur (in case of applications submitted to the collection centre at Thrissur), and marked ***South Indian Bank – Rights Issue- NR*** in favour of the Escrow Collection Bank and send the same by registered post directly to the Registrar to the Issue, so as to reach the Registrar to the Issue on or before the Issue Closing Date. The envelope should be superscribed "***South Indian Bank – Rights Issue-NR".***

Resident and Non Resident ASBA Investors who have neither received the original CAF nor is in a position to obtain the duplicate CAF may make an Application to subscribe to the Issue on plain paper and such ASBA Investors should send the same by registered post/ speed post directly to the relevant SCSB. Applications on plain paper will not be accepted from any address outside India. The envelope should be super-scribed "***South Indian Bank – Rights Issue-R***" in case of Resident ASBA Investors or Non Resident ASBA Investors applying on non repatriable basis and "***South Indian Bank – Rights Issue – NR***". Non – ASBA Investors applying on repatriation basis and should be postmarked in India.

Applicants are requested to strictly adhere to these instructions. Failure to do so could result in the Application being liable to be rejected without our Bank, the Lead Manager and the Registrar to the Issue incurring any liabilities to such applicants for such rejections.

Last date of Application

The last date for submission of the duly filled in CAF or the plain paper Application is March 14, 2017. Our Board or any committee thereof will have the right to extend the said date for such period as it may determine from time to time but not exceeding 30 (thirty) days from the Issue Opening Date.

If the CAF, or the plain paper Application together with the amount payable is not received by the Escrow Collection Bank/ Registrar to the Issue, on or before the close of banking hours on the aforesaid last date or such date as may be extended by our Board or any committee of our Board, the offer contained in the Letter of Offer shall be deemed to have been declined and our Board or any committee of our Board shall be at liberty to dispose of the Equity Shares hereby offered, as provided under the section titled "*Terms of the Issue - Basis of Allotment*" on page 118.

INVESTORS MAY PLEASE NOTE THAT THE EQUITY SHARES ISSUED PURSUANT TO THIS ISSUE CAN BE TRADED ON THE STOCK EXCHANGES ONLY IN DEMATERIALISED FORM.

Basis of Allotment

Subject to the provisions contained in this Letter of Offer, the Abridged Letter of Offer, the CAF, the Articles of Association and the approval of the Designated Stock Exchange, our Board will proceed to allot the Equity Shares in the following order of priority:

(a) Full Allotment to those Eligible Equity Shareholders who have applied for their Rights Entitlement either in full or in part and also to the Renouncee(s), who has/ have applied for Equity Shares renounced in their favour, in full or in part. Allotment to Non-Resident Renouncees shall be subject to the permissible foreign investment limits applicable to our Bank under FEMA.

(b) If the shareholding of any of the Eligible Equity Shareholders is less than 3 Equity Shares or is not in multiples of 3, the fractional entitlement of such holders shall be ignored. Eligible Equity Shareholders whose fractional entitlements are being ignored would be considered for Allotment of one additional Equity Share each if they apply for additional Equity Share(s). Allotment under this head shall be considered if there are any un-subscribed Equity Shares after Allotment under (a) above. If the number of Equity Shares required for Allotment under this head is more than number of Equity Shares available after Allotment under (a) above, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange. (For further details, see the section titled "*Terms of the Issue – Fractional Entitlements*" on page 97 of this Letter of Offer.)

(c) Allotment to Eligible Equity Shareholders who having applied for the Rights Entitlement in full and have also applied for additional Equity Shares. The Allotment of such additional Equity Shares will be made as far as possible on an equitable basis having due regard to the number of Equity Shares held by them on the Record Date, provided there is an under-subscribed portion after making Allotment in (a) and (b) above. The Allotment of such Equity Shares will be at the sole discretion of our Board in consultation with the Designated Stock Exchange, as a part of the Issue and not as a preferential Allotment.

(d) Allotment to the Renouncees, who having applied for the Equity Shares renounced in their favour have also applied for additional Equity Shares except for Non Resident Renouncees applying for additional shares, provided there is an under-subscribed portion after making full Allotment in (a), (b) and (c) above. The Allotment of such additional Equity Shares will be made on a proportionate basis at the sole discretion of our Board or any committee of our Board but in consultation with the Designated Stock Exchange, as a part of the Issue and not as a preferential allotment.

(e) Allotment to any other person as our Board may in its absolute discretion deem fit provided there is surplus available after making Allotment under (a), (b), (c), and (d) above, and the decision of the Board in this regard shall be final and binding.

In the event of oversubscription, Allotment will be made within the overall size of the Issue.

Underwriting

The Issue is not underwritten.

Issue Schedule

The subscription will open upon the commencement of the banking hours and will close upon the close of banking hours on the dates mentioned below:

Issue Opening Date	February 28, 2017
Last date for receipt of requests for Split Application Forms	March 7, 2017
Issue Closing Date	March 14, 2017

The tentative schedule of other activities related to the Issue are as follows:

Finalisation of Basis of Allotment with the Designated Stock Exchange	On or about March 23, 2017
Date of Allotment	On or about March 24, 2017
Initiation of Refunds	On or about March 24, 2017
Credit of Equity Shares to demat accounts of Allottees	On or about March 27, 2017
Commencement of trading of Equity Shares on the Stock Exchanges	On or about March 30, 2017

Allotments Advice/ Refund Orders

Our Bank will issue and dispatch letters of Allotment/ Allotment advice/ share certificates/ demat credit and/ or letters of regret along with refund orders or credit the allotted securities to the respective beneficiary accounts, if any, within a period of 15 days from the Issue Closing Date. In the event that there is a delay of making refunds beyond such period as prescribed by applicable laws, our Bank shall pay interest for the delayed period at rates prescribed under applicable laws.

In case of those Investors who have opted to receive their Rights Entitlement in dematerialised form using electronic credit under the depository system, an advice regarding their credit of the Equity Shares shall be given separately. Investors to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post intimating them about the mode of credit of refund within 15 days of the Issue Closing Date.

In case of those Investors who have opted to receive their Rights Entitlement in physical form and our Bank issues letters of Allotment or Allotment advice, the corresponding share certificates will be kept ready within two months from the Allotment Date thereof or such extended time as may be approved under Section 56 of the Companies Act, 2013 or other applicable provisions, if any. Allottees are requested to preserve such letters of Allotment/ Allotment advice, which would be exchanged later for the share certificates. For more information see the section titled 'Terms of the Issue - Letters of Allotment/ Allotment advice/ Share Certificates/ Demat Credit' below.

The letters of Allotment/ Allotment advice/ refund order would be sent by registered post/ speed post to the sole/ first applicant's registered address. Such refund orders would be payable at par at all places where the Applications were originally accepted. The same would be marked 'Account Payee only' and would be drawn in favour of the sole/ first applicant. Adequate funds would be made available to the Registrar to the Issue for this purpose.

Letters of Allotment/Allotment Advice/ Share Certificates/ Demat Credit

Letters of Allotment/ Allotment advice/ share certificates/ demat credit or letters of regret will be dispatched to the registered address of the first named applicant or respective beneficiary accounts will be credited within 15 days, from the Issue Closing Date. In case our Bank issues letters of Allotment/ Allotment advice, the relative share certificates will be kept ready within two months from the Allotment Date thereof or such extended time as may be approved under Section 56 of the Companies Act, 2013 or other applicable provisions, if any. Allottees are requested to preserve such letters of Allotment/ Allotment advice (if any) to be exchanged later for share certificates. Dispatch of letters of Allotment/ Allotment advice (if any)/ share certificates/ demat credit to Non Resident Allottees will be subject to the any applicable approvals of the RBI. Our Bank has appointed Link Intime India Private Limited as the Registrar to the Issue, which has connectivity with both Depositories, and can therefore, credit the Equity Shares Allotted in dematerialised form.

INVESTORS MAY PLEASE NOTE THAT THE EQUITY SHARES OF OUR BANK CAN BE TRADED ON THE STOCK EXCHANGES ONLY IN DEMATERIALISED FORM.

Procedure for availing the facility for Allotment of Equity Shares in the electronic form is as under:

1. Open a beneficiary account with any DP (care should be taken that the beneficiary account should carry the name of the holder in the same manner as is registered in the records of our Bank. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as is registered in the records of our Bank). In case of investors having various folios in our Bank with different joint holders, the investors will have to open separate accounts for such holdings. **Those Eligible Equity Shareholders who have already opened such beneficiary account(s) need not adhere to this step.**

2. For Eligible Equity Shareholders already holding Equity Shares in dematerialised form as on the Record Date, the beneficial account number shall be printed on the CAF. For those who open accounts later or those who change their accounts and wish to receive their Equity Shares pursuant to this Issue by way of credit to such account, the necessary details of their beneficiary account should be filled in the space provided in the CAF. It may be noted that the Allotment of Equity Shares arising out of this Issue may be made in dematerialised form even if the original Equity Shares are not dematerialised. Nonetheless, it should be ensured that the depository account is in the name(s) of the Eligible Equity Shareholders and the names are in the same order as in the records of our Bank.

3. Responsibility for correctness of information (including applicant's age and other details) filled in the CAF vis-à-vis such information with the applicant's DP, would rest with the applicant. Applicants should ensure that the names of the applicants and the order in which they appear in CAF should be the same as registered with the applicant's DP.

4. If incomplete/ incorrect details are given under the heading 'Request for Shares in Electronic Form' in the CAF, the applicant will get Equity Shares in physical form.

5. Allotment to investors opting for dematerialised form would be directly credited to the beneficiary account as given in the CAF after verification. Allotment advice or letters of Allotment, refund order (if any) would be sent directly to the applicant by the Registrar to the Issue but the applicant's DP will provide to him the confirmation of the credit of such Equity Shares to the applicant's depository account.

6. Renouncees will also have to provide the necessary details about their beneficiary account for Allotment in this Issue. In case these details are incomplete or incorrect, such applications by Renounces are liable to be rejected. The Bank may also instead decide to allot the Equity Shares in physical form to such Renouncees.

Impersonation

As a matter of abundant caution, attention of the investors is specifically drawn to the provisions of sub-section 38 of the Companies Act, 2013 which is reproduced below:

"Any person who –

(a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities, or

(b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or

(c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,

shall be liable for action under section 447."

The liability prescribed under Section 447 of the Companies Act, 2013 includes imprisonment for a term of not less than six months extending up to ten years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount.

Payment by Stockinvest

In terms of RBI Circular DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the stockinvest scheme has been withdrawn with immediate effect. Hence, payment through stockinvest would not be accepted in this Issue.

Disposal of Application and Application Money

The Escrow Collection Bank/ SCSB/ Registrar to the Issue/stock broker/DPs receiving the CAF will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each CAF. Please note that no such acknowledgment will be issued by our Bank.

In case an Application is rejected in full, the whole of the Application Money received will be refunded. Wherever an Application is rejected in part, the balance of Application Money, if any, after adjusting any money due on Equity Shares Allotted, will be refunded to the applicant within 15 days from the Issue Closing Date. In the event that there is a delay of making refunds beyond such period as prescribed under applicable laws, our Bank shall pay interest for the delayed period at rates prescribed under applicable laws in this regard.

For further instruction, please read the CAF carefully.

Utilisation of Issue Proceeds

Our Board declares that:

(a) The funds received against this Issue will be transferred to a separate bank account.

(b) Details of all moneys utilised out of this Issue shall be disclosed under an appropriate separate head in the balance sheet of our Bank indicating the purpose for which such moneys has been utilised.
(c) Details of all such un-utilised moneys out of this Issue, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Bank indicating the form in which such un-utilised moneys have been invested.

Our Bank shall utilize funds collected in rights issue only after the finalization of the Basis of Allotment.

Undertakings by our Bank

Our Bank undertakes as follows:

(a) The complaints received in respect of this Issue shall be attended to by our Bank expeditiously and satisfactorily.
(b) All steps for completion of the necessary formalities for listing and commencement of trading at the Stock Exchange where the Equity Shares are proposed to be listed will be taken within seven working days of finalization of Basis of Allotment.
(c) The funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed in this Letter of Offer shall be made available to the Registrar to the Issue by our Bank.
(d) Where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicants within 15 days of the Issue Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.
(e) The letters of Allotment/ Allotment advice/ share certificates to the NRs shall be dispatched within the specified time.
(f) Adequate arrangements shall be made to collect all ASBA Applications and to consider them similar to non ASBA Applications while finalizing the Basis of Allotment.
(g) No further issue of securities affecting equity capital of our Bank shall be made till the securities issued/ offered through this Letter of Offer Issue are listed or till the application money are refunded on account of non-listing, under-subscription etc.
(h) At any given time there shall be only one denomination of equity shares of our Bank.
(i) Our Bank shall comply with such disclosure and accounting norms specified by SEBI from time to time.

Restriction on Foreign Ownership of Indian Securities

Investment by FPIs

In terms of the SEBI FPI Regulations, the issue of Securities to a single FPI or an investor group (which means the same set of ultimate beneficial owner(s) investing through multiple entities) is not permitted to exceed 10% of our post-Issue Share capital. Further, in terms of the FEMA Regulations, the total holding by each FPI shall be below 10% of the total paid-up share capital of our Bank and the total holdings of all FPIs put together shall not exceed 24% of the paid-up share capital of our Bank. The aggregate limit of 24% may be increased up to the sectoral cap by way of a resolution passed by the Board followed by a special resolution passed by the shareholders of our Bank. Pursuant to resolutions dated June 1, 2016 and July 8, 2016 passed by our Board of Directors and our shareholders, the aggregate limit of foreign investment was increased to 59% of the paid-up capital of our Bank. Further, Category II FPIs under the SEBI FPI Regulations which are unregulated broad based funds and Category III FPIs under the SEBI FPI Regulations shall not issue, subscribe or otherwise deal in such offshore derivative instruments directly or indirectly. In addition, FPIs are required to ensure that further issue or transfer of any offshore derivative instruments by or on behalf of it is made only to person regulated by an appropriate foreign regulatory authority.

FPIs are permitted to participate in the Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time. An FII who holds a valid certificate of registration from SEBI shall be deemed to be an FPI until the expiry of the block of three years for which fees have been paid as per the SEBI FII Regulations. An FII or sub-account (other than a sub-account which is a foreign corporate or a foreign individual) may participate in the Issue, until the expiry of its registration as an FII or sub-account or until it obtains a certificate of registration as an FPI, whichever is earlier. If the registration of an FII or sub-account has expired or is about to expire, such FII or sub-account may subject to payment of conversion fees as applicable under the SEBI FPI Regulations, participate in the Issue. An FII or sub-account shall not be eligible to invest as an FII after registering as an FPI under the SEBI FPI Regulations.

In terms of the FEMA Regulations, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs as well as holding of FIIs (being deemed FPIs) shall be included.

Investment by NRIs

Investments by NRIs are governed by the Portfolio Investment Scheme under Regulation 5(3)(i) of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000. Applications will not be accepted from NRIs in restricted jurisdictions.

Please note that pursuant to the applicability of the directions issued by SEBI *vide* its circular no. CIR/ CFD/ DIL/1/2011 dated April 29, 2011, all applicants who are QIBs, Non-Institutional Investors or are applying in this Issue for Securities for an amount exceeding ₹ 200,000 shall mandatorily make use of ASBA facility.

Restrictions on acquisition of shareholding in banking companies

Section 12B of the Banking Regulation Act requires any person to seek prior approval of the RBI, to acquire or agree to acquire, shares or voting rights of a bank, by himself or with persons acting in concert, wherein such acquisition (taken together with shares or voting rights held by him or his relative or associate enterprise or persons acting in concert with him) results in aggregate shareholding of such person to be five percent or more of the paid up capital of a bank or entitles him to exercise five percent or more of the voting rights in a bank. Further, as required by the Reserve Bank of India (prior approval for acquisition of shares or voting rights in private sector banks) Directions, dated November 19, 2015, every person who intends to make an acquisition/ make an agreement for acquisition which will/is likely to take the aggregate holding of such person together with shares/voting rights held by him, his relatives, associate enterprises and persons acting in concert with him, to five per cent or more of the paid-up share capital of the concerned bank or entitles him to exercise five per cent or more of the total voting rights of the concerned bank, shall seek prior approval of the RBI. Accordingly, in the absence of an approval from the RBI, such Eligible Equity Shareholder or Renouncee would be allotted only such number of Equity Shares such that their post Issue shareholding is less than five percent of the paid-up share capital of our Bank.

Procedure for Applications by Mutual Funds

A separate Application can be made in respect of each scheme of an Indian mutual fund registered with the SEBI and such Applications shall not be treated as multiple Applications. The Applications made by asset management companies or custodians of a mutual fund should clearly indicate the name of the concerned scheme for which the Application is being made.

Please note that pursuant to the applicability of the directions issued by SEBI vide its circular bearing number CIR/ CFD/ DIL/ 1/ 2011 dated April 29, 2011, all applicants who are QIBs, Non-Institutional Investors or are applying in this Issue for Securities for an amount exceeding ₹ 200,000 shall mandatorily make use of ASBA facility.

Procedure for Applications by AIFs, FVCIs and VCFs

The SEBI (Venture Capital Funds) Regulations, 1996, as amended (**SEBI VCF Regulations**) and the SEBI (Foreign Venture Capital Investor) Regulations, 2000, as amended (**SEBI FVCI Regulations**) prescribe, amongst other things, the investment restrictions on VCFs and FVCIs registered with SEBI. Further, the SEBI (Alternative Investments Funds) Regulations, 2012 (**SEBI AIF Regulations**) prescribe, amongst other things, the investment restrictions on AIFs.

As per the SEBI VCF Regulations and SEBI FVCI Regulations, VCFs and FVCIs are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by VCFs or FVCIs will not be accepted in the Issue.

Venture capital funds registered as category I AIFs, as defined in the SEBI AIF Regulations, are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by venture capital funds registered as category I AIFs, as defined in the SEBI AIF Regulations, will not be accepted in the Issue. Other categories of AIFs are permitted to apply in the Issue subject to compliance with the SEBI AIF Regulations.

Such AIFs having bank accounts with SCSBs that are providing ASBA in cities / centres where such AIFs are located are mandatorily required to make use of the ASBA facility. Otherwise, applications of such AIFs are liable for rejection.

Important

- Please read this Letter of Offer carefully before taking any action. The instructions contained in the accompanying CAF are an integral part of the conditions of this Letter of Offer and must be carefully followed; otherwise the Application is liable to be rejected.

  It is to be specifically noted that this Issue of Equity Shares is subject to the risk factors mentioned in the section titled "*Risk Factors*" on page 15 of this Letter of Offer.

- All enquiries in connection with this Letter of Offer or accompanying CAF and requests for Split Application Forms must be addressed (quoting the Registered Folio Number/ DP and Client ID number, the CAF number and the name of the first Eligible Equity Shareholder as mentioned on the CAF and superscribed ***"South Indian Bank– Rights Issue– R"*** in case of Resident Investors or Non-Resident Investors applying on non repatriable basis or "***South Indian Bank – Rights Issue – NR"*** in case of non resident shareholders applying on repatriable basis on the envelope) to the Registrar to the Issue at the following address:

  Link Intime India Private Limited
  C-101, 1st Floor, 247 Park,
  Lal Bahadur Shastri Marg, Vikhroli (West),
  Mumbai 400 083, India
  Telephone: +91 22 6171 5400
  Facsimile: +91 22 2596 0329
  Email: sib.rights@linkintime.co.in
  Website: www.linkintime.co.in
  Investor Grievance ID: sib.rights@linkintime.co.in
  Contact Person : Mr. Dinesh Yadav
  SEBI Registration Number: INR000004058

- This Issue will be kept open for a minimum period of 15 days. However, the Board will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date.

SECTION IX – STATUTORY AND OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by the Bank) which are or may be deemed material have been entered by our Bank. Such contracts as referred to in Paragraph A below, together with the documents referred to in paragraph B below, may be inspected at the Registered Office from 10.00 am to 4.00 pm on working days (excluding Saturdays) from the date of this Letter of Offer until the date of closure of the Issue.

A. Material Contracts

1. Issue Agreement dated February 3, 2017 between our Bank and Lead Manager.

2. Registrar Agreement dated February 1, 2017 between our Bank and Link Intime India Private Limited.

3. Escrow Agreement dated February 4, 2017 amongst our Bank, Lead Manager, the Registrar to the Issue and the Escrow Collection Bank.

4. Tripartite Agreement dated November 2, 2007 between our Bank, our Registrar and Share Transfer Agent and NSDL.

5. Tripartite Agreement dated October 4, 2007 between our Bank, our Registrar and Share Transfer Agent and CDSL.

B. Material Documents

1. Memorandum of Association and Articles of Association of our Bank.

2. Our Certificate of Incorporation bearing number 09-1017 of 1104 dated January 24, 2006.

3. License bearing reference number Tri/2 dated June 17, 1957 issued by the RBI under the Banking Regulation Act to carry on banking business in India.

4. Annual Reports of our Bank for the fiscal years 2016, 2015, 2014, 2013 and 2012.

5. Copy of a resolution passed by the Board of Directors on December 21, 2016 authorizing the Issue and related matters.

6. Copy of a resolution passed by the Capital Planning & Infusion Committee of our Bank on February 7, 2017 finalizing the Record Date.

7. Consents of the Directors, the Company Secretary and Compliance Officer, Lead Manager, legal counsel to the Issue, the Registrar to the Issue, Escrow Collection Bank and Refund Bank to include their names in this Letter of Offer and to act in their respective capacities.

8. The report of M/s Deloitte Haskins & Sells, Chartered Accountants dated February 4, 2017 in relation to the Reformatted Summary Financial Statements, as set out in this Letter of Offer.

9. The review report of M/s Deloitte Haskins & Sells, Chartered Accountants dated February 4, 2017 in relation to the Unaudited Interim Condensed Financial Information, as set out in this Letter of Offer.

10. Statement of tax benefits dated February 4, 2017 issued by M/s Deloitte Haskins & Sells, Chartered Accountants, as set out in this Letter of Offer.

11. Consent of M/s Deloitte Haskins & Sells, Chartered Accountants, the Statutory Auditors of our Bank, for the inclusion of the report dated February 4, 2017 relating to the Reformatted Summary Financial Statements, the review report dated February 4, 2017 relating to the

Unaudited Interim Condensed Financial Information and the statement of tax benefits dated February 4, 2017 in the form and context in which they appear in this Letter of Offer, and consent to be named as an "expert" as defined under Section 2(38) of the Companies Act, 2013, read with Section 26(5) and 26(1(a)(v) of the Companies Act, 2013, in relation to the Reformatted Summary Financial Statements, Unaudited Interim Condensed Financial Information, their report thereon, and the statement of tax benefits included in the Letter of Offer

12. Due Diligence Certificate dated February 20, 2017 from the Lead Manager.

13. In-principle listing approvals dated February 6, 2017 and February 7, 2017 from BSE and NSE, respectively.

14. RBI letter dated January 11, 2017, approving renunciation of rights entitlement by and to persons/entities resident outside India in the Issue.

15. Red herring prospectus dated January 23, 2006 in respect of our further public offering of Equity Shares undertaken in fiscal year 2007.

16. Letter bearing reference number DBR. Appt. No. 4811/08.51.001/2016-17 issued by RBI to our Bank approving the appointment of Mr. Salim Gangadharan as our Part-time Chairman.

17. Letter bearing reference number DBOD. Appt. No. 3926/08.51.001/2014-15 issued by RBI to our Bank approving the appointment of Mr. V.G. Mathew as our Managing Director and Chief Executive Officer.

Any of the contracts or documents mentioned in this Letter of Offer may be amended or modified at any time, if so required in the interest of our Bank or if required by the other parties, subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

We hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, and the rules made thereunder. All the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, Government and any other competent authority in this behalf, have been duly complied with. We further certify that all the disclosures in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTORS OF OUR BANK

Mr. Salim Gangadharan *Part-time Chairman and Non-Executive Director*	**Mr. V.G. Mathew** *Managing Director and Chief Executive Officer*
Mr. Mohan E. Alapatt *Non-Executive Independent Director*	**Mr. K. Thomas Jacob** *Non-Executive Independent Director*
Dr. John Joseph Alapatt *Non-Executive Independent Director*	**Mr. Francis Alapatt *alias* Palathingal Antony Francis** *Non-Executive Independent Director*
Mr. Cheryan Varkey *Non-Executive Director*	**Ms. Ranjana S. Salgaocar** *Non-Executive Independent Director*
Mr. John Parayil George Tharakan *alias* Parayil George John Tharakan *Non-Executive Independent Director*	**Mr. Achal Kumar Gupta** *Non-Executive Independent Director*

SIGNED BY THE CHIEF FINANCIAL OFFICER

Mr. C.P. Gireesh
(Chief Financial Officer)

Place: Thrissur, Kerala

Date: February 20, 2017