

FOR ELIGIBLE EQUITY SHAREHOLDERS OF THE BANK ONLY

This is an Abridged Letter of Offer containing salient features of the Letter of Offer dated February 20, 2017 (“Letter of Offer”). You are encouraged to read greater details available in the Letter of Offer. Terms not defined herein shall have the meaning ascribed to them in the Letter of Offer.

**THIS ABRIDGED LETTER OF OFFER CONTAINS 10 PAGES.
PLEASE ENSURE THAT YOU HAVE RECEIVED ALL THE PAGES.**

Our Bank has dispatched a hard copy of this Abridged Letter of Offer alongwith the Composite Application Form to the Eligible Equity Shareholders at the Indian address registered with the Bank/its depositories/its Registrar and Share Transfer Agent. You may also download the Letter of Offer from the website of SEBI, the Stock Exchanges where the Equity Shares of our Bank are listed i.e. BSE Limited and the National Stock Exchange of India Limited and the website of the Lead Manager to the Issue i.e. Edelweiss Financial Services Limited at www.sebi.gov.in, www.bseindia.com, www.nseindia.in, and www.edelweissfin.com, respectively.



THE SOUTH INDIAN BANK LIMITED

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

Our Bank is a professionally managed company and does not have a promoter in terms of the SEBI Regulations or the Companies Act, 2013.

ISSUE DETAILS, LISTING AND PROCEDURE

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 THE LETTER OF OFFER.

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 the 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.

Procedure: If you wish to know about processes and procedures applicable to the Issue, you may refer to section titled “*Terms of the Issue*” on page 95 of the Letter of Offer. You can download the Letter of Offer from the website of SEBI, BSE, NSE or the Lead Manager. You can also request the Lead Manager or BSE or NSE to provide a hard copy of the Letter of Offer. Please note that in terms of Regulation 61(3) of the SEBI Regulations, the Lead Manager and Stock Exchanges may charge a reasonable amount for providing hard copy of the Letter of Offer.

ELIGIBILITY FOR THE ISSUE

Our Bank is eligible to undertake the Issue in terms of Chapter IV, Regulation 4(2) and Regulation 10 of the SEBI Regulations and to make disclosure as per clause (5) of Part E of Schedule VIII of the SEBI Regulations.

Whether the Bank is compulsorily required to allot at least 75% of the net offer to public, qualified institutional buyers- Not applicable, being a rights issue

INDICATIVE TIMETABLE

Issue Opening Date	February 28, 2017	Date of Allotment (on or about)	March 24, 2017
Last Date for receipt of request for Split Application Forms	March 7, 2017	Initiation of Refunds (on or about)	March 24, 2017
Issue Closing Date	March 14, 2017	Credit of Equity Shares to demat accounts of Allotees (on or about)	March 27, 2017
Finalisation of basis of allotment with the Designated Stock Exchange (on or about)	March 23, 2017	Commencement of trading of Equity Shares on the Stock Exchanges (on or about)	March 30, 2017

The above time table is indicative and does not constitute any obligation on our Bank or the Lead Manager.

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 the Letter of Offer. **Investors are advised to refer to the section titled “Risk Factors” on page 15 of the Letter of Offer and Internal Risk Factors on page 5 of this Abridged Letter of Offer before making an investment in the Issue.**

PRICE INFORMATION OF PAST ISSUES HANDLED BY THE LEAD MANAGER

Issue Name	Name of Merchant Banker	+/- % change in closing price, (+/- % change in closing benchmark) 30 th calendar days from listing	+/- % change in closing price, (+/- % change in closing benchmark)- 90th calendar days from listing	+/- % change in closing price, (+/- % change in closing benchmark)- 180th calendar days from listing
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Not applicable, being a Rights Issue

Names of Lead Manager and contact details	Edelweiss Financial Services Limited Telephone: +91 (22) 4009 4400 Facsimile: +91 (22) 4086 3610 E-mail: sib.rights@edelweissfin.com Investor Grievance E-mail: customerservice.mb@edelweissfin.com Website: www.edelweissfin.com
Names of Syndicate Members	Not Applicable, being a rights issue of equity shares
Name of Registrar to the Issue and contact details	Link Intime India Private Limited Telephone: +91 22 6171 5400 Facsimile: +91 22 2596 0329 Email: sib.rights@linkintime.co.in Investor Grievance ID: sib.rights@linkintime.co.in Website: www.linkintime.co.in
Name of Statutory Auditors	M/s. Deloitte Haskins & Sells, Chartered Accountants
Name of Credit Rating Agency and the rating or grading obtained, if any	Not Applicable, being a rights issue of equity shares
Name of Debenture trustee, if any	Not Applicable, being a rights issue of equity shares
Self-Certified Syndicate Banks	The list of banks is available on http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/ Recognised-Intermediaries
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
Non Syndicate Registered Brokers	Not Applicable, being a rights issue of equity shares
Details regarding website address(es)/ link(s) from which the investor can obtain list of registrar to issue and share transfer agents, depository participants and stock brokers who can accept application from investor (as applicable)	Not Applicable, being a rights issue of equity shares

PROMOTERS OF OUR BANK

Our Bank is a professionally managed company and does not have a promoter in terms of the SEBI Regulations or the Companies Act, 2013.

Brief profile of promoter and disclosure relating to group companies: Since this is a rights issue pursuant to Part E of Schedule VIII of SEBI Regulations, the disclosures relating to group companies are not applicable.

BUSINESS MODEL/ BUSINESS OVERVIEW AND STRATEGY

Since this is a rights issue pursuant to Part E of Schedule VIII of SEBI Regulations, the disclosure relating to business of our Bank is not applicable.

BOARD OF DIRECTORS

Sl. No.	Name	Designation	Experience
1	Mr. Salim Gangadharan	Part-time Chairman and Non-Executive Director	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.
2	Mr. V. G. Mathew	Managing Director and Chief Executive Officer	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.
3	Mr. Mohan E. Alapatt	Non-Executive Independent Director	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.
4	Mr. K. Thomas Jacob	Non-Executive Independent Director	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.
5	Dr. John Joseph Alapatt	Non-Executive Independent Director	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.
6	Mr. Francis Alapatt alias Palathingal Antony Francis	Non-Executive Independent Director	He is a director of M/s CII Guardian International Ltd and an executive committee member of Indo-American Chamber of Commerce.
7	Mr. Cheryan Varkey	Non-Executive Director	He joined the Bank on September 8, 1975. He was an executive director of the Bank until April 30, 2014.
8	Ms. Ranjana S. Salgaocar	Non-Executive Independent Director	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.
9	Mr. John Parayil George Tharakan alias Parayil George John Tharakan	Non-Executive Independent Director	Mr. Tharakan has experience of 30 years in the field of agriculture.
10	Mr. Achal Kumar Gupta	Non-Executive Independent Director (Additional)	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.

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. The details of the proceeds of the issue are summarized below:

(₹ in crore)

Particulars	Estimated Amount
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.

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.

Details and reasons for non-deployment or delay in deployment of proceeds or changes in utilization of issue proceeds of past public issues/ rights issues, if any, of the Company in the preceding 10 years:

Nil.

Monitoring Agency: Not Applicable

Terms of Issuance of Convertible Security, if any : Not Applicable.

SHAREHOLDING PATTERN AS ON DECEMBER 31, 2016

Sl. No.	Particulars	Pre Issue number of shares	% Holding of Pre issue
1.	Promoter & Promoter Group	-	-
2.	Public	1,35,17,38,250	100
	Total	1,35,17,38,250	100

Number/ amount of Equity Shares proposed to be sold by selling shareholders – Not Applicable, being a rights issue.

FINANCIAL STATEMENT#

(₹ in Crore)

Particulars	Unaudited Interim Condensed Financial Information as at and for the nine month period ended December 31, 2016	Reformatted summary financial statements as at and for the year ended March 31, 2016	Reformatted summary financial statements as at and for the year ended March 31, 2015
Total income from operations (net)	4,954.22	6,074.62	5,783.29
Net Profit / (Loss) before tax and extraordinary items	484.72	509.66	467.95
Net Profit / (Loss) after tax and extraordinary items	316.96	333.27	307.20
Equity Share Capital	135.17	135.03	135.02
Reserves and Surplus	4,141.40	3,706.90	3,454.39
Networth	3,701.92	3,557.08	3,294.87
Basic Earnings per share (₹)	2.35*	2.47	2.28
Diluted Earnings per share (₹)	2.34*	2.47	2.27
Return on net worth (%)	8.73%*	9.73%	9.57%
Net asset value per equity share (₹)	27.39	26.34	24.40

* Not annualized

The Ratios have been computed as below:

Ratios	Computation
Basic earnings per share	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	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.

Restated Audited Financials - Not Applicable, being a rights issue. Since there is no subsidiary of our bank, there is no distinction between standalone and consolidated.

INTERNAL RISK FACTORS

The below mentioned risks are top ten risk factors as per the Letter of Offer.

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.
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.
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.
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.
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.
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.
7. Banking is a heavily regulated industry and material changes in the regulations that govern us could cause our business to suffer.
8. The impact of the GoI’s recent demonetization exercise on the Indian economy and the banking sector is currently uncertain.
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.
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.

SUMMARY OF OUTSTANDING LITIGATIONS, CLAIMS AND REGULATORY ACTION

- A. To the extent disclosure is required under Part E of Schedule VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009:
 - i) There are outstanding litigations against the Company involving, to the extent quantifiable, an amount of ₹ 63 crore;
 - ii) 22 appeals have been filed under various income tax proceedings by, variously, our Bank and the Income Tax Department involving an aggregate amount of ₹ 395.37 crore as demand raised against us.*

B. Brief details of top 5 material outstanding litigations against the company and amount involved:

Sr. No.	Particulars	Litigation filed by	Current status	Amount involved
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.	Enforcement Directorate	Currently pending	Not quantifiable
2	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.	Enforcement Directorate	Currently pending	Penalty of ₹ 63 crore
3	<p>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.</p> <p>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.</p> <p>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.</p>	Income Tax Department Thrissur	Currently pending	Total amount demanded is ₹ 170.44 crore

Sr. No.	Particulars	Litigation filed by	Current status	Amount involved
4	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 <i>proviso</i> 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)(viii) 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.	Income tax department, Thrissur	Currently pending	Total amount demanded is ₹ 78.36 crore
5	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)(viii) as a 'village' and not 'ward'. The total estimated demand raised on our Bank is ₹ 146.57 crore. For the assessment year 2004-2005, our Bank has filed an appeal dated February 11, 2008 before the Kerala High Court contesting 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)(viii) 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.	Income Tax Department, Thrissur	Currently pending	Total amount demanded is ₹ 146.57 crore*

* Does not include disallowances of ₹ 14.86 crore for provision of bad and doubtful debts of rural branches under section 36(1)(viii) of the IT Act, 1961; ₹ 94.62 crore for bad debts written off under section 36(1)(vii) of the IT Act, 1961; and ₹ 0.53 crore for addition on loss on amortization of securities, in relation to assessment year 2004-05.

- C. Regulatory Action, if any - disciplinary action taken by SEBI or stock exchanges against the Promoters / Group companies in last 5 financial years including outstanding action, if any: Our Bank is a professionally managed company and does not have a promoter in terms of the SEBI Regulations or the Companies Act. Further, we confirm that our Bank does not have any group companies in terms of the SEBI Regulations.
- D. Brief details of outstanding criminal proceedings against Promoters.

Not Applicable: Our Bank is a professionally managed company and does not have a promoter in terms of the SEBI Regulations or the Companies Act, 2013.

ANY OTHER IMPORTANT INFORMATION

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

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.

Modes of Payment

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.

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.

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 the 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.

Basis of Allotment

Attention is drawn of investors to the basis of allotment at page 118 of the Letter of Offer.

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.

Ex-rights Price

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

DECLARATION BY THE BANK

We hereby certify that no statement made in the 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 the Letter of Offer are true and correct.

Date: February 20, 2017

Place: Thrissur, Kerala

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