

FOR ELIGIBLE EQUITY SHAREHOLDERS AND ELIGIBLE EMPLOYEES OF THE BANK ONLY

This is an Abridged Letter of Offer containing salient features of the Letter of Offer dated October 11, 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 will be dispatching hard copies of this Abridged Letter of Offer alongwith the Composite Application Form (“CAF”) to the Eligible Equity Shareholders and the Employee Application Form (“EAF”) to the Eligible Employees of the Bank who have a registered address in India or who have provided an Indian address to our Bank or the depositories or the 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. the National Stock Exchange of India Limited and the website of the Lead Manager to the Issue i.e. IIFL Holdings Limited at www.sebi.gov.in, www.nseindia.in, and www.iiflcap.com, respectively.

**THE KARUR VYSYA BANK LIMITED**

Registered Office: Post Box No. 21, Erode Road, Karur - 639002, Tamil Nadu, India

Tel No.: +91 4324 269437 / 269441 / 269443; **Fax No.:** +91 4324225700

Contact Person: Mr. Srinivasa Rao Maddirala, Company Secretary and Compliance Officer

E-mail: kvb_sig@kvbmail.com; **Website:** www.kvb.co.in

Corporate Identification Number: L65110TN1916PLC001295

ISSUE DETAILS, LISTING AND PROCEDURE

ISSUE OF UP TO 11,87,81,048 EQUITY SHARES OF FACE VALUE OF ₹2 EACH (“EQUITY SHARES”) OF OUR BANK FOR CASH AT A PRICE OF ₹76 PER EQUITY SHARE (“ISSUE PRICE”) (INCLUDING A PREMIUM OF ₹74 PER EQUITY SHARE) AGGREGATING UP TO ₹ 902.74 CRORES BY OUR BANK. THE ISSUE COMPRISES AN ISSUE OF UP TO 10,16,21,048 EQUITY SHARES TO THE ELIGIBLE EQUITY SHAREHOLDERS OF OUR BANK ON RIGHTS BASIS IN THE RATIO OF 1 (ONE) FULLY PAID-UP EQUITY SHARE FOR EVERY 6 (SIX) FULLY PAID-UP EQUITY SHARES HELD ON OCTOBER 13, 2017 (THE “RECORD DATE”) AGGREGATING UP TO ₹772.32 CRORES AND A RESERVATION OF UP TO 1,71,60,000 EQUITY SHARES FOR THE ELIGIBLE EMPLOYEES OF OUR BANK AGGREGATING UP TO ₹130.42 CRORES (THE “EMPLOYEE RESERVATION PORTION”). THE ISSUE TO THE ELIGIBLE EQUITY SHAREHOLDERS AND ELIGIBLE EMPLOYEES, COLLECTIVELY REFERRED TO AS THE ISSUE. THE ISSUE LESS THE EMPLOYEE RESERVATION PORTION IS REFERRED TO AS THE NET ISSUE. THE ISSUE PRICE IS 38 TIMES THE FACE VALUE OF THE EQUITY SHARES. THE ENTIRE ISSUE PRICE FOR THE EQUITY SHARE IS PAYABLE ON APPLICATION.

The existing Equity Shares of our Bank are listed and traded on the National Stock Exchange of India Limited (“NSE”) and have been permitted to trade on BSE Limited (“BSE”) under the ‘Permitted Securities’ category. Our Bank has received an ‘in-principle’ approval from the NSE vide their letter dated September 29, 2017, for listing the Equity Shares to be allotted pursuant to the Issue. For the purposes of the Issue, the Designated Stock Exchange is the NSE.

Procedure: If you wish to know about processes and procedures applicable to rights issues, you may refer section titled “Terms of the Issue” on page 143 of the Letter of Offer. You can download the Letter of Offer from the website of SEBI, NSE or the Lead Manager. You can also request the Lead Manager or NSE to provide a hard copy of the Letter of Offer. Please note that in terms of Regulation 61(3) of the SEBI ICDR 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 ICDR Regulations and to make disclosure as per clause (5) of Schedule VIII of the SEBI ICDR 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 TIME TABLE

Issue Opening Date	October 25, 2017	Date of Allotment (on or about)	November 22, 2017
Last Date for receipt of request for Split Application Forms	November 2, 2017	Initiation of Refunds (on or about)	November 23, 2017
Issue Closing Date	November 10, 2017	Credit of Equity Shares to demat accounts of Allotees (on or about)	November 24, 2017
Finalisation of basis of allotment with the Designated Stock Exchange (on or about)	November 21, 2017	Commencement of trading of Equity Shares on the Stock Exchanges (on or about)	November 29, 2017

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

ABRIDGED LETTER OF OFFER CONTAINING SALIENT FEATURES OF THE LETTER OF OFFER**GENERAL RISKS**

Investments in equity and equity related securities involve a degree of risk and investors should not invest any funds in this 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 relation to the Issue. For taking an investment decision, investors must rely on their own examination of the Bank and the Issue including the risks involved. The securities being issued in the Issue have not been recommended or approved by the Securities and Exchange Board of India (“SEBI”) nor does the SEBI guarantee the accuracy or adequacy of the Abridged Letter of Offer. **Investors are advised to refer to the section titled “Risk Factors” from page 10 and on Page 5 of this Abridged Letter of Offer before making an investment in this Issue. For additional information and risk factors please refer to the Letter of Offer.**

PRICE INFORMATION OF LEAD MANAGER TO THE ISSUE: Not Applicable, since the present issue is a rights issue

Lead Manager to the Issue	IIFL Holdings Limited 10th Floor, IIFL Centre, Kamala City, Senapati Bapat Marg, Lower Parel (West) Mumbai - 400 013, Maharashtra, India Tel: +91 22 4646 4600; Fax: +91 22 2493 1073 Email: kvb.rightsissue@iiflcap.com Investor Grievance Email: ig.ib@iiflcap.com Website: www.iiflcap.com Contact Person: Sachin Kapoor/Pinak Bhattacharyya SEBI Registration Number: INM000010940
Names of Syndicates Members	Not applicable, being a rights issue of equity shares
Registrar to the Issue	Karvy Computershare Private Limited Karvy Selenium Tower B, Plot Number 31-32, Gachibowli, Financial District, Nanakramguda, Serilingampally Hyderabad 500 032, Andhra Pradesh, India Tel: +91 40 6716 2222; Fax: +91 40 3343 1551 Email: kvb.rights@karvy.com Investor Grievance Email: einward.ris@karvy.com Website: www.karishma.karvy.com Contact Person: M. Muralikrishna
Statutory Auditors of our Bank	M/s. Abarna & Ananthan, 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/other/OtherAction.do?doRecognised=yes
Company Secretary and Compliance Officer	Mr. Srinivasa Rao Maddirala Company Secretary and Compliance Officer Post Box No. 21, Erode Road, Karur - 639002, Tamil Nadu, India Tel: +91 4324 269444; Fax: +91 4324 225700 Email: msrinivasarao@kvbmail.com
Escrow Collection Bank and Refund Bank	The Karur Vysya Bank Limited Hyderabad - Banjara Hills Branch, D.No. 8-2-686/B/10, Plot No. 542, Road No. 12, Banjara Hills, Hyderabad - 500034, Telangana, India Tel: +91 40 23393777; Fax: +91 40 23206061 Email: hydbanjarahills@kvbmail.com Website: www.kvb.co.in Contact Person: Mr. G. V. V.Satyanarayana Murthy
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

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Note: Investors may contact the Registrar to the Issue or the Company Secretary and Compliance Officer in case of any pre-Issue or post-Issue related matters such as non-receipt of CAF, EAF, SAF, letter of Allotment, credit of shares or Refund Orders, etc. 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, number of Equity Shares applied for, amount blocked, where the CAF or the plain paper application, in case of an Eligible Equity Shareholder, or the EAF, in case of an Eligible Employee, as the case may be, was submitted by the ASBA Investor.

PROMOTERS OF OUR BANK

Promoters of our Bank, namely, Mr.G.Rajasekaran, Mr.A.J.Suriyanarayana, Mr.M.K.Venkatesan, Mr.A.K.Praburaj and Mr.M.G.Vivekanandan

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 ICDR Regulations, the disclosure relating to brief profiles of Promoters and disclosure 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 ICDR Regulations, the disclosures relating to business of our Bank is not applicable.

DIRECTORS OF OUR BANK

Sr. No.	Name	Designation	Experience
1	Mr.B.Swaminathan	Non -Executive Independent Director and Part-time Chairman	He holds a bachelor's degree in law and a master's degree in science. He is also a certified associate of Indian Institute of Bankers. He has several years of experience in the field of banking. He was a general manager of Indian Overseas Bank. He was a director on the board of Bharat Overseas Bank Limited, an executive director of Canara Bank from January 22, 2005 until January 31, 2006, and was the managing director and chief executive officer of erstwhile Lord Krishna Bank.
2	Mr.P.R.Seshadri	Managing Director and Chief Executive Officer	He holds a bachelor's degree in engineering from the Delhi College of Engineering and a post graduate diploma in management from the Indian Institute of Management, Bangalore. He has over 25 years of experience in the field of retail banking. He was part of the wider Citi Group as the managing director of the Citi Financial Consumer Finance India Limited, marketing director, head of banking collections at Citibank. He was also the chief executive officer of the BFC Bank Limited, United Kingdom from June 1, 2016 until April 30, 2017.
3	Mr.G.Rajasekaran	Non-Executive Non- Independent Director	He holds a bachelor's degree in arts. He has vast experience in the field of textile business.
4	Mr.A.J. Suriyanarayana	Non-Executive Non-Independent Director.	He holds a bachelor's degree in economics and a master's degree in business administration from Bharathiar University. He has several years of experience as a dealer in petroleum products.
5	Mr.N.S.Srinath	Non-Executive Independent Director	He holds a bachelor's degree in science and in law. He is also a certified associate of the Indian Institute of Bankers. He has several years of experience in the field of banking. He was the general manager in Canara Bank. He was the executive director of the Bank of Baroda. He was on the Board of Bank of Baroda (Trinidad and Tobago) Limited and Bank of Baroda (Ghana) Limited.
6	Dr.V.G.Mohan Prasad	Non -Executive Independent Director	He holds a bachelor's degree in medicine and surgery and a degree of doctor of medicine (gastroenterology) from the University of Madras. Further, he also holds a degree of doctor of medicine (general medicine) from Bharathiar University. He has 30 years of experience in the field of gastroenterology.

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Sr. No.	Name	Designation	Experience
7	Mr.M.K.Venkatesan	Non -Executive Non-Independent Director	He holds a bachelor's degree in economics. He has several years of experience in the field of 'Mundy' business (dealing in agricultural commodities including seed processing).
8	Mr.A.K.Praburaj	Non -Executive Non-Independent Director	He holds a bachelor's degree in commerce. He has several years of experience in the field of petroleum products. He is a dealer of petroleum products.
9	Mrs.K.L. Vijayalakshmi	Non -Executive Independent Director	She holds a bachelor's degree in business management from the University of Mysore and is a fellow member of the Institute of Chartered Accountants of India. She has over several years of experience in financial audits for various banks.
10	Mr.M.V. Srinivasamoorthi	Non -Executive Non-Independent Director	He holds a bachelor's degree in chemistry. He has several years of experience in textile business and exporting readymade garments and home textiles.
11	Dr. K. S. Ravichandran	Non-Executive Independent Director	He holds a master's degree in commerce from the Madurai Kamaraj University. He also holds a bachelor's degree in law from the Sardar Patel University. Further, he holds a doctorate in Corporate Secretaryship from Alagappa University. He is also a fellow member of the Institute of Company Secretaries of India. He has been a practicing company secretary since 1994.

OBJECTS OF THE ISSUE

Our Bank proposes to utilize the Net Proceeds from the Issue to augment our Bank's future capital requirements to support our growth in business and to ensure compliance of the Basel III norms and other regulatory requirements.

The main objects clause of our Memorandum enables our Bank to undertake its existing activities and the activities for which funds are being raised by our Bank through this Issue. Further, the Bank confirms that the activities which have been carried out until now by our Bank till date, are valid in terms of the objects clause of our Memorandum.

Issue Proceeds

The details of the Issue Proceeds are as follows:

Particulars	Estimated Amount (₹ in crore)
Gross proceeds to be raised through the Issue	902.74
Less: Estimated Issue related expenses	4.57
Net Proceeds	898.17

Requirement of Funds

Our Bank proposes to utilize the Net Proceeds from the Issue to augment our Bank's future capital requirements to support our growth in business and to ensure compliance of the Basel III norms and other regulatory requirements.

Details of the Objects of the Issue

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.

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 June 30, 2017, our Bank's total CAR and common equity tier-1 CAR was 11.71% and 11.04%, 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 future capital requirements to support our growth in business.

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Schedule of Implementation and Deployment of Funds

Our Bank currently proposes to deploy the Net Proceeds in the aforesaid objects in the current fiscal year.

Monitoring Utilization of Funds from Issue

As we are a bank, in accordance with Regulation 16 of the SEBI ICDR 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).

Details and reasons for non-deployment or delay of proceeds or change in utilization of issue proceeds of past public issues/ rights issue, 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.

SHAREHODLING PATTERN AS ON SEPTEMBER 30, 2017

Sl.No.	Particulars	Pre Issue Number of Shares	% Holding of Pre Issue
1.	Promoter & Promoter Group	1,26,26,395	2.07
2.	Public	59,66,95,875	97.93
	Total	60,93,22,270	100

FINANCIAL INFORMATION

Particulars	Ason	Ason	Ason	Ason
	March 31, 2017	March 31, 2016	June 30, 2017	June 30, 2016
Total income for operations (net) (₹ in Crore)^	2855.92	2488.18	774.87	643.40
Net Profit/(Loss) before tax and extraordinary items (₹ in Crore)	883.47	911.63	215.97	216.10
Net Profit/(Loss) after tax and extraordinary items (₹ in Crore)	605.98	567.63	147.97	146.35
Equity Share Capital (₹ in Crore)	121.86	121.86	121.86	121.86
Reserves and Surplus (₹ in Crore)	4913.83*	4451.09	5124.99*	4623.73
Networth (₹ in Crore)	5035.68	4572.95	5246.85	4745.59
(a) Basic Earnings per equity share (₹) ^s	9.95	46.59	2.43	12.01
(b) Diluted Earnings per equity share (₹) ^s	9.95	46.59	2.43	12.01
Return on Net Worth	12.03%	12.41%	2.82%	3.08%
Net Asset Value/Book Value per equity share each (₹) ^s	82.64	375.25	86.11	389.42

^Total income from operations (net) equals total interest income minus total interest expenditure plus other income.

* Includes the proposed dividend of ₹ 190.68 crore for the fiscal 2016-17 as approved by the Board of Directors and the Shareholders of the Bank, vide their resolution dated May 18, 2017 and July 21, 2017, respectively.

^s Face value ₹ 2 per equity share as of March 2017 & June 2017 and ₹ 10/- per equity share as of March 2016 & June 2016

The ratios have been computed as under:

Basic Earnings per equity share (₹)	Profit after tax / Number of equity shares outstanding at the end of the period
Return on Net Worth (%)	Profit after tax / Net worth i.e. (Share capital, reserves and surplus excluding revaluation reserve) at the end of the period
Net Asset Value per equity share (₹)	Share capital, reserves and surplus excluding revaluation reserve) / (Number of equity shares outstanding at the end of the year)

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 the top five risk factors as per the Letter of Offer:

- Our ability to improve our recent level of performance depends on factors within and beyond our control.
- Our Bank's business is vulnerable to interest rate risk. Volatility in interest rates and other market conditions could adversely affect our Bank's net interest margin, the value of our fixed income portfolio, our income from treasury operations, the quality of our loan portfolio and our financial performance.
- Our statutory auditors have issued matters of emphasis in its auditor's report on our financial statements for the fiscal year ended March 31, 2017 and the three month period ended June 30, 2017.

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4. Our business and financial performance could suffer if we are unable to effectively manage our asset portfolio and control the level of our NPAs.
5. We are involved in certain legal and other proceedings in India and may face certain liabilities as a result of the same.

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:

A summary of material legal and other proceedings involving our Bank is given in the following table:

Nature of Litigation	Number of Outstanding Matters	Aggregate Amount involved (₹ in Crore)
Tax Proceedings	2	241.21
Civil Proceedings	11	991.90
Criminal Proceedings	1	50.00
Fraud	3	275.54

- B. Brief Details of top 3 material outstanding litigations against the Bank and amount involved:

Sr. No.	Particulars	Litigation filed by	Current Status	Amount involved (₹ in Crore)
1	An original application no. 189 of 2015 dated July 1, 2015 was filed against our Bank and Spanco Limited and others (“ Defendants ”) before the Debt Recovery Tribunal, Delhi by State Bank of India and its consortium members (“ SBI Consortium ”). Bank of India and Punjab National Bank, i.e. defendant nos. 2 and 3, mortgaged the properties located at Flat Nos. 602 and 701 of Menaka Apartments, 5th Road, next to RBI colony, MLA House, Chembur, Mumbai, as well as hypothecated all the current assets in favour of our Bank and others, to inter alia avail ₹ 60.00 crores. SBI Consortium sought to prevent our Bank from selling the aforementioned properties. The matter is currently pending.	SBI Consortium	Pending	60.00
2	Our Bank filed an appeal on June 12, 2013 under Section 253 read with rule 47(1) of the Income Tax Act, 1961 before the Income Tax Appellate Tribunal, Chennai, against an order dated March 25, 2013 passed under Section 250 of the Income Tax Act, 1961 by the Commissioner of Income tax (Appeals) (the “ Order ”). The appeal has been filed by our Bank seeking reduction in the total income for the purpose of computation of income tax by ₹111.30 crores assessed by the Additional Commissioner of Income Tax and partly allowed by the Commissioner of Income Tax (Appeals) in the Order resulting in total tax liability of our Bank amounting to ₹63.23 crores for the assessment year 2005-06 on the grounds that certain disallowances resulting from depreciation in value of securities, ex-gratia payment made out of commercial expediency, interest paid on purchase of securities, interest on non-performing assets, expenses on entertainment were not accounted for by the Commissioner of Income Tax (Appeals) in the Order. The appeal was heard and an order dated April 27, 2017 was passed allowing the entire claims of our Bank. The consequential order by the Deputy Commissioner (Trichy) is awaited. The matter is currently pending.	Income Tax Department Chennai	Pending	63.23
3	Our Bank filed an appeal on April 25, 2016 under Section 246A of the Income Tax Act, 1961 before Commissioner of Income Tax (Appeals), Trichy, against an order dated March 30, 2016 passed under Section 143(3) of the Income Tax Act, 1961 by the Deputy Commissioner of Income Tax, Trichy. The appeal has been filed by our Bank seeking reduction in the total income for the purpose of computation of income tax by ₹510.86 crores resulting in total tax liability of our Bank amounting to ₹177.98 crores for the assessment year 2013-14 on the ground that certain disallowances resulting from expenses incurred in connection with depreciation on investments, ex-gratia, entertainment expenses, interest accrued on NPA, disallowance under Section 14A of the of the Income Tax Act, 1961, stale drafts, pooja expenses, deduction of bad debts & provision for bad & doubtful debts, for computation of total income taxable of our Bank by the Deputy Commissioner of Income Tax, Trichy. Our Bank has a received order dated September 14, 2017 from the Commissioner of Income Tax (Appeals) allowing an amount of ₹486.12 crores as against an appealed sum of ₹510.86 crores. Consequential order by the Deputy Commissioner of Income Tax, Trichy is awaited. The matter is currently pending.	Deputy Commissioner of Income Tax, Trichy	Pending	177.98

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C. Regulatory Actions, if any – disciplinary action taken by SEBI or stock exchanges against the Promoters / Group companies in the last 5 financial years including outstanding actions, if any:

Not applicable, since this is a rights issue pursuant to Part E of schedule VIII of SEBI ICDR Regulations.

D. Brief details of outstanding criminal proceedings against Promoters:

Not applicable, since this is a right issue pursuant to Part E of Schedule VIII of SEBI ICDR Regulations.

ANY OTHER INFORMATION

PROCEDURE FOR APPLICATION

How to Apply

In case the original CAFs are not received by the Investor or is misplaced by the Investor, the Investor 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) and Eligible Employees does not match with the specimen registered with the Depository Participant or our Bank, the Application is liable to be rejected.

In case the original EAF is not received or is misplaced, the Eligible Employees may request the Registrar to the Issue, for issue of a duplicate EAF, by furnishing the employee code number and PAN and their full name and address.

Neither the Bank nor the Lead Manager nor the Registrar to the Issue shall be responsible for delay in the receipt of the Application Form/duplicate Application Form attributable to postal delays or if the Application Form/duplicate Application Form are misplaced in the transit. The request for a duplicate Application Form should reach the Registrar to the Issue within seven days from the Issue Opening Date. Investors should note that those who are making the Application in such duplicate Application Form should not utilize the original Application Form for any purpose, including renunciation, even if the original Application Form 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 terms of SEBI circular CIR/CFD/DIL/1/2011 dated April 29, 2011, all QIBs, Non-Institutional Investors (including all companies and bodies corporate) and other investors whose application amount exceeds ₹ 200,000 can participate in the Issue only through the ASBA process, subject to them complying with the requirements of SEBI circular dated December 30, 2009. Further, all QIBs and Non-Institutional Investors are mandatorily required to use the ASBA facility, even if application amount does not exceed ₹ 200,000. The Investors who are (i) not QIBs; (ii) not Non-Institutional Investors; or (iii) investors whose application amount is not more than ₹ 200,000, can participate in the Issue either through the ASBA process or the non ASBA process.

Application on Plain Paper (Non-ASBA)

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, along with demand draft / cheque/pay order payable at Hyderabad, which should be drawn in favour of “*The Karur Vysya Bank Limited - Rights Issue - R*” in case of resident shareholders/Investors and shareholders/Investors applying on non-repatriable basis or “*The Karur Vysya Bank Limited - Rights Issue - NR*” in case of non-resident shareholders applying on repatriable basis and the Eligible Equity Shareholders should send the same by registered post / speed post directly to the Registrar to the Issue.

The envelope should be superscribed “*The Karur Vysya Bank Limited - Rights Issue - R*” in case of resident shareholders/ Investors or shareholders/Investors applying on non-repatriable basis or “*The Karur Vysya Bank Limited- Rights Issue - NR*” in case of non-resident shareholders/Investors applying on repatriable basis and should be postmarked in India.

The application on plain paper, duly signed by the Investors including joint holders, in the same order as per specimen recorded with our Bank/Depositories, must reach the office of the Registrar to the Issue before the Issue Closing Date and should contain the following particulars:

- Name of the Bank, being The Karur Vysya Bank Limited;
- Name and address of the Eligible Equity Shareholder including joint holders;
- Registered Folio Number/ DP and Client ID No.;
- Number of Equity Shares held as on Record Date;
- Share certificate numbers and distinctive numbers of Equity Shares, if held in physical form;
- Allotment option preferred - physical or demat form, if held in physical form;
- Number of Equity Shares entitled to;
- Number of Equity Shares applied for;
- Number of additional Equity Shares applied for, if any;
- Total number of Equity Shares applied for;
- Total amount paid at the rate of ₹ 76 per Equity Share;
- Particulars of cheque/demand draft/pay order;
- In case of Equity Shares allotted in physical form, Savings/Current Account Number and name and address of the bank where the Eligible Equity Shareholder will be depositing the refund order. In case of Equity Shares held in dematerialized form, the Registrar shall obtain the bank account details from the information available with the Depositories;

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- Except for applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN of the Eligible Equity Shareholder and for each Eligible Equity Shareholder in case of joint names, irrespective of the total value of the Equity Shares applied for pursuant to the Issue;
- 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;
- Signature of the Applicant (in case of joint holders, to appear in the same sequence and order as they appear in the records of our Bank/Depositories); and
- Additionally, all such Applicants shall include the following:

"I am/we are entitled to subscribe for and acquire the Equity Shares under the laws of all relevant jurisdictions that apply to me/us and I/we have fully observed such laws and complied with all necessary formalities to enable me/us to subscribe for the Equity Shares.

I was/we were outside the United States (within the meaning of Regulation S ("Regulation S") under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act")), at the time the offer of the Equity Shares was made to me/us and I was/we were outside the United States when my/our buy order for the Equity Shares was originated.

I/we did not purchase the Equity Shares as a result of any "directed selling efforts" (as defined in Regulation S).

The Equity Shares have not been and will not be registered under the U.S. Securities Act or the securities law of any state of the United States and I/we will not offer or sell the Equity Shares except in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S or pursuant to any other available exemption from registration under the U.S. Securities Act and in accordance with all applicable securities laws of the states of the United States and any other jurisdiction, including India.

If I/we acquired any of the Equity Shares as fiduciary or agent for one or more investor accounts, I/we have sole investment discretion with respect to each such account and I/we have full power to make the foregoing representations, warranties, acknowledgements and agreements on behalf of each such account.

I/we shall indemnify and hold The Karur Vysya Bank Limited and IIFL Holdings Limited harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of these representations, warranties or agreements. I/we agree that the indemnity set forth in this paragraph shall survive the resale of the Equity Shares.

I/we acknowledge that The Karur Vysya Bank Limited and IIFL Holdings Limited and others will rely upon the truth and accuracy of the foregoing representations, warranties and acknowledgements."

Please note that Eligible Equity Shareholders who are making an application otherwise than on a CAF, (i.e., on plain paper as stated above on page 155), shall not be entitled to renounce their rights and should not utilize the CAF for any purpose, including renunciation, even if it is received subsequently. If the Eligible Equity Shareholder does not comply with any of these requirements, he/she shall face the risk of rejection of both the applications and the Application Money received shall be refunded. However, our Bank and/or any Director of our Bank or the Lead Manager will, notwithstanding anything to the contrary contained herein, not be liable to pay any interest whatsoever on the Application Money so refunded.

The Eligible Equity Shareholders are requested to strictly adhere to these instructions. Failure to do so could result in the application being rejected, with our Bank, the Lead Manager and the Registrar to the Issue will not having any liability to such Eligible Equity Shareholders.

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 "*The Karur Vysya Bank Limited – 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 Hyderabad, crossed account payee only and marked "*The Karur Vysya Bank Limited – 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 Hyderabad/Mumbai or cheque, net of bank and postal charges, payable drawn on a bank account maintained at Hyderabad or funds remitted from abroad in any of the following ways and crossed account payee only and marked "*The Karur Vysya Bank Limited – 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.

Mode of payment for Eligible Employees

Non – ASBA Investors who are resident in centers with the bank collection centres shall draw cheques/ drafts

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accompanying the EAF, crossed account payee only and marked “*The Karur Vysya Bank Limited – Rights Issue – Eligible Employees -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 Hyderabad, crossed account payee only and marked “*The Karur Vysya Bank Limited – Rights Issue – Eligible Employees -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.

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 6 (six) Equity Shares or is not in multiples of 6 (six), the fractional entitlement of such Eligible Equity Shareholder shall be ignored for computation of the Rights Entitlement. Eligible Equity Shareholders whose fractional Rights Entitlements are being ignored would be given preference in Allotment of 1 (one) additional fully paid-up Equity Share each if they apply for additional Equity Shares.

Also, those Eligible Equity Shareholders holding less than 6 (six) fully paid-up Equity Shares, i.e. holding up to 5 (five) fully paid-up Equity Shares, and therefore entitled to ‘zero’ fully paid-up 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 the allotment of 1 (one) additional Equity Share if, such Eligible Equity Shareholders have applied for the additional Equity Shares. However, they cannot renounce the same to third parties. CAFs with zero entitlement shall be non-negotiable/ non – renounceable.

Renunciation by and/or in favour of Non Residents

Any renunciation (i) from a resident Indian Eligible Equity Shareholder to a Non Resident, or (ii) from a Non Resident Eligible Equity Shareholder to a resident Indian, or (iii) from a Non Resident Eligible Equity Shareholder to a Non Resident, in light of the RBI Notification No. FEMA 20/2000-RB dated May 03, 2000, would not require approval from RBI, if such renunciation is made on the floor of the exchange, provided that in case of any renunciation from a resident Indian Equity Shareholder to a Non Resident, the offer price for the Equity Shares should not be less than the price at which an offer is made to the resident Eligible Equity Shareholder. Any renunciation through a private arrangement would be subject to applicable pricing requirements prescribed by the RBI and/or seeking appropriate approvals from the RBI in this regard.

However, the right of renunciation is subject to the express condition that the Board shall be entitled, in its absolute discretion, to reject the request from the renounees for the allotment of Equity Shares without assigning any reason thereof.

Eligible Employees participating under the Employee Reservation Portion cannot renounce their right to participate in the Issue. Any application made other than through the EAF by an Eligible Employee is liable to be rejected.

Pursuant to an application made by our Bank, RBI has issued a letter dated September 27, 2017, approving the renunciation of rights entitlement by and to persons/entities resident outside India for the Issue.

Procedure for renunciation

To renounce all the Equity Shares offered to an Eligible Equity Shareholder in favour of one Renounee

If you wish to renounce the offer indicated in Part ‘A’, 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 joint Renounees, all joint Renounees must sign Part ‘C’ of the CAF. ***To renounce in part/ or renounce the whole to more than one person(s)***

If you wish to either accept this offer in part and renounce the balance or renounce the entire offer under this Issue in favour of two or more Renounees, the CAF must be first split into requisite number of forms. Please indicate your requirement of Split Application Forms, (“SAFs”), 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 them latest by the close of business hours on the last date of receiving requests for SAFs, i.e. November 2, 2017. On receipt of the required number of SAFs from the Registrar, 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 match with the specimen registered with our Bank, the application is liable to be rejected.

Renounee(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 to any of the collection branches of the Bankers to the Issue as mentioned in the reverse of the CAF on or before the Issue Closing Date along with the Application Money in full. The Renounee cannot further renounce. **Change and/or introduction of additional holders**

If you wish to apply for Equity Shares jointly with any other person(s), not more than three, 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 the Board shall be entitled in its absolute discretion to reject the request for allotment from the Renounee(s) without assigning any reason thereof. All such applications will be treated as applications from

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Renounees and shall have to be made through the non-ASBA process only to be considered valid for allotment. Please also see section titled “*Terms of the Issue - Basis of Allotment*” on page 171 of the Letter of Offer.

Additional Equity Shares

You are eligible to apply for additional Equity Shares over and above your Rights Entitlement, provided that you are eligible to apply under applicable law and have applied for all the Equity Shares offered without renouncing them in whole or in part in favour of any other person(s). Renouncee(s), applying for all Equity Shares renounced in their favour, can also apply for additional Equity Shares in the Issue. Applications for additional Equity Shares shall be considered and allotment shall be made at the sole discretion of the Board, subject to applicable sectoral caps, and in consultation if necessary with the Designated Stock Exchange and in the manner prescribed under the section titled “*Terms of the Issue - Basis of Allotment*” on page 171 of the Letter of Offer. 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. 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.

Eligible Equity Shareholders whose fractional Rights Entitlements are being ignored would be given preference in allotment of one additional Equity Share each if they apply for additional Equity Shares. For further details please refer to the section titled “*Terms of the Issue - Basis of Allotment*” on page 171 of the Letter of Offer.

It is clarified that the Eligible Employee may apply under the Employee Reservation Portion, subject to the total consideration for Equity Shares applied for by Eligible Employee not exceeding ₹2,00,000.

In the event of under-subscription in the Employee Reservation Portion, the unsubscribed portion would be added to the Net Issue. However, in case there is under-subscription in the Net Issue, the unsubscribed portion would not be met with spill over from over-subscription under the Employee Reservation Portion.

Subscription by our Promoter and Promoter Group : Our Promoters have confirmed that they intend to, either through themselves or through other members of the Promoter and Promoter Group, subscribe to the full extent of their Rights Entitlement, including renunciation within the Promoter Group, if any, in compliance with Regulation 10(4) of Takeover Regulations. Any subscription to additional Equity Shares and the unsubscribed portion, if any, shall be in accordance with Regulation 10(4) of Takeover Regulations. Any subscription by our Promoters, for Equity Shares over and above their Rights Entitlement, if allotted, may result in an increase in their percentage shareholding, subject to their shareholding not exceeding 75% of the post- Issue paid-up Equity Share capital of our Bank. Further any such acquisition of additional Equity Shares by our Promoters, shall not result in a change of control of the management of our Bank in accordance with provisions of the Takeover Regulations and shall be exempt in terms of Regulation 10(4)(a) and 10(4)(b) of the Takeover Regulations.

Offer Document of last rights issue: A copy of the offer document of the immediately preceding rights issue is available to the public for inspection as a material document.

Ex-rights Price: The ex-rights price arrived in accordance with Clause 4(b) of Regulation 10 of the Takeover Regulations, in connection with the Issue is ₹106.53.

Basis of Allotment: Attention is drawn of investors to the basis of allotment at page 173 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.

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, the SEBI Act or the rules made thereunder or regulations issued thereunder, as the case may be. All the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc. issued by SEBI, Government of India and any other competent authority in this behalf have been duly complied with.

We further certify that all disclosures made in the Letter of Offer are true and correct.

Date: October 11, 2017

Place: Karur, Tamil Nadu

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