

VIII. TERM SHEET

Term Sheet for the issue of Bonds (*as defined below*) in pursuance of Reserve Bank of India Master Circular – Basel III Capital Regulations, RBI/2015-16/58 DBR.No.BP.BC.1 /21.06.201 /2015-16 dated July 1, 2015 and Master Circular on Basel III capital regulations Clarification issued by RBI vide circular RBI/2015-16/285 DBR.No.BP.BC.71//21.06.201/2015-16 dated January 14, 2016 and RBI Circular RBI/2016-17/222 DBR.BP.BC.No.50/21.06.201/2016-17 Dated February 02, 2017 (BASEL III Guidelines)

1	Security Name	Bank of India Additional Tier 1 Bonds Series 5
2	Issuer	Bank of India (“BOI”/ the “Issuer”/ the “Bank”).
3	Issue Size	Rs.500 Crore (Five Hundred Crores)
4	Objects of the Issue / Details of the utilization of the proceeds	Augmenting Additional Tier 1 Capital (as the term is defined in the Basel III Guidelines) and overall Capital of the Issuer for strengthening its capital adequacy and for enhancing its long-term resources. Proceeds of the Bonds raised will be utilized for the business of the Bank.
5	Listing (including name of stock Exchange(s) where it will be listed and timeline for listing)	Proposed to be listed on the Wholesale Debt Market (WDM) Segment of National Stock Exchange Limited (NSE) and Bombay Stock Exchange Limited (BSE)
6	Type of Instrument	Unsecured, fully paid-up, non-convertible, perpetual taxable bonds (Series 5) which will qualify as Additional Tier 1 Capital (as the term is defined in the Basel III Guidelines of the Reserve Bank of India) in the nature of Debentures (the “Bonds”).
7	Nature and status of Bonds	The Bonds are neither secured nor covered by a guarantee of the Issuer nor related entity or other arrangement that legally or economically enhances the seniority of the claim of the holders of the Bonds (the “Bondholders”) vis- à-vis other creditors of the Issuer. Bondholders will not be entitled to receive notice of or attend or vote at any meeting of shareholders of the Issuer or participate in the management of the Issuer.
8	Seniority of Instrument/Claim	The claims in respect of the Bonds, subject to Condition 41, 42 and 43, will rank: (i) superior to the claims of investors in equity shares and perpetual non-cumulative preference shares , if any, of the Issuer whether currently outstanding or issued at any time in the future; (ii) subordinate to the claims of depositors, general creditors and subordinated debt of the Issuer other than any debt qualifying as Additional Tier 1 Capital (as defined in the Basel III Guidelines) of the Issuer; (iii) Pari-passu without preference among themselves and other debt instruments classifying as additional Tier 1 capital in terms of Basel III guidelines whether currently outstanding or issued at any time in the future; (iv) to the extent permitted by the Basel III guidelines pari-passu with any subordinated obligation eligible for inclusion in hybrid tier I capital under the then prevailing Basel II guidelines, if any; (v) is neither secured nor covered by a guarantee of the issuer nor related entity or other arrangement that legally or economically enhances the seniority of the claim vis-à-vis creditors of the Bank.
9	Tenor	Perpetual
10(a)	Redemption Date	Not Applicable
(b)	Redemption Amount	Not Applicable
(c)	Call Amount	Rs. 10 lakhs per bond
(d)	Redemption Premium /	Not applicable



	Discount	
11	Convertibility	Non-Convertible.
12(a)	Face Value/ Issue Price	Rs. 10,00,000/- (Rupees Ten Lac) per Bond
(b)	Discount at which security is issued and effective yield as a result of such discount	Not Applicable
13	Credit Rating	BWR AA- (Outlook: Stable) by Brickwork Ratings India Private Limited and IND A+ (Outlook: Stable) by India Ratings Limited
14	Mode of Issue	Private Placement
15	Security	Unsecured
16(a)	Coupon	8.79% p.a.
(b)	Step up / Step down Coupon Rate	Not Applicable
17	Coupon Reset	Not Applicable
18	Coupon Type	Fixed
19	Coupon (interest) Payment Frequency	Subject to Conditions 24 (Coupon Discretion) and Condition 41,42 and 43 (Loss Absorption), coupon will be payable annually in arrears on 1st April every year (subject to RBI Regulations).
20	Coupon Payment Dates	The first interest payment will be made on 01.04.2018 for the period commencing from the Deemed Date of Allotment till 31.03.2018 and for subsequent financial years the Coupon/ Interest Payment Date shall be on April 01 of every financial year, subject to RBI Regulations (up to Call Option Due Date, in case the Call Option is exercised by the Bank).
21	Interest on application money	<p>Interest at the Coupon Rate (subject to deduction of Income-tax under the provisions of the Income-tax Act 1961, or any statutory modification or re-enactment as applicable) will be paid to all the applicants on the application money for the Bonds. Such interest shall be paid from the date of realization of cheque (s)/demand draft (s) and in case of RTGS/other means of electronic transfer interest shall be paid from the date of receipt of funds to one day prior to the Deemed Date of Allotment.</p> <p>The Interest on application money will be computed as per Actual/Actual Day count convention. Such interest would be paid on all the valid applications including the refunds. For the application amount that has been refunded, the Interest on application money will be paid along with the refund orders and for the application amount against which Bonds have been allotted, the Interest on application money will be paid within ten working days from the Deemed Date of Allotment. Where an applicant is allotted lesser number of Bonds than applied for, the excess amount paid on application will be refunded to the applicant along with the interest on refunded money. Income Tax at Source (TDS) will be deducted at the applicable rate on Interest on application money.</p>
22	Record Date	Reference date /Record Date for payment of coupon (interest) which shall be the date falling 15 days prior to the relevant Coupon Payment Date, Issuer Call Date, Tax Call Date or Regulatory Call Date (each as defined later) on which interest is due and payable. In the event the Record Date for Coupon Payment date falls on a day which is not a Business Day, the next Business Day will be considered as the Record Date.
23	Computation of Interest	<p>Interest for each of the interest periods shall be computed as per Actual / Actual day count conversion on the face value/principal outstanding at the Coupon Rate rounded off to the nearest rupee (as per SEBI circular nos. CIR/IMD/DF/18/2013 dated October 29, 2013 and CIR/IMD/DF-1/122/2016 dated November 11, 2016).</p> <p>Interest Period means each period beginning on (and including) the Deemed Date of Allotment or any Coupon Payment Date and ending on (but excluding) the next Coupon Payment Date/ Issuer Call Date, Tax Call Date or Regulatory Call Date (each as defined later) (if exercised).</p> <p>In case of a leap year, if February 29 falls during the tenor of the Bonds, then the</p>



		number of days shall be reckoned as 366 days (Actual/Actual day count convention) for a whole one year period.
24	Coupon Discretion	<p>(a) The Bank shall have full discretion at all times to cancel distributions/payments. Consequence of full discretion at all times to cancel distributions/payments is that “dividend pushers” are prohibited. An instrument with a dividend pusher obliges the issuing bank to make a dividend/coupon payment on the instrument if it has made a payment on another (typically more junior) capital instrument or share. This obligation is inconsistent with the requirement for full discretion at all times. On cancellation of distributions /payments these payments will be extinguished and the Bank shall have no obligation to make distributions / payments in kinds as well.</p> <p>(b) Cancellation of discretionary payments will not be an event of default.</p> <p>(c) Bank will have full access to cancelled payments, to meet obligations as they fall due.</p> <p>(d) Cancellation of distributions/payments will not impose any restriction on the Bank except in relation to distributions to common stakeholders.</p> <p>(e) Coupons shall be paid out of ‘distributable items’ i.e. coupon shall be paid out of current year profits. However, if current year profits are not sufficient, coupon may be paid subject to availability of:</p> <ul style="list-style-type: none"> (i) Profits brought forward from previous years; and/or (ii) Reserves representing appropriation of net profits, including statutory reserves, and excluding share premium, revaluation reserve, foreign currency translation reserve, investment reserve and reserves created on amalgamation. <p>The accumulated losses and deferred revenue expenditure, if any, shall be netted off from (i) and (ii) to arrive at the available balances for payment of coupon.</p> <p>If the aggregate of: (a) profits in the current year; (b) profits brought forward from the previous years and (c) permissible reserves as at (ii) above, excluding statutory reserves, net of accumulated losses and deferred revenue expenditure are less than the amount of coupon, only then the Bank shall make appropriation from the statutory reserves. In such a case, the Banks shall be required to report to the Reserve Bank of India within 21 days from the date of such appropriation in compliance with Section 17(2) of the Banking Regulation Act 1949. However, prior approval of the Reserve Bank of India for appropriation of reserves as above, in terms of circular no. DBOD.BP.BCNo.31/21.04.018/2006-07 dated September 20, 2006 on ‘Section 17(2) of Banking Regulation Act, 1949 on ‘Appropriation from Reserve Fund’ shall not be required in this regard.</p> <p>However, payment of coupon on PDIs from the reserves are subject to the Bank meeting minimum regulatory requirements for CET1, Tier 1 and Total Capital ratios at all times and subject to the requirements of capital buffer frameworks in terms of Basel III Guidelines (i.e. capital conservation buffer, counter cyclical capital buffer and Domestic Systemically Important Banks).</p> <p>(f) The Bonds shall not have a credit sensitive coupon feature, i.e. a coupon that is reset periodically based in whole or in part on the Banks’ credit standing. For this purpose, any reference rate including a broad index which is sensitive to changes</p>



		<p>to the Bank's own creditworthiness and/ or to changes in the credit worthiness of the wider banking sector will be treated as a credit sensitive reference rate.</p> <p>(g) The coupon on the Bonds shall be non-cumulative. If coupon is not paid or paid at a rate lessor than the coupon rate, the unpaid coupon will not be paid in future years.</p> <p>(h) In the event that the Bank determines that it will be cancelling a payment of coupon on the Bonds, the Bank will notify the Trustee not less than 21 calendar days prior to the relevant Coupon Payment Date of that fact and of the amount that shall not be paid.</p>
25	Dividend Stopper Clause	<p>Dividend Stopper Clause will be applicable to these instruments and it may stop dividend payments on common shares in the event the holders of AT1 instruments are not paid dividend/coupon.</p> <p>However, dividend stoppers will not impede the full discretion that Bank has at all times to cancel distributions/payments on these instruments, nor can it act in a way that could hinder the re-capitalisation of the bank.</p> <p>For example, it would not be permitted for a stopper on an Additional Tier 1 instrument to:</p> <ul style="list-style-type: none"> • attempt to stop payment on another instrument where the payments on this other instrument were not also fully discretionary; • prevent distributions to shareholders for a period that extends beyond the point in time that dividends/coupons on the Additional Tier 1 instrument are resumed; • impede the normal operation of the bank or any restructuring activity (including acquisitions/disposals). <p>A stopper may act to prohibit actions that are equivalent to the payment of a dividend, such as the bank undertaking discretionary share buybacks, if otherwise permitted.</p>
26	Put Option	No Put Option available.
27	Call Option	<p>The Issuer may at its sole discretion with prior approval of RBI, and having notified the Trustee not less than 21 calendar days prior to the date of exercise of such Issuer Call (which notice shall specify the date fixed for exercise of the Issuer Call (the "Issuer Call Date"), may exercise a call on the outstanding Bonds.</p> <p>The Issuer Call, which is discretionary, may or may not be exercised on the fifth anniversary from the Deemed Date of Allotment or on any allotment anniversary Date thereafter.</p> <p>a. To exercise a call option , bank must receive prior approval of RBI (Department of Banking Regulation);</p> <p>b. the Bank will not do anything which creates an expectation that the call will be exercised.</p> <p>c. Banks will not exercise a call unless</p> <p>(i) It replace the called instrument with capital of the same or better quality and the replacement of this capital is done at conditions which are sustainable for the income capacity of the bank; or</p> <p>(ii) The bank demonstrates that its capital position is well above the minimum capital requirements after the call option is exercised.</p> <p>The use of tax event and regulatory event calls will be permitted. However, exercise of the calls on account of these events is subject to the requirements set out in points (a) to (c) above. RBI will permit the bank to exercise the call only if</p>



		<p>the RBI is convinced that the bank was not in a position to anticipate these events at the time of issuance of PDIs.</p> <p>To illustrate, if there is a change in tax treatment which makes the capital instrument with tax deductible coupons into an instrument with non-tax deductible coupons, then the bank would have the option (not obligation) to repurchase the instrument. In such a situation, a bank may be allowed to replace the capital instrument with another capital instrument that perhaps does have tax deductible coupons. Similarly, if there is a downgrade of the instrument in regulatory classification (e.g. if it is decided by the RBI to exclude an instrument from regulatory capital) the bank has the option to call the instrument and replace it with an instrument with a better regulatory classification, or a lower coupon with the same regulatory classification with prior approval of RBI. However, banks may not create an expectation / signal an early redemption / maturity of the regulatory capital instrument.</p>
28	Call Option Price	Rs. 10,00,000/- (Rupees Ten Lacs) per Bond
29	Call Notification Time	Any redemption of the Bonds on account of exercise of Issuer Call, Tax Call or Regulatory Call shall be subject to the Bank giving not less than 21 (twenty one) calendar days prior notice to the Bondholders and/or the Debenture Trustee.
30	Repurchase/ buy-back/ redemption	<p>(i) Principal of the instruments may be repaid (e.g. through repurchase or redemption) only with prior approval of RBI and banks should not assume or create market expectations that supervisory approval will be given (this repurchase / buy-back / redemption of the principal is in a situation other than in the event of exercise of call option by the bank).</p> <p>One of the major differences is that in the case of the former, the option to offer the instrument for repayment on announcement of the decision to repurchase / buy-back /redeem the instrument, would lie with the investors whereas, in case of the latter, it lies with the bank).</p> <p>(ii) Bank may repurchase / buy-back / redemption only if:</p> <p>(a) Bank replaces such instrument with capital of the same or better quality and the replacement of this capital is done at conditions which are sustainable for the income capacity of the bank; or</p> <p>(b) The bank demonstrates that its capital position is well above the minimum capital requirements after the repurchase / buy-back / redemption.</p>
31	Depository	National Securities Depository Limited (the "NSDL") and Central Depository Services (India) Limited (the "CDSL")
32	Cross Default	Not Applicable
33	Default Interest Rate	Not Applicable
34	Issuance	Only in dematerialized form
35	Trading	Only in dematerialized form
36	Issue Schedule	
a.	Bids Opening Date	27.10.2017
b.	Bids Closing Date	27.10.2017
37	Pay-In-Date	02.11.2017
38	Deemed Date of Allotment	02.11.2017
39	Minimum Application and in multiples of Debt securities thereafter	Ten (10) Bond and in multiples of one (1) Bond thereafter
40	Settlement	Payment of interest shall be made by way of credit through direct credit/ NECS/ RTGS/ NEFT mechanism
41	Loss absorption	<p>These instruments have principal loss absorption at an objective pre-specified trigger point through:</p> <p>a write-down mechanism which allocates losses to the instrument.</p> <p>The write-down will have the following effects:</p>



		<p>(a) reduce the claim of the instrument in liquidation; (b) reduce the amount re-paid when a call is exercised; and (c) partially or fully reduce coupon/dividend payments on the instrument.</p> <p>The write down in case of pre-specified trigger point will be temporary and in case of PONV trigger event will be permanent.</p>
42	Loss Absorption at the Pre-Specified Trigger	<p>1. If a pre-specified Trigger Event (as described below) occurs, the Issuer shall:</p> <p>(i) notify the Trustee; (ii) cancel any coupon which is accrued and unpaid to as on the Trigger event date; and (iii) without the need for the consent of Bondholders or the Trustee, write down the outstanding principal of the Bonds by such amount as the Issuer may in its absolute discretion decide. However, the aggregate amount to be written-off for all AT1 instruments on breaching the trigger level must be at least the amount needed to immediately return the bank's CET1 to the trigger level or, if this is not possible, the full principal value of the instruments. Further, the Bank will have full discretion to determine the amount of AT1 instruments to be written-down subject to the amount of write-down not exceeding the amount which would be required to bring the CET1 to 8% of RWAs (minimum CET1 of 5.5% + capital conservation buffer of 2.5%).</p> <p>Level of Pre- Specified Trigger and amount of Equity to be created by write-down</p> <p>2. The pre-specified trigger for loss absorption through write-down of these bonds is Common Equity Tier 1 capital of 6.125% of RWAs (5.5% of RWAs before March 31, 2019). The Write-down of any Common Equity Tier 1 capital shall not be required before a write-down of any Additional Tier 1 capital instrument.</p> <p>3. The write-down mechanism (temporary) which allocates losses to the Additional Tier 1 instruments (AT1 instruments) must generate Common Equity Tier 1 (CET1) under Indian Accounting Standards.</p> <p>4. When The Bank breaches the pre-specified trigger of loss absorbency of AT1 and the equity is replenished through write-down, such replenished amount of equity will be excluded from the total equity of the bank for the purpose of determining the proportion of earnings to be paid out as dividend in terms of rules laid down for maintaining capital conservation buffer. However, once the bank has attained total Common Equity ratio of 8% without counting the replenished equity capital, that point onwards, the bank may include the replenished equity capital for all purposes (If the total CET1 ratio of the bank falls again below the 8%, it would include the replenished capital for the purpose of applying the capital conservation buffer framework).</p> <p>5. The write-down may be allowed more than once in case Bank hits the pre-specified trigger level subsequent to the first write-down which was partial.</p> <p>6. The write-down of AT1 instruments are primarily intended to replenish the equity in the event it is depleted by losses. Therefore, Bank will not use write-down of AT1 instruments to support expansion of balance sheet by incurring further obligations / booking assets.</p> <p>7. If Bank goes into liquidation before the AT1 instruments have been written-down, these instruments will absorb losses in accordance with the order of seniority indicated in clause 8 of this term sheet and as per usual legal provisions governing priority of charges.</p> <p>8. If Bank goes into liquidation after the AT1 instruments have been written-down, the holders of these instruments will have no claim on the proceeds of liquidation.</p> <p>(a) Amalgamation of a banking company: (Section 44 A of BR Act, 1949)</p> <p>9. If Bank is amalgamated with any other bank before the AT1 instruments have been written-down, these instruments will become part of the corresponding</p>



		<p>categories of regulatory capital of the new bank emerging after the merger.</p> <p>10. If Bank is amalgamated with any other Bank after the AT1 instruments have been written-down temporarily, the amalgamated entity can write-up these instruments as per its discretion.</p> <p>(b) Scheme of reconstitution or amalgamation of a banking company: (Section 45 of BR Act, 1949)</p> <p>11. If the relevant authorities decide to reconstitute Bank or amalgamate Bank with any other Bank under the Section 45 of BR Act, 1949, such a Bank will be deemed as non-viable or approaching non-viability and both the pre-specified trigger and the trigger at the point of non-viability write off of these instruments will be activated. Accordingly, these instruments will be fully written-off permanently before amalgamation / reconstitution in accordance with these rules.</p> <p>12. The order of write down of these instruments will be same as mentioned in clause 8 or elsewhere in the Term sheet/ disclosure document.</p> <p>13. Reinstatement: Following a write-down pursuant to above conditions (temporary write-down), the outstanding principal amount of the Bonds may be increased in accordance with RBI guidelines. Bonds may be subject to more than one Reinstatement.</p>
43	Loss Absorption at Point of Non-Viability (PONV)	<p>1. If a PONV Trigger Event (as described below) occurs, the Issuer shall:</p> <p>(i) notify the Trustee;</p> <p>(ii) cancel any coupon which is accrued and unpaid on the Bonds as on the write-down date; and</p> <p>(iii) Without the need for the consent of Bondholders or the Trustee, write-off of the outstanding principal of the Bonds by such amount as may be prescribed by RBI ("PONV Write off Amount") and as is otherwise required by the RBI at the relevant time.</p> <p>A write-off may occur on more than one occasion.</p> <p>Once the principal of the Bonds have been written off pursuant to PONV Trigger Event, the PONV Write-off Amount will not be restored in any circumstances, including where the PONV Trigger Event has ceased to continue.</p> <p>If the Issuer is amalgamated with any other bank pursuant to Section 44 A of the Banking Regulation Act, 1949 (the BR Act) before the Bonds have been written off, the Bonds will become part of the Additional Tier 1 capital of the new bank emerging after the merger.</p> <p>If the Issuer is amalgamated with any other bank after the Bonds have been written off permanently pursuant to a PONV Trigger Event, these cannot be reinstated by the amalgamated bank.</p> <p>If the RBI or other relevant authority decides to reconstitute the Issuer or amalgamate the Issuer with any other bank, pursuant to Section 45 of the BR Act, the Issuer will be deemed as non-viable or approaching non-viability and the PONV Trigger Event will be activated. Accordingly, the Bonds will be permanently written-off in full prior to any reconstitution or amalgamation.</p> <p>2. Write off for PONV means full and permanent write off.</p> <p>3. These instruments, at the option of the Reserve Bank of India will be written off upon the occurrence of the trigger event, called the 'Point of Non-Viability (PONV) Trigger' stipulated below:</p>



		<p>(i) The PONV Trigger event is the earlier of:</p> <ol style="list-style-type: none"> a. a decision that full permanent write-off, without which the Bank would become non-viable, is necessary, as determined by the Reserve Bank of India; and b. the decision to make a public sector injection of capital, or equivalent support, without which the Bank would become non-viable, as determined by the relevant authority. <p>The Write-off of any Common Equity Tier 1 capital will not be required before the write-off of these instruments.</p> <p>(ii) Such a decision would invariably imply that the write-off consequent upon the trigger event must occur prior to any public sector injection of capital so that the capital provided by the public sector is not diluted.</p> <p>4. a non-viable bank will be:</p> <p>A bank which, owing to its financial and other difficulties, may no longer remain a going concern on its own in the opinion of the Reserve Bank unless appropriate measures are taken to revive its operations and thus, enable it to continue as a going concern. The difficulties faced by a bank should be such that these are likely to result in financial losses and raising the Common Equity Tier 1 capital of the bank should be considered as the most appropriate way to prevent the bank from turning non-viable. Such measures would include write-off in combination with or without other measures as considered appropriate by the Reserve Bank.</p> <p>5. Bank facing financial difficulties and approaching PONV will be deemed to achieve viability if within a reasonable time in the opinion of Reserve Bank, it will be able to come out of the present difficulties if appropriate measures are taken to revive it. The measures including augmentation of equity capital through write-off /public sector injection of funds are likely to:</p> <ol style="list-style-type: none"> a. Restore depositors'/investors' confidence; b. Improve rating /creditworthiness of the bank and thereby improve its borrowing capacity and liquidity and reduce cost of funds; and c. Augment the resource base to fund balance sheet growth in the case of fresh injection of funds. <p>6. The amount of non-equity capital to be written-off will be determined by RBI.</p> <p>7. When Bank breaches the PONV trigger and the equity is replenished through write-off, such replenished amount of equity will be excluded from the total equity of the bank for the purpose of determining the proportion of earnings to be paid out as dividend in terms of rules laid down for maintaining capital conservation buffer. However, once the bank has attained total Common Equity ratio of 8% without counting the replenished equity capital, that point onwards, the bank may include the replenished equity capital for all purposes.</p> <p>8. Criteria to Determine the PONV</p> <p>When the bank is adjudged by Reserve Bank of India to be approaching the PONV trigger event, or has already reached the PONV, but in the views of RBI:</p> <ol style="list-style-type: none"> a) there is a possibility that a timely intervention in form of capital support, with or without other supporting interventions, is likely to rescue the bank; and
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	<p>b) if left unattended, the weaknesses would inflict financial losses on the bank and, thus, cause decline in its common equity level.</p> <p>9. The purpose of write-off of these Instruments will be to shore up the capital level of the Bank.</p> <p>RBI would follow a two-stage approach to determine the non-viability of Bank as under:</p> <p>The Stage 1 assessment would consist of purely objective and quantifiable criteria to indicate that there is a prima facie case of a bank approaching non-viability and, therefore, a closer examination of the bank's financial situation is warranted.</p> <p>The Stage 2 assessment would consist of supplementary subjective criteria which, in conjunction with the Stage 1 information, would help in determining whether the bank is about to become non-viable. These criteria would be evaluated together and not in isolation.</p> <p>10. Once the PONV is confirmed, the next step would be to decide whether rescue of the bank would be through write-off alone or write-off in conjunction with a public sector injection of funds.</p> <p>11. The trigger at PONV will be evaluated both at consolidated and solo level and breach at either level will trigger write-off.</p> <p>12. As the capital adequacy is applicable both at solo and consolidated levels, the minority interests in respect of capital instruments issued by subsidiaries of banks including overseas subsidiaries can be included in the consolidated capital of the banking group only if these instruments have pre-specified triggers (in case of AT1 capital instruments) / loss absorbency at the PONV (for all non-common equity capital instruments). In addition, where a bank wishes the instrument issued by its subsidiary to be included in the consolidated group's capital in addition to its solo capital, the terms and conditions of that instrument must specify an additional trigger event.</p> <p>This additional trigger event is the earlier of:</p> <p>(1) a decision that a write-off, without which the Bank or the subsidiary would become non-viable, is necessary, as determined by the Reserve Bank of India; and</p> <p>(2) the decision to make a public sector injection of capital, or equivalent support, without which the Bank or the subsidiary would become non-viable, as determined by the Reserve Bank of India. Such a decision would invariably imply that the write-off consequent upon the trigger event must occur prior to any public sector injection of capital so that the capital provided by the public sector is not diluted.</p> <p>13. In such cases, the subsidiary would obtain its regulator's approval/no-objection for allowing the capital instrument to be written-off at the additional trigger point referred to in paragraph above.</p> <p>14. If Bank goes into liquidation before the AT1 instruments have been written-off, these instruments will absorb losses in accordance with the order of seniority indicated in clause 8 of this term sheet and as per usual legal provisions governing priority of charges.</p> <p>15. If Bank goes into liquidation after the AT1 instruments have been written-off, the holders of these instruments will have no claim on the proceeds of</p>
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		<p>liquidation.</p> <p>(a) Amalgamation of a banking company: (Section 44 A of BR Act, 1949)</p> <p>16. If Bank is amalgamated with any other bank before the AT1 instruments have been written-off, these instruments will become part of the corresponding categories of regulatory capital of the new bank emerging after the merger.</p> <p>17. If Bank is amalgamated with any other bank after these instruments have been written-off permanently, these cannot be written-up by the amalgamated entity.</p> <p>(b) Scheme of reconstitution or amalgamation of a banking company: (Section 45 of BR Act, 1949)</p> <p>18. If the relevant authorities decide to reconstitute Bank or amalgamate Bank with any other Bank under the Section 45 of BR Act, 1949, such a Bank will be deemed as non-viable or approaching non-viability and both the pre-specified trigger and the trigger at the point of non-viability write off of these instruments will be activated. Accordingly, these instruments will be fully written-off permanently before amalgamation / reconstitution in accordance with these rules.</p>
44	Decision to Write Down	<p>i. The decision of write-down (permanent or temporary) shall be exercised across all investors of these Instruments;</p> <p>ii. The Write down/ write off will generate CET-1 under applicable Indian Accounting Standards equal to write down amount, net of taxes, if any;</p> <p>The aggregate amount of write down/ write off for all these instruments on breaching the trigger level shall be at least the amount needed to immediately return the Bank's CET-1 Ratio to the trigger level, or if this is not sufficient, the full principal value of these instruments.</p>
45	Treatment in Insolvency	The instrument cannot contribute to liabilities exceeding assets if such a balance sheet test forms part of a requirement to prove insolvency under any law or otherwise.
46	Treatment in case of Winding up	<p>i. If the bank goes into liquidation before the AT1 Instruments have been written-down/written off, these instruments will absorb losses as per usual legal provisions governing priority of charges (Condition [8]).</p> <p>ii. If the bank goes into liquidation after the AT-1 instruments have been written down/written off, the holders of these instruments will have no claim on the proceeds of liquidation.</p>
47	Transaction Documents	<p>The Issuer shall execute the documents including but not limited to the following in connection with the issue:</p> <p>(i) Letter dated 26.10.2017 appointing Trustees to the Bond Holders.</p> <p>(ii) Bond trustee agreement</p> <p>(iii) Bond trustee deed</p> <p>(iv) Rating agreement with Rating agency;</p> <p>(v) Tripartite agreement between the Issuer, Registrar and NSDL for issue of Bonds in dematerialized form;</p> <p>(vi) Tripartite agreement between the Issuer, Registrar and CDSL for issue of Bonds in dematerialized form;</p> <p>(vii) Appointing Registrar and agreement entered into between the Issuer and the Registrar.</p> <p>(viii) Letter(s) Appointing Arranger to the Issue;</p> <p>(viii) Listing Agreement with NSE/BSE;</p> <p>(ix) Disclosure Document dated 27.10.2017</p> <p>(x) Letter dated 27.10.2017 for getting Expert Legal Opinion and letter dated 15.09.2017 for getting Statutory Central Auditor's Certificate.</p>
48	Conditions precedent to subscription of Bonds	The subscription from investors shall be accepted for allocation and allotment



		<p>by the Issuer subject to the following:</p> <p>(i) Rating letter(s)/ letters of revalidation of ratings from the aforesaid rating agencies not being more than one month old from the bids/ issue opening date;</p> <p>(ii) Letter from the Trustees conveying their consent to act as Trustees for the Bondholder(s);</p> <p>(iii) Letter to NSE/BSE for seeking its In-principle approval for listing and trading of Bonds</p>
49	Conditions subsequent to subscription of Bonds	<p>The Issuer shall ensure that the following documents are executed/ activities are completed as per time frame mentioned elsewhere in this Term Sheet :</p> <p>(i) Credit of demat account(s) of the allottee(s) by number of Bonds allotted within 2 working days from the Deemed Date of Allotment</p> <p>(ii) Making listing application to NSE / BSE within 15 days from the Deemed Date of Allotment of Bonds and seeking listing permission within 20 days from the Deemed Date of Allotment of Bonds in pursuance of SEBI Debt Regulations;</p> <p>(In the event of a delay in listing of the Bonds beyond 20 days of the Deemed Date of Allotment, the Issuer will pay to the investor penal interest of 1% per annum over the Coupon Rate commencing on the expiry of 30 days from the Deemed Date of Allotment until the listing of the Bonds.)</p> <p>(iii) Neither the Bank nor any related party over which the Bank exercises control or significant influence (as defined under relevant Accounting Standards) shall purchase the Bonds, nor would the Bank directly or indirectly fund the purchase of the Bonds. The Bank shall also not grant advances against the security of the Bonds issued by it.</p> <p>Besides, the Issuer shall perform all activities, whether mandatory or otherwise, as mentioned elsewhere in this Term Sheet.</p>
50	Business Day Convention	<p>In pursuance of circular no. CIR/IMD/DF-1/122/2016 dated November 11, 2016 issued by SEBI, if any Coupon Payment Date falls on a day that is not a Business Day, the Coupon Payment shall be made by the Bank on the immediately succeeding Business Day and calculation of such coupon payment shall be as per original schedule as if such Coupon Payment Date were a Business Day. Further the future Coupon Payment Dates shall remain intact and shall not be disturbed because of postponement of such coupon payment on account of it falling on a non Business Day.</p> <p>If the Issuer Call Date, Tax Call Date or Regulatory Call Date (also being the last Coupon Payment Date, in case if exercised) of the Bonds falls on a day that is not a Business Day, such Call Option Price shall be paid by the Bank on the immediately preceding Business Day along with interest accrued on the Bonds until but excluding the date of such payment.</p> <p>In the event the Record Date falls on a day which is not a Business Day, the immediately succeeding Business Day shall be considered as the Record Date.</p> <p>Business Day being a day when the Money Market is functioning in Mumbai, Maharashtra, India.</p>
51	Re-capitalization	Nothing contained in this term-sheet or in any transaction documents shall hinder recapitalization by the Issuer.
52	Event of Default	Not Applicable
53	OTHER GENERAL TERMS	
a.	Eligible Investors	<p>a. Mutual Funds;</p> <p>b. Public Financial Institutions as defined under the Companies Act,2013</p> <p>c. Scheduled Commercial Banks;</p> <p>d. Insurance Companies;</p> <p>e. Provident Funds, Gratuity Funds, Superannuation Funds and Pension Funds;</p> <p>f. Co-operative Banks;</p>

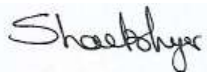


		<p>g. Regional Rural Banks authorized to invest in bonds/ debentures;</p> <p>h. Companies and Bodies Corporate authorized to invest in bonds/ debentures;</p> <p>i. Trusts authorized to invest in bonds/ debentures; and</p> <p>j. Statutory Corporations/ Undertakings established by Central/ State legislature authorized to invest in bonds/ debentures, etc</p> <p>This being a private placement Issue, the eligible investors who have been addressed through this communication directly, are only eligible to apply.</p> <p>The potential investors are required to independently verify their eligibility to subscribe to the bonds on the basis of norms / guidelines / parameters laid by their respective regulatory body including but not limited to RBI, SEBI, IRDA, Government of India, Ministry of Finance, Ministry of Labour etc. and be guided by applicable RBI guidelines. The Bank shall be under no obligation to verify the eligibility/authority of the investor to invest in these Bonds. Further, mere receipt of this Disclosure Document by a person shall not be construed as any representation by the Bank that such person is authorized to invest in these Bonds or eligible to subscribe to these Bonds. If after applying for subscription to these Bonds and/or allotment of Bonds to any person, such person becomes ineligible and/or is found to have been ineligible to invest in/hold these Bonds, the Bank shall not be responsible in any manner.</p> <p>The following class of investors are not eligible to participate in the offer: Resident Individual Investors, Foreign Nationals, any related party over which the Bank exercises control or significant influence (as defined under relevant Accounting Standards), Persons resident outside India (except Foreign Portfolio Investors and Non-Resident Indian), Venture Capital Funds, Alternative Investment Funds, Overseas Corporate Bodies, Partnership firms formed under applicable laws in India in the name of the partners, Hindu Undivided Families through Karta, Person ineligible to contract under applicable statutory/regulatory requirements.</p>
b.	Governing Law and Jurisdiction	The Bonds are governed by and shall be construed in accordance with the existing laws of India. Any dispute arising thereof shall be subject to the jurisdiction of competent courts of Mumbai, Maharashtra.
c.	Applicable RBI Guidelines	The present issue of Bonds is being made in pursuance of Master circular no. DBR.No.BP.BC.1/21.06.201/2015-16 dated July 01, 2015 issued by the Reserve Bank of India on Basel III Capital Regulations and clarifications issued thereof vide circular nos. DBR.No.BP.BC.71/ 21.06.201/2015-16 dated January 14, 2016 and DBR. BP.BC.No.50/21.06.201/2016-17 dated February 02, 2017 ("Master Circular") covering terms and conditions for issue of Perpetual Debt Instruments ("PDIs") for inclusion in Additional Tier 1 Capital (Annex 4 of the Master Circular) and minimum requirements to ensure loss absorbency of Additional Tier 1 instruments at pre-specified trigger and of all non-equity regulatory capital instruments at the point of non-viability (Annex 16 of the Master Circular). In the event of any inconsistency in terms of the Bonds as laid down in any of the transaction document(s) and terms of the BASEL III Guidelines, the provisions RBI Circular on BASEL III Guidelines shall prevail.
d.	Prohibition on Purchase/ Funding of Bonds	Neither the Issuer nor a related party over which the Issuer exercises control or significant influence (as defined under relevant Accounting Standards) shall purchase the Bonds, nor shall the Issuer directly or indirectly fund the purchase of the Bonds. The Issuer shall also not grant advances against the security of the Bonds issued by it.
e.	Reporting of Non-payment of Coupons	All instances of non-payment of coupon shall be notified by the Bank to the Chief General Managers-in-Charge of Department of Banking Operations and Development and Department of Banking Supervision of the Reserve Bank of India, Mumbai.
f.	Trustees	Centbank Financial Services Ltd.



g.	Role and Responsibility of Trustee	<p>The Trustees shall perform its duties and obligations and exercise its rights and discretions, in keeping with the Trust Reposed in the Trustees by the Holder(s) of the Bonds and shall further conduct itself and complied with the provisions of all applicable laws including SEBI (Debenture Trustees) Regulations, 1993 provided that, the provisions of Sec. 20 of the Indian Trusts Act, 1882 shall not be applicable to the Trustees. The Trustees shall carry out its duties and perform its functions as required to discharge its obligations under the terms of SEBI Debt Regulations, the Securities and Exchange Board of India (Debenture Trustees), Regulations, 1993, the Bond/Debenture Trusteeship Agreement, Disclosure Document and all other related transaction documents with due care, diligence and loyalty.</p> <p>The Trustees shall be vested with the requisite powers for protecting the interest of Holder(s) of the Bonds. The Trustees shall ensure disclosure of all material events on an ongoing basis</p>
h.	Registrar	Bigshare Services Private Limited
i	Regulatory guidelines	The terms of the proposed issue are intended to be consistent with guidelines of RBI. Hence, in case of any doubt/discrepancy, the applicable RBI guidelines will prevail.

*** The Issuer reserves its sole and absolute right to modify (pre-pone/ postpone) the above issue schedule without giving any reasons or prior notice. In such a case, investors shall be intimated about the revised time schedule by the Issuer. The Issuer also reserves the right to keep multiple Deemed Date(s) of Allotment at its sole and absolute discretion without any notice. In case if the Issue Closing Date/ Pay in Date is/are changed (pre-poned/ postponed), the Deemed Date of Allotment may also be changed (pre-poned/ postponed) by the Issuer at its sole and absolute discretion. Consequent to change in Deemed Date of Allotment, the Coupon Payment Dates may also be changed at the sole and absolute discretion of the Issuer.*



Shanker Iyer
General Manager & CFO

Place: Mumbai, Maharashtra
Date: 27.10.2017

