

**Summary Term Sheet****A. ISSUE DETAILS :****(a) 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 DBOD.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 DBR.BP.BC.No.50/21.06.201/2016-17 dated February 02, 2017 (BASEL III Guidelines).

1.	Issuer	Corporation Bank ('the Bank'/ 'the Issuer')
2.	Security Name	Corporation Bank Additional Tier 1 Bond 2017-18 (Series III)
3.	Issue Size	INR 500 Crore ( Rupees Five Hundred Crore only) with green shoe option upto Rs.500 crore (maximum Rs.1000 crore).
4.	Option to retain over-subscription	Yes
5.	Objects of the Issue/ Details of the utilization of the proceeds	<p>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.</p> <p>Proceeds of the Bonds raised will be utilized for the business of the bank.</p> <p>The Bank undertakes that proceeds of the Issue shall not be used for any purpose which may be in contravention of the regulations/ guidelines/ norms issued by the RBI/ SEBI/ Stock Exchanges.</p>
6.	Type of Instrument	Unsecured, subordinated, non-convertible, perpetual taxable bonds 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 " <b>Bonds</b> ").
7.	Nature of Instrument	<p>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 "<b>Bondholders</b>") vis-à-vis other creditors of the Issuer.</p> <p>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.</p>
8.	Seniority Instrument/Claim of	<p>The claims in respect of the Bonds, subject to Condition 40 (Loss Absorption ), will rank:</p> <ul style="list-style-type: none"> <li>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;</li> <li>ii. Subordinate to the claims of depositors, general creditors and subordinated debt of the Issuer other than subordinated debt qualifying as Additional Tier-1 Capital (as the term is defined in the Basel III Guidelines of the Reserve Bank of India) of the Issuer.</li> <li>(i) <i>pari passu</i> without preference amongst 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;; and</li> <li>iii. to the extent permitted by the Basel III Guidelines, <i>pari passu</i> with any subordinated obligation eligible for inclusion in hybrid Tier1 capital under the then prevailing Basel II Guidelines, if any.</li> </ul> <p>The Bonds are neither secured nor covered by a guarantee of the issuer nor related</p>

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		entity or other arrangement that legally or economically enhances the seniority of the claim vis-à-vis creditors of the Bank.
9.	Listing ( including name of stock Exchange(s) where it will be listed)	Proposed to be listed on the Debt Market of National Stock Exchange of India Limited (NSE).
10.	Tenor	Perpetual
11.	Convertibility	Non-convertible
12.	Face Value	Rs.10,00,000/- (Rupees Ten Lakh) per Bond.
13.	Credit Rating	BWR A+ (Outlook Negative) by Brickwork Ratings India Pvt. Ltd.
14.	Mode of Issue	Private placement.
15.	Security	Unsecured.
16.	Coupon Rate	9.23% per annum
17.	Coupon Reset	Not Applicable.
18.	Coupon Type	Fixed.
19.	Coupon (Interest) Payment Frequency	Subject to Conditions 24 ( <i>Coupon Limitation</i> ) and Condition 40 ( <i>Loss Absorption</i> ), coupon will be payable annually in arrears (subject to RBI Regulations).
20.	Coupon Payment Dates	On the anniversary of the Deemed Date of Allotment each 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 /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 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</p>

		<p>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 number of days shall be reckoned as 366 days (Actual/Actual day count convention) for a whole one year period.</p>
24.	Coupon Limitation	<p>i. The Issuer will have full discretion at all times to cancel (in whole or in part) coupon scheduled to be paid on Coupon Payment Date in order to meet the eligibility criteria for perpetual debt instruments. On cancellation of distributions/payments, these payments will be extinguished and Bank shall have no obligation to make distributions/payments in kind as well;</p> <p>ii. The Issuer shall have full access to cancelled payment to meet obligation as they fell due;</p> <p>iii. Cancellation of distributions/payments will not impose any restriction on the Bank except in relation to distributions to common stakeholders.</p> <p>iv. 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> <p>(i) Profits brought forward from previous years; and/or</p> <p>(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> <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 revenue reserves is subject to the Issuer meeting minimum regulatory requirements for CET 1, Tier 1 and Total Capital ratios (each as defined and calculated in accordance with the Basel III Guidelines) at all relevant times and subject to the requirements of capital buffer frameworks (i.e. capital conservation buffer, countercyclical capital buffer and Domestic Systemically Important Banks) set out in Basel III Guidelines;</p> <p>v. 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 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>vi. Coupon on the Bonds will be non-cumulative. If coupon is not paid or paid at</p>

		<p>a rate lesser than the Coupon Rate, the unpaid coupon will not be paid in future years.</p> <p>vii. Non-payment of coupon will not constitute an Event of Default in respect of the Bonds;</p> <p>viii. In the event that the Issuer determines that it shall not make a payment of coupon on the Bonds, the Issuer shall 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. However dividend stoppers will not impede the full discretion that Bank has at all times to cancel distributions/payments on these Bonds, nor must they act in a way that could hinder</p> <ul style="list-style-type: none"> <li>i. the re-capitalisation of the bank.</li> <li>ii. The Bank's right to make payments on other instruments where the payments on this other instrument were not also fully discretionary.</li> <li>iii. The Bank's right to making distributions to shareholders for a period that extends beyond the point in time that coupon on these Instruments is resumed.</li> <li>iv. Impede the normal operation of the bank or any restructuring activity (including acquisitions/disposals).</li> </ul> <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. (i)	Call Option :- Issuer Call	<p>The Issuer may at its sole discretion, subject to prior approval of Reserve Bank of India and Condition 29 (<i>Conditions for call and repurchase</i>) having been satisfied 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 "<b>Issuer Call Date</b>"), may or may not exercise a call (the Issuer call is discretionary) on the outstanding Bonds on the fifth anniversary from the Deemed Date of Allotment or on any allotment anniversary Date thereafter. To exercise a call option :</p> <ul style="list-style-type: none"> <li>a. bank must receive prior approval of RBI (Department of Banking Regulation);</li> <li>b. the Bank will not do anything which creates an expectation that the call will be exercised.</li> <li>c. Banks will not exercise a call unless <ul style="list-style-type: none"> <li>i. Issuer has replaced the Bond 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 Issuer; or</li> <li>ii. The Issuer demonstrates that its capital position is well above the minimum capital requirements (as per Basel III Guidelines) after the call option is exercised.</li> </ul> </li> </ul> <p>Here, 'minimum capital requirements' refers to Common Equity Tier 1 of 8% of RWAs (including capital conservation buffer of 2.5% of RWAs) and Total Capital</p>

		of 11.5% of RWAs including any additional capital requirement identified as per Basel III Guidelines.
(ii)	Exercise of Call Option in Tax Event or Variation	<p>If a Tax Event (as described below) has occurred and continuing, then the Issuer may, subject to Condition 29 (<i>Conditions for call and repurchase</i>) having been satisfied and having notified the Trustee not less than 21 calendar days prior to the date of exercise of such Tax Call or Variation (which notice shall specify the date fixed for exercise of the Tax Call or Variation "<b>Tax Call Date</b>"), may exercise a call on the Bonds or substitute the Bonds or vary the terms of the Bonds so that the Bonds have better classification.</p> <p>A <b>Tax Event</b> has occurred if, as a result of any change in, or amendment to, the laws affecting taxation (or regulations or rulings promulgated thereunder) of India or any change in the official application of such laws, regulations or rulings the Issuer will no longer be entitled to claim a deduction in respect of computing its taxation liabilities with respect to coupon on the Bonds.</p> <p>RBI may permit the Issuer to exercise the Tax Call only if the RBI is convinced that the Issuer was not in a position to anticipate the Tax Event at the time of issuance of the Bonds.</p>
(iii)	Exercise of Call Option in Regulatory Event or Variation	<p>If a Regulatory Event (as described below) has occurred and continuing, then the Issuer may, subject to Condition 29 (<i>Conditions for call and repurchase</i>) having been satisfied and having notified the Trustee not less than 21 calendar days prior to the date of exercise of such Regulatory Call or Variation (which notice shall specify the date fixed for exercise of the Regulatory Call or Variation (the "<b>Regulatory Call Date</b>")), may exercise a call on the Bonds or substitute the Bonds or vary the terms of the Bonds so that the Bonds have better classification.</p> <p>A <b>Regulatory Event</b> is deemed to have occurred if there is a downgrade of the Bonds in regulatory classification i.e. Bonds is excluded from the consolidated Tier I Capital of the Issuer.</p> <p>RBI may permit the Issuer to exercise the Regulatory Call only if the RBI is convinced that the Issuer was not in a position to anticipate the Regulatory Event at the time of issuance of the Bonds.</p>
(iv)	Call Option Price	Rs. 10,00,000/- (Rupees Ten Lacs) per Bond.
(v)	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.
28.	Repurchase/redemption/ buy-back	<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</p> <p>(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>(ii) The Issuer may at any time, subject to Condition 29 (<i>Conditions for call and repurchase</i>), having been satisfied and such repayment being otherwise permitted by the then prevailing Basel III Guidelines and with prior approval of RBI, repay the principal amount of Bonds by way of repurchase, buy-back or redemption. Such Bonds may be held, reissued, resold, extinguished or surrendered, at the option of the Issuer.</p>
29.	Conditions for call and repurchase	<p>The Issuer shall not exercise a call option or redeem, buy-back, repurchase, substitute or vary any of the Bonds unless:</p> <p>i. in the case of exercise of call option or repurchase, buy-back or redemption, either</p> <p>(a) the Bonds are replaced with the same or better quality capital (in the opinion of the RBI), at conditions sustainable for the income capacity of the Issuer; or</p> <p>(b) the Issuer has demonstrated to the satisfaction of the RBI that its capital position is well above (in the opinion of the RBI) the</p>

		<p>minimum capital requirements (after such call option is exercised or after the redemption, repurchase or buy-back, as the case may be);</p> <p>ii. The call option on the Bonds is permissible after the instrument has run for at least five years;</p> <p>iii. The prior written approval of the RBI(Department of Banking Regulation) shall have been obtained;</p> <p>iv. the Issuer has not created any expectation that such call or variation or repurchase shall be exercised For example, to preclude such expectation of the instrument being called, the dividend / coupon reset date need not be co-terminus with the call date. Banks may, at their discretion, consider having an appropriate gap between dividend / coupon reset date and call date; and</p> <p>v. any other pre-conditions specified in the Basel III Guidelines at such time have been satisfied.</p>
30.	Depository	<p>i. National Securities Depository Limited (the “<b>NSDL</b>”); and</p> <p>ii. Central Depository Services (India) Limited (the “<b>CDSL</b>”).</p>
31.	Events of Default	Not Applicable
32.	Cross Default	Not Applicable
33.	Issuance	Only in dematerialized form
34.	Trading	Only in dematerialized form
35.	<p>Issue Schedule :</p> <p>1. Issue/Bid Opening Date</p> <p>2. Issue/Bid Closing Date</p>	<p>02.11.2017</p> <p>02.11.2017</p>
36.	Pay-In-Date	14.11.2017
37.	Deemed Date of Allotment	14.11.2017
38.	Minimum Application and in multiples of Debt securities thereafter	Ten (10) Bonds and in multiples of one (1) Bond thereafter.
39.	Settlement	Payment of interest and repayment of principal shall be made by way of credit through direct credit/ NECS/ RTGS/ NEFT mechanism.
40.	Loss Absorption.	<p>These Instruments have principal loss absorption at an objective pre-specified trigger point through written down mechanism which allocates losses to the instrument.</p> <p>The write down will have the following effect:</p> <p>a) Reduce the claim of the instrument in liquidation;</p> <p>b) Reduce the amount re-paid when a call is exercised; and</p> <p>c) Partially or fully reduce coupon payment on the instrument.</p> <p>The write down in case of pre-specified trigger point will be temporary and in case</p>

		of PONV trigger event will be permanent.
40 (a)	Loss Absorption at the <b>Pre-Specified Trigger</b>	<p>If a pre-specified 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 to as on the Trigger event date; and</p> <p>(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-down for all AT1 instruments on breaching the trigger level must be at least the amount needed to immediately return the bank's CET1 ratio to the trigger level or, if this is not possible, the full principal value of the instruments.</p> <p>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 ratio to 8% of RWAs (minimum CET1 of 5.5% + capital conservation buffer of 2.5%). subject to the amount of write-down not exceeding the amount which would be required to bring the CET1 ratio to 8% of RWAs (minimum CET1 of 5.5% + capital conservation buffer of 2.5%).</p> <p><b>Level of Pre- Specified Trigger and amount of Equity to be created by write-down</b></p> <p>1. 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).</p> <p>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>2. The write-down mechanism (temporary or permanent) which allocates losses to the Additional Tier 1 instruments (AT1) instruments must generate Common Equity Tier 1 (CET1) under Indian Accounting Standards.</p> <p>3. 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>4. 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>5. 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>6. 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 this term sheet ( clause 8 ) and as per usual legal provisions governing priority of charges.</p> <p>7. 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><b>(a) Amalgamation of a banking company: (Section 44 A of BR Act, 1949)</b></p> <p>8. If Bank is amalgamated with any other bank before the AT1 instruments have been written-down, these instruments will become part of the corresponding categories of regulatory capital of the new bank emerging after the merger.</p> <p>9. 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>10. If Bank is amalgamated with any other bank after these instruments have been written-down permanently, these cannot be written-up by the amalgamated entity.</p> <p><b>(b) Scheme of reconstitution or amalgamation of a banking company: (Section 45 of BR Act, 1949)</b></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 <b>the pre-specified trigger and the trigger at the point of non-viability for conversion / write-down of these instruments will be activated</b>. Accordingly, these instruments will be fully written-down permanently before amalgamation / reconstitution in accordance with these rules.</p> <p>12. The order of write-down of these instruments is indicated in clause 8 of this Term sheet.</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>
40 (b)	<b>Loss Absorption at Point of Non-Viability (PONV)</b>	<p>These instruments, at the option of the Reserve Bank of India, will either be written off or converted into common equity upon the occurrence of the trigger event, called the 'Point of Non-Viability (PONV) Trigger'. 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-down of the outstanding principal of the Bonds by such amount as may be prescribed by RBI ("<b>PONV Write Down Amount</b>") and as is otherwise required by the RBI at the relevant time.</p> <p>A write-down may occur on more than one occasion.</p>



Once the principal of the Bonds have been written down pursuant to PONV Trigger Event, the PONV Write-Down Amount will not be restored in any circumstances, including where the PONV Trigger Event has ceased to continue.

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 down, the Bonds will become part of the Additional Tier 1 capital of the new bank emerging after the merger.

If the Issuer is amalgamated with any other bank after the Bonds have been written down permanently pursuant to a PONV Trigger Event, these cannot be reinstated by the amalgamated bank.

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-down in full prior to any reconstitution or amalgamation.

***(i) The PONV Trigger event is the earlier of:***

- a. a decision that a full conversion to common shares or 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.

The Write-off of any Common Equity Tier 1 capital will not be required before the write-off of these instruments.

(ii) Such a decision would invariably imply that the write-off or issuance of any new shares as a result of conversion 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.

(iii) Any compensation paid to the instrument holders as a result of the write-off to be paid immediately in the form of common shares.

**1. A non-viable bank will be:**

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 / conversion of non-equity regulatory capital into common shares in combination with or without other measures as considered appropriate by the Reserve Bank.

**2. 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/conversion/public sector injection of funds are likely to:**

- a. Restore depositors'/investors' confidence;

	<p>b. Improve rating /creditworthiness of the bank and thereby improve its borrowing capacity and liquidity and reduce cost of funds; and</p> <p>c. Augment the resource base to fund balance sheet growth in the case of fresh injection of funds.</p> <p><b>3.</b> The amount of non-equity capital to be converted / written-off will be determined by RBI.</p> <p><b>4.</b> When Bank breaches the PONV trigger and the equity is replenished either through conversion or 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><b>5. Criteria to Determine the PONV</b></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> <p>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</p> <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><b>6.</b> The purpose of write-off and / or conversion 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><b>7.</b> Once the PONV is confirmed, the next step would be to decide whether rescue of the bank would be through write-off/conversion alone or write-off/conversion in conjunction with a public sector injection of funds.</p> <p><b>8.</b> The trigger at PONV will be evaluated both at consolidated and solo level and breach at either level will trigger conversion / write-off.</p> <p>As the capital adequacy is applicable both at solo and consolidated levels, the <b>minority interests</b> 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>
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		<p><b><i>This additional trigger event is the earlier of:</i></b></p> <p>(1) a decision that a conversion or 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 or issuance of any new shares as a result of conversion 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><b>9.</b> In such cases, the subsidiary would obtain its regulator's approval/no-objection for allowing the capital instrument to be converted/written-off at the additional trigger point referred to in paragraph above.</p> <p><b>10.</b> Any common shares paid as compensation to the holders of the instrument must be common shares of either the issuing subsidiary or the parent bank (including any successor in resolution).</p>
40.(c)	Decision to Write Down	<p>i. The decision of write-down (permanent or temporary) exercised shall be exercised across all investors of these Instruments;</p> <p>ii. The Write down will generate CET-1 under applicable Indian Accounting Standards equal to write down amount, net of taxes, if any;</p> <p>iii. The aggregate amount of write down 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>
41.	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.
42.	Treatment in case of Winding up	<p>i. If the bank goes into liquidation before the AT1 Instruments have been written-down, 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, the holders of these instruments will have no claim on the proceeds of liquidation.</p>
43.	Transaction Documents	<p>The Issuer has executed / shall execute the documents including but not limited to the following in connection with the issue:</p> <p>i. Letter dated 31<sup>st</sup> October 2017 appointing Trustees to the Bond holders.</p> <p>ii. Bond Trustee Agreement dated 02.11.2017.</p> <p>iii. Bond Trust 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</p>

		<p>issue of Bonds in dematerialized form;</p> <p>vii. Letter dated 31<sup>st</sup> October 2017 appointing Registrar and agreement entered into between the Issuer and the Registrar.</p> <p>viii. Letter(s) Appointing Arranger to the Issue</p> <p>ix. Listing Agreement with NSE</p> <p>x. Disclosure Document</p> <p>xi. Expert Legal Opinion and Statutory Central Auditor's Certificate.</p>
44.	Conditions precedent subscription of Bonds	<p>The subscription from investors shall be accepted for location and allotment 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 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 for seeking its In- principle approval for listing and trading of Bonds.</p>
45.	Conditions subsequent 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 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>iv. Besides, the Issuer shall perform all activities, whether mandatory or otherwise, as mentioned elsewhere in this Term Sheet.</p>
46.	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</p>

		<p>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>
47.	Re-capitalization	Nothing contained in this term-sheet or in any transaction documents shall hinder recapitalization by the Issuer.
48	<b>OTHER GENERAL TERMS</b>	
a.	Eligible Investors	<p>a. Mutual Funds;</p> <p>b. Public Financial Institutions as defined under the Companies Act.</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 :</p> <p>i. Resident Individual Investors,</p> <p>ii. Foreign Nationals,</p> <p>iii. any related party over which the Bank exercises control or significant</p>

		<p>influence (as defined under relevant Accounting Standards),</p> <p>iv. Persons resident outside India (except Foreign Portfolio Investors and Non-Resident Indian) i.e. Investment by FIIs and NRIs shall be within overall limit of 49 % and 24 % of this issue respectively, subject to the investment by each FII not exceeding 10 % of the issue and investment by each NRI not exceeding 5 % of the issue.</p> <p>v. Venture Capital Funds, Alternative Investment Funds, Overseas Corporate Bodies,</p> <p>vi. Partnership firms formed under applicable laws in India in the name of the partners,</p> <p>vii. Hindu Undivided Families through Karta,</p> <p>viii. Person ineligible to contract under applicable statutory/ regulatory requirements.</p>
b.	Governing Law and Jurisdiction	<p>The Bonds are governed by and shall be construed in accordance with the existing laws of India.</p> <p>Any dispute arising thereof shall be subject to the courts of Bengaluru, Karnataka.</p>
c.	Applicable RBI Guidelines	<p>The present issue of Bonds is being made in pursuance of Master Circular on Basel III capital regulations issued by RBI vide circular RBI/2015-16/58 DBOD. No. BP. BC. 1/ 21.06.201 /2015-16 dated July 1, 2015 by the RBI covering criteria for inclusion of debt capital instruments as Additional Tier-I capital (Annex 4) 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 PONV (Annex 16) 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 DBR.BP.BC.No.50/21.06.201/2016-17 February 02, 2017 and other related amendments, revisions, if any.</p> <p>The issue of Bonds and the terms and conditions of the Bonds will be subject to the applicable guidelines issued by the Reserve Bank of India from time to time.</p> <p>In the case of any discrepancy or inconsistency between the terms of the Bonds or any other Transaction Document and the Basel III Guidelines, the provisions of the Basel III Guidelines/RBI Guidelines shall prevail.</p>
d.	Prohibition on Purchase/ Funding of Bonds	<p>Neither the Bank nor a related party over which the Bank exercises control or significant influence (as defined under relevant Accounting Standards) shall purchase the Bonds, nor shall 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>
e.	Reporting of Non-payment of Coupons	<p>All instances of non-payment of coupon should 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.</p>
f.	Trustees	<p>Axis Trustee Services Ltd.</p>
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</p>

		Trustees), Regulations, 1993, the Bond/Debenture Trusteeship Agreement, Disclosure Document and all other related transaction documents with due care, diligence and loyalty.  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
h.	Registrar	M/s. Karvy Computershare Pvt. Ltd.
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 RBI guidelines will prevail.
j.	Payment Mode :	The remittance of application money can preferably be made in the following mode :

By Electronic transfer of funds through RTGS mechanism for credit as per details given hereunder:

Name of the Banker	Corporation Bank
Account Name	Corporation Bank AT-1 Bond Issue 2017-18 (Series III).
Credit into A/c No.	013300201999999
IFSC Code	CORP0000133
Address of the Branch	Mangaluru-Pandeshwar Branch, A.B.Shetty Circle, Mangaluru-575 001. Karnataka.
Narration	Application Money towards Tier-1 Bond Issue (Series III)

Note: The Issuer reserves its sole and absolute right to modify (pre-pone/ post-pone/cancel) the above issue schedule without giving any reasons or prior notice. In such a case, appropriate notice of cancellation/about the revised time schedule by the Issuer, will be notified in the website of the Issuer. The Issuer also reserves the right to keep multiple Date(s) of Allotment at its sole and absolute discretion without any notice. In case if the Issue Closing Date/ Pay in Dates is/are changed (pre-poned/ post-poned), the Deemed Date of Allotment may also be changed (pre-poned/ post-poned) by the Issuer at its sole and absolute discretion. Consequent to change in Deemed Date of Allotment, the Coupon Payment Dates and/or Redemption Date may also be changed at the sole and absolute discretion of the Issuer.

**DISCLOSURE OF CASH FLOWS: As per SEBI Circular No: CIR/IMD/DF/18/2013 dated October 29, 2013 read with SEBI Circular no. CIR/IMD/DF-1/122/2016 November 11, 2016**

Company	CORPORATION BANK ("CORPBANK"/ the "Issuer"/ the "Bank").
Tenure	Perpetual
Face Value (per security)	Rs.10,00,000/- per bond (Rs Ten Lakh only)
Date of Allotment	14.11.2017
First Call date	14.11.2022
Subsequent Call date	On every anniversary of Coupon Payment Date.
Redemption	Perpetual
Coupon Rate	9.23% p.a (payable annually ) from the date of allotment.
Frequency of the interest payment with specified dates	First interest payment on 14.11.2018 and subsequently on 14.11.2019 and so on.
Day count Convention	Actual/Actual

**Cash flows assuming call is exercised at the end of 5th year:**

Coupon	9.23 %
Face Value INR	1000000
Allotment Date	14.11.2017



Schedule	Date	Day	Actual Proposed Coupon Payment due to holiday convention	Day	Actual No. of Days from Last IP date / allotment date	Cash Flow
Allotment Date	14-Nov-17	Tuesday	14-Nov-17	Tuesday		-1000000
1st Coupon	14-Nov-18	Wednesday	14-Nov-18	Wednesday	365	
2nd Coupon	14-Nov-19	Thursday	14-Nov-19	Thursday	365	
3rd Coupon	14-Nov-20	Saturday	16-Nov-20	Monday	368	
4th Coupon	14-Nov-21	Sunday	15-Nov-21	Monday	364	
5th Coupon	14-Nov-22	Monday	14-Nov-22	Monday	364	
Principal Repayment if Call is exercised by Bank	14-Nov-22	Monday	14-Nov-22	Monday	0	1000000

*\*the dates are subject to change with the change in deemed date of allotment.*

*The bonds are perpetual in nature. Cash flows for the first five years are shown in the above table.*

*Please note in all coupon interest payment Dates w.r.t. holiday convention, Sunday and 2nd and 4th Saturday is taken as Banking holiday, hence Interest payment will be made on next working day and Call payment will be made on previous working day as and when call option is exercised.*

*Please note that this cash flow is only for illustrative purposes and Call option may or may not be exercised upon 5th anniversary of deemed date of allotment. As and when call option is exercised it will be subject to provisions as mentioned in term sheet above.*

#### **Notes:**

*\* In case of interest payment falling in Leap year, the interest payment(s) will be calculated taking number of days as 366 days for a whole one year period. (Actual/ Actual - as per SEBI Circular no CIR/IMD/DF/18/2013 dated 29th Oct 2013 read with SEBI Circular no. CIR/IMD/DF-1/122/2016 November 11, 2016).*

*\* If the date of payment of interest happens to be holiday, the Interest payment will be made on the next business day without Interest for the intervening period.*

*\* If the maturity payment date and interest payment date falls together on a holiday, redemption and accrued interest payment will be made on the previous business day.*

*\* The interest and/ or principal payment will be made on the best available information on holidays and could further undergo change(s) in case of any scheduled and unscheduled holiday(s) and/or changes in money market settlement day conventions by the Reserve bank of India/ SEBI.*

*\* Interest payments will be rounded-off to nearest rupee as per the FIMMDA 'Handbook on market practices'.*

*\* In case the Deemed Date of Allotment is revised (preponed/ postponed) then the Interest Payment Dates may also be revised (preponed/ postponed) accordingly by the Bank at its sole & absolute discretion.*

*\* Payment of interest and repayment of principal shall be made by way of cheque(s)/ demand draft(s)/ RTGS/ NEFT mechanism.*