



INDIAN OVERSEAS BANK, CENTRAL OFFICE, CHENNAI 600002

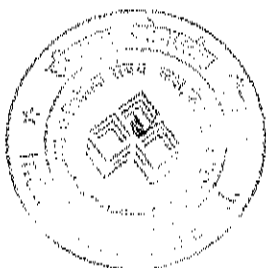
TERM SHEET: ISSUE DETAILS

1	Security Name	Indian Overseas Bank Tier II Bonds
2	Issuer	Indian Overseas bank ("IOB"/the "Issuer" / the "Bank")
3	Issue Size	Rs.800 crore
4	Objects of the Issue	To augment Tier II Capital and over all capital of the Bank for strengthening its capital adequacy as per BASEL III requirements.
5	Listing (including name of Stock Exchange(s) where it will be listed)	Proposed to be listed on the Wholesale Debt Market (WDM) Segment of National Stock Exchange of India Limited(NSE) and BSE Limited(BSE)
6	Type of Instrument	BASEL III Compliant Tier II Debt Instruments
7	Nature and status of Bonds	Unsecured Non-Convertible Basel III compliant Tier II Bonds in the nature of promissory notes which will qualify as Tier II Capital
8	Seniority of instrument/ claim	The claims of the investors in instruments shall be – I. senior to the claims of investors in instruments eligible for inclusion in Tier 1 Capital of the Bank; II. subordinate to the claims of all depositors and general creditors of the Bank; and III. is neither secured nor covered by a guarantee of the Bank or related entity or other arrangement that legally or economically enhances the seniority of the claim vis-à-vis creditors of the Bank.
9	Tenor	10 years with a call option at the end of 5 years
10	Redemption Date	10 years from the deemed date of allotment
	Redemption premium/discount	N A
11	Convertibility	Non-Convertible
12	Face Value/ Issue Price	Rs. 10,00,000/- (Rupees Ten Lakh) per Bond.
13	Credit Rating	"CRISIL A+/Negative (Pronounced "CRISIL A plus rating with negative outlook") "[ICRA]A+(hyb)" (Pronounced ICRA A plus hybrid) rating with Negative Outlook
14	Mode of Issue	Private Placement
15	Security	Unsecured
16	Coupon	9.24% p.a.
17	Coupon Reset	Not Applicable
18	Coupon Type	Fixed
19	Coupon Payment Frequency	Annual
20	Coupon Payment Dates	On the Anniversary of Deemed Date of Allotment
21	Interest on application money	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 receipt of funds to one day prior to the Deemed Date of Allotment. 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 entire application amount that has been



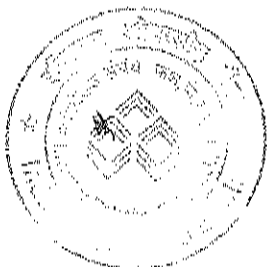


		refunded, the Interest on application money will be paid along with the refund orders. Where an applicant is allotted lesser number of Bonds than applied for, the excess amount paid on application will be refunded to the applicant along with the interest on refunded money. Income Tax at Source (TDS) will be deducted at the applicable rate on Interest on application money.
22	Record Date	Reference date for payment of coupon(interest) and redemption payment 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(Day count basis)	Actual/ Actual (as per SEBI circular No.CIR/IMD/DF/18/2013 dated October 29,2013)
24	Eligible Investors	<p>The following categories of investors may apply for the Bonds, subject to applicable laws and subject to fulfilling their respective investment norms/rules by submitting all the relevant documents along with the Application Form.</p> <ul style="list-style-type: none"> a. Mutual Funds; b. Public Financial Institutions as defined under the Companies Act 1956 and 2013; c. Scheduled Commercial Banks; d. Insurance Companies; e. Provident Funds, Gratuity Funds, Superannuation Funds and Pension Funds; f. Co-operative Banks; g. Regional Rural Banks authorized to invest in bonds/debentures; h. Companies and Bodies Corporate authorized to invest in bonds; i. Trusts authorized to invest in bonds and j. Statutory Corporations/ Undertakings established by Central/ State legislature authorized to invest in bonds/debentures, etc <p>The issue is restricted only to the above investors.</p> <p>Prospective subscribers must make their own independent evaluation and judgment regarding their eligibility to invest in the issue.</p>
25	Utilisation of the proceeds of the issue	The Bank shall utilize the proceeds of the issue for its regular business activities.
26	Put Option	No Put Option available.
27	Call Option	<p>i) Issuer Call</p> <p>The Issuer may at its sole discretion, subject to prior approval of Reserve Bank of India (Department of Banking Regulation), the instrument has run for at least five years and having notified the Trustee not less than 21 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 i.e. the fifth Coupon Payment Date or on any Coupon Payment Date thereafter.</p> <p>The Issuer shall not exercise a Call unless:</p> <p>Issuer has replaced the Bond with Capital of the same or better quality and</p>





		<p>the replacement of this Capital is done at conditions which are sustainable for the income capacity of the Bank. Here, replacement of the capital can be concurrent with but not after the instrument is called.</p> <p>OR</p> <p>(i) 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.</p> <p>(ii) Here, minimum capital requirement refers to Common Equity Tier 1 of 8% of RWAs (including capital conservation buffer of 2.5% of RWAs) and Total Capital of 11.5% of RWAs including any additional capital requirement identified under Pillar 2.</p> <p>ii) Tax Call or Variation</p> <p>a. The Bank may exercise Call Option on the Bonds upon happening/occurrence of certain tax event(s), set out in the Applicable RBI Guidelines.</p> <p>b. To illustrate, if there is a change in tax treatment which makes the Bonds with Tax Deductible coupons into an instrument with non-tax deductible coupons, then the Bank would have the option (not obligation) to repurchase the Bonds and replace the same with another capital instrument that perhaps does have tax deductible coupons.</p> <p>The Reserve Bank of India shall permit the Bank to exercise Call option only if the RBI is convinced that the Bank was not in a position to anticipate such regulatory Event(s) at the time of issuance of the Bonds.</p> <p>iii) Regulatory Call or Variation</p> <p>If a Regulatory Event (as described below) has occurred and continuing, then the Issuer may, 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 "Regulatory Call Date")), 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 Regulatory Event 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 II Capital of the Issuer (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 Lakh) per Bond.
29	Call Notification Time	<p>In case of exercise of Call Option by the Bank, the Bank shall notify its intention to do so through a public notice at least in one All-India, English daily newspaper and/or through notice sent by registered post/courier to the sole/first Beneficial Owner of the Bonds at least 30 (Thirty) days prior to the Call Option Due Date.</p> <p>In case of exercise of Call Option, the trading in Bonds shall remain suspended from the Record Date and upto the Call Option Date of Allotment.</p>
30	Depository	National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL)
31	Events of default	As specified in the Bond Trust Deed
32	Cross Default	Not Applicable



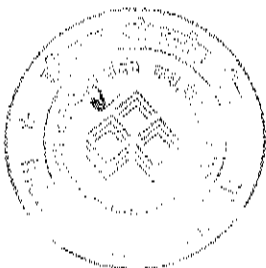


33	Issuance	Only in dematerialized form
34	Trading	Only in dematerialized form
35	Issue Schedule	
	Issue Opening Date	03.11.2016
	Issue Closing Date	
	Pay-In-Date	03.11.2016
36	Step up/Step down	N A
37	Deemed Date of Allotment	03.11.2016
38	Minimum Application and in multiples of Debt securities thereafter	1 Bond and in multiples of 1 Bond thereafter
39	Settlement	Payment of interest, interest on application money and repayment of principal shall be made by way of credit through direct credit/ NECS/ RTGS/ NEFT mechanism.
40	Principal write-down on PONV Trigger Event	<p>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-off 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 Down Amount") and as is otherwise required by the RBI at the relevant time.</p> <p>Once the principal of the Bonds have been written down 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 Bank is amalgamated with any other Bank pursuant to Sec 44 A of the Banking Regulation Act 1949 (BR Act) before the bonds have been written down, the bonds will become part of the corresponding categories of regulatory capital of the New Bank emerging after the merger.</p> <p>If the Bank is amalgamated with any other Bank after the Bonds have been written down pursuant to PONV trigger event, these cannot be written up by the amalgamated Bank. If the relevant authority/ies decides to reconstitute the Bank or amalgamate the Bank with any other Bank under Sec 45 of the BR Act, 1949, such a Bank will be deemed as non viable or approaching non viability and the trigger at the point of non-viability for write-off of Bonds will be activated. Accordingly the Bonds will be permanently written down in full before reconstitution or amalgamation</p> <p>Criteria to determine the PONV</p> <p>RBI would follow a two stage approach to determine the non viability of the Issuer.</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</p>





		<p>determining whether the Bank is about to become non viable. These criteria would be evaluated together and not in isolation.</p> <p>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>The trigger at PONV will be evaluated both at consolidated and solo level and breach at either level will trigger write off.</p> <p>Additional PONV trigger events, in respect of the Bank or its Group, means the earlier of ;</p> <p>(i) a decision that a write-off, without which the Bank would become non-viable, is necessary, as determined by the RBI; and</p> <p>(ii) the decision to make a public sector injection of capital, or equivalent support, without which the Bank would have become non-viable, as determined by RBI;</p> <p>(iii) A write down due to a PONV trigger event shall occur prior to any public sector injection of capital so that the capital provided by the public sector is not diluted.</p> <p>The Basel III Guidelines state that, for this purpose, 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 RBI 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>A bank facing financial difficulties and approaching a PONV will be deemed to achieve viability if within a reasonable time in the opinion of RBI; 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 or public sector injection of funds are likely to:</p> <p>a. Restore depositors'/investors' confidence;</p> <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>
41	Treatment of Bonds in the event of winding-up of the Bank	<p>(i) If the Bank goes into liquidation before these instruments have been written-down, these instruments will absorb losses in accordance with the order of Seniority indicated in this Disclosure Document and as per usual legal provisions governing priority of charges .</p> <p>(ii) If the Bank goes into liquidation after these instruments have been written down, the holders of these instruments will have no claim on the proceeds of liquidation.</p>
42	Treatment of Bonds in the event of Bankruptcy / Liquidation	The investor must have no rights to accelerate the repayment of future scheduled payments (coupon or principal) except in bankruptcy and liquidation
43	Order of claim of instruments at the	The order of claim of various types of Regulatory capital instruments issued



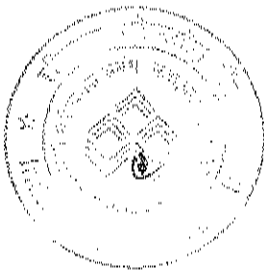


	event of Gone concern situation	<p>by the Issuer shall be as under:</p> <p>Tier II debt instruments will be senior to the claims of investors in instruments in Tier I capital and subordinate to the claims of all depositors and general creditors of the Bank. However, write down / claim of Tier II debt instruments shall be on pari-passu basis amongst themselves irrespective of the date of issue.</p>
44	Transaction Documents	<p>The Issuer has executed/shall execute the documents including but not limited to the following in connection with the issue:</p> <ul style="list-style-type: none"> (i) Letter appointing Trustees to the Bond Holders. (ii) Bond trustee agreement; (iii) Bond Trust deed; (iv) Rating agreement with Rating agency; (v) Tripartite agreement between the Issuer, Registrar and NSDL for issue of Bonds in dematerialized form; (vi) Tripartite agreement between the Issuer, Registrar and CDSL for issue of Bonds in dematerialized form; (vii) Letter appointing Registrar and agreement entered into between the Issuer and the Registrar. (viii) Listing Agreement with NSE & BSE Limited. (ix) Disclosure Document
45	Conditions precedent to subscription of Bonds	<p>The subscription from investors shall be accepted for allocation and allotment by the Issuer subject to the following:</p> <ul style="list-style-type: none"> (i) Rating letters from the CRISIL Ltd., and ICRA Limited not being more than one month old from the issue opening date; (ii) Letter from the Bond Trustees conveying their consent to act as Trustees for the Bondholder(s); (iii) Letter to NSE & BSE for seeking its In-principle approval for listing and trading of Bonds
46	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 Disclosure Document:</p> <ul style="list-style-type: none"> (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 (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>(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>Besides the Issuer shall perform all activities whether mandatory or otherwise as mentioned elsewhere in this Disclosure Document</p>
47	Business Day Convention	<p>If any coupon payment date falls on a day which is not a Business Day ('Business Day' being a day on which Commercial Banks are open for Business in the city of Chennai) then payment will be made on the succeeding Business Day along with interest for such additional period. However, interest for such additional period so paid, shall be deducted from the interest payable on the next coupon payment date.</p> <p>If the call option is exercised by the Bank, call option due date (also being the last Coupon Payment Date) of the Bonds falls on a day which is not a Business</p>





		<p>Day ('Business Day' being a day on which Commercial Banks are open for Business in the city of Chennai) then payment of principal and last interest will be made on the preceding Business Day together with interest accrued on the Bonds until but excluding the date of such payment.</p> <p>If the Redemption Date (also being the last Coupon Payment Date) of the Bonds falls on a day which is not a Business Day ('Business Day' being a day on which Commercial Banks are open for Business in the city of Chennai) then payment of principal and last interest will be made on the preceding Business Day together with interest accrued on the Bonds until but excluding the date of such payment.</p>
48	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 Chennai, Tamil Nadu.
49	Applicable RBI Guidelines	The present issue of Bonds is being made in pursuance of Master Circular on Basel III capital regulations issued vide circular RBI/2015-16/58 DBR.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 Tier II capital (Annex 5) and minimum requirements to ensure loss absorbency of Tier II instruments and of all non-equity regulatory capital instruments at the PONV (Annex 16). In the event of any discrepancy or inconsistency between the terms of the Bonds or any other Transaction Document(s) and the Basel III guidelines, the provisions of the Basel III Guidelines shall prevail.
50	Prohibition on Purchase / Funding of Bonds	Neither the Bank nor a related party over which the Bank exercises control or significant influence (as defined under relevant Accounting Standards) should purchase the Bonds, nor can the Bank directly or indirectly should fund the purchase of the Bonds. The Bank should also not grant advances against the security of the Bonds issued by it.
51	Reporting of non payment of coupons	All instances of non payment of coupon should be notified by the bank to the Chief General Managers-in-charge of Department of Banking Regulation and Department of Banking Supervision of the Reserve Bank of India, Mumbai.
52	Trustees	M/s. IDBI Trusteeship Services Limited, Mumbai
53	Registrar	M/s. Cameo Corporate Services Ltd, Chennai



Certified True copy
For INDIAN OVERSEAS BANK

[Signature]
S. KALPAGA RANI
(ASSISTANT GENERAL MANAGER)

