

TERM SHEET

Draft Term Sheet for issue of Fully Paid-Up Basel III Compliant Perpetual Debt Instruments in pursuance of Reserve Bank of India's master circular no. DBR.No.BP.BC.1/21.06.201/2015-16 dated July 01, 2015 on Basel III Capital Regulations and clarification issued thereof vide circular no. DBR.No.BP.BC.71/21.06.201/2015-16 dated January 14, 2016 ("Basel III Guidelines"), eligible for inclusion in Additional Tier 1 Capital

Sr. No.	Particulars	Details
I.	General Terms & Conditions	
1.	Issuer	Union Bank of India ("Issuer"/ the "Bank")
2.	Instrument	Non-Convertible, Unsecured Subordinated Fully Paid-Up Basel III Compliant Perpetual Debt Instruments in the nature of Debentures eligible for inclusion in Additional Tier 1 Capital ("Bonds")
3.	Security Name	Basel III Compliant Additional Tier 1 Capital Perpetual Debt Instrument - Series XXIV
4.	Issue Size	Rs. 500 crores (Rupees Five Hundred Crore)
5.	Option to retain oversubscription	Nil
6.	Objects of the Issue	Augmenting Additional Tier 1 Capital and overall capital of the Bank for strengthening its capital adequacy and for enhancing its long term resources in accordance with RBI Guidelines.
7.	Utilization of the Proceeds of the Issue	<p>The funds being raised by the Bank through the present Issue are not meant for financing any particular project. The Bank shall utilize the proceeds of the Issue for its regular business activities.</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>
8.	Seniority of Claim	<p>The claims of the Bondholders shall be:</p> <ol style="list-style-type: none"> superior to the claims of investors in equity shares and perpetual non-cumulative preference shares of the Bank, if any; subordinate to the claims of depositors, general creditors and subordinated debt of the Bank; neither secured nor covered by a guarantee of the Bank or its related entity or any other arrangement that legally or economically enhances the seniority of the claim vis-à-vis creditors of the Bank.



		d) rank pari-passu without preference amongst themselves.
9.	Credit Rating	Rated 'BWR AA+' with stable outlook by Brickwork Rating India Pvt. Ltd. ("Brickwork") for an amount upto Rs. 1000 crores and 'IND AA' with stable outlook by India Rating & Research Pvt. Ltd. ("Ind-Ra") for an amount upto Rs. 1000 crores.
10.	Mode of Issue	Private Placement route
11.	Issuance Mode	In dematerialised form only
12.	Trading Mode	In dematerialized form only
13.	Security	Unsecured
14.	RBI Regulations	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 clarification 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 RBI Regulations, the provisions of the Master Circular shall prevail.
15.	Face Value	Rs.10,00,000(Rupees Ten lakhs) per Bond
16.	Issue Premium	Nil
17.	Issue Discount	Nil
18.	Issue Price	At par i.e. Rs. 10,00,000(Rupees Ten lakhs) per Bond
19.	Minimum Application	10 (ten) Bonds (i.e. Rs. 1.00 crore) and in multiples of 1 (one) Bond (i.e. Rs. 10.00 lakh) thereafter
20.	Tenor	The Bonds shall be perpetual i.e. there is no maturity date and there are no step-ups or other incentives to redeem
21.	Redemption Date	Not applicable as the Bonds are perpetual and there shall be no Redemption Date
22.	Convertibility	Non-convertible
23.	Redemption Premium	Nil
24.	Redemption Discount	Nil
25.	Redemption Amount	Not applicable
26.	Put Option	Not applicable
27.	Put Option Due Date	Not applicable
28.	Put Option Notification Time	Not applicable



29.	Put Option Price	Not applicable
30.	Call Option Price	At par i.e. Rs. 10,00,000(Rupees Ten lakhs) per Bond
31.	Call Notification Time	21 (twenty one)calendar days prior to the date of exercise of Call Option
32.	Call Option	<p>The Issuer may with prior approval of the RBI, and having notified the Debenture Trustee not less than 21 calendar days prior to the date of exercise of Call Option (which notice shall specify the date fixed for exercise of Call Option) may exercise Call Option on the outstanding Bonds.</p> <p>The Call Option, which shall be 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 any Coupon Payment Date thereafter.</p> <p>The Call Option may be exercised subject to following conditions:</p> <ol style="list-style-type: none"> To exercise the Call Option, the Bank must receive prior approval of RBI (Department of Banking Regulation); The Bank must not do anything which creates an expectation that the Call Option will be exercised; The Bank must replace the called Bonds with capital of the same or better quality and the replacement of this capital should be done at conditions which are sustainable for the income capacity of the Bank. Replacement issues can be concurrent with but not after the Bonds are called; The Bank must demonstrate that its capital position is well above the minimum capital requirements after the Call Option is exercised where minimum capital requirement shall refer 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 additional capital requirements identified under Pillar 2. <p>The use of tax event and regulatory event calls may be permitted. However, exercise of the calls on account of these events shall be subject to the requirements set out in points (a) to (d) above. RBI will permit the Bank to exercise the call only if the RBI is convinced that the Bank was not in a position to anticipate these events at the time of issuance of Bonds.</p> <p>To illustrate, if there is a change in tax treatment which makes the Bonds with tax deductible coupons into an</p>



		instrument with non-tax deductible coupons, then the Bank would have the option (not obligation) to repurchase the Bonds. In such a situation, the Bank may be allowed to replace the Bonds with another capital instrument that perhaps does have tax deductible coupons.
		Similarly, if there is a downgrade of the Bonds in regulatory classification (e.g. if it is decided by the RBI to exclude the Bonds from regulatory capital) the Bank shall have the option to call the Bonds 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, Bank shall not create an expectation/ signal an early redemption/ maturity of the Bonds.
33.	Repurchase/ Buy-Back/ Redemption	<p>a) Principal amount of the Bonds may be repaid (e.g. through repurchase or redemption) only with prior approval of RBI and the Bank should not assume or create market expectations that supervisory approval will be given (this repurchase/ buy-back/redemption of the principal amount shall be in a situation other than in the event of exercise of Call Option by the Bank. One of the major difference is that in the case of the former, the option to offer the Bonds for repayment on announcement of the decision to repurchase/ buy-back/redeem the Bonds, shall lie with the investors whereas, in case of the latter, it lies with the Bank);</p> <p>b) The Bank may repurchase/ buy-back/ redeem the Bonds only if:</p> <p>(i) It replaces the Bonds 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 repurchase/ buy-back/ redemption.</p>
34.	Coupon Discretion	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



		<p>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. Furthermore, the term "cancel distributions/payments" means extinguish these payments. It does not permit features that require the bank to make distributions/payments in kind.</p> <p>b) Cancellation of discretionary payments shall not be an event of default.</p> <p>c) Bank shall have full access to cancelled payments to meet obligations as they fall due.</p> <p>d) Cancellation of distributions/payments shall not impose restrictions on the Bank except in relation to distributions to common stakeholders.</p> <p>e) Coupons shall be paid out of distributable items. In this context, coupon may 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 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.</p>
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		<p>Prior approval of the Reserve Bank of India for appropriation of reserves as above, in terms of the circular, DBOD.BP.BC No.31/21.04.018/2006-07 dated September 20, 2006 on 'Section 17 (2) of Banking Regulation Act, 1949 - Appropriation from Reserve Fund' shall not be required in this regard.</p> <p>However, payment of coupons on the Bonds from the reserves shall be subject to the Bank meeting minimum regulatory requirements for CET1, Tier 1 and Total Capital ratios including the additional capital requirements for Domestic Systemically Important Banks at all times and subject to the restrictions of capital buffer frameworks (i.e. capital conservation buffer and counter cyclical capital buffer in terms of paras 15 and 17 respectively of the Master Circular on Basel III Capital Regulations dated July 1, 2015 as amended from time to time).</p> <p>f) The interest shall not be cumulative.</p> <p>g) 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>
35.	Dividend Stopper	<p>In general, it may be in order for the Bank to have dividend stopper arrangement that stop dividend payments on common shares in the event the holders of the Bonds are not paid coupon. If any coupon is cancelled, then from the date on which such cancellation has first been notified (a "Dividend Stopper Date"), the Bank will not:</p> <p>(i) declare or pay any discretionary distribution or dividend or make any other payment on, or directly or indirectly redeem, purchase, cancel, reduce or otherwise acquire its Common Equity Tier 1 Capital (other than to the extent that any such distribution, dividend or other payment is declared before the Dividend Stopper Date or where the terms of the instrument do not at the relevant time enable the Bank to cancel or defer</p>



		<p>such payment); or</p> <p>(ii) pay discretionary interest or any other distribution on, or directly or indirectly redeem, purchase, cancel, reduce or otherwise acquire, any of its instruments or securities ranking, as to the right of payment of dividend, distributions or similar payments, pari-passu with the Bonds (excluding the securities the terms of which stipulates mandatory redemption)</p> <p>In each case unless or until (a) occurrence of the next Coupon Payment Date, following the Dividend Stopper Date, on which payment of Coupon has resumed and such Coupon (payable on such Coupon Payment Date) has been paid in full; or (b) prior approval of Bondholders has been obtained via extraordinary resolution (as per the mechanism stipulated in the Debenture/Bond Trust Deed); it is hereby clarified that, Coupon on the Bonds shall not be cumulative. If the Coupon is cancelled and/or not paid or paid at a rate lesser than the Coupon Rate, such unpaid and/or cancelled Coupon will not be paid in future years.</p> <p>However, dividend stoppers shall not impede the full discretion that the Bank shall have at all times, to cancel distributions/payments on the Bonds, nor must they act in a way that could hinder the re-capitalisation of the Bank. For example, it would not be permitted for a stopper on the Bonds to:</p> <ul style="list-style-type: none"> (i) attempt to stop payment on another instrument where the payments on such other instrument were not also fully discretionary; (ii) prevent distributions to shareholders for a period that extends beyond the point in time that coupons on the Bonds are resumed; (iii) impede the normal operation of the Bank or any restructuring activity (including acquisitions/disposals). <p>Provided further that, 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>
36.	Coupon Rate (% p.a.)	9.08% p.a. payable annually



37.	Coupon Payment Frequency	Annually (subject to RBI Regulations)
38.	Coupon Payment Date	Yearly i.e 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)
39.	Step up/ Step down Coupon Rate	Not Applicable
40.	Coupon Type	Fixed
41.	Record Date	<p>Date falling 15 (fifteen) days prior to</p> <ul style="list-style-type: none"> the each Coupon Payment Date on which coupon amount is due and payable and the Call Option Due Date on which the Call Option Price is due and payable, if Call Option is exercised by the Bank.
42.	Computation of Interest	<p>Actual/Actual(as per SEBI circular no. CIR/IMD/DF/18/2013 dated October 29, 2013) and CIR/IMD/DF-1/122/2016 dated November 11, 2016.</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>
43.	Interest on Application Money	<p>A. In respect of investors who get allotment in the Issue</p> <p>The Bank shall pay interest on application money at the Coupon Rate (subject to deduction of income tax under the provisions of the Income Tax Act, 1961, or any other statutory modification or re-enactment thereof, as applicable) on the aggregate face value amount of Bonds from the date of realization of application money up to one day prior to the Deemed Date of Allotment. The Bank shall make remittance of interest on application money by way of direct credit to the account of the investors. Alternatively, the Bank may dispatch the interest warrants at the sole risk of the investors, to the sole/first applicant. A tax deduction certificate will be issued by the Bank for the amount of income tax deducted on such payments.</p> <p>B. In respect of investors who do not get allotment in the Issue</p>



		<p>The Bank shall pay interest on the amount which is liable to be refunded to the investors at the Coupon Rate (subject to deduction of income tax under the provisions of the Income Tax Act, 1961, or any other statutory modification or re-enactment thereof, as applicable) from the date of realization of application money up to one day prior to the Deemed Date of Allotment. Such interest shall be paid along with the monies liable to be refunded. Interest warrants will be dispatched/ credited (in case of electronic payment) along with the Refund Orders at the sole risk of the investors, to the sole/first applicant. A tax deduction certificate shall be issued by the Bank for the amount of income tax deducted on such payments.</p> <p>The Bank shall not pay any interest on application money liable to be refunded in case of (a) invalid applications or applications liable to be rejected and (b) monies paid in excess of the amount of Bonds applied for in the application form.</p>
44.	Settlement	<p>The Bank shall make payment of coupon, interest on application money, Call Option Price (in case of exercise of Call Option), by way of cheque(s)/ interest/redemption warrant(s)/ demand draft(s)/ credit through direct credit/ NECS/ RTGS/ NEFT mechanism/ other electronic mode as may be allowed by RBI from time to time, in the name of the sole/ first Beneficial Owners of the Bonds as given by Depository to the Bank as on the Record Date.</p> <p>The Bonds shall be taken as discharged on payment of the Call Option Price by the Bank on the Call Option Due Date to the sole/ first Beneficial Owners of the Bonds as given by the Depository to the Bank as on the Record Date. Such payment will be a legal discharge of the liability of the Bank towards the Bondholders and the Bank shall not be liable to pay any interest or compensation from the Call Option Due Date. On such payment being made, the Bank shall inform NSDL/ CDSL/ Depository Participant and accordingly the account of the Beneficial Owners with NSDL/ CDSL/ Depository Participant shall be adjusted.</p>
45.	Business Days/ Working Days	Business days/ working days shall be all days on which the money market is functioning in the city of Mumbai, Maharashtra.
46.	Effect of Holidays	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



		<p>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 Call Option Due Date (also being the last Coupon Payment Date, in case call option is exercised) of the Bonds falls on a day that is not a Business Day, the 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>
47.	Treatment in Insolvency	The Bonds shall not contribute to liabilities exceeding assets if such a balance sheet test forms part of a requirement to prove insolvency under any law or otherwise.
48.	Purchase/ Funding of Bonds	Neither the Bank nor its related parties 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.
49.	Re-capitalisation	The Bonds shall not have any features that hinder re-capitalisation, such as provisions which require the Bank to compensate investors if a new instrument is issued at a lower price during a specified time frame.
50.	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 Regulation and Department of Banking Supervision of the Reserve Bank of India, Mumbai.
51.	Compliance with Reserve Requirements	The total amount of Bonds issued by the Bank shall not be reckoned as liability for calculation of net demand and time liabilities for the purpose of reserve requirements and, as such, shall not attract CRR / SLR requirements.
52.	Cross Default	Not applicable
53.	Default Interest Rate	Not Applicable
54.	Debenture Trustee	IDBI Trusteeship Services Limited
55.	Role and Responsibilities of Debenture Trustee	The Debenture Trustee shall perform its duties and obligations and exercise its rights and discretions, in keeping with the Trust Reposed in the Debenture Trustee by the Bondholders and shall further conduct



		<p>itself and comply with the provisions of all applicable laws including SEBI (Debenture Trustees) Regulations, 1993 provided that the provisions of Section 20 of the Indian Trusts Act, 1982 shall not be applicable to the Debenture Trustee. The Debenture Trustee 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 Debenture Trustee Agreement, Disclosure Document and all other related transaction documents with due care, diligence and loyalty.</p> <p>The Debenture Trustee shall be vested with the requisite powers for protecting the interest of the Bondholders. The Debenture Trustee shall ensure disclosure of all material events on an ongoing basis.</p>
		<p>The Debenture Trustee shall disclose the information to the Bondholders and the general public by issuing a press release and placing on the websites of the Debenture Trustee, the Bank and NSE in the following events:</p> <ul style="list-style-type: none"> (a) Non-payment of interest on the Bonds by the Bank (whether in pursuance of RBI Regulations or otherwise); (b) Revision in credit rating assigned to the Bonds. <p>The Bank shall submit with the Debenture Trustee, all information in pursuance with the provisions of Listing Agreement and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Debenture Trustee shall be obliged to share the details so submitted with all the existing Bondholders within 2 (two) working days of their specific request.</p>
56.	Listing (including name of stock Exchange(s) where it will be listed and timeline for listing)	The Bonds are proposed to be listed on the Wholesale Debt Market (WDM) segment of National Stock Exchange of India Limited ("NSE").
57.	Delay in Listing	The Bank shall make an application to NSE within 15 days from the Deemed Date of Allotment to list the Bonds and seek listing permission from NSE within 20 days from the Deemed Date of Allotment, pursuant to the SEBI Debt Regulations. In case of delay in listing of Bonds beyond 20 days from the Deemed Date of Allotment, the Bank shall pay penal interest at the rate of 1.00% p.a. over the Coupon Rate from the expiry of 30 days from the Deemed Date of Allotment till the listing



		of the Bonds to the investors. Such penal interest shall be paid by the Bank to the Bondholders on the first Coupon Payment Date.
58.	Refusal of Listing	If listing permission is refused before the expiry of the 20 days from the Deemed Date of Allotment, the Bank shall forthwith repay all monies received from the applicants in pursuance of the Disclosure Document along with penal interest at the rate of 1.00% p.a. over the Coupon Rate from the expiry of 20 days from the Deemed Date of Allotment. If such monies are not repaid within 8 days after the Issuer becomes liable to repay it (i.e. from the date of refusal or 20 days from the Deemed Date of Allotment, whichever is earlier), then the Bank and every director of the Bank who is an officer in default shall, on and from the expiry of 8 days, shall be jointly and severally liable to repay the money, with interest at the rate of 15% p.a. on the application money.
59.	Registrar	Datamatics Financial Services Limited
60.	Depositories	National Securities Depository Limited ("NSDL") and Central Depository Services (India) Limited ("CDSL")
61.	Debenture Redemption Reserve ("DRR")	In pursuance of rule 18 (7) (b) (i) of the Companies (Share Capital and Debentures) Rules, 2014, no DRR is required to be created for debentures issued by banking companies for both public as well as privately placed debentures.
62.	Eligible Investors	<ul style="list-style-type: none"> a) Public Financial Institutions as defined under Section 2(72) of the Companies Act, 2013; b) Insurance Companies registered with the Insurance Regulatory and Development Authority of India ("IRDA"); c) Scheduled Commercial Banks; d) Co-operative Banks; e) Regional Rural Banks authorized to invest in bonds/ debentures; f) Provident Funds, Pension Funds, Gratuity Funds and Superannuation Funds; g) Mutual Funds registered with SEBI; h) Companies within the meaning of Section 2(20) of the Companies Act, 2013 and body corporate authorized to invest in bonds/ debentures; i) Statutory Corporations established/ constituted under union/ central/ state legislature or under other applicable laws in India; and j) Trusts, Association of Persons, Societies registered under the applicable laws in India which are duly authorized to invest in bonds/ debentures. <p>Only the above mentioned categories of investors may apply for the Bonds, subject to applicable laws and subject to fulfilling their respective investment norms/</p>



		rules by submitting all the relevant documents along with the Application Form. 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.												
63.	Remittance of Application Money	Applicants may make remittance of application money either through cheque(s)/ demand draft(s) drawn in favour of "Union Bank of India A/c - Bonds Issue" and crossed "Account Payee Only" payable at par at place/ centre where the application form is deposited or by way of electronic transfer of funds through funds transfer/ RTGS mechanism for credit in the account as per following details:												
		<table><tr><td>Name of the Banker</td><td>Union Bank of India</td></tr><tr><td>Account Name</td><td>Union Bank of India A/c - Bonds Issue</td></tr><tr><td>Account Number</td><td>378901990050001</td></tr><tr><td>IFSC Code</td><td>UBIN0537896</td></tr><tr><td>Address of the Branch</td><td>Mumbai Main Branch (Nariman Point Branch)</td></tr><tr><td>Narration</td><td>Application Money for Bond Issue</td></tr></table>	Name of the Banker	Union Bank of India	Account Name	Union Bank of India A/c - Bonds Issue	Account Number	378901990050001	IFSC Code	UBIN0537896	Address of the Branch	Mumbai Main Branch (Nariman Point Branch)	Narration	Application Money for Bond Issue
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64.	Transaction Documents	<p>The Bank 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">a) Letter appointing Debenture Trustee;b) Bond Trustee Agreement;c) Bond Trust Deed;d) Rating Letter from India Ratings;e) Rating Letter from Brickwork;f) Tripartite Agreement between the Bank; Registrar and NSDL for issue of Bonds in dematerialised form;g) Tripartite Agreement between the Bank, Registrar and CDSL for issue of Bonds in dematerialised form;h) Letter appointing Registrar and MoU entered into between the Bank and the Registrar;i) Application made to NSE for seeking its in-principle approval for listing of Bonds;j) Listing Agreement with NSE;k) Letter appointing Arranger(s) to the Issue; andl) Disclosure Document.												
65.	Conditions Precedent to Disbursement	<p>The subscription from Investors shall be accepted for allocation and allotment by the Bank subject to the following:</p> <ul style="list-style-type: none">a) Rating letters from India Ratings and Brickworknot												



		<p>being more than one month old from the Issue Opening Date;</p> <p>b) Letter from the Debenture Trustee conveying their consent to act as Debenture Trustee for the Bondholders;</p> <p>c) Letter from NSE conveying its in-principle approval for listing of Bonds.</p>	
66.	Condition Subsequent to Disbursement	<p>The Bank shall ensure that the following documents are executed/ activities are completed as per time frame mentioned in the Disclosure Document:</p> <p>a) Credit of demat account(s) of the allottee(s) by number of Bonds allotted within 2 (two) working days from the Deemed Date of Allotment;</p> <p>b) Making application to NSE within 15 days from the Deemed Date of Allotment to list the Bonds and seek listing permission from NSE within 20 days from the Deemed Date of Allotment, pursuant to the SEBI Debt Regulations; and</p> <p>c) Neither the Bank nor its related parties 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> <p>Besides, the Bank shall perform all activities, whether mandatory or otherwise, as mentioned in the Disclosure Document.</p>	
67.	Applicable SEBI Regulations	Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 issued vide circular no. LAD-NRO/GN/2008/13/127878 dated June 06, 2008, as amended.	
68.	Governing Law & 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 district courts of Mumbai, Maharashtra.	
69.	Issue Schedule*	Issue Opening Date	May 03, 2017
		Issue Closing Date	May 03, 2017
		Pay-in Date	May 03, 2017
		Deemed Date of Allotment	May 03, 2017
<p>* The Bank reserves its sole and absolute right to modify (pre-pone/ post-pone) the above issue schedule without giving any reasons or prior notice. In such a case, applicants shall be intimated about the revised time schedule by the Bank. The Bank 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 Bank at its sole and absolute discretion. Consequent to change in Deemed Date of Allotment, the</p>			



Coupon Payment Dates may also be changed at the sole and absolute discretion of the Bank.

II.	Loss absorption features of Additional Tier 1 (AT1) Instruments at the Pre-Specified Trigger	
1.	Loss Absorption Features	<p>The Bonds may be classified as liabilities for accounting purposes (not for the purpose of insolvency as indicated above). The Bonds shall have principal loss absorption at an objective pre-specified trigger point through write-down mechanism which shall allocate losses to the Bonds at pre-specified trigger point.</p> <p>The write-down shall have the following effects:</p> <ol style="list-style-type: none"> reduce the claim of the Bonds in liquidation; reduce the amount re-paid when Call Option is exercised; and partially or fully reduce coupon payments on the Bonds.
		<p>Accordingly, the Bonds shall have features of temporary or permanent write-down mechanism. When a paid-up instrument is fully and permanently written-down, it ceases to exist resulting in extinguishment of a liability of a bank (a non-common equity instrument) and creates CET1. A temporary write-down is different from a conversion and a permanent write-down i.e. the original instrument may not be fully extinguished. Generally, the par value of the instrument is written-down (decrease) on the occurrence of the trigger event and which may be written-up (increase) back to its original value in future depending upon the conditions prescribed in the terms and conditions of the instrument. The amount shown on the balance sheet subsequent to temporary write-down may depend on the precise features of the instrument and the prevailing accounting standards.</p>
2.	Level of Pre-Specified Trigger and amount of Equity to be created by write-down	<ol style="list-style-type: none"> The pre-specified trigger for loss absorption through write-down of Additional Tier 1 instruments (PNCPS and PDI) must be at least Common Equity Tier 1 capital of 6.125% of RWAs. All AT1 instruments issued before March 31, 2019 i.e. before the full implementation of Basel III will have two pre-specified triggers. A lower pre-specified trigger at CET1 of 5.5% of RWAs shall apply and remain effective before March 31, 2019; from this date the trigger will be raised at CET1 of 6.125% of RWAs for all such instruments. AT1 instruments issued on or after March 31, 2019 will have pre-specified trigger at CET1 of 6.125% of RWAs only. 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>c) 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 applicable Indian Accounting Standards. The instrument will receive recognition in AT1 capital only up to the extent of minimum level of CET1 generated (i.e. net of contingent liability recognised under the Indian Accounting Standards, potential tax liabilities, etc., if any) by a full write-down of the instrument.</p>
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		<p>d) 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. Further, the Bank shall 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%).</p> <p>e) When a bank breaches the pre-specified trigger of loss absorbency of AT1 and the equity is replenished either 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 attains 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>f) The write-down may be allowed more than once in case the Bank hits the pre-specified trigger level subsequent to the first write-down which was partial.</p> <p>g) The write-down of AT1 instruments shall be primarily intended to replenish the equity in the event it is depleted by losses. Therefore, the Banks shall not use write-down of AT1 instruments to support expansion of balance sheet by incurring further obligations/ booking assets. Accordingly, a bank whose Common Equity ratio slips below 8% due to losses and is still above 6.125% i.e. trigger point, should seek to expand its balance sheet further only by raising fresh equity from its existing shareholders or market and the internal accruals. However, fresh exposures can be taken to the extent of amortization of the existing ones.</p>
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3.	Treatment of AT1 Instruments in the event of Winding-Up, Amalgamation, Acquisition, Re-Constitution etc. of the Bank	<p>a) If the Bank goes into liquidation before the AT1 instruments have been written-down, these instruments shall absorb losses in accordance with the order of seniority indicated in the Disclosure Document and as per usual legal provisions governing priority of charges.</p> <p>b) If the Bank goes into liquidation after the AT1 instruments have been written-down, the holders of these instruments shall have no claim on the proceeds of liquidation.</p> <p>c) Amalgamation of a banking company: (Section 44 A of BR Act, 1949)</p> <p>(i) If the 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>(ii) If the 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>(iii) If the Bank is amalgamated with any other bank after the non-equity regulatory capital instruments have been written-down permanently, these cannot be written-up by the amalgamated entity.</p>



		<p>d) Scheme of reconstitution or amalgamation of a banking company: (Section 45 of BR Act, 1949)</p> <p>(i) If the relevant authorities decide to reconstitute a bank or amalgamate a 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 for conversion/write-down of AT1 instruments will be activated. Accordingly, the AT1 instruments will be fully written-down permanently before amalgamation/reconstitution in accordance with these rules.</p>
4.	Order of write-down of various types of AT1 Instruments at the event of gone concern situation	<p>The order of claims/ write-down of various types of regulatory capital instruments issued by the Bank or may be issued by the Bank in future shall be in accordance with the order of seniority and as per usual legal provisions governing priority of charges. The claims of Bondholders (investors in Perpetual Debt Instruments for inclusion as Additional Tier 1 Capital) shall be:</p> <p>a) superior to the claims of investors in equity/ common shares, perpetual non-cumulative preference shares and other regulatory capital instruments eligible for inclusion in Tier 1 capital of the Bank. However, claims of Perpetual Debt Instruments eligible for inclusion in Additional Tier 1 capital shall be on <i>paripassu</i> basis amongst themselves irrespective of the date, amount or terms of issue;</p> <p>b) subordinated to the claims of (i) all depositors; (ii) general creditors; (iii) subordinated debt other than subordinated debt qualifying as Additional Tier 1 capital; (iv) subordinated debt eligible for inclusion in hybrid Tier 1 capital under the then prevailing Basel II guidelines (to the extent permitted under the RBI guidelines); (v) Debt Capital Instruments eligible for inclusion in Tier 2 capital issued and to be issued in future by the Bank; (vi) perpetual cumulative preference shares; (vii) redeemable non-cumulative preference shares; (viii) redeemable cumulative preference shares eligible for inclusion in Tier 2 capital issued and to be issued in future by the Bank;</p>



		<p>c) neither secured nor covered by a guarantee of the Bank or its related entity or any other arrangement that legally or economically enhances the seniority of the claims of Bondholders vis-à-vis creditors of the Bank;</p> <p>d) Claims of holders of perpetual non-cumulative preference shares shall be superior to the claims of holders of equity/ common shares;</p> <p>e) Once the Basel III Compliant Additional Tier 1 instruments are written-off, the Bondholders shall have no claim on the proceeds of liquidation.</p>
III.	Loss absorbency features of Additional Tier 1 Instruments at the Point of Non-Viability	
1.	Mode of Loss Absorption and Trigger Event	<p>The terms and conditions of the Bonds shall have a provision that requires the Bonds, at the option of the RBI, to be written off upon the occurrence of the trigger event, called the 'Point of Non-Viability (PONV) Trigger' stipulated below:</p> <p>a) The PONV Trigger event shall be the earlier of:</p> <p>(i) a decision that a full and permanent 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 the relevant authority.</p> <p>The write-off of any Common Equity Tier 1 capital shall not be required before the write-off of any Non-equity (Additional Tier 1 and Tier 2) regulatory capital instrument.</p>
		<p>b) Such a decision would invariably imply that the write-off consequent upon the trigger event shall occur prior to any public sector injection of capital so that the capital provided by the public sector is not diluted. As such, the contractual terms and conditions of the Bonds do not provide for any residual claims on the Bank which are senior to ordinary shares of the Bank (or banking group entity where applicable), following a trigger event and when conversion or write-off is undertaken.</p>



2.	A Non-Viable Bank	<p>For the purpose of the RBI Regulations, 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 of non-equity regulatory capital in combination with or without other measures as considered appropriate by the RBI.</p> <p>In rare situations, a bank may also become non-viable due to non-financial problems, such as conduct of affairs of the bank in a manner which is detrimental to the interest of depositors, serious corporate governance issues, etc. In such situations raising capital is not considered a part of the solution and therefore, may not attract provisions of RBI Regulations.</p>
3.	Restoring Viability	<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 the 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/ public sector injection of funds are likely to:</p> <ol style="list-style-type: none"> Restore depositors'/investors' confidence; Improve rating/ creditworthiness of the Bank and thereby improve its borrowing capacity and liquidity and reduce cost of funds; and Augment the resource base to fund balance sheet growth in the case of fresh injection of funds.
4.	Criteria to determine the PONV	<ol style="list-style-type: none"> The above framework under RBI Regulations shall be invoked when the Bank is adjudged by the RBI to be approaching the point of non-viability, or has already reached the point of non-viability, but in the views of RBI: <ol style="list-style-type: none"> 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 if left unattended, the weaknesses would inflict financial losses on the Bank and, thus,



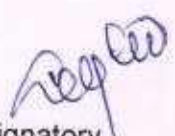
		<p>cause decline in its common equity level.</p> <p>b) The purpose of write-off of non-equity regulatory capital elements will be to shore up the capital level of the Bank. RBI shall follow a two-stage approach to determine the non-viability of the Bank. The Stage 1 assessment would consist of purely objective and quantifiable criteria to indicate that there is a prima facie case of the Bank approaching non-viability and, therefore, a closer examination of the Bank's financial situation is warranted. 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>c) Once the PONV is confirmed, the next step would be to decide whether rescue of the Bank would be through write-off alone or in conjunction with a public sector injection of funds.</p>
5.	PONV to be evaluated both at consolidated and solo level	<p>a) The trigger at PONV shall be evaluated both at consolidated and solo level and breach at either level will trigger write-off.</p>



		<p>b) 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>c) The cost to the parent of its investment in each subsidiary and the parent's portion of equity of each subsidiary, at the date on which investment in each subsidiary is made, is eliminated as per AS-21. So, in case of wholly-owned subsidiaries, it would not matter whether or not it has same characteristics as the bank's capital. However, in the case of less than wholly owned subsidiaries (or in the case of non-equity regulatory capital of the wholly owned subsidiaries, if issued to the third parties), minority interests constitute additional capital for the banking group over and above what is counted at solo level; therefore, it should be admitted only when it (and consequently the entire capital in that category) has the same characteristics as the bank's capital.</p> <p>d) This additional trigger event is the earlier of:</p> <p>(i) 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 RBI; and</p>
		<p>(ii) the decision to make a public sector injection of capital, or equivalent support, without which the bank or the subsidiary would have become non-viable, as determined by the RBI. Such a decision would invariably imply that the write-off consequent upon the 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>(iii) In such cases, the subsidiary should obtain its regulator's approval/no-objection for allowing</p>



		the capital instrument to be converted/written-off at the additional trigger point.
		(iv) Any common shares paid as compensation to the holders of the instrument shall be common shares of either the issuing subsidiary or the parent bank (including any successor in resolution).


 Authorised Signatory

Dated: 27/04/2017
 Mumbai

