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(T) DETAILED 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 (BASEL III Guidelines)

1.	Security Name	Dena Bank Basel III Compliant Tier II Bonds Issue Series XIV
2.	Issuer	**DENA BANK *(the "Bank"/ the "Issuer")***
3.	Issue Size	Rs. 400 Crores [Rs. Four Hundred Crore]
4.	Bond Series	XIV
5.	Type of Instrument	Unsecured, Non-Convertible, Taxable, Redeemable Basel III Compliant Tier 2 Bonds (Series XIV) for inclusion in Tier II Capital in the nature of Debentures ("Bonds").
6.	Convertibility	Non-Convertible
7.	Objects of the Issue	Augmenting Tier 2 Capital and overall capital of the Bank for strengthening its capital adequacy and for enhancing its long-term resources.
8.	Details of the utilization of the Proceeds	The proceeds of the issue would be utilized to meet the object of the issue.
9.	Nature and status of Bonds	The Bonds are neither secured nor covered by a guarantee of the Issuer nor related entity or other arrangement that legally or economically enhances the seniority of the claim of the holders of the Bonds (the "Bondholders") vis- à-vis other creditors of the Issuer. Bondholders will not be entitled to receive notice of or attend or vote at any meeting of shareholders of the Issuer or participate in the management of the Issuer.
10.	Seniority of Instrument/Claim	The claims of the Bondholders in respect of the Bonds shall be : i. senior to the claims of investors in instruments eligible for inclusion in Tier 1 capital; ii. subordinate to the claims of all depositors and general creditors of the bank; and iii. neither secured nor covered by a guarantee of the issuer or related entity or other arrangement that legally or economically enhances the seniority of the claim vis-à-vis bank creditors. The Bondholders shall have no rights to accelerate the repayment of future scheduled payments (coupon or principal) except in bankruptcy and liquidation. The claims of the bondholders shall be subject to the provisions mentioned in the "Point of Non viability" (PONV) in the term sheet.
11.	Mode of Issue	Private Placement
12.	Listing (including name of stock Exchange(s) where it will be listed and timeline for listing)	Proposed on the Wholesale Debt Market (WDM) Segment of the National Stock Exchange of India Ltd. **("NSE")**
13.	Option to retain oversubscription	Not Applicable
14.	Credit Rating	**"CARE AA-"** *(Pronounced Double A Minus)* by **CARE**
15.	Security	The Bonds are unsecured in nature.
16.	Coupon Rate	8.76
17.	Coupon Payment Frequency	Annual
18.	Coupon Type	Fixed
19.	Coupon payment dates	The coupon/ interest payment date shall be the date of allotment i.e 20th

		September every financial year till maturity/redemption and subject to "PONV" mentioned below..
20.	Coupon Reset Process (including rates, spread, effective date, interest rate cap and floor etc).	Not Applicable
21.	Settlement mode of the Instrument	Payment of interest and repayment of principal shall be made by way of credit through direct credit/ NECS/ RTGS/ NEFT mechanism.
22.	Step Up/Step Down Coupon Rate	Not Applicable
23.	Day Count Basis /computation of Interest	Actual/ Actual *(as per SEBI Circular no CIR/IMD/DF/18/2013 dated 29th Oct 2013)*
24.	Interest on Application Money*	Interest at the respective coupon rate (subject to deduction of Income Tax under the Provisions of the Income Tax Act 1961, or any Statutory modification or reenactment 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. 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. Where the entire subscription amount 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.
25	Default Interest Rate	Not Applicable
26	(a) Loss Absorbency	The Bonds shall be subjected to loss absorbency features applicable for non-equity capital instruments vide RBI Master Circular No. DBOD.No.BP.BC.1 /21.06.201/2015-16 dated July 01, 2015 on Basel III capital regulations covering criteria for inclusion of debt capital instruments as Tier 2 capital (Annex 5) 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 ("PONV") (Annex 16). Accordingly, the Bonds may at the option of the RBI be written off upon the occurrence of the trigger event called the 'Point of Non Viability' (PONV). PONV trigger event shall be as defined in the aforesaid RBI Circular and shall be determined by the RBI.
	b) Loss Absorption at Point of Non-Viability (PONV)	1. If a PONV Trigger Event (as described below) occurs, the Issuer shall: (i) notify the Trustee; (ii) cancel any coupon which is accrued and unpaid on the Bonds as on the write-off date; and (iii) Without the need for the consent of Bondholders or the Trustee, write-off of the outstanding principal of the Bonds by such amount as may be prescribed by RBI ("PONV Write off Amount") and as is otherwise required by the RBI at the relevant time. A write-off may occur on more than one occasion. Once the principal of the Bonds have been written off pursuant to PONV Trigger Event, the PONV Write-off Amount will not be restored in any circumstances, including where the PONV Trigger Event has ceased to continue.

2. Write off for PONV means full and permanent write off.

3. These instruments, at the option of the Reserve Bank of India will be written off upon the occurrence of the trigger event, called the 'Point of Non-Viability (PONV) Trigger' stipulated below:

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

a. a decision that full permanent write-off, without which the Bank would become non-viable, is necessary, as determined by the Reserve Bank of India; and

b. the decision to make a public sector injection of capital, or equivalent support, without which the Bank would become non-viable, as determined by the relevant authority.

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 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.

(iv) No compensation will be paid to these instrument holders in case of full and permanent write-off.

4. For the purpose of the above, 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 in combination with or without other measures as considered appropriate by the Reserve Bank.

5. Bank facing financial difficulties and approaching PONV will be deemed to achieve viability if within a reasonable time in the opinion of Reserve Bank, it will be able to come out of the present difficulties if appropriate measures are taken to revive it. The measures including augmentation of equity capital through write-off /public sector injection of funds are likely to:

a. Restore depositors'/investors' confidence;

b. Improve rating /creditworthiness of the bank and thereby improve its borrowing capacity and liquidity and reduce cost of funds; and

c. Augment the resource base to fund balance sheet growth in the case of fresh injection of funds.

6. The amount of non-equity capital to be written-off will be determined by RBI.

7. When Bank breaches the PONV trigger and the equity is replenished

through write-off, such replenished amount of equity will be excluded from the total equity of the bank for the purpose of determining the proportion of earnings to be paid out as dividend in terms of rules laid down for maintaining capital conservation buffer. However, once the bank has attained total Common Equity ratio of 8% without counting the replenished equity capital, that point onwards, the bank may include the replenished equity capital for all purposes.

8. Criteria to Determine the PONV
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:

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
b) if left unattended, the weaknesses would inflict financial losses on the bank and, thus, cause decline in its common equity level.

9. The purpose of write-off of these instruments will be to shore up the capital level of the Bank.

RBI would follow a two-stage approach to determine the non-viability of Bank as under:

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.

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.

10. Once the PONV is confirmed, the next step would be to decide whether rescue of the bank would be through write-off alone or write-off in conjunction with a public sector injection of funds.

11. The trigger at PONV will be evaluated both at consolidated and solo level and breach at either level will trigger write-off.

12. As the capital adequacy is applicable both at solo and consolidated levels, the minority interests in respect of capital instruments issued by subsidiaries of banks including overseas subsidiaries can be included in the consolidated capital of the banking group only if these instruments have pre-specified triggers (in case of AT1 capital instruments) / loss absorbency at the PONV (for all non-common equity capital instruments). In addition, where a bank wishes the instrument issued by its subsidiary to be included in the consolidated group's capital in addition to its solo capital, the terms and conditions of that instrument must specify an additional trigger event.

This additional trigger event is the earlier of:

(1) a decision that a write-off, without which the Bank or the subsidiary would become non-viable, is necessary, as determined by the Reserve Bank of India; and

(2) the decision to make a public sector injection of capital, or equivalent support, without which the Bank or the subsidiary would become non-

		viable, as determined by the Reserve Bank of India. Such a decision would invariably imply that the write-off consequent upon the trigger event must occur prior to any public sector injection of capital so that the capital provided by the public sector is not diluted. 13. In such cases, the subsidiary would obtain its regulator's approval/no-objection for allowing the capital instrument to be written-off at the additional trigger point referred to in paragraph above. 14. If Bank goes into liquidation before these Bonds have been written-off, these instruments will absorb losses in accordance with the order of seniority indicated in clause 8 of this term sheet and as per usual legal provisions governing priority of charges. 15. If Bank goes into liquidation after these Bonds instruments have been written-off, the holders of these instruments will have no claim on the proceeds of liquidation. (a) Amalgamation of a banking company: (Section 44 A of BR Act, 1949) 16. If Bank is amalgamated with any other bank before these Bonds have been written-off, these instruments will become part of the corresponding categories of regulatory capital of the new bank emerging after the merger. 17. If Bank is amalgamated with any other bank after these instruments have been written-off permanently, these cannot be written-up by the amalgamated entity. (b) Scheme of reconstitution or amalgamation of a banking company: (Section 45 of BR Act, 1949) 18. If the relevant authorities decide to reconstitute Bank or amalgamate Bank with any other Bank under the Section 45 of BR Act, 1949, such a Bank will be deemed as non-viable or approaching non-viability and both the pre-specified trigger and the trigger at the point of non-viability write off of these instruments will be activated. Accordingly, these instruments will be fully written-off permanently before amalgamation / reconstitution in accordance with these rules.
27.	Decision to Write off	The decision of write- off shall be exercised across all investors of this Instrument;
28.	Treatment in Bankruptcy/ Liquidation	The Bondholders shall have no rights to accelerate the repayment of future scheduled payments (coupon or principal) except in bankruptcy and liquidation
29.	Tenor	10 Years from the Deemed Date of Allotment
30.	Redemption / Maturity Date(s)	10 Years from the Deemed Date of Allotment
31.	Redemption Amount	At par Rs.10,00,000/- (Rupees Ten Lakhs) per Bond.
32.	Redemption Premium /Discount	Not Applicable
33.	Face Value	Rs. 10,00,000/- (Rupees Ten Lakhs) per Bond.
34.	Issue Price	At par Rs.10,00,000/- (Rupees Ten Lakhs) per Bond.
35.	Premium/ Discount on issue	Not Applicable
36.	Discount at which security is issued and the effective yield as a result of such discount.	Not Applicable
37.	Minimum Application and in multiples of Debt securities thereafter	10 Bonds and in multiple(s) of 1 Bond thereafter
38.	Issuance mode of the Instrument	Demat only

39.	Trading mode of the Instrument	Demat only
40.	Basis of Allotment (if any)	The Issuer reserves the right to reject any/all applications fully or partially at its sole discretion, without assigning any reason whatsoever.
41.	Put option	No Put Option available.
42.	Call Option	No Call Option available.
43.	Call Option Price	Not Applicable
44.	Call Notification Time	Not Applicable
45.	Lock-in-Period	Not Applicable
46.	Record Date	Reference date for payment of interest/ repayment of principal which shall be the date falling 15 days prior to the relevant Interest Payment Date on which interest or the Redemption/ Maturity Date on which the Maturity Amount 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.
47.	Business Day Convention	Business Day' shall be a day on which commercial banks are open for business in the city of Mumbai. 1. If any interest 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 Mumbai), then the payment of interest will be made on the next day i.e. a Business Day with interest for the intervening period. 2. In case if the principal redemption 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 Mumbai), then the payment due shall be made on previous working day. Payment of interest and/or principal amount shall be without liability for making payment of interest for the delayed period.
48.	Transaction Documents	The Issuer has executed/shall execute the documents including but not limited to the following in connection with the issue: 1. Letter appointing Trustees to the Bond Holders. 2. Bond/Debenture Trusteeship agreement; 3. Bond/Debenture Trustee Deed; 4. Rating agreement with CARE Limited; 5. Tripartite agreement between the Issuer, Registrar and NSDL for issue of Bonds in dematerialized form; 6. Tripartite agreement between the Issuer, Registrar and CDSL for issue of Bonds in dematerialized form; 7. Letter appointing Registrar and agreement entered into between the Issuer and the Registrar; 8. Listing Agreement with NSE; 9. Disclosure Document dated 16-09-2016
49.	Conditions precedent to subscription of Bonds	The subscription from investors shall be accepted for allocation and allotment by the Issuer subject to the following: 1. Rating letter(s) from the aforesaid rating agencies not being more than one month old from the issue opening date; 2. Letter from the Trustees conveying their consent to act as Trustees for the Bondholder(s); 3. Letter to NSE for seeking its In-principle approval for listing and trading of Bonds.
50.	Conditions subsequent to subscription of Bonds	The Issuer shall ensure that the following documents are executed/ activities are completed as per time frame mentioned elsewhere in this Disclosure Document: 1. Credit of demat account(s) of the allottee(s) by number of Bonds allotted within 2 working days from the Deemed Date of Allotment; 2. 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; 3. 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. 4. Besides, the Issuer shall perform all activities, whether mandatory or otherwise, as mentioned elsewhere in this Disclosure Document.
51.	Additional Covenants	**Delay in Listing:** The Issuer shall complete all formalities and seek listing permission within 15 days from the Deemed Date of Allotment. In the event of delay in listing of Bonds beyond 20 days from the Deemed Date of Allotment, the Issuer shall pay, penal interest of 1.00% per annum over the Coupon Rate from the expiry of 30 days from the Deemed Date of Allotment till the listing of Bonds, to the Bondholder(s). **Default in Payment:** In case of default in payment of Interest and/or principal redemption on the due dates, additional interest of atleast @ 2% p.a. over the coupon rate will be payable by the Bank for the defaulting period **Refusal of Listing:** If listing permission is refused before the expiry of the 20 days from the Deemed Date of Allotment, the Issuer shall forthwith repay all monies received from the applicants in pursuance of the Disclosure Document along with penal interest of 1.00% per annum 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 Issuer and every director of the Issuer who is an officer in default shall, on and from the expiry of 8 days, will be jointly and severally liable to repay the money, with interest at the rate of 15 per cent per annum on application money, as prescribed under Section 73 of the Companies Act, 1956.
52.	Cross Default	Not Applicable
53.	Event of Default	Default on the part of the Bank to forthwith satisfy all or any part of payments in relation to the Bonds when it becomes due (i.e. making payment of any instalment of interest or repayment of principal amount of the Bonds on the respective due dates) except in case of "PONV" mentioned above or due to any regulatory requirements prescribed under Applicable RBI Regulations or by Government of India or by any Statutory Authority, shall constitute an Event of Default for the purpose of the Issue.
54.	OTHER GENERAL TERMS	
a.	Eligible Investors	1. Mutual Funds; 2. Public Financial Institutions as defined in the Companies Act, 2013; 3. Scheduled Commercial Banks; 4. Insurance Companies; 5. Foreign Institutional Investors (subject to compliance with the SEBI/ RBI norms); 6. Provident Funds, Gratuity Funds, Superannuation Funds and Pension Funds; 7. Cooperative Banks;

		8. Regional Rural Banks authorized to invest in bonds/ debentures; 9. Companies and Bodies Corporate authorized to invest in bonds/ debentures; 10. Limited Liability Partnership 11. Societies authorized to invest in bonds/ debentures; 12. Trusts authorized to invest in bonds/ debentures; 13. Statutory Corporations/ Undertakings established by Central/ State legislature authorized to invest in bonds/ debentures; 14. National Investment Fund set up by resolution no F.No 2/3/2005-DDII dated Nov 23, 2005 of the Government of India published in Gazette of India. 15. Insurance funds set up and managed by Army, Navy or Airforce of the Union of India. This issue is restricted only to the above class of investors. 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.
b.	Non- Eligible classes of investors	Qualified Foreign Investors, Foreign Nationals, Persons resident outside India, Venture Capital Funds, Alternative Investment Funds, Overseas Corporate Bodies, Partnership firms formed under applicable laws in India in the name of the partners, Hindu Undivided Families through Karta, Person ineligible to contract under applicable statutory/ regulatory requirements etc.
c.	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 District Courts of Mumbai, Maharashtra.
d.	Applicable RBI Guidelines	The present issue of Bonds is being made in pursuance of Master Circular No. DBOD.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 covering criteria for inclusion of debt capital instruments as Tier 2 capital (Annex 5) 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) .
e.	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) 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.
f.	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 Regulations and Department of Banking Supervision of the Reserve Bank of India, Mumbai.
g.	Trustees	M/s. CENT BANK Financial Service Ltd
h.	Role and Responsibilities of Trustee	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 comply with the provisions of all applicable laws, provided that, the provisions of Section 20 of the Indian Trusts Act, 1882, shall not be applicable to the Trustees. The Trustees shall carry out its duties and perform its functions as required to discharge its obligations under the terms of SEBI Debt Regulations, the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993, the 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 including but not limited to the right to appoint a nominee director on the Board of the Issuer in consultation with institutional holders of such Bonds. The Trustees shall ensure disclosure of all material events on an ongoing basis. The Issuer shall, till the redemption of Bonds, submit its latest audited/ limited review half yearly consolidated (wherever available) and standalone financial information such as Statement of Profit & Loss, Balance Sheet and Cash Flow Statement and auditor qualifications, if any, to the Trustees within the timelines as mentioned in Simplified Listing Agreement issued by SEBI vide circular No. SEBI/IMD/BOND/1/2009/11/05 dated May 11, 2009 as amended. Besides, the Issuer shall within 180 days from the end of the financial year, submit a copy of the latest annual report to the Trustees and the Trustees shall be obliged to share the details so submitted with all 'Qualified Institutional Buyers' (QIBs) within two working days of their specific request.
i.	Depository	National Securities Depository Limited (NSDL)and Central Depository Services (India) Limited (CDSL)
j.	Registrar	M/s. Link Intime India Pvt Ltd.
k.	Regulatory guidelines	The terms of the proposed issue are intended to be consistent with guidelines of RBI. Hence, in case of any doubt/discrepancy, the applicable RBI guidelines will prevail.
l.	Electronic book mechanism for issuance of debt securities on private placement basis	SEBI vide its circular No. CIR/IMD/DF1/48/2016 dated April 21, 2016 has made electronic book mechanism mandatory for all private placements of debt securities in primary market with an issue size of Rs.500 crores and above, inclusive of green shoe option, if any. However, the following issuers have an option to follow either electronic book mechanism or the existing mechanism:- a. issues with a single investor and where coupon rate are fixed. However arrangers acting as underwriters shall not be considered as single investors. b. issues wherein the issue size is less than Rs. 500 crores, inclusive of green shoe option, if any. Since the present Issue is less than Rs. 500 crores , it will be through the existing mechanism.
	Payment Mode	The remittance of application money can be made through Electronic transfer of funds through RTGS mechanism for credit as per details given hereunder:
		Collection Banker: **DENA BANK**
		Beneficiary A/c Name: **Dena Bank Tier II Bonds Issue Series XIV**
		Beneficiary A/c Number: 111511024166
		IFSC Code: **BKDN0401115**
		Bank Branch Name & Address: CAPITAL MARKET BRANCH, DENA BANK BLDG.17, HORNIMAN CIRCLE, FORT, MUMBAI-400 023
		Narration: Application Money
	ISSUE SCHEDULE ** :	
	Issue Opening Date	20-09-2016
	Issue Closing Date	20-09-2016
	Pay in date	20-09-2016
	Deemed Date of Allotment	20-09-2016

** Subject to deduction of Tax at source as applicable*