

19. MATERIAL EVENT, DEVELOPMENT OR CHANGE AT THE TIME OF ISSUE

The Issuer hereby confirms that there has been no material event, development or change having implications on the financials/ credit quality of the Issuer (e.g. any material regulatory proceedings against the Issuer/ promoters of the Issuer, tax litigations resulting in material liabilities, corporate restructuring event etc.) at the time of Issue which may affect the Issue or the investor's decision to invest/ continue to invest in the debt securities of the Issuer.

VIII. SUMMARY TERM SHEET

Security Name	8.62% VIJAYA BANK 2025
Issuer	Vijaya Bank (the "Bank"/ the "Issuer")
Issue Size	Rs. 500 crore
Option to retain oversubscription (Amount)	Not Applicable
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
Instrument	Non-Convertible Redeemable Unsecured Basel III compliant Tier 2 Bonds (SERIES X) in the nature of Debentures("Bonds")
Nature and status of Bonds	Claims of the Bondholders 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) the Bonds shall neither be secured nor covered by a guarantee of the Issuer or its related entity or other arrangement that legally or economically enhances the seniority of the claim vis-à-vis creditors of the Bank
Issuance Mode	In Demat mode only
Convertibility	Non-Convertible
Trading Mode	In Demat mode only
Credit Rating	"ICRA AA+(hyb)" by ICRA ratings and "CARE AA+" by CARE
Mode of Issue	Private Placement
Seniority	<p>The Bonds are to be issued in the form of Unsecured Basel III Compliant Tier 2 Bonds (Series X) in the nature of Debentures of face value of Rs. 10 lakhs each. The claims of the Bondholders 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) the Bonds shall neither be secured nor covered by a guarantee of the Issuer or its related entity or other arrangement that legally or economically enhances the seniority of the claim vis-à-vis creditors of the Bank.</p> <p>The Bond holders shall have no rights to accelerate the repayment of future scheduled payments (coupon or principal) except in bankruptcy and liquidation.</p>
Security	Unsecured
Loss Absorbency	<p>The Bonds shall be subjected to loss absorbency features applicable for non-equity capital instruments vide RBI Master Circular No. DBOD.No.BP.BC.2 /21.06.201/2013-14 dated July 01, 2013 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).</p> <p>Accordingly, the Bonds may at the option of the RBI either be permanently</p>

	written off or temporarily written off on the occurrence of the trigger event called the Point of Non Viability. PONV trigger event shall be as defined in the aforesaid RBI Circular and shall be determined by the RBI.
Treatment in Bankruptcy/ Liquidation	The Bond holders shall have no rights to accelerate the repayment of future scheduled payments (coupon or principal) except in bankruptcy and liquidation
PONV Trigger	<p>The Bonds, at the option of the Reserve Bank of India, can be temporarily written down or permanently written off upon occurrence of the trigger event, called the 'Point of Non-Viability Trigger ("PONV Trigger")'. The PONV Trigger event is the earlier of:</p> <p>c. a decision that a temporary/ permanent write off is necessary without which the Bank would become non -viable, as determined by the RBI; and</p> <p>d. 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. 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>For this purpose, a non-viable bank will be:</p> <p>A bank which, owing to its financial and other difficulties, may no longer remain a going concern on its own in the opinion of the Reserve Bank of India 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 temporary and/or permanent write-off in combination with or without other measures as considered appropriate by the Reserve Bank of India.</p>
	<p>A bank facing financial difficulties and approaching a PONV shall 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 temporary/ permanent write-off/ public sector injection of funds are likely to:</p> <p>e. Restore confidence of the depositors/ investors;</p> <p>f. Improve rating/ creditworthiness of the bank and thereby improving its borrowing capacity and liquidity and reduce cost of funds; and</p> <p>g. Augment the resource base to fund balance sheet growth in the case of fresh injection of funds.</p>
Face Value	Rs. 10.00 lakhs per Bond
Premium/ Discount on Issue	Nil
Issue Price	At par (Rs.10.00 lakhs per Bond)
Premium/ Discount on redemption	Nil
Tenore	Redeemable after 120 months from the Deemed Date of Allotment
Redemption/ Maturity Date	February 18,2025
Lock-in-Period	Not Applicable
Minimum Application	1 Bonds and in multiples of 1Bond thereafter
Put Option	None
Call Option	None
Call Option Price	Not applicable

Call Notification Time	Not applicable										
Coupon Rate	8.62% p.a.										
Step Up/ Step Down Coupon Rate	None										
Coupon Payment Frequency	Annual										
Coupon / Interest Payment Date	The date, in case of the first coupon/ interest payment shall be March 31st, 2015 and for subsequent financial years the coupon/ interest payment date shall be on March 31st of every financial year. The last interest payment shall be made on the Redemption Date on pro rata basis										
Coupon Type	Fixed										
Coupon Reset Process (including rates, spread, effective date, interest rate cap and floor etc)	Not Applicable										
Default Interest Rate	Not Applicable										
Day Count Basis	Actual/ Actual										
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 other statutory modification or re-enactment thereof, as applicable) will be paid to the applicants on the application money for the Bonds for the period starting from and including the date of realization of application money in Issuer's Bank Account up to one day prior to the Deemed Date of Allotment										
Listing	Proposed on the Wholesale Debt Market (WDM) segment of National Stock Exchange of India Limited ("NSE")										
Trustees	GDA Trusteeship Ltd.										
Depository	National Securities Depository Limited ("NSDL") and Central Depository Services (India) Limited ("CDSL")										
Registrars	Link Intime India Private Limited										
Settlement	Payment of interest/ repayment of principal shall be made by way of cheque(s) / interest/ redemption warrant(s)/ demand draft(s)/ credit through direct credit/ NECS/ RTGS/ NEFT mechanism										
Business Day Convention	'Business Day' shall be a day on which commercial banks are open for business in the city of Bangalore, Karnataka. If any coupon payment date falls on a day which is not a business day, payment of interest amount shall be made on the next business day without liability for making payment of interest for the delayed period and if the maturity date of the debt securities falls on a day which is not a business day payment of redemption proceeds shall be made on the previous business day										
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.										
Payment Mode	The remittance of application money can be made out of any of the following two modes: i. Through cheque(s) / demand draft(s) payable in favor of "Vijaya Bank A/c - Bonds Issue" and crossed "Account Payee" only deposited at any of the branches of the Bank. Or ii. Electronic transfer of funds through RTGS mechanism for credit as per details given hereunder: <table border="1" data-bbox="662 1669 1484 1917"> <tr> <td>Name of the Banker</td> <td>Vijaya Bank</td> </tr> <tr> <td>Account Name</td> <td>RTGS CBS ACCOUNT</td> </tr> <tr> <td>Credit into A/c No.</td> <td>900100036516001</td> </tr> <tr> <td>IFSC Code</td> <td>VIJB0009001</td> </tr> <tr> <td>Address of</td> <td>Central Accounts Dept., VIJAYA BANK M.G. Road</td> </tr> </table>	Name of the Banker	Vijaya Bank	Account Name	RTGS CBS ACCOUNT	Credit into A/c No.	900100036516001	IFSC Code	VIJB0009001	Address of	Central Accounts Dept., VIJAYA BANK M.G. Road
Name of the Banker	Vijaya Bank										
Account Name	RTGS CBS ACCOUNT										
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IFSC Code	VIJB0009001										
Address of	Central Accounts Dept., VIJAYA BANK M.G. Road										

	the Branch	.Blore-1
	Narration	Application Money for the Bond Issue
Eligible Investors	Mutual Funds, Public Financial Institutions as defined under section 2(72) of the Companies Act,2013, Scheduled Commercial Banks, Insurance Companies, Provident Funds, Gratuity Funds, Superannuation Funds and Pension Funds, Co-operative Banks, Regional Rural Banks authorized to invest in bonds/ debentures, Companies and Bodies Corporate authorized to invest in bonds/ debentures, Trusts authorized to invest in bonds/ debentures, Statutory Corporations/ Undertakings established by Central/ State legislature authorized to invest in bonds/ debentures, Resident Individual Investors etc.	
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.	
Transaction Documents	The Issuer has executed/ shall execute the documents including but not limited to the following in connection with the Issue: a. Letter appointing Trustee to the Bondholders; b. Debenture Trusteeship Agreement; c. Letter appointing Arrangers to the Issue; d. Letter appointing Registrar and Agreement entered into between the Issuer and the Registrar; e. Rating Agreement with ICRA Ltd; f. Rating Agreement with CARE; g. Tripartite Agreement between the Issuer; Registrar and NDSL for issue of Bonds in dematerialized form; h. Tripartite Agreement between the Issuer; Registrar and CDSL for issue of Bonds in dematerialized form; i. Application made to NSE for seeking its in-principle approval for listing of Bonds; j. Listing Agreement with NSE.	
Conditions precedent to subscription of Bonds	The subscription from applicants shall be accepted for allocation and allotment by the Issuer subject to the following: a. Rating letter from ICRA and CARE not being more than one month old from the issue opening date; b. Consent letter from the Trustees to act as Trustee to the Bondholder(s); c. Letter from NSE conveying in-principle approval for listing & trading of Bonds.	
Conditions subsequent to subscription of Bonds	The Issuer shall ensure that the following documents are executed/ activities are completed as per terms of this Disclosure Document: a. Credit of demat account(s) of the Allottee(s) by the number of Bonds allotted within 2 working days from the Deemed Date of Allotment; b. Making application to NSE within 15 days from the Deemed Date of Allotment to list the Bonds and seek listing permission within 20 days from the Deemed Date of Allotment in terms of sub-section (1) of Section 73 of the Companies Act, 1956 (1 of 1956): c. 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. d. Besides, the Issuer shall perform all activities, whether mandatory or otherwise, as mentioned elsewhere in this Disclosure Document.	
Cross Default	Not Applicable	

<p>Role and Responsibilities of Trustees</p>	<p>The Trustees shall perform its duties and obligations and exercise its rights and discretions, in keeping with the trust reposed in the Trustees by the holder(s) of the Bonds and shall further conduct itself, and 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.</p> <p>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.</p> <p>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.</p>
<p>Governing Law and Jurisdiction</p>	<p>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 High Court of Karnataka, Bangalore.</p>
<p>Additional Covenants</p>	<p>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).</p> <p>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.</p>
<p>Applicable RBI Guidelines</p>	<p>The present issue of Bonds is being made in pursuance of Master Circular No. DBOD.No.BP.BC.2 /21.06.201/2013-14 dated July 01, 2013 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)</p>

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
Issue Opening Date	February 11,2015
Issue Closing Date	February 17,2015
Pay In Dates	February 11,2015 to February 17, 2015
Date of Allotment	February 18,2015

IX. TERMS OF OFFER (DETAILS OF DEBT SECURITIES PROPOSED TO BE ISSUED, MODE OF ISSUANCE, ISSUE SIZE, UTILIZATION OF ISSUE PROCEEDS, STOCK EXCHANGES WHERE SECURITIES ARE PROPOSED TO BE LISTED, REDEMPTION AMOUNT, PERIOD OF MATURITY, YIELD ON REDEMPTION, DISCOUNT AT WHICH OFFER IS MADE AND EFFECTIVE YIELD FOR INVESTOR)

PRIVATE PLACEMENT OF NON-CONVERTIBLE REDEEMABLE UNSECURED BASEL III COMPLIANT TIER 2 BONDS(SERIES X) FOR INCLUSION IN TIER 2 CAPITAL IN THE NATURE OF DEBENTURES OF FACE VALUE OF RS. 10 LAKHS EACH ("BONDS") AT PAR AGGREGATING RS. 500 CRORE BY VIJAYA BANK (THE "ISSUER" OR THE "BANK")

1. ISSUE SIZE

Vijaya Bank(the "Issuer" or the "Bank")proposes to raise up to Rs.500 crore through issue of Non-Convertible Redeemable Unsecured Basel III compliant Tier 2 Bonds (Series X) for inclusion in Tier 2 Capital in the nature of Debentures of face value of Rs. 10 lakhs each ("Bonds")(the "Issue").

2. ELIGIBILITY TO COME OUT WITH THE ISSUE

The Bank or its promoter has not been restrained or prohibited or debarred by SEBI/any other Government authority from accessing the securities market or dealing in securities and no such direction or order is in force.

3. REGISTRATION AND GOVERNMENT APPROVALS

The Bank can undertake the activities proposed by it in view of the present approvals and no further approval from any government authority (ies) is required by it to undertake the proposed activities save and except those approvals which may be required to be taken in the normal course of business from time to time.

4. AUTHORITY FOR THE ISSUE

The present issue of Bonds is being made pursuant to the resolution of the Board of Directors of the Bank, passed at its meeting held on [07.11.2014], and the delegation provided there under.

The present issue of Bonds is being made in pursuance of Master Circular No. DBOD.No.BP.BC.2 /21.06.201/2013-14 dated July 01, 2013 issued by the Reserve Bank of India on Basel III capital regulations covering terms and conditions for issue of debt capital instruments for inclusion as Tier 2 capital.

The Bank can issue the Bonds proposed by it in view of the present approvals and no further internal or external permission/ approval(s) is/are required by it to undertake the proposed activity.



VIJAYA BANK

(A Government of India Undertaking)

Constituted under the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980

Head Office: 41/2, M.G. Road, Bangalore - 560 001 (Karnataka)

Tel: (080) 25584066 (20 lines); Fax No.: (080) 25598040

Website: www.vijayabank.com; E-mail: merchnatbkg@vijayabank.com

PURSUANT TO CHANGE IN RBI MASTER CIRCULAR NO.DBOD.NO.BP.BC .6/21.06.201/2014-15 DATED JULY 1, 2014 AND SUBSEQUENT CIRULAR NO. DBOD NO.BP.BC.38/21.06.201/2014-15 DATED SEPTEMBER 1, 2014, FOLLOWING ADDENDUM/MODIFICATION IS MADE IN DISCLOSURE DOCUMENT DATED FEBRUARY 09, 2015 ISSUED IN RESPECT OF PRIVATE PLACEMENT OF NON-CONVERTIBLE REDEEMABLE UNSECURED BASEL III COMPLAINT TIER 2 BONDS [SERIES X] FOR INCLUSION IN TIER 2 CAPITAL IN THE NATURE OF DEBENTURES OF FACE VALUE OF RS.10 LAKHS EACH ("BONDS") AT PAR AGGREGATING Rs.500 CRORE BY VIJAYA BANK.

1. As per RBI amendments, the terms and conditions of all non-equity capital instruments (both Additional Tier 1 and **Tier 2**) issued by banks must have a provision that requires such instruments, **at the option of the Reserve Bank of India**, to be **permanently written off** upon the occurrence of the 'Point of Non-Viability' [PONV] trigger event. But write off clause in our Disclosure Document provides for **temporary or permanent write-off** which is not in strict compliance of RBI instructions.

In view of the above, clauses pertaining to **Loss Absorbency** and '**Point of Non-Viability**' [PONV] are **modified in Annexure 1**

2. Definition of "**RBI Norms/ RBI Guidelines**" in Clause No. II of Table of Content is substituted and read as follows -

RBI Norms/ RBI Guidelines	MASTER CIRCULAR NO.DBOD.NO.BP.BC .6/21.06.201/2014-15 DATED JULY 1, 2014 AND SUBSEQUENT CIRULAR NO. DBOD NO.BP.BC.38/21.06.201/2014-15 DATED SEPTEMBER 1,2014 ISSUED BY THE RESERVE BANK OF INDIA ON BASEL III CAPITAL REGULATIONS COVERING TERMS AND CONDITIONS FOR ISSUE OF DEBT CAPITAL INSTRUMENTS FOR INCLUSION AS TIER 2 CAPITAL.
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Further, wherever in the Disclosure Document "Master Circular No. DBOD.No.BP.BC.2 /21.06.201/2013-14 dated July 01, 2013" is mentioned should read as "MASTER CIRCULAR NO.DBOD.NO.BP.BC .6/21.06.201/2014-15 DATED JULY 1, 2014 and SUBSEQUENT CIRULAR NO. DBOD NO.BP.BC.38/21.06.201/2014-15 DATED SEPTEMBER 1,2014"

3. In Page No 40, new clause "**Order of claim at the event of gone concern situation**" has been added in the **Summary Term Sheet, VIII of Table of Contents after column "Date of Allotment"**.

Order of claim at the event of gone concern situation	The order of claim of various types of regulatory capital instruments which are already issued by the Bank and which will be issued in future shall be as under: Tier II debt instruments will be superior to the claims of investors in equity shares, perpetual non-cumulative preference shares & AT1 instruments and subordinate to the claims of all depositors and general creditors. However, write down/claim of Tier II capital instruments will be on pari-passu basis amongst themselves irrespective of the date of issue.
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We request you to provide your Acknowledgement as per Annexure II as a token for acceptance of Addendum/Modification

कृते विजया बैंक / For VIJAYA BANK

महा प्रबंधक / General Manager
व्यापारी बैंकिंग प्रभाग / Merchant Banking Division
प्र.का. बेंगलूर - 1/H.O., Bangalore - 560 001

Date: 30-06-2015

Place: Bangalore

Annexure 1- Series X

1. Clause "**Loss Absorbency**" in DEFINITIONS/ ABBREVIATIONS of Page No.8 and
 Clause "**Loss Absorbency**" in SUMMARY TERM SHEET of Page NO 35

Has been modified as follows:

Loss Absorbency	<p><u>Earlier Clause:</u> The Bonds shall be subjected to loss absorbency features applicable for non-equity capital instruments as per RBI Master Circular No. DBOD.No.BP.BC.2 /21.06.201/2013-14 dated July 01, 2013 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).</p> <p>Accordingly, the Bonds may at the option of the RBI either be <u>permanently written off or temporarily written off</u> on the occurrence of the trigger event called the Point of Non Viability. PONV trigger event shall be as defined in the aforesaid RBI Circular and shall be determined by the RBI.</p> <p><u>Modified Clause:</u> The Bonds shall be subjected to loss absorbency features applicable for non-equity capital instruments in pursuance of RBI Master Circular No. DBOD.No.BP.BC.6/21.06.201/2014-15 dated July 01, 2014 on Basel III capital regulations covering criteria for inclusion of debt capital instruments as Tier 2 capital (Annex 5 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 ("PONV") (Annex 16) read along with RBI Circular No. DBOD.No.BP.BC.38/21.06.201/2014-15 dated September 01,2014 on "Implementation of Basel III Capital Regulations in India – Amendments as amended from time to time"</p> <p>Accordingly, the Bonds may at the option of the RBI <u>be permanently written off</u> on the occurrence of the trigger event called the Point of Non Viability. PONV trigger event shall be as defined in the aforesaid RBI Circular and shall be determined by the RBI.</p>
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2. Clause "**PONV Trigger**" in DEFINITIONS/ ABBREVIATIONS of Page No.8 and
 Clause "**PONV Trigger**" in SUMMARY TERM SHEET of Page No 36 and
 Clause "**Point of Non Viability**" [PONV], point no 10 of Terms of the Offer in Page no.41

Has been modified as follows:

PONV Trigger	<p><u>Earlier Clause:</u> These Bonds, at the option of the Reserve Bank of India, can be <u>temporarily written off or permanently written off</u> upon occurrence of the trigger event, called the 'Point of Non-Viability Trigger ("PONV Trigger"). The PONV Trigger event is the earlier of:</p> <p>a. a decision that a <u>temporary/ permanent write off</u> is necessary without which the Bank would become non- viable, as determined by the RBI; and</p> <p>b. 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>
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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.

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 Reserve Bank of India 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 **temporary and/or permanent write-off** in combination with or without other measures as considered appropriate by the Reserve Bank of India.

A bank facing financial difficulties and approaching a PONV shall 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 **temporary/permanent write-off/** public sector injection of funds are likely to:

- a. Restore confidence of the depositors/ investors;
- b. Improve rating/ creditworthiness of the bank and thereby improving 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.

Modified Clause:

These Bonds, at the option of the Reserve Bank of India, can be **permanently written** off upon occurrence of the trigger event, called the 'Point of Non-Viability Trigger ("PONV Trigger")'. The PONV Trigger event is the earlier of:

- a. a decision that a **permanent write off** is necessary without which the Bank would become non- viable, as determined by the RBI; and
- b. 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. 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.

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 Reserve Bank of India 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 **permanent write-off** in combination with or without other measures as considered appropriate by the Reserve Bank of India.

A bank facing financial difficulties and approaching a PONV shall 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 **permanent write-off** public sector injection of funds are likely to:

- a. Restore confidence of the depositors/ investors;
- b. Improve rating/ creditworthiness of the bank and thereby improving 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

3. Clause No. (x), (xiii) "LOSS ABSORPTION FEATURES, point no 11 of Terms of the Offer in Page no.41

Has been modified as follows:

Earlier Clause:

The Bonds shall have **temporary written-down/ permanent write-off** features. Whichever option is exercised, it shall be exercised across all the Bondholders in the Issue. The Bonds subject to **temporary** write-down may be written-up subsequently subject to the following conditions:

- (xv) The Bonds shall have one or more of the following features:
 - a. **temporary /permanent write-off** in cases where there is no public sector injection of funds; and
 - b. permanent write-off in cases where there is public sector injection of funds.
- (xviii) The framework relating to **temporary/ permanent write-down/** write-off of the Bonds shall be invoked when the Bank is adjudged by Reserve Bank of India to be approaching the point of non-viability, or has already reached the point of non-viability, 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.

Modified Clause:

The Bonds shall have **permanent write-off** features. The Bonds may be written-off subject to the following conditions:

- (xv) The Bonds shall have one or more of the following features:
 - a. **permanent write-off** in cases where there is no public sector injection of funds; and
 - b. permanent write-off in cases where there is public sector injection of funds.
- (xviii) The framework relating to **permanent write-down/ write-off** of the Bonds shall be invoked when the Bank is adjudged by Reserve Bank of India to be approaching the point of non-viability, or has already reached the point of non-viability, 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.

4. The following Clause No. (v), (viii), (xi) of "LOSS ABSORPTION FEATURES, point no 11 of Terms of the Offer in Page no.41 **stands deleted**

- (v) If the Bank is amalgamated with or acquired by another bank after a **temporary** write-down and the equity holders get positive compensation on amalgamation/ acquisition, the holders of Bonds which have been **temporarily written off** shall also be appropriately compensated.
- (viii) If the Bank goes into liquidation after the Bonds have been **written-down temporarily** but yet to be written-up, the holders of Bonds shall have a claim on the proceeds of liquidation pari-passu with the equity holders in proportion to the amount written-down.
- (xi) If the Bank is amalgamated with any other bank after the Bonds have been **written-down temporarily**, the amalgamated entity can write-up the Bonds as per its discretion.

