Term Sheet

Issue of unsecured subordinated perpetual Additional Tier 1 Bonds in the nature of debentures aggregating to ₹ 5,000 million through Private Placement.

S. No.	Particulars	Details
I.	**General Terms & Conditions**	
1	**Issuer**	ICICI Bank Limited
2	**Type of Instrument**	Unsecured, Subordinated, Non-Convertible Fully Paid-Up Basel III Compliant Perpetual Debt Instruments in the nature of debentures eligible for inclusion in Additional Tier 1 Capital (“**Bonds**”)
3	**Nature of Instrument**	Unsecured
4	**Issue Size**	Upto ₹ 5,000 million
5	**Option to retain Oversubscription**	Not Applicable
6	**Objects of the Issue**	Augmenting Additional Tier 1 Capital (as the term is defined in the Basel III Regulations) and overall capital of the Bank for strengthening its capital adequacy and for enhancing its long term resources.
7	**Utilization of the Proceeds of the Issue**	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 business activities. 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.
8	**Seniority of Claim**	The claims of the investors in the Bonds and any interest accrued thereon shall be: a) superior to the claims of investors in equity shares and perpetual non-cumulative preference shares, if any, of the Bank whether currently outstanding or issued at any time in the future and any other securities of the Bank that are subordinated to Additional Tier 1 Capital of the Bank in terms of the Basel III Regulations whether currently outstanding or issued at any time in the future; b) subordinated to the claims of depositors, general creditors and any other securities of the Bank that are senior to Additional Tier 1 Capital of the Bank in terms of Basel III Regulations whether currently outstanding or issued at any time in the future;

		c) *pari passu* without preference amongst themselves and other subordinated debt classifying as Additional Tier 1 Capital in terms of Basel III Regulations, whether currently outstanding or issued at any time in the future; and d) neither secured nor covered by a guarantee of the Bank or any of its related entities or any other arrangement that legally or economically enhances the seniority of such claim vis-à-vis creditors of the Bank.
9	**Credit Rating**	CARE: CARE AA+; Stable / ICRA:[ICRA]AA+ (hyb)
10	**Mode of Issue**	Private Placement
11	**Issuance Mode**	In dematerialized form only
12	**Trading Mode**	In dematerialized form only
13	**Security**	Unsecured
14	**Face Value**	INR 10.00 lakh per Bond
15	**Issue Premium**	Not Applicable
16	**Discount at which security is issued and the effective yield as a result of such discount**	Not Applicable
17	**Issue Price**	At par i.e. INR 10.00 lakh per Bond
18	**Minimum Application**	10 Bonds (i.e. INR 10 million) and in multiples of 1 Bond (i.e. INR 10 lakhs) thereafter.
19	**Tenor**	The Bonds are perpetual i.e. there is no maturity date and there are no step-ups or other incentives to redeem
20	**Redemption Date**	Not Applicable as the Bonds are perpetual
21	**Convertibility**	Non-Convertible
22	**Redemption Premium**	Not Applicable
23	**Redemption Discount**	Not Applicable
24	**Redemption Amount**	Not Applicable. However in case of redemption due to exercise of call option in accordance with the Basel III Regulations, the Bonds shall be redeemed at par along with interest, subject to the terms specified herein.
25	**Put Option**	Not Applicable
26	**Put Date**	Not Applicable
27	**Put Option Notification Time**	Not Applicable
28	**Put Price**	Not Applicable
29	**Call Option**	1. **Issuer Call Option**: On completion or after the 5th anniversary from the Deemed

		Date of Allotment, the Issuer may with prior approval of the RBI, and having notified the Trustee not less than 21 calendar days prior to the date of exercise of Issuer Call Option (which notice shall specify the date fixed for exercise of Call Option, "**Issuer Call Date**"), exercise the Issuer Call Option on the outstanding Bonds. The Issuer Call Option, which is discretionary, may be exercised on the 5th anniversary from the Deemed Date of Allotment i.e. the 5th Coupon Payment Date or any Coupon Payment Date thereafter. Provided however that the Issuer shall not be obliged to exercise the Issuer Call Option. To exercise the Issuer Call Option, the Bank must receive prior approval of RBI (Department of Banking Regulation) and the Issuer Call Option may be exercised subject to compliance with all applicable requirements under the Basel III Regulations. 2. **Tax Call Option**: If a Tax Event (as described below) has occurred and is continuing, then the Bank may (without prejudice to the "Issuer Call Option" mentioned above), having notified the Trustee not less than 21 calendar days prior to the date of exercise of such Tax Call Option (which notice shall specify the date fixed for exercise of the Tax Call Option, "**Tax Call Date**"), exercise a call on the Bonds and/or substitute the Bonds with new bonds with tax deductible coupons. A Tax Event shall be deemed to have occurred if, as a result of any change in, or amendment to, the laws affecting taxation (or regulations or rulings promulgated thereunder) of India or any change in the official application of such laws, regulations or rulings, the Issuer will no longer be entitled to claim a deduction in respect of computing its taxation liabilities with respect to Coupon on the Bonds. The exercise of Tax Call Option by the Issuer is subject to requirements set out in the Basel III Regulations. The RBI will permit the Issuer to exercise the Tax Call Option only if the RBI is convinced that the Issuer was not in a position to anticipate the Tax Event at the time of issuance of the Bonds. 3. **Regulatory Call Option**: If a Regulatory Event (described below) has occurred and is continuing, then the Issuer may (without prejudice to the "Issuer Call Option" mentioned above), having notified the Trustee not less than 21 calendar days prior to the date of

		exercise of such Regulatory Call Option (which notice shall specify the date fixed for exercise of the Regulatory Call Option, "**Regulatory Call Date**"), exercise a call on the Bonds and substitute the Bonds so that the new bonds have better regulatory classification or a lower coupon with the same regulatory classification with prior approval of the RBI. A Regulatory Event shall be deemed to have occurred if there is a downgrade of the Bonds in regulatory classification i.e. the Bonds are excluded from the consolidated Tier I Capital of the Issuer. The exercise of Regulatory Call Option by the Issuer is subject to requirements set out in the Basel III Regulations. The RBI will permit the Issuer to exercise the Regulatory Call Option only if the RBI is convinced that the Issuer was not in a position to anticipate the Regulatory Event at the time of issuance of the Bonds.
30	**Call Date**	Issuer Call Date, Tax Call Date and Regulatory Call Date
31	**Call Price**	At par i.e. INR 10.00 lakh per Bond
32	**Call Notification Time**	21 calendar days prior to the date of exercise of Call Option
33	**Repurchase/ Buy-Back/ Redemption**	a) Principal amount of the Bonds may be repaid (e.g. through repurchase or buy-back or redemption) only with prior approval of RBI; b) The Bank may repurchase/ buy-back/ redeem the Bonds only if: 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 ii. The Bank demonstrates that its capital position is well above the minimum capital requirements after the repurchase/ buy-back/ redemption.
34	**Coupon Discretion**	a) The Bank may elect, at its full discretion, at any time, to cancel (in whole or in part) Coupon/distributions scheduled to be paid (including on Coupon Payment Dates) in order to meet eligibility criteria for perpetual debt instruments under Basel III Regulations. On cancellation of the Coupon/distributions, these payments will be extinguished and the Bank shall have no obligation to make such payments in kind.

		b) The Bonds do not carry a "dividend pusher" feature i.e., if the Bank makes any payment on any other capital instrument or share, the Bank shall not be obligated to make Coupon payment on the Bonds. c) The Bank shall have full access to cancelled payments to meet obligations as they fall due. d) Cancellation of distributions/coupon shall not impose restrictions on the Bank except in relation to distributions to holders of equity shares or other securities subordinated to these Bonds. e) Coupons shall be paid out of 'distributable items'. In this context, coupon may be paid out of current year's profits. However, if current year profits are not sufficient, coupon may be paid subject to availability of: (i) Profits brought forward from previous years, and/or (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. 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. 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 cases, the Bank shall report to the RBI within 21 days from the date of such appropriation in compliance with Section 17(2) of the Banking Regulation Act 1949. f) However, payment of coupons on the Bonds from the reserves is subject to the Bank meeting minimum regulatory requirements for common equity tier1, Tier 1 and Total Capital Ratios including the additional capital requirements for domestic systemically important banks at all times and subject to the restrictions under the capital buffer frameworks (i.e. capital conservation buffer and counter cyclical capital buffer in terms of paras 15 and 17 respectively of the Basel III Regulations).

		g) Coupon on the Bonds will be non-cumulative. If Coupon is cancelled or paid at a rate lesser than the Coupon Rate, the unpaid Coupon will not be paid in future years. Non-payment of Coupon will not constitute an Event of Default in respect of the Bonds; and h) In the event that the Bank determines that it shall not make a payment of Coupon on the Bonds, the Bank shall notify the Trustee not less than 21 calendar days prior to the relevant Coupon Payment Date of that fact and of the amount that shall not be paid. Provided however such notice not being provided by the Bank shall not prejudice the discretion of the Bank to cancel in whole or in part, the Coupon as specified in paragraph (a) above.
35	**Dividend Stopper Clause**	Dividend Stopper Clause will be applicable to these Bonds and it will stop dividend payments on common shares in the event the holders of the Bonds are not paid Coupon. In the event the holders of these Bonds are not paid Coupon, it shall not impede the full discretion that the Bank has at all times, to cancel distributions/ payments on the Bonds, nor will it impede or hinder: (i) The Re-Capitalization of the Bank. (ii) The Bank's right to make payments on other instruments, where the payments on such other instrument were not also fully discretionary. (iii) The Bank's right to making distributions to shareholders for a period that extends beyond the point in time that Coupon /dividends on the Bonds are resumed. (iv) The normal operation of the Bank or any restructuring activity (including acquisitions/ disposals). 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.
36	**Coupon Rate**	8.55% p.a.
37	**Coupon Payment Frequency**	Annual
38	**Coupon Payment Date**	On anniversary of the Deemed Date of Allotment each year, subject to the RBI regulations (upto the Call Option 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	**Coupon Reset Process**	Not Applicable
42	**Record Date**	Date falling 15 calendar days prior to each Coupon Payment Date on which Coupon, and the Call Option Date on which the Call Option Price is due and payable.
43	**Computation of Interest / Day Count Basis**	Actual / Actual (as per SEBI circular no. CIR/IMD/DF-1/122/2016 dated November 11, 2016 and SEBI circular no. CIR/IMD/DF/18/2013 dated October 29, 2013) Interest on Application Money and Coupon shall be computed on an "actual/actual basis". Where the period for which such amounts are to be calculated (start date to end date) includes February 29, coupon shall be computed on a 366 days-a-year basis.
44	**Interest on Application Money**	In respect of investors who were allotted Bonds pursuant to the Issue, the Bank shall pay interest on application money at the Coupon Rate (subject to deduction of income tax under the provisions of the I.T. Act, or any other statutory modification or re-enactment thereof, as applicable) on the aggregate face value amount of the Bonds from the date of realization of application money upto 1 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. 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.
45	**Settlement mode of the Instrument**	The Bank shall make payment of Coupon, Interest on Application Money, Call Option Price (in case of exercise of Call Option), by way of RTGS/ NEFT mechanism/ other electronic mode as may be allowed by SEBI regulations from time to time, in the name of the sole/ first beneficial owner of the Bonds as given by the Depository to the Bank as on the Record Date. The Bonds shall be taken as discharged on payment of the Call Option Price by the Bank on the Call Option Date to the sole/ first beneficial owner 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 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.
46	**Business Days/ Working Days**	Business days/ working days shall be all days (excluding 2nd & 4th Saturdays, Sundays and public holidays) on which commercial banks are open for business in the city of Mumbai.
47	**Business Day Convention**	If any Coupon Payment Date falls on a day that is not a Business Day, the payment shall be made by the Bank on the immediately succeeding Business Day in line with SEBI guidelines If the Call Option 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. 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. Payment of interest/ redemption with respect to debt securities shall be made only on the days when the market is functioning in Mumbai.
48	**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.
49	**Purchase/ Funding of Bonds**	Neither the Bank nor any related party over which the Bank exercises control or significant influence (as defined under relevant AS) 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.
50	**Re-capitalisation**	Nothing contained in this Disclosure Document or any other Transaction Document shall hinder recapitalization by the Issuer.
51	**Reporting of Nonpayment**	All instances of non-payment of Coupon should be notified by the Bank to the Chief General Managers-in-Charge of

	of Coupons	Department of Banking Regulation and Department of Banking Supervision of the RBI, Mumbai.
52	**Compliance with Reserve Requirements**	The total amount raised by the Bank by issuance of the Bonds 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.
53	**Cross Default**	Not Applicable
54	**Default Interest Rate**	Not Applicable
55	**Trustee**	IDBI Trusteeship Services Limited
56	**Role and Responsibilities of trustees to the Issue**	The Trustee shall perform its duties and obligations and exercise its rights and discretions, in keeping with the trust reposed in the Trustee 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 Trustee. The Trustee shall carry out its duties and perform its functions as required to discharge its obligations under the terms of SEBI Regulations, the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993 (to the extent such regulation apply to the Bonds), the Bond Trustee Deed, Bond Trustee Agreement, this Disclosure Document and all other related Transaction Documents, with due care, diligence and loyalty.
57	**Listing**	The Bonds are proposed to be listed on the wholesale debt market (WDM) segment of NSE and/or BSE.
58	**Delay in Listing**	The Bank shall make an application to the stock exchanges to seek approval from the NSE and/or the BSE and list the Bonds within 20 days from the Deemed Date of Allotment. 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 and above the Coupon at 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. In case the Bonds are not listed within 15 days from the Deemed Date of Allotment, any investors who are FPI may be required to immediately dispose off the Bonds by way of sale to eligible third parties or the Issuer would immediately redeem / buyback the said Bonds from the investors subject to Foreign Exchange Management (Transfer or Issue of Security by Persons Resident Outside India) Regulations, 2000 (as amended from time to time) and Basel III Regulations (including RBI approval).

59	**Depositories**	National Securities Depository Limited ("NSDL") and Central Depository Services (India) Limited ("CDSL")
60	**Transaction Documents**	The Bank has executed/ shall execute the necessary documents including but not limited to the following in connection with the Issue: a) Letter appointing Trustee; b) Bond Trustee Agreement c) Bond Trust Deed; d) Tripartite Agreement between the Bank, Registrar and NSDL for issue of Bonds in dematerialized form; e) Tripartite Agreement between the Bank, Registrar and CDSL for issue of Bonds in dematerialized form; f) Listing Agreement with NSE and/or BSE; and g) This Disclosure Document.
61	**Conditions Precedent to Issuance**	The subscription from investors shall be accepted for allocation and allotment by the Bank subject to the following: a) Rating letters from ICRA and CARE not being more than 1 month old from the Issue Opening Date; and b) Letter from the Trustee conveying their consent to act as debenture trustee for the holder(s) of Bonds.
62	**Condition Subsequent to Issuance**	The Bank shall ensure that the following documents are executed/ activities are completed as per time frame mentioned in the Disclosure Document: a) Credit of demat account(s) of the allottee(s) by number of Bonds allotted within 2 working days from the Deemed Date of Allotment; b) Making application to the NSE and/or BSE and listing the Bonds within 20 days from the Deemed Date of Allotment; and c) the Bank shall perform all other obligations as mentioned in the Disclosure Document.
63	**Events of Default**	Not Applicable. It is clarified that cancellation of payment of distributions/coupon / write-down shall not be deemed to be an event of default.

64	**Eligible Investors**	The following categories of investors may apply for the Bonds, subject to applicable laws / RBI regulations and subject to fulfilling their respective investment norms/ rules by submitting all the relevant documents along with the application form. a) Financial institutions registered under the applicable laws in India which are duly authorised to invest in bonds; b) Insurance companies; c) Provident, gratuity, pension and superannuation funds; d) Regional rural banks; e) Mutual funds; f) Companies, bodies corporate authorised to invest in bonds; g) Trusts, association of persons, societies registered under the applicable laws in India which are duly authorised to invest in bonds; h) FII / FPI; i) Banks; j) QIB's defined under SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2000; k) Undertakings established by Central/State Legislature authorised to invest in debentures; and l) Any other eligible investor not mentioned above. (Investment by FIIs and NRIs shall be within an overall limit of 49% and 24% of the Issue, respectively, subject to the investment by each FII not exceeding 10% of the Issue and investment by each NRI not exceeding 5% of the Issue.)
65	**Basel III Regulations**	Master circular no. DBR.No.BP.BC.1/21.06.201/2015-16 dated July 01, 2015 issued by the RBI on Basel III Capital Regulations and clarification issued thereof vide circular no. DBR.BP.BC.50/21.06.201/2016-17 dated February 2, 2017, as amended from time to time ("**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 Basel III Regulations, the provisions of the Basel III Regulations shall prevail.
66	**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 exclusive jurisdiction of the Courts at Mumbai, Maharashtra.
67	**Issue Structure***	Issue Opening Date : September 29, 2017 Issue Closing Date : September 29, 2017 Pay-in Date : September 29, 2017 Deemed Date of Allotment: October 04, 2017
** 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 (preponed/ postponed), the Deemed Date of Allotment may also be changed (preponed/ postponed) by the Bank at its sole and absolute discretion. Consequent to change in Deemed Date of Allotment, the Coupon Payment Dates may also be changed at the sole and absolute discretion of the Bank.*		
Loss Absorption Features		These Bonds are subject to principal loss absorption at an objective pre-specified trigger point through a write-down mechanism which allocates losses to the instrument as required of Additional Tier I instruments at Level of Pre-Specified Trigger and at Point of Non Viability as provided for in Annex 16 of the Master Circular. The write-down will have the following effects: (a) Reduce the claim of the Bonds in liquidation; (b) Reduce the amount re-paid when a call is exercised; and (c) Partially or fully reduce Coupon payments on the Bonds. 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 the Bank (a non-common equity instrument) and creates common equity tier1. A temporary write-down is different from a permanent write-down i.e. the Bonds 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 in the Issuer's discretion and subject to applicable law. The amount shown on the balance sheet subsequent to temporary write-down may depend on the precise features of the instrument and the prevailing AS. The Bank shall be entitled to take all actions to give effect to any permanent or temporary write down.
II.	**Loss absorption features of Additional Tier 1 (AT1) Instruments at the Pre-Specified Trigger**	
Level of Pre-Specified Trigger and amount of Equity to be created by write-down		a) If a CET1 Trigger Event (as described below) occurs, the Bank shall: (i) notify the Trustee; (ii) cancel any Coupon which is accrued and unpaid as on the write-down date; and (iii) without the need for the consent of Bondholders or the Trustee, write down the outstanding principal of the Bonds by such amount as the Bank may in its absolute discretion decide subject to the amount of write down not exceeding the amount which would be required to bring the CET 1 Ratio to 8% of risk weighted assets (minimum common equity tier 1 of 5.5% + capital conservation buffer of 2.5%) and in no case such amount shall be less than the amount required to immediately return the Bank's CET 1 Ratio (as defined below) to above the CET1 Trigger Event Threshold (as defined below) or, if this is not possible, the full principal value of the Bonds. b) The write-down will generate common equity tier 1 under applicable Indian AS (i.e. net of contingent liability recognised under the Indian AS, potential tax liabilities, etc., if any). c) The write-down of any common equity tier 1 capital shall not be required before a write-down of these Bonds. A write-down may be allowed more than once in case the Bank hits the CET1 Trigger Event subsequent to the first write-down which was partial. Once the principal of the Bond has been written down pursuant to this Condition (temporary write down), it may be restored at the discretion of the Issuer and in accordance with conditions laid out by the RBI and other applicable law. d) 'CET1 Trigger Event' means that the Bank's CET 1 Ratio is: (i) if calculated at any time prior to March 31, 2019, at or below 5.5%; or

		(ii) if calculated at any time from and including March 31, 2019, at or below 6.125%,(the "CET1 Trigger Event Threshold").e) CET1 Ratio (Common Equity Tier 1 Ratio) means the common equity tier 1 capital (as defined and calculated in accordance with the Basel III Regulations) of the Bank expressed as a percentage of the total risk weighted assets (as defined and calculated in accordance with the Basel III Regulations) of the Bank; f) If the CET1 Trigger Event Threshold is breached as per the Master Circular and the Bank's equity is replenished through write-down of the Bonds, 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 the capital conservation buffer (as described in the Basel III Regulations). However, once the CET1 Ratio of 8% is attained without counting the replenished equity capital, from that point onwards, the Bank may include the replenished equity capital for all purposes. g) The write-down of the Bonds shall be primarily intended to replenish the equity in the event it is depleted by losses. The Banks shall not use write-down of the Bonds to support expansion of balance sheet by incurring further obligations/ booking assets. Accordingly, if the CET1 Ratio slips below 8% due to losses and is still above 6.125% i.e. the CET1 Trigger Event Threshold, it shall expand its balance sheet further only by raising fresh equity from its existing shareholders or market and internal accruals. However, fresh exposures can be taken to the extent of amortization of the existing ones. g) If any expansion in exposures, such as due to draw down of sanctioned borrowing limits, is inevitable, this should be compensated within the shortest possible time by reducing other exposures. For the purpose of determination of the CET1 Trigger Event Threshold, the fresh equity, if any, raised after slippage of CET1 Ratio below 8% will not be subtracted. In other words, if CET1 of the Bank now is above the trigger level though it would have been below the trigger had it not raised the fresh equity which it did, the trigger will not be treated as breached.
III.	**Loss absorbency features of Additional Tier 1 Instruments at the Point of Non-Viability**	
1	**Permanent principal write-off on PONV**	The Bonds, at the option of the RBI, can be permanently written off upon occurrence of a PONV Trigger (as described below). If a PONV Trigger (as described below) occurs, the

	Trigger Event	Bank shall: (i) notify the Trustee; (ii) cancel any coupon which is accrued and unpaid on the Bonds as on the write-down date; and (iii) Without the need for the consent of the Bondholders or the Trustee, write-down the outstanding principal of the Bonds by such amount as may be prescribed by the RBI ("**PONV Write Down Amount**") and subject as is otherwise required by the RBI at the relevant time. The Bank will affect a write-down within 30 days of the PONV Write Down Amount being determined and approved by RBI. **PONV Trigger**, in respect of the Bank means the earlier of: (i) a decision that a principal write-off, without which the Bank would become non-viable, is necessary, as determined by the RBI; and (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 RBI. Once the principal of the Bonds have been written down pursuant to PONV Trigger Event, the PONV Write-Down Amount will not be restored in any circumstances, including where the PONV Trigger Event has ceased to continue. 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. A 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. 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 PONV Trigger Event when write-off is undertaken. 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 CET1 Ratio of 8% without counting the replenished equity capital, that point onwards, the Bank

		may include the replenished equity capital for all purposes. Compensation if any, to be paid to the Bondholders at PONV will be as per the Basel III Regulations.
2	**Criteria to Determine the Point of non-viability ("PONV")**	The above write down mechanism with respect to PONV Trigger Event will be invoked if the Bank is adjudged by the RBI to be approaching the PONV Trigger Event, or has already reached the PONV Trigger Event, but in the view of the RBI: (i) 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 (ii) If left unattended, the weaknesses would inflict financial losses on the Bank and, thus, cause decline in its common equity level.
3	**A Non-Viable Bank**	For the purpose of the Basel III 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. In rare situations, the 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 Basel III Regulations. The RBI would 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. 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.
4	**Restoring Viability**	The 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: 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.
5	**PONV to be evaluated both at consolidated and solo level**	The trigger at PONV shall be evaluated both at consolidated and solo level and breach at either level will trigger write-off.
IV.	**Treatment in Winding-Up, Amalgamation, Acquisition, Reconstitution etc. of the Bank**	
		Winding-Up of the Bank 1. In the event of the winding-up of the Bank prior to the Bonds and any accrued but unpaid interest thereon being written-off in accordance with the paragraphs on "Loss Absorbency features of Additional Tier 1 (AT1) Instruments at the Pre-Specified Trigger" and "Loss absorbency features of Additional Tier 1 Instruments at the Point of Non-Viability" above, the claims of the Trustee and the Bondholders will be in accordance with the paragraph on "Seniority of claim" above and otherwise in accordance with applicable laws. 2. In the event of the winding-up of the Bank after the Bonds and any accrued but unpaid interest thereon have been written-off, the Trustee and the Bondholders will have no claim in respect of the Bonds (or any such accrued but unpaid interest thereon) in such winding-up.

		Amalgamation of the Bank (Section 44A of the Banking Regulation Act, 1949) 1. If the Bank is amalgamated with any other bank before the Bonds have been written-down, the Bonds will become part of the corresponding categories of regulatory capital of the new bank emerging after the merger. 2. If the Bank is amalgamated with any other bank after the Bonds have been written- down temporarily, the amalgamated entity can write-up these instruments as per its discretion. 3. If the Bank is amalgamated with any other bank after the Bonds have been written-down permanently, these cannot be written-up by the amalgamated entity. **Scheme of reconstitution or amalgamation of the Bank (Section 45 of the Banking Regulation Act, 1949)** If the relevant authorities decide to reconstitute the Bank or amalgamate the Bank with any other bank under Section 45 of the Banking Regulation Act, 1949, the 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 write-down of the Bonds will be activated. Accordingly, the Bonds shall be written-down permanently before such amalgamation / reconstitution.
V	**Order of claim of AT 1 instruments at the event of Gone concern situation**	
		The order of claim of various types of regulatory capital instruments issued by the Bank and that may be issued in future shall be as under: Additional Tier 1 debt instruments will be superior to the claims of investors in equity shares and perpetual non-cumulative preference shares and subordinated to the claims of all depositors and general creditors & subordinated debt (other than subordinated debt qualifying as Additional Tier1 Capital) of the Bank. However, write down / claim of Additional Tier I debt instruments will be on pari-passu basis without preference amongst themselves and other debt instruments classifying as Additional Tier 1 Capital irrespective of the date of issue.

* The Bank reserves the right to change the Issue Closing Date and in such an event, the Deemed Date of Allotment for the Bonds may also be revised by the Bank at its sole and

absolute discretion. In the event of any change in the above Issue programme, the Bank will intimate the investors about the revised Issue programme.

All the above mentioned terms and conditions of the bonds are subject to changes in applicable laws and regulations