

Draft Summary Term Sheet:

Security Name	8.39% SBI
Series	Series III
Issuer	State Bank of India
Type Nature of Instrument	Non-convertible, Perpetual, Subordinated, Unsecured Basel III compliant Additional Tier 1 Bonds in the nature of debentures of Rs.10,00,000 each (each a "Bond")
Nature of Instrument	Unsecured The bonds are neither secured nor covered by a guarantee of the Bank nor related entity or other arrangements that legally or economically enhances the seniority of the claim vis-à-vis other creditors of the Bank.
Seniority/ Order of claim of Additional Tier 1 instruments	<p>The claims of the Bondholders in the Bonds shall –</p> <ul style="list-style-type: none"> (i) Be superior to the claims of investors in equity shares and perpetual non-cumulative preference shares issued by the Bank; (ii) Be subordinated to the claims of depositors, general creditors and subordinated debt of the Bank other than any subordinated debt qualifying as Additional Tier 1 Capital (as defined in the Basel III Guidelines); (iii) 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; (iv) Unless the terms of any subsequent issuance of bonds/debentures by the Bank specifies that the claims of such subsequent bond holders are senior or subordinate to the Bonds issued under this Disclosure Document or unless the RBI specifies otherwise in its guidelines, the claims of the Bondholders shall be pari passu with claims of holders of such subsequent debentures/bond issuances of the Bank; (v) rank pari passu without preference amongst themselves <p>Notwithstanding anything to the contrary stipulated herein, the claims of the Bondholders shall be subject to the provisions of Coupon Discretion, Loss Absorbency and Other Events mentioned in this Disclosure Document.</p> <p>The Bonds shall not contribute to liabilities exceeding assets of the Bank if such a balance sheet test forms part of a requirement to prove insolvency under any law or otherwise.</p>
Mode of Issue	Private Placement



Eligible Investors

The following class of investors are eligible to participate in the offer:

Mutual Funds, Public Financial Institutions as defined in 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, Societies 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, etc., Foreign Institutional Investors*.

This being a private placement Issue, the eligible investors who have been addressed through this communication directly, are only eligible to apply.

Prior to making any investment in these Bonds, each investor should satisfy and assure himself/herself/itself that he/she/it is authorized and eligible to invest in these Bonds. The Bank shall be under no obligation to verify the eligibility/authority of the investor to invest in these Bonds. Further, mere receipt of this Disclosure Document (and/or any Transaction Document in relation thereto and/or any draft of the Transaction Documents and/or the Disclosure Document) by a person shall not be construed as any representation by the Bank that such person is authorized to invest in these Bonds or eligible to subscribe to these Bonds. If after applying for subscription to these Bonds and/or allotment of Bonds to any person, such person becomes ineligible and/or is found to have been ineligible to invest in/hold these Bonds, the Bank shall not be responsible in any manner.

The following class of investors are not eligible to participate in the offer:

Resident Individual Investors, Foreign Nationals, any related party over which the Bank exercises control or significant influence (as defined under relevant Accounting Standards), 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.

*Investment by FIIs in these Bonds raised in Indian Rupees shall be subject to compliance with terms and conditions stipulated by SEBI/other regulatory authorities on investment in these instruments



	and shall be within an overall limit of 49% of the Issue, respectively subject to the investment by each FII not exceeding 10% if the Issue.
Listing	Proposed on the Wholesale Debt Market (WDM) Segment of NSE and/or BSE
Rating	"CRISIL AA+/Stable" by CRISIL and "CARE AA+ (Double A plus)" by CARE
Issue Size	Rs. 2,500 crores
Option to retain oversubscription	NA
Objects of the Issue	Augmenting Additional Tier 1 Capital and overall capital of the Bank for strengthening its capital adequacy and for enhancing its long-term resources in accordance with RBI Guidelines
Details of Utilization of funds	The Bank shall utilize the proceeds of the issue for augmenting Additional Tier 1 Capital and overall capital base and for the purpose of its regular business activities & other associated business objectives.
Coupon Rate	8.39% p.a. subject to "Coupon Discretion" and/or "Loss Absorbency" (as the case may be).
Step Up/Step Down Coupon Rate	N.A.
Coupon Payment Frequency	Annual subject to "Coupon Discretion" and/or "Loss Absorbency" (as the case may be).
Coupon Payment Dates	25 th October every year till call date (if exercised).
Coupon Type	Fixed
Coupon Reset Process (including rates, spread, effective date, interest rate cap and floor etc.)	Not Applicable
Day Count Basis	<p>Interest for each of the interest periods shall be computed as per Actual / Actual day count conversion on the face value/principal outstanding at the Coupon rate rounded off to the nearest rupee.</p> <p>Interest Period means each period beginning on (and including) the deemed date of allotment(s) or any Coupon Payment Date and ending</p>



	<p>on (but excluding) the next Coupon Payment Date/ Call Option Date (if exercised).</p> <p>Sample interest calculation is provided in the Information Memorandum in Annexure IV</p>
Interest on Application Money	<p>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 upto one day prior to the Date of Allotment.</p> <p>Provided that, notwithstanding anything contained hereinabove, Bank shall not be liable to pay any interest on monies liable to be refunded in case of invalid Applications or Applications liable to be rejected including Applications made by persons ineligible to apply for and/or hold the Bonds.</p>
Default Interest Rate	Not Applicable
Tenor	Perpetual
Redemption Date	Not Applicable
Redemption Amount	NA. However in case of redemption due to exercise of call option or otherwise in accordance with RBI Guidelines, the Bonds shall be redeemed at par along with interest (subject to "Coupon Discretion") accrued till one day prior to the Call Date subject to adjustments and/or write-off on account of "Coupon Discretion", "Loss Absorbency" & "Other Events" mentioned in the Summary Term Sheet.
Premium/Discount on redemption	Nil
Issue Price	At par (Rs.10 lacs per Bond)
Discount on Issue	Nil
Put Date	Not Applicable
Put Price	Not Applicable
Issuer Call Date	The Bank may, at its sole discretion but subject always to the "Condition for exercise of call option", elect to exercise a call on the Bonds (in whole but not in part) on 25 th October, 2021 [being the 5 th anniversary of the Deemed Date of Allotment] (the "Issuer Call Date") or any Coupon Payment Date thereafter.



Tax Call	<p>If there is any change in, or amendment to, the laws affecting taxation (or regulations or rulings promulgated thereunder) in India or any change in the official application of such laws, regulations or rulings (a "Tax Event") like the Issuer will no longer being entitled to claim a deduction in respect of computing its taxation liabilities with respect to coupon on the Bonds, Issuer may, at its option, redeem the Bonds, in whole but not in part, at a redemption price equal to outstanding principal amount subject to adjustment on account of "Loss Absorbency" and Other Events mentioned in the Term Sheet, together with any accrued but unpaid interest (subject to Coupon Discretion) to (but excluding) the date fixed for exercising call option on such Bonds. Any redemption upon the occurrence of a Tax Event will be subject to the provisions described under "Call Notification Time" and conditions (ii) and (iii) enumerated under "Condition for exercise of Call Option"</p> <p>RBI may permit the Issuer to exercise the Tax Call 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 and if the Bank demonstrates to the satisfaction of RBI that the Bank's capital position is well above the minimum capital requirements after the call option is exercised.</p>
Regulatory Call	<p>If there is a change in the regulatory classification of the Bonds that occurs on or after the issue date of the Bonds (a "Regulatory Event"), Issuer may, at its option, redeem the Bonds, in whole but not in part, at a redemption price equal to outstanding principal amount subject to adjustment on account of "Loss Absorbency" and Other Events mentioned in the Summary Term Sheet, together with any accrued but unpaid interest (subject to Coupon Discretion) to (but excluding) the date fixed for exercising call option on such Bonds. Any redemption upon the occurrence of a Regulatory Event will be subject to the provisions described under "Call Notification Time" and conditions (ii) and (iii) enumerated under "Condition for exercise of Call Option"</p> <p>RBI may permit the Issuer to exercise the Regulatory Call only if the RBI is convinced that the Issuer was not in a position to anticipate the Regulatory Call at the time of issuance of the Bonds and if the Bank demonstrates to the satisfaction of RBI that the Bank's capital position is well above the minimum capital requirements after the call option is exercised.</p>
Condition for exercise of Call Option	<p>Exercise of Call Option on the Bonds by the Bank will be subject to all the conditions mentioned below:</p> <ul style="list-style-type: none"> (i) Call Option may be exercised only after a minimum period of five years from the Deemed Date of Allotment; (ii) To exercise a call option the Bank shall require prior approval of RBI; and



	<p>(iii) Bank shall not exercise a call unless</p> <p>(a) The Bond is replaced with capital of the same or better quality and the replacement of this capital is done at conditions which are sustainable for the income capacity of the Bank; or</p> <p>(b) The Bank demonstrates that its capital position is well above the minimum capital requirements after the call option is exercised</p>
Put Notification Time	Not Applicable
Call Notification Time	Any redemption of the Bonds on account of exercise of Call Option shall be subject to the Issuer giving not less than twenty one (21) calendar days prior notice to the Bondholders and/or the Debenture Trustee.
Face Value	Rs. 10 Lacs per Bond
Minimum Application	10 (Ten) Bonds and in multiples of 1 (One) Bond thereafter
Issue Timing:	
1. Issue Opening Date	25 th October, 2016
2. Issue Closing Date	25 th October, 2016
3. Pay-in Date	25 th October, 2016
4. Deemed Date of Allotment	25 th October, 2016
Issuance mode	In Demat mode only
Trading Mode	In Demat mode only
Settlement	Payment of interest and 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
Depository	National Securities Depository Limited and Central Depository Services (India) Limited
Business Day Convention/ Effect of Holidays	'Business Day' shall be a day on which commercial banks are open for business in the city of Mumbai, Maharashtra. If the date of payment of interest does not fall on a Business Day, then the succeeding Business Day will be considered for such payment of interest with interest for such additional period. Such additional interest will be deducted from the interest payable on the next Coupon Payment Date. In case the Call Option Date (if exercised) does not fall on a Business Day, the payment will be made on the preceding Business Day, along with coupon/interest accrued on the Bonds until but excluding the date of such payment.



Record Date	15 days prior to each Coupon Payment Date / Call Option Date (as the case may be). In the event the Record Date falls on a day which is not a Business Day, the succeeding Business Day will be considered as Record Date.
Security	Unsecured
Transaction documents	<p>The Issuer has executed/ shall execute the documents including but not limited to the following in connection with the Issue:</p> <ol style="list-style-type: none"> 1. Letter appointing M/s. IDBI Trusteeship Services Limited, as Trustee to the Bondholders; 2. Letter appointing Arranger to the Issue 3. Debenture Trusteeship Agreement/ Bond Trustee Agreement / Debenture Trust Deed (as required); 4. Rating Letter from rating agency; 5. Tripartite Agreement between the Issuer, Registrar to the Issue and NSDL for issue of Bonds in dematerialized form; 6. Tripartite Agreement between the Issuer, Registrar to the Issue and CDSL for issue of Bonds in dematerialized form; 7. Letter appointing Registrar and MoU entered into between the Issuer and the Registrar; 8. Application made to BSE and/or NSE for seeking its in-principle approval for listing of Bonds; 9. Listing Agreement with BSE and/or NSE
Conditions precedent to subscription of Bonds	<p>The subscription from applicants shall be accepted for allocation and allotment by the Bank, subject to the following:</p> <ol style="list-style-type: none"> a) Rating Letters from CARE and CRISIL b) Consent Letter from the Trustees to act as Trustee to the Bondholder(s) c) Letter from BSE and/ or NSE conveying in-principle approval for listing & trading of Bonds
Conditions subsequent to subscription of Bonds	<p>The Bank shall ensure that the following documents are executed/ activities are completed as per terms of this Disclosure Document:</p> <ol style="list-style-type: none"> a) Credit of Demat Account(s) of the Allottee(s) by number of Bonds allotted within 2 Business Days from the Deemed Date of Allotment b) Making application to BSE and/ or 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 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 not grant advances against the security of the Bonds issued by it
Events of Default	Not Applicable. It is further clarified that cancellation of discretionary payments shall not be deemed to be an event of default. The Bondholders shall have no rights to accelerate the repayment of future scheduled payments (coupon or principal) except in bankruptcy and liquidation.



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. The Bond will not contribute to liabilities exceeding assets of the Bank if such a balance sheet forms part of a requirement to prove insolvency under any law or otherwise.
Cross Default	Not Applicable
Dividend Stopper	<p>If any interest is cancelled, then from the date of which such cancellation has first been notified (a "Dividend Stopper Date"), the Bank will not:</p> <ul style="list-style-type: none"> (i) Declare or pay any discretionary distribution or dividend or make any other payment on, or directly or indirectly redeem, purchase, cancel, reduce or otherwise acquire its Common Equity Tier 1 Capital (other than to the extent that any such distribution, dividend or other payment is declared before such Dividend Stopper Date or where the terms of the instrument do not at the relevant time enable the Bank to cancel or defer such payment); or (ii) Pay discretionary interest or any other distribution on, or directly or or indirectly redeem, purchase, cancel, reduce or otherwise acquire, any of its instruments or securities ranking, as to the right of payment of dividend, distributions or similar payments, pari passu with the Bonds (excluding securities the terms of which stipulate mandatory redemption). <p>in each case unless or until (i) the occurrence of the next Coupon Payment Date, following the Dividend Stopper Date, on which payment of Coupon amount has resumed and such Coupon (payable on such Coupon Payment Date) has been paid in full, or (ii) the prior approval of the Bondholders has been obtained via an extraordinary resolution (as per the mechanism stipulated in the Debenture Trust Deed). It is hereby clarified that Coupon on the Bonds shall not be cumulative. If Coupon is cancelled or not paid or paid at a rate lesser than the Coupon Rate, such unpaid and/or cancelled Coupon will not be paid in future years.</p> <p>For the avoidance of doubt, the Dividend Stopper will not:</p> <ul style="list-style-type: none"> a) stop payment on another instrument where the payments on such an instrument are not fully discretionary; b) prevent distributions to shareholders for a period that extends beyond the point in time at which interest on the Bonds is resumed; c) impede the normal operation of the Bank, including actions in connection with employee share plans or any restructuring activity, including acquisitions and disposals; or d) impede the full discretion that the Bank has, at all times, to cancel distributions or payments on the Bonds nor act in a way that could hinder the recapitalization of the Bank.
Role and Responsibilities of Trustees to the Issue	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



	<p>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>
Coupon Discretion	<p>(i) The Bank shall have full discretion at all times to cancel Coupon either in part or full. On cancellation of payment of Coupon, these payments shall be extinguished and the Bank shall have no obligation to make any distribution/Coupon payment in cash or kind.</p> <p>(ii) The Bonds do not carry a 'dividend pusher' feature i.e. if the Bank makes any payment (coupon/dividend) on any other capital instrument or share, the Bank shall not be obligated to make Coupon payment on the Bonds;</p> <p>(iii) Cancellation of Coupon shall not be an event of default.</p> <p>(iv) Bank shall have full access to cancelled Coupon to meet obligations as they fall due.</p> <p>(v) Cancellation of Coupon shall not impose any restrictions on the bank except in relation to distributions to common stakeholders.</p> <p>(vi) Coupons, unless cancelled by the Bank, shall be paid out of distributable items. In this context, Coupon may be paid out of current year profits. However, if current year profits are not sufficient, Coupon may be paid subject to availability of sufficient revenue reserves (those which are not created for specific purposes by the Bank) and / or credit balance in profit and loss account, if any.</p> <p>However, payment of Coupons on the Bonds from the revenue reserves is subject to the Bank meeting minimum regulatory requirements for CET1, Tier 1 and Total Capital ratios (as stipulated in the Basel III Guidelines and/or other relevant guidelines issued by the RBI from time to time) at all times and subject to the requirements of capital buffer frameworks (i.e. capital conservation buffer, countercyclical capital buffer and Domestic Systemically Important Banks).</p> <p>(vii) Coupon on the Bonds shall not be cumulative. If Coupon is cancelled or not paid or paid at a rate lesser than the Coupon Rate, such unpaid and/or cancelled Coupon will not be paid in future years.</p>
Loss Absorbency	<p>The Bonds (including all claims, demands on the Bonds and interest thereon, whether accrued or contingent) are issued subject to loss absorbency features applicable for non-equity capital instruments issued in terms of Basel III Guidelines including in compliance with the requirements of Annex 4 thereof and are subject to certain loss absorbency features as described herein and required of Additional Tier 1 instruments at Pre-Specified Trigger Level and at the Point of Non Viability as provided for in Annex 16 of the aforesaid circular.</p> <p>Accordingly, the Bonds and any claims or demands of any Bondholder or any other person claiming for or on behalf of or through such Bondholder, against the Bank, may be written-off, in whole or in part, upon the occurrence of the following trigger events:</p> <p>(i) Pre-Specified Trigger Level</p>



(ii) Point of Non-Viability

(i) Loss Absorption at Pre-Specified Trigger Level

If the CET1 of the Bank falls below 5.5% of RWA before 31st March, 2019 and if CET1 falls below 6.125% of RWA on or after 31st March 2019. Each of the trigger levels referred to hereinabove is called the "Pre-Specified Trigger Level"

A write-off of the Bonds may have the following effects:

- (i) reduce the claim of the Bond (up to nil) in liquidation;
- (ii) reduce the amount to be re-paid on the Bond when call is exercised (up to nil);
- (iii) partially or fully reduce Coupon payments on the Bond

The write-down of any Common Equity Tier 1 capital shall not be required before a write-down of any AT1 instruments (including the Bonds). The Bank shall have full discretion to determine the amount of AT1 Instruments (including the Bonds) to be written down subject to the amount of write-down not exceeding the amount which would be required to bring CET1 ratio to 8% of RWAs. Further, the aggregate amount to be written-down for all AT1 Instruments on breaching the trigger level shall be at least the amount needed to immediately return the bank's CET1 ratio to the trigger level (i.e. CET from write-down generated under applicable Indian Accounting Standards or RBI Instructions net of contingent liabilities, potential tax liabilities etc., if any) or, if this is not possible the full principal value of the instruments. When the Bank breaches a Pre-Specified Trigger Level and the equity is replenished through write-down, such replenished amount of equity will be excluded from the total equity of the Bank for the purpose of determining the proportion of earnings to be paid out as dividend in terms of rules laid down for maintaining capital conservation buffer. However, once the Bank 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. The Bank shall have the discretion to write-down the Bonds multiple times in case the Bank hits Pre-Specified Trigger Level subsequent to the first write-down. The Bonds which have been written off can be written up (partially or full) at the absolute discretion of the Bank and subject to compliance with RBI instructions (including permission, consent if any).

(ii) Loss Absorption at the Point of Non-Viability ("PONV")



	<p>A write-off of the Bonds at the PONV may have the following effects:</p> <ul style="list-style-type: none"> (i) reduce the claim of the Bond (up to nil) in liquidation; (ii) reduce the amount to be re-paid on the Bond when call is exercised (up to nil); (iii) partially or fully reduce coupon payments on the Bond. <p>PONV trigger event shall be as defined in the aforesaid Basel III Guidelines and shall be determined by the RBI.</p> <p>RBI may in its imminence alter or modify the PONV trigger whether generally or in relation to the Bank or otherwise. In any case it should be noted that following writing-off of the Bonds and claims and demands as noted above neither the Bank, nor any other person on the Bank's behalf shall be required to compensate or provide any relief, whether absolutely or contingently, to the Bondholder or any other person claiming for or on behalf of or through such holder and all claims and demands of such persons, whether under law, contract or equity, shall stand permanently and irrevocably extinguished and terminated. Unless otherwise specified in this Information Memorandum, the write-off of any common equity or any other regulatory capital (as understood in terms of the aforesaid circular or any replacement/amendment thereof), whether senior or pari passu or subordinate, and whether a Tier 1 capital or otherwise shall not be required before the write-off of any of the Bonds and there is no right available to the Bondholder hereof or any other person claiming for or on behalf of or through such holder to demand or seek that any other regulatory capital be subject to prior or simultaneous write-off or that the treatment offered to holders of such other regulatory capital be also offered to the Bondholders.</p>
PONV	<p>The Bonds (including all claims, demands on the Bonds and interest thereon, whether accrued or contingent), at the option of the RBI, can be permanently written down upon the occurrence of the trigger event, called "Point of Non-Viability Trigger" ("PONV Trigger").</p> <p>The PONV Trigger event is the earlier of:</p> <ul style="list-style-type: none"> a. a decision that a permanent write-off without which the Bank would become non-viable, 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 have become non-viable, as determined by the relevant authority. <p>The amount of non-equity capital to be written-off will be determined by RBI.</p>



The Write-off of any Common Equity Tier 1 capital shall not be required before the write-off of any Non-equity (Additional Tier 1 and Tier 2) regulatory capital instrument. The order of write-off of the Bonds shall be as specified in the order of seniority as per this Information Memorandum and any other regulatory norms as may be stipulated by the RBI from time to time.

The Bonds can be written-down multiple times in case the Bank hits the PONV Trigger Level subsequent to the first write-down. The Bonds which has been written off shall not be written up.

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. The Bondholders shall not have any residual claims on the Bank (including any claims which are senior to ordinary shares of the Bank), following any trigger event. In any case it should be noted that following writing-off of the instruments and claims and demands as noted above neither the Bank, nor any other person on the Bank's behalf shall be required to compensate or provide any relief, whether absolutely or contingently, to the Bondholder or any other person claiming for or on behalf of or through such holder and all claims and demands of such persons, whether under law, contract or equity, shall stand permanently and irrevocably extinguished and terminated. Unless otherwise specified in this Information Memorandum, the write-off of any common equity or any other regulatory capital (as understood in terms of the aforesaid circular or any replacement/amendment thereof), whether senior or pari passu or subordinate, and whether a Tier 1 capital or otherwise shall not be required before the write-off of any of the Bonds and there is no right available to the Bondholder hereof or any other person claiming for or on behalf of or through such holder to demand or seek that any other regulatory capital be subject to prior or simultaneous write-off or that the treatment offered to holders of such other regulatory capital be also offered to the Bondholders.

For these purposes, the Bank may be considered as non-viable if:

The 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 the 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 /



	<p>conversion of non-equity regulatory capital into common shares in combination with or without other measures as considered appropriate by the Reserve Bank.</p> <p>The Bank facing financial difficulties and approaching a PONV will be deemed to achieve viability if within a reasonable time in the opinion of RBI, it will be able to come out of the present difficulties if appropriate measures are taken to revive it. The measures including augmentation of equity capital through write off of Bonds/ public sector injection of funds are likely to:</p> <ol style="list-style-type: none"> Restore depositors' / investors' confidence; Improve rating / creditworthiness of the Bank and thereby improve its borrowing capacity and liquidity and reduce cost of funds; and Augment the resource base to fund balance sheet growth in the case of fresh injection of funds. <p>The trigger at PONV will be evaluated both at consolidated and solo level and breach at either level will trigger write-off.</p>
Other Events	<p><i>Treatment of Bonds in the event of Winding-Up:</i></p> <p>Subject to the provisions of The State Bank of India Act, 1955 as amended from time to time</p> <ol style="list-style-type: none"> If the Bank goes into liquidation before the Bonds have been written-down, the Bonds will absorb losses in accordance with the order of Seniority as specified in this Information Memorandum and as per usual legal provisions governing priority of charges. If the Bank goes into liquidation after the Bonds have been written-down, the Bondholders will have no claim on the proceeds of liquidation. <p><i>Amalgamation of a banking company: (Section 44 A of BR Act, 1949)</i></p> <p>Subject to the provisions of The State Bank of India Act, 1955 and Banking Regulation Act, 1949 as amended from time to time</p> <ol style="list-style-type: none"> 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. 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.



	<p>(c) If the Bank is amalgamated with any other bank after the Bonds have been written-down permanently, these Bonds cannot be written up by the amalgamated entity.</p> <p><i>Scheme of reconstitution or amalgamation of a banking company</i></p> <p>Subject to the provisions of The State Bank of India Act, 1955 and Banking Regulation Act, 1949 as amended from time to time:</p> <p>If the relevant authorities decide to reconstitute the Bank or amalgamate the Bank with any other bank under the Section 45 of BR 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 AT1/Tier2 instruments will be activated. Accordingly, the Bonds may be written-down permanently before amalgamation / reconstitution in accordance with these rules.</p>
Repurchase/ Buy-Back / Redemption	<p>The outstanding Principal of the Bonds (e.g. through repurchase or redemption) can be repaid subject to the prior approval of RBL. The Bank shall repurchase/ Buy-Back / Redeem these bonds only if:</p> <p>(a) The Bonds are replaced with capital of the same or better quality and the replacement of this capital is done at conditions which are sustainable for the income capacity of the Bank; or</p> <p>(b) The Bank demonstrates that its capital position is well above the minimum capital requirements after the repurchase/buy-back / redemption.</p> <p>Such Bonds may be held, reissued, resold, extinguished or surrendered, at the option of the issuer.</p>
Governing Law and Jurisdiction	<p>The Bonds are governed by and shall be construed in accordance with the laws of India. Any dispute arising thereof shall be subject to the jurisdiction of courts of Mumbai, Maharashtra</p>

Note: The Bank reserves its sole and absolute right to modify (pre -pone/ postpone) the above issue schedule without giving any reasons or prior notice. The Bank also reserves its sole and absolute right to change the deemed date of allotment of the above issue without giving any reasons or prior notice. Consequent to change in Deemed Date of Allotment, the Coupon Payment Dates and/or Call Option Date, if any may also be changed at the sole and absolute discretion of the Issuer. The Bank reserves the right to close the Issue earlier than the stipulated issue closing date and it is further clarified that the Bank need not wait for any minimum subscription amount to the Bonds before closing the Issue.

In case of delay in listing of the Bonds beyond 20 days from the Deemed Date of Allotment, the Issuer will pay penal interest of at least 1% p.a. over the coupon rate from the expiry of 30 days from the Deemed Date of Allotment till the listing of the Bonds to the investor.

