

INE457A09215

(T) TERM SHEET:

ISSUE DETAILS

1	Security Name	9.48% Bank of Maharashtra Basel III AT I Perpetual Bonds Series I
2	Issuer	Bank of Maharashtra (BOM)
3	Issue Size	Rs 500 crore with a green shoe option of Rs 500 crore
4	Objects of the Issue / Details of the utilization of the proceeds	Augmenting Additional Tier1 Capital (as the term is defined in the Basel III Guidelines) and over all capital of the Issuer for strengthening its capital adequacy and for enhancing its long-term resources
5	Listing (including name of stock Exchange(s) where it will be listed and timeline for listing)	Proposed on the Wholesale Debt Market (WDM) Segment of NSE & BSE
6	Instrument	Unsecured, non-convertible, perpetual bonds which will qualify as Additional Tier 1 Capital (the "Bonds" AT1).
7	Nature and status of Bonds And Seniority of Claim	Unsecured Additional Tier I Bonds. Claims of the investors in this instrument shall be: (i) superior to the claims of investors in equity shares and perpetual non-cumulative preference shares of the Issuer; (ii) subordinate to the claims of all depositors and general creditors and subordinated debt of the Issuer other than subordinated debt qualifying as Additional Tier1 Capital (as the term is defined in the Basel III Guidelines) of the Issuer (iii) pari passu without preference amongst themselves and other debt instruments classifying as Additional Tier 1 Capital in terms of Basel III Guidelines; (iv) to the extent permitted by the Basel III Guidelines, pari passu with any subordinated obligation eligible for inclusion in hybrid Tier 1 capital under the then prevailing Basel II guidelines; and v) Neither secured nor covered by a guarantee of the Issuer nor related entity or other arrangement that legally or economically enhances the seniority of the claim vis-à-vis bank creditors.
8	Tenor	Perpetual
9	Redemption Date	Not Applicable
10	Convertibility	Non-Convertible
11	Face Value/ Issue Price	Rs. 10, 00,000/- (Rupees Ten Lakh) per Bond.
12	Credit Rating	"CRISIL AA-/Stable" by CRISIL & "CARE AA-" by CARE
13	Mode of Issue	Private Placement
14	Security	Unsecured
15	Coupon	9.48% p.a. payable annually
16	Coupon Reset	Not Applicable
17	Coupon Type	Fixed
18	Coupon Payment Frequency	Annual
19	Coupon Payment Dates	On the Anniversary of Deemed Date of Allotment
20	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 statutory modification or re-enactment as applicable) will be paid to all the applicants on the application money for the Bonds. Such interest shall be paid from the date of realization of cheque (s)/demand draft (s) and in case of RTGS/other means of electronic transfer interest shall be paid from the date of receipt of

		<p>funds to one day prior to the Deemed Date of Allotment. The Interest on application money will be computed as per Actual/Actual Day count convention. Such interest would be paid on all the valid applications including the refunds. For the application amount that has been refunded, the Interest on application money will be paid along with the refund orders and for the application amount against which Bonds have been allotted, the Interest on application money will be paid within ten working days from the Deemed Date of Allotment. Where an applicant is allotted lesser number of Bonds than applied for, the excess amount paid on application will be refunded to the applicant along with the interest on refunded money. Income Tax at Source (TDS) will be deducted at the applicable rate on Interest on application money.</p>
21	Record Date	<p>Reference date for payment of coupon shall be the date falling 15 calendar days prior to the relevant Coupon Payment Date, Issuer Call Date, Tax Call Date or Regulatory Call Date (each as defined later) on which interest is due and payable. In the event the Record Date for Coupon Payment date falls on a day which is not a business day, the next business day will be considered as the Record Date.</p>
22	Computation of Interest	Actual/ Actual
23	Coupon Discretion	<p>(i) The Issuer may elect at its full discretion to cancel (in whole or in part) coupon scheduled to be paid on Coupon Payment Date.</p> <p>(ii) The Issuer shall have full access to cancel payments to meet obligations as they fall due.</p> <p>(iii) Further, the coupon will 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, i.e. payment of coupon is likely to result in losses during the current year, the balance amount of coupon may be paid out of revenue reserves subject to approval by RBI (i.e. revenue reserves which are not created for specific purposes by the Issuer) and/or credit balance in profit and loss account, if any.</p> <p>(iv) However, payment of coupon from the revenue reserves is subject to the Issuer meeting minimum regulatory requirements for CET 1, Tier 1 and Total Capital ratios (each as defined and calculated in accordance with the Basel III Guidelines) at all relevant times and subject to the requirements of capital buffer frameworks (i.e. capital conservation buffer, countercyclical capital buffer and Domestic Systemically Important Banks) set out in Basel III Guidelines;</p> <p>(v) Coupon on the Bonds will be non-cumulative. If coupon is not paid 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;</p>

			<p>(vi) In the event that the Issuer determines that it shall not make a payment of coupon on the Bonds, the Issuer 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.</p> <p>(vii) Cancellation of distribution/payment of coupon will not restrict the issuer in relation to distributions to common equity share holders</p>
24	Dividend Stopper Clause		<p>Dividend Stopper Clause will not be applicable to these instruments.</p> <p>In the event the holders of these Instrument are not paid coupon, they shall not impede the full discretion that Issuer has at all times to cancel distributions/payments on the Bonds, nor will they impede / hinder:</p> <ul style="list-style-type: none"> (i) The Re-Capitalization of the Issuer. (ii) The Issuer's right to make payments on other instruments, where the payments on this other instrument were not also fully discretionary (iii) The Issuer'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 Issuer or any restructuring activity (including acquisitions/disposals).
25	Put Option		Not Applicable
26	Call Option	i) Issuer Call	<p>The Issuer may at its sole discretion, having notified the Trustee not less than 21 calendar days prior to the date of exercise of such Issuer Call (which notice shall specify the date fixed for exercise of the Issuer Call (the "Issuer Call Date")), may exercise a call on the outstanding Bonds.</p> <p>The Issuer Call, which is discretionary, may or may not be exercised on the fifth anniversary from the Deemed Date of Allotment i.e. the fifth Coupon Payment Date or on any Coupon Payment Date thereafter.</p> <p>Prior approval of RBI (Department of Banking Operations & Development) will be required.</p> <p>The instrument should be 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 Issuer. Here, replacement of the capital can be concurrent with but not after the instrument is called. OR</p> <ul style="list-style-type: none"> (i) The Issuer demonstrates that its capital position is well above the minimum capital requirements after the call option is exercised. (ii) Here, minimum refers to Common Equity Tier 1 of 8% of RWAs (including capital conservation buffer of 2.5% of RWAs) and Total Capital of 11.5% of RWAs including any additional capital requirement identified under Pillar 2

		ii) Tax Call or Variation	<p>If a Tax Event (as described below) has occurred and continuing, then the Issuer may, having notified the Trustee not less than 21 calendar days prior to the date of exercise of such Tax Call or Variation (which notice shall specify the date fixed for exercise of the Tax Call or Variation "Tax Call Date"), may exercise a call on the Bonds or substitute the Bonds or vary the terms of the Bonds so that the Bonds have better classification.</p> <p>A Tax Event has 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 by the Issuer is subject to requirements set out in the Applicable RBI Guidelines (as defined below). RBI will 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</p>
		iii) Regulatory Call or Variation	<p>If a Regulatory Event (as described below) has occurred and continuing, then the Issuer may, having notified the Trustee not less than 21 calendar days prior to the date of exercise of such Regulatory Call or Variation (which notice shall specify the date fixed for exercise of the Regulatory Call or Variation (the "Regulatory Call Date")), may exercise a call on the Bonds or substitute the Bonds or vary the terms of the Bonds so that the Bonds have better classification.</p> <p>A Regulatory Event is deemed to have occurred if there is a downgrade of the Bonds in regulatory classification i.e. Bonds is excluded from the consolidated Tier I Capital of the Issuer.</p> <p>The exercise of Regulatory Call by the Issuer is subject to requirements set out in the Applicable RBI Guidelines (as defined below). RBI will 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 Event at the time of issuance of the Bonds.</p>
27	Call Option Price		Rs. 10, 00,000/- (Rupees Ten Lakh) per Bond.
28	Call Notification Time		10 calendar days prior to the date of exercise of Call
29	Depository		National Securities Depository Limited and Central Depository Services (India) Limited
30	Cross Default		Not Applicable
31	Proposed Listing		National Stock Exchange of India Limited and BSE Limited
32	Issuance		Only in dematerialized form
33	Trading		Only in dematerialized form
	Issue Schedule		
34	Issue Opening Date		<i>22nd Dec 2014</i>
35	Issue Closing Date		<i>10th Jan 2015</i>
36	Pay-In-Date		<i>22nd Dec 2014 to 10th Jan 2015</i>
37	Deemed Date of Allotment		<i>12th Jan 2015</i>
38	Minimum Application and in multiples of _ Debt securities thereafter		10 bonds and in multiples of 1 bond thereafter

39	Settlement		Payment of interest shall be made by way of credit through direct credit/ NECS/ RTGS/ NEFT mechanism.
40	Loss Absorption	40-i) Point of Non Viability (PONV) Trigger Event	<p>If a PONV Trigger Event (as described below) occurs, the Issuer shall:</p> <ul style="list-style-type: none"> (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 Bondholders or the Trustee, write down the outstanding principal of the Bonds by such amount as may be prescribed by RBI (“PONV Write Down Amount”) and subject as is otherwise required by the RBI at the relevant time. The Issuer will effect a write-down within thirty days of the PONV Write-Down Amount being determined and agreed with the RBI. <p>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.</p> <p>Effect on Amalgamation:</p> <ul style="list-style-type: none"> a. If the Issuer is amalgamated with any other bank pursuant to Section 44 A of the Banking Regulation Act, 1949 (the BR Act) before the Bonds have been written down, the Bonds will become part of the Additional Tier 1 capital of the new bank emerging after the merger. b. If the Issuer is amalgamated with any other bank after the Bonds have been written down pursuant to a PONV Trigger Event, these cannot be reinstated by the amalgamated bank. c. If the RBI or other relevant authority decides to reconstitute the Issuer or amalgamate the Issuer with any other bank, pursuant to Section 45 of the BR Act, the Issuer will be deemed as non-viable or approaching non-viability and both the Pre-Specified Trigger Event & the PONV Trigger Event will be activated. Accordingly, the Bonds will be permanently written-down in full prior to any reconstitution or amalgamation. d. If the Issuer goes into liquidation before the Bonds have been written down the Bonds will absorb losses in accordance with order of seniority set out in “ point no.7” above & “point no. 41 below” <p>If the issuer goes in to liquidation after the Bonds have been written down, the holders of Bonds will have no claim on the proceeds of liquidation.</p> <p>PONV Trigger Event, in respect of the Issuer [or its group], means the earlier of:</p> <ul style="list-style-type: none"> (i) a decision that a conversion or principal write-down, without which the Issuer or its group (as the case

			<p>may be) would become non-viable, is necessary, as determined by the RBI; and</p> <p>(ii) the decision to make a public sector injection of capital, or equivalent support, without which the Issuer or its group (as the case may be) would have become non-viable, as determined by the RBI;</p> <p>However, any capital infusion by Government of India into the Issuer as the promoter of the Issuer in the normal course of business may not be construed as a PONV trigger.</p> <p>A write-down due to a PONV 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>The Basel III Guidelines state that, 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 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 a permanent write-off in combination with or without other measures as considered appropriate by the RBI.</p> <p>A bank facing financial difficulties and approaching a point of non-viability shall 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 a permanent write-off or public sector injection of funds are likely to:</p> <ol style="list-style-type: none"> 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
		<p>40-ii) Pre-specified CET1 Trigger Event</p>	<p>40-ii-a)</p> <p>If a CET1 Trigger Event (as described below) occurs, the Issuer shall:</p> <p>(i) notify the Trustee;</p> <p>(ii) cancel any coupon which is accrued and unpaid to as on the write-down date; and</p> <p>(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 Issuer may in its absolute discretion decide and in no case such amount shall be less than the amount required to immediately return the Issuer's Common Equity Tier 1 Ratio (as defined below) to above the CET1 Trigger Event Threshold (as defined below) (the "CET1 Write Down Amount").</p>

				<p>Notwithstanding the above, if the RBI has agreed with the Issuer prior to the occurrence of the relevant CET1 Trigger Event that a write-down shall not occur because it is satisfied that actions, circumstances or events have had, or imminently will have, the effect of restoring the Common Equity Tier 1 Ratio to a level above the CET1 Trigger Event Threshold that the RBI and the Issuer deem, in their absolute discretion, to be adequate at such time, no CET1 Trigger Event in relation thereto shall be deemed to have occurred.</p> <p>A Write-Down may occur on more than one occasion in case the issuer breaches the CET1 Trigger event threshold subsequent to the first Write-Down which was partial or following one or more Reinstatements. Once the principal of a Bond has been written down pursuant to this Condition (Temporary write down), it may be restored in accordance with Condition laid out by RBI.</p> <p>Effect of Amalgamation</p> <ol style="list-style-type: none"> a. If the Issuer is amalgamated with any other bank before the Bonds have been written down, the Bonds will become part of the Additional Tier 1 capital of the new bank emerging after the merger. b. If the Issuer is amalgamated with any other bank after the Bonds have been written down pursuant to a CET1 Trigger Event, the amalgamated bank can reinstate these instruments according to its discretion. c. If the RBI or other relevant authority decides to reconstitute the Issuer or amalgamate the Issuer with any other bank, pursuant to Section 45 of the BR Act, the Issuer will be deemed as non-viable or approaching non-viability and both the Pre-Specified Trigger Event & the PONV Trigger Event will be activated. Accordingly, the Bonds will be permanently written-down in full prior to any reconstitution or amalgamation. d. If the Issuer goes into liquidation before the Bonds have been written down the Bonds will absorb losses in accordance with order of seniority set out in “point no.7” above & “point no. 41 below” <p>If the issuer goes in to liquidation after the Bonds have been written down, the holders of Bonds will have no claim on the proceeds of liquidation.</p> <p>CET1 Trigger Event means that the Issuer’s or [its group’s] Common Equity Tier 1 Ratio is</p> <ol style="list-style-type: none"> (i) if calculated at any time prior to March 31, 2019, at or below 5.5% of RWAs; or (ii) if calculated at any time from and including March 31, 2019, at or below 6.125% of RWAs, <p>(the “CET1 Trigger Event Threshold”);</p> <p>Common Equity Tier 1 Ratio means the Common Equity Tier 1 Capital (as defined and calculated in accordance with the Basel III Guidelines) of the Issuer or [its group]</p>
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				<p>(as the case may be) expressed as a percentage of the total Risk Weighted Assets (RWAs) (as defined and calculated in accordance with the Basel III Guidelines) of the Issuer or [its group] (as applicable);</p> <p>The purpose of a write-down on occurrence of the CET1 Trigger Event shall be to shore up the capital level of the Issuer. If the Issuer or its group breaches the CET1 Trigger Event Threshold and equity is replenished through write-down of the Bonds, such replenished amount of equity will be excluded from the total equity of the Issuer 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 Guidelines). However, once the Issuer or its group (as the case may be) has attained a total Common Equity Tier 1 Ratio of 8% without counting the replenished equity capital, from that point onwards, the Issuer may include the replenished equity capital for all purposes.</p>
			40-ii-b) Reinstatement	<p>Following a temporary write-down pursuant to above Condition, the outstanding principal amount of the Bonds may be increased in accordance with RBI guidelines. Bonds may be subject to more than one Reinstatement.</p>
41	Order of claim of AT 1 instruments at the event of Gone concern situation			<p>The order of claim of various types of Regulatory capital instruments issued by the Issuer and that may be issued in future shall be as under:</p> <p>Additional Tier I debt instruments will be superior to the claims of investors in equity shares and perpetual non-cumulative preference shares and subordinate to the claims of all depositors and general creditors & subordinated debt of the Issuer. However, write down / claim of AT 1 debt instruments will be on pari-passu basis amongst themselves irrespective of the date of issue</p>
42	Transaction Documents			<p>The Issuer shall execute the documents including but not limited to the following in connection with the issue:</p> <ul style="list-style-type: none"> (i) Letter appointing Trustees to the Bond Holders. (ii) Bond trustee agreement; (iii) Bond trustee deed (iv) Rating agreement with Rating agency; (v) Letter appointing Registrar and agreement entered into between the Issuer and the Registrar. (vi) Listing Agreement with NSE & BSE Limited. (vii) Disclosure Document
43	Conditions precedent to subscription of Bonds			<p>The subscription from investors shall be accepted for allocation and allotment by the Issuer subject to the following:</p> <ul style="list-style-type: none"> (i) Rating letter(s) from the aforesaid rating agencies not being more than one month old from the issue opening date; (ii) Letter from the Trustees conveying their consent to

		act as Trustees for the Bondholder(s); (iii) Letter to NSE & BSE for seeking its In-principle approval for listing and trading of Bonds
44	Conditions subsequent to subscription of Bonds	The Issuer shall ensure that the following documents are executed/ activities are completed as per time frame mentioned below: (i) Credit of demat account(s) of the allottee(s) by number of Bonds allotted within 2 working days from the Deemed Date of Allotment (ii) Making listing application to NSE & BSE within 15 days from the Deemed Date of Allotment of Bonds and seeking listing permission within 20 days from the Deemed Date of Allotment of Bonds in pursuance of SEBI Debt Regulations; (In the event of a delay in listing of the Bonds beyond 20 days of the Deemed Date of Allotment, the Issuer will pay to the investor penal interest of 1% per annum over the Coupon Rate commencing on the expiry of 30 days from the Deemed Date of Allotment until the listing of the Bonds.)
45	Business Day Convention	Should any of the dates, other than the Coupon Payment Date including the Deemed Date of Allotment, Issuer Call Date, Tax Call Date or Regulatory Call Date as defined herein, fall on day which is not a business day, the immediately preceding business day shall be considered as the effective date. Should the Coupon Payment Date, as defined herein, fall on day which is not a business day, the immediately next business day shall be considered as the effective date.
46	Eligible Investors	Prospective subscribers must make their own independent evaluation and judgment regarding their eligibility to invest in the issue.
47	Governing Law and Jurisdiction	The Bonds are governed by and shall be construed in accordance with the existing laws of India. Any dispute arising thereof shall be subject to the jurisdiction of competent courts of Pune, Maharashtra.
48	Applicable RBI Guidelines	The present issue of Bonds is being made in pursuance of Master Circular on Basel III capital regulations issued vide circular DBOD.No. BP.BC. 6/21.06.201/ 2014-15 dated July 1, 2014 and RBI/2014-15/201 DBOD.No.BP.BC.38/21.06.201/ 2014-15 dated September 1, 2014, by the RBI covering criteria for inclusion of debt capital instruments as Additional Tier-I capital (Annex 4) 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) as amended or replaced from time to time. The issue of Bonds and the terms and conditions of the Bonds will be subject to the applicable guidelines issued by the Reserve Bank of India and the Securities and Exchange Board of India from time to time.

49	Prohibition on Purchase/ Funding of Bonds	Neither the Issuer nor a related party over which the Issuer exercises control or significant influence (as defined under relevant Accounting Standards) shall
		purchase the Bonds except upon exercise of a Call Option, nor shall the Issuer directly or indirectly fund the purchase of the Bonds. The Issuer shall also not grant advances against the security of the Bonds issued by it.
50	Trustees	GDA Trusteeship Ltd.
51	Role and Responsibility of Trustee	The Trustees shall perform its duties and obligations and exercise its rights and discretions, as mentioned in Trust deed.
52	Registrar	MCS Ltd

** * The Issuer reserves its sole and absolute right to modify (pre-pone/ postpone) the above issue schedule without giving any reasons or prior notice. In such a case, investors shall be intimated about the revised time schedule by the Issuer. The Issuer also reserves the right to keep multiple Deemed Date(s) of Allotment at its sole and absolute discretion without any notice. Incase if the Issue Closing Date/ Pay in Date is/are changed (pre-poned/ postponed), the Deemed Date of Allotment may also be changed (pre-poned/ postponed) by the Issuer at its sole and absolute discretion. Consequent to change in Deemed Date of Allotment, the Coupon Payment Dates and may also be changed at the sole and absolute discretion of the Issuer.*