



INDIAN OVERSEAS BANK

Constituted under the Banking Companies (Acquisition & Transfer of Undertakings) Act, 1970

Central Office: 763, Anna Salai, Chennai 600 002

Tel: (044) 2851 9448/2841 5702 Fax: (044) 2858 5675 Website: www.iob.in

Email: investor@iobnet.co.in

**PRIVATE PLACEMENT OF 8.80% UNSECURED REDEEMABLE NON-CONVERTIBLE SUBORDINATED UPPER TIER II BONDS (SERIES III)
AGGREGATING TO RS. 510 CRORES**

GENERAL RISKS

For taking an investment decision, investors must rely on their own examination of the issue, the disclosure document and the risk involved. The Securities have not been recommended or approved by SEBI nor does SEBI guarantee the accuracy or adequacy of this disclosure document

ISSUER'S ABSOLUTE RESPONSIBILITY

The Issuer, having made all reasonable inquiries, accepts responsibility for, and confirms that this Information Memorandum contains all information with regard to the Issuer and the Issue, which is material in the context of the Issue, that the information contained in this Information Memorandum is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

CREDIT RATING

CRISIL Limited (CRISIL) has assigned AA+/Stable (pronounced Double A plus with stable outlook) rating to the captioned Debt programme of the Bank aggregating to Rs.510 crore. Instruments carrying this rating are judged to be of high degree of safety with regard to timely payment of interest and principal on the instrument.

ICRA Limited (ICRA) has assigned 'LAA' (pronounced as L double A) rating to the captioned Debt issue programme of the Bank aggregating to Rs.510 crore. Instruments carrying this rating are judged to be of high credit quality. The rated instrument carries low credit risk.

The above ratings are not recommendation to buy, sell or hold securities and investors should take their own decision. The ratings may be subject to revision or withdrawal at any time by the assigning rating agencies and each rating should be evaluated independently of any other rating. The ratings obtained are subject to revision at any point of time in the future. The rating agencies have the right to suspend, withdraw the rating at any time on the basis of new information etc.

LISTING

The Unsecured, Redeemable, Non-Convertible, Subordinated Upper Tier II Bonds (Series III) are proposed to be listed on the Wholesale Debt Market Segment of National Stock Exchange of India Limited ('NSE') and on Bombay Stock Exchange Limited ('BSE').

REGISTRARS TO THE ISSUE

Cameo Corporate Services Limited
"Subramanian Building" I st Floor,
1, Club House Road,
Chennai – 600 002
Tel: (044) 2846 0395 / 2846 0425.
Fax: (044) 2846 0129

TRUSTEES TO THE BONDHOLDERS

IDBI Trusteeship Services Limited
Asian Building, Ground Floor
17, R. Kamani Marg
Ballard Estate, Mumbai – 400 001
Tel. (022) 6631 1771
Fax. (022) 6631 1776

ISSUE TIME TABLE

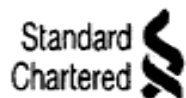
ISSUE OPENS ON	01.09.2009	Tuesday
ISSUE CLOSES ON	01.09.2009	Tuesday
PAY IN DATES	01.09.2009	Tuesday
DEEMED DATE OF ALLOTMENT	01.09.2009	Tuesday

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 investors will be intimated about the revised issue programme by the Bank.

This schedule under SEBI regulations dated June 6, 2008 for private placement is neither a prospectus nor a statement in lieu of prospectus and does not constitute an offer to the public generally to subscribe for or otherwise acquire the debentures issued / to be issued by the Issuer.



Book Running Sole Arranger : Standard Chartered Bank



Standard Chartered Bank

90, Mahatma Gandhi Road, Fort,
Mumbai – 400 001.
Tel : (022) 22670224
Fax: 91-22-22651255.Fax: 01-22-
66360977.

ABBREVIATIONS

ALCO	Asset-Liability Management Committee
ALPM	Automated Ledger Posting Machine
ATM	Automated Teller Machine
BIS	Bank of International Settlements
BSE	Bombay Stock Exchange Limited
BTC	Bankers' Training College
CAGR	Compounded Annual Growth Rate
CAR	Capital Adequacy Ratio
CARE	Credit analysis & Research Limited
CBDT	Central Board of Direct Taxes
CDSL	Central Depository Services (India) Ltd.
CMD	Chairman & Managing Director
CRISIL	CRISIL Limited
CRR	Cash Reserve Ratio
CVO	Chief Vigilance Officer
DDP	Double Deposit Plan
DICGC	Deposit Insurance and Credit Guarantee Corporation of India Limited
DP	Depository Participant
DRT	Debt Recovery Tribunal
ECGC	Export Credit Guarantee Corporation Of India Limited
ECS	Electronic Clearing Services
EFT	Electronic Funds Transfer
ELB	Exceptionally Large Branch
EPS	Earning Per Share
FCNR (B)	Foreign Currency Non Resident Account
FEDAI	Foreign Exchange Dealers Association of India
Fis	Financial Institutions
FIIs	Foreign Institutional Investors
FRA	Forward Rate Agreement
FY	Financial Year
GoI	Government of India/Central Government
HUF	Hindu Undivided Family
ICD	Inter-Corporate Deposits
ICRA	ICRA Limited
IDRBT	Institute for Development & Research in Banking Technology
INR	Indian National Rupee
IRS	Interest Rate Swap
IT	Information Technology
ITD	Information Technology Department
INFINET	Indian Financial Network
IRDA	Insurance Regulatory and Development Authority
KVIC	Khadi Village Industries Commission
KVP	Kisan Vikas Patra



L/C	Letter of Credit
LIC	Life Insurance Corporation Of India
MIDL	Modernisation & Institutional Development Loan
MP	Management Perception or Management Proposal to address risk
MRTTP	Monopoly & Restrictive Trade Practices Act
MSEB	Maharashtra State Electricity Board
NABARD	National Bank for Agricultural and Rural Development
NAV	Net Asset Value
NBFC	Non Banking Finance Company
NCST	National Centre for Software Technology
NHB	National Housing Bank
NI Act	Negotiable Instruments Act
NIBM	National Institute of Bank Management
NICL	National Insurance Company Limited
NPAs	Non- Performing Assets
NRE	Non Resident External
NRNR	Non Resident Non-Repatriable Account
NRO	Non Resident Ordinary
NRIs	Non Resident Indians
NSC	National Savings Certificate
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Ltd.
OCBs	Overseas Corporate Bodies
PAN	Permanent Account Number
PD	Planning & Development
P/E	Price to Earnings Ratio
PLR	Prime Lending Rate
QCS	Quick Collection Service
QIB	Qualified Institutional Buyer, as defined in SEBI (DIP) Guidelines.
RBB	Retail Banking Boutique
RBI	Reserve Bank of India
RIDF	Rural Infrastructure Development Fund
RRB	Regional Rural Bank
SEBI	Securities and Exchange Board of India
SIDBI	Small Industries Development Bank of India
SLBC	State Level Bankers' Committee
SLR	Statutory Liquidity Ratio
SSI	Small Scale Industries
SWIFT	Society for Worldwide Inter Bank Financial Telecommunication
TBM	Total Branch Mechanisation
TDS	Tax Deducted at Source
The Bank/the Issuer/IOB/ the Issuer Company	Indian Overseas Bank
The Bank Nationalisation Act	The Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 as amended in 1994, 1995, 1996 & 2006
The Board	The Board of Directors of the Bank
The BR Act	The Banking Regulation Act, 1949 as amended
The Companies Act	Companies Act, 1956 as amended
The Issue	Private Placement of Unsecured Redeemable Non-Convertible Subordinated Upper Tier II Bonds (Series III) aggregating to Rs.510 crore
The IT Act	Income-tax Act, 1961 as amended from time to time
USD	US Dollar
UTI	Unit Trust of India
VLB	Very Large Branch
VRS	Voluntary Retirement Scheme
VSAT	Very Small Aperture Terminal



Indian Overseas Bank

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I. **Name and Address of the Head office of the Bank**

Indian Overseas Bank
763, Anna Salai, Chennai – 600 002
Tel: 044 – 2851 9491
Fax: 044 – 2858 5675
Website: www.iob.in
Email: investor@iobnet.co.in

Compliance Officer

Mr. B S Keshava Murthy
General Manager
Indian Overseas Bank
Central Office,
763, Anna Salai,
Chennai – 600 002
Tel: (044) 2851 9428
Fax: (044) 2858 5675



II. Names and Addresses of the Directors of the Company

The Bank functions under the supervision of the Board of Directors consisting of 12 directors as on 30.06.2009, viz., Chairman and Managing Director, two Executive Directors, 6 Directors nominated by the Government of India and 3 directors elected by shareholders. The Bank has a management structure comprising Head Office, the Regional Offices and the branches, covering major geographical areas.

Board of Directors

Sl. No.	Name, Age, Experience, and Qualification:	Date of Appointment	Date of Expiry of current term	Residential Address	Other Directorships
01	Mr. S. A. Bhat Age: 58 years Exp: 37 years Qualification: B.Sc(Hons), CAIIB Part I	04.06.2007	31.10.2010	Overseas House, 8, Sterling avenue Nungambakkam Chennai 600 034	Universal Sampo General Insurance Co Ltd
02	Mr. G Narayanan Age: 59 years Exp: 39 years Qualification: B.Sc, CAIIB	07.11.2007	31.10.2009	118, Sterling Road, Nungambakkam Chennai 600 034	--
03	Mr Y.L.Madan Age: 58 years Exp: 36 years Qualification: M.Sc,MBA, CAIIB	16.05.2008	31.08.2010	118, Sterling Road, Nungambakkam Chennai 600 034	--
04	Dr. Vineeta Kumar Age: 54 years Exp: 31 years Qualification: M.A.(Econ), Ph D	10.06.2008	Until further orders	6-25, HUDCO Place, New Delhi 110 049	--
05	Mrs Chitra Chandramouliswaran Age: 64 years Exp: 31 years Qualification: M.Sc, CAIIB	27.02.2007	Until further orders	K 304, Atrium, 22, Kalakshetra Road, Tiruvanmiyur, Chennai 600 041	--
06	Mr. N. Sridaran Age: 58 years Exp: 36 years Qualification: SSLC	20.04.2007	19.04.2010 or until his successor is duly appointed or till he ceases to be a workman employee of IOB or until further orders, whichever is earlier	68, Thiyagappa Street, Kilpauk Garden, Chennai	--
07	Mr. J D Sharma Age: 53 years Exp: 32 years Qualification: M Com., MBA, DIM, CAIIB, LLb. Employees (Officer) Nominee	09.03.2006	09.03.2009 and thereafter until his successor is appointed or till he ceases to be a employee of IOB	Flat B, Elegant apartments, 26, Hindi Prachar Sabha, T Nagar Chennai 600 017	--
08	Mr M.Ravindra Vikram Age: 52 years Exp: 27 years Qualification: B.Sc LLB, FCA	11.10.2006	10.10.2009	68, Gunrock Enclave, Secunderabad 500 009	ASM Technologies Ltd, GTN Industries Ltd, Zenotech Laboratories Ltd, Glochem Industries Ltd, Wings Infonet Ltd, A Bond-Strands Pvt Ltd, Normak Fashions Pvt Ltd, Normak India Pvt Ltd, Tazarica Beverages Pvt Ltd, M.Anandam Consultancy Services Pvt Ltd, Associated Business Counselling Services Pvt Ltd
09	B V Appa Rao Age: 59 Years Exp: 27 Years Qualification: B,Com, FCA	29.08.2008	28.08.2011	F-4, Aparna Apartments, Brundavan Gardens, Guntur 522006	--
10	Mr. Ashok Kumar Bhargava Age: 66 years Exp: 41 years Qualification: B.Com, LLB., CAIIB Shareholders' Nominee	08.12.2008	07.12.2011	3-D, Mukund Apartments 16, Yamuna Road Civil Lines Delhi 110 054	SMS Power Generation Limited, Delhi Assam Roadways Corpn Ltd



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11	Dr. Chiranjib Sen Age: 62 years Exp: 30 years Qualification: M.A(Econ), Ph D Shareholders' Nominee	08.12.2008	07.12.2011	Professor Indian Institute of Management Bannarghatta Road Bangalore 560 076	--
12	Mr. A Vellayan Age: 56 Years Exp: 29 Years Qualification: B.Com, MS (Mgmt and Business Studies)	08.12.2008	07.12.2011	No.9 (Old No. 5), Ambadi Road, Kotturpuram Chennai 600 085	EID Parry (India) Ltd, Parry Murray & Co Ltd, UK, Ambadi Enterprises Ltd, Coromandel Fertilisers Ltd, Kanoria Chemicals & Industries Ltd, Indfrag Ltd, Indian Potash Ltd, Tunisian Indian Fertilisers, Tunisia, Carborandum Universal Ltd, CFL Mauritius Ltd, Cholamandalam MS General Insurance Co Ltd, Parry America Inc, Laserwoods Pvt Ltd, Parryware Roca Pvt Ltd, Silkroad Sugar Pvt Ltd, Nimita Solutions Pvt Ltd, Foskor Pvt Ltd, (Johannesburg), Parry Murray and Co Furnishings & Floor Coverings (India) Pvt Ltd

III. Brief Summary of the Business Activities of the Bank and its line of Business

Bank and Management

History of the Bank

The Bank was founded on 10.02.1937, simultaneously setting up domestic and overseas branches on the same day: a befitting description of the name of the Bank. Shri M.Ct.M. Chidambaram Chettiar, a pioneer in industry, banking and insurance was the founder of the Bank.

At the time of India's independence in 1947, the Bank had 38 branches in India and 7 branches abroad. Deposits amounted to Rs.6.64 crore and Advances Rs.3.23 crore. During the 1960s Indian Banking witnessed strong wave of mergers of weak private sector banks with stronger institutions. IOB itself took five banks into its fold, which helped the Bank widen its reach.

The Bank has been attending to the needs of small industry and agriculture since long. Personal loans were given by the Bank right in the early 1950s when the concept was new to the banking industry. Customer service was given top priority by the Bank ever since inception. The Bank also gave importance to mechanisation for improving customer service as early as in the 1960s.

For 32 years, the Bank grew globally and by the end of 1969 it had Rs.146 crore of business transacted through 213 branches. The Bank was nationalised under the Banking Companies (Acquisition and Transfer of Undertaking) Act, 1970. During the period of nationalisation, the Bank made rapid strides in all the major business parameters. In the 1990s, consolidation has been receiving greater attention. The Bank is one among the first few banks that were accorded autonomous status in 1997. The Bank has sponsored two regional rural banks, viz. Pandyan Grama Bank in Tamil Nadu and Neelachal Gramya Bank in Orissa which was established on amalgamation of erstwhile Puri Gramya Bank and Dhenkanal Gramya Bank. It also had a wholly owned subsidiary by the name of IOB Properties Pte., Singapore and same was dissolved and was vested with our Singapore branch. w.e.f. 28.02.2004.

Present Status

The Bank has as on 31.03.2009, 1,913 branches and 33 extension counters apart from 6 overseas branches. The branches include 13 specialised branches (i.e. 1 Commercial and Institutional Credit Branch, 1 International Business branch, 4 Personal Banking Branch, 1 Hi Tech Agro Branch, 1 Large Advance Branch, 2 SME Branches, 2 Asset Recovery Branch, and 1 Women Entrepreneurs Branch). Apart from above the bank had 14 Clearing Offices, 32 Currency Chests and 6 inspectorates.

Concomitant with the takeover of the assets and liabilities of Shree Suvarna Sahakari Bank Ltd. by our Bank, RBI has issued separate licences for the 12 branches of the urban co-operative bank located in Maharashtra and operations have been commenced at these branches with effect from 20.05.2009.

The Bank has been entrusted with State Level Bankers' Committee (SLBC) convenorship in Tamilnadu. The Bank is continuing its endeavour for economic upliftment of the state through its various developmental programmes. The Bank has lead responsibility in 12 districts in Tamil Nadu and one district in Kerala.

Branch computerisation

The Bank migrated 1824 branches and 24 Extension Counters to Core Banking Solutions (CBS) during the year covering 99% of the Bank's domestic business as on 31.03.2009. The Bank has achieved 100% networking of all its branches as on date with the exception of one branch due to administrative reasons.



To enable the customers to have multi delivery channels, the Bank has provided ATMs, Internet Banking including Funds transfer within our Bank and between Banks, Utility payments, Multi city Cheques, Mobile Banking etc. The bank has also introduced non-personalized ATM cards that can be issued by the branches immediately at the time of opening the account. SMS and e-mail alerts are also being sent for all ATM and CBS transactions and monthly statements have also been enabled through e- mail.

Our Bank's website www.iob.in revamped in 2008 sports a new look and has more updated information.

A wide number of applications like ABB, ATM, Mobile Banking, Internet Banking, E-mail corporate Intranet and access to Central Data Warehouse are deployed through our "IOBNET".

The Bank has fully operationalised its Data Center, Command Centre and Disaster Recovery Site. We are one of the few banks who have implemented three way disaster recovery successfully.

The Bank has developed and operationalised state of the art Data Warehousing Application. Credit Data Mart system in our Data Warehousing application enables generation of Credit Information Reports and other MIS.

The NEFT system has been integrated with our CBS software to enable speedier straight through processing. The software for branches and administrative offices are developed and maintained in-house by the ISO 9001:2000 certified Information Technology Department. All treasury (Domestic & Foreign) operations, HRDD and Inspection have been fully computerized.

External validation of the in-house developed software is done on a regular basis to ensure that the software is robust and complies with the statutory requirements.

The Bank's IS Security Policy duly approved by the Board is in place and the Bank has implemented a full-fledged Information System Security Policy.

The Bank-level server for Real Time Gross Settlement has been installed in Chennai, and services like Structured Financial Messaging System, Centralised Funds Management System, Negotiated Dealing System(PDO-NDS, NDS-OM,NDS-Call) will reside on the server, as required by Reserve Bank of India.

Main Object of the Bank

The main object and business of the Bank, as laid down in the Bank Nationalisation Act is as under:

The main object of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 under which the undertaking of the Bank was taken over by the Central Government is as under: "An Act to provide for the acquisition and transfer of the undertakings of certain Banking Companies, having regard to their size, resources, coverage and organisation, in order to control the heights of the economy and to meet progressively, and serve better, the needs of the development of the economy, in conformity with national policy and objectives and for matters connected therewith or incidental thereto".

The Main Object of the Bank enables it to undertake the activities for which the funds are being raised and the activities, which it has been carrying on till date.

Business of the Bank

The Bank shall carry on and transact the business of Banking as defined in Clause (b) of Section 5 of the Banking Regulation Act, 1949, and may engage in one or more of the other forms of business specified in Sub-Section (1) of Section 6 of that Act.

Clause (b) of Section 5 of the Banking Regulation Act, 1949 defines Banking as "the accepting for the purpose of lending or investment, of deposits of money from the public, repayable on demand or otherwise, and withdrawable by cheque, draft, order or otherwise."

The Bank is also involved in Marketing, Sale and Distribution of Insurance products of Life Insurance Corporation of India (LIC) and Universal Sompoo General Insurance Company Limited as permitted by the GOI and Licensed by IRDA.

Other Business that the Bank may undertake under Section 3 (7) of Chapter II of the Banking Companies (Acquisition) Act 1970 provides for the Bank to act as Agent of Reserve Bank (Section 3 (7)).

The Bank shall, if so required by the Reserve Bank of India, act as agent of the Reserve Bank at all places in India where it has a branch for:

- Paying, receiving, collecting and remitting money, bullion and securities on behalf of the Government of India
- Undertaking and transacting any other business which the Reserve Bank may from time to time entrust to it

The terms and conditions on which any such agency business shall be carried on by the corresponding new Bank on behalf of the Reserve Bank shall be such as may be agreed upon

If no agreement can be reached on any matter referred to in Clause above, or if a dispute arises between the corresponding new Bank and the Reserve Bank as to the interpretation of any agreement between them, the matter shall be referred to the Central Government and the decision of the Central Government, thereon, shall be final.



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The corresponding new Bank may transact any business or perform any function entrusted to it under Clause (1) by itself or through any agent approved by the Reserve Bank.

Business and Activities of the Bank

Corporate Vision: To be a leader – in terms of profit and growth, providing safe and ethical banking services to customers. The Bank will continue to focus its resources, strengths and strategies to achieve this vision.

Competitive Strengths: Many new generation banks, both private and foreign, have entered the banking industry and offer new products at competitive rates. In this scenario, the Bank has defined its competitive advantage as:

- Vast branch network spread all over India and in certain overseas trading business centres to enable resources mobilisation at Low cost
- Advancement in technological up gradation
- Well trained personnel in key fields to handle specialised products

Corporate Strategy: In the years to come the profit margins would be under increasing pressure. To overcome such a trend the Bank's corporate strategy is:

- 1) To build business volume through penetrating retail segments with innovative products
- 2) To use technology for better customer comfort and satisfaction coupled with reduction in operating expenses
- 3) To provide most efficient and speedy customer service
- 4) Increased emphasis for fee and commission based products

Details of Sources of Funds

Deposits (Global)		(Rs. in crore)				
As on March 31,	2005	2006	2007	2008	2009	
Deposits (Global)	44241.24	50529.32	68740.00	84326.00	100115.89	
Annual Growth – Amount	2758.66	6288.08	18210.68	15586.00	15789.89	
- Percent	6.65	14.21	36.04	22.67	18.72	
Cost of Deposits (Global) (%)	4.74	4.69	4.89	6.43	6.67	

Category-wise break-up of total Domestic deposits		(Rs. in crore)				
Year ended March 31,	2005	2006	2007	2008	2009	
Current Deposits	5011.47	5561.00	6514	8697	7650	
Savings Bank Deposits	12190.62	14432.00	17056	19092	21966	
Term Deposits	27039.15	29034.00	42701	53053	65818	
Total	44241.24	49027.00	66271	80842	95434	

Maturity Profile of deposits (Global)		(Rs. In crore)					
Year ended March 31,	2007		2008		2009		
	Amount	%	Amount	%	Amount	%	
Upto 1 Year	16985.08	24.71	41382.69	49.08	44975.10	44.92	
1 Year to 3 Years	14447.92	21.02	37763.97	44.78	49501.61	49.45	
3 Years to 5 Years	11061.96	16.09	2851.75	3.38	2002.47	2.00	
over 5 Years	26245.23	38.18	2327.67	2.76	3636.70	3.63	
Total Term Deposits	68740.19	100.00	84325.58	100.00	100115.88	100.00	

Population group-wise break-up of aggregate Domestic deposits		(Rs. in crore)					
Year Ended	2007		2008		2009		
	Amount	%	Amount	%	Amount	%	
Rural	5911	8.92	6655	8.23	8115	8.57	
Semi Urban	10477	15.81	11975	14.81	14682	15.50	
Urban	17303	26.11	20855	25.80	24100	25.45	
Metro	32580	49.16	41357	51.16	47805	50.48	
Total	66271	100.00	80842	100.00	94702	100.00	

The figures given above represent Domestic Deposits and the same is inclusive of NRI deposits. The figures relating to overseas branches are not included in the above category. The total NRI deposits of the Bank as on 31.03.2009 were Rs.6364 crore.

Details of NRI Deposits		(Rs. in crore)		
As on March 31,	2007	2008	2009	
FCNR (B)	1230.00	1397.00	1580.00	



NRE	4266.00	4391.00	4428.00
NRO/NRONR	130.00	140.00	205.00
Others	54.00	65.00	151.00
Total	5680.00	5993.00	6364.00

Details of Deployment of Funds

ADVANCES as on 31st March (Rs. in crore)

Gross Bank Credit	2005	2006	2007	2008	2009
In India					
Rural	3745	4262	5186	5010	7198
Semi-Urban	3219	4062	5305	6415	7081
Urban	5384	8082	10445	12791	14677
Metropolitan	12183	17695	25078	32341	39524
Sub Total	24532	34101	46014	56557	68480
Outside India	1742	1658	1909	4501	7330
Total	26274	35759	47923	61058	75810

Asset Classification

Non Performing Assets (NPAs)

As, on March 31, 2009 the net NPAs of the Bank stood at 1.33% of its net advances amounting to Rs.999 Crore in absolute terms.

The Bank is taking steps to reduce the proportion of non-performing assets through aggressive recovery drives. The Bank has been taking recourse to all the available method to recover the overdues from the borrowers including enforcing of security interest more effectively through the "Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002". The Bank has issued notices under the Act to 9484 parties/borrowers so far upto 31.03.2009 and recovered Rs.805 crore from those parties/borrowers.

Asset Classification

Asset Classification of Performing and Non-Performing Assets

(Rs. in crore)

As on March 31,	2005	2006	2007	2008	2009
Standard Assets	24886	34531	46803	60061	73887
Sub-Standard	362	302	409	512	890
Doubtful	908	808	638	454	974
Loss	118	118	73	31	59
Gross NPAs	1388	1228	1120	997	1923
Gross Advances	26274	35759	47923	61058	75810

Details of Gross and Net NPAs

(Rs. in crore)

As on March 31,	2005	2006	2007	2008	2009
Gross Advances	26274	35759	47923	61058	75810
Gross NPAs	1388	1228	1120	997	1923
Gross NPAs to Gross Advances (%)	5.28	3.43	2.34	1.63	2.54
Net Advances	25205	34756	47060	60424	74885
Net NPAs	319	224	258	363	999
Net NPAs to Net Advances (%)	1.27	0.65	0.55	0.60	1.33

NPA Management Strategy

The Bank made a recovery of Rs. 479 crore including recovery from written off accounts. NPAs to the extent of Rs. 822 crore were also upgraded/restructured during the year.

The Bank has identified thrust areas for recovery.

The Bank Resorts to ethical measures in recovery procedure.

Utilises the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002 as an effective tool

Explores all possibilities for Compromise settlements as it is one of the most effective and cost & time saving process in recovery of Non Performing Assets



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Lays emphasis on recovery of "critical amount" towards upgrading the Non Performing accounts wherever possible.
 Follows up with Official Liquidators for early recovery of the money held towards arbitration/settlement
 Closely monitors the cases before DRT and where RCs (Recovery Certificates) have been issued
 Gives impetus to organise more number of "Lok Adalats" forum for expediting recovery
 Augments resources through Sale of NPAs to Asset Reconstruction Companies and Initiates all steps to improve recovery from written-off accounts.

Bank makes all efforts to minimise slippages. Watch Category Accounts are identified early and closely monitored to prevent them from becoming NPAs.

Priority Sector Credit

As per RBI norms, the Public Sector Banks' credit to the Priority Sector should be 40% of the Net Bank Credit and that for agriculture should be 18% of the Net Bank Credit. The policy of the Bank with regard to financing to the Priority Sector is based upon the norms stipulated by Reserve Bank of India. As on March 2009, the Priority Sector credit stood at 42.62% of the Net Bank Credit and Agricultural credit stood at 18.74% of the Net Bank Credit.

Year ended March 31	2005	2006	2007	2008	2009
Agriculture	4260.63	5954.00	8099.47	8688.90	10817.03
Small Scale Industry/SME	2462.61	3167.00	4208.00	7541.00	6488.00
Other Priority Sector Advances	3530.48	4993.00	5678.53	4073.10*	6988.97
Gross Priority Sector Advances	10253.72	14114.00	17986.00	20303.00*	24294.00
% to Net Bank Credit	44.83	42.88	41.03	45.85	42.62
Targets (%)	40.00	40.00	40.00	40.00	40.00

Lead Districts

As required by the GOI, RBI, the Bank has been assigned the role of lead bank in 13 districts in 2 states, which are Tamil Nadu (12 districts) and Kerala (1 district). The assigned lead bank responsibilities are discharged by maintaining inter-institutional coordination in the preparation and implementation of various development programmes in each district. The role functions of a Lead Bank are as under:

- Development of banking facilities particularly in Rural and Backward areas.
- Removal of unemployment and under employment through channelising banks' advances for Regional Development.
- Ensuring appreciable rise in the standard of living of the poorest sections of the population by providing credit for taking up self employment ventures by them and also for some of their basic needs.
- Bringing about greater understanding and cooperation between Banks and Government departments/agencies in implementing various programmes / schemes.
- Identifying major constraints impeding the development of the districts economy and inducing the appropriate agencies to take remedial measures.
- Formulation of Annual District Credit Plan and its implementation.
- Monitoring and review of the progress made by Banks as credit deployment in general and in Priority Sector advances in particular and under Government sponsored credit programmes.

Details of Branch Network, resources mobilised and advances made in the Lead Districts as on 31.03.2009 (Rs. in crore)

State	No. of Lead Districts	No. of Branches	Total Deposits	Total Advances(A)	Advances to Priority Sector(B)	Percentage to Total Advances (B/A)
TamilNadu	12	320	7019.40	5036.19	3664.61	72.77
Kerala	1	35	1141.05	582.21	396.09	68.03
Total	13	355	8160.45	5618.40	4060.70	72.28

Asset Liability Management

Maturity & Category-wise break-up of Domestic & Global Deposits (as on March 31, 2009) (Rs. in crore)

Maturity	Retail	Wholesale	Total -Domestic	Overseas	Total – Global
1-14 days	5588.53	854.16	6442.69	1228.00	7670.69
15-28 days	967.93	1818.78	2786.71	378.72	3165.43
29 - 90 days	3499.44	3920.47	7419.91	980.48	8400.39
91 - 180 days	5010.25	6705.52	11715.77	867.53	12583.3
6 - 12 months	7144.29	5486.94	12631.23	524.06	13155.29
1 - 3 years	45656.40	3210.03	48866.43	635.18	49501.61
3 - 5 years	1818.17	116.11	1934.28	68.19	2002.47
Over 5 years	3599.81	36.89	3636.70	0	3636.7
Total	73284.82	22148.90	95433.72	4682.16	100115.88



The ALCO is monitoring the liquidity of the Bank. The statement of STL (Structural Liquidity) is completed on daily basis in the RBI prescribed format and reported to RBI as on 1st and 3rd Wednesday every month. The summary of daily STL is also placed to ALCO.

The present data compilation is on the basis of data covering all the CBS branches which is then interpolated to bank-wide data wherever applicable. The items such as investment portfolio and other heads of accounts controlled by Central Office through Central Office General Ledger are taken to the 100% extent on daily basis.

The overall coverage is over 98% when assets and liabilities are taken together. The Bank has also framed contingency liquidity measures through ALM policy.

The statement (IRS) continues to be completed fortnightly and submitted to RBI as on last reporting Friday.

Financial Ratios and other Financial Information					(Rs. in crore)
Year ended March 31	2005	2006	2007	2008	2009
Average interest earning assets	46663	52078	67021	81561	101155
Average interest rate for the above (%)	8.51	8.46	8.70	9.77	9.55
Interest income	3951	4406	5832	7739	9641
Average interest bearing liabilities	44276	49029	64014	81443	100284
Average interest rate for the above (%)	4.73	4.77	5.11	6.49	6.75
Total interest expenses	2096	2339	3271	5289	6772
Ratio of ave. interest earning assets to ave. interest bearing liabilities	1.05	1.06	1.05	1.00	1.00
Interest expenses apportioned to interest earning assets	0.04	0.04	0.05	0.06	0.07
Net Interest income	1855.52	2067.18	2560.80	2449.98	2869.59
Net Interest margin (%)	4.07	4.05	3.82	3.00	2.84
Average cost of funds (%)	4.73	4.77	5.11	6.49	6.75
Yield spread	3.78	3.71	3.59	3.02	2.79
Return on average assets	1.29	1.38	1.36	1.30	1.17
Cash EPS	12.61	15.39	18.51	22.07	24.34

Capital Adequacy Ratio

The RBI's guidelines on Capital Adequacy Ratios (CAR) generally conform to the guidelines adopted by the Committee on Banking Regulations and Supervisory Practices of the Bank of International Settlements ("BIS"). The RBI requires that the assets, non-funded items and other off-balance sheet exposures to be assigned weights according to prescribed risk weights and that each Bank must maintain capital levels equivalent to a prescribed ratio to such risk weighted assets. All financial ratios and capital adequacy ratios confirm to RBI norms.

Capital

For the purpose of calculating the CAR, capital of a Bank is divided into two classes ie, Tier I capital and Tier II capital, also known as core capital, represents amounts readily available to support the Bank against unexpected losses. Tier I capital consists of paid up capital, statutory reserves and other disclosed free reserves. Tier II capital comprises elements that are less permanent in nature and thus less readily available. Tier II capital consists of subordinated debt (with a minimum maturity of five years), undisclosed reserves, cumulative perpetual preference shares, revaluation reserves (to the extent of 45% of the total amount of revaluation reserves on the Bank's book), general provisions and hybrid capital. The total capital for the calculation of CAR is the sum of Tier I and Tier II capital and is taken, with the condition that the Tier II capital should not exceed Tier I capital. RBI vide its circular dated October 31, 1998 prescribed that banks should achieve a minimum CAR of 9% with effect from the year ending March 31, 2000. This is complied with.

Risk Weighted Assets

Each class of assets of the Bank (including off balance sheet assets) is assigned a risk weight of (following certain norms laid down by RBI). The value of risk weighted assets for each class of assets is obtained by multiplying the amount of each asset class by its risk weight. The total risk weighted assets are obtained by summing up the individual risk weighted assets. An international committee of Banking Regulations and Supervisory Practices of the BIS released an agreed framework on international convergence of CAR for commercial banks. The minimum CAR was set at 8%. The capital adequacy norms are to be enforced by the Banking Supervisory Authority of the respective country. RBI being the Central Bank of the country had issued guidelines and prescribed that Indian Banks should achieve CAR of 9% by March 31, 2000.

**Capital Adequacy Position of the Bank**

Summary of Capital adequacy position of the Bank for the last 5 years					(Rs. in crore)	
As on March 31'	2005	2006	2007	2008	2009	
				As per Basel II	As per Basel II	
Total Tier I Capital	1832.22	3254.97	4352.39	5203.58	6197.33	
Total Tier II Capital	1832.22*	1717.90	2688.73	2721.29	4182.94	
Total Capital fund	3664.44	4972.87	7041.12	7924.87	10380.27	
Risk weighted Assets	25785.83	38123.08	53045.94	68541.76	78611.92	
Capital Adequacy Ratio (%)	14.21	13.04	13.27	11.59	13.20	

As our Bank has an international presence, we have migrated to the new Capital Adequacy framework under Basel II norms w.e.f. 31.03.2008

Human Resources Management

The total manpower of the Bank as on March 31, 2009 was 25,347 comprising 9921 officers, 10,980 clerks and 4,446 substaff.

The manpower position of the Bank for the last five years is as under:

As on	Officer	Clerical Staff	Sub-Staff	Total Number of Employees
31.03.2005	7,654	12,463	4,249	24,366
31.03.2006	7,967	11,988	4,223	24,178
31.03.2007	7,831	11,808	4,222	23,861
31.03.2008	8,767	11,701	4,296	24,764
31.03.2009	9,921	10,980	4,446	25,347

The business per employee of the Bank has been on the increasing trend. The position as on 31st March during the last five years is depicted in the table below:

(Rs. Lacs)						
Year	2004	2005	2006	2007	2008	2009
Business per Employee	232	269	355	467	583	689
Net Profit per Employee	2.10	2.66	3.22	4.04	4.82	5.20

Manpower

They include Specialist Officers such as Chartered Accountants, Cost Accountants, Law Officers, Civil Engineers, Architects, Technical Officers, Security Officers, Information Technology, Agriculture and Official Language Officers who have been recruited specifically to cater to the emerging needs.

Bank has a Chairman & Managing Director, Two Executive Directors, 23 General Managers, 66 Deputy General Managers and 148 Assistant General Managers in the Top Executive Grade and Senior management levels as on 31.03.2009.

HR Policy and Training**Motivational Measure**

As a part of Motivational Measure, Bank has disbursed so far Rs. 9.60 crore as Performance Linked Cash Incentive Scheme for the year 2007-08 to Officers / Award Staff attached to select Branches, Regional Offices and Departments at Central Office. Nearly 4,900 Staff Members received Performance Incentive. The Bank has also conducted a quiz on banking for Award staff as a part of motivational measures.

HR Initiative

During the year 2008-2009 we have recruited 200 Specialist Officers (100 IT Officers, 49 Agricultural officers, 16 Law Officers, 16 Financial Analysts, 9 Official language officers, 6 Technical Officers (3 Civil Engineers and 3 Architects) and 4 Security officers. We have also recruited 393 Probationary Officers (387 in JMG Scale I and 6 in MMG Scale II).

275 Scheduled Tribe Clerical Staff were recruited under a Special Recruitment Drive carried out for Scheduled Tribe candidates.

Keeping in view Business Development and Growth and also Retirement in immediate future, we have planned Recruitment of 1250 Probationary Officers and 1000 Clerical Staff members.

Training

Keeping in view the mission of the bank to emerge as the most competitive bank in the banking industry, training was imparted on contemporary issues of banking apart from basic areas of banking through the internal and external mode. The focus continued to be on Credit Appraisal/ Credit Monitoring & Supervision, NPA Management & Recovery in addition to Risk Management Techniques and Computer awareness. Apart from the above, training was also given in areas such as Foreign Exchange, Priority Credit, KYC/ AML, BCSBI, Credit Marketing, SME /Micro Finance, IT Products with emphasis on RTGS/NEFT, Programme for Inspectors, Management Development Programme for Chief Managers etc.



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Induction programme for newly recruited probationary officers were conducted apart from pre-confirmation programme and Orientation programme for Probationary Officers.

Pre Promotion training for SC/ST members who are eligible for promotion from Clerical to Officer cadre and for officers from one grade to another were conducted at various Staff Training Centres.

Executives were nominated for overseas training to acquire international perspective on banking & technology and share their expertise and experience with other participants.

Special emphasis was given on programmes like Marketing of our Bank's products, SME Finance, Balance Sheet Management Programme, Marketing of CASA & Ancillary Services, apart from region specific programmes for efficient handling of branches.

Session on Compliance Policies and Official Language implementation were also included in training programmes to create awareness. Sessions on preventive vigilance were included in all the training programmes conducted at Staff Training College and Staff Training Centres.

Training slots were allotted to different Central Office Departments for organising ad-hoc programmes to enable them to train key functionaries at Branches/ Regional Offices on new emerging areas.

Adherence to KYC/AML guidelines – user training was conducted at Staff College wherein officers from Regional Offices and RCC were trained. Workshop on Suspicious Transaction Reporting was also conducted at Chennai and Madurai. The Pre Retirement counseling programme for Officers was conducted for Officers who are retiring during the year.

Internal Training

The internal training system comprises of 'One' Staff College, 'Nine' Staff Training Centres and one Rural Banking Training Centre. Internal training was imparted to '13972' staff comprising of '7541' Officers, '5659' Clerical and '772' Sub-staff by conducting '890' programmes. Of the total staff trained '4090' belonged to SC and '617' belonged to ST.

External Training and Overseas Training

We had also deputed '52' Executives, '247' Officers and '3' clerical staff for training programmes conducted by reputed external institutes. Apart from these '3' executives and '4' Officers were deputed for training abroad.

Training for Staff of RRB's

We had also trained 629 staff members of Neelachal Gramya Bank and Pandyan Grama Bank through 31 Training Programmes. Of the total staff trained 159 belonged to SC and 11 belonged to ST.

Voluntary Retirement Scheme

In order to bring about rightsizing the manpower, the Bank introduced the Voluntary Retirement Scheme in the year 2000. In response to the scheme altogether 3,992 applications were received, out of which 3,405 were accepted by the Bank. After this reduction of these employees, the operations and the performance of the Bank have not been affected.

Group Companies

Group Companies / subsidiaries and regional rural banks sponsored by IOB

a. Subsidiary Companies

As on March 31, 2009 the Bank has no subsidiary companies. However upto 29.02.2004, the Bank had one subsidiary company viz, IOB Properties Pte Limited, Singapore fully owned by the Bank. IOB Properties Pte Limited was not listed on any stock exchange.

IOB PROPERTIES PTE. LIMITED

The Bank promoted a wholly owned subsidiary in the name of IOB Properties Pte Ltd. in Singapore. It was incorporated on 15.04.1983. The purpose was to bid for a parcel of land auctioned by Urban Redevelopment Authority, Singapore for constructing a building to house the Bank's branch as the local laws did not permit a foreign bank to own such properties in Singapore. Otherwise the subsidiary does not have any commercial activity. The wholly owned subsidiary by a "scheme of Arrangement", duly approved by shareholders of the company as well as by The High Court of Singapore, vested with IOB Singapore branch w.e.f. from 29.02.2004. As on 31.03.2004 there were no subsidiary in existence.

b. REGIONAL RURAL BANKS

The Bank has sponsored two Regional Rural Banks, viz. Pandyan Grama Bank in Tamil Nadu and Neelachal Gramya Bank (amalgamated entity of erstwhile Puri Gramya Bank and Dhenkanal Gramya Bank w.e.f 31.08.2007) in Orissa. The RRBs together have 367 branches, deposits of Rs. 3377.60 crore and advances of Rs. 2550.37 crore as on 31 03 2009. During the financial year 2008-09, the growth of deposits and advances was 30.39% and 19.42%



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Indian Overseas Bank

respectively. For the year ended March 31, 2009, RRBs sponsored by the Bank have posted combined profit of Rs.23.41 crore (without adjusting for the combined accumulated losses).

Pandyan Grama Bank

Pandyan Grama Bank established on March 9, 1977 is having its Head office at Virudhunagar. The operational area of the bank covers fifteen districts viz. Sivagangai, Ramanathapuram, Virudhunagar, Tirunelveli, Tuticorin, Madurai, Pudukottai, Dindigul, Kanyakumari, Thanjavur, Tiruvarur, Trichy, Theni, Perambalur and Nagapattinam. The bank has a network of 195 branches with a total staff strength of 935. The bank is making net profit since 1998. During the year 2008-09, the Bank has earned net profit of Rs 19.25 crore.

The audited financial position of Pandyan Grama Bank for the last five years is as under: (Rs. in crore)

	FY 2005	FY 2006	FY 2007	FY 2008	FY2009
Capital	1.00	1.00	1.00	1.00	1.00
Reserves & Surplus	19.05	31.56	51.88	59.93	79.21
Deposits	677.56	800.20	1010.06	1293.72	1655.04
Advances	663.46	797.18	1067.37	1318.23	1670.16
Priority Sector advances	552.22	701.61	978.50	1209.43	1550.17
Profit/(Loss)	10.08	12.51	20.33	11.01	19.25
Productivity Per Employee	1.54	1.83	2.38	3.07	3.56

Transaction between Pandyan Grama Bank and IOB in the past three years (Rs. in crore)

Particulars (As on March 31)	2005	2006	2007	2008	2009
Deposit with IOB	29.40	3.00	64.30	46.12	52.04
Refinance outstanding	Nil	25.00	139.54	160.48	175.41

Neelachal Gramya Bank

Neelachal Gramya Bank established on August 31, 2007 (amalgamation of erstwhile Puri Gramya Bank and Dhenkanal Gramya Bank) is having its Head office at Bhubaneswar in Orissa. The operational area of the bank covers five districts viz. Puri, Khurda, Nayagarh, Dhenkanal and Angul. The bank has a network of 172 branches with total staff strength of 806. During the year 2008-09, the Bank has earned net profit of Rs.4.16 crore.

The audited financial position of Neelachal Gramya Bank for 2008-09 is as under:

(Rs. in crore)

	FY 2009
Capital	2.00
Share Capital Deposit	33.15
Reserves & Surplus	-
Accumulated Loss	33.04
Deposits	1722.56
Advances	880.21
Priority Sector advances	682.86
Profit/(Loss)	4.16
Productivity Per Employee	3.18
Deposits with IOB	126.12
+Refinance outstanding	35.11

Contingent liabilities of Regional Rural Banks

As on March 31 2009, the contingent liabilities of Regional Rural Banks aggregate to Rs. 2.88 crore as given in the following table.

(Rs. in crore)

Sr. No	Name of the Gramin Bank	Amount of Contingent Liability
1.	Pandyan Grama Bank	1.48
2.	Neelachal Gramya Bank	1.40
	Total	2.88

RRBS have complied with the CRR and SLR requirements. The above contingencies have arisen in the normal course of business of the RRBs.

ASSOCIATE BANK OF IOB

Bharat Overseas Bank Limited

Bharat Overseas Bank Ltd. (BOBL) was an Associate of our Bank with 30% shareholding interest upto 31.12.2006 and the Bank was merged with Indian Overseas Bank as per scheme approved by Ministry of Finance, GOI resulting in acquisition of all assets and liabilities of BOBL including its overseas branch.



Since the Government of India is the promoter of the Bank, it is not possible to give details of previous issues of its listed ventures because of the large number of such undertakings.

- IV. Brief History of the Bank since its incorporation giving details of its activities including any reorganization giving details of its activities including any reorganization, reconstruction or amalgamation, changes in its capital structure, (Authorized, Issued and Subscribed) and Borrowings, if any.

Capital Structure

		(in Rs.)	As on 31.03.2009
A.	Authorised Capital		
	1,50,00,00,000 Equity Shares of Rs. 10/- each		15,00,00,00,000
B.	Issued, Subscribed and Paid-Up Capital		
	54,48,00,000 Equity Shares of Rs. 10/- each		5,44,80,00,000*
C	Present Issue of Bonds through this Information Memorandum		
1	Issue of 5100 Unsecured Redeemable Non-Convertible Subordinated Upper Tier II Bonds (Series-III) in the nature of Promissory Notes of Rs. 10,00,000/- each aggregating Rs. 510 crore		510,00,00,000
2	Net Offer in terms of this Information Memorandum Issue of 5100 Unsecured Redeemable Non-Convertible Subordinated Upper Tier II Bonds (Series-III) in the nature of Promissory Notes of Rs. 10,00,000/- each aggregating Rs.510 crore		510,00,00,000
	Of which, reservation are		NIL
D	Paid-Up Capital after the issue		
	54,48,00,000 Equity Shares of Rs. 10/- each		5,44,80,00,000*
E.	Share Premium Account		
	After the issue		1,40,00,00,000

*Note on Capital Structure:

1. PROMOTER'S CONTRIBUTION AND LOCK-IN

Date of Allotment	Date when made fully paid-up	Consideration (Cash, bonus, kind, etc.)	No. of shares	Face Value	Issue Price	% of Post-Issue paid-up capital	Lock-in Period
*	*	*	*	*	*	*	*

* Not applicable as there is no contribution from the promoters in the Bond Issue.

2. PROMOTERS CONTRIBUTION AND LOCK-IN IN RESPECT OF PROMOTERS WHOSE NAME FIGURE IN THE INFORMATION MEMORANDUM AS PROMOTERS IN THE PARAGRAPH ON "PROMOTERS AND THEIR BACKGROUND"

Name of the Promoter	Date of Allotment	Date when made fully paid-up	Consideration (Cash, bonus, kind, etc.)	No. of shares	Face Value	Issue Price	% of Post-Issue paid-up capital	Lock-in Period
*	*	*	*	*	*	*	*	*

* Not applicable as there is no contribution from the promoters in the Bond Issue.

Share Capital History (Since capitalization on July 19, 1969)

Year Ended December 31	Increase/ Decrease in capital	Mode	(Rs in Crore) Paid-up Capital
1970	-	-	1.00
1972	1.00	Capitalisation of Reserves	2.00
1976	2.00	Capitalisation of Reserves	4.00
1977	2.00	Capitalisation of Reserves	6.00
1979	2.00	Capitalisation of Reserves	8.00
1980	2.00	Capitalisation of Reserves	10.00
1982	3.00	Capitalisation of Reserves	13.00
1985	20.00	Capital contributed by the GOI	33.00
1986	32.00	Capital contributed by the GOI	65.00
1989	45.00	Capital contributed by the GOI	110.00
1990	140.00	Capital contributed by the GOI	250.00
1991	70.00	Capital contributed by the GOI	320.00
1992	50.00	Capital contributed by the GOI	370.00
1994	705.00 *	Capital contributed by the GOI	1075.00



1995	258.60	Capital contributed by the GOI	1333.60
1997	(1000.00)	Adjustment of accumulated losess (Please refer to note 5 below)	333.60
2000	111.20	Public Offer	444.80
2003	100.00	Public Offer	544.80

- The contribution of equity capital by GOI has been in the form of capitalization bonds
- The authorised share capital of the Bank is Rs.1500 crore as per sub section 2A of section 3 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970, as amended from time to time
- The Government of India, Ministry of Finance, Department of Economic Affairs (Banking Division), vide its letter F. No. 12/2/96-BOA dated 21 03 1997, in exercise of the powers conferred by Section 3 (2BB) inserted in the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 by the Banking Companies (Acquisition and Transfer of Undertakings) Amendment Act, 1995, and in consultation with the Reserve Bank of India, has permitted the Bank to reduce its paid-up capital by adjusting accumulated losses of Rs.1000 crore from its paid-up capital as on 31-03-97. The present paid-up capital of the Bank is Rs.544.80 crore.

The Bank, till date, has raised Tier II Capital by way of Private Placement of Unsecured Redeemable Non-Convertible Subordinated Bonds in the nature of Promissory Notes to augment capital adequacy as under:

Series	Date of Allotment	Size (Rs in crore)	Tenor (In Months)	Credit Rating	Coupon (%)	Redemption Date
I	18.01.1999	150.00	60	Unrated	13.75	17.01.2004
II	08.03.2001	125.00	67	AA+/Stable by Crisil	11.45	07.10.2006
III	31.12.2001	150.00	67	AA+/Stable by Crisil	09.40	30.07.2007
IV	31.10.2002	175.00	78	AA+/Stable by Crisil	07.45	30.04.2009
V	01.03.2004	200.00	120	AA+ by CARE	06.00	29.02.2014
VI	26.07.2004	200.00	120	AA+ by CARE	06.40	25.07.2014
VII	08.01.2005	150.00	123	AA+ by CARE	07.25	08.04.2015
VIII	16.09.2005	200.00	123	AA+/Stable by Crisil and Care AA+ by CARE	*07.40	16.12.2015
IX	09.01.2006	250.00	123	AA+/Stable by Crisil & LAA+ by ICRA	*07.70	09.04.2016
X	13.03.2006	300.00	120	AA+ by CARE & LAA+ by ICRA	*08.00	13.03.2016
XI	26.07.2006	500.00	120	AA+/Stable by Crisil and LAA+ by ICRA	09.10	26.07.2016
XII	22.08.2008	300.00	120	AA+/Stable by Crisil and LAA+ by ICRA	10.85	22.08.2018
XIII	24.08.2009	290.00	120	AA+/stable by Crisil and LAA+ by ICRA	8.48	24.08.2019
Bhob**	20.03.2004	36.00	87	A+ by CARE	07.00	20.06.2011

Note: The Bank has redeemed Series I, II, III & IV aggregating to Rs. 600 crore on their respective due dates.

* Semi Annual

** Being Tier II Bonds issued by the erstwhile Bharat Overseas Bank Ltd. since taken over by IOB.

The Bank has also raised Tier I Capital by way of Unsecured Non Convertible Subordinated Perpetual Bonds in the nature of Promissory Notes as detailed hereunder:

Series	Date of Allotment	Size (Rs in crore)	Tenor (In Months)	Credit Rating	Coupon (%)	Redemption Date
I	31.03.2006	200.00	Perpetual*	AA+/Stable by Crisil & LAA by ICRA	9.30*	Perpetual*
II	18.05.2006	200.00	Perpetual*	AA+/Stable by Crisil & LAA by ICRA	9.15*	Perpetual*
III	30.09.2006	80.00	Perpetual*	AA+/Stable by Crisil & LAA by ICRA	9.20*	Perpetual*

* The Bank shall have the option of redeeming the Bonds at par, subject to the prior approval of the RBI and in accordance with applicable laws and regulations in effect at the time relating to, among other things, capital adequacy ratio, replacement capital and interest rate, in whole but not in part, on 31.03.2016/18.05.2016/30.09.2016 (at the end of 10th year from the Deemed Date of Allotment of each series) at a redemption price equal to the principal amount thereof plus accrued interest. If the Bonds are not redeemed on 31.03.2016/18.05.2016/30.09.2016, interest from 31.03.2016/18.05.2016/30.09.2016 shall be reset to 9.80% per annum/9.65% per annum/9.70% per annum (subject to deduction of tax at source at the rates prevailing from time to time under the provisions of the Income Tax Act, 1961, or any other statutory modification or re-enactment thereof for which a certificate will be issued by the Bank) for all subsequent interest payment periods, payable semi-annually on March 31/May 18/ September 30 and September30/November 18/March 30 in each year (each, an "Interest Payment Date"), commencing September 30, 2016/ November 18, 2016/March 30,2017 to the holders of Bonds. Further these innovative instruments shall be subjected to a lock-in clause in terms of which the bank shall not be liable to pay interest if (a) the bank's CRAR is below the minimum regulatory requirement prescribed by the RBI; or (b) the impact of such payment results in bank's CRAR falling below or remaining below the minimum regulatory requirement prescribed by the RBI. Interest shall not be cumulative.



The Bank has further raised resources by way of Unsecured Non Convertible Subordinated Upper Tier II Bonds in the nature of Promissory Notes as detailed hereunder:

Series	Date of Allotment	Size (Rs in crore)	Tenor	Credit Rating	Coupon (%)	Redemption Date
I	05.09.2006	500.00	15 Years	AA+/Stable by Crisil & LAA by ICRA	9.24*	05.09.2021*
II	17.09.2008	655.30	15 Years	AA+/Stable by Crisil & LAA by ICRA	11.05	17.09.2023*

* the Bank shall have the option of redeeming the Bonds at par, subject to the prior approval of the RBI and in accordance with applicable laws and regulations in effect at the time relating to, among other things, capital adequacy ratio, replacement capital and interest rate, in whole but not in part, on 05.09.2016 / 17.09.2018 (at the end of 10th year from the Deemed Date of Allotment of each series) at a redemption price equal to the principal amount thereof plus accrued interest. If the Bonds are not redeemed on 05.09.2016/ 17.09.2018, interest shall be reset to 9.74%/ 11.55% per annum (subject to deduction of tax at source at the rates prevailing from time to time under the provisions of the Income Tax Act, 1961). In terms of RBI circular no. DBOD.no.bp.bc. 57/21.01.002/ 2005-2006 dated January 25, 2006 on enhancement of banks' capital raising options covering norms for raising of instruments eligible for inclusion under Upper Tier II capital, these bonds are free of any restrictive clauses and shall not be redeemable at the initiative of the holder. Redemption of these bonds shall be made only with the prior approval of the RBI. Further these bonds shall be subjected to a lock-in clause in terms of which the bank shall not be liable to pay either interest or principal, even at maturity, if (a) the bank's CRAR is below the minimum regulatory requirement prescribed by the RBI or (b) the impact of such payment results in bank's CRAR falling below or remaining below the minimum regulatory requirement prescribed by the RBI. The interest amount due and remaining unpaid may be allowed to be paid in the later years in cash/cheque subject to the bank complying with the above regulatory requirement.

Shareholding Pattern

The share holding pattern as on June 30, 2009 was as under:

Shareholder	Shareholding (%)
Promoters(Government of India)*	61.23
Resident Individuals	13.70
Corporate bodies	2.62
Non-Resident Indians/OCBs	0.72
FII	8.92
Bank/FIs/Insurance Cos	10.93
Mutual Funds/UTI	1.51
Others	0.37
Total	100.00

*as defined in Regulation 2[h] of SEBI (Substantial Acquisition of Shares and Takeover) Regulations 1997. The Promoters' holding shall include all entities in the Promoters' Group – Individual or Body Corporates.

3. At present, the promoter group and their nominees as defined in SEBI (Disclosure & Investor Protection) Guidelines 2000 (i.e. Government of India), hold 33,36,00,000 equity shares comprising 61.23% of the shareholding in the Bank. Save and except that no equity shares in the promoter group have been transferred between the promoter and their nominees. There has been no trading in the equity shares held by the promoter group and their nominees during the last six months.
4. Promoter holding and lock-in provisions: the promoter holding after this issue would remain intact at 61.23%. Further, the present issue is a debt issue and therefore the provisions of lock-in do not apply.
5. The Issuer Company has not issued any shares or debentures or agreed to issue any shares or debentures for consideration other than cash other than that mentioned elsewhere in this Information Memorandum, within the two years preceding the date of this Information Memorandum.
6. The number of shareholders of the Issuer Company as on June 30, 2009 was 230243.
7. At any given time there shall be only one denomination for the shares of the Bank and the Bank shall comply with such disclosure and accounting norms as specified by SEBI from time to time.
8. Reservation for small investors in allotment: The present Issue of bonds being made on private placement basis, there shall be no reservation for small/ individual investors and the allotment for bonds shall be finalized by the Bank at its sole and absolute discretion.
9. The Issuer Company has not raised any bridge loan or any other similar financial arrangement against the proceeds of the Issue.
10. The promoters, and directors of the Issuer Company have not entered into any standby, buy-back or similar arrangements for purchase of securities offered through this Information Memorandum.
11. The Bank revalued certain immovable properties in 1993-1994 in order to augment its tier II Capital. The amount of revision made was Rs.191.88 crore and the same was credited to revaluation Reserve. As per the bank's policy depreciation is provided to the extent of revaluation, which is then set off against the revaluation reserve account. Further, during 2008-2009, the Bank had also revalued its premises (land and buildings) other than those at overseas branches and added an amount of Rs.1123.55 crore to the existing carrying value of assets. As on 31.03.2009 the revaluation reserve account stood at Rs.1209.57 crore.

Year	Amount (Rs. in crore)
1993-94	191.88

The Bank has not issued any Equity shares out of revaluation reserves or for consideration other than cash other than that stated in point 3 above.



V. Securities to be issued and listed under current document

The Unsecured, Redeemable, Non-Convertible, Subordinated Upper Tier II Bonds (Series III) are proposed to be listed on the Wholesale Debt Market Segment of The National Stock Exchange of India Limited ('NSE') and on Bombay Stock Exchange Limited ('BSE').

Detailed term sheet of the bond issue is given in Section XXIII of this document.

CRISIL Limited (CRISIL) has assigned AA+/Stable (pronounced Double A plus with stable outlook) rating to the captioned Debt programme of the Bank aggregating to Rs.510 crore. Instruments carrying this rating are judged to be of high degree of safety with regard to timely payment of interest and principal on the instrument.

ICRA Limited (ICRA) has assigned 'LAA' (pronounced as L double A) rating to the captioned Debt issue programme of the Bank aggregating to Rs.510 crore. Instruments carrying this rating are judged to be of high credit quality. The rated instrument carries low credit risk.

The above ratings are not recommendation to buy, sell or hold securities and investors should take their own decision. The ratings may be subject to revision or withdrawal at any time by the assigning rating agencies and each rating should be evaluated independently of any other rating. The ratings obtained are subject to revision at any point of time in the future. The rating agencies have the right to suspend, withdraw the rating at any time on the basis of new information etc.

VI. Details of the issue size

The Bank is intending to raise an aggregate amount of Rs.510 crore through the issue of Unsecured Redeemable Non-Convertible Subordinated Upper Tier II Bonds in the nature of Promissory Notes (Series III) of face value of Rs.10 lakhs each for cash at par (hereinafter referred to as 'the Bonds') by way of private placement. The bonds will constitute direct unsecured and subordinated obligations of the Bank, subordinated to the claims of other creditors and depositors of the Bank as regards repayment of principal and interest by the Bank out of its own funds. The instruments are fully paid-up, unsecured and free of any restrictive clauses.

Instrument at a Glance

Issue Size	Rs.510 crore
Nature of Instrument	Unsecured Redeemable Non-Convertible Subordinated (Upper Tier II) Bonds in the nature of Promissory Notes (Series III)
Instrument Form	Only in dematerialized form
Credit Rating	AA+/stable by CRISIL and 'LAA' by ICRA
Face Value per Bond	Rs.10 lakhs
Minimum Application	Ten Bonds and in multiples of Ten Bonds thereafter
Tenor/ Maturity	180 Months
Redemption Date	1 st September 2024. The consent of the Reserve Bank of India will be taken before the redemption of bonds on due date or on call option date as required in terms of RBI circular no. DBOD.No.BP.BC. 57/21.01.002/ 2005-2006 dated January 25, 2006 on enhancement of banks' capital raising options for capital adequacy purposes and Circular No. DBOD.No.BP.BC.6/ 21.01.002/ 2009-10 dated July 1, 2009 on Prudential Norms on Capital Adequacy – Basel I Framework
Call option	At par at the end of 10 th year from the deemed date of allotment. Call Option shall be exercised only with the prior approval of RBI (Department of Banking Operations & Development). While considering the proposal received from the Bank for exercising the call option, RBI would, among other things, take into consideration the Bank's CRAR position both at the time of exercise of the call option and after exercise of the call option.
Put Option	Not available
Step Up	If the call is not exercised at the end of the 10 th year from the deemed date of allotment, then there will be a step up of 50 bps in the coupon rate from the commencement of the 11 th year onwards
Lock-in Clause	These Bonds shall be subjected to a lock-in clause in terms of which the Bank shall not be liable to pay either interest or principal, even at maturity, if (a) the Bank's CRAR is below the minimum regulatory requirement prescribed by RBI or (b) the impact of such payment results in Bank's Capital to Risk Assets Ratio (CRAR) falling below or remaining below the minimum regulatory requirement prescribed by the RBI. However, the Bank may pay interest with the prior approval of RBI when the impact of such payment may result in net loss or increase the net loss provided CRAR remains above the regulatory norm. For this purpose 'Net Loss' would mean either (a) the accumulated loss at the end of the previous financial year; or (b) the loss incurred during the current financial year. The interest amount due and remaining unpaid may be allowed to be paid in the later years subject to the Bank complying with the above regulatory requirement. While paying such unpaid interest and principal, banks are allowed to pay compound interest at a rate not exceeding the coupon rate of the relative Upper tier II bonds, on the outstanding principal and interest.



Coupon Rate*	8.80 % p.a.
Coupon Payment	Annual
Interest on Application Money*	Not applicable
Trustees	The Bank has appointed IDBI Trusteeship Services Limited to act as Trustees to the Bondholder(s)
Listing	Proposed on the National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited (BSE)

*subject to deduction of tax at source, if any.

VII. Details of Utilization of Proceeds Objects of the issue

The proceeds of this Issue will be utilised for the regular business activities of the Bank, in line with the estimated growth in risk weighted assets and accordingly to maintain an optimal Capital Adequacy Ratio. The issue expenses will be borne by the Bank. Moreover, listing of the aforesaid bonds will provide liquidity to the investors and will also provide a platform for trading.

VIII. Material Contracts involving Financial Obligation of the Bank

- a. Material Documents
 - i. Letter appointing Registrar and Transfer Agents and the copy of MOU entered into between the Bank and the Registrar.
 - ii. Letter appointing IDBI Trusteeship as Trustees to the Bond holders.
- b. Other Documents
 - i. Credit Rating Letters for the current placement.
 - ii. Board resolution approving the current private placement of bonds.
 - iii. Consent letters of the Registrar and the Trustee of the Bond holders

IX. Details of Borrowings in the Past

The Bank has borrowed by way of debt instruments in the past. Please refer page 15-16 for the details of the same.

X. Material Development

In the opinion of the Directors of the Bank, there have been no material developments after the date of the last financial statements as disclosed in the Information Memorandum, which would materially and adversely affect or are likely to affect the trading or profitability of the Bank or the value of its assets, or its ability to pay its liabilities within the next twelve months, other than what has been already set out elsewhere in this Information Memorandum.

XI. Debt Securities issued for consideration other than cash at premium or at discount in pursuance of an option

There were no debt securities for consideration other than cash.

XII. Top ten holders of each class and kind of shares and securities as on 30.06.2009.

INDIAN OVERSEAS BANK - LOWER TIER II - TOP 10 BONDHOLDERS		
SL NO	NAME	NO.OF BONDS
1	CENTRAL BOARD OF TRUSTEES EMPLOYEES PROVIDENT FUND	2900
	STATE BANK OF INDIA	
	EPFO SECURITIES SERVICES BRANCH	
	IIND FLOOR MUMBAI MAIN BRANCH	
	MUMBAI SAMACHAR MARG,	
	MUMBAI.400023	
2	CBT EPF EPS A/C HSBC AMC LTD.	2049
	HDFC BANK LTD. CUSTODY SERVICES,	
	TRADE WORLD A WING GR FLOOR,	
	KAMALA MILLS COMPOUND, S B MARG, LOWER PAREL,	
	MUMBAI 400 013	



3	THE PEERLESS GENERAL FINANCE & INVESTMENT COMPANY LTD 3 ESPLANADE EAST PEERLESS BHAVAN KOLKATA 700069	500
4	PUNJAB NATIONAL BANK HSBC SECURITIES SERVICES 2ND FLOOR "SHIV", PLOT NO 139-140 B WESTERN EXPRESS HIGHWAY SAHAR RD JUNCT, VILE PARLE-E, MUMBAI 400057	400
5	PUNJAB NATIONAL BANK EMPLOYEES PROVIDENT FUND H/O PF DEPTT, 3RD FLOOR,RAJENDRA BHAWAN RAJENDRA PLACE NEW DELHI 110008	343
6	SAHARA INDIA FINANCIAL CORPORATION LTD 25 28 ATLANTA, NARIMAN POINT MUMBAI 400021	331
7	THE NEW INDIA ASSURANCE COMPANY EMPLOYEES PENSION FUND NEW INDIA ASSURANCE BLDG, BASEMENT 87 M G ROAD, FORT, MUMBAI 400 001	325
8	PUNJAB NATIONAL BANK EMPLOYEES PENSION FUND PUNJAB NATIONAL BANK 3RD FLOOR,RAJENDRA BHAWAN RAJENDRA PLACE, NEW DELHI 110 008	250
9	TRUSTEE NEW INDIA ASSURANCE CO. LTD STAFF PROVIDENT FUND 87 MAHATMA GANDHI ROAD, FORT, MUMBAI 400 023	250
10	PUNJAB NATIONAL BANK EMPLOYEES PROVIDENT FUND H/O PF DEPTT 3RD FLOOR,RAJENDRA BHAWAN RAJENDRA PLACE, NEW DELHI 110 008	250

INDIAN OVERSEAS BANK - UPPER TIER II - TOP 10 BONDHOLDERS		
SL NO	NAME	NO.OF BONDS
1	SAHARA INDIA FINANCIAL CORPORATION LTD 25 28 ATLANTA NARIMAN POINT MUMBAI 400021	1499



2	LIFE INSURANCE CORPORATION OF INDIA INVESTMENT DEPARTMENT 6TH FLOOR, WEST WING, CENTRAL OFFICE YOGAKSHEMA, JEEVAN BIMA MARG MUMBAI 400021	1200
3	BOARD OF TRUSTEES HINDUSTAN STEEL LIMITED BHILAI STEEL PROJECT PROV FUND SHED NO- 47, OLD MAIN OFFICE, BHILAI 490001	447
4	CORPORATION BANK CORPORATION BANK, GENERAL ACCOUNT INVESTMENT DIVISION 15 MITTAL CHAMBERS 1ST FLOOR NARIMAN POINT MUMBAI 400021	300
5	ALLAHABAD BANK ALLAHABAD BANK, TREASURY BRANCH ALLAHABAD BANK BUILDING, 3RD FLOOR 37 MUMBAI SAMACHAR MARG FORT MUMBAI 400023	300
6	INDIAN OVERSEAS BANK EMPLOYEES' PENSION FUND 762, ANNA SALAI, CENTRAL OFFICE CENTRAL OFFICE CHENNAI 600002	250
7	INDIAN OVERSEAS BANK STAFF PROVIDENT FUND 762, ANNA SALAI CENTRAL OFFICE CHENNAI 600002	250
8	SAHARA INDIA FINANCIAL CORPORATION LTD 25 28 ATLANTA, NARIMAN POINT MUMBAI 400021	250
9	SAIL EMPLOYEES SUPERANNUATION BENEFIT FUND C/O STEEL AUTHORITY OF INDIA LIMITED ISPAT BHAWAN, LODI ROAD NEW DELHI 110003	246
10	MAHARASHTRA STATE ELECTRICITY BOARDS CONTRIBUTORY PROVIDENT FUND ESTRELLA BATTERIES EXPANSION BUILDING, PLOT NO. 1 DHARAVI ROAD, MATUNGA MUMBAI 400 019	181



INDIAN OVERSEAS BANK - TIER I - PERPETUAL - TOP 10 BONDHOLDERS		
SL NO	NAME	NO.OF BONDS
1	HVPNL EMPLOYEES PENSION FUND TRUST SHAKTI BHAWAN, SECTOR 6 PANCHKULA 134109	500
2	NALCO EMPLOYEES PROVIDENT FUND TRUST P/1 NAYAPALLI BHUBANESWAR 751013	292
3	BOARD OF TRUSTEES G. S. R. T. C . C P FUND CENTRAL OFFICE, ACCOUNTS DEPT GITAMANDIR ROAD AHMEDABAD 380 022	288
4	CHHATTISGARH STATE ELECTRICITY BOARD GRATUITY AND PENSION FUND TRUST SHED NO 7 EXECUTIVE DIRECTOR (FINANCE) DANGANIYA RAIPUR 492001	250
5	INDIAN OIL CORPORATION LTD EMPLOYEES SUPERANNUATION BENEFIT FUND IOC LIMITED 1ST FLOOR CORE 2 SCOPE COMPLEX LODHI ROAD NEW DELHI 110003	200
6	BANK OF INDIA TREASURY BRANCH, HEAD OFFICE,STAR HOUSE,7TH FLOOR C-5,'G'BLOCK,BANDRA KURLA COMPLEX BANDRA(EAST) MUMBAI 400051	200
7	UNITED INDIA INSURANCE COMPANY LIMITED 24,WHITES ROAD CHENNAI 600014	150
8	MAHARASHTRA STATE ELECTRICITY BOARDS CONTRIBUTORY PROVIDENT FUND ESTRELLA BATTERIES EXPANSION BLDG PLOT NO 1 DHARAVI ROAD MATUNGA MUMBAI 400019	145
9	GMB EMPLOYEES PENSION TRUST FUND GMB COMPLEX	123



	SECTOR 10/A OPP AIR FORCE	
	GANDHINAGAR 382010	
10	PROVIDENT FUND OF TATA STEEL LIMITED	100
	HOMI MODY STREET, FORT	
	MUMBAI 400 001	

INDIAN OVERSEAS BANK – EQUITY SHARES - TOP 10 SHAREHOLDERS			
SL NO.	NAME OF THE SHAREHOLDER	EQUITY SHARES	PERCENTAGE
1	PRESIDENT OF INDIA GOVT. OF INDIA, MIN OF FINANCE DEPTT. OF FINANCIAL SERVICES JEEVAN DEEP BUILDING, PARL. ST NEW DELHI DELHI 110001	333600000	61.2334
2	LIFE INSURANCE CORPORATION OF INDIA INVESTMENT DEPARTMENT 6TH FLOOR, WEST WING, CENTRAL OFFICE YOGAKSHEMA, JEEVAN BIMA MARG MUMBAI 400021	33103496	6.0762
3	CITIGROUP GLOBAL MARKETS MAURITIUS PRIVATE LIMITED CITIBANK N.A. 77,RAMNORD HOUSE DR. A.B.ROAD WORLI, MUMBAI 400018	10771666	1.9771
4	LIC OF INDIA - MARKET PLUS INVESTMENT DEPARTMENT 6TH FLOOR, WEST WING, CENTRAL OFFICE YOGAKSHEMA, JEEVAN BIMA MARG MUMBAI 400021	9547350	1.7524
5	LIFE INSURANCE CORPORATION OF INDIA - PROFITPLUS HDFC BANK LTD. CUSTODIAL SERVICES TRADE WORLD A WING GROUND FLOOR KAMALA MILLS COMPOUND, SB MARG, LOWER PAREL, WEST MUMBAI 400 013	6515555	1.1959
6	CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM MANAGED BY ALLIANCE CAPITAL MANAGEMENT, LLP DEUTSCHE BANK AG DB HOUSE, HAZARIMAL SOMANI MARG, NEXT TO STERLING THEATRE, FORT P.O.BOX NO.1142,MUMBAI 400001	3979400	0.7304



7	ACM BERNSTEIN VALUE INVESTMENTS - EMERGING MARKETS VALUE PORTFOLIO DB HOUSE, HAZARIMAL SOMANI MARG FORT, POST BOX - 1142 MUMBAI 400001	3693900	0.6780
8	SANFORD C BERNSTEIN AND CO. DELAWARE BUSINESSTRUST-EMERGING MARKETS VALUE SERIES CITIBANK NA, CUSTODY SERVICES 77, RAMNORD HOUSE , DR. A.B. ROAD, WORLI MUMBAI 400018	3404365	0.6248
9	GEOSPHERE (MAURITIUS) FUND LTD CITIBANK N.A. 3 rd FLOOR, TRENT HOUSE, G BLOCK, PLOT NO. 60 BKC BANDRA EAST MUMBAI 400 051	3237963	0.5943
10	OPPENHEIMER FUNDS INC. OPPENHEIMER INTERNATIONAL SMALL COMPANY FUND, HSBC SECURITY SERVICES IInd FLOOR, "SHIV" PLOT NO. 139-140 B WESTERN EXPRESS HIGHWAY , SAGAR ROAD JUNCTION, VILE PARLE E MUMBAI 400 057	3000000	0.5506

XIII. Undertaking to use a Common form of Transfer

The transfer of bonds in dematerialized form would be in accordance with the rules/procedures as prescribed by NSDL/ CDSL/ Depository Participant.

XIV. Redemption amount, period of maturity, yield on redemption

Redemption	1 st September 2024.. The consent of the Reserve Bank of India will be taken before the redemption of bonds on due date or on call option date as required in terms of RBI circular no. DBOD.No.BP.BC. 57/21.01.002/ 2005-2006 dated January 25, 2006 on enhancement of banks' capital raising options for capital adequacy purposes and Circular No. DBOD.No.BP.BC.6/ 21.01.002/ 2009-10 dated July 1, 2009 on Prudential Norms on Capital Adequacy – Basel I Framework
Call option	At par at the end of 10 th year from the deemed date of allotment.. Call Option shall be exercised only with the prior approval of RBI (Department of Banking Operations & Development). While considering the proposal received from the Bank for exercising the call option, RBI would, among other things, take into consideration the Bank's CRAR position both at the time of exercise of the call option and after exercise of the call option.
Put Option	Not available
Step Up	If the call is not exercised at the end of the 10 th year from the deemed date of allotment , then there will be a step up of 50 bps in the coupon rate from the commencement of the 11 th year onwards
Lock-in Clause	These Bonds shall be subjected to a lock-in clause in terms of which the Bank shall not be liable to pay either interest or principal, even at maturity, if (a) the Bank's CRAR is below the minimum regulatory requirement prescribed by RBI or (b) the impact of such payment results in Bank's Capital to Risk Assets Ratio (CRAR) falling below or remaining below the minimum regulatory requirement prescribed by the RBI. However, the Bank may pay interest with the prior approval of RBI when the impact of such payment may result in net loss or increase the net loss provided CRAR remains above the regulatory norm. For this purpose 'Net Loss' would mean either (a) the accumulated loss at the end of the previous financial year; or (b)the loss incurred during the current financial year. The interest amount due and remaining unpaid may be allowed to be paid in the later years subject to the Bank complying with the above regulatory requirement. While paying such unpaid interest and principal, banks are allowed to pay compound interest at a rate not exceeding the coupon rate of the relative Upper Tier II bonds, on the outstanding principal and interest.

XV. Terms of Offer

Please refer to Section XIII of this offer document



The Bonds are governed by and shall be construed in accordance with the existing laws of India. Any dispute arising thereof will be subject to the jurisdiction of courts at Chennai.

Authority for the present Issue

This issue of Bonds is being made, pursuant to the resolution of the Board of Directors of the Bank at its meeting held on 30.10.2008 wherein the Board has accorded its approval/sanction for raising of Tier I / Tier II capital by way of Rs 300.00 crore of Tier I (Perpetual) Bonds, Rs 510.00 Crore by way of Upper Tier II Bonds & Rs 290.00 crore by way of Lower Tier II Bonds, as per the instructions/ guidelines issued from time to time by the Reserve Bank of India and the Government of India for augmentation of the capital base of the Bank and authorized the Chairman and Managing Director and in his absence the Executive Director to decide on (a) coupon rate and/or the benchmark rate alongwith spread and step-up options, tenure of the instruments, call option and timing of the proposed issues, (b) appointment of rating agencies and other intermediaries viz. arrangers to the issue, registrars and transfer agents, trustees to the issue etc at suitable fees, (c) all other aspects of the proposed issues such as (1) minimum application size, acceptance of subscription and allotment of the instruments, (2) finalisation and signing of all relevant documents, agreements, deeds, forms, list of allotment etc and affixation of Bank's common seal on the documents as may be required for issuance of the instruments, (3) delegation of all or any of the powers vested in them or to any executive of the Bank as they may deem fit in this regard, (4) decision on any other matter relating to the issue of the instruments, and (5) admission of the instruments in the National Securities Depository Limited (NSDL) and the Central Depository Services Limited (CDSL), (6) listing of the proposed issue of Bonds on the National Stock Exchange (NSE) and Bombay Stock Exchange Limited (BSE), (7) authorizing CMD/ED/General Manager (Treasury and Accounts)/ Company Secretary severally to sign the listing agreements/ forms/ applications/ other documents for listing of the instruments on the Stock Exchange and for admission in the Depositories on behalf of the Bank, as contained in the Information Memorandum.

No specific approval of Central Government is necessary in terms of their letter ref F.No.11/7/2003-BOA dated 24.11.2003.

The Bank can carry on its existing activities and future activities planned by it in view of the existing approvals, and no further approvals from any Government authority are required by the Bank to carry on its said activities.

Issue Price

The Bonds are proposed to be offered at face value of Rs.10 Lakhs per bond payable on application

Deemed date of allotment

All benefits related to the bonds will be available to the allottees from the Deemed date of allotment. The actual allotment of the bonds may take place on a date other than the Deemed date of allotment. The Bank will pay interest on application money from the date of realization of cheque(s) / Demand Draft(s) / RTGS upto, but not including, the Deemed date of allotment.

Credit Rating

CRISIL Limited (CRISIL) has assigned AA+/Stable (pronounced Double A plus with stable outlook) rating to the captioned Debt programme of the Bank aggregating to Rs.510 crore. Instruments carrying this rating are judged to be of high degree of safety with regard to timely payment of interest and principal on the instrument.

ICRA Limited (ICRA) has assigned 'LAA' (pronounced as L double A) rating to the captioned Debt issue programme of the Bank aggregating to Rs.510 crore. Instruments carrying this rating are judged to be of high credit quality. The rated instrument carries low credit risk.

Listing

The Unsecured, Redeemable, Non-Convertible, Subordinated Upper Tier II Bonds (Series III) are proposed to be listed on the Wholesale Debt Market Segment of The National Stock Exchange of India Limited ('NSE') and on Bombay Stock Exchange Limited ('BSE').

Security

The Bonds are unsecured in nature.

Payment of Interest

Payment of interest will be made (subject to deduction of tax at source at the rates prevailing from time to time under the provisions of the Income Tax Act, 1961, or any other statutory modifications or reenactment thereof), to the holders of the Bond whose name is registered in the Register of Bondholders, on the interest payment date. For this purpose, the Register of Bondholders would remain closed for a period of fifteen (15) days prior to and including the



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interest payment date. In the event of delay in the lodgment for transfer by the transferee(s), interest payment due, if any, shall be made to the holder whose name is registered in the register of Bondholders on the interest payment date. In such case, claims for the interest by the transferee(s) would need to be settled with the transferor(s) and not with the Bank.

Market Lot

The market lot will be one bond since the trading is to be done compulsorily in dematerialized mode.

Tax Deduction at Source, if applicable

As per prevailing provisions of Income Tax Act, no Income Tax will be deducted at source from Interest payable on bonds issued by a company(bank in our case) in demat form and listed in a recognized exchange in India.

In the event of any change in the provisions and applicability of tax deduction at source during the tenor of the instrument, those desirous of claiming exemption from deduction of income tax at source as per the Income Tax Act, 1961 on the interest on application money, are required to submit a certificate on form 15-H, in duplicate, along with the Application form in terms of Income Tax rules.

The interest payable subsequent to the deemed date of allotment will be treated as "Interest on Securities" as per Income Tax rules and those desirous of claiming exemption from deduction of income tax at source on the interest payable on Bonds will have to submit a certificate on form 15-F (if individuals) or Certificate issued by A.O., Income Tax Officer on Form 15AA (in the case of others) under Income Tax Rules, 1962, in duplicate, periodically so as to reach Cameo Corporate Services Limited, "Subramanian Building", 1st Floor, 1, Club House Road, Chennai – 600 002 [Tel: (044) 28460395, 28460425; Fax: (044) 28460129] at least fifteen days before the due date for payment of interest.

Issue of Bonds in Dematerialized Form

The Bank will be issuing the Bonds in dematerialized form. The Bank will be opening the accounts with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for issuing these Bonds. Applicant should mention their Depository Participant's name, DP-ID and Beneficiary Account Number in the appropriate place in the Application Form. The Bank will take necessary steps to credit the Depository Account of the allottee(s) with the number of bonds allotted.

Transfer of Bonds

The transfer of bonds in dematerialized form would be in accordance with the rules/procedures as prescribed by NSDL/ CDSL/ Depository Participant.

Redemption

The face value of the Bond will be redeemed at par, at the end of 180 months from the Deemed Date of Allotment (if call option is not exercised at the end of the 10th year with the prior approval of RBI). The Bonds will not carry any obligation, for interest or otherwise, after the date of redemption. There is a call option at the end of the 10th year. If the call is not exercised at the end of the 10th year, then there will be a step up of 50 bps from the commencement of the 11th year onwards. However, the consent of the Reserve Bank of India will be taken before the redemption of bonds on due date as required in terms of their guidelines addressed to all commercial banks vide their communication DBOD.BP.BC 57/21.01.002/2005-2006 dated January 25, 2006 and Circular No. DBOD.No.BP.BC.6/ 21.01.002/ 2009-10 dated July 1, 2009.

In case if the principal redemption date falls on a day which is not a business day (business day being a day on which commercial banks are open for business in the city of Chennai, Tamilnadu) then the payment due shall be made on the next business day.

In terms of RBI Circular No.DBOD.NO.BP.BC.57/21.01.002/2005-06 dated January 25, 2006 on enhancement of banks capital raising options covering norms for raising of instruments eligible for inclusion under Upper Tier II capital and Circular No. DBOD.No.BP.BC.6/ 21.01.002/ 2009-10 dated July 1, 2009 on Prudential Norms on Capital Adequacy – Basel I Framework, these bonds are free of any restrictive clauses and shall not be redeemable at the initiative of the holder. Redemption of these bonds shall be made only with the prior approval of RBI. Further these bonds shall be subjected to a lock-in clause in terms of which the banks shall not be liable to pay Principal even at maturity, if (a) the bank's CRAR is below the minimum regulatory requirement prescribed by the RBI or (b) the impact of such payment results in banks Capital to Risk Asset Ratio (CRAR) falling below or remaining below the minimum regulatory requirement prescribed by the RBI.

Payment on Redemption

Payment on redemption will be made by Cheque(s)/Warrant(s)/NEFT/RTGS payment in the name of the bond holder whose name appears on the list of beneficial owners given by Depository to the Bank as on the record date. On the bank dispatching the redemption warrants by Regd. Post/ Courier /crediting the redemption proceeds by RTGS/NEFT to such beneficiary(ies), the liability of the bank shall stand extinguished.



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Call Option

The bank shall have the option of redeeming the bonds at par, subject to the prior approval of RBI (who would consider among other things, the bank's CRAR position, both at the time of exercise of call option and after exercise of call option) on 1st September 2019 i.e. at the end of 10th year from the deemed date of allotment) at the redemption price equal to the principal amount thereof.

For availing of this facility, the bank shall notify its intention to do so through notice sent by Regd. Post/Courier to the Sole/First allottee or Sole/First Beneficial Owner of the Bonds atleast one(1) month prior to the due date.

Record Date

The Record Date for the bonds shall be on the close of business hours on the 15th day before each interest payment and call exercise and/or Principal repayment date.

Future Borrowings

The Bank will be entitled to borrow/raise loans or avail finance in whatever form as also issue Bond/ bonds/ other securities in any manner having such ranking in priority, *pari passu* or otherwise and change the capital structure, including issue of shares of any class, on such terms and conditions as the Bank may think appropriate, without the consent of or intimation to the Bondholder(s) and/ or Trustees in this connection.

Procedure and Time Schedule for Allotment/ Refund

The beneficiary account of the investor(s) with National Securities Depository Limited (NSDL)/ Central Depository Services (India) Limited (CDSL)/ Depository Participant will be given initial credit within 15 days from the Deemed Date of Allotment. The initial credit in the account will be akin to the Letter of Allotment. On completion of all statutory formalities, such credit in the account will be akin to a Bond Certificate.

Letter(s) of Regret alongwith Refund Order(s), as the case may be, will be despatched by Registered Post/ Courier or as per extant postal rules at the sole risk of the applicant to the sole/ first applicant within 15 days of closure of the Issue. In accordance with the extant postal rules the Bank will ensure dispatch of refund orders of value upto Rs. 1500/- under Certificate of Posting and refund orders of value above Rs. 1500/- by Registered Post/ Courier only. The Bank will provide adequate funds to the Registrars to the Issue, for the purpose of despatch of Letter(s) of Regret/ Refund Order(s).

Subject to the completion of all legal formalities within 3 months from the Deemed Date of Allotment, or such extended period as may be approved by the Appropriate Authorities, the initial credit akin to a Letter of Allotment in the Beneficiary Account of the investor would be replaced with the number of Bonds allotted which will be akin to a Bond Certificate.

In case of joint applications, refund/ pay orders, if any, will be made out in the first name and all communications will be addressed to the person whose name appears first in the application form.

Oversubscription and Basis of Allotment

The Board of Directors/ Committee of Directors reserves its full, unqualified and absolute right to accept or reject any application, in part or in full, without assigning any reason thereof. The rejected applicants will be intimated along with the refund warrant, if applicable, to be sent. Interest on application money will be paid from the date of realisation of the cheque(s)/ demand drafts(s) till one day prior to the date of refund. The Application Forms that are not complete in all respects are liable to be rejected and would not be paid any interest on the application money. Application would be liable to be rejected on one or more technical grounds, including but not restricted to:

- a. Number of bonds applied for is less than the minimum application size;
- b. Applications exceeding the issue size;
- c. Bank account details not given;
- d. Details for issue of bonds in electronic/ dematerialised form not given;
- e. PAN/GIR and IT Circle/Ward/District not given;
- f. In case of applications under Power of Attorney by limited companies, corporate bodies, trusts, etc. relevant documents not submitted;
- g. In the event, if any Bond(s) applied for is/ are not allotted in full, the excess application monies of such Bonds will be refunded, as may be permitted.

In the event of issue being oversubscribed, the Bank reserves its full, unqualified and absolute right of allotment/ rejection in full or prorata at its discretion without assigning any reason thereof.

Application by Provident Funds, Superannuation Funds and Gratuity Funds

The Government of India has, vide its Gazette notification dt.06.03.2003, in partial modification of notification no. F.11 (3-PD/98) dated March 31, 1999 has permitted Provident, Superannuation and Gratuity Funds to invest up to 30% of incremental accretions in the bonds/securities of "public sector companies" as defined under Section 2 (36-A) of the Income Tax Act, 1961. Also, an additional amount of 30% of the incremental accretions, can be invested at the discretion of the Board of Trustees in any of the remaining three prescribed categories of investments. The Bank is a "public sector company" within the meaning of the said section, and hence Provident Funds, Superannuation Funds and Gratuity Funds can invest in the Bonds.



The applications must be accompanied by certified true copies of (i) Trust Deed/Bye Laws/Resolutions, (ii) Resolution authorising investment and (iii) specimen signatures of the authorised signatories. Those desirous of claiming tax exemptions on interest on application money are compulsorily required to submit a certificate issued by the Income Tax Officer along with the Application Form. For subsequent interest payments, such certificates have to be submitted periodically.

Applications by Commercial Banks

Investment by commercial banks in subordinated debt issues of other banks would attract 100% risk weights for the investing bank. The applications must be in conformity with extant RBI guidelines and accompanied by certified true copies of i) Board Resolution authorizing investment, ii) Power of Attorney and iii) specimen signatures of authorised signatories.

Application by Regional Rural Banks

Reserve Bank of India, vide circular No.RPCDNB.BC.98/03.05.34/94/95 dated January 2, 1995 and amended vide Circular No. RPCD.RRB.BC.882/03.05.34/96-97 dated December 13, 1996 has permitted RRBs to invest their surplus non-SLR funds in Bonds of public sector undertakings. However, the investments are subject to the prudential and single exposure norms of RBI.

The applications must be accompanied by certified true copies of (i) Government Notification/Certificate of Incorporation/Articles and Memorandum of Association/Other deed governing the constitution, (ii) resolution authorising investment, (iii) Power of Attorney (iv) specimen signatures of authorised signatories and (v) income tax recognition certificate/Form 15 AA.

Application by Primary/ District/ State/Central Co-Operative Banks

Any State Co-operative Bank (SCB)/District Central Co-operative Bank (DCCB)/Primary Co-operative Bank (PCB) in any State would be eligible to invest in these Bonds with necessary approval. Reserve Bank of India vide notification No. BR.CIR.72/16.20.00/93-94 dated 16th May 1994 have clarified that the primary co-operative banks can invest their surplus funds upto 10% of their deposits in Bonds of public sector undertakings, provided inter-alia that a provision exists for such investments in the respective state Co-operative Societies Act/Multi State Co-operative Societies Act and the Banks should take permission from the Registrar of Co-operative Societies of the State, for such investments. Further, Reserve Bank of India vide notification no. BR.12/16.20.00/95-96 dated Jan 6, 1996 has requested the Registrar of Co-operative Societies of all States to grant general permission to the primary co-operative banks for such investments, subject to their complying with other conditions and safety measures laid down by Reserve Bank of India from time to time.

As per RBI circular no. PPF.ROC.9/07.02.03/98-99 dated June 23, 1999; Central/ State Cooperative Banks can invest in PSU bonds an amount not exceeding 10% of their deposits and 5% of their average non-SLR surplus funds after obtaining requisite permission. The applications must be accompanied by certified true copies of i) Resolution authorizing investment/ Power of Attorney and ii) specimen signatures of authorised signatories.

Application by Trusts

Trusts, whose Trust Deeds provide for investment in Bonds may apply to this issue of bonds, subject to the approval of the Charity Commissioner or other appropriate authority as the case may be. The application must be accompanied by certified true copies of i) Trust Deed/Bye Laws, ii) Certificate of Registration, iii) Resolution authorising investment and containing operating instructions, iv) Specimen signatures of authorised signatories and v) Income exemption certificate (including interest on application money).

Applications by Corporate Bodies/ Companies/ FIs/ Statutory Corporations

The applications must be accompanied by certified true copies of (i) Memorandum and Articles of Association/ Constitution/ Byelaws, (ii) resolution authorising investment and containing operating instructions, (iii) specimen signatures of authorised signatories and (iv) Form 15 AA for claiming exemption from deduction of tax on the interest income (including interest on application money), if applicable.

Individuals

Individuals are also entitled to apply to the bond issue subject to the application qualifying for the minimum application amount and are valid in all other respects. Those desirous of claiming tax exemptions on interest on application money are compulsorily required to submit relevant declaration Form (as per I.T. Act 1961) along with the Application Form. For subsequent interest payments, such Forms have to be submitted periodically.

In the case of joint applications, the number of such applicants should not be more than three. All communications and cheques for interest/redemption will be addressed to the applicant whose name appears first, at the address stated in the application form/register of Bondholders.

PAN/GIR Number

All Applicants should mention their Permanent Account Number or the GIR Number allotted under Income Tax Act, 1961 and the Income Tax Circle / Ward / District. In case where neither the PAN nor the GIR Number has been allotted, the fact of such a non-allotment should be mentioned in the Application Form in the space provided.



Signatures

Signatures should be made in English and in any of the Indian Languages. Thumb impressions must be attested by an authorized official of a Bank or by a Magistrate/Notary Public under his/her official seal.

Nomination Facility

As per Section 109 A of the Companies Act, 1956, only individuals applying as sole applicant/Joint Applicant can nominate, in the prescribed manner, a person to whom his Bonds shall vest in the event of his death. Non-individuals including holders of Power of Attorney cannot nominate.

Disposal of Applications and Application Money

The Bank reserves, in its own, absolute and uncontrolled discretion and without assigning any reason, the right to accept in whole or in part or reject any application. If an application is rejected in full, the entire application money received will be refunded to the applicant. If the application is rejected in part, excess of the application money received will be refunded to the applicant within 30 (thirty) days from the date of closure of the Issue. Refund will be made by cheques or demand drafts drawn in favour of the sole / first applicant (including the details of his savings/ current account number and the name of the bank with whom the account is held) and will be despatched by Registered Post. Such refund orders D.D.s/ Cheques will be payable at par at specified centres. The Bank has undertaken to make adequate funds available to the Registrar to the Issue for complying with the requirements of despatch of Allotment Letters/ Refund Orders by Registered Post.

Trading of Bonds

The trading of privately placed Debt securities would be permitted in standard denomination of Rs.10 lakhs in the anonymous, order driven system of the Stock Exchanges in a separate trading segment. The marketable lot would be one bond of Rs.10 lakhs. All class of investors would be permitted to trade subject to the standard denomination/marketable lot. The trades executed on spot basis shall be required to be reported to the Stock Exchange(s).

Succession

In the event of the demise of the sole/first holder of the Bond(s) or the last survivor, in case of joint holders for the time being, the Bank will recognise the executor or administrator of the deceased Bondholder, or the holder of succession certificate or other legal representative as having title to the Bond(s). The Bank shall not be bound to recognise such executor or administrator, unless such executor or administrator obtains probate, wherever it is necessary, or letter of administration or such holder is the holder of succession certificate or other legal representation, as the case may be, from a Court in India having jurisdiction over the matter. The Bank may, in its absolute discretion, where it thinks fit, dispense with production of probate or letter of administration or succession certificate or other legal representation, in order to recognise such holder as being entitled to the Bond(s) standing in the name of the deceased Bondholder on production of sufficient documentary proof or indemnity.

Procedure for Application and Mode of Payment

This being a Private Placement Offer, investors who are established/ resident in India and who have been addressed through this communication directly only are eligible to apply.

Applications for the Bonds must be in the prescribed form (enclosed) and completed in BLOCK LETTERS in English and as per the instructions contained therein.

Applications complete in all respects (along with all necessary documents as detailed in the memorandum of information) must be submitted before the last date indicated in the issue time table or such extended time as decided by the Bank, at any of the designated collection centres, accompanied by the subscription amount by way of cheque(s)/draft(s) drawn on any bank including a co-operative bank which is situated at and is a member of the Bankers' clearing house located at a place where the application form is submitted. Outstation cheque(s)/Bank draft(s) drawn on Bank(s) not participating in the clearing process at the designated clearing centres will not be accepted. Money orders/postal orders will also not be accepted. The Bank assumes no responsibility for any applications/ cheques/ demand drafts lost in mail.

All cheques/ drafts should be in favour of "Indian Overseas Bank A/c – Upper Tier II Bonds Issue - Series III" and crossed 'Account Payee Only' payable at par at the centre where the same is deposited. The entire amount of Rs.10 lakhs (Rupees Ten Lakhs only) per bond is payable on application.

In case the payment is made by Real Time Gross Settlement (RTGS), the funds have to be credited to the Bank's RTGS account, the details of which are given below:

Name of the Bank Indian Overseas Bank

Address of the Bank : 763 Anna Salai, Chennai 600 002

RTGS Code : IOBA0009016

Name of the Beneficiary : Indian Overseas Bank, Central Office, Treasury (D)



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No separate receipt will be issued for the Application money. However, the Bank's designated collection branches or arrangers receiving the duly completed Application Form will acknowledge receipt of the application by stamping and returning to the applicant the Acknowledgment Slip at the bottom of the Application Form.

As a matter of precaution against possible fraudulent encashment of Interest Warrants/Cheques due to loss/misplacement, the applicant should furnish the full particulars of his or her bank account (i.e. Account Number, name of the bank and branch) at the appropriate place in the Application Form. Interest warrants will then be made out in favour of the bank for credit to his/her account so specified and despatched to the investors, who may deposit the same in the said bank.

In case IFSC Code Account particulars along with Bank and Branch particulars etc. are provided by the applicant, payment of interest by electronic media (RTGS/NEFT) will be made.

Notices

The notices to the Bondholder(s) required to be given by the Bank shall be deemed to have been given if sent by ordinary post to the register holder of the bond (in case of joint holding, such notice will be sent to the holder whose name appears first in the Register of Bondholders). All notices to be given by the Bondholder(s) shall be sent by registered post or by hand, delivery to the Bank or to such persons at such address as may be notified by the Bank from time to time.

Applications under Power of Attorney

In case of applications under Power of Attorney by limited companies or other bodies corporates or commercial banks or regional rural banks/ primary/ district/ central co-operative banks or, individuals, a certified copy of Power of Attorney with a copy of the relevant authority/resolution (other than individuals) must be deposited along with the Application Form.

Registrars

The investors can contact the Registrars to the Issue,

Cameo Corporate Services Limited,
"Subramanian Building" 1st Floor,
1, Club House Road, Chennai – 600 002
[Tel: (044) 28460395, 28460425; Fax: (044) 28460129]

in case of queries/ complaints, if any, regarding this issue.

Trustees for the issue

The Bank has appointed IDBI Trusteeship Services Limited as the Trustee for the bondholders. The rights and obligations alongwith the dispute resolving mechanism is as per the Debenture Trustee Agreement entered into by the Bank with IDBI Trusteeship Services Limited.

Rights of Bondholders

The Bondholder(s) will not be entitled to any rights and privileges of shareholders other than those available to them under the law. The Bond shall not confer upon the holders the right to receive notice, or to attend and vote at the general meetings of the Bank. The principal amount and interest, if any, on the Bond will be paid to the holder only, or in the case of joint-holders, to the person whose name stands first in the Register of Bondholders maintained by the Bank. The Bond shall be subject to other terms and conditions incorporated in the Bond certificate.

Modification of Rights

The rights, privileges, terms and conditions attached to the Bond may be varied, modified or abrogated with the consent, in writing, of those holders of the Bond who hold at least three fourth of the outstanding amount of the Bond or with the sanction accorded pursuant to a resolution passed at a meeting of the Bondholders, provided that nothing in such consent or resolution shall be operative against the Bank where such consent or resolution modifies or varies the terms and conditions of the Bond, if the same are not acceptable to the Bank.

Tax Benefits

The following are the Tax Benefits under the prevailing Tax Laws as provided by M/s Maharaj N.R.Suresh & Co, Chartered Accountants vide their certificate dated 7th August, 2009.

I. To the Bank under the Income Tax Act

1. In terms of Section 10(15) of the Income Tax Act, 1961 interest on certain Securities / Bonds as notified by the Government of India is exempt from Tax.



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2. Under Section 36(1)(vii a) of the Income Tax Act in respect of any provision made for bad and doubtful debts, the Bank is entitled to a deduction not exceeding:
- i) 7.5% of the total -income (computed before making any deductions under the said clause and Chapter VIA) and
 - ii) 10% of the aggregate average advances made by the rural branches of the Bank computed in the prescribed manner.

However, the deduction under section 36(1)(VII a) shall not exceed the actual amount of provision for bad and doubtful debts made in the books.

Also the Bank can, at its option, with effect from 01-04-2004 claim a further deduction not exceeding the income derived from redemption of securities in accordance with a scheme framed by the Central Government provided such income has been disclosed in its return of income under the head "Profits and gains of business or profession".

3. Apart from the deduction available under Section 36(1)(vii) of the Income Tax Act, the Bank is entitled to claim a deduction under Section 36(1)(vii) of the Income Tax Act for the amount of bad debts written off in its books of account. The deduction is limited to the amount by which such debt or part thereof, which exceeds the credit balance in the provision for bad and doubtful debts account made under Section 36(1)(vii) and subject to the compliance of provisions of Section 36(2)(v).
4. As per Section 43D of the Income Tax Act interest income on certain categories of bad or doubtful debts as specified in Rule 6EA of the Income Tax Rules having regard to the guidelines issued by Reserve Bank of India in relation to such debts shall be chargeable to tax, only in the year in which it is actually received or the year in which it is credited to the Profit and Loss Account by the Bank, whichever is earlier.
5. Under Second Proviso to Section 48 of the Income Tax Act, the Long Term Capital Gains of the Bank arising on transfer of capital assets other than bonds and debentures (not being capital indexed bonds) will be computed after indexing the cost of acquisition, improvement and would be charged at a concessional rate of 20% plus applicable surcharge as per Section 112 of the Income Tax Act.

U/s. 10(38) of the Income Tax Act, 1961, in respect of Long Term Capital Gains arising to the Bank from transfer of Equity Shares in a Company or a unit of an equity oriented Mutual Fund will not be liable to Tax if,

- a) the transaction of such sale is entered into on or after 1st day of October 2004 and
- b) such transaction is chargeable to Securities Transaction Tax.

Provided that the income by way of long term capital gains of a company shall be taken into account in computing the book profit and income tax payable under Sec115 JB.

In case the above conditions are not satisfied, then the bank is liable to pay @10% with applicable surcharge and cess with out indexation benefits, if the bank opts for.

Further, the following benefits are available to claim exemption.

As per Section 54EC of the Income Tax Act and subject to conditions specified therein, the Bank is eligible to claim exemption from the tax arising on long term capital gains, on investment of capital gains in certain notified bonds, within six months from the date of transfer of capital asset. If only a portion of the capital gains is invested, then the exemption is proportionately available.

6. U/s. 111 A of the Income Tax Act and other relevant provisions of the Act, Short Term Capital Gains (shares held for a period of less than 12 months) arising on transfer of shares in the Company on a recognized stock exchange shall be taxed @ 15% (plus applicable surcharge and cess).
7. By virtue of Section 10(34) of the Income Tax Act, Dividend Income referred to in Section 115-0 of the Act is exempt from tax in the hands of the Bank.
8. By virtue of Section 10(35) of the Income Tax Act, the following income shall be exempt in the hands of the Bank:
- a) Income received in respect of the units of a Mutual Fund specified under clause (23D); or
 - b) income received in respect of units from the specified company; Provided that this exemption does not apply to any income arising from transfer of units of the Administrator of the specified undertaking or of the specified company or of a mutual fund, as the case may be.
9. By virtue of Section "10(36) of the Income Tax Act, any long term capital gain arising to the Bank from the transfer of a long term capital asset being an eligible equity share in a company purchased on or after 1st day of March 2003 and before 1st day of March 2004 and held for a period of 12 months or more would not be liable to tax in the hands of the Bank.
10. In accordance with and subject to the provisions of Section 35, the Bank would be entitled to deduction in respect of expenditure laid out or expended on



11. Subject to the fulfilment of certain conditions specified in Section 72 A, in case of an amalgamation of Banking Company referred to in Section 5(1) of the Banking Regulation Act, 1949, with a specified Bank, the accumulated loss and unabsorbed depreciation of the amalgamating company shall be deemed to be the loss or depreciation allowance of the amalgamated company for the previous year in which amalgamation was effected and the provisions relating to set off and carry forward of loss and unabsorbed depreciation shall apply.

The benefit of carry forward and set off of unabsorbed losses and depreciation allowances is also available to the Bank u/s. 72 AA in the case of the scheme of amalgamation and banking company sanctioned and brought into force by the Central Government u/s. 45 (7) of the Banking Regulation Act, 1949.

II. To the Resident Bondholders of the Bank:

1. Income earned by way of dividend from domestic companies is exempt u/s. 10(34) of the Income Tax Act, 1961.
2. In terms of section 10(38) of the Income Tax Act any Long Term Capital Gains arising to an investor from transfer of Long Term Capital assets being Equity shares of the Bank would not be liable to tax if the transaction of sale of such Equity share is entered into on or after 1st October 2004 and the transaction is chargeable to Securities Transaction Tax.
3. In case the transaction is not covered as per Para 2 above, then, as per Section 112 of the income Tax Act, the Long Term Capital Gains on transfer of Bonds / Securities of the Bank, is subject to tax at 20% plus applicable surcharge and cess after indexing the cost as per the second proviso to Section 48 of the Income Tax Act. Alternatively, at the option of the assessee, where the benefit of indexation is not claimed, then the same shall be charged to tax @ 10% plus the applicable surcharge and cess.

Further the following benefits are also available:

- a. Under Section 54EC of the Income Tax Act, exemption from capital gain tax is available in respect of long term capital gains arising on transfer of the Bonds/securities of the Bank if the assessee at any time within a period of six months from the date of such transfer, invests the whole of the capital gains in certain notified bonds. If only a portion of capital gains is so invested, then the exemption is proportionately available. The maximum amount of investment is restricted to Rs 50,00,000.00 (Rupees Fifty lacs only)
- b. As per the provisions of Section 54F of the Income Tax Act, 1961, long term capital gains arising in the hands of an individual or HUF on transfer of Bonds/securities of the Bank shall be exempt if the net consideration is invested in purchase of residential house within a period of one year before or two years from the date of transfer or constructs a residential house within a period of three years from the date of transfer. The exemption is available proportionately if only a portion of the net consideration is invested as above. The exemption is subject to other conditions specified in that Section.
4. Under section 111 A of the Income Tax Act, short term capital gains arising on the transfer of shares in a recognized stock exchange shall be taxed at 15% plus applicable surcharge and cess provided the transaction is chargeable to securities transaction tax.
5. No wealth tax is payable in respect of investments in bonds/securities of the bank.
6. No income tax will be deducted at source from interest payable on bonds in the following cases:
 - a. In case of payments of interest to a bond holder, who is an individual and a resident in india, where the interest payment in the aggregate during the financial year does not exceed Rs 2500/-
 - b. Tax will be deducted at a lower rate where the assessing officer on an application of any bond holder, issues a certificate for deduction tax at such lower rate as per provisions of Sec 197(1) of the Income tax act
 - c. In case of interest payable on any security issued by a company in demat form and listed in a recognised Exchange in India

In all other situations, tax would be deducted at source on each payment as per prevailing provisions of the Income Tax act.

Benefits Available To Mutual Funds

As per the provisions of Section 10(23D) of the Act, interest income from Investments in Bonds/securities of the Bank or income by way of short term or long term capital gains arising from transfer of such Bonds/securities earned by Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made there under, mutual funds set up by the Public Sector Banks or Public Financial Institutions and Mutual Funds authorized by the Reserve Bank of India would be exempt from Income tax subject to the conditions as the Central Government may by notification in the Official Gazette specify in this behalf.



Note:

1. All the above benefits are as per current tax laws as amended by the Finance Act 2005, and will be available only to the sole/first named holder in case the shares are held by joint holders.
In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her participation in the scheme.

Undertaking by the Bank

The Bank undertakes that: -

- a) The complaints received in respect of the issue shall be attended to by the Bank expeditiously and satisfactorily;
- b) It shall take all steps for completion of formalities for listing and commencement of trading at the concerned stock exchanges where bonds are proposed to be listed within specified time frame;
- c) Necessary co-operation to the credit rating agencies will be extended in providing true and adequate information till the debt obligations in respect of the instrument are outstanding;
- d) It shall use a common form of transfer for the instrument.

XVI. Discount on the offer price

Bonds are being issued at the face value.

XVII. Debt-Equity Ratio

The Bank follows guidelines issued by RBI from to time with regard to Capital Adequacy Ratio. Accordingly, the debt-equity ratio shall not be applicable to the Bank.

XVIII. Servicing behaviour of the existing debts

The Bank is discharging all its liabilities in time and would continue doing so in future as well. The Bank has been paying regular interest and principal for all its existing bond issues on the respective due dates.

XIX. Permission and consent from the Creditors

The Bank is not required to obtain any consent from its creditors.

XX. Name of the Trustee to the issue

IDBI Trusteeship Services Limited
Asian Building, Ground Floor,
17, R. Kamani Marg,
Ballard Estate, Mumbai – 400 001
Tel: (022) 6631 1771
Fax: (022) 6631 1776

IDBI Trusteeship Services Limited has given its consent for its appointment under regulation 4(4) (copy enclosed as part of this Disclosure Document)

XXI. Rating Rationale Adopted by Rating Agencies

CRISIL Limited (CRISIL) has assigned AA+/Stable (pronounced Double A plus with stable outlook) rating to the captioned Debt programme of the Bank aggregating to Rs.510 crore. Instruments carrying this rating are judged to be of high degree of safety with regard to timely payment of interest and principal on the instrument.

ICRA Limited (ICRA) has assigned 'LAA' (pronounced as L double A) rating to the captioned Debt issue programme of the Bank aggregating to Rs.510 crore. Instruments carrying this rating are judged to be of high credit quality. The rated instrument carries low credit risk.

The rating letters issued by CRISIL and ICRA form part of this disclosure document. The rating rationale issued by CRISIL and ICRA also form part of this Disclosure Document.

The above ratings are not recommendation to buy, sell or hold securities and investors should take their own decision. The ratings may be subject to revision or withdrawal at any time by the assigning rating agencies and each rating should be evaluated independently of any other rating. The ratings obtained are subject to revision at any point of time in the future. The rating agencies have the right to suspend, withdraw the rating at any time on the basis of new information etc.



XXII. Listing of Bonds

The Unsecured, Redeemable, Non-Convertible, Subordinated Upper Tier II Bonds (Series III) are proposed to be listed on the Wholesale Debt Market Segment of The National Stock Exchange of India Limited ('NSE') and on Bombay Stock Exchange Limited ('BSE').

XXIII. Term Sheet

Issuer	Indian Overseas Bank
Instrument	Unsecured Redeemable Non-Convertible Subordinated (Upper Tier II) Bonds in the nature of Promissory Notes (Series III)
Face value per Bond	Rs. 10 lacs
Minimum Application	Ten Bonds and in multiples of Ten Bonds thereafter
Tenor/ Maturity	180 Months from the deemed date of allotment
Coupon Rate*	8.80 % p.a.
Coupon Payment	Annual
Coupon Date	1 st September every year
Redemption Date	1 st September 2024..The consent of the Reserve Bank of India will be taken before the redemption of bonds on due date or on call option date as required in terms of RBI circular no. DBOD.No.BP.BC. 57/21.01.002/ 2005-2006 dated January 25, 2006 on enhancement of banks' capital raising options for capital adequacy purposes and Circular No. DBOD.No.BP.BC.6/ 21.01.002/ 2009-10 dated July 1, 2009 on Prudential Norms on Capital Adequacy – Basel I Framework
Call option	At par at the end of 10 th year from the deemed date of allotment. Call Option shall be exercised only with the prior approval of RBI (Department of Banking Operations & Development). While considering the proposal received from the Bank for exercising the call option, RBI would, among other things, take into consideration the Bank's CRAR position both at the time of exercise of the call option and after exercise of the call option.
Put Option	Not available
Step Up	If the call is not exercised at the end of the 10 th year from the deemed date of allotment , then there will be a step up of 50 bps in the coupon rate from the commencement of the 11 th year onwards
Lock-in Clause	These Bonds shall be subjected to a lock-in clause in terms of which the Bank shall not be liable to pay either interest or principal, even at maturity, if (a) the Bank's CRAR is below the minimum regulatory requirement prescribed by RBI or (b) the impact of such payment results in Bank's Capital to Risk Assets Ratio (CRAR) falling below or remaining below the minimum regulatory requirement prescribed by RBI. However, the Bank may pay interest with the prior approval of RBI when the impact of such payment may result in net loss or increase the net loss provided CRAR remains above the regulatory norm. For this purpose 'Net Loss' would mean either (a) the accumulated loss at the end of the previous financial year; or (b)the loss incurred during the current financial year. The interest amount due and remaining unpaid may be allowed to be paid in the later years subject to the Bank complying with the above regulatory requirement. While paying such unpaid interest and principal, banks are allowed to pay compound interest at a rate not exceeding the coupon rate of the relative Upper Tier II bonds, on the outstanding principal and interest.
Proposed Listing	National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited (BSE)
Issuance	Only in dematerialized form
Trading	Only in dematerialized form
Depository	National Securities Depository Limited and Central Depository Services (India) Limited
Security	The Bonds are Unsecured in nature
Credit Rating	CRISIL AA+/stable, 'LAA' by ICRA
Seniority of Claim	The claims of the investors in Upper Tier II instruments shall be a) Superior to the claims of investors in instruments eligible for inclusion in Tier I capital; and b) Subordinate to the claims of all other creditors



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Indian Overseas Bank

Settlement procedure	<p>Payment of Interest Payment of interest will be made (subject to deduction of tax at source at the rates prevailing from time to time under the provisions of the Income Tax Act, 1961, or any other statutory modifications or reenactment thereof), to the holders of the Bond whose name is registered in the Register of Bondholders, on the interest payment date (subject to lock-in clause stated above).</p> <p>Redemption These bonds shall not be redeemable at the initiative of the holder. All redemptions shall be made only with the prior approval of the Reserve Bank of India(DBOD). The face value of the Bond will be redeemed at par, if call option is not exercised at the end of 10th year from the Deemed Date of Allotment, and subject to lock-in clause stated above, at the end of 180 months from the Deemed Date of Allotment . The Bond will not carry any obligation, for interest or otherwise, after the date of redemption.</p> <p>For the aforesaid purposes, the Register of Bondholders would remain closed for a period of fifteen (15) days prior to and including the interest payment date. In the event of delay in the lodgment for transfer by the transferee(s), interest payment due, if any, shall be made to the holder whose name is registered in the register of Bondholders on the interest payment date. In such a case, claims for the interest by the transferee(s) would need to be settled with the transferor(s) and not with the Bank.</p>
Issue Schedule	Issue Opens on:1 st September 2009 Issue Closes on 1 st September 2009
Pay-in Date	On 1 st September 2009
Deemed Date of Allotment	1 st September 2009

XXIV. Disclaimer Clause

This Memorandum of Private Placement ("Memorandum") is neither a prospectus nor a statement in lieu of prospectus and does not constitute an offer to the public to subscribe for or otherwise acquire the bonds issued by the Bank (Issuer).. Apart from this information Memorandum, no offer Document or Prospectus has been prepared in connection with this Issue and no Prospectus in relation to the Issuer or the bonds relating to this Offer has been delivered for registration nor such a document is required to be registered under the applicable laws. This Memorandum is issued by the Bank and has been prepared by the Bank to provide general information on the Bank and does not purport to contain all the information a potential investor may require. The information relating to the Bank contained in the Memorandum is believed by the Bank to be accurate in all respects as of the date hereof.

Neither the Arranger, if any, nor any of their respective affiliates or subsidiaries have independently verified the information set out in this document or any other information (written or oral) transmitted or made to any prospective investor in the course of its evaluation of the Issue.

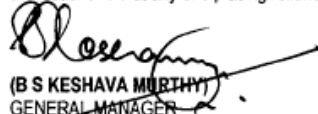
The Arranger, if any, makes no representation or warranty, express or implied, as to the accuracy or completeness of the document, and the Arranger, if any, does not accept any responsibility for the legality, validity, effectiveness, adequacy or enforceability of any documentation which may be executed in relation to this offer. The Arranger, if any, is not required to file this document with SEBI/RBI as it is strictly on private placement basis and not an offer to the General Public.

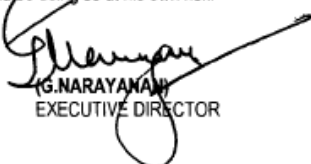
DECLARATION

It is hereby declared that this disclosure document contains full disclosures in accordance with Securities and Exchange Board of India (Issue and Listing of Debt securities) Regulations, 2008 issued vide Circular No. LAD-NRO/GN/2008/13/127878 dated June 06, 2008.

The Issuer also confirms that this disclosure document does not omit disclosure of any material fact which may make the statements made therein, in the light of the circumstance under which they are made, misleading. The disclosure document also does not contain any false or misleading statement.

The Issuer accepts no responsibility for the statements made otherwise than in this disclosure document or in any other material issued by or at the instance of the Issuer and that any one placing reliance on any other source of information would be doing so at his own risk.


(B S KESHAVA MURTHY)
GENERAL MANAGER


(G.NARAYANAN)
EXECUTIVE DIRECTOR

Place: CHENNAI
Date: 26th August 2009





Private & Confidential – For Private Circulation Only
INDIAN OVERSEAS BANK

Central Office: 763, Anna Salai, Chennai – 600 002.
Tel.: ((044) 2851 9448/2841 5702 Fax.: 91-44-2858 5675.
E-Mail: investor@jobnet.co.in Website: www.ioib.in

APPLICATION FORM FOR UNSECURED REDEEMABLE NON-CONVERTIBLE SUBORDINATED UPPER TIER II BONDS (SERIES-III)

Application Form No. _____

The Board of Directors, Indian Overseas Bank, Central Office: 763, Anna Salai, Chennai – 600 002.

Dear Sirs,

Having read, understood and agreed to the contents and terms and conditions of IOB's Information Memorandum dated August 26, 2009, I/We hereby apply for allotment to me/us, of the under mentioned Bonds (hereinafter referred to as "Bonds"), out of the Private Placement Issue. I/We irrevocably give my/ our authority and consent to IDBI Trusteeship Services Limited (ITSL), to act as my/our Trustees and for doing such acts and signing such documents as are necessary to carry out their duties in such capacity. The amount payable on application as shown below is remitted herewith. I/We note that the Board of Directors are entitled in their absolute discretion to accept or reject this application in whole or in part without assigning any reason whatsoever.

I/We confirm that I/we have not received and will not receive any commission or brokerage or any other incentive in any form, directly or indirectly, for subscribing to the Issue.

APPLICANT'S DETAILS

SOLE/FIRST APPLICANT'S NAME IN FULL												SIGNATORY/AUTHORISED SIGNATORY																	
SECOND APPLICANT'S NAME																													
THIRD APPLICANT'S NAME																													
ADDRESS (Do not repeat name) (Post Box No. alone is not sufficient)																													
												TEL						FAX						PIN CODE					

SOLE/ FIRST APPLICANT CATEGORY (Tick one)

- Scheduled Commercial Bank
- Financial Institution
- Insurance Company
- Primary/ State/ District/ Central Co-operative Bank
- Provident/ Gratuity/ Superannuation/ Pension Fund
- Regional Rural Bank
- Mutual Fund
- Company/ Body Corporate
- Others (please specify) –

INVESTMENT DETAILS

Face Value/ Issue Price	Rs. 10,00,000/- (Rupees Ten Lacs Only) per Bond
Minimum Application	10 Bonds and in multiples of 10 Bonds thereafter
Tenure	180 Months
Coupon Rate	8.80 %
Interest Payment	Annually
Amount payable per Bond (i)	Rs. 10,00,000/-
No. of Bonds Applied For (ii)	
Total Amount Payable (Rs.) (in fig) (i) x (ii)	

PAYMENT DETAILS

Total Amount Payable	
(Rs. in figures)	(Rs. in words)

Cheque/ Demand Draft No.	
Dated	
Drawn on	
Branch	

IN CASE OF PAYMENTS OF RS. 10 LACS AND ABOVE , THE SAME SHALL BE MADE ONLY THROUGH RTGS. OUR RTGS CODE IS IOBA0009016. BENEFICIARY DETAILS : INDIAN OVERSEAS BANK, CENTRAL OFFICE, TREASURY (D)

SOLE/ FIRST APPLICANT'S BANK DETAILS (Ref. Instructions)

Bank Name	
Branch	
City	
Account Number	
IFSC code	
Type of Account	<input type="checkbox"/> Savings <input type="checkbox"/> Current <input type="checkbox"/> Others

INCOME TAX DETAILS (Ref. Instructions)

	Sole/ First Applicant	Second Applicant	Third Applicant
P.A.N./ G.I.R. NO.			
I.T. Circle/ Ward/ District No.			

TO BE FILLED IN ONLY IF THE APPLICANT IS AN INSTITUTION

Name of the Authorised Signatory(ies)	Designation	Signature
1.	1.	
2.	2.	
3.	3.	
4.	4.	

DETAILS FOR ISSUE OF BONDS IN ELECTRONIC/ DEMATERIALISED FORM

Depository Name (please tick)	<input type="checkbox"/> NSDL	<input type="checkbox"/> CDSL
Depository Participant Name		
DP-ID Number		
Client-ID		
Beneficiary Account Number		
Name of the Applicant		

APPLICANT'S SIGNATURE(S)

Sole/ First Applicant	
Second Applicant	
Third Applicant	

.....(Tear Here).....





Indian Overseas Bank

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INDIAN OVERSEAS BANK

Central Office: 763, Anna Salai, Chennai – 600 002.

Tel.: ((044) 2851 9448/2841 5702 Fax.: 91-44-2852 3372 (To be filled in by the Applicant)

Received from _____

Address _____

an application for _____ Bonds vide Cheque/ Demand Draft No. _____

Drawn on _____ Dated _____

amounting to Rs. _____.

Note: Cheque(s) are subject to realisation.

Application Form No. _____

All future communication in connection with this application should be addressed to the Registrars, Cameo Corporate Services Limited, "Subramanian Building" Vth Floor, 1, Club House Road, Chennai – 600 002 [Tel: (044) 28460390, 28460425; Fax: (044) 28460129] quoting full name of Sole/ First Applicant, Application No., Number of Bonds applied for, Date, Bank and Branch where the application was submitted and Cheque/ Demand Draft Number and Issuing Bank

INSTRUCTIONS

1. Application forms must be completed in full in BLOCK LETTERS IN ENGLISH. A blank space must be left between two or more parts of the name.

A	B	C	D	E		L	I	M	I	T	E	D
---	---	---	---	---	--	---	---	---	---	---	---	---

1. Signatures should be made in English or in any of the Indian languages. Thumb impressions must be attested by an authorized official of a Bank or by a Magistrate / Notary Public under his/her official seal.
2. Application forms duly completed in all respects must be lodged at a the Collection Centres mentioned here, before the closing of the subscription,. Cheques(s) / Demand Draft(s) should be drawn in favour of "Indian Overseas Bank A/c Upper Tier II Bonds Issue – Series III " and crossed "A/c Payee" only. Cheques(s) / Demand draft(s) may be drawn on any bank including a co-operative bank, which is situated at and is a member or sub-member of the Banker's Clearing House located at he centers indicated below.
3. Cash, outstation cheques, money orders, postal orders an stock invest will NOT be accepted.
4. As a matter of precaution against possible fraudulent encashment of interest warrants due to loss/misplacement, applicants are requested to mention the full particulars of their bank account, as specified in the Application Form. Interest warrants will then be made out in favour of the bank for credit to the applicant's account In case the full particulars are not given, cheques/DDs will be issued in the name of the applicant at his/her risk.
5. Receipt of applications will be acknowledged by the Bank in the "Acknowledgment Slip", appearing below the Application Form. No separate receipt will be issued.
6. All applicants should mention their Permanent Account Number or the GIR number allotted under Income-Tax Act, 1961 and the Income –Tax Circle/Ward/District. In case where neither the PAN nor GIR number has been allotted, the fact of non-allotment should be mentioned in the application form in the space provided.
7. The application would be accepted as per the terms of the Scheme outlined in the Memorandum of Private Placement dated August 26,2009.
8. The Bank, at all its branches will issue DEMAND DRAFTS, AT PAR, to the subscribers of the issue.
9. All communications will be addressed to the applicant whose name appears first in the application form.
10. Those desirous of claiming tax exemptions on interest on application money are compulsorily required to submit a certificate issued by the Income Tax Officer/relevant declaration forms (as per I.T.Act, 1961) along with the Application Form. In case the above documents are not enclosed with the application form. TDS ill be deducted on interest on application money. For subsequent interest payments, such certificates have to be submitted periodically.
11. Applicant desirous of receiving bonds in dematerialized form should mention their Depository Participant's name, DP-ID and Beneficiary Account Number in the appropriate place in the Application Form. The Bank will take necessary steps to credit the Depository Account of the allottee(s) with the number of bonds allotted.
12. Applicants residing at a places where no collection centres have been opened may submit/mail their applications at their sole risk along with the Application money due there unto by Demand Draft drawn on Chennai to be sent to Indian Overseas Bank, Investors Relation Cell, Central Office, 763, Anna Salai, Chennai 600002 by superscribing the Cover, "Indian Overseas Bank - Tier II Bonds Issue- Series XIII". The Charges, if any, for purchase of Demand Drafts will have to borne by the Applicant.
13. The applications can be submitted at the following designated branch of Indian Overseas Bank:

Centre	Address of the Designated Branches of the Collecting Bankers	Tel Nos.
Mumbai	2/10, Elphinston Building, Horniman Circle, Veer Nariman Road, Fort, Mumbai 400 023	022-22040019



Indian Overseas Bank



IDBI Trusteeship Services Ltd.

No. 4490/ITSL/OPR/2008/CL - 359

1st January 2009

Indian Overseas Bank
P.B. No.3765
763, Anna Salai
Chennai 600 002

Regd. Office :
Asian Building, Ground Floor,
17, R. Kamani Marg, Ballard Estate,
Mumbai - 400 001.

Dear Sir,

Upper Tier II Bonds – III issue aggregating Rs.510 crores: Consent to act as Bond Trustee

This is with reference to the discussion we had regarding appointment of IDBI Trusteeship Services Ltd. (ITSL) as Bond Trustee for the Bank's proposed issue of Upper Tier II Bonds – III issue aggregating Rs.510 crores. In this connection, we advise that we are agreeable to act as Trustees for the said issue of Bonds.

The Bank shall enter into Bond Trustee Agreement for the said bond issue.

We are agreeable for inclusion of our name as trustees in the Disclosure document/listing application/any other document to be filed with the Stock Exchange(s).

Yours faithfully,

Swati Borkar
Manager



CONFIDENTIAL

Ref No: RTG/Chen/171/08-09

January 2, 2009

Mr. V. Krishnaswamy
General Manager
Indian Overseas Bank
Central Office
Investors Relations Cell
763, Anna Salai
Chennai – 600 002

Dear Sir,

Sub : ICRA Credit Rating for your Upper Tier II Bond (III series) Programme of Rs. 510 crore.

Please refer to your request vide your letter No.ACC/IRC/592/2008-09 dated December 30, 2008 for rating the Upper Tier II bond (III series) programme of Rs.510 crore of your bank. The Rating Committee of ICRA, after due consideration, has assigned the rating "LAA" (pronounced as L double A). This rating indicates the high-credit-quality rating assigned by ICRA. The rated instrument carries low credit risk.

In any of your publicity material or other document wherever you are using the above rating, it should be stated as "LAA". We would appreciate if you can sign on the duplicate copy of this letter and send it to us within 10 days from the date of this letter as a token of your acceptance and use of the assigned rating. The rationale for assigning the above rating will be sent to you on receipt of your confirmation about the use of our rating, as above. Any intimation by you about the above rating to any Banker / Lending Agency / Government Authorities / Stock Exchange would constitute use of our aforesaid rating by you.

This rating is specific to the terms and conditions of the proposed issue as was indicated to us by you and any change in the terms or size of the issue would require the rating to be reviewed by us.

ICRA reserves the right to suspend, withdraw or revise the above rating at any time on the basis of new information or unavailability of information or such other circumstances, which ICRA believes, may have an impact on the aforesaid rating assigned to you.

The rating, as aforesaid, however, should not be treated as a recommendation to buy, sell or hold the Upper Tier II Bonds to be issued by you.

Contd... P/2

Karumuttu Centre, 5th Floor,
634, Anna Salai, Nandanam,
Chennai - 600 035.

Tel : +(91 44) 24340043/8080/9659
24333293/294, 24330724
Fax : +(91 44) 24343663

website : www.icra.in
e mail : info@icraindia.com

Regd. Office : 1105, Kailash Building, 11th Floor, 26, Kasturba Gandhi Marg, New Delhi - 110 001.

RATING • RESEARCH • INFORMATION



[- 2 -]

If the instrument rated, as above, is not issued by you within a period of 10 months from the date of the letter communicating the rating, the same would stand withdrawn unless revalidated before expiry of the 10 months.

You are required to forthwith inform us about any default or delay in repayment of interest and/or principal amount of the instrument rated, as above, or any other debt instruments / borrowings. You are also required to keep us forthwith informed of any other developments which may have a direct or indirect impact on the debt servicing capability of the bank including any proposal for re-schedulement or postponement of the repayment programmes of the dues/debts of the bank with any lender(s) / investor(s).

If there is any change in the terms and conditions or size of the instrument rated, as above, the same must be brought to our notice before the issue of the instrument. If there is any change after the rating is assigned by us and accepted by you, it would be subject to our review and may result in change in the rating assigned.

You are required to inform us immediately as and when the borrowing limit for the instrument rated, as above, or as prescribed by the regulatory authority(ies) is exceeded.

We thank you for your kind co-operation extended to us during the course of the rating exercise. Should you require any clarification, please do not hesitate to get in touch with us.

With kind regards,

Yours sincerely,
for ICRA Limited

(K. Ravichandran)
Vice President & Co-Head, Corporate Ratings

(P. Avinash)
Analyst



Indian Overseas Bank

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Ref. no.: MS/FSR/IOB/2008-09/1319

January 2, 2009

Mr. V. Krishnaswamy
General Manager
Indian Overseas Bank
Central Office
763, Anna Salai
Chennai 600 002
Phone : 044 - 2851 9419
Fax : 044 - 2852 3372

Dear Mr. Krishnaswamy,

Re: CRISIL Rating for the Rs.5.10 billion Upper Tier II Bond Issue of Indian Overseas Bank

We refer to your request for a rating for the captioned Debt Programme.

CRISIL has, after due consideration, assigned a “**AA+/Stable**” (pronounced “Double A plus with stable outlook”) rating to the captioned Debt Programme. This rating indicates **high degree of safety** with regard to timely payment of interest and principal on the instrument.

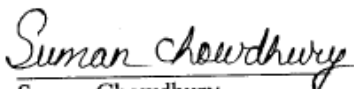
As per our Rating Agreement, CRISIL would disseminate the rating along with outlook through its publications and other media, and keep the rating along with outlook under surveillance for the life of the instrument. CRISIL reserves the right to suspend, withdraw, or revise the rating / outlook assigned to the captioned programme at any time, on the basis of new information, or unavailability of information, or other circumstances which CRISIL believes may have an impact on the rating.


Further, in view of your decision to accept the CRISIL Rating, we request you to apprise us of the instrument details (in the enclosed format) as soon as it has been placed. In the event of your company not making the issue within a period of 180 days from the above date, or in the event of any change in the size or structure of your proposed issue, a fresh letter of revalidation from CRISIL will be necessary.

Should you require any clarifications, please feel free to get in touch with us.

With warm regards,

Yours sincerely,


Suman Chowdhury
Head – Financial Sector Ratings


Manish Saraf
Manager – Financial Sector Ratings

A CRISIL rating reflects CRISIL's current opinion on the likelihood of timely payment of the obligations under the rated instrument, and does not constitute an audit of the rated entity by CRISIL. CRISIL ratings are based on information provided by the issuer or obtained by CRISIL from sources it considers reliable. CRISIL does not guarantee the completeness or accuracy of the information on which the rating is based. A CRISIL rating is not a recommendation to buy / sell or hold the rated instrument; it does not comment on the market price or suitability for a particular investor.

CRISIL has a practice of keeping all its ratings under surveillance and ratings are revised as and when circumstances so warrant. CRISIL is not responsible for any errors and especially states that it has no financial liability whatsoever to the subscribers / users / transmitters / distributors of its ratings. For the latest rating information on any instrument of any company rated by CRISIL, please contact CRISIL RATING DESK at CRISILratingdesk@crsil.com or at (+91 22) 6691 3001 – 09.



CONFIDENTIAL

Ref. no.: MS/FSR/IOB/2009-10/828

August 19, 2009

Mr. B. S. Keshava Murthy
General Manager - Accounts
Indian Overseas Bank
Central Office
763, Anna Salai
Chennai 600 002
Phone : 044 - 2851 9419
Fax : 044 - 2852 3372

Dear Mr. Keshava Murthy,

Re: CRISIL Rating for the Rs.5.10 billion Upper Tier II Bond Issue of Indian Overseas Bank.

All ratings assigned by CRISIL are kept under continuous surveillance and review.

Please refer to our rating letter dated January 2, 2009 bearing ref no MS/FSR/IOB/2008-09/1319.

CRISIL has, after due consideration, reaffirmed “**AA+/Stable**” (pronounced “Double A plus rating with stable outlook”) rating to the captioned Bond Issue. This rating indicates **high degree of safety** with regard to timely payment of interest and principal on the instrument.

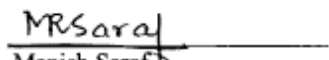
As per our Rating Agreement, CRISIL would disseminate the rating along with outlook through its publications and other media, and keep the rating along with outlook under surveillance for the life of the instrument. CRISIL reserves the right to suspend, withdraw, or revise the rating / outlook assigned to the captioned issue at any time, on the basis of new information, or unavailability of information, or other circumstances which CRISIL believes may have an impact on the rating.

Should you require any clarifications, please feel free to get in touch with us.

With warm regards,

Yours sincerely,


Suman Chowdhury
Head – Financial Sector Ratings


Manish Saraf
Manager – Financial Sector Ratings

A CRISIL rating reflects CRISIL's current opinion on the likelihood of timely payment of the obligations under the rated instrument, and does not constitute an audit of the rated entity by CRISIL. CRISIL ratings are based on information provided by the issuer or obtained by CRISIL from sources it considers reliable. CRISIL does not guarantee the completeness or accuracy of the information on which the rating is based. A CRISIL rating is not a recommendation to buy / sell or hold the rated instrument; it does not comment on the market price or suitability for a particular investor.

CRISIL has a practice of keeping all its ratings under surveillance and ratings are revised as and when circumstances so warrant. CRISIL is not responsible for any errors and especially states that it has no financial liability whatsoever to the subscribers / users / transmitters / distributors of its ratings. For the latest rating information on any instrument of any company rated by CRISIL, please contact CRISIL RATING DESK at CRISILratingdesk@crisil.com or at (+91 22) 6691 3001 – 09.

CRISIL Limited