Addendum to Information Memorandum (Upper Tier II Bonds – Series II)

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 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.

If the call is not exercised at the end of the 10th year from the deemed date of allotment, then there will be a step up of 50 bps in the coupon rate from the 11th year onwards.

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, these Bonds 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 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..

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 the 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.

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, 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 principal even at maturity if (a) the Bank's Capital to Risk Assets Ratio (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 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.

Seniority of claim

The claims of the investors in Upper Tier II instruments shall be
- *superior to the claims of investors in instruments eligible for inclusion in Tier I capital; and*
- *subordinate to the calims of all other creditors.*