

## TERMS AND CONDITIONS OF THE NOTES

*The following are the Terms and Conditions of the Notes which will be incorporated by reference into each Global Note (as defined below) and each definitive Note, in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Pricing Supplement in relation to any Tranche of Notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Notes. The applicable Pricing Supplement (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and definitive Note. Reference should be made to "Form of the Notes" for a description of the content of Pricing Supplements which will specify which of such terms are to apply in relation to the relevant Notes.*

This Note is one of a Series (as defined below) of Notes issued by Bank of India (the **Issuer**), acting through its London Branch, Jersey Branch or other branch of the Issuer outside the Republic of India (**India**), as specified in the applicable Pricing Supplement, and constituted by a Trust Deed dated 20 September 2005 (such Trust Deed as modified and/or supplemented and/or restated from time to time, the **Trust Deed**) made between the Issuer and Deutsche Trustee Company Limited (the **Trustee** which expression shall include any successor as Trustee).

References herein to the **Notes** shall be references to the Notes of this Series and shall mean:

- (i) in relation to any Notes represented by a global Note (a **Global Note**), units of each Specified Denomination in the currency specified therein or, if none is specified, the currency in which the Notes are denominated (the **Specified Currency**);
- (ii) any Global Note in bearer form (a **Bearer Global Note**);
- (iii) any Global Note in registered form (a **Registered Global Note**);
- (iv) definitive Notes in bearer form (**Definitive Bearer Notes**, and together with Bearer Global Notes, the **Bearer Notes**) issued in exchange for a Bearer Global Note; and
- (v) definitive Notes in registered form (**Definitive Registered Notes**, and together with Registered Global Notes, the **Registered Notes**), whether or not issued in exchange for a Registered Global Note.

The Notes, the Receipts (as defined below) and the Coupons (as defined below) have the benefit of an Amended and Restated Agency Agreement dated 6 January 2010 (such Agency Agreement as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) and made between the Issuer, the Trustee, Deutsche Bank AG, London Branch as principal paying agent and agent bank (the **Principal Paying Agent**, which expression shall include any successor principal paying agent) and the other paying agents named therein (together with the Principal Paying Agent, the **Paying Agents**, which expression shall include any additional or successor paying agents) and as transfer agent (the **Transfer Agent**, which expression shall include any substitute or any additional transfer agents appointed in accordance with the Agency Agreement) and Deutsche Bank Luxembourg S.A. as registrar (the **Registrar**, which expression shall include any successor registrar and together with the Paying Agents and Transfer Agents, the **Agents**).

Interest bearing Definitive Bearer Notes (unless otherwise indicated in the applicable Pricing Supplement) have interest coupons (**Coupons**) and, if indicated in the applicable Pricing Supplement, talons for further Coupons (**Talons**) attached on issue. Any reference herein to Coupons or coupons

shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Definitive Bearer Notes repayable in instalments have receipts (**Receipts**) for the payment of the instalments of principal (other than the final instalment) attached on issue. Definitive Registered Notes do not have Receipts, Coupons or Talons attached on issue.

The Pricing Supplement for this Note (or the relevant provisions thereof) is attached to or endorsed on this Note and supplements these Terms and Conditions (**Conditions**) and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Conditions, replace or modify these Conditions for the purposes of this Note. References to the **applicable Pricing Supplement** are to the Pricing Supplement (or the relevant provisions thereof) attached to or endorsed on this Note.

Any reference to **Noteholders** or **holders** in relation to any Notes shall mean the holders of the Notes and shall, in relation to any Notes represented by a Global Note, be construed as provided below. Any reference herein to **Receiptholders** shall mean the holders of the Receipts and any reference herein to **Couponholders** shall mean the holders of the Coupons and shall, unless the context otherwise requires, include the holders of the Talons. The Trustee acts for the benefit of the Noteholders, the Receiptholders and the Couponholders, in accordance with the provisions of the Trust Deed.

As used herein, **Tranche** means Notes which are identical in all respects (including as to listing) and **Series** means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (i) expressed to be consolidated and form a single series and (ii) identical in all respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

Copies of the Trust Deed and the Agency Agreement are available for inspection during normal business hours at the registered office for the time being of the Trustee (being, Winchester House, 1 Great Winchester Street, London EC2N 2DB, England) and at the specified office of each of the Principal Paying Agent and the other Paying Agents. Copies of the applicable Pricing Supplement are obtainable during normal business hours at the specified office of each of the Paying Agents save that, if this Note is an unlisted Note of any Series, the applicable Pricing Supplement will only be obtainable by a Noteholder holding one or more unlisted Notes of that Series and such Noteholder must produce evidence satisfactory to the Issuer and the relevant Agent as to its holding of such Notes and identity. The Noteholders, the Receiptholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, and are bound by, all the provisions of the Trust Deed, the Agency Agreement and the applicable Pricing Supplement which are applicable to them. The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed and the Agency Agreement.

Words and expressions defined in the Trust Deed and the Agency Agreement or used in the applicable Pricing Supplement shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Trust Deed and the Agency Agreement, the Trust Deed will prevail and, in the event of inconsistency between the Trust Deed or the Agency Agreement and the applicable Pricing Supplement, the applicable Pricing Supplement will prevail.

## **1. FORM, DENOMINATION AND TITLE**

The Notes may be in bearer form and/or in registered form and, in the case of definitive Notes, will be serially numbered, in the Specified Currency and the Specified Denomination(s). Save as provided in Condition 2, Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination and Bearer Notes may not be exchanged for Registered Notes and *vice versa*.

This Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Interest Note, a Dual Currency Interest Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Pricing Supplement.

This Note may be an Index Linked Redemption Note, an Instalment Note, a Dual Currency Redemption Note, a Partly Paid Note or a combination of any of the foregoing, depending upon the Redemption/Payment Basis shown in the applicable Pricing Supplement.

Definitive Bearer Notes are issued with Coupons and (if applicable) Receipts and Talons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in these Conditions are not applicable.

Subject as set out below, title to the Bearer Notes, Receipts and Coupons will pass by delivery. Title to Registered Notes will pass upon registration of transfers in the books of the Registrar in accordance with the provisions of the Agency Agreement. The Issuer, the Trustee, the Principal Paying Agent, any Paying Agent, the Registrar and the Transfer Agent will (except as otherwise ordered by a court of competent jurisdiction or required by law) deem and treat the bearer of any Bearer Note, Receipt or Coupon and any person in whose name a Registered Note is registered as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a Global Note held by a common depositary on behalf of Euroclear Bank SA/NV (**Euroclear**) and/or Clearstream, Banking, société anonyme (**Clearstream, Luxembourg**), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Trustee, any Paying Agents, the Registrar and the Transfer Agent as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer or registered holder of the relevant Global Note shall be treated by the Issuer, the Trustee, any Paying Agent, the Registrar and any Transfer Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions **Noteholder** and **holder of Notes** and related expressions shall be construed accordingly. In determining whether a particular person is entitled to a particular nominal amount of Notes, as aforesaid, the Trustee may rely on such evidence and/or information and/or certification as it shall, in its absolute discretion, think fit and, if it does so rely, such evidence and/or information and/or certification shall, in the absence of manifest error, be conclusive and binding on all concerned.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg, as the case may be. References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Pricing Supplement or as may otherwise be approved by the Issuer, the Trustee and the Principal Paying Agent.

## **2. TRANSFERS OF REGISTERED NOTES**

### **2.1 Transfers of Interests in Registered Global Notes**

Transfers of beneficial interests in Registered Global Notes will be effected by Euroclear or Clearstream, Luxembourg, as the case may be, and, in turn, by other participants and, if appropriate,

indirect participants in such clearing systems acting on behalf of beneficial transferors and transferees of such interests. A beneficial interest in a Registered Global Note will, subject to compliance with all applicable legal and regulatory restrictions, be exchangeable for Registered Notes in definitive form or for a beneficial interest in another Registered Global Note only in the authorised denominations set out in the applicable Pricing Supplement and only in accordance with the rules and operating procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be, and in accordance with the terms and conditions specified in the Trust Deed and the Agency Agreement.

## **2.2 Transfers of Registered Notes Generally**

Registered Notes may not be exchanged for Bearer Notes and vice versa.

Holders of Definitive Registered Notes may exchange such Definitive Registered Notes for interests in a Registered Global Note of the same type at any time.

Upon the terms and subject to the conditions set forth in the Trust Deed and the Agency Agreement, a Definitive Registered Note may be transferred in whole or in part (in the authorised denominations set out in the applicable Pricing Supplement). In order to effect any such transfer: (i) the holder or holders must (a) surrender the Definitive Registered Note for registration of the transfer of the Definitive Registered Note (or the relevant part of the Definitive Registered Note) at the specified office of the Registrar or any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing and (b) complete and deposit such other certifications as may be required by the relevant Transfer Agent and (ii) the Registrar or, as the case may be, the relevant Transfer Agent must, after due and careful enquiry, being satisfied with the documents of title and the identity of the person making the request and subject to such reasonable regulations as the Issuer, the Trustee, the Registrar, or as the case may be, the relevant Transfer Agent may prescribe (such initial regulations being set out in Schedule 4 to the Agency Agreement). Subject as provided above, the Registrar or, as the case may be, the relevant Transfer Agent will, within three business days (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar or, as the case may be, the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations) authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by mail to such address as the transferee may request, a new Definitive Registered Note of a like aggregate nominal amount to the Definitive Registered Note (or the relevant part of the Definitive Registered Note) transferred. In the case of the transfer of part only of a Definitive Registered Note, a new Definitive Registered Note in respect of the balance of the Definitive Registered Note not transferred will be so authenticated and delivered or (at the risk of the transferor) sent to the transferor.

## **2.3 Registration of Transfer upon Partial Redemption**

In the event of a partial redemption of Notes under Condition 8.3, the Issuer shall not be required to register the transfer of any Registered Note, or part of a Registered Note, that is called for partial redemption. In the event of a partial redemption of Notes under Condition 8.3, unless so directed by the Issuer, no transfer of Definitive Registered Notes (or parts of Definitive Registered Notes) or exchanges of interests in Registered Global Notes for Definitive Global Notes will be registered or effected during the period beginning on the 45th day before the date of the partial redemption and ending on the day on which notice is given specifying the serial numbers of Notes called (in whole or in part) for redemption (both inclusive).

## 2.4 Costs of Registration

Registration of transfers will be effected without charge by or on behalf of the Issuer, the Registrar or the relevant Transfer Agent, but upon payment (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may reasonably require) in respect of any tax or other governmental charges which may be imposed in relation to it provided that the Issuer shall not be responsible for any documentary stamp tax payable on the transfer of Notes effected in the Republic of India (**India**) unless the Issuer is the counterparty directly liable for that documentary stamp tax.

## 3. STATUS

### 3.1 Status of the Senior Notes

Notes the status of which is specified in the applicable Pricing Supplement as Senior (the **Senior Notes**) and any relative Receipts and Coupons are direct, unconditional, unsubordinated and (subject to the provisions of Condition 4) unsecured obligations of the Issuer and rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.

### 3.2 Status of the Subordinated Notes

*This Condition 3.2 applies only to Notes specified in the applicable Pricing Supplement as Subordinated Notes and shall, to the extent applicable, be governed by Indian law. Subordinated Notes shall be either Upper Tier II Subordinated Notes (**Upper Tier II Subordinated Notes**) or Lower Tier II Subordinated Notes (**Lower Tier II Subordinated Notes**). Upper Tier II Subordinated Notes and Lower Tier II Subordinated Notes are together referred to in these Terms and Conditions as **Subordinated Notes** which term, for the purposes of these Terms and Conditions and the Trust Deed, shall exclude Hybrid Tier I Notes.*

*The Subordinated Notes are not deposits of the Issuer and are not guaranteed or insured by the Issuer or any party related to the Issuer and they may not be used as collateral for any loan made by the Issuer or any of its subsidiaries or affiliates.*

#### (a) Subordination

Subordinated Notes and any relative Receipts and Coupons are unsecured obligations of the Issuer and, in the event of the winding up of the Issuer, the claims of the holders of Subordinated Notes and any relative Receipts and Coupons pursuant thereto will be subordinated in right of payment to the claims of all other creditors (other than claims of holders of Subordinated Indebtedness ranking equal to or lower than the claims of the holders of Subordinated Notes and any relative Receipts and Coupons, if any) of the Issuer in the manner and to the extent provided in the Trust Deed. For the avoidance of doubt, the claims of holders of Subordinated Notes and any relative Receipts and Coupons shall be senior to the claims of holders of Tier I capital as defined in the RBI Master Circular on Capital Adequacy and Market Discipline dated 1 July 2009 (as amended from time to time, the **RBI Guidelines**). The claims of holders of Lower Tier II Subordinated Notes and any relative Receipts and Coupons shall be senior to the claims of holders of Upper Tier II Subordinated Notes and any indebtedness classified as upper tier II capital by the RBI Guidelines.

Claims in respect of Subordinated Notes and any relative Receipts and Coupons may not be set-off, or be the subject of a counterclaim, by the holder against or in respect of any obligations of the holder to the Issuer or to any other persons and the holder of any Subordinated Note or relative Receipt or Coupon shall, by virtue of being the holder of such Subordinated Note or relative Receipt or Coupon, be deemed to have waived all such rights of set-off.

(b) *Payment Deferrals on Upper Tier II Subordinated Notes*

Unless otherwise provided in the applicable Pricing Supplement,

- (i) If (A) the Issuer is not, or would be caused by any payment of the principal of and/or (as the case may be) interest on any Upper Tier II Subordinated Note not to be, in compliance with the Capital to Risk Assets Ratio Requirement (as defined below) but (B) the Issuer is in compliance with the Net Loss Requirement (as defined below), in each case on the due date for the relevant payment, the Issuer shall not be liable to pay such principal and/or interest (as the case may be and provided that interest cannot be paid in part) as provided in this Condition 3.2(b) until the date specified in (v) below and any such failure to pay will not constitute a default by the Issuer for any purpose; provided, however, that the Issuer shall not declare or pay any dividends on any share capital of the Issuer or make any payments in respect of liabilities of the Issuer (other than the liabilities under the Lower Tier II Subordinated Notes and any other indebtedness classified as lower tier II capital by the RBI Guidelines) that rank equally with or junior to the Upper Tier II Subordinated Notes unless and until any and all Payments in Arrears (as defined in (iv) below) and other accrued interest on the Upper Tier II Subordinated Notes, including Additional Payments (as defined in (iv) below), have been paid in full.
- (ii) If the Issuer is not, or would be caused by any payment of the principal of and/or (as the case may be) interest on any Upper Tier II Subordinated Note not to be, in compliance with (A) the Capital to Risk Assets Ratio Requirement and (B) the Net Loss Requirement, in each case on the due date for the relevant payment, the Issuer shall not make such payment on the due date and shall defer payment of such principal and/or interest (as the case may be) as provided in this Condition 3.2(b) until the date specified in (v) below and any such failure to pay will not constitute a default by the Issuer for any purpose; provided, however, that the Issuer shall not declare or pay any dividends on any share capital of the Issuer or make any payments in respect of liabilities of the Issuer (other than the liabilities under the Lower Tier II Subordinated Notes and any other indebtedness classified as lower tier II capital by the RBI Guidelines) that rank equally with or junior to the Upper Tier II Subordinated Notes unless and until any and all Payments in Arrears and other accrued interest on the Upper Tier II Subordinated Notes, including Additional Payments, have been paid in full.
- (iii) If (A) the Issuer is not, or would be caused by any payment of interest on any Upper Tier II Subordinated Note not to be, in compliance with the Net Loss Requirement but (B) the Issuer is in compliance with the Capital to Risk Assets Ratio Requirement, in each case on the due date for the relevant payment, the Issuer shall not, without the prior approval of the Reserve Bank of India, make such payment of interest, and payment of such interest shall be deferred as provided in this Condition 3.2(b) until the date specified in (v) below and any such failure to pay will not constitute a default by the Issuer for any purpose; provided, however, that the Issuer shall not declare or pay any dividends on any share capital of the Issuer or make any payments in respect of liabilities of the Issuer (other than the liabilities under the Lower Tier II Subordinated Notes and any other indebtedness classified as lower tier II capital by the RBI Guidelines) that rank equally with or junior to the Upper Tier II Subordinated Notes unless and until any and all Payments in Arrears and other accrued interest on the Upper Tier II Subordinated Notes, including Additional Payments, have been paid in full.

- (iv) Any principal or interest in respect of Upper Tier II Subordinated Notes not paid on the due date for payment thereof, together with any principal or interest in respect of Upper Tier II Subordinated Notes not paid on any other date, will, so long as the same remains unpaid, constitute **Payments in Arrears**. Unless otherwise provided in the applicable Pricing Supplement, until paid (whether before or after the Maturity Date), Payments in Arrears will be made with compound interest at a rate (the **Compound Rate**) which shall not exceed the interest rate payable on the relevant Upper Tier II Subordinated Note at that time (such additional interest amounts, **Additional Payments**). The Compound Rate in respect of each Tranche of Upper Tier II Subordinated Notes shall be set out in the applicable Pricing Supplement.
- (v) Payments in Arrears and accrued interest, including Additional Payments, in respect of Upper Tier II Subordinated Notes will (subject to Condition 3.2(a)) become due in full on whichever is the earlier of (A) the next Compulsory Payment Date (as defined below) or (B) the occurrence of an event as specified in Condition 11.2. If notice is given by the Issuer of its intention to pay the whole or any part of Payments in Arrears and other accrued interest, including Additional Payments, the Issuer shall be obligated (subject to Condition 3.2(a)) to make such payment upon the expiration of such notice.

In respect of any Payments in Arrears arising pursuant to Condition 3.2(b)(i) to (iv), any such Payments in Arrears and accrued interest, including Additional Payments, thereon may, at the option of the Issuer, be paid (in whole but not in part) at any time upon the expiration of not less than 14 days' notice to such effect given to the Paying Agent and to the holders of the Notes, subject always to the provisions of Condition 3.2(b)(v).

For the avoidance of doubt, where any payment of principal and/or interest may only be made with the approval of the Reserve Bank of India, the Issuer will use its best endeavours to obtain such approval.

- (vi) As used in this Condition 3.2 and in Condition 3.3:

**Compulsory Payment Date** means (A), in the case of principal, the date that is the later of (a) the date on which permission from the RBI for the redemption of Upper Tier II Subordinated Notes has been obtained; and (b) the first date (the **Compliance Date**) following deferral of the relevant payment of principal and/or interest on which the Issuer is either (I) in compliance with the Capital to Risk Assets Ratio Requirement and the Net Loss Requirement or (II) in compliance with the Capital to Risk Assets Ratio Requirement, not in compliance with the Net Loss Requirement (or any such payment would cause the Issuer not to be in compliance with the Net Loss Requirement) and has approval from the Reserve Bank of India to make the relevant payment of principal, in each case provided that any such payment will not cause the Issuer to be in breach of the Capital to Risk Assets Ratio Requirement or in the case of (I) the Net Loss Requirement and (B), in the case of interest, the next Interest Payment Date (if any) following the Compliance Date or, if none, the Compliance Date provided however that the Capital to Risk Asset Ratio Requirement shall be applicable even in case of deferred interest. For the avoidance of doubt, in the case of payment of principal, in order for a date to be a "Compulsory Payment Date", the conditions set out in both (A)(a) and (b) must be satisfied.

**Capital to Risk Assets Ratio Requirement** means the requirement for the minimum capital to risk assets ratio (**CRAR**) of the Issuer, determined in accordance with the guidelines of the Reserve Bank of India, which currently is 9.00 per cent.

**Net Loss** means a negative balance in the balance of the profit and loss account contained within reserves and surplus on the Issuer's balance sheet as shown in the most recent quarterly or, as the case may be, annual financial statements of the Issuer.

**Net Loss Requirement** means the Issuer not having a Net Loss as last reported to the RBI on or prior to the due date for the relevant payment.

**Reserve Bank of India** means the Reserve Bank of India established under the Reserve Bank of India Act, 1934 or any successor thereto.

**Subordinated Indebtedness** means all indebtedness of the Issuer which by its terms is subordinated, in the event of the winding up of the Issuer, in right of payment to the claims of unsubordinated creditors of the Issuer and so that, for the purpose of this definition, indebtedness shall include all liabilities, whether actual or contingent, under guarantees or indemnities.

The definitions set forth in this Condition 3.2(b)(vi) are subject to such interpretations, amendments and clarifications of the RBI Guidelines as may be stipulated by the Reserve Bank of India from time to time. The Issuer shall notify or procure notification of any such interpretations, amendments and clarifications of the Reserve Bank of India, to the Trustee, the Paying Agents, the Transfer Agents, the Registrar, the stock exchange(s) (if any) on which the Notes are for the time being listed and the Noteholders (in accordance with Condition 15) no later than five days from the announcement or publication of such.

- (vii) On the fifth Business Day (as defined in Condition 6.6) immediately preceding any date for payment of principal of and/or (as the case may be) interest on any of the Upper Tier II Subordinated Notes (the **Payment Deferral Determination Date**), the Issuer will determine, as of such Payment Deferral Determination Date, if it shall not be liable to make such payment of principal of and/or (as the case may be) interest on any of the Upper Tier II Subordinated Notes pursuant to any of paragraphs (i), (ii) or (iii) of this Condition 3.2(b). In the event that the Issuer determines that it shall defer such payment of principal of and/or (as the case may be) interest on any of the Upper Tier II Subordinated Notes as provided above, the Issuer shall (a) notify or procure notification, no later than the day following the relevant Payment Deferral Determination Date, to the Trustee (in a certificate signed by two directors of the Issuer), the Paying Agents, the Transfer Agents, the Registrar, the relevant stock exchange(s) and the Noteholders (in accordance with Condition 15), of that fact and of the amount to be deferred and (b) deliver to the Principal Paying Agent a certificate signed by two directors of the Issuer (the **Deferral Certificate**) stating such fact, the amount to be deferred in respect of such payment and the relevant paragraph of this Condition 3.2(b) whereby such right of deferral arose. PROVIDED THAT, in the event that the Issuer determines, on the relevant payment date, the circumstances giving rise to the right and/or (as the case may be) requirement to defer the relevant payment pursuant to paragraphs (i), (ii) or (iii) of this Condition 3.2(b) as set out in the Deferral Certificate no longer apply, the Issuer shall (x) notify or procure notification, no later than the day following the relevant payment date, to the Trustee (in a certificate signed by two directors of the Issuer), the Paying Agents, the Transfer Agents, the Registrar, the relevant stock exchange(s) and the Noteholders (in accordance with Condition 15), of the fact, and (y) make payment of the relevant amount of principal of and/or interest on the Upper Tier II Subordinated Notes as soon as practicable and in any event no later than two Business Days following the relevant payment date.

### 3.3 Status of the Hybrid Tier I Notes

*This Condition 3.3 applies only to Notes specified in the applicable Pricing Supplement as Hybrid Tier I Notes and shall, to the extent applicable, be governed by Indian law.*

(a) *Status*

The Hybrid Tier I Notes are direct and unsecured obligations of the Issuer and are subordinated in the manner described in Condition 3.3(b).

*The Hybrid Tier I Notes are not deposits of the Issuer and are not guaranteed or insured by the Issuer or any party related to the Issuer and they may not be used as collateral for any loan made by the Issuer or any of its subsidiaries or affiliates.*

(b) *Subordination*

The Issuer, for itself, its successors and assignees, covenants and agrees, and each Noteholder by subscribing for or purchasing a Hybrid Tier I Note irrevocably acknowledges and agrees that:

- (i) the indebtedness evidenced by the Hybrid Tier I Notes constitutes unsecured and subordinated obligations of the Issuer; and
- (ii) the subordination is for the benefit of the holders of indebtedness that rank senior to the Hybrid Tier I Notes.

Claims in respect of the Hybrid Tier I Notes will rank:

- (i) junior to the claims of holders of all deposits and other liabilities of the Issuer and debt instruments constituting “Upper Tier II” or “Tier II” capital of the Issuer as defined under the RBI Guidelines from time to time other than liabilities of the Issuer which rank or are expressed to rank *pari passu* with or junior to Hybrid Tier I Notes;
- (ii) *pari passu* and without preference among themselves and claims of creditors of the Issuer that are subordinated so as to rank *pari passu* with claims in respect of the Hybrid Tier I Notes; and
- (iii) senior to (a) the claims for payment of any obligation that, expressly or by applicable law, is subordinated to the Hybrid Tier I Notes and (b) the rights and claims of holders of preference shares (if any) and equity shares of the Issuer.

The principal of, and interest and any additional amounts payable on, the Hybrid Tier I Notes will be subordinated in right of payment upon occurrence of any winding up proceeding to the prior payment in full of all deposit liabilities and all other liabilities of the Issuer (including liabilities of all offices and branches of the Issuer wherever located and any subordinated debt securities of the Issuer that rank senior to the Hybrid Tier I Notes), except in each case to those liabilities which by their terms rank equally in right of payment with or which are subordinated to the Hybrid Tier I Notes, in the manner and to the extent provided in the Trust Deed.

No Noteholder, Receiptholder or Couponholder may exercise or claim any right of set-off in respect of any amount owed to it by the Issuer arising under or in connection with the Hybrid Tier I Notes and each Noteholder, Receiptholder and Couponholder shall by virtue of its subscription, purchase or holding of any Hybrid Tier I Note, be deemed to have waived all such rights of set-off to the fullest extent permitted by law.

The Issuer agrees that so long as any of the Hybrid Tier I Notes remains outstanding, it will not create, issue, assume or otherwise incur any loan, debt, guarantee, instrument or other obligation which shall be, or shall purport to be, subordinated debt of the Issuer and which shall, at the time it is created, issued, assumed or otherwise incurred or at any time thereafter, be considered to be, Tier 1 capital of the Issuer under applicable regulations which would rank (as regards interest, dividends or distributions on liquidation, dissolution or winding up) senior to the Hybrid Tier I Notes.

*As a consequence of these subordination provisions, if a winding up proceeding should occur, the Noteholders, Receiptholders and Couponholders may recover less rateably than the holders of deposit liabilities or the holders of other unsubordinated liabilities of the Issuer. Moreover, holders of Hybrid Tier I Notes would likely be required to pursue their claims on the Hybrid Tier I Notes in proceedings in India as further described in Condition 11.3.*

*Holders of the Hybrid Tier I Notes will have limited voting rights and will not be entitled to receive notice of, or attend or vote at, any meeting of shareholders of the Issuer or participate in the management of the Issuer.*

*As of 31 March 2009, the Issuer had outstanding third party liabilities in an amount of Rs.1,996.68 billion. Such third party liabilities rank senior to the Hybrid Tier I Notes. Except as provided above, the Hybrid Tier I Notes do not limit the amount of liabilities ranking senior or equal to the Hybrid Tier I Notes.*

*To the extent that holders of the Hybrid Tier I Notes are entitled to any recovery with respect to the Hybrid Tier I Notes in any Indian proceedings, such holders may not be entitled in such proceedings to a recovery in U.S. dollars or any other currency other than Indian Rupees and may be entitled to a recovery in Indian rupees as further described in Condition 11.3.*

(c) *Payment Limitation on Hybrid Tier I Notes*

Unless otherwise provided in the applicable Pricing Supplement,

- (i) If the Issuer is not, or would be caused by any payment of interest on any Hybrid Tier I Note not to be, in compliance with the Capital to Risk Assets Ratio Requirement, on the due date for the relevant payment, the Issuer shall not be liable to make payment of such interest as provided in this Condition 3.3(c) and any such failure to pay will not constitute a default by the Issuer for any purpose; provided, however, that the Issuer shall not declare or pay any dividends on any share capital of the Issuer or make any payments in respect of liabilities of the Issuer (other than the liabilities under the Subordinated Notes and any other indebtedness classified as tier II capital by the RBI Guidelines) that rank equally with or junior to the Hybrid Tier I Notes (each such declaration or (as the case may be) payment being a **Subordinated Payment**) unless and until such time as all payments of interest under the Hybrid Tier I Notes are made by the Issuer, as and when such payments are due, for the 12-month period immediately preceding such Subordinated Payment.

- (ii) If the Issuer is not, or would be caused by any payment of interest on any Hybrid Tier I Note not to be, in compliance with the Net Loss Requirement on the due date for the relevant payment, the Issuer shall not, without the prior approval of the Reserve Bank of India, make such payment of interest, and any such failure to pay will not constitute a default by the Issuer for any purpose; provided, however, (i) that the Issuer shall not make any Subordinated Payment unless and until such time as all payments of interest under the Hybrid Tier I Notes are made by the Issuer, as and when such payments are due, for the 12-month period immediately preceding such Subordinated Payment and (ii) that if the Issuer is in compliance with the Capital to Risk Assets Ratio Requirement, the Issuer shall apply to the Reserve Bank of India for approval to make such payment of interest and, if such approval is granted, it shall make such payment of interest as soon as practicable and in any event no later than two Business Days after such approval from the Reserve Bank of India is obtained, subject to any restrictions imposed by the Reserve Bank of India in granting such approval.
- (iii) Interest on the Hybrid Tier I Notes will be non-cumulative. If interest is not paid on an Interest Payment Date pursuant to and in accordance with this Condition 3.3(c), the right of Noteholders, Receiptholders and Couponholders to receive interest in respect of the Interest Period ending on such Interest Payment Date will be lost and the Issuer will have no further obligation in respect of the interest for such Interest Period whether or not any amount of interest is paid for any future Interest Period.
- (iv) On the fifth Business Day (as defined in Condition 6.6) immediately preceding any date for payment of interest on any of the Notes (the **Payment Limitation Determination Date**), the Issuer will determine, as of such Payment Limitation Determination Date, if it shall not be liable to make such payment of interest on any of the Hybrid Tier I Notes pursuant to any of paragraphs (i) or (ii) of this Condition 3.3(c). In the event that the Issuer determines that it shall not make such payment of interest on any of the Hybrid Tier I Notes as provided above, the Issuer shall (a) notify or procure notification, no later than the day following the relevant Payment Limitation Determination Date, to the Trustee (in a certificate signed by two directors of the Issuer), the Paying Agents, the Transfer Agents, the Registrar, the relevant stock exchange(s) (if any) on which the Notes are for the time being listed and the Noteholders (in accordance with Condition 15), of that fact and of the amount that shall not be paid and (b) deliver to the Principal Paying Agent a certificate signed by two directors of the Issuer (the **Payment Limitation Certificate**) stating such fact, the amount which shall not be paid in respect of such payment and the relevant paragraph of this Condition 3.3(c) whereby such right of non-payment arose. PROVIDED THAT, in the event that the Issuer determines, on the relevant payment date, the circumstances giving rise to the right to non-payment of the relevant payment pursuant to paragraphs (i) or (ii) of this Condition 3.3(c) as set out in the Payment Limitation Certificate no longer apply, the Issuer shall (x) notify or procure notification, no later than the day following the relevant payment date, to the Trustee (in a certificate signed by two directors of the Issuer), the Paying Agents, the Transfer Agents, the Registrar and the relevant stock exchange(s) and the Noteholders (in accordance with Condition 15), of the fact, and (y) make payment of the relevant amount of interest on the Hybrid Tier I Notes as soon as practicable and in any event no later than two Business Days following the relevant payment date.

#### 4. NEGATIVE PLEDGE

So long as any of the Senior Notes remains outstanding (as defined in the Trust Deed), the Issuer will not create or have outstanding any mortgage, charge, lien, pledge or other security interest (each a **Security Interest**) upon, or with respect to, any part of the present or future business, undertaking, assets or revenues (including any uncalled capital) of the Issuer to secure any Relevant Indebtedness (as defined below), unless the Issuer, in the case of the creation of a Security Interest, before or at the same time and, in any other case, promptly, takes any and all action necessary to ensure that:

- (i) all amounts payable by it under the Senior Notes and the Trust Deed (in respect of the Senior Notes) are secured by the Security Interest equally and rateably with the Relevant Indebtedness to the satisfaction of the Trustee; or
- (ii) such other Security Interest or other arrangement (whether or not it includes the giving of a Security Interest) is provided either (i) as the Trustee in its absolute discretion deems not materially less beneficial to the interests of the Senior Notes or (ii) as is approved by an Extraordinary Resolution (which is defined in the Trust Deed as a resolution duly passed by a majority of not less than three-fourths of the votes cast thereon) of the Senior Notes.

For the purposes of these Conditions, **Relevant Indebtedness** means (i) any present or future indebtedness (whether being principal, premium, interest or other amounts) for or in respect of any notes, bonds, debentures, debenture stock, loan stock or other securities which (a) by their terms are payable in a currency other than Rupees or are denominated in Rupees and more than 50 per cent. of the aggregate principal amount of which is initially distributed outside India by or with the authorisation of the Issuer and (b) are for the time being, or are intended to be, or are capable of being, quoted, listed or ordinarily dealt in on any stock exchange, over-the-counter or other securities market, and (ii) any guarantee or indemnity in respect of any such indebtedness.

#### 5. REDENOMINATION

##### 5.1 Redenomination

Where redenomination is specified in the applicable Pricing Supplement as being applicable, the Issuer may, without the consent of the Noteholders, the Receiptholders or the Couponholders, on giving 30 days' prior notice to the Trustee, the Principal Paying Agent, Euroclear and/or Clearstream, Luxembourg as applicable, and at least 30 days' prior notice to the Noteholders in accordance with Condition 15, elect that, with effect from the Redenomination Date specified in the notice, the Notes shall be redenominated in euro.

The election will have effect as follows:

- (a) the Notes and the Receipts shall be deemed to be redenominated into euro in the denomination of 0.01 with a nominal amount in euro for each Note and Receipt equal to the nominal amount of that Note or Receipt in the Specified Currency, converted into euro at the Established Rate, provided that, if the Issuer determines, with the agreement of the Principal Paying Agent and the Trustee, that the then market practice in respect of the redenomination into euro of internationally offered securities is different from the provisions specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Noteholders, the stock exchange (if any) on which the Notes are for the time being listed and the Paying Agents of such deemed amendments;

- (b) save to the extent that an Exchange Notice has been given in accordance with paragraph (d) below, the amount of interest due in respect of the Notes will be calculated by reference to the aggregate nominal amount of Notes presented (or, as the case may be, in respect of which Coupons are presented) for payment by the relevant holder and the amount of such payment shall be rounded down to the nearest euro 0.01;
- (c) if definitive Notes are required to be issued after the Redenomination Date, they shall be issued at the expense of the Issuer in the denominations of euro 1,000, euro 10,000, euro 100,000 and (but only to the extent of any remaining amounts less than 1,000 or such smaller denominations as the Issuer in conjunction with the Principal Paying Agent may determine) euro 0.01 and such other denominations as the Issuer shall determine and notify to the Noteholders;
- (d) if issued prior to the Redenomination Date, all unmatured Coupons denominated in the Specified Currency (whether or not attached to the Notes) will become void with effect from the date on which the Issuer gives notice (the **Exchange Notice**) that replacement euro-denominated Notes, Receipts and Coupons are available for exchange (provided that such securities are so available) and no payments will be made in respect of them. The payment obligations contained in any Notes and Receipts so issued will also become void on that date although those Notes and Receipts will continue to constitute valid exchange obligations of the Issuer. New euro-denominated Notes, Receipts and Coupons will be issued in exchange for Notes, Receipts and Coupons denominated in the Specified Currency in such manner as the Principal Paying Agent may specify and as shall be notified to the Noteholders in the Exchange Notice. No Exchange Notice may be given less than 15 days prior to any date for payment of principal or interest on the Notes;
- (e) after the Redenomination Date, all payments in respect of the Notes, the Receipts and the Coupons, other than payments of interest in respect of periods commencing before the Redenomination Date, will be made solely in euro as though references in the Notes to the Specified Currency were to euro. Payments will be made in euro by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque;
- (f) if the Notes are Fixed Rate Notes and interest for any period ending on or after the Redenomination Date is required to be calculated for a period ending other than on an Interest Payment Date, it will be calculated:
  - (i) in the case of the Notes represented by a Global Note, by applying the Rate of Interest to the aggregate outstanding nominal amount of the Notes represented by such Global Note; and
  - (ii) in the case of definitive Notes, by applying the Rate of Interest to the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding;

- (g) if the Notes are Floating Rate Notes, the applicable Pricing Supplement will specify any relevant changes to the provisions relating to interest; and

- (h) such other changes shall be made to these Conditions as the Issuer may decide, after consultation with the Trustee and the Principal Paying Agent, and as may be specified in the notice, to conform them to conventions then applicable to instruments denominated in euro.

## 5.2 Definitions

In these Conditions, the following expressions have the following meanings:

**Established Rate** means the rate for the conversion of the Specified Currency (including compliance with rules relating to roundings in accordance with applicable European Union regulations) into euro established by the Council of the European Union pursuant to Article 123 of the Treaty;

**euro** and **€** means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty;

**Redenomination Date** means (in the case of interest bearing Notes) any date for payment of interest under the Notes or (in the case of Zero Coupon Notes) any date, in each case specified by the Issuer in the notice given to the Noteholders pursuant to paragraph 5.1 (a) above and which falls on or after the date on which the country of the Specified Currency first participates in the third stage of European economic and monetary union; and

**Treaty** means the Treaty on the Functioning of the European Union.

## 6. INTEREST

### 6.1 Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest on its outstanding nominal amount (or, if it is a Partly Paid Note, the nominal amount paid up) from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

If the Notes are in definitive form, except as provided in the applicable Pricing Supplement, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Pricing Supplement, amount to the Broken Amount so specified.

As used in these Conditions, **Fixed Interest Period** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

Except in the case of Notes in definitive form where an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Pricing Supplement, interest is required to be calculated in respect of any period by applying the Rate of Interest to:

- (A) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); or

(B) in the case of Fixed Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form comprises more than one Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

**Day Count Fraction** means, in respect of the calculation of an amount of interest in accordance with this Condition 6.1:

- (a) if **Actual/Actual (ICMA)** is specified in the applicable Pricing Supplement:
  - (i) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the **Accrual Period**) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (I) the number of days in such Determination Period and (II) the number of Determination Dates (as specified in the applicable Pricing Supplement) that would occur in one calendar year; or
  - (ii) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
    - (A) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
    - (B) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; or
- (b) if **30/360** is specified in the applicable Pricing Supplement, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

In these Conditions:

**Determination Period** means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

**sub-unit** means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, one cent.

## 6.2 Interest on Floating Rate Notes and Index Linked Interest Notes

### (a) Interest Payment Dates

Each Floating Rate Note and Index Linked Interest Note bears interest on its outstanding nominal amount (or, if it is a Partly Paid Note, the amount paid up) from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

- (i) the Specified Interest Payment Date(s) in each year specified in the applicable Pricing Supplement; or
- (ii) if no Specified Interest Payment Date(s) is/are specified in the applicable Pricing Supplement, each date (each such date, together with each Specified Interest Payment Date, an **Interest Payment Date**) which falls the number of months or other period specified as the Specified Period in the applicable Pricing Supplement after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period (which expression shall, in these Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

### (b) Rate of Interest

The Rate of Interest payable from time to time in respect of Floating Rate Notes and Index Linked Interest Notes will be determined in the manner specified in the applicable Pricing Supplement.

#### (i) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any). For the purposes of this sub-paragraph (i), **ISDA Rate** for an Interest Period means a rate equal to the Floating Rate that would be determined by the Principal Paying Agent under an interest rate swap transaction if the Principal Paying Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the **ISDA Definitions**) and under which:

- (A) the Floating Rate Option is as specified in the applicable Pricing Supplement;
- (B) the Designated Maturity is a period specified in the applicable Pricing Supplement; and
- (C) the relevant Reset Date is either (a) if the applicable Floating Rate Option is based on the London interbank offered rate (**LIBOR**) or on the Euro-zone interbank offered rate (**EURIBOR**), the first day of that Interest Period or (b) in any other case, as specified in the applicable Pricing Supplement.

For the purposes of this sub-paragraph (i), **Floating Rate**, **Calculation Agent**, **Floating Rate Option**, **Designated Maturity** and **Reset Date** have the meanings given to those terms in the ISDA Definitions.

Unless otherwise stated in the applicable Pricing Supplement the Minimum Rate of Interest shall be deemed to be zero.

*(ii) Screen Rate Determination for Floating Rate Notes*

Where Screen Rate Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

(A) the offered quotation; or

(B) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any), all as determined by the Principal Paying Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Principal Paying Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of (A) above, no such offered quotation appears or, in the case of (B) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the applicable Pricing Supplement as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided in the applicable Pricing Supplement.

*(c) Minimum and/or Maximum Rate of Interest*

If the applicable Pricing Supplement specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Pricing Supplement specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

*(d) Determination of Rate of Interest and Calculation of Interest Amounts*

The Principal Paying Agent, in the case of Floating Rate Notes, and the Calculation Agent, in the case of Index Linked Interest Notes, will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period. In the case of Index Linked Interest Notes, the Calculation Agent will notify the Principal Paying Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same. If required to be calculated by it, the Principal Paying Agent or, as the case may be, the Calculation Agent shall cause the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or any Instalment Amount to be notified to the Trustee, the Issuer, each of the Paying Agents, the Noteholders and, if the Notes are listed on a stock exchange and the rules of such stock exchange or other relevant authority so require, such stock exchange or other relevant authority as soon as practicable after calculating the same.

The Principal Paying Agent will calculate the amount of interest (the **Interest Amount**) payable on the Floating Rate Notes or Index Linked Interest Notes for the relevant Interest Period by applying the Rate of Interest to:

- (A) in the case of Floating Rate Notes or Index Linked Interest Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); or
- (B) in the case of Floating Rate Notes or Index Linked Interest Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note or an Index Linked Interest Note in definitive form comprises more than one Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

**Day Count Fraction** means, in respect of the calculation of an amount of interest in accordance with this Condition 6.2:

- (i) if **Actual/Actual (ISDA)** or **Actual/Actual** is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (I) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (II) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (ii) if **Actual/365 (Fixed)** is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365;
- (iii) if **Actual/365 (Sterling)** is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (iv) if **Actual/360** is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 360;
- (v) if **30/360**, **360/360** or **Bond Basis** is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

**Y<sub>1</sub>** is the year, expressed as a number, in which the first day of the Interest Period falls;

**Y<sub>2</sub>** is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

**M<sub>1</sub>** is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

**M<sub>2</sub>** is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

**D<sub>1</sub>** is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case **D<sub>1</sub>** will be 30; and

**D<sub>2</sub>** is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and **D<sub>1</sub>** is greater than 29, in which case **D<sub>2</sub>** will be 30;

- (vi) if **30E/360** or **Eurobond Basis** is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

**Y<sub>1</sub>** is the year, expressed as a number, in which the first day of the Interest Period falls;

**Y<sub>2</sub>** is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

**M<sub>1</sub>** is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

**M<sub>2</sub>** is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

**D<sub>1</sub>** is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case **D<sub>1</sub>** will be 30; and

**D<sub>2</sub>** is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case **D<sub>2</sub>** will be 30; and

- (vii) if **30E/360 (ISDA)** is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

**Y<sub>1</sub>** is the year, expressed as a number, in which the first day of the Interest Period falls;

**Y<sub>2</sub>** is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

**M<sub>1</sub>** is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

**M<sub>2</sub>** is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

**D<sub>1</sub>** is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D<sub>1</sub> will be 30; and

**D<sub>2</sub>** is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D<sub>2</sub> will be 30.

*(e) Notification of Rate of Interest and Interest Amounts*

The Principal Paying Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, the Trustee and any stock exchange on which the relevant Floating Rate Notes or Index Linked Interest Notes are for the time being listed and notice thereof to be published in accordance with Condition 15 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Floating Rate Notes or Index Linked Interest Notes are for the time being listed and to the Noteholders in accordance with Condition 15. For the purposes of this paragraph, the expression **London Business Day** means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in London.

*(f) Determination or Calculation by Trustee*

If for any reason at any relevant time the Principal Paying Agent or, as the case may be, the Calculation Agent defaults in its obligation to determine the Rate of Interest or the Principal Paying Agent defaults in its obligation to calculate any Interest Amount in accordance with sub-paragraph (b)(i) or subparagraph (b)(ii) above or as otherwise specified in the applicable Pricing Supplement, as the case may be, and in each case in accordance with paragraph (d) above, the Trustee shall determine the Rate of Interest at such rate as, in its absolute discretion (having such regard as it shall think fit to the foregoing provisions of this Condition, but subject always to any Minimum Rate of Interest or Maximum Rate of Interest specified in the applicable Pricing Supplement), it shall deem fair and reasonable in all the circumstances or, as the case may be, the Trustee shall calculate the Interest Amount(s) in such manner as it shall deem fair and reasonable in all the circumstances and each such determination or calculation shall be deemed to have been made by the Principal Paying Agent or the Calculation Agent, as applicable.

*(g) Certificates to be Final*

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 6, whether by the Principal Paying Agent or, if applicable, the Calculation Agent or the Trustee, shall (in the absence of wilful default, bad faith manifest error or proven error) be binding on the Issuer, the Trustee, the Principal Paying Agent, the Registrar, the Calculation Agent (if applicable), the other Paying Agents and all Noteholders, Receiptholders and Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Noteholders, the Receiptholders or the Couponholders shall attach to the Principal Paying Agent or, if applicable, the Calculation Agent or the Trustee in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

### **6.3 Interest on Dual Currency Interest Notes**

The rate or amount of interest payable in respect of Dual Currency Interest Notes shall be determined in the manner specified in the applicable Pricing Supplement.

#### 6.4 Interest on Partly Paid Notes

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified in the applicable Pricing Supplement.

#### 6.5 Accrual of Interest

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

- (a) the date on which all amounts due in respect of such Note have been paid; and
- (b) as provided in the Trust Deed.

#### 6.6 Definitions

In these Conditions, if a Business Day Convention is specified in the applicable Pricing Supplement and (x) if there is no numerically corresponding day on the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (A) in any case where Specified Periods are specified in accordance with Condition 6.2(a)(ii) above, the Floating Rate Convention, such Interest Payment Date (a) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (ii) below shall apply *mutatis mutandis* or (b) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (i) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (ii) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or
- (B) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (C) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (D) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In these Conditions, **Business Day** means a day which is both:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and each Additional Business Centre specified in the applicable Pricing Supplement; and
- (b) either (i) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other

than London and each Additional Business Centre and which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively) or (ii) in relation to any sum payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System or any successor system (the **TARGET2 System**) is open.

## **7. PAYMENTS**

### **7.1 Method of Payment**

Subject as provided below:

- (a) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively); and
- (b) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 9.

### **7.2 Presentation of Bearer Notes, Receipts and Coupons**

Payments of principal in respect of Definitive Bearer Notes will (subject as provided below) be made in the manner provided in Condition 6.1 above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Definitive Bearer Notes, and payments of interest in respect of Definitive Bearer Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)).

Payments of instalments of principals (if any) in respect of Definitive Bearer Notes, other than the final instalment, will (subject as provided below) be made in the manner provided in Condition 6.1 above against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Receipt in accordance with the preceding paragraph. Payment of the final instalment will be made in the manner provided in Condition 6.1 above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Bearer Note in accordance with the preceding paragraph. Each Receipt must be presented for payment of the relevant instalment together with the Definitive Bearer Note to which it appertains. Receipts presented without the Definitive Bearer Note to which they appertain do not constitute valid obligations of the Issuer. Upon the date on which any Definitive Bearer Note becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

Fixed Rate Notes in definitive bearer form (other than Dual Currency Notes, Index Linked Notes or Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted

from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 9) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 10) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in definitive bearer form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note, Dual Currency Note, Index Linked Note or Long Maturity Note in definitive form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A **Long Maturity Note** is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

If the due date for redemption of any Definitive Bearer Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant Definitive Bearer Note.

### **7.3 Payments in respect of Bearer Global Notes**

Payments of principal and interest (if any) in respect of Bearer Notes represented by any Bearer Global Note will (subject as provided below) be made in the manner specified above in relation to Definitive Bearer Notes and otherwise in the manner specified in the relevant Bearer Global Note against presentation or surrender of such Bearer Global Note at the specified office of any Paying Agent outside the United States. A record of each payment made against presentation or surrender of any Bearer Global Note, distinguishing between any payment of principal and any payment of interest, will be made on such Bearer Global Note by the Paying Agent to which it was presented and such record shall be *prima facie* evidence that the payment in question has been made.

### **7.4 Payments in respect of Registered Notes**

Payments of principal (other than instalments of principal prior to the final instalment) in respect of each Registered Note (whether or not in global form) will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Registered Note at the specified office of the Registrar or any of the Paying Agents. Such payments will be made by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Registered Note appearing in the register of holders of the Registered Notes maintained by the Registrar (the **Register**) (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the third business day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) before the relevant due date. Notwithstanding the previous sentence, if (i) a holder does not have a Designated Account or (ii) the principal amount of the Notes held by a holder is less than U.S.\$250,000 (or its approximate equivalent in any other Specified Currency), payment will instead be made by a cheque in the Specified Currency drawn on a Designated Bank (as defined below). For these purposes, **Designated Account** means the account (which, in the case of a payment in Japanese yen to a non resident of Japan, shall be a non resident account) maintained by a holder with a Designated Bank and identified as such in the Register and **Designated Bank** means

(in the case of payment in a Specified Currency other than euro) a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively) and (in the case of a payment in euro) any bank which processes payments in euro.

Payments of interest and payments of instalments of principal (other than the final instalment) in respect of each Registered Note (whether or not in global form) will be made by a cheque in the Specified Currency drawn on a Designated Bank and mailed by uninsured mail on the Business Day in the city where the specified office of the Registrar is located immediately preceding the relevant due date to the holder (or the first named of joint holders) of the Registered Note appearing in the Register (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the fifteenth day (whether or not such fifteenth day is a Business Day) before the relevant due date (the **Record Date**) at his address shown in the Register on the Record Date and at his risk. Upon application of the holder to the specified office of the Registrar not less than three business days in the city where the specified office of the Registrar is located before the due date for any payment of interest in respect of a Registered Note, the payment may be made by transfer on the due date in the manner provided in the preceding paragraph. Any such application for transfer shall be deemed to relate to all future payments of interest (other than interest due on redemption) and instalments of principal (other than the final instalment) in respect of the Registered Notes which become payable to the holder who has made the initial application until such time as the Registrar is notified in writing to the contrary by such holder. Payment of the interest due in respect of each Registered Note on redemption and the final instalment of principal will be made in the same manner as payment of the principal amount of such Registered Note.

Holders of Registered Notes will not be entitled to any interest or other payment for any delay in receiving any amount due in respect of any Registered Note as a result of a cheque posted in accordance with this Condition arriving after the due date for payment or being lost in the post. No commissions or expenses shall be charged to such holders by the Registrar in respect of any payments of principal or interest in respect of the Registered Notes.

None of the Issuer, the Trustee, the Registrar or any Paying Agent will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

## **7.5 General Provisions Applicable to Payments**

The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Issuer in respect of such Global Note.

Notwithstanding the foregoing provisions of this Condition, if any amount of principal and/or interest in respect of the Bearer Notes is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Notes will be made at the specified office of a Paying Agent in the United States only if:

- (a) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Bearer Notes in the manner provided above when due;

- (b) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and
- (c) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

## 7.6 Payment Day

If the date for payment of any amount in respect of any Note, Receipt or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, **Payment Day** means any day which (subject to Condition 11) is:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
  - (i) the relevant place of presentation;
  - (ii) London; and
  - (iii) each Additional Financial Centre specified in the applicable Pricing Supplement; and
- (b) either (A) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than the place of presentation, London and any Additional Financial Centre and which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively) or (B) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

## 7.7 Interpretation of Principal and Interest

Any reference in these Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (a) any additional amounts which may be payable with respect to principal under Condition 9 or under any undertaking or covenant given in addition thereto, or in substitution therefor, pursuant to the Trust Deed;
- (b) the Final Redemption Amount of the Notes;
- (c) the Early Redemption Amount of the Notes;
- (d) the Optional Redemption Amount(s) (if any) of the Notes;
- (e) in relation to Notes redeemable in instalments, the Instalment Amounts;
- (f) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 8.6); and
- (g) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in these Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 9 or under any undertaking or covenant given in addition thereto, or in substitution therefor, pursuant to the Trust Deed.

## **8. REDEMPTION AND PURCHASE**

### **8.1 Redemption at Maturity**

*For the avoidance of doubt, all payments made in respect of Upper Tier II Subordinated Notes and Hybrid Tier I Notes under this Condition 8 shall be subject to such further interpretations, amendments and clarifications as may be stipulated by the Reserve Bank of India from time to time.*

Unless previously redeemed or purchased and cancelled as specified below, each Note (including each Index Linked Redemption Note and Dual Currency Redemption Note), save for any Hybrid Tier I Note, will be redeemed by the Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the applicable Pricing Supplement in the relevant Specified Currency on the Maturity Date, subject to compliance with the applicable regulatory requirements, including in the case of Upper Tier II Subordinated Notes, the prior approval of the RBI.

*The Hybrid Tier I Notes are perpetual with no scheduled maturity date and may only be redeemed in accordance with Conditions 8.2, 8.3 or 8.4 and subject to the conditions and limitations set forth therein and compliance with applicable regulatory requirements, including, if necessary, the prior approval of RBI.*

### **8.2 Redemption for Tax Reasons**

In the case of Senior Notes or Subordinated Notes, at any time prior to the applicable Maturity Date, or in the case of Hybrid Tier I Notes, at any time prior to the first Optional Redemption Date as specified in the applicable Pricing Supplement, the Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Note is neither a Floating Rate Note nor an Index Linked Interest Note) or on any Interest Payment Date (if this Note is either a Floating Rate Note or an Index Linked Interest Note), on giving not less than 30 nor more than 60 days' notice to the Trustee and the Principal Paying Agent and, in accordance with Condition 15, the Noteholders (which notice shall be irrevocable), if the Issuer satisfies the Trustee immediately before the giving of such notice that:

- (a) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 9 as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction (as defined in Condition 9) or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes for such Series; and
- (b) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

provided that (1) in the case of Subordinated Notes, the prior approval of the Reserve Bank of India or any such other relevant authority shall have been obtained, if necessary, (2) in the case of Hybrid Tier I Notes, the Conditions for Redemption set out in Condition 8.12 having been satisfied and (3) no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Trustee (1) a certificate signed by an authorised officer of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the

conditions precedent to the right of the Issuer so to redeem have occurred, and (2) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment and the Trustee shall be entitled to accept the certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Noteholders, the Receiptholders and the Couponholders.

Notes redeemed pursuant to this Condition 8.2 will be redeemed at their Early Redemption Amount referred to in Condition 8.6 below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

### **8.3 Redemption at the Option of the Issuer (Issuer Call)**

If Issuer Call is specified in the applicable Pricing Supplement, the Issuer may, (1) in the case of Upper Tier II Subordinated Notes, having obtained the prior approval of the Reserve Bank of India or such other relevant authority, if necessary, (2) in the case of Hybrid Tier I Notes, the Conditions for Redemption set out in Condition 8.12 having been satisfied, and (3) in the case of any Note having given:

- (a) not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Condition 15; and
- (b) not less than seven days before the giving of the notice referred to in (a), notice to the Trustee and the Principal Paying Agent and, in the case of a redemption of Registered Notes, the Registrar,

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date(s) and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Pricing Supplement together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and/or not more than the Maximum Redemption Amount, in each case as may be specified in the applicable Pricing Supplement. In the case of a partial redemption of Notes (or, as the case may be, parts of Registered Notes), the Notes to be redeemed (**Redeemed Notes**) will be selected in such place as the Trustee may approve and in such manner as it deems fit, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg (as appropriate), in the case of Redeemed Notes represented by a Global Note, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the **Selection Date**). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 15 not less than 15 days prior to the date fixed for redemption. The aggregate nominal amount of Redeemed Notes represented by definitive Notes or represented by a Global Note shall in each case bear the same proportion to the aggregate nominal amount of all Redeemed Notes as the aggregate nominal amount of definitive Notes outstanding and Notes outstanding represented by such Global Note, respectively, bears to the aggregate nominal amount of the Notes outstanding, in each case on the Selection Date, provided that, if necessary, appropriate adjustments shall be made to such nominal amounts to ensure that each represents an integral multiple of the Specified Denomination. No exchange of the relevant Global Note will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this Condition 8.3 and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 15 at least five days prior to the Selection Date.

Hybrid Tier I Notes and Upper Tier II Subordinated Notes may be redeemable at the option of the Issuer only upon the expiry of ten years from the date of issuance of the first Tranche of the Notes of such Series.

*Any optional redemption of the Notes is subject to compliance with applicable regulatory requirements, including the prior approval of the Reserve Bank of India. The Reserve Bank of India, while considering the request of the Issuer to so redeem the securities, may take into consideration, amongst other things, the Issuer's capital adequacy position both at the time of the proposed redemption and thereafter.*

#### **8.4 Redemption for Regulatory Reasons**

Subject to the Conditions for Redemption in Condition 8.12 having been satisfied, the Hybrid Tier I Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time prior to the first Optional Redemption Date as specified in the applicable Pricing Supplement, on giving not less than 30 nor more than 60 days' notice to the Trustee the Paying Agents, the Transfer Agents, the Registrar, the relevant stock exchange(s) and, in accordance with Condition 15, the Noteholders (which notice shall be irrevocable), if the Issuer satisfies the Trustee immediately before the giving of such notice that for any reason, there is more than an insubstantial risk that for the purposes of the Reserve Bank of India's capital adequacy requirements under applicable regulations from time to time applicable to the Issuer, the Hybrid Tier I Notes, after having qualified as such, will no longer qualify as Tier I capital of the Issuer under applicable regulations (other than for the reason that the amount of Hybrid Tier I Notes exceeds any limitations prescribed by the Reserve Bank of India with respect to the amount that qualifies as Tier I capital) provided, however, that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which it is determined that there is more than an insubstantial risk that for the purposes of the Reserve Bank of India's capital adequacy requirements under applicable regulations from time to time applicable to the Issuer the Hybrid Tier I Notes will no longer qualify as Tier I capital of the Issuer.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Trustee:

- (1) a certificate signed by an authorised officer of the Issuer stating that the circumstances referred to in this Condition 8.4 prevail (including the requirements of Condition 8.12) and setting out the details of such circumstances; and
- (2) an opinion of independent legal advisers of recognised standing experienced in such matters to the effect that there is more than an insubstantial risk that for the purposes of the Reserve Bank of India's capital adequacy requirements under applicable regulations from time to time applicable to the Issuer, the Hybrid Tier I Notes, after having qualified as such, will no longer qualify as Tier I capital of the Issuer under applicable regulations (other than for the reason that the amount of Hybrid Tier I Notes exceeds any limitations prescribed by the Reserve Bank of India with respect to the amount that qualifies as Tier I capital),

and the Trustee shall be entitled to accept the certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Noteholders, the Receiptholders and the Couponholders.

Hybrid Tier I Notes redeemed pursuant to this Condition 8.4 will be redeemed at their Regulatory Redemption Amount. For the purposes of this Condition 8.4:

**Applicable Spread** shall be as provided in the applicable Pricing Supplement;

**Base Redemption Amount** means the sum of (i) 100 per cent. of the aggregate principal amount of the Hybrid Tier I Notes being redeemed and (ii) an amount equal to unpaid interest in the relevant Interest Period, if any, thereon;

**Make Whole Amount** means an amount calculated by the Calculation Agent, in consultation with the Issuer, as applied on any date of redemption of the Hybrid Tier I Notes pursuant to this Condition 8.4, equal to the sum of (i) the present value of the outstanding principal amount of the

Hybrid Tier I Notes, assuming a repayment thereof on the first Optional Redemption Date as set out in the applicable Pricing Supplement, and (ii) the present value of the remaining payments of interest scheduled to be paid to and including such first Optional Redemption Date, in each case discounted to the redemption date on the basis of the Day Count Fraction set forth in the applicable Pricing Supplement, at the applicable Treasury Yield plus the Applicable Spread;

**Regulatory Redemption Amount** means an amount equal to the greater of (a) the Make Whole Amount and (b) the Base Redemption Amount.

**Treasury Yield** shall be calculated by the Calculation Agent, in consultation with the Issuer, by the appointment of three or more other primary U.S. Government securities dealers in New York City (each a **Primary Treasury Dealer**) or their respective successors as reference dealers, provided, however, that if any such dealer ceases to be a Primary Treasury Dealer, the Calculation Agent will (in consultation with the Issuer) substitute such dealer with another Primary Treasury Dealer. The Calculation Agent will select a United States Treasury security having a maturity comparable to the time period between the redemption date and the first Optional Redemption Date as set out in the applicable Pricing Supplement (the **Make Whole End Date**), which would be used in accordance with customary financial practice to price new issues of corporate debt securities with a maturity comparable to the Make Whole End Date. The reference dealers will provide the Calculation Agent with the bid and ask prices provided by each reference dealer to obtain such reference dealer's quotation. The Calculation Agent will eliminate the highest and lowest quotations and then calculate the average of the remaining quotations; provided, however, that if the Calculation Agent obtains fewer than three quotations, it will calculate the average of all the quotations without eliminating any of them (the **comparable treasury price**). The applicable Treasury Yield will be determined by the Calculation Agent and will be the annual equivalent yield to maturity of a security whose price is equal to the comparable treasury price, in each case expressed as a percentage of its principal amount.

## **8.5 Redemption of the Senior Notes at the Option of the Noteholders (Investor Put)**

### ***(a) If Investor Put is specified in the applicable Pricing Supplement***

If Investor Put is specified in the applicable Pricing Supplement with respect to Senior Notes only, upon holder of any Senior Notes giving to the Issuer in accordance with Condition 15 not less than 30 nor more than 60 days' notice (which notice shall be irrevocable) the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Pricing Supplement, such Senior Note on the Optional Redemption Date(s) and at the Optional Redemption Amount(s) together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date.

### ***(b) Put Option Exercise Procedures***

To exercise the right to require redemption of a Senior Note the holder of the Senior Note must:

- (i) if the Senior Note is in definitive form, deliver a duly signed and completed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent, Transfer Agent or the Registrar (a **Put Notice**) accompanied by the definitive Senior Note, to the specified office of any Paying Agent in the case of Bearer Notes, or of any Transfer Agent or the Registrar in the case of Registered Notes; or
- (ii) if the Senior Note is represented by a Global Note held on behalf of Euroclear or Clearstream, Luxembourg, give a Put Notice in accordance with the standard procedures of Euroclear or Clearstream, Luxembourg (which may include notice being given on his instruction by electronic means) accompanied by the relevant Global Note for notation accordingly to the specified office of any Paying Agent,

at any time within the notice period during normal business hours of such Paying Agent, Transfer Agent or the Registrar. In the Put Notice the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition, and in the case of Registered Notes, the nominal amount thereof to be redeemed and, if less than the full nominal amount of the Registered Notes so surrendered is to be redeemed, an address to which a new Registered Note in respect of the balance of such Registered Notes is to be sent subject to and in accordance with the provisions of Condition 2. If the Note is in definitive bearer form, the Put Notice must be accompanied by the Note or evidence satisfactory to the Paying Agent concerned that this Senior Note will, following delivery of the Put Notice, be held to its order or under its control.

*Any optional redemption of the Notes is subject to compliance with applicable regulatory requirements, including the prior approval of the RBI. The RBI, while considering the request of the Issuer to so redeem the Notes, may take into consideration, amongst other things, the Issuer's capital adequacy position both at the time of the proposed redemption and thereafter.*

## 8.6 Early Redemption Amounts

For the purpose of Conditions 8.2 and 8.5 above and Condition 11, each Note will be redeemed at its Early Redemption Amount calculated as follows:

- (a) in the case of a Note with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof;
- (b) in the case of a Note (other than a Zero Coupon Note but including an Instalment Note and Partly Paid Note) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Note is denominated, at the amount specified in, or determined in the manner specified in, the applicable Pricing Supplement or, if no such amount or manner is so specified in the applicable Pricing Supplement, at its nominal amount; or
- (c) in the case of a Zero Coupon Note, at an amount (the **Amortised Face Amount**) calculated in accordance with the following formula:

$$\text{Early Redemption Amount} = \text{RP} \times (1 + \text{AY})^y$$

where:

**RP** means the Reference Price;

**AY** means the Accrual Yield expressed as a decimal; and

*y* is a fraction the numerator of which is equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator of which is 360,

or on such other calculation basis as may be specified in the applicable Pricing Supplement.

## 8.7 Instalments

Instalment Notes will be redeemed in the Instalment Amounts and on the Instalment Dates. In the case of early redemption, the Early Redemption Amount will be determined pursuant to Condition 8.6 above.

## 8.8 Partly Paid Notes

Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the applicable Pricing Supplement.

## 8.9 Purchases

The Issuer or any Subsidiary of the Issuer may at any time purchase (i) Senior Notes and (ii) (subject to obtaining the prior approval of the Reserve Bank of India or other relevant authority) Subordinated Notes and/or Hybrid Tier I Notes (provided that, in the case of definitive Bearer Notes, all unmatured Receipts, Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Such Notes may be held, reissued, resold or, at the option of the Issuer surrendered to any Paying Agent and/or the Registrar for cancellation.

## 8.10 Cancellation

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Receipts, Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and any Notes purchased and cancelled pursuant to Condition 8.9 above (together with all unmatured Receipts, Coupons and Talons cancelled therewith) shall be forwarded to the Principal Paying Agent (which shall notify the Registrar of such cancelled Notes in the case of Registered Notes) and may not be reissued or resold.

## 8.11 Late Payment on Zero Coupon Notes

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Conditions 8.1, 8.2, 8.3 or 8.5 above or upon its becoming due and repayable as provided in Condition 11 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 8.6(c) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (i) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (ii) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Note has been received by the Trustee or the Principal Paying Agent and notice to that effect has been given to the Noteholders in accordance with Condition 15.

## 8.12 Conditions for Redemption of Hybrid Tier I Notes

The Issuer shall not redeem any of the Hybrid Tier I Notes or purchase and cancel the Hybrid Tier I Notes unless (i) the Issuer is solvent at the time of payment and immediately thereafter and (ii) the prior written consent of the Reserve Bank of India shall have been obtained (collectively, the **Conditions for Redemption**). Prior to any redemption of Hybrid Tier I Notes under this Condition 8, the Issuer shall deliver to the Trustee a certificate signed by an authorised officer of the Issuer confirming that the Issuer is entitled to effect the redemption and setting forth a statement of facts showing which Conditions have been satisfied and whether any consent of the Reserve Bank of India is required, and if so required in connection with any such redemption or a redemption under Condition 8.2 or 8.4, attaching thereto a copy of such consent as well as a certificate as to the solvency of the Issuer executed by an authorised officer of the Issuer. The Trustee shall be entitled to rely absolutely on such certificate and other documents in which event they shall be binding on all Noteholders, Couponholders and Receiptholders. Such certificates and attachments shall be made available for inspection by the Noteholders.

*Noteholders should note that it is intended that the Hybrid Tier I Notes should constitute Tier I instruments of the Issuer and, accordingly, under statute and regulatory requirements prevailing at the date of issue of the Hybrid Tier I Notes relative to Tier I instruments, and by virtue of the above provisions, any redemption of such Notes is subject to the prior consent of the Reserve Bank of India at the relevant time.*

## **9. TAXATION**

### **9.1 Payment without Withholding**

All payments of principal and interest in respect of the Notes, Receipts and Coupons by the Issuer will be made without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction unless such withholding or deduction is required by law. In such event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes, Receipts or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes, Receipts or Coupons, as the case may be, in the absence of such withholding or deduction (the **Additional Amounts**); except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon:

- (a) presented for payment by or on behalf of a holder who is liable for such taxes or duties in respect of such Note, Receipt or Coupon by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such Note, Receipt or Coupon; or
- (b) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 7.6); or
- (c) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (d) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent in a Member State of the European Union; or
- (e) presented for payment by or on behalf of a holder of such Note, Receipt or Coupon who, at the time of such presentation, is able to avoid such withholding or deduction by making a declaration of non-residence or other similar claim for exemption and does not make such declaration or claim.

### **9.2 Interpretation**

As used herein:

- (i) **Tax Jurisdiction** means:

- (A) where the Issuer is acting through its London branch, (x) India or any political subdivision or any authority thereof or therein having power to tax and (y) the United Kingdom or any political subdivision or any authority thereof or therein having power to tax; or

(B) where the Issuer is acting through any other branch outside India as specified in the applicable Pricing Supplement, (x) India or any political subdivision or any authority thereof or therein having power to tax and (y) the tax jurisdiction applicable to such branch or any political subdivision or any authority thereof or therein having power to tax; and

- (ii) **Relevant Date** means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Trustee or the Principal Paying Agent or, as the case may be the Registrar on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 15.

## 10. PRESCRIPTION

The Notes (whether in bearer or registered form), Receipts and Coupons will become void unless presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 9) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 7.2 or any Talon which would be void pursuant to Condition 7.2.

## 11. EVENTS OF DEFAULT AND ENFORCEMENT

### 11.1 Events of Default relating to Senior Notes

The Trustee at its discretion may, and if so requested in writing by the holders of at least one-fifth in nominal amount of the Senior Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders shall (subject in each case to being indemnified to its satisfaction), (but in the case of the happening of any of the events described in paragraphs (b) to (e) inclusive and (h) to (j) inclusive and (m) (in respect of any event which has an analogous effect to any of the events referred to in subparagraphs (e) to (g) (inclusive) and (i) below, only if the Trustee shall have certified in writing to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the holders of the Senior Notes), give notice in writing to the Issuer that each Senior Note is, and each Senior Note shall thereupon immediately become, due and repayable at its Early Redemption Amount together with accrued interest as provided in the Trust Deed if any of the following events (each an **Event of Default**) shall occur:

- (a) if default is made in the payment of any principal or interest due in respect of the Notes or any of them and, in the case of interest, the default continues for a period of seven days; or
- (b) if the Issuer fails to perform or observe any of its other obligations under the Conditions or the Trust Deed and (except in any case where, in the opinion of the Trustee, the failure is incapable of remedy when no such continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 30 days (or such longer period as the Trustee may permit) next following the service by the Trustee on the Issuer of notice requiring the same to be remedied; or
- (c) if (i) any other present or future Indebtedness for Borrowed Money of the Issuer or any of its Subsidiaries becomes capable of being declared due and payable prior to its stated maturity otherwise than at the option of the Issuer or the relevant Subsidiary, or (ii) any such Indebtedness for Borrowed Money is not paid when due or, as the case may be, within any applicable grace period, or (iii) any security given by the Issuer or any of its Subsidiaries for any Indebtedness for Borrowed Money becomes enforceable; or (iv) the Issuer or any of its Subsidiaries fails to pay when due any amount payable by it under any

present or future guarantee for, or indemnity in respect of, any Indebtedness for Borrowed Money other than in circumstances where (A) the Trustee is satisfied that the Issuer or the relevant Subsidiary is contesting in good faith in appropriate proceedings the fact that any such amount is due or (B) the Issuer or the relevant Subsidiary is prohibited from making payment of any such amount by the order of a court having appropriate jurisdiction, provided that the aggregate amount outstanding of the relevant Indebtedness for Borrowed Money or amounts payable under the guarantees and/or indemnities in respect of one or more events mentioned above in this subparagraph (c) exceeds U.S.\$20,000,000 or its equivalent in other currencies; or

- (d) if any order of the Government of India is made for the winding up or liquidation of the Issuer or any of its Subsidiaries, save for the purposes of reorganisation on terms previously approved in writing by the Trustee or by an Extraordinary Resolution; or
- (e) if the Issuer or any of its Subsidiaries ceases or threatens to cease to carry on the whole or substantially all of its business, save for the purposes of reorganisation on terms previously approved in writing by the Trustee or by an Extraordinary Resolution, or the Issuer or any of its Subsidiaries stops or threatens to stop or suspend payment of, or is unable to, or admits inability to, pay, its debts (or any class of its debts) as they fall due, or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or insolvent; or
- (f) if the Issuer (or its directors) or any of its Subsidiaries initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally; or
- (g) if a moratorium is agreed or declared by the Issuer in respect of any Indebtedness for Borrowed Money (including any obligation arising under any guarantee) of the Issuer or any of its Subsidiaries; or
- (h) if it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under any of the Notes or the Trust Deed; or
- (i) if any governmental authority or agency condemns, seizes, compulsorily purchases or expropriates all or any material part of the assets or shares of the Issuer or any of its Subsidiaries without fair compensation, unless, and for so long as, the Trustee is satisfied that such compulsory purchase or expropriation is being contested in good faith and by appropriate proceedings; or
- (j) if the Issuer or any of its Subsidiaries is or becomes entitled or subject to, or is declared by law or otherwise to be protected by immunity (sovereign or otherwise) and Condition 20.3 is held to be invalid or unenforceable; or
- (k) if (i) proceedings are initiated against the Issuer or any of its Subsidiaries under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer or any of its Subsidiaries or, as the case may be, in relation to the whole or any part of the undertaking or assets of any of them or an encumbrancer takes possession of the whole or any part of the undertaking or assets of any of them, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or any part of the undertaking or

assets of any of them, and (ii) in any such case (other than the appointment of an administrator or an administrative receiver appointed following presentation of a petition for an administration order) unless initiated by the relevant company, is not discharged within 14 days; or

- (l) if the Government of India ceases to own, directly or indirectly, more than 50 per cent. of the voting securities of the Issuer; or
- (m) if any event occurs, which, under the laws of India has or may have, in the Trustee's opinion, an analogous effect to any of the events referred to in subparagraphs (e) to (g) inclusive and (i).

For the purposes of this Condition, **Indebtedness for Borrowed Money** means (i) any indebtedness (whether being principal, premium, interest or other amounts) for or in respect of any notes, bonds, debentures, debenture stock, loan stock or other securities or (ii) any borrowed money or (iii) any liability under or in respect of any acceptance or acceptance credit.

### **11.2 Events of Default relating to Subordinated Notes and Hybrid Tier I Notes**

- (a) Subject to the provisions of Condition 3.2(b) and Condition 3.3(c), as applicable, if default is made in the payment of any principal or interest due on the Subordinated Notes or the Hybrid Tier I Notes or any of them on the due date and, in the case of interest, such default continues for a period of seven days, the Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce the obligations of the Issuer under the Subordinated Notes, the Hybrid Tier I Notes or the Trust Deed and may institute proceedings for the winding up of the Issuer provided that the Issuer shall not, by virtue of the institution of any such proceedings other than proceedings for the winding up of the Issuer, be obliged to pay any sums sooner than the same would otherwise have been payable by it.
- (b) If any order of the Government of India is made for the winding up or liquidation of the Issuer, save for the purposes of reorganisation on terms previously approved in writing by the Trustee or by an Extraordinary Resolution, the Trustee may, and if so requested in writing by the holders of at least one-fifth in nominal amount of the Subordinated Notes or (as the case may be) the Hybrid Tier I Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders, shall (subject to being indemnified to its satisfaction) give notice to the Issuer that the Subordinated Notes or (as the case may be) the Hybrid Tier I Notes are, and they shall, subject to the prior approval of the RBI (if required) having been obtained, thereupon immediately become, due or repayable at the amount provided in, or calculated in accordance with, Condition 6.6, together with accrued interest as provided in the Trust Deed.

### **11.3 Enforcement**

The Trustee may at any time, at its discretion and without notice, take such proceedings against the Issuer as it may think fit to enforce the provisions of the Trust Deed, the Notes, the Receipts and the Coupons, but it shall not be bound to take any such proceedings or any other action in relation to the Trust Deed, the Notes, the Receipts or the Coupons unless (i) it shall have been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by the holders of at least one-fifth in nominal amount of the Notes then outstanding and (ii) it shall have been indemnified to its satisfaction.

No Noteholder, Receiptholder or Couponholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing.

## **12. REPLACEMENT OF NOTES, RECEIPTS, COUPONS AND TALONS**

Should any Note, Receipt, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced subject to applicable laws, regulations and relevant stock exchange regulations at the specified office of the Principal Paying Agent or (where applicable) the Paying Agent in Singapore (in the case of Bearer Notes, Receipts, Coupons and Talons) or of the Registrar (in the case of Registered Notes) upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer and the Principal Paying Agent may reasonably require. Mutilated or defaced Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

## **13. PAYING AGENTS, REGISTRAR, PAYING AND TRANSFER AGENTS**

The names of the initial Paying Agents, the initial Registrar and the other initial Transfer Agents and their initial specified offices are set out below.

The Issuer is entitled, after consultation with the Trustee, to vary or terminate the appointment of the Principal Paying Agent, Paying Agent, Registrar or Transfer Agents and/or appoint additional or other Paying Agents, Registrars or Transfer Agents and/or approve any change in the specified office through which any Agent acts, provided that:

- (a) there will at all times be the Principal Paying Agent and a Registrar;
- (b) so long as the Notes are listed on any stock exchange, there will at all times be a Paying Agent (in the case of Notes in bearer form) and a Registrar and Transfer Agent (in the case of Notes in registered form) with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or any other relevant authority;
- (c) there will at all times be a Paying Agent in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any other law implementing or complying with, or introduced in order to conform to, such Directive; and
- (d) so long as the Notes are listed on the SGX-ST, if the Notes are issued in definitive form, there will at all times be a Paying Agent in Singapore unless the Issuer obtains an exemption from the SGX-ST.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 7.5. Any variation, termination, appointment or change referred to in the preceding paragraph and/or any appointment referred to in this paragraph shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 15.

In acting under the Agency Agreement, the Paying Agents, the Registrar and the Transfer Agents act solely as agents of the Issuer and, in certain circumstances specified therein, of the Trustee and do not assume any obligation to, or relationship of agency or trust with, any Noteholders, Receiptholders or Couponholders. The Agency Agreement contains provisions permitting any entity into which any Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor agent.

#### **14. EXCHANGE OF TALONS**

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Principal Paying Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 10.

#### **15. NOTICES**

Notices to holders of Registered Notes will be deemed to be validly given if sent by first class mail or (if posted to an overseas address) by air mail to them at their respective addresses as recorded in the Register and will be deemed to have been validly given on the fourth day after the date of such mailing and, in addition, for so long as any Registered Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules.

All notices regarding the Bearer Notes will be deemed to be validly given if published in a leading daily newspaper of general circulation in Asia or such other English language daily newspaper with general circulation in Asia as the Trustee may approve. It is expected that such publication will be made in the *Asian Wall Street Journal*. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange (or any other relevant authority) on which the Notes are for the time being listed. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers. If, in the opinion of the Trustee, publication as provided above is not practicable, a notice will be given in such other manner, and will be deemed to have been given on such date, as the Trustee shall approve.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such mailing and such publication in such newspaper(s) the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Notes and, in addition, for so long as any Notes are listed on a stock exchange and the rules of that stock exchange (or any other relevant authority) so require, such notice will be published in a daily newspaper of general circulation in the place or places required by the rules of that stock exchange (or any other relevant authority). Any such notice shall be deemed to have been given to the holders of the Notes on the first day after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Principal Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes). Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Principal Paying Agent through Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Principal Paying Agent, the Registrar and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

Receiptholders and Couponholders will be deemed for all purposes to have notice of the contents of any notice given to Noteholders in accordance with this Condition 15.

## 16. MEETINGS OF NOTEHOLDERS, MODIFICATION, WAIVER AND SUBSTITUTION

The Trust Deed contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Receipts, the Coupons or any of the provisions of the Trust Deed. Such a meeting may be convened by the Issuer or the Trustee and shall be convened by the Issuer if required in writing by Noteholders holding not less than ten per cent. in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than 50 per cent. in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes, the Receipts, the Coupons or the Trust Deed (including, *inter alia*, modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or canceling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes, the Receipts or the Coupons), the quorum shall be one or more persons holding or representing not less than two-thirds in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third in nominal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting, and on all Receiptholders and Couponholders.

The Trustee may agree, without the consent of the Noteholders, Receiptholders or Couponholders, to any modification (except such modifications in respect of which an increased quorum is required as mentioned above) of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Notes or the Trust Deed, or determine, without any such consent as aforesaid, that any Event of Default or potential Event of Default shall not be treated as such, where, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders so to do or may agree, without any such consent as aforesaid, to any modification which is of a formal, minor or technical nature or to correct a manifest or proven error. Any such modification shall be binding on the Noteholders, the Receiptholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 15 as soon as practicable thereafter.

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation, determination or substitution), the Trustee shall have regard to the general interests of the Noteholders as a class but shall not have regard to any interests arising from circumstances particular to individual Noteholders, Receiptholders or Couponholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders, Receiptholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder, Receiptholder or Couponholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Noteholders, Receiptholders or Couponholders except to the extent already provided for in Condition 9 and/or any undertaking or covenant given in addition to, or in substitution for, Condition 9 pursuant to the Trust Deed.

The Trustee may, without the consent of the Noteholders, agree with the Issuer to the substitution in place of the Issuer (or of any previous substitute under this Condition) as the principal debtor under the Notes, the Receipts, the Coupons and the Trust Deed of an entity owned or controlled by the Issuer, subject to (a) the Notes being unconditionally and irrevocably guaranteed by the Issuer, (b) the Trustee being satisfied that the interests of the Noteholders will not be materially prejudiced by the substitution and (c) certain other conditions set out in the Trust Deed being complied with.

Any such modification, waiver, authorisation, determination or substitution shall be binding on the Noteholders, the Receiptholders and the Couponholders and, unless the Trustee otherwise agrees, any such modification or substitution shall be promptly notified to Noteholders by the Issuer in accordance with Condition 15.

## **17. INDEMNIFICATION OF THE TRUSTEE AND TRUSTEE CONTRACTING WITH THE ISSUER**

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking action unless indemnified to its satisfaction.

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*, (a) to enter into business transactions with the Issuer and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders, Receiptholders or Couponholders and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

## **18. FURTHER ISSUES**

The Issuer shall be at liberty from time to time without the consent of the Noteholders, the Receiptholders or the Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding Notes.

## **19. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Note, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

## **20. GOVERNING LAW AND SUBMISSION TO JURISDICTION**

### **20.1 Governing Law**

The Trust Deed, the Agency Agreement, the Notes, the Receipts and the Coupons and any non-contractual obligations arising out of or in connection with the Trust Deed, the Agency Agreement, the Notes, the Receipts and the Coupons are governed by, and shall be construed in accordance with, English law except that, Clause 2(G) of the Trust Deed, in the case of Subordinated Notes, Condition 3.2 and in the case of Hybrid Tier I Notes, Condition 3.3, are governed by, and shall be construed in accordance with, Indian law.

### **20.2 Submission to Jurisdiction**

The Issuer has in the Trust Deed agreed, for the exclusive benefit of the Trustee, the Noteholders, the Receiptholders and the Couponholders, that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Trust Deed, the Notes, the Receipts and/or the Coupons (including a dispute relating to any non-contractual obligations arising out of or in connection with the Trust Deed, the Notes, the Receipts and/or the Coupons) and that accordingly any suit, action or proceedings (together referred to as **Proceedings**) arising out of or in connection with the Trust Deed, the Notes, the Receipts and the Coupons (including a dispute relating to any non-contractual obligations arising out of or in connection with the Trust Deed, the Notes, the Receipts and/or the Coupons) may be brought in the English courts.

The Issuer has in the Trust Deed irrevocably waived any objection which it may have now or hereafter to the laying of the venue of any Proceedings (including any Proceedings relating to any non-contractual obligations arising out of or in connection with the Trust Deed, the Notes, the Receipts and the Coupons) arising out of or in connection with the Trust Deed, the Notes, the Receipts and the Coupons in the courts of England and any claim that any such Proceedings have been brought in an inconvenient forum and has further irrevocably agreed in the Trust Deed that a judgment in any such Proceedings brought in the English courts shall be conclusive and binding upon it and may be enforced in the courts of any other jurisdiction.

### **20.3 Appointment of Process Agent**

The Issuer has, in the Trust Deed, irrevocably and unconditionally appointed Bank of India, London Branch at its specified office for the time being at 63, Queen Victoria Street, 4th Floor, London EC4N 4VA as its agent for service of process in England in respect of any Proceedings and has undertaken that in the event of such agent ceasing so to act it will appoint such other person as the Trustee may approve as its agent for that purpose.

### **20.4 Waiver of Immunity**

The Issuer hereby irrevocably and unconditionally waives with respect to the Notes, the Receipts and the Coupons any right to claim sovereign or other immunity from jurisdiction or execution and any similar defence and irrevocably and unconditionally consents to the giving of any relief or the issue of any process, including without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment made or given in connection with any Proceedings.