

## TERMS AND CONDITIONS OF THE ADDITIONAL TIER 1 NOTES

*The following is the text of the terms and conditions of the Additional Tier 1 Notes which (subject to modification) will be endorsed on each individual certificate evidencing the Additional Tier 1 Notes (if issued).*

The U.S.\$1,000,000,000 aggregate principal amount of Additional Tier 1 Notes (the “**Additional Tier 1 Notes**”, which expression includes any further Additional Tier 1 Notes issued pursuant to Condition 15 and forming a single series therewith) of HDFC Bank Limited (the “**Issuer**”), acting through its Registered Office in India, are constituted by a trust deed dated August 25, 2021 (the “**Trust Deed**”) between the Issuer and Citicorp International Limited (the “**Trustee**”, which expression shall include all persons for the time acting as the trustee or trustees under the Trust Deed) as trustee for the holders of the Additional Tier 1 Notes and have the benefit of an agency agreement dated August 25, 2021 (as amended or supplemented from time to time, the “**Agency Agreement**”) between the Issuer, Citicorp International Limited as registrar (the “**Registrar**”, which expression includes any successor registrar appointed from time to time in connection with the Additional Tier 1 Notes) and Citibank, N.A., London Branch as principal paying agent (the “**Principal Paying Agent**”, which expression includes any successor principal paying agent appointed from time to time in connection with the Additional Tier 1 Notes), the transfer agents named therein (the “**Transfer Agents**”, which expression includes any successor or additional transfer agents appointed from time to time in connection with the Additional Tier 1 Notes) and the paying agents named therein (together with the Principal Paying Agent, the “**Paying Agents**”, which expression includes any successor or additional paying agents appointed from time to time in connection with the Additional Tier 1 Notes). References herein to the “**Agents**” are to the Registrar, the Transfer Agents and the Paying Agents and any reference to an “**Agent**” is to any one of them. These terms and conditions (the “**Conditions**”) include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Additional Tier 1 Notes. The Noteholders have the benefit of the Trust Deed and are deemed to have notice of all the provisions of the Agency Agreement and the Trust Deed applicable to them. Copies of the Agency Agreement and the Trust Deed are available for inspection by Noteholders upon prior written request and satisfactory proof of holding during normal business hours at the principal office of the Trustee (presently at 20/F Citi Tower, One Bay East, 83 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong) and at the Specified Offices (as defined in the Agency Agreement) of each of the Agents, the initial Specified Offices of which are set out below.

### 1 FORM, DENOMINATION AND STATUS

#### (a) Form and denomination

The Additional Tier 1 Notes are in registered form in the denominations of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof (each, an “**Authorised Denomination**”).

#### (b) Status

The Additional Tier 1 Notes are direct, unsecured and subordinated obligations of the Issuer and rank *pari passu* without preference among themselves. The rights and claims of Noteholders in respect of, or arising under, the Additional Tier 1 Notes are subordinated in the manner described in Condition 1(c).

*The Additional Tier 1 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.*

#### (c) Subordination

The Issuer, for itself, its successors and assignees, covenants and agrees, and each Noteholder by subscribing for or purchasing an Additional Tier 1 Note irrevocably acknowledges and agrees that:

- (i) the indebtedness evidenced by the Additional Tier 1 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 Additional Tier 1 Notes.

In a winding up, liquidation or dissolution of the Issuer as determined pursuant to the Companies Act, 2013, as amended (the “**Companies Act**”), and the Banking Regulation Act, 1949, as amended (the “**BR Act**”), the claims of the holders of the Additional Tier 1 Notes and any related receipts or coupons pursuant thereto in respect of the Additional Tier 1 Notes will rank:

- (A) senior to the claims of investors in equity shares and perpetual non-cumulative preference shares of the Issuer, whether currently outstanding or issued at any time in the future;
- (B) subordinate to the claims of depositors, general creditors and holders of subordinated debt of the Issuer other than any subordinated debt qualifying as Additional Tier 1 Capital (as defined under the RBI Basel III Guidelines) of the Issuer; and
- (C) *pari passu* and without preference among themselves and other subordinated debt classified as Additional Tier 1 Capital under the terms of the RBI Basel III Guidelines whether currently outstanding or issued at any time in the future.

*The principal of, and interest and any additional amounts payable on, the Additional Tier 1 Notes will be subordinated in right of payment upon the occurrence of any winding up, liquidation or dissolution 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 Additional Tier 1 Notes), except in each case to those liabilities which by their terms rank, or are expressed to rank, equally in right of payment with or which are subordinated to the Additional Tier 1 Notes, in the manner and to the extent provided in the Trust Deed.*

No Noteholder 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 Additional Tier 1 Notes and each Noteholder shall by virtue of its subscription, purchase or holding of any Additional Tier 1 Note, be deemed to have waived all such rights of set-off to the fullest extent permitted by law.

The Additional Tier 1 Notes are neither secured nor covered by a guarantee of the Issuer nor related entity or other arrangement that legally or economically enhances the seniority of the claim vis-à-vis bank creditors.

The Additional Tier 1 Notes will not contribute to liabilities exceeding assets if such a balance sheet test forms part of a requirement to prove insolvency under any law or otherwise. Accordingly, a payment in respect of the Additional Tier 1 Notes will not be due and payable to the extent that the Issuer is not solvent (as determined pursuant to Indian law) at the time of such payment or would not be solvent (as determined pursuant to Indian law) immediately after such payment. As used in these Conditions:

- (I) “**Additional Tier 1 Capital**” has the meaning given to it in the RBI Basel III Guidelines;
- (II) “**Common Equity Tier 1 Capital**” has the meaning given to it in the RBI Basel III Guidelines; and
- (III) “**Tier 1 Capital**” has the meaning given to it in the RBI Basel III Guidelines.

*As a consequence of these subordination provisions, if a winding up proceeding should occur, the Noteholders may recover less rateably than the holders of deposit liabilities or the holders of other unsubordinated liabilities of the Issuer. Moreover, holders of Additional Tier 1 Notes would likely be required to pursue their claims on the Additional Tier 1 Notes in proceedings in India as further described in Condition 9.*

*Holders of the Additional Tier 1 Notes 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.*

*The Additional Tier 1 Notes do not limit the amount of liabilities ranking senior or equal to the Additional Tier 1 Notes.*

*To the extent that holders of the Additional Tier 1 Notes are entitled to any recovery with respect to the Additional Tier 1 Notes in any Indian proceedings, such holders may not be entitled in such proceedings to a recovery in U.S. dollars and may be entitled to a recovery in Rupees.*

*For the avoidance of doubt, if the Issuer goes into winding up, liquidation or dissolution (as determined pursuant to the Companies Act and the BR Act) before any Write-Down under Condition 5, the Additional Tier 1 Notes will absorb losses in accordance with Condition 1(c). If the Issuer goes into liquidation after the Additional Tier 1 Notes have been written down, the Noteholders will have no claim on the proceeds of liquidation.*

*Nothing in Conditions 1(b) and (c) or in Condition 5 shall affect or prejudice the payment of the costs, charges, expenses, liabilities or remuneration of the Trustee or the rights and remedies of the Trustee in respect thereof.*

*Upon issue, the Additional Tier 1 Notes offered outside the United States in reliance on Regulation S of the Securities Act will be represented by the Regulation S Global Note Certificate registered in the name of a nominee of, and deposited with a custodian for, DTC for the accounts of Euroclear and Clearstream, Luxembourg and the Additional Tier 1 Notes offered within the United States to qualified institutional buyers in compliance with the exemption from registration provided by Rule 144A of the Securities Act will be represented by a Rule 144A Global Note Certificate registered in the name of, and deposited with a custodian for, DTC. The Conditions are modified by certain provisions contained in the Regulation S Global Note Certificate and the Rule 144A Global Note Certificate.*

## **2 REGISTER, TITLE AND TRANSFERS**

### **(a) Register**

The Registrar will maintain a register (the “**Register**”) in respect of the Additional Tier 1 Notes in accordance with the provisions of the Agency Agreement. In these Conditions, the “**Holder**” of an Additional Tier 1 Note means the person in whose name such Additional Tier 1 Note is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof) and “**Noteholder**” shall be construed accordingly. A certificate (each, a “**Note Certificate**”) will be issued to each Noteholder in respect of its registered holding. Each Note Certificate will be numbered serially with an identifying number which will be recorded in the Register.

*Except in limited circumstances, owners of interests in the Additional Tier 1 Notes will not be entitled to receive physical delivery of definitive Note Certificates.*

### **(b) Title**

The Holder of each Additional Tier 1 Note shall (except as otherwise required by law) be treated as the absolute owner of such Additional Tier 1 Note for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing on the Note Certificate relating thereto (other than the endorsed form of transfer) or any notice of any previous loss or theft of such Note Certificate) and no person shall be liable for so treating such Holder.

### **(c) Transfers**

Subject to Conditions 2(f) and 2(g) (below, a Additional Tier 1 Note may be transferred upon surrender of the relevant Note Certificate, with the endorsed form of transfer duly completed, at the Specified Office of the Registrar or any Transfer Agent, together with such evidence as the Registrar or (as the case may be) such Transfer Agent may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; *provided, however*, that a Additional Tier 1 Note may not be transferred unless the principal amount of Additional Tier 1 Notes transferred and (where not all of the Additional Tier 1 Notes held by a Holder are being transferred) the principal amount of the balance of Additional Tier 1 Notes not transferred are Authorised Denominations. Where not all the Additional Tier 1 Notes represented by the surrendered Note Certificate are the subject of the transfer, a new Note Certificate in respect of the balance of the Additional Tier 1 Notes will be issued to the transferor.

*Transfers of interests in the Additional Tier 1 Notes evidenced by either the Regulation S Global Note Certificate or the Rule 144A Global Note Certificate will be effected in accordance with the rules of the relevant clearing systems.*

### **(d) Registration and delivery of Note Certificates**

Within three business days of the surrender of a Note Certificate in accordance with Condition 2(c) above, the Registrar will register the transfer in question and deliver a new Note Certificate of a like aggregate nominal amount to the Additional Tier 1 Notes transferred to each relevant Holder at its Specified Office or (as the case may be) the Specified Office of any Transfer Agent or (at the request and risk of any such relevant Holder) by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such relevant Holder. In this paragraph, “**business day**” means a day on which commercial banks are open for general business (including dealings in foreign currencies) in the city where the Registrar or (as the case may be) the relevant Transfer Agent has its Specified Office.

**(e) No charge**

The transfer of an Additional Tier 1 Note will be effected without charge by or on behalf of the Issuer, the Registrar or any Transfer Agent but against such indemnity as the Registrar or (as the case may be) such Transfer Agent may reasonably require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer, provided that the Issuer shall not be responsible for any documentary stamp tax payable on the transfer of Additional Tier 1 Notes unless the Issuer is the counterparty directly liable for that documentary stamp tax.

**(f) Closed periods**

Noteholders may not require transfers to be registered during (i) the period of 15 days ending on the due date for any payment of principal or interest in respect of the Additional Tier 1 Notes; (ii) during the period of 15 days before any date on which the Additional Tier 1 Notes may be called for redemption by the Issuer at its option pursuant to Condition 4(b); (iii) after any such Note has been called for redemption; or (iv) during the period commencing on the date of a Loss Absorption Event Notice (as defined in Condition 5 below) and ending on (and including) the close of business in India on the effective date of the related Write-Down (as defined in Condition 5 below).

**(g) Regulations concerning transfers and registration**

All transfers of Additional Tier 1 Notes and entries on the Register are subject to the detailed regulations concerning the transfer of Additional Tier 1 Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Registrar. A copy of the current regulations will be made available at the specified office of the Registrar to any Noteholder who so requests.

### **3 INTEREST**

**(a) Interest**

The Additional Tier 1 Notes bear interest on their outstanding principal amount from and including August 25, 2021 (the “**Issue Date**”) at either the Initial Interest Rate or the Reset Interest Rate (each an “**Interest Rate**”), as applicable, in accordance with the provisions of this Condition 3.

The Interest Rate applicable to the Additional Tier 1 Notes shall be:

- (i) in respect of the period from and including, the Issue Date, to but excluding, February 26, 2027 (the “**First Reset Date**”), 3.70 per cent. per annum (the “**Initial Interest Rate**”); and
- (ii) in respect of the period from and including, the First Reset Date and each Reset Date falling thereafter, to but excluding, the immediately following Reset Date, the relevant Reset Interest Rate.

In these Conditions:

“**Reset Interest Rate**” in respect of any Reset Period will be the sum of the 5 year US Treasury Rate in relation to that Reset Period plus the Margin.

“**Reset Period**” means the period from and including the First Reset Date to but excluding the next Reset Date, and each successive period from and including a Reset Date to but excluding the next succeeding Reset Date.

“**Reset Date**” means the First Reset Date and each date that falls five, or a multiple of five years following the First Reset Date.

“**Margin**” means 2.925 per cent per annum.

Subject as provided in this Condition 3, interest shall be payable semi-annually in arrear in equal instalments on February 25 and August 25 in each year (each an “**Interest Payment Date**”). Subject as provided in this Condition 3, the first Interest Payment Date is February 25, 2022. The period beginning on and including the Issue Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date is an “**Interest Period**”.



Each Additional Tier 1 Note will cease to accrue interest from the effective date for redemption unless, upon surrender of the Note Certificate, payment of the principal amount of the Additional Tier 1 Notes is improperly withheld or refused. In such event, interest will continue to accrue until the date on which all amounts due in respect of such Additional Tier 1 Notes have been paid or as otherwise provided in the Trust Deed.

Further, each Additional Tier 1 Note (or in the case of the Write-Down of part only of an Additional Tier 1 Note, that part only of such Additional Tier 1 Note) will cease to accrue interest from the date of such Write-Down until the date (if any) of its subsequent Reinstatement.

**(b) Calculation of interest amounts**

Interest in respect of an Additional Tier 1 Note is calculated in respect of any period by determining the product of the Interest Rate, the Outstanding Nominal Amount of that Additional Tier 1 Note and the Day Count Fraction for the relevant period and rounding the resultant figure to the nearest cent, half of any cent being rounded upwards.

If an Additional Tier 1 Note has had two or more different Outstanding Nominal Amounts during the relevant period for which interest is being calculated (due to one or more Write-Downs or Reinstatements occurring during such period), interest in respect of the Additional Tier 1 Note shall be calculated as if such period was two or more (as relevant) consecutive interest periods and interest calculated based on the actual number of days for which each Outstanding Nominal Amount was applicable.

If interest is required to be calculated for a period of less than a complete Interest Period, the relevant day count fraction (the “**Day Count Fraction**”) will be determined on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed.

If any Interest Payment Date would otherwise fall on a day which is not a Business Day, then payment of the relevant interest amount will not be due until the next succeeding Business Day.

**(c) Payment Limitation**

The Issuer may, at its full discretion and as it deems fit, in accordance with the RBI Basel III Guidelines, elect at any time to cancel (in whole or in part) interest otherwise scheduled to be paid on an Interest Payment Date. The Issuer shall have full access to cancelled payments to meet its obligations as they fall due.

Further, the Issuer will cancel (in whole or, as the case may be, in part) the payment of any interest otherwise scheduled to be paid on an Interest Payment Date to the extent that such payment of interest on the Additional Tier 1 Notes is not permitted to be paid under the RBI Basel III Guidelines.

*Pursuant to the RBI Basel III Guidelines, coupons on all Additional Tier 1 instruments (such as the Additional Tier 1 Notes) will be paid out of distributable items. In this context, coupons may be paid out of current year profits. However, if current year profits are not sufficient, coupon may be paid subject to availability of: (i) profits brought forward from previous years, and/or (ii) reserves representing appropriation of net profits, including statutory reserves, and excluding reserves created for specific purposes (including but not limited to, share premium, revaluation reserve, foreign currency translation reserve, investment reserve and reserves created on amalgamation). The accumulated losses and deferred revenue expenditure, if any, shall be netted off from (i) and (ii) above to arrive at the available balances for payment of coupon. In the event the aggregate of: (a) profits in the current year; (b) profits brought forward from the previous years and (c) permissible reserves as at sub-paragraph (ii) above, excluding statutory reserves, net of accumulated losses and deferred revenue expenditure are less than the amount of coupon, then the Issuer shall make the appropriation from the statutory reserves. In such cases, the Issuer is required to report to the RBI within 21 days from the date of such appropriation in compliance with Section 17(2) of the BR Act.*

However, payment of interests on Additional Tier 1 Notes from the revenue reserves is subject to the Issuer meeting minimum regulatory requirements for CET1, Tier 1 and Total Capital ratios (each as defined and calculated in accordance with the RBI Basel III Guidelines) including the additional capital requirements for Domestic Systemically Important Banks at all times and subject to the requirements of the capital buffer frameworks (i.e. capital conservation buffer and counter cyclical capital buffer as referred to in the RBI Basel III Guidelines).

Interest on the Additional Tier 1 Notes will be non-cumulative. If interest is not paid in whole or in part on an Interest Payment Date pursuant to and in accordance with this Condition 3, or is cancelled pursuant to Condition 5, such interest will not be due and payable and the right of Noteholders 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. Non-Payment of interest in accordance with this Condition 3 will not constitute an event of default in respect of the Notes. For the avoidance of doubt, no Noteholder shall have any claim in respect of any interest or part thereof cancelled pursuant to this Condition 3. Accordingly, such interest shall not accumulate for the benefit of Noteholders or entitle the Noteholders to any claim in respect thereof against the Issuer.

In the event that the Issuer determines that it shall not, or is not permitted to, make a payment of interest on Additional Tier 1 Notes in accordance with this Condition 3, the Issuer shall notify or procure notification as soon as possible and at least five Business Days prior to, but not more than 60 calendar days prior to, the relevant Interest Payment Date, to the Trustee and the Paying Agents (in a certificate signed by two directors of the Issuer), the relevant stock exchange(s) (if any) on which the Additional Tier 1 Notes are for the time being listed and the holders of the Additional Tier 1 Notes (in accordance with Condition 16) of that fact and of the amount that shall not be paid provided that failure to give such notice shall not affect the cancellation of any interest payment (in whole or, as the case may be, in part) and shall not constitute a default.

*For the avoidance of doubt, the cancellation of any interest will not impose any restrictions on the Issuer except in relation to distributions to common stakeholders as described in Condition 3(d) below.*

**(d) Dividend Stopper**

If for any reason any payment of interest is not paid in full on an Interest Payment Date then, from the date of which such cancellation has first been notified to any of the Trustee, the Principal Paying Agent or the Noteholders (a “**Dividend Stopper Date**”), the Issuer will not, so long as any of the Additional Tier 1 Notes are outstanding:

- (i) declare or pay any discretionary distribution or dividend or make any other payment on, or directly or indirectly redeem, purchase, cancel, reduce or otherwise acquire its Common Equity Tier 1 Capital (other than to the extent that any such distribution, dividend or other payment is declared before such Dividend Stopper Date); or
- (ii) pay discretionary interest or any other distribution on, or directly or indirectly redeem, purchase, cancel, reduce or otherwise acquire, any of its instruments or securities ranking, as to the right of payment of dividend, distributions or similar payments, *pari passu* with, or junior to, the Additional Tier 1 Notes (excluding securities the terms of which stipulate a mandatory redemption),

in each case unless or until the next Interest Payment Date following the Dividend Stopper Date on which an interest amount has been paid in full (or an equivalent amount has been separately set aside for payment to the Noteholders), or the prior approval of the Noteholders has been obtained via an Extraordinary Resolution.

Nothing in Condition 3(d) will:

- (A) stop payment on another instrument where the payments on such an instrument are not fully discretionary;
- (B) prevent distribution to shareholders for a period that extends beyond the point in time at which interest on the Additional Tier 1 Notes is resumed;
- (C) impede the normal operation of the Issuer, including actions in connection with employee share plans or any restructuring activity, including acquisitions and disposals; or
- (D) impede the full discretion that the Issuer has, at all times, to cancel distributions or payments on the Additional Tier 1 Notes nor act in a way that could hinder the recapitalisation of the Issuer.

**(e) Interest Rate Determination**

The Calculation Agent will, on the Calculation Date before each Reset Date, determine the Reset Interest Rate in respect of the Additional Tier 1 Notes. The Calculation Agent will procure such Reset Interest Rate determined by it to be notified to the Trustee and the Noteholders as soon as possible after their determination but in no event later than the fourth business day thereafter. If the Additional Tier 1 Notes become due and payable under Condition 8, the Reset Interest Rate and Interest accrued per Calculation Amount shall nevertheless continue to be determined by the Calculation Agent in accordance with this Condition 3 but no publication of the Reset Interest Rate so calculated need be made. All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 3 by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Trustee, the Agents and the Noteholders and (subject as aforesaid) no liability will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purpose.

**(f) Definitions**

“**Business Day**” means a day which is 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 New York;

“**Common Equity Tier 1 Capital**” has the meaning given to it in the RBI Basel III Guidelines;

“**Reserve Bank of India**” or “**RBI**” means the Reserve Bank of India established under the Reserve Bank of India Act, 1934 or any successor entity having primary bank regulatory authority with respect to the Issuer; and

“**RBI Basel III Guidelines**” means the Reserve Bank of India’s Master Circular – Basel III Capital Regulations RBI 2015-16/58 DBR.No.BP.BC.1/21.06.201/2015-16 dated 1 July 2015 as amended, revised, modified, supplemented or updated from time to time, read with RBI Circular No. DBR.No.BP.BC.71/21.06.201/2015-16 dated January 14, 2016, RBI Circular No. DBR.BP.BC.No.50/21.06.201/2016-17 dated February 2, 2017 and RBI Circular No. DOR.BP.BC.No15/21.06.201/2020-21 dated September 29, 2020, including without limitation, any relevant press releases, notifications, regulations, guidelines, circulars, directions, which may be issued by the RBI from time to time, each as amended, revised, modified, supplemented or updated at any time prior to the earliest date on which the Additional Tier 1 Notes were issued.

**4 CALL, REDEMPTION AND PURCHASE**

**(a) No Maturity Date**

The Additional Tier 1 Notes are perpetual and have no scheduled maturity date (the “**Maturity Date**”).

**(b) Redemption at the Option of the Issuer**

The Issuer may, at its sole discretion but subject always to the Conditions for Redemption set out in Condition 4(e) having been satisfied, redeem the Additional Tier 1 Notes (in whole but not in part) at 100% of their Outstanding Nominal Amount together with interest accrued to (but excluding) the date of redemption at any time from (and including) August 25, 2026 (the “**First Call Date**”) to (but excluding) the First Reset Date or at any Interest Payment Date thereafter, other than any Reset Date, having given not less than 15 nor more than 30 days’ notice to the Noteholders in accordance with Condition 16 which notices shall specify the date fixed for redemption and be irrevocable. For avoidance of doubt, any call date with regard to an exercise of a redemption by the Issuer pursuant to this Condition 4(b) shall not be a date which is co-terminus with a Reset Date.

*Any redemption of the Additional Tier 1 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 any Additional Tier 1 Notes, may take into consideration, amongst other things, the Issuer’s capital adequacy position both at the time of the proposed redemption and thereafter.*

**(c) Redemption or Variation for tax reasons**

The Issuer may redeem the Additional Tier 1 Notes in whole, but not in part, at any time 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 16, the Noteholders (which notice shall specify the date fixed for redemption and which shall, subject to Condition 5, be irrevocable), if the Issuer satisfies the Trustee immediately before the giving of such notice that:

- (i) on the occasion of the next payment due under the Additional Tier 1 Notes, the Issuer has or will become obliged to pay additional amounts or will, having been entitled to claim a deduction, no longer be entitled to claim a deduction in respect of computing its taxation liabilities with respect to interest on the Additional Tier 1 Notes, in each case as a result of any change in, or amendment to, the laws, regulations or rulings of India or any political subdivision or any authority thereof or therein having power to tax, or any change in the official application of such laws, regulations or rulings or the official interpretation of existing or new provisions contained in such laws, regulations or rulings, which change or amendment becomes effective on or after August 18, 2021; and
- (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it (together, a "**Tax Event**"),

provided that (i) the Conditions for Redemption set out in Condition 4(c) have been satisfied and (ii) 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 Additional Tier 1 Notes then due. The Issuer may (subject to compliance with the Conditions for Redemption) elect, instead of redeeming the Additional Tier 1 Notes on the occurrence of a Tax Event, to vary the terms of the Additional Tier 1 Notes so that they become or remain Qualifying Additional Tier 1 Notes.

*The exercise of the tax event call described above by the Issuer is subject to the requirements set out in the RBI Basel III Guidelines, including the receipt of prior approval of the RBI. RBI will permit the Issuer to exercise the tax event call only if the RBI is convinced that the Issuer was not in a position to anticipate the Tax Event at the time of issuance of the Additional Tier 1 Notes.*

Prior to the publication of any notice of redemption pursuant to this Condition 4(c), the Issuer shall deliver to the Trustee to make available at its Specified Office to the Noteholders (1) a Redemption Certificate, and (2) an opinion of independent legal advisors 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 Redemption Certificate and the opinion as conclusive and sufficient evidence of the satisfaction of the conditions precedent set out above in which event they shall be conclusive and binding on the Noteholders.

Additional Tier 1 Notes redeemed pursuant to this Condition 4(c) will be redeemed at 100% of their Outstanding Nominal Amount together with interest accrued to (but excluding) the date of redemption. Any notice of redemption will be irrevocable and will provide details of the date of redemption. If the redemption price in respect of any Additional Tier 1 Notes is improperly withheld or refused and is not paid by the Issuer, interest on the outstanding principal amount of such Additional Tier 1 Notes will continue to be payable as provided in the Trust Deed until the redemption price is actually paid.

The Trustee shall concur in and execute any necessary documentation to implement a variation permitted pursuant to this Condition without any consent of the Noteholders, provided that the Trustee shall not be obliged to participate in or assist with any such variation if the terms of the proposed Additional Tier 1 Notes or the participation in or assistance with such variation would impose, in the Trustee's opinion, more onerous obligations upon it or expose it to liabilities or reduce its protections.

**(d) Redemption or Variation for Regulatory Reasons**

Subject to the Conditions for Redemption set out in Condition 4(c) having been satisfied, the Issuer may at its sole discretion, redeem the Additional Tier 1 Notes in whole, but not in part, at any time in accordance with the RBI Basel III Guidelines, on giving not less than 30 nor more than 60 days' notice to the Trustee, the Principal Paying Agent and, in accordance with Condition 16, the Noteholders (which notice shall specify the date fixed for redemption and which shall, subject to Condition 5, be irrevocable), if a Regulatory Event has occurred and is continuing.

The Issuer may (subject to compliance with the Conditions for Redemption) elect, instead of redeeming the Additional Tier 1 Notes on the occurrence of a Regulatory Event, to vary the terms of the Additional Tier 1 Notes so that they become or remain Qualifying Additional Tier 1 Notes.



A “**Regulatory Event**” occurs if, as a result of change in regulation, the Issuer is notified in writing by the RBI to the effect that the Outstanding Nominal Amount (or the amount that qualifies as regulatory capital, if some amount of the Additional Tier 1 Notes is held by the Issuer or whose purchase is funded by the Issuer) of the Additional Tier 1 Notes is fully or partly excluded from the Tier 1 Capital of the Issuer.

*The exercise of the regulatory event call described above by the Issuer is subject to the requirements set out in the RBI Basel III Guidelines, including the receipt of prior approval of the RBI. RBI will permit the Issuer to exercise the regulatory event call only if the RBI is convinced that the Issuer was not in a position to anticipate the Regulatory Event at the time of issuance of the Additional Tier 1 Notes.*

Prior to the publication of any notice of redemption pursuant to this Condition 4(d), the Issuer shall deliver to the Trustee to make available at its specified office to the Noteholders, a Redemption Certificate.

Any Additional Tier 1 Notes redeemed pursuant to this Condition 4(d) will be redeemed at 100% of their Outstanding Nominal Amount together with interest accrued to (but excluding) the date of redemption. If the redemption price in respect of any Additional Tier 1 Notes is improperly withheld or refused and is not paid by the Issuer, interest on the outstanding principal amount of such Additional Tier 1 Notes will continue to be payable as provided in the Trust Deed until the redemption price is actually paid.

The Trustee shall concur in and execute any necessary documentation to implement a variation permitted pursuant to this Condition without any consent of the Noteholders, provided that the Trustee shall not be obliged to participate in or assist with any such variation if the terms of the proposed Additional Tier 1 Notes or the participation in or assistance with such variation would impose, in the Trustee’s opinion, more onerous obligations upon it or expose it to liabilities or reduce its protections.

**(e) Conditions for Redemption**

The Issuer shall not redeem or vary any Additional Tier 1 Notes unless:

- (i) the Issuer has obtained the prior approval of the RBI (Department of Banking Regulation) prior to the redemption of the Additional Tier 1 Notes;
- (ii) in the case of a Tax Event or a Regulatory Event, the change of law or regulation giving rise to the right to redeem or vary the Additional Tier 1 Notes has occurred after the Issue Date and the RBI is convinced that the Issuer was not in a position to anticipate the Tax Event or the Regulatory Event at the time of issuance of the Additional Tier 1 Notes;
- (iii) either (a) the Issuer replaces the Additional Tier 1 Notes with capital of the same or better quality and the replacement is done on conditions which are sustainable for the income capacity of the Issuer or (b) the Issuer demonstrates to the satisfaction of the RBI that its capital position would, following such redemption, be well above its minimum capital requirements after the call option is exercised,

(collectively, the “**Conditions for Redemption**”). Prior to any redemption or variation of the Additional Tier 1 Notes under this Condition 4, the Issuer shall deliver to the Trustee a Redemption Certificate.

**(f) Definitions**

In these Conditions,

“**Outstanding Nominal Amount**” means the issued nominal amount of the Additional Tier 1 Note, as reduced pursuant to any Write-Down and as increased pursuant to any Reinstatement, from time to time;

“**Qualifying Additional Tier 1 Notes**” means instruments issued by the Issuer that:

- (i) will be eligible to constitute (or would, but for any applicable limitation on the amount of such capital, constitute) Additional Tier 1 Capital, including that they are fully paid-in;
- (ii) have terms and conditions not materially less favourable to a Noteholder than the Additional Tier 1 Notes (as reasonably determined by the Issuer in accordance with the RBI Basel III Guidelines (provided that in making this determination the Issuer is not required to take into account the tax treatment of the new instrument in the hands of all or any holders of the Additional Tier 1 Notes, or any transfer or similar taxes that may apply on the acquisition of the new instrument) provided that a certification to such effect of an authorised signatory of the Issuer shall have been delivered to the Trustee prior to the variation of the terms of the instruments);

- (iii) shall not at such time be subject to a Tax Event or a Regulatory Event;
- (iv) will constitute direct obligations of the Issuer;
- (v) rank, on a winding-up, liquidation or dissolution (as determined pursuant to the Companies Act and the BR Act) of the Issuer, at least *pari passu* with the obligations of the Issuer in respect of other Additional Tier 1 Capital;
- (vi) have at least the same Outstanding Nominal Amount and interest payment or distribution dates as the Additional Tier 1 Notes and at least equal interest or distribution rate or rate of return as Additional Tier 1 Notes;
- (vii) are listed on the same stock exchange as the Additional Tier 1 Notes (or another securities exchange of international standing regularly used for the listing and quotation of debt securities offered and traded in the international markets);
- (viii) have, to the extent such payment is not cancelled, the same claim to accrued but unpaid interest;
- (ix) (where the instruments are varied prior to the first-occurring Optional Redemption Date) have the same issuer call date as the Additional Tier 1 Notes;
- (x) have the same claim to amounts payable upon any redemption; and
- (xi) which may include such technical changes as necessary to reflect the requirements of Additional Tier 1 Capital under the RBI Basel III Guidelines then applicable to the Issuer; and

**“Redemption Certificate”** means a certificate signed by two directors of the Issuer stating that the Issuer is entitled to effect such redemption or variation (as the case may be) and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem or vary the terms have occurred or been satisfied pursuant to the relevant provisions of this Condition 4. Such certificates shall be made available for inspection by the Noteholders. The Trustee shall be entitled without further action or enquiry to accept the certificate as conclusive and sufficient evidence of the contents and matters set forth therein in which event they shall be conclusive and binding on the Noteholders.

**(g) No other redemption**

The Issuer shall not be entitled to redeem the Additional Tier 1 Notes otherwise than as provided in Condition 4(b), Condition 4(c) and Condition 4(d) above.

**(h) Purchase**

The Issuer may, subject to the RBI Basel III Guidelines and obtaining the prior approval of the RBI, at any time repurchase the Additional Tier 1 Notes at any price in the open market or otherwise if such Additional Tier 1 Notes are surrendered to any Paying Agent and/or the Registrar for cancellation. For the avoidance of doubt, the Additional Tier 1 Notes repurchased under the Condition 4(h) may be not be held, reissued or resold.

*The Issuer may repurchase the Additional Tier 1 Notes only if (i) the Issuer replaces the Additional Tier 1 Notes with capital of the same or better quality and the replacement of this capital is done at conditions which are sustainable for the income capacity of the Issuer; or (ii) the Issuer demonstrates that its capital position is well above the minimum capital requirements after the repurchase.*

*For avoidance of doubt, in the case of any repurchase or redemption under these Conditions, the option to offer the Additional Tier 1 Notes for repayment upon the Issuer giving notice to repurchase or redeem the Additional Tier 1 Notes would lie with the Noteholders whereas in case of a call option being exercised by the Issuer in accordance with Condition 4(b), such an option would lie with the Issuer.*

**(i) Cancellation**

All Additional Tier 1 Notes which are redeemed will forthwith be cancelled. All Additional Tier 1 Notes so cancelled and any Additional Tier 1 Notes purchased and cancelled pursuant to Condition 4(h) above shall be forwarded to the Principal Paying Agent (which shall notify the Registrar of such cancelled Additional Tier 1 Notes) and may not be reissued or resold.

## 5 LOSS ABSORPTION

*Each holder of Additional Tier 1 Notes shall be deemed to have authorised, directed and requested the Trustee, the Registrar and the other Agents, as the case may be, to take any and all necessary action to give effect to any Write-Down required by this Condition 5.*

Neither the Trustee nor any Agent shall have any responsibility for, or liability or obligation in respect of, any loss, claim or demand incurred as a result of or in connection with any Write-Down or any consequent cancellation of the Additional Tier 1 Notes, and neither the Trustee nor the Agents shall be responsible for any calculation or determination or the verification of any calculation or determination in connection with the same.

### (a) Principal write-down on PONV Trigger Event

If a PONV Trigger Event occurs, the Issuer will, without the need for the consent of Noteholders or the Trustee:

- (i) deliver a Loss Absorption Event Notice to Noteholders in accordance with Condition 16 and to the Trustee and the Principal Paying Agent within three Business Days of the occurrence of such PONV Trigger Event;
- (ii) cancel any interest which is accrued and unpaid up to the relevant Loss Absorption Effective Date; and
- (iii) *pari passu* and *pro rata* with any other Tier 1 Loss Absorbing Instruments (where possible), and taking into account the prior loss absorption in full of Tier 1 Loss Absorbing Instruments (where possible) irrevocably reduce the Outstanding Nominal Amount of each Additional Tier 1 Note by the relevant Write-Down Amount (such reduction being referred to as a **“Write-Down”** and **“Written Down”** being construed accordingly),

subject as is otherwise required by the RBI at the relevant time. The Issuer will effect a Write-Down within 30 days of the Write-Down Amount being determined by the RBI.

If a Write-Down occurs in respect of less than the full Outstanding Nominal Amount of the Additional Tier 1 Notes, one or more further Write-Downs may occur in respect of one or more subsequent PONV Trigger Events. Once the Outstanding Nominal Amount of an Additional Tier 1 Note has been Written Down pursuant to this Condition 5(a), the relevant Write-Down Amount will not be restored in any circumstances, including where the PONV Trigger Event has ceased to continue.

Following the giving of a Loss Absorption Event Notice which specifies a Write-Down of Additional Tier 1 Notes, the Issuer shall procure that a similar notice is, or has been, given in respect of each Tier 1 Loss Absorbing Instrument (in accordance with its terms), and the prevailing nominal amount of each Tier 1 Loss Absorbing Instrument outstanding (if any) is permanently written down on a pro rata basis with the Outstanding Nominal Amount of the Additional Tier 1 Notes, as soon as reasonably practicable following the giving of such Loss Absorption Event Notice and, where possible, within 30 days of the amount of the permanent write-down of such Tier 1 Loss Absorbing Instrument being determined by the RBI.

For the avoidance of doubt, following any Write-Down of the Additional Tier 1 Notes in accordance with these provisions the principal amount so written down will be cancelled and interest will continue to accrue only on the Outstanding Nominal Amount.

If the Issuer is amalgamated with any other bank pursuant to Section 44A of the BR Act before the Additional Tier 1 Notes have been Written Down, the Additional Tier 1 Notes will become, part of the Additional Tier 1 capital of the new bank emerging after the merger.

*If the Issuer is amalgamated with any other bank after the Additional Tier 1 Notes have been Written Down temporarily, the amalgamated entity can write-up these instruments as per its discretion.*

For the avoidance of doubt, if the Issuer is amalgamated with any other bank after the Additional Tier 1 Notes have been Written Down pursuant to a PONV Trigger Event, these cannot be reinstated by the new bank emerging after the merger. If the RBI or other relevant authority decides to reconstitute the Issuer or amalgamate the Issuer with any other bank, pursuant to Section 45 of the BR Act, the Issuer will be deemed as non-viable or approaching non-viability and both the pre-specified trigger and the PONV Trigger Event will be activated. Accordingly, the Additional Tier 1 Notes will be permanently Written-Down in full prior to any reconstitution or amalgamation.

Following a Write-Down due to a PONV Trigger Event having occurred, all rights of any Noteholder for payment of any amounts under or in respect of the PONV Write-Down Amount in respect of their Additional Tier 1 Notes (including, without limitation, any amounts arising as a result of, or due and payable upon the occurrence of, any default) shall be cancelled and not restored under any circumstances, irrespective of whether such amounts have become due and payable prior to the date of the Loss Absorption Event Notice or the Loss Absorption Effective Date and even if the PONV Trigger Event has ended.

*A Write-Down due to a PONV Trigger Event shall occur prior to any public sector injection of capital so that the capital provided by the public sector is not diluted.*

*The RBI Basel III Guidelines as at the Issue Date state that, for this purpose, a non-viable bank will be a bank which, owing to its financial and other difficulties, may no longer remain a going concern on its own in the opinion of the RBI unless appropriate measures are taken to revive its operations and thus, enable it to continue as a going concern. The difficulties faced by a bank should be such that these are likely to result in financial losses and raising the Common Equity Tier 1 Capital of the bank should be considered as the most appropriate way to prevent the bank from turning non-viable. Such measures would include a permanent write-off in combination with or without other measures as considered appropriate by the RBI.*

*A bank facing financial difficulties and approaching a point of non-viability shall be deemed to achieve viability if within a reasonable time in the opinion of the RBI, it will be able to come out of the present difficulties if appropriate measures are taken to revive it. The measures including a permanent write-off or public sector injection of funds are likely to:*

- (i) restore confidence of the depositors/investors;*
- (ii) improve rating/creditworthiness of the bank and thereby improving its borrowing capacity and liquidity and reduce cost of funds; and*
- (iii) augment the resource base to fund balance sheet growth in the case of fresh injection of funds.*

**(b) Principal write-down on CET1 Trigger Event**

***(i) Write-Down on the occurrence of a CET1 Trigger Event***

If a CET1 Trigger Event occurs, the Issuer will, without the need for any consent from the Noteholders or the Trustee:

- (A)** deliver a Loss Absorption Event Notice to Noteholders in accordance with Condition 16 and to the Trustee and the Principal Paying Agent within three Business Days of the occurrence of such CET1 Trigger Event;
- (B)** cancel any interest which is accrued and unpaid on the Additional Tier 1 Notes up to the relevant Loss Absorption Effective Date; and
- (C)** *pari passu* and *pro rata* with any other Tier 1 Loss Absorbing Instruments (where possible) irrevocably Write-Down the Outstanding Nominal Amount of each Additional Tier 1 Note by the relevant Write-Down Amount.

*The write-down of any CET 1 capital pursuant to a CET1 Trigger Event shall not be required before a write-down of any AT1 instruments (including the Additional Tier 1 Notes). The write-down will generate CET 1 under applicable Indian Accounting Standards (i.e. net of contingent liability recognised under the Indian Accounting Standards, potential tax liabilities, etc., if any).*

*When the Issuer breaches a pre-specified trigger level (as set out in Annexure 16 of the RBI Basel III Guidelines) and the equity is replenished through write-down, such replenished amount of equity will be excluded from the total equity of the Issuer for the purpose of determining the proportion of earnings to be paid out as dividend in terms of rules laid down for maintaining capital conservation buffer. However, once the Issuer has attained a total Common Equity Tier 1 Ratio of 8 per cent. without counting the replenished equity capital that point onwards, the Issuer may include the replenished equity capital for all purposes.*

*The Issuer shall have the discretion to write-down the Additional Tier 1 Notes multiple times in case the Issuer hits pre-specified trigger level subsequent to the first write-down which was partial. The Additional Tier 1 Notes which have been written off can be written up (partially or fully) at the absolute discretion of the Issuer and subject to compliance with RBI conditions (including permission, consent if any).*



A Write-Down may occur on more than one occasion and (if applicable) the Additional Tier 1 Notes may be Written Down following one or more Reinstatements pursuant to Condition 5(b)(ii). Once the nominal amount of an Additional Tier 1 Note has been Written Down pursuant to this Condition 5(b), it may only be restored in accordance with Condition 5(b)(ii).

Following the giving of a Loss Absorption Event Notice which specifies a Write-Down of the Additional Tier 1 Notes, the Issuer shall procure that a similar notice is, or has been, given in respect of each Tier 1 Loss Absorbing Instrument (in accordance with its terms), and the prevailing nominal amount of each Tier 1 Loss Absorbing Instrument outstanding (if any) is written down on a pro rata basis with the Outstanding Nominal Amount of the Additional Tier 1 Notes, as soon as reasonably practicable following the giving of such Loss Absorption Event Notice.

If the Issuer is amalgamated with any other bank pursuant to Section 44A the BR Act before the Additional Tier 1 Notes have been Written Down, the Additional Tier 1 Notes will become part of the Additional Tier 1 capital of the new bank emerging after the merger. If the Issuer is amalgamated with any other bank after the Additional Tier 1 Notes have been Written Down pursuant to a CET1 Trigger Event, the amalgamated bank can reinstate these instruments according to its discretion, unless the Write-Down was full and permanent.

*As per the RBI Basel III Guidelines, the Issuer must obtain a certificate from the statutory auditors clearly stating that the write-down mechanism chosen by the Issuer for the Additional Tier 1 Notes issuance is able to generate CET1 under the prevailing accounting standards.*

*For the avoidance of doubt, a Write-Down of the Additional Tier 1 Notes on a CET1 Trigger Event is not subject to the prior loss absorption of Common Equity Tier 1 Capital of the Issuer.*

*The purpose of a Write-Down on occurrence of the CET1 Trigger Event shall be to shore up the capital level of the Issuer. If the Issuer breaches the CET1 Trigger Event Threshold and equity is replenished through Write-Down of the Additional Tier 1 Notes, such replenished amount of equity will be excluded from the total equity of the Issuer for the purpose of determining the proportion of earnings to be paid out as dividend in terms of rules laid down for maintaining the capital conservation buffer (as described in the RBI Basel III Guidelines). However, once the Issuer has attained a total Common Equity Tier 1 Ratio of 8% without counting the replenished equity capital, from that point onwards, the Issuer may include the replenished equity capital for all purposes.*

#### **(ii) Reinstatement**

Following a temporary Write-Down pursuant to Condition 5(b)(i), the Outstanding Nominal Amount of the Additional Tier 1 Notes may be increased up to the Maximum Reinstatement Amount (a “**Reinstatement**”) at the Issuer’s option and subject to any conditions specified in the RBI Basel III Guidelines, or as are otherwise notified to the Issuer by the RBI, from time to time. The Additional Tier 1 Notes may be subject to more than one Reinstatement. The Issuer will not reinstate the principal amount of any Tier 1 Loss Absorbing Instrument that has been written down (and which is capable under its terms of being reinstated) unless it does so on a *pro rata* basis with a Reinstatement on the Additional Tier 1 Notes.

The Issuer must give notice of any Reinstatement to Noteholders in accordance with Condition 16 and to the Trustee and the Principal Paying Agent at least 10 Business Days prior to such Reinstatement. The Trustee and Principal Paying Agent shall be entitled to rely absolutely on such notice without further enquiry and without liability to any Noteholder or any other person, which notice shall be conclusive evidence of the occurrence of a Reinstatement and shall be binding upon all Noteholders.

Neither the Trustee nor any Agents shall have the responsibility to monitor whether any Reinstatement has been undertaken or completed, and neither the Trustee nor the Agents shall have any responsibility to ensure that any Reinstatement, once undertaken, is completed.

#### **(c) Interpretation**

In these Conditions:

“**CET1 Trigger Event**” means that the Issuer’s Common Equity Tier 1 Ratio is at or below the CET1 Trigger Event Threshold;

“**CET1 Trigger Event Threshold**” means:

- (A) if calculated at any time prior to 1 October 2021, 5.5%; or
- (B) if calculated at any time from and including 1 October 2021 (on account of deferred implementation of the last tranche of the capital conservation buffer), 6.125%;

**“Common Equity Tier 1 Ratio”** means the Common Equity Tier 1 Capital (as defined and calculated in accordance with the applicable RBI Basel III Guidelines) of the Issuer expressed as a percentage of the total risk weighted assets (as defined and calculated in accordance with the applicable RBI Basel III Guidelines) of the Issuer;

**“Loss Absorption Effective Date”** means the date that will be specified as such in the Loss Absorption Event Notice;

**“Loss Absorption Event Notice”** means a notice which specifies that a PONV Trigger Event or CET1 Trigger Event (as applicable) has occurred, the Write-Down Amount and the date on which the Write-Down will take effect. Any Loss Absorption Event Notice must be accompanied by a certificate signed by an authorised officer of the Issuer stating that the PONV Trigger Event or CET1 Trigger Event, as relevant, has occurred. The Trustee and Principal Paying Agent shall be entitled to rely absolutely on such certificate and notice without further enquiry and without liability to any Noteholder or any other person, which notice shall be conclusive evidence of the occurrence of a PONV Trigger Event or, as the case may be, a CET1 Trigger Event and shall be binding upon all Noteholders;

**“Maximum Reinstatement Amount”**, in respect of an Additional Tier 1 Note, means the Issued Nominal Amount of such Additional Tier 1 Note as reduced pursuant to: (i) any Write-Down pursuant to a PONV Trigger Event; and (ii) any Write-Down pursuant to a CET1 Trigger Event if such Write-Down has been made permanent due to a subsequent PONV Trigger Event;

**“Ordinary Share”** means an ordinary share of the Issuer;

**“PONV Trigger Event”** in respect of the Issuer, means the earlier of:

- (A) a decision that a write-down, without which the Issuer would become non-viable, is necessary, as determined by the RBI; and
- (B) the decision to make a public sector injection of capital, or equivalent support, without which the Issuer would have become non-viable, as determined by the RBI;

**“Tier 1 Loss Absorbing Instrument”** means, at any time, any instrument issued directly or indirectly by the Issuer, other than the Ordinary Shares and the Additional Tier 1 Notes, which (a) is eligible to qualify as Additional Tier 1 Capital pursuant to the RBI Basel III Guidelines; and (b) contains provisions relating to a write down or conversion into Ordinary Shares of the nominal amount of such instrument on the occurrence, or as a result, of a PONV Trigger Event or CET1 Trigger Event and in respect of which the conditions (if any) to the operation of such provisions are (or with the giving of any certificate or notice which is capable of being given by the Issuer, would be) satisfied;

**“Write-Down Amount”** means the amount by which the then Outstanding Nominal Amount of each Additional Tier 1 Note is to be Written Down pursuant to a Write-Down, being the minimum of:

- (A) the amount (together with the Write-Down of the other Additional Tier 1 Notes and the write-down of any Tier 1 Loss Absorbing Instruments) that:
  - (I) in the case of a PONV Trigger Event, would be sufficient to satisfy the RBI that the Issuer will not become non-viable; or
  - (II) in the case of a CET1 Trigger Event, would, as determined by the Issuer in its absolute discretion, immediately return the Issuer’s Common Equity Tier 1 Ratio to between the CET1 Trigger Event Threshold and 8 per cent.; and
- (B) the amount necessary to reduce the Outstanding Nominal Amount to zero.

*For the avoidance of doubt, the Write-Down Amount in the case of a Write-Down due to a PONV Trigger Event will be such amount as is required by the RBI or other relevant authority at the relevant time.*

- (d) Notwithstanding anything to the contrary that may be set out in these Conditions, the Trust Deed and the Agency Agreement:
- (i) each Noteholder shall be deemed to have authorised, directed and requested the Trustee and the Agents to take any and all necessary action to give effect to any Write-Down following the occurrence of a PONV Trigger Event and/or a CET1 Trigger Event or any Reinstatement;
  - (ii) neither the Trustee nor any Agents shall be: (1) responsible or liable to any Noteholder for monitoring or determining whether a Trigger Event or Reinstatement has occurred and, unless expressly notified in writing, shall be entitled to assume that no such event or circumstance exists, (2) responsible for verifying or calculating any Write-Down Amount in connection with a PONV Trigger Event and/or a CET1 Trigger Event or for any mark down of Notes made pursuant to the Issuer's directions and shall not be responsible or liable to Noteholders or any other person for any failure by it to do so, (3) responsible for preparing any Loss Absorption Event Notice, (4) be responsible or liable to the holders or any persons with respect to any act, omission or default by the clearing systems (or its participants or members or broker-dealers or any third parties) with respect to the notification and/or implementation of any Write-Down relating to a PONV Trigger Event and/or a CET1 Trigger Event in respect of such Notes; and
  - (iii) each of the Trustee, the Agents, DTC and any other relevant clearing system shall be entitled without further enquiry and without liability to any Noteholder or any other person to rely conclusively on any Loss Absorption Event Notice and the Write-Down Amount specified therein, and the same shall, as to the amount of interest and/or principal to be Written-Down, be conclusive and binding on Noteholders.

*Although the Issuer has agreed to notify the Noteholders via DTC not more than three Business Days after the occurrence of a PONV Trigger Event or a CET1 Trigger Event (as applicable), there will be a delay between the occurrence of a Trigger Event and the time that Noteholders via DTC are notified of the occurrence of the relevant Trigger Event through their DTC accounts or otherwise. Such delay may exceed several days during which trading and settlement in the Notes may continue. Any such delay will not change or delay the effect of the Trigger Event on the obligations of the Issuer under the Notes or on the rights of the Noteholders.*

## **6 PAYMENTS**

### **(a) Principal**

Payments of principal shall be made by transfer to a U.S. dollar account maintained by the payee with, a bank in New York City and (in the case of redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificate at the Specified Office of any Paying Agent.

### **(b) Interest**

Payments of interest shall be made by transfer to a U.S. dollar account maintained by the payee with, a bank in New York City and (in the case of interest payable on redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificate at the Specified Office of any Paying Agent.

### **(c) Payments subject to fiscal laws**

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 7 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “**Code**”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 7) any law implementing an intergovernmental approach thereto.

### **(d) Payments on business days**

Payment instructions (for value the due date, or, if the due date is not a business day, for value the next succeeding business day) will be initiated (i) (in the case of payments of principal and interest payable on redemption) on the later of the due date for payment and the day on which the relevant Note Certificate is surrendered (or, in the case of part payment only, endorsed) at the Specified Office of a Paying Agent and (ii) (in the case of payments of interest payable other than on redemption) on the due date for payment. A Holder of an Additional Tier 1 Note shall not be entitled to any interest or other payment in respect of any delay in payment resulting from the due date for a payment not being a business day. In this paragraph, “**business day**” means any day on which banks are open for general business (including dealings in foreign currencies) in New York City and London and, in the case of surrender (or, in the case of part payment only, endorsement) of a Note Certificate, in the place in which the Note Certificate is surrendered (or, as the case may be, endorsed).

**(e) Partial payments**

If a Paying Agent makes a partial payment in respect of any Additional Tier 1 Note, the Issuer shall procure that the amount and date of such payment are noted on the Register and, in the case of partial payment upon presentation of a Note Certificate, that a statement indicating the amount and the date of such payment is endorsed on the relevant Note Certificate.

**(f) Record date**

Each payment in respect of an Additional Tier 1 Note will be made to the person shown as the Holder in the Register at the close of business in the place of the Registrar's Specified Office on the 15th day before the due date for such payment (the "**Record Date**").

**7 TAXATION**

All payments of principal and interest in respect of the Additional Tier 1 Notes 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 India or any political subdivision or any authority thereof or therein having power to tax (collectively, "**Taxes**"), 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 Additional Tier 1 Notes after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Additional Tier 1 Notes in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Additional Tier 1 Note:

- (i) the holder of which is liable for such taxes or duties in respect of such Additional Tier 1 Note by reason of his having some connection with India or any political subdivision or any authority thereof or therein having power to tax other than the mere holding of such Additional Tier 1 Note; or
- (ii) 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 business day (as defined in Condition 6(d)); or
- (iii) where such withholding or deduction is required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder or any official interpretations thereof; or
- (iv) presented for payment by or on behalf of a holder of such Additional Tier 1 Note 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.

If the Issuer becomes subject at any time to any taxing jurisdiction other than India with respect to the Additional Tier 1 Notes, references in this Condition 7 to India shall be construed as references to India and/or such other jurisdiction.

As used herein, "**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 16.

**8 RIGHTS OF ENFORCEMENT**

If any order of the Government is made for the winding up, liquidation or dissolution of the Issuer (as determined pursuant to the Companies Act and the BR Act), save for the purposes of reorganisation on terms previously approved by an Extraordinary Resolution of the Noteholders, the Trustee may, and if so requested in writing by the holders of at least one-fifth in Outstanding Nominal Amount of the Additional Tier 1 Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders, shall (subject to being indemnified, secured and/or prefunded to its satisfaction) give notice to the Issuer that the Additional Tier 1 Notes are, and they shall, subject to the prior approval of the RBI having been obtained, thereupon immediately become, due or repayable at their Outstanding Nominal Amount, together with accrued but unpaid interest as provided in the Trust Deed.

*Pursuant to Section 37 and Section 38 of the BR Act, the Issuer may only be placed in liquidation by order of the High Court if the Issuer is unable to pay its debts, or an application is made by the RBI for the Issuer's winding up in this regard.*



## **9 ENFORCEMENT**

Without prejudice to Condition 8, 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 and the Additional Tier 1 Notes, but it shall not be bound to take any such proceedings or any other action in relation to the Trust Deed or the Additional Tier 1 Notes 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 Additional Tier 1 Notes then outstanding and (ii) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction.

No Noteholder 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.

## **10 PRESCRIPTION**

Claims in respect of amounts due in respect of the Additional Tier 1 Notes shall become void unless made within 10 years in the case of principal and five years in the case of interest from the appropriate Relevant Date.

## **11 REPLACEMENT OF NOTE CERTIFICATES**

If any Note Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Registrar, subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Note Certificates must be surrendered before replacements will be issued.

## **12 AGENTS**

In acting under the Agency Agreement and in connection with the Additional Tier 1 Notes, the Agents act solely as agents of the Issuer and, in certain limited circumstances, of the Trustee, and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders.

The initial Agents and their initial Specified Offices are listed below. The Issuer is, with the prior written approval of the Trustee, entitled to vary or terminate the appointment of any Agent and to appoint a successor registrar, principal paying agent and additional or successor paying agents and transfer agents; *provided, however*, that the Issuer shall at all times maintain a principal paying agent and a registrar.

Notice of any change in any of the Agents or in their Specified Offices shall promptly be given to the Trustee and the Noteholders pursuant to Condition 16.

## **13 MEETINGS OF NOTEHOLDERS; MODIFICATION**

### **(a) Meetings of Noteholders**

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 Additional Tier 1 Notes 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 10.00 per cent. in nominal amount of the Additional Tier 1 Notes for the time being outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than 50.00 per cent. in nominal amount of the Additional Tier 1 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 Additional Tier 1 Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Additional Tier 1 Notes or the Trust Deed (including, *inter alia*, modifying any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Additional Tier 1 Notes or altering the currency of payment of the Additional Tier 1 Notes), the quorum shall be one or more persons holding or representing not less than two-thirds in nominal amount of the Additional Tier 1 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 Additional Tier 1 Notes for the time being outstanding. The Trust Deed provides that (i) a resolution passed at a meeting duly convened and held in accordance with the Trust Deed by a majority consisting of not less than three-fourths of the votes cast on such resolution, (ii) a resolution in writing signed by or on behalf of the holders of not less than three-fourths in nominal amount of the Additional Tier 1 Notes for the time being outstanding or (iii) consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Trustee) by or on behalf of the holders of not less than three-fourths in nominal amount of the Additional Tier 1 Notes for the time being outstanding, shall, in each case, be effective as an Extraordinary Resolution of the Noteholders. 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.

**(b) Modification**

The Trustee may (i) agree, without the consent of the Noteholders, 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 Additional Tier 1 Notes or the Trust Deed, or (ii) agree, without any such consent as aforesaid, to any modification which, in its opinion, is of a formal, minor or technical nature or to correct a manifest error or to comply with mandatory provisions of laws. Any such modification shall be binding on the Noteholders and any such modification shall be notified to the Noteholders in accordance with Condition 16 as soon as practicable thereafter.

**(c) Entitlement of the Trustee**

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 (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders (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 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 except to the extent already provided for in Condition 7 and/or any undertaking or covenant given in addition to, or in substitution for, Condition 7 pursuant to the Trust Deed.

**(d) Substitution**

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 Additional Tier 1 Notes and the Trust Deed of an entity owned or controlled by the Issuer, subject to (a) the Additional Tier 1 Notes being unconditionally and irrevocably guaranteed by the Issuer, (b) the Trustee being satisfied, in its absolute discretion, 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.

**(e) Modification, waiver etc. to be binding**

Any such modification, waiver, authorisation, determination or substitution shall be binding on the Noteholders and, unless the Trustee otherwise agrees, any such modification or substitution shall be promptly notified to Noteholders by the Issuer in accordance with Condition 16.

**14 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 and/or secured and/or prefunded 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/or any of the Issuer's Subsidiaries 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 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.

The Trustee shall have no responsibility for, or liability or obligation in respect of, any loss, claim or demand incurred as a result of or in connection with a Loss Absorption Event or Write-Down or any consequent cancellation of the Additional Tier 1 Notes pursuant to Condition 5, and shall have no responsibility to (i) monitor whether any Reinstatement has been undertaken or completed or (ii) ensure that any Reinstatement, once undertaken, is completed in each case pursuant to Condition 5. Furthermore, the Trustee shall not be responsible for any calculation or the verification of any calculation in respect of the foregoing.

## 15 FURTHER ISSUES

The Issuer shall be at liberty from time to time, without the consent of the Noteholders, to create and issue further notes having the same terms and conditions as the Additional Tier 1 Notes in all respects (or in all respects except for the amount and date of first payment of interest and the date from which interest starts to accrue and so that the same) so that such further issue shall be consolidated and form a single series with the Additional Tier 1 Notes.

## 16 NOTICES

Notices to the Noteholders will be sent to them at their respective addresses on the Register by first class mail (or its equivalent) or (if posted to an overseas address) by airmail or published in a leading newspaper having general circulation in Singapore or, if such publication is not practicable, in an English language newspaper having general circulation in Asia. Any such notice shall be deemed to have been validly given on the fourth day after the date of mailing or, in the case of publication, on the date of such publication or, if published more than once, on the first date on which it was published.

*For an explanation regarding notices while the Additional Tier 1 Notes are represented by Global Note Certificates, see “Summary of Provisions Relating to the Additional Tier 1 Notes While in Global Form.”*

## 17 CURRENCY INDEMNITY

If any sum due from the Issuer in respect of the Additional Tier 1 Notes or any order or judgment given or made in relation thereto has to be converted from the currency (the **“first currency”**) in which the same is payable under these Conditions or such order or judgment into another currency (the **“second currency”**) for the purpose of (a) making or filing a claim or proof against the Issuer, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to the Additional Tier 1 Notes, the Issuer shall indemnify each Noteholder, on the written demand of such Noteholder addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Principal Paying Agent, against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which such Noteholder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof.

This indemnity constitutes a separate and independent obligation of the Issuer and shall give rise to a separate and independent cause of action.

## 18 GOVERNING LAW AND JURISDICTION

### (a) Governing law

The Trust Deed and the Additional Tier 1 Notes and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law, except that Conditions 1(b) and (c) are governed by, and shall be construed in accordance with, Indian law.

### (b) English courts

Subject to Condition 18(d) below, the English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Trust Deed and/or the Additional Tier 1 Notes, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Trust Deed and/or the Additional Tier 1 Notes (a **“Dispute”**) and all Disputes will be submitted to the exclusive jurisdiction of the English courts.

### (c) Appropriate forum

Each of the Issuer and the Trustee and any Noteholders taking proceedings in relation to any Dispute waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.

### (d) Rights of the Noteholders to take proceedings outside England

Condition 18(b) is for the benefit of the Trustee and the Noteholders only. To the extent allowed by law, the Trustee and the Noteholders may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction; and (ii) concurrent proceedings in any number of jurisdictions.

**(e) Service of process**

The Issuer has irrevocably and unconditionally appointed Law Debenture Corporate Services Limited at its specified office for the time being in London as its agent for service of process in England in respect of any proceedings in relation to any Dispute, and agrees that, in the event of such agent being unable or unwilling for any reason so to act, it will immediately appoint another person as its agent for service of process in England in respect of any Dispute. The Issuer agrees that failure by a process agent to notify it of any process will not invalidate service. Nothing herein shall affect the right to serve process in any other manner permitted by law.

**(f) Waiver of immunity, etc**

The Issuer irrevocably and unconditionally with respect to any Dispute (i) waives any right to claim sovereign or other immunity from jurisdiction, recognition or enforcement and any similar argument in any jurisdiction, (ii) submits to the jurisdiction of the English courts and the courts of any other jurisdiction in relation to the recognition of any judgment or order of the English courts or the courts of any competent jurisdiction in relation to any Dispute and (iii) consents to the giving of any relief (whether by way of injunction, attachment, specific performance or other relief) or the issue of any related process, in any jurisdiction, whether before or after final judgment, 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 Dispute.

**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 or condition of the Additional Tier 1 Notes but this does not affect any right or remedy of any person which exists or is available apart from that Act.