

1. GENERAL TERMS

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| Transaction Details | Party B is looking to enter into a Forward Rate Agreement ('FRA') with a specific underlying obligation of Government of India Bond. |
| Party A: | The Hongkong and Shanghai Banking Corporation Limited acting through Mumbai Branch ("HSBC") |
| Party B: | |
| Trade Date: | |
| Termination Date: | In respect of each tranche or part thereof, as per schedule 1, subject to adjustment in accordance with the Business Day Convention. |
| Payment Date | In respect of each tranche or part thereof (in the case of partial accelerated settlement of a tranche), earlier of (1) Termination Date or (2) Accelerated Settlement Date for the applicable portion of the tranche (as applicable). |
| Accelerated Settlement Date | In respect of each tranche or part thereof, One Business Day from the date on which the Accelerated Settlement Notice has been delivered post the occurrence of one or more Accelerated Settlement Events. Accelerated Settlement Notice will be deemed to be served by the party initiating the Accelerated Settlement on the Business Day on which the other party has received the same prior to 11.00 AM IST of that Business Day. |
| Calculation Agent: | Party A |
| Business Day: | Mumbai |
| Business Day Convention: | Modified Following |
| Notional Amount: | In respect of each tranches as per schedule 1 |
| Reference Security | In respect of each tranches as per schedule 1 |
| Settlement Procedure: | Cash settlement. On the Payment Date , (a) if the Settlement Amount is a positive number, Fixed Amount Payer shall pay the Settlement Amount to Floating Amount Payer and (b) if the Settlement Amount is a negative number, Floating Amount Payer shall pay the absolute value of the Settlement Amount to Fixed Amount Payer; |
| Settlement Amount | <p>In respect of each tranche, where Accelerated Settlement has not occurred an amount in the Domestic Currency being (A) Fixed Amount less (B) Floating Amount.</p> <p>In respect of each tranche or part thereof, in case of Accelerated Settlement , the Settlement Amount shall be an amount in the Domestic Currency being (A) Fixed Amount minus (B) Floating Amount</p> |
| Reference Index | Reference Index means the daily valuation yield published by FBIL of the Reference Security one Business Day prior to the Valuation Date. If for some reason, this is not acceptable to either parties, then Reference Index shall mean a |

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| | yield that is the weighted average of the traded yield for the Reference Security on the NDS OM Platform between 10.30 AM - 11.00 AM on valuation date subject to the traded amount being atleast equal to the Notional Amount; If for some reason, the above two are not acceptable to either parties then the Reference Index will be calculated in good faith and commercially reasonable manner by the Calculation Agent. |
| Floating Amount Payer | Party A |
| Floating Amount | In respect of each tranche or part thereof, on the Valuation Date, an amount equal to Reference Security Rate * Notional Amount/100 Where, Reference Security Rate will be calculated as the dirty price (clean price + accrued interest) of the Reference Security as on the Valuation Date as calculated using INR Government security market convention by taking reference of the Reference Index as the discounting yield. |
| Fixed Amount Payer | Party B |
| Forward Purchase Yield | In respect of each tranche as per Schedule I |
| Forward Purchase Price | In respect of each tranche or part thereof, to be calculated as the dirty price (clean price + accrued interest) of the Reference Security as on the Valuation Date as initially agreed in Schedule 1 and the price would be for settlement on the Termination Date for the particular tranche by taking reference of the Forward Purchase Yield for the particular tranche, and as calculated using S/A and 30 E/360 (ISDA) day count convention. |
| Fixed Amount | In respect of each tranche or part thereof, on the Valuation Date, in the event of Accelerated Settlement, an amount equal to the sum of (a), (b) and (c) where (a) Is the PV of the Forward Purchase Price*Notional Amount/ 100 (b) PV of the Intermediate Coupons*Notional Amount/ 100 (c) Unwind Costs In respect of each tranche, on the Valuation Date, if there is no Accelerated Settlement, an amount which is the PV of the Forward Purchase Price*Notional Amount/ 100 |
| PV of Forward Purchase Price | If there is no Accelerated Settlement, the PV of Forward Purchase Price will be equivalent to the Forward Purchase Price. In the event of Accelerated Settlement, in respect of each tranche or part thereof, an amount (expressed as a fraction of the Notional Amount multiplied by 100), determined by the Calculation Agent at the Valuation Date, to be the present value of the Forward Purchase Price for the period from the Accelerated Settlement Date to the Termination Date, and based on discount factors calculated using the applicable Discount Curve as of the applicable Valuation Date, at or around the Valuation Time, for the period set out above). |

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| PV of Intermediate Coupons | <p>In respect of each tranche or part thereof,</p> <p>An amount (expressed as a fraction of the Notional Amount multiplied by 100) determined by the Calculation Agent, acting in good faith and in a commercially reasonable manner, to be the aggregate present value, calculated as at the Valuation Date and for settlement on the Accelerated Settlement Date, of each of the Intermediate Coupons of the Reference Security based on discount factors calculated using the applicable Discount Curve as of the applicable Valuation Date, at or around the Valuation Time.</p> <p>If the expected payment date of an Intermediate Coupon is falling before the Valuation Date, the present value of this Intermediate Coupon will be the value of this Intermediate coupon compounded for the period from and including the expected payment date of this Intermediate Coupon, to but excluding the Valuation Date, based on compound factor calculated using the applicable Discount Curve as of the applicable Valuation Date, at or around the Valuation Time, for the period from and including the expected payment date of each Intermediate Coupon to, but excluding the Valuation Date.</p> |
| Intermediate Coupon | Each coupon that would have been received by a holder of the Reference Security domiciled in the Floating Amount Payer's tax jurisdiction during the period from, the Accelerated Settlement Event Occurrence Date to, the Termination Date but for the occurrence of the Accelerated Settlement Event. For the avoidance of doubt, if the failure to pay the coupon of the Reference Security has triggered an Accelerated Settlement Event, such coupon shall also be deemed to be an Intermediate Coupon |
| Discount Curve | The prevailing INR OIS + xxx bps as determined by the Calculation Agent in its sole discretion in good faith and commercially reasonable manner. |
| Currency | INR |
| Documentation | ISDA Master Agreement and related Confirmation incorporating the 2006 ISDA Definitions and Credit Support Annex, as published by the International Swaps and Derivatives Association, Inc. |
| Accelerated Settlement | Shall mean the settlement which occurs post the occurrence of the Accelerated Settlement Event. |
| Unwind Costs | An amount in the Domestic Currency equal to any taxes, deductions, cost, loss or expense actually incurred by the Floating Amount Payer (including any loss of profit and / or bargain) as a result of terminating, liquidating, obtaining or re-establishing any hedge or related trading position, including without limitation, breakage costs and any associated costs of funding in connection with the sale or disposal of any assets which may include the Reference Security, as determined by the Calculation Agent acting in good faith and in a reasonable manner. |
| Valuation Date | The First Business Day immediately prior to the Termination Date or in the case where an Accelerated Settlement Notice has been delivered, the [FIRST] Business Day following the date on which the Accelerated Settlement Notice has been given by 11.00 AM IST |
| Valuation Time | [11 am] Indian Standard Time |

2. ACCELERATED SETTLEMENT

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| <p>Accelerated Settlement Event</p> | <p>1) On any day, any of the following events (each an “Accelerated Settlement Event”) occur, either party may, any time thereafter, give a notice to the other party specifying that an Acceleration Settlement Event has occurred with respect to the Transaction or a tranche or part of the tranche (“Accelerated Settlement Notice”):</p> <p>(a) subject to any applicable grace period (after satisfaction of any conditions precedent to the commencement of such grace period), the failure by the Issuer to make, when and where due, any payments under the Reference Security in accordance with the terms of the Reference Security at the time of such failure ;</p> <p>(b) an authorized officer of the Issuer or a Governmental Authority disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, the Reference Security;</p> <p>(c) an authorized officer of the Issuer or a Governmental Authority declares or imposes a moratorium, standstill, roll-over or deferral or extinguishment, whether de facto or de jure, with respect to the Reference Security;</p> <p>(d) any of (i) a change in the rate or amount of interest payable or the amount of scheduled interest accruals of the Reference Security; (ii) a change in the amount of principal or premium payable at maturity or at scheduled redemption dates of the Reference Security; (iii) a change of the date or dates for either the payment or accrual of interest or the payment of principal or premium of the Reference Security; (iv) a change in the ranking in priority of payment of the Reference Security; (v) any change in the currency or composition of any payment of interest or principal of the Reference Security, (each a “Restructuring”), in each case whether such Restructuring is mandatory, voluntary or otherwise</p> <p>(e) the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a tax authority), as a result of which either</p> <p>(A) the Floating Amount Payer will incur (or there is reasonable likelihood that it will incur) a materially increased cost in performing its obligations under this Transaction due to any increase in tax, liability, decrease in tax benefit or other</p> |
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| | <p>adverse effect on its tax position, as determined by the Floating Amount Payer in good faith and commercially reasonable manner ; or</p> <p>(B) any present or future tax, levy, impost, duty, charge, assessment or fee of any nature (including interest, penalties and additions thereto) will be imposed (or there is a reasonable likelihood that it will be imposed) on the Floating Amount Payer (or the Clearing System) (if any) by any Government Authority in respect of the Reference Security assuming that the Floating Amount Payer holds the Reference Security as a hedge for its obligations in respect of this Transaction at any time or in respect of any amount received or receivable in respect of the Reference Security or the acquisition, holding, redemption or disposal thereof (including without limitation any stamp duty, registration, documentation or similar tax, withholding tax or deduction)</p> <p>(f) occurrence of any of the events mentioned in para (a) to (g) above in in respect of a tranche under the Transaction,</p> <p>(g) any failure by either parties to pay any amount due on a Payment Date in respect of any tranche under the Transaction,</p> <p>(h) any request of a termination in respect of any tranche or part of a tranche under the Transaction by Party B.</p> <p>(i) any request of a termination in respect of any tranche or part of a tranche under the transaction be either parties on account of change in extant Reserve Bank of India guidelines or on account of any Government Authority requirement</p> |
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3. ADDITIONAL DEFINITIONS AND INDEMNITIES

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| Government Authority | Any de facto or de jure government (or any agency, instrumentality, ministry or department thereof), court, tribunal, administrative or other governmental authority (including, without limitation, any tax authority) or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of the Issuer or of the jurisdiction of organization of the Issuer. |
| Change in Governing Law and Taxation | (i) Nothing herein shall require either parties or its agents to take any action which, in the reasonable opinion of the other party, is not possible or would be in contravention of any applicable law, regulation, market custom or practice. Neither parties shall be obliged to take any action which would cause it to incur additional costs or expenses during the continuance of a |

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| | <p>disrupted market. The occurrence and discontinuance of a disrupted market shall be determined jointly by Floating Amount Payer and Fixed Amount Payer based upon their reasonable assessment of market conditions, including but not limited to (a) market volatility, (b) market liquidity, and (c) regulatory or artificial market limitations.</p> <p>(iii) If any amount of taxes, duties or similar charges (including, but not limited, to interest) is imposed by a taxing authority on Floating Amount Payer in connection with the applicable hedge positions in respect of the Reference Security, which should have been taken into accounts as Unwind Costs but were not taken into account due to: (1) the amount of such taxes, duties or charges, or the basis on which such amount is to be determined, being not known or not confirmed before the Payment Date; or (2) on or after the Payment Date, the relevant taxing authority demands such taxes, duties or charges from Floating Amount Payer in connection with the applicable hedge positions in respect of the Reference Security; or (3) there is a change in or amendment to any rule, law, regulation or statute (or in the applicability or official interpretation of any rule, law, regulation or statute) which results in an increase in the amount of such taxes, duties or charges being imposed as compared to such amount as originally determined (in each case, "Relevant Amount"), then Fixed Amount Payer shall pay to Floating Amount Payer an amount equal to the Relevant Amount on the Business Day following notification from the Calculation Agent</p> |
| Mutual Undertakings | Each party hereby undertakes that it expressly waives any right to make any claim, invoke any action (in court or otherwise) or to otherwise seek any relief on the grounds of illegality / the nullity of this Transaction or any part thereof. |
| Underlying Exposure | Future premium receivables and/or reinvestment of coupon/principal as required by IRDA. |

4. SCHEDULE 1

| Reference Security | | | | Notional Amount | Termination Date | Forward Purchase Yield | Forward Purchase Clean Price |
|--------------------|------|--------|----------|--------------------|---------------------|------------------------------|------------------------------------|
| Issuer | ISIN | Coupon | Maturity | INR | | | |
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5. RISK DISCLOSURE STATEMENT

1. Rationale:

Party B is entering into this Transaction since it wants to manage a part of its INR Interest rate risk exposures in the form of future premium receivables and/or reinvestment of coupon/principal

2. Risk Factors:

This product has embedded derivative components whose values are sensitive to changes to market factors. The economics of this product may also be asymmetrical because of these embedded derivative components. Prior to maturity, depending on the market conditions, the mark-to-market value of the product can fluctuate either upward or downward. In case of any early termination or redemption due to default or similar events or unwinding of the product (as applicable) before maturity for any reason, it may result in substantial losses to Party B.

If the Reference Security price on the Payment Date works out to be lower than the forward purchase price, Party B will incur negative cash flow on the termination of this trade Party B is exposed to credit risk on HSBC as the counterparty on this trade up to the forward Payment Date.

In the event that Party B seeks a termination of the Transaction (or any tranche or part thereof)) as per the terms of this term sheet then the Transaction (or any tranche or part thereof) will be settled and the exchange of the amounts for the Transaction (or any tranche or part thereof) will be determined by the Calculation Agent on the basis of various market factors such as a) move in the underlying security price and b) liquidity conditions of the underlying security prevailing around the unwind time. Upon such termination of the Transaction (or any tranche thereof), the amounts shall be payable/receivable by Party A or Party B as per the determination as per the terms of the term sheet

3. Conflict of Interest:

It is hereby notified to Party B that HSBC is a Primary Dealer for Indian Government Bonds and actively makes markets in Indian Government Bonds including the Reference Security as mentioned in this term sheet. As HSBC has been appointed as the Calculation Agent, a potential conflict of interest may arise since HSBC's activity as a Primary Dealer and Market Maker could unduly and adversely affect the prices of the reference security as published by FBIL used as Reference Index against Party B. Party B acknowledges such a conflict of interest and is agreeable to HSBC's appointment as a Calculation Agent nevertheless.

4. Forward Yield

HSBC and Party B has agreed on the Forward Purchase Yield for the Termination Date under the current term sheet. Basis the current market prices, the Derived Forward Yield of the transaction discounted at OIS is provided **below in Appendix I**. The difference between the Forward Purchase Yield and the Derived Forward Yield represents the return and various costs for HSBC including but not limited to capital, credit, leverage and other such charges.

3. Scenario Analysis

The net cash flow will depend on the assumption of Reference Security price on the Payment Date of the Forward Rate Agreement and the forward purchase price.

*We demonstrate the net cash flow based on various Reference Security prices on the Payment Date for first tranche as per Schedule 1 in **Appendix II**.*

*We demonstrate the net cash flow based on various Overnight Index Swap prices on the Payment Date for one of the tranches as per Schedule 1 in **Appendix III**.*

Disclaimer: The foregoing analysis is produced for illustrative purposes only, and does not reflect a complete analysis of all possible opportunity gain and loss scenarios that may arise under the actual hedge structure. No representation or warranty is made by HSBC that any scenario described above can be duplicated under the actual structure. Actual results may vary from the result shown above, and variations may be material. Please also note that if the structure set out herein is unwound prior to its stated maturity, you may suffer a loss as a result as the mark-to-market value of the structure could fluctuate either upward or downward due to changes in the prevailing market conditions

4. Sensitivity Analysis

The transaction is sensitive to the market parameters mentioned in the 'Building Blocks' section. It is elaborated below as to how the change in these market factors would impact the transaction;-
INR Interest rates: If the Reference Security yield moves higher, it will adversely impact the transaction i.e. Mark to Market will be impacted negatively

5. Building Blocks of the Transaction & Factors impacting Pricing, Valuations and Mark to Market

The mark-to-market value of the product is determined by the value of different parameters reflecting the market condition at that time, as well as the remaining terms and tenor of the product (which may have been impacted by the market movements since the inception of the purchase of the product). Therefore, this value is not determined solely by reference to the then prevailing spot rate or price and the strike rate or price, but also by reference to other factors such as but not limited to expected forward rate or price, volatility, interest rates, valuation model or method and other market data which Party A believes to be appropriate at the time of calculation. The MTM of the product is determined by (1) Spot Price of the underlying exposure; and (2) INR Overnight Index Swap curve for the tenor of the forward rate agreement. At times of high market volatility the changes in valuation can be very significant. While Party A may provide mark-to-market valuation on the product from time to time, Party A is not obliged to do so; and given the illiquidity or the bilateral, over-the-counter nature of the product or other factors, Party B may find it difficult to obtain valuation from another independent source.

Appendix 1

| Termination Date | Forward Purchase Yield | Derived Forward Yield at Overnight Index Swap (OIS) | Derived Forward Yield at OIS + Spread* |
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| * Spread = xxx bps | | | |

Appendix 2

| Forward Purchase Price | Reference Security Price | Gain/Loss in INR for HDFC Life Insurance |
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| Our Scenario Analysis has been explained as below for Tranche 1 of Schedule 1 Net gain / Loss to client calculated as: (DV01* Forward Purchase Price) – [DV01 * Reference Security Price]; DV01 taken for First tranche is INR | | |

Appendix 3

| Forward Purchase Price | Overnight Index Swap | Gain/Loss in INR for HDFC Life Insurance |
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| Net gain / Loss to Client calculated as: (DV01* Change in OIS curve) in Tranche 1; DV01 for the first tranche taken at INR | | |

"We have read the above term sheet fully and have clearly understood the risks and payoffs of this Transaction as highlighted in the Risk Disclosure Statement. Our decision to enter into this hedging Transaction is based on our own independent assessment and we have not relied on any advice given by the bank. We confirm we have on hand valid underlying exposure as mentioned above and we are authorizing HSBC to execute the Transaction. Further we confirm the above Transaction is in line with board approvals and the approved risk management policy of the company. We also confirm that the company follows prudent accounting and disclosure norms."

For _____

Name of Signatory

Designation

Signature

DISCLAIMER

The issuance of and details contained in this document, which is not for public circulation, does not constitute an offer or solicitation for, or advice that Party B should enter into, the purchase or sale of any security, commodity or other investment product or investment agreement, or any other contract, agreement or structure whatsoever. This is intended as an outline only of the product(s) described herein and does not purport to list or summarize all of the terms and conditions of a particular transaction, nor to identify or define all or any of the risks that would be associated with the purchase or sale of such product(s). Neither The Hongkong and Shanghai Banking Corporation Limited (HSBC) nor any of its affiliates are advising Party B in respect hereof; accordingly prior to making an investment decision, Party B should conduct such investigation and analysis regarding the product(s) described herein as Party B deem appropriate and to the extent Party B deems necessary obtain independent advice from competent legal, financial, tax, accounting and other professionals, to enable Party B to understand and recognise fully the legal, financial, tax and other risks arising in respect of such product(s) and the purchase, holding and sale thereof. Please note that any prices or levels and any terms or conditions contained herein are indicative, are provided for discussion purposes only and may vary in accordance with changes in market conditions. No liability is accepted whatsoever for any direct, indirect or consequential loss arising from the use of this document, the distribution of which may be restricted by law in certain jurisdictions. The information contained herein is confidential to the addressees thereof and may not be reproduced or otherwise disseminated (except to Party B's professional advisers for the purposes of advising Party B hereon). HSBC, its affiliates and/or individuals associated therewith may have (or may liquidate) from time to time positions in the product(s), security or securities and/or underlying asset(s) (including derivatives thereof) referred to herein, or in any other asset, which may directly or indirectly affect the return to Party B under the product(s) described herein

Notwithstanding any explanation on product or transaction suitability made by HSBC or any of its affiliates, Party B must make Party B's own independent assessment as to whether the product or transaction is suitable to Party B based on Party B's own financial conditions, risk appetite, investment experience and objectives. Product suitability will be adversely affected if any such information is so provided by Party B is

inaccurate, misleading or incomplete for which neither HSBC nor any of its affiliates assumes any responsibility. By placing an order or entering into the transaction, Party B is deemed to have acknowledged that Party B is fully aware of and understand the terms of the product or the transaction including the risks of investing in the product or the transaction and that Party B is not relying on any view or advice from HSBC or any of its affiliates in assessing the merits, risks or suitability of the product or transaction. Neither HSBC nor any of its affiliates shall be liable for any loss or damages Party B may incur arising out of any investment decision made by Party B. If Party B is in doubt on any aspect about this product, Party B should consult Party B's own legal, financial, tax or other professional investment advisers

Should Party B intend to sell or otherwise transfer or supply (directly or indirectly) the product(s) (or any interest therein) described herein to any third party (and without prejudice to any contractual requirement to obtain the consent of HSBC (or any of its affiliates) in respect of such sale, transfer or supply), Party B (rather than HSBC or any of its affiliates) will be responsible for complying with all applicable laws, regulations and rules in respect of any such sale, transfer or supply (including without limitation as to the suitability of such product(s) for such third party) and the provision of all appropriate risk warnings and disclosures. In addition, Party B accepts that in no circumstances shall any such third party be treated as a customer of HSBC (or any of its affiliates) in respect of such sale, transfer or supply

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