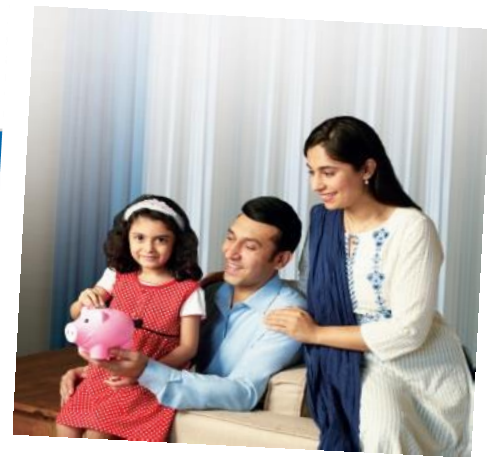
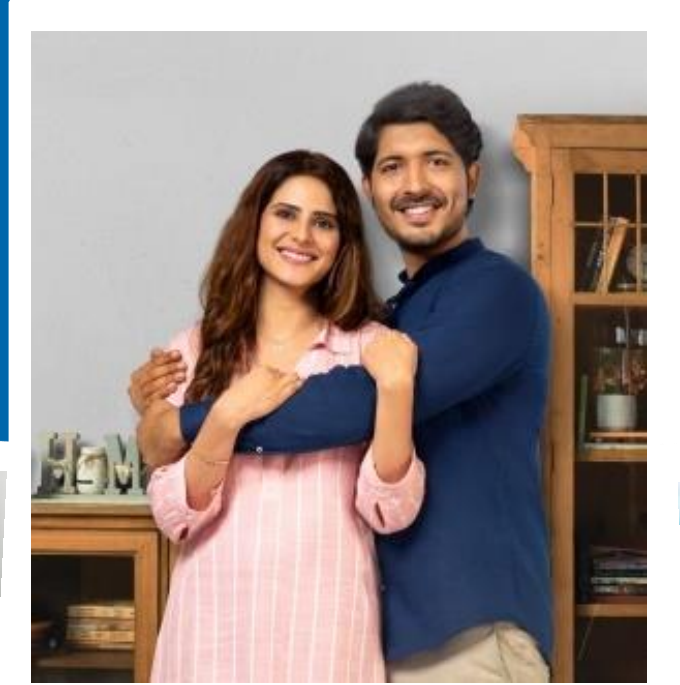
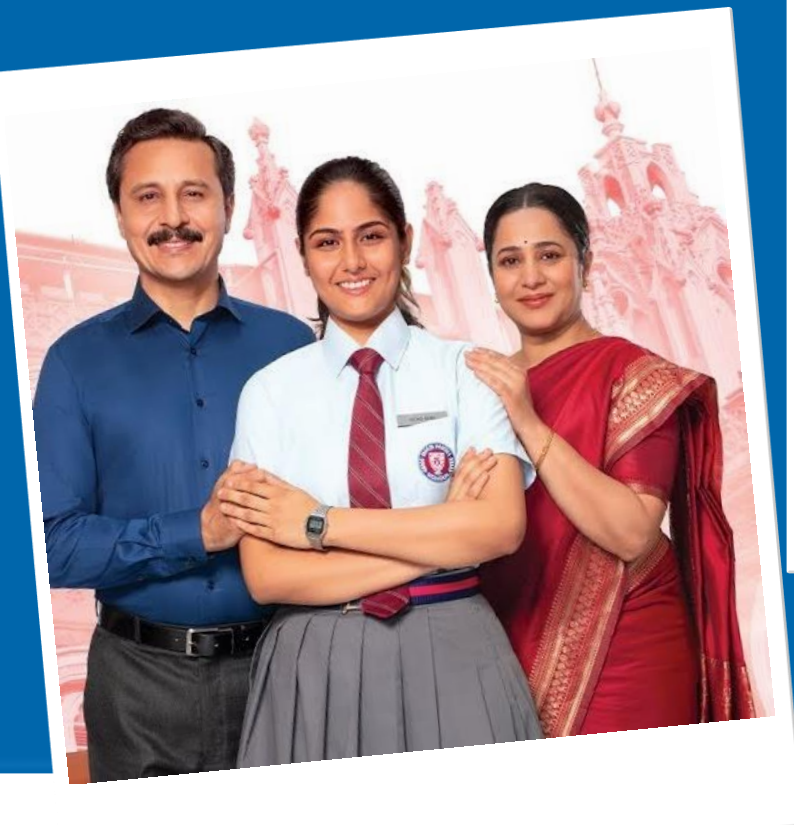


Investor Presentation – FY22



Executive summary: FY22

Revenue & Scale



Individual WRP	Growth	16%
	Market Share	14.8%



Renewal premium	Rs (Bn.)	218.1
	Growth	18%



AUM	Rs (Bn.)	2,041.7
	Growth	17%



IEV ¹	Rs (Bn.)	300.5
	EVOP ¹	16.6%

Profitability & Cost



New Business Margin (NBM)	FY22	27.4%
	FY21	26.1%



VNB	Rs (Bn.)	26.8
	Growth	22%



Profit After Tax (PAT)	Rs (Bn.)	12.1
	Growth	(11%)



Operating exp. ratio	CY	12.3%
	PY	12.0%

Customer & Capital



13 th month persistency ²	FY22	92%
	FY21	90%



Claim settlement ratio	Overall	99.6%
	Individual	98.7%



Complaints per 10K policies	CY	34
	PY	35



Solvency	Mar'22	176%
	Dec'21	190%

1. Indian Embedded Value: Includes impact of excess mortality reserve (EMR); Pre-EMR EVOP is 19.0%; Excludes Exide Life's EV of Rs 29.1 bn
2. Includes single premium

Agenda

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Performance Snapshot

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Customer Insights

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Exide Life Transaction Update

5

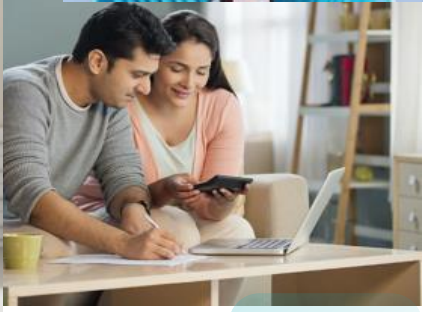
Our approach to ESG

6

Annexures

7

Life insurance in India



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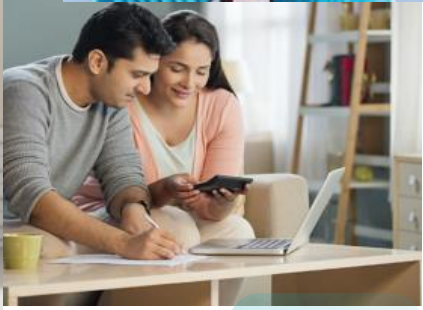
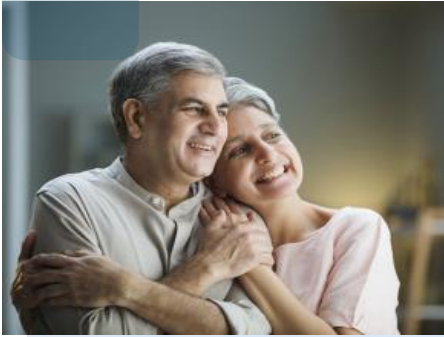
Our approach to ESG

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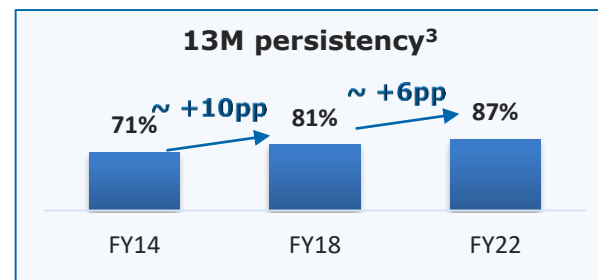
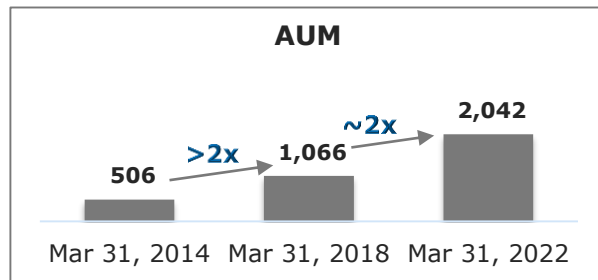
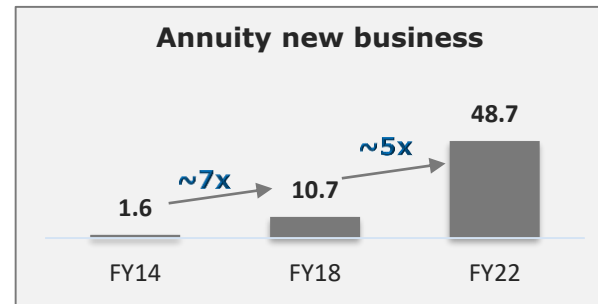
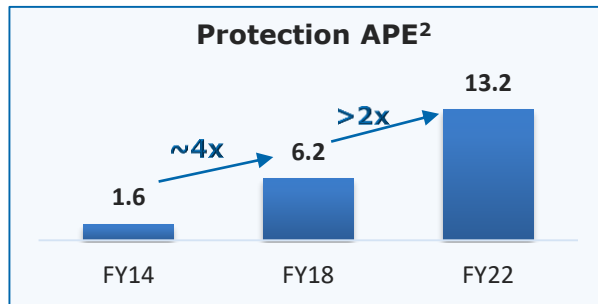
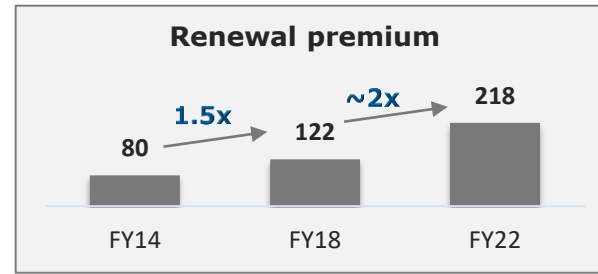
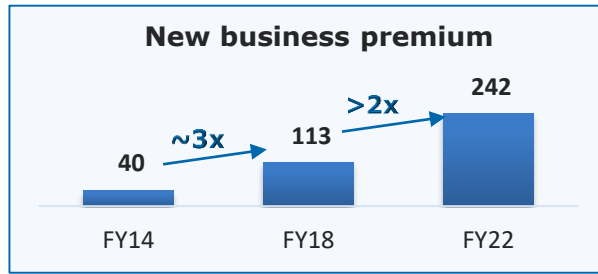
Life insurance in India



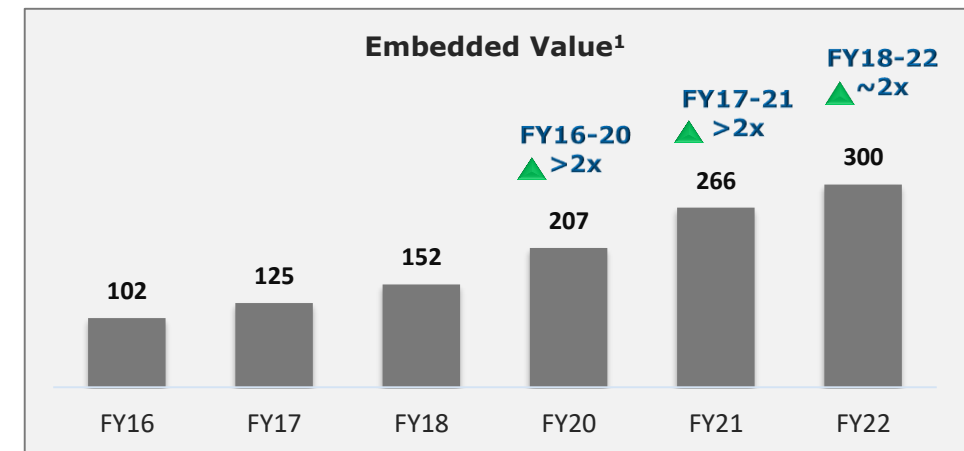
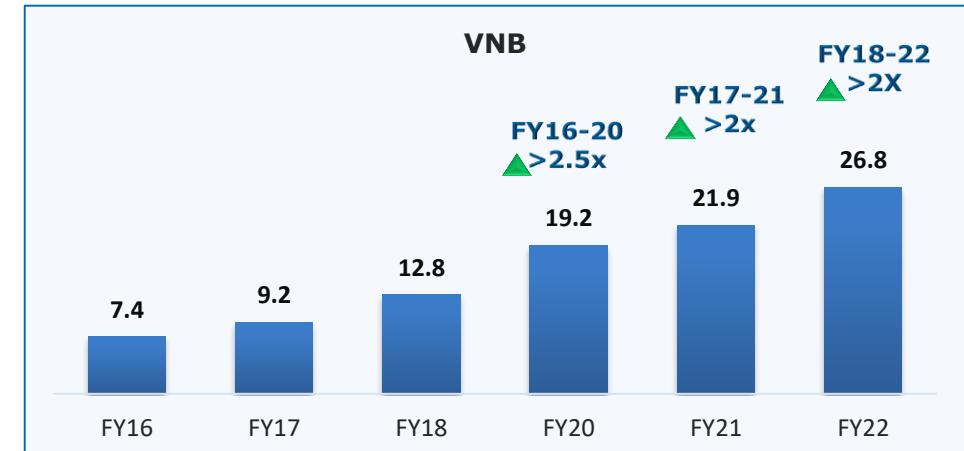
Consistent, predictable, sustained performance

Rs bn

Holistic growth



Consistent track record over multiple periods



1. Including cash payout of Rs 7.3 bn for acquisition of Exide Life, but excluding Exide Life's EV of Rs 29.1 bn

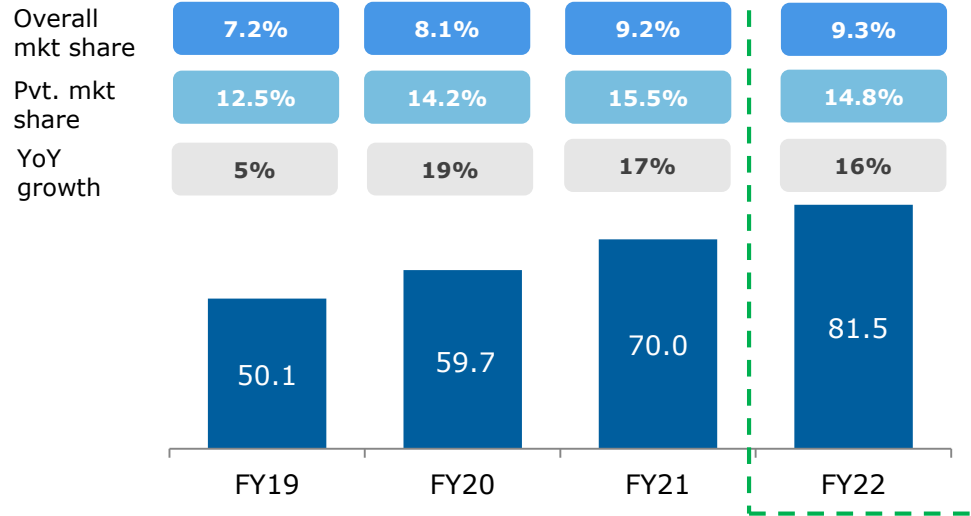
2. Based on Overall APE

3. Excluding single premium

Demonstrating resilience in the current environment (1/2)

Rs bn

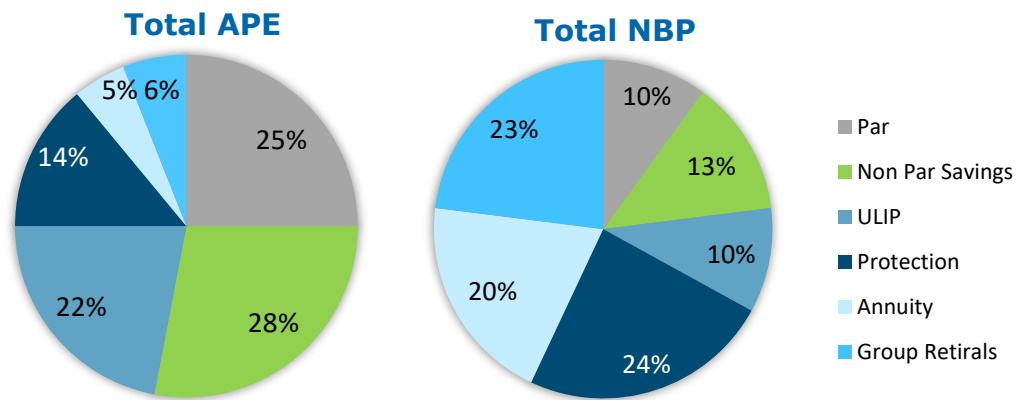
Steady Individual WRP trends



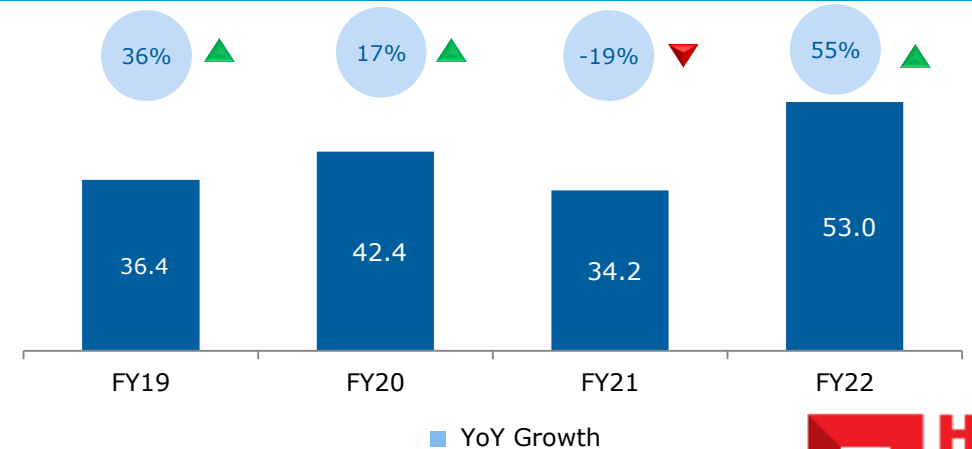
Strong, sustainable growth¹

	HDFC Life	Pvt sector	Industry
FY22	16%	22%	16%
2 yr CAGR	17%	14%	9%
5 yr CAGR	18%	14%	10%

Balanced product mix



Bounce back in CP volumes on the back of higher disbursements²

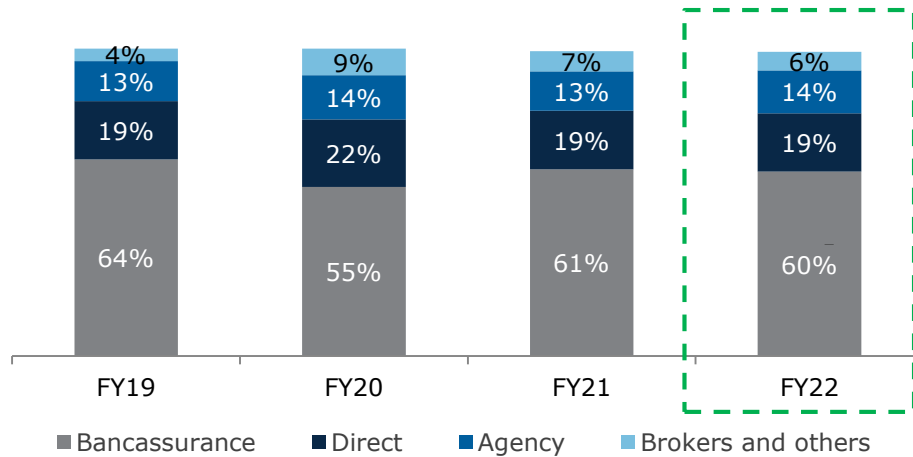


1. Based on Individual WRP; 2. Based on Credit Protect new business premium

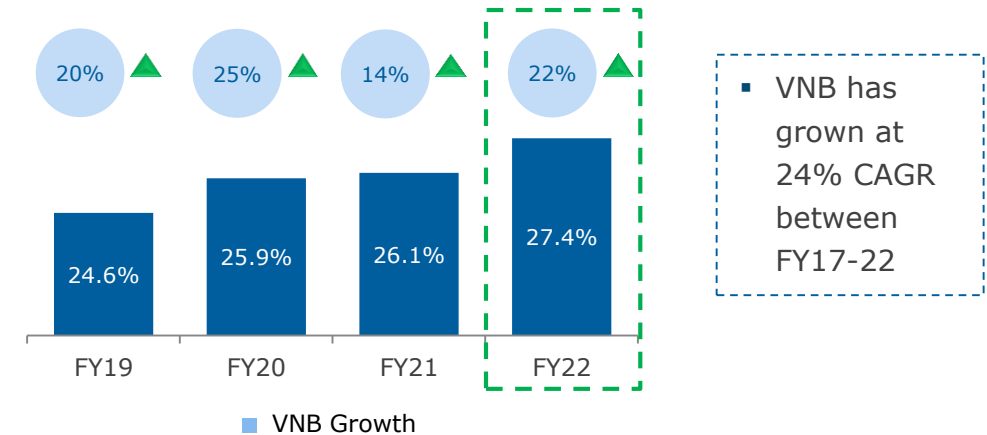
Demonstrating resilience in the current environment (2/2)

Rs bn

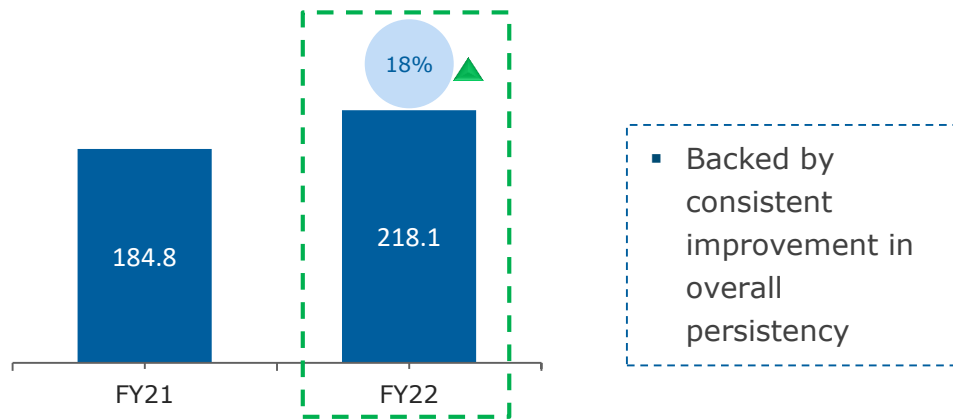
Focus on diversified channel mix¹



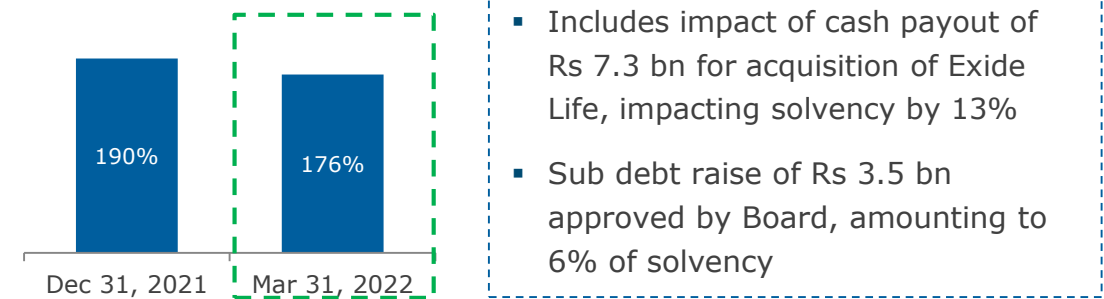
Steady expansion in New Business Margins



Strong growth in renewal premium



Solvency position



1. Based on Individual APE

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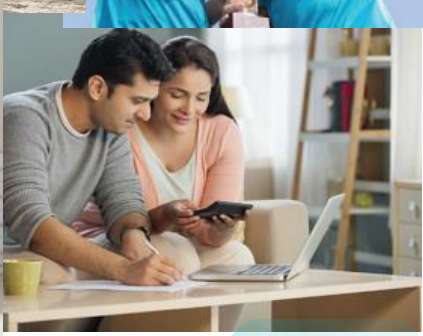
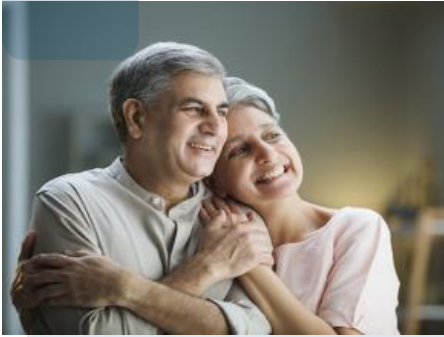
Our approach to ESG

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Life insurance in India



Key elements of our strategy

1



Focus on profitable growth

Ensuring **sustainable and profitable growth** by identifying and tapping new profit pools

2



Diversified distribution mix

Developing **multiple channels** of growth to drive need-based selling

3



Market-leading innovation

Creating **new product propositions** to cater to the **changing customer behaviour** and needs

4



Reimagining insurance

Market-leading **digital capabilities** that put the customer first, shaping the insurance operating model of tomorrow

5

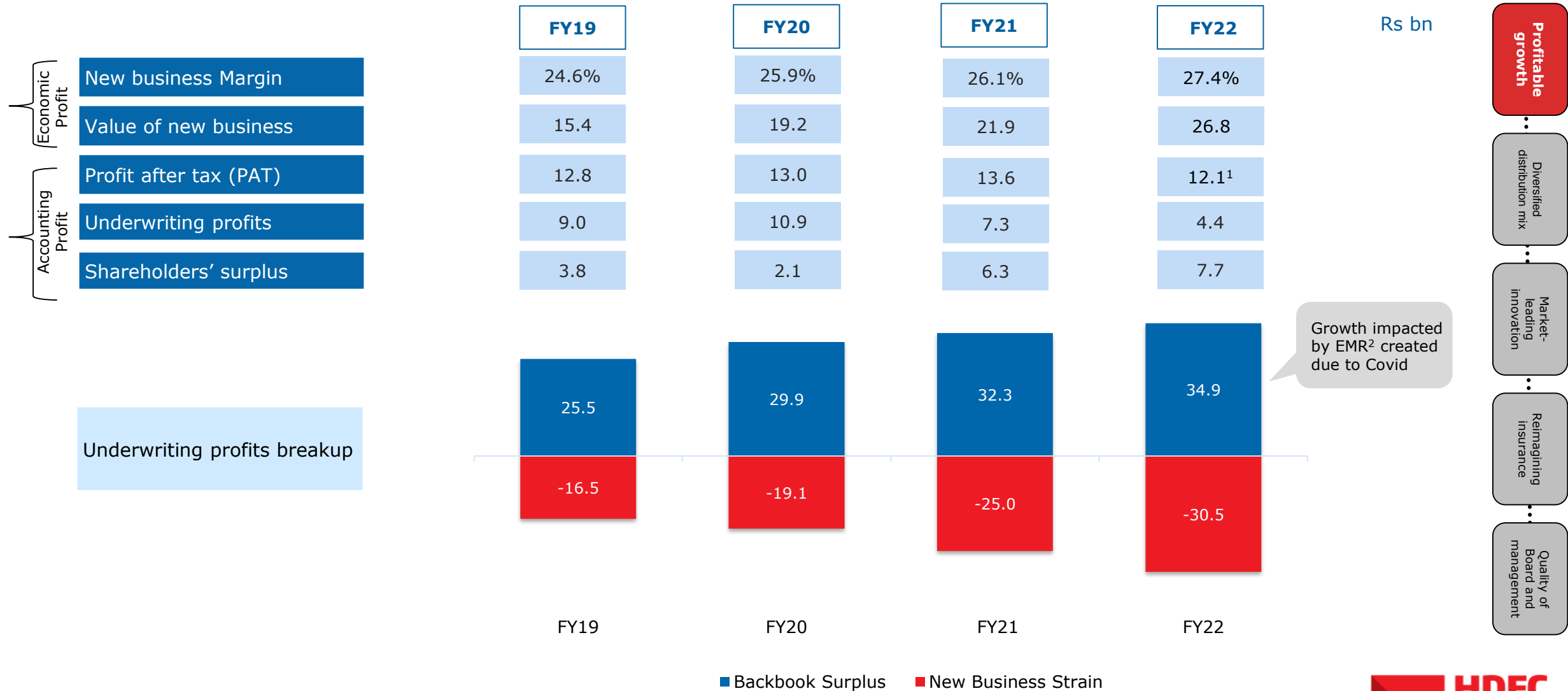


Quality of Board and management

Seasoned leadership guided by an **independent and competent Board**; No secondees from group companies

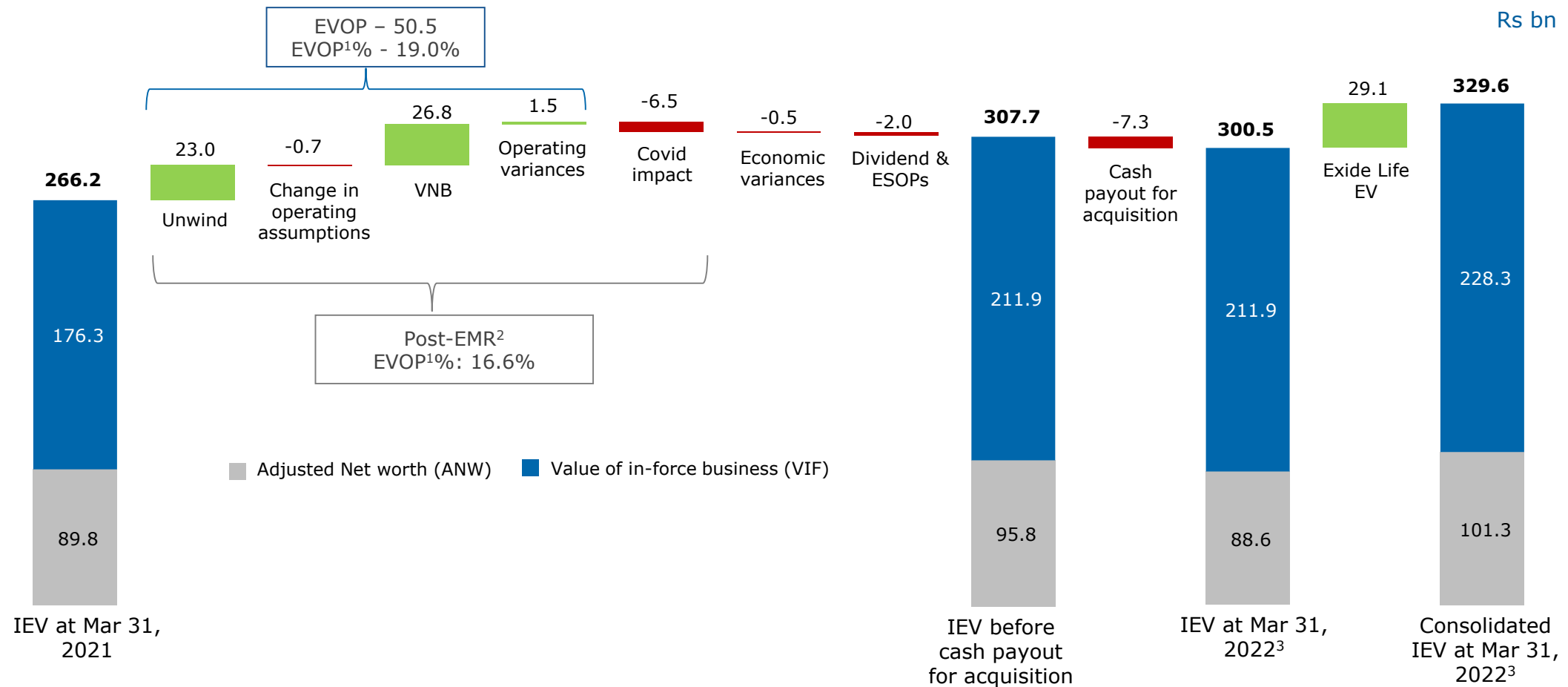
“Our continuous focus on technology and customer-centricity has enabled us to deliver consistent performance even in the most challenging times”

Focus on profitable growth



1. Impacted by excess mortality reserve (EMR) created due to Covid. Post wave 2, PAT in Q3 & Q4 improved steadily, with PAT for Q4 registering a 12% YoY growth
 2. EMR: Excess Mortality Reserve

Analysis of change in IEV



- Profitable growth
- Diversified distribution mix
- Market-leading innovation
- Reimagining insurance
- Quality of Board and management

Operating variance continues to be positive and in line with our assumptions

1. EVOP% calculated as annualised EVOP (Embedded Value Operating Profit) to Opening EV
 2. EMR: Excess mortality reserve
 3. HDFC Life EV excluding Exide Life EV reviewed by Milliman Advisors LLP; Exide Life EV reviewed by Willis Towers Watson



Diversified distribution mix enabled by multiple levers

Proprietary¹



1.1L+ Agents



372 Branches
48 Digital Branches²



www.hdfclife.com
HDFC Life App



Group, Pension & International Business



NPS Corporates



Group Annuity (MPH/CA)
160+ Superannuation Funds



Rep Office - NRI

Banks, SFBs, Other CAs



NBFCs, MFIs



Brokers & Aggregators



Partnerships in emerging eco-systems across Health, E-commerce, Auto, Telecom, Mutual Fund, Fintech



Equity Brokers & Wealth



Profitable growth

Diversified distribution mix

Market-leading innovation

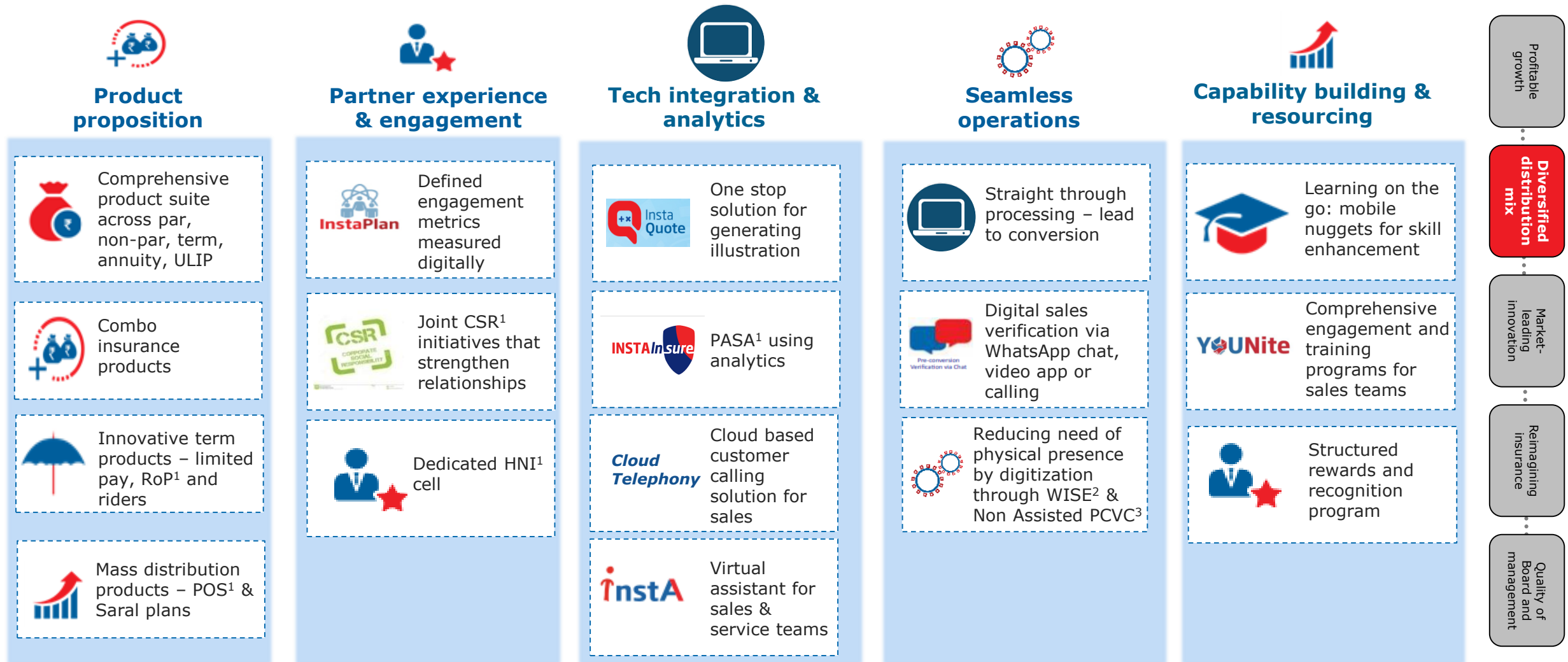
Reimagining insurance

Quality of Board and management

1. Proprietary channels include Agency, Direct and Online

2. Digital Branches: Virtual branch for servicing customer requests remotely through dedicated app and webpage

Bancassurance powered by innovation, technology and people



1. POS: Point of Sales; PASA: Pre-approved Sum Assured; RoP: Return of Premium; HNI: High Networth Individual; CSR: Corporate Social Responsibility
 2. WISE: Frontline digital tool, enables virtual onboarding of customers in the presence of a HDFC Life representative
 3. PCVC: Pre Conversion Verification Call

Technology driving agent productivity in Agency channel



1. PRL: Pre-recruitment licensing

2. FC: Financial Consultant

3. IC38: Qualifying exam for becoming an insurance advisor, conducted by Insurance Institute of India

Expanding market through consistent product innovation

Launched before 2015:



- Click 2 Protect 3D Plus (Protection)
- Pension Guaranteed Plan (Annuity)
- Classic One (ULIP)
- Cancer Care (Health)

- Sanchay Plus (Non-par savings)
- Sanchay Par Advantage (Participating)
- Group Poorna Suraksha (Group term insurance)

- Sanchay Fixed Maturity Plan (Non-par savings)**
Guaranteed return savings plan which offers complete flexibility in terms of age coverage, premium payment & policy terms with industry first liquidity features
- HDFC Life QuickProtect (Protection)**
A combination of Click2Protect Life plan and accidental death benefit, critical illness & income benefit on accidental disability riders, designed to give cover against 3Ds - Death, Disease and Disability
- Systematic Retirement Plan (Annuity)**
Regular pay deferred annuity plan which allows flexibility to choose deferment period and annuity payout date



"PRODUCT INNOVATOR OF THE YEAR - LIFE INSURANCE", by Quantic India - 3rd Annual BFSI Technology Excellence Awards, 2022

Profitable growth

Diversified distribution mix

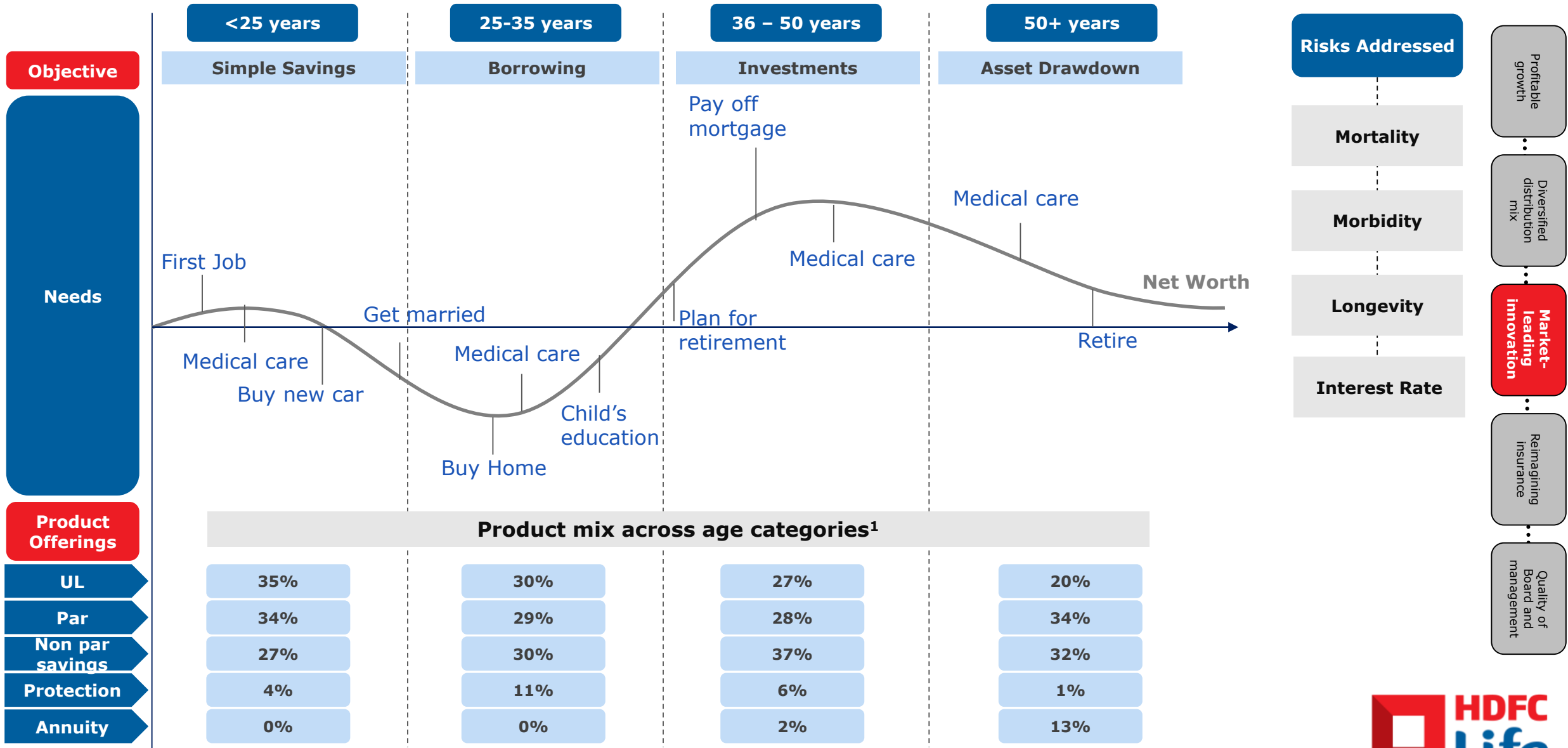
Market-leading innovation

Reimagining insurance

Quality of Board and management



Addressing customer needs at every stage of life



1. Based on Individual WRP for 12M FY22; Percentages may not add up due to rounding off effect

Our approach to retiral solutions

1. NPS



- Largest Pension Fund Manager (PFM) in Retail and Corporate NPS segment, with AUM of Rs 284 bn¹
- Registered strong AUM growth of 73% yoy

- Market share grew from 34% in Mar'21 to 37% in Mar'22 amongst all PFMs
- Company has over 1.1 mn customers - ~0.8 mn in retail segment and ~0.4 mn in corporate segment
- #1 POP² in new Corporate and Corporate Subscriber business

2. Immediate / deferred annuity



- Largest player in the private sector
- Servicing 300+ corporates and >50,000 lives covered in FY22

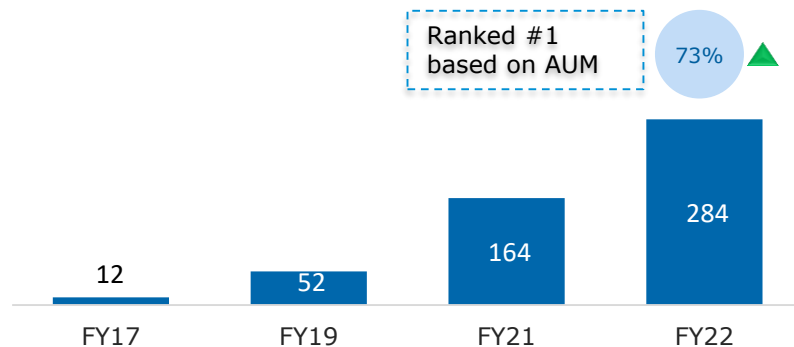
3. Group superannuation fund



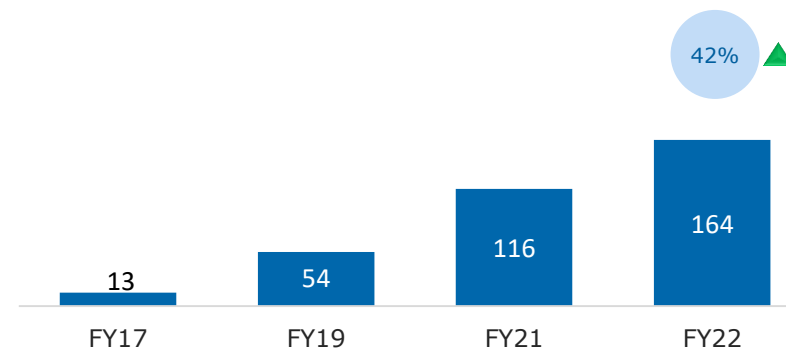
- Managing funds for 160+ corporates under superannuation scheme

Rs bn

NPS AUM



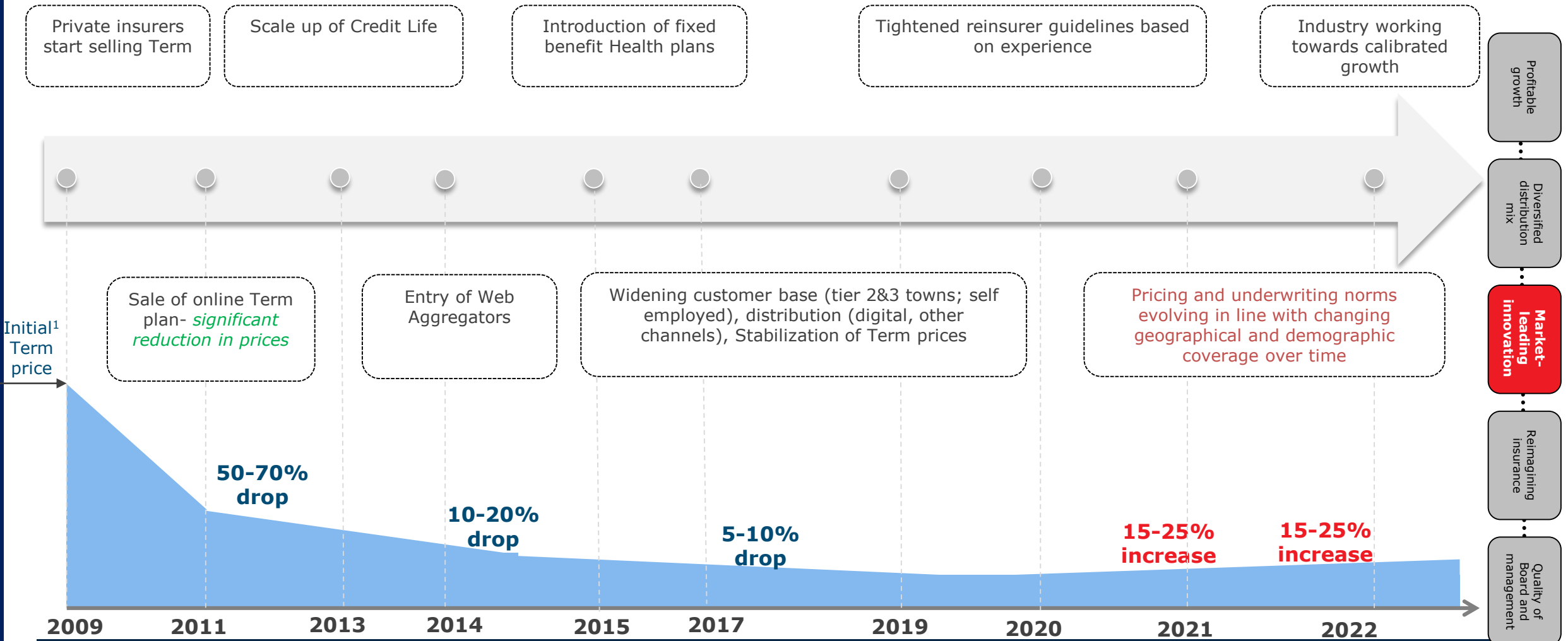
Annuity portfolio



1. As on Mar 31, 2022

2. POP: Point of presence for enabling opening of accounts on a platform

Evolution of protection prices in India



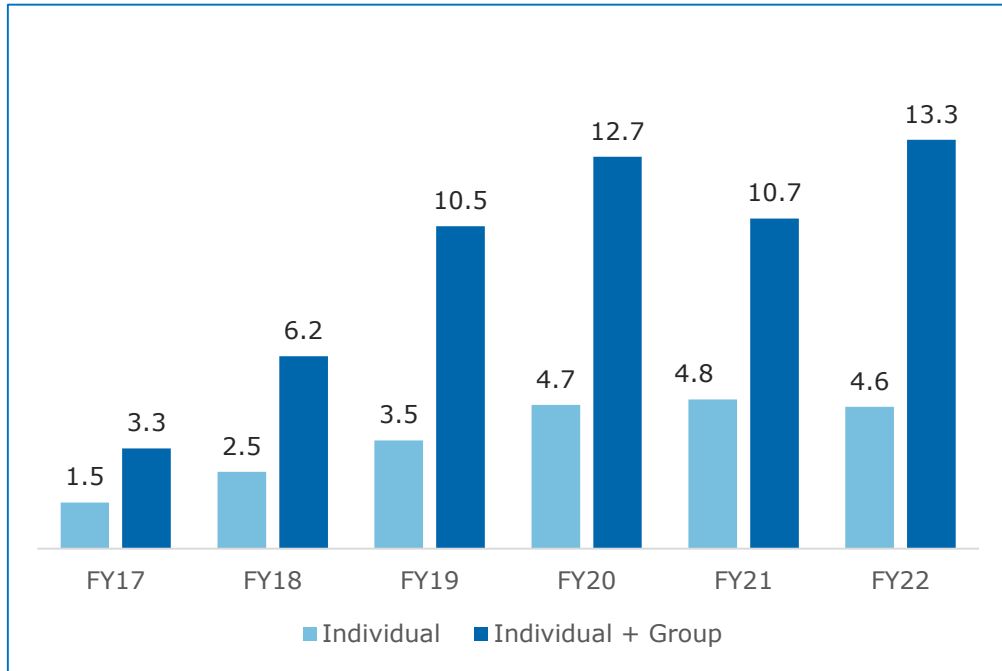
Despite recent increase in pricing, term rates on an average have seen a CAGR of only 1.4% over last 10 years, still lower than pre-2014

1. Indicative movement of Term premium rates for HDFC Life, for Male, 35 year old, Non Tobacco user for Term 30, exclusive of tax

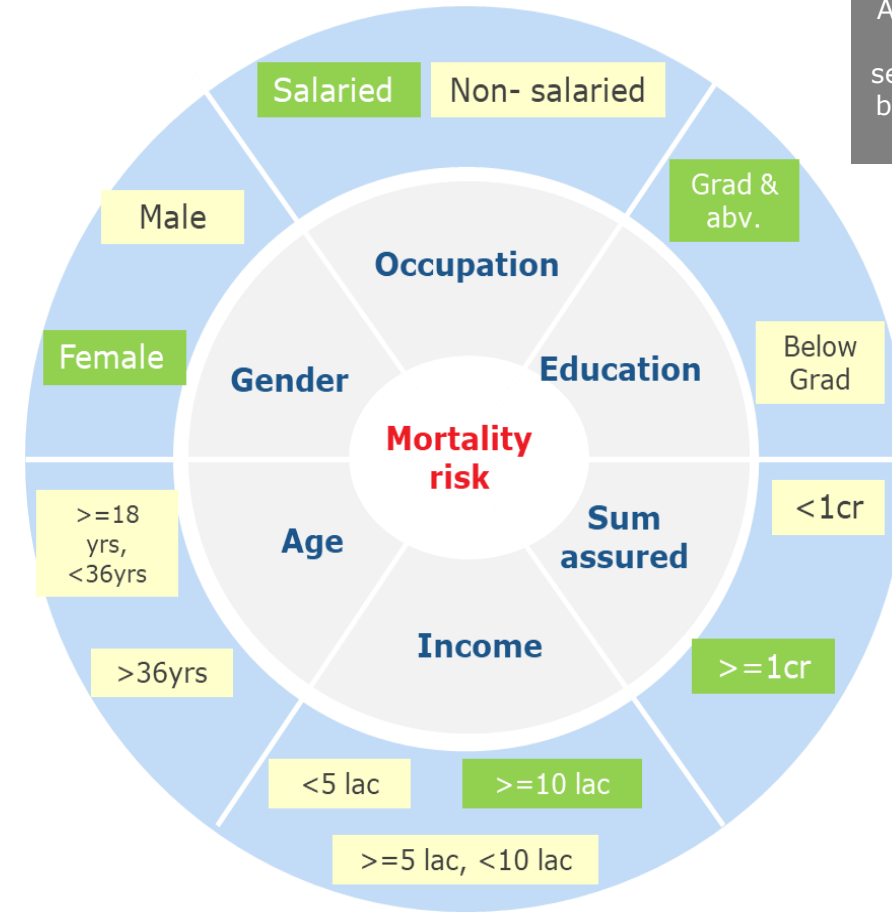


Our experience during the journey gave us multiple insights

Protection growth trajectory of HDFC Life¹



	FY17	FY18	FY19	FY20	FY21 ²	FY22
Total Protection APE growth	19%	92%	67%	22%	(16%)	24%
Protection mix based on NBP	7.8%	11.3%	16.7%	17.2%	12.8%	13.6%



An illustrative depiction of segmental risk based on past experience

- Profitable growth
- Diversified distribution mix
- Market-leading innovation**
- Reimagining insurance
- Quality of Board and management

Nuanced approach while evaluating risks across customer segments

1. Based on APE, in Rs bn
 2. Growth has been negative on account of supply side constraints during Covid and stricter underwriting norms



Our protection philosophy is based on our experience across cohorts

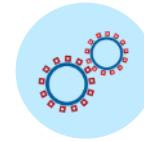
Supply side considerations

- ✓ Adverse mortality experience in pandemic
- ✓ Recalibration by reinsurers
- ✓ Need for calibrated underwriting
- ✓ Sustaining robust claim settlement ratio
- ✓ Insurers moving beyond top 10 cities and salaried segment

Demand side considerations

- ✓ Huge protection gap and under-penetration
- ✓ Customers valuing brand, onboarding experience and track record, apart from the price
- ✓ Younger customers are less hesitant about discussing mortality, morbidity

Our Focus Areas



Strengthening underwriting practices and use of deep learning underwriting models



Continue to address protection opportunity through group platform (Credit Life) apart from retail business



Product innovation catering to varying customer needs; Higher focus on riders



Leveraging available market & industry platforms e.g., central medical repository for faster turnaround and greater underwriting precision

Protection is a multi-decade opportunity that we plan to address prudently with continued innovation

Profitable growth

Diversified distribution mix

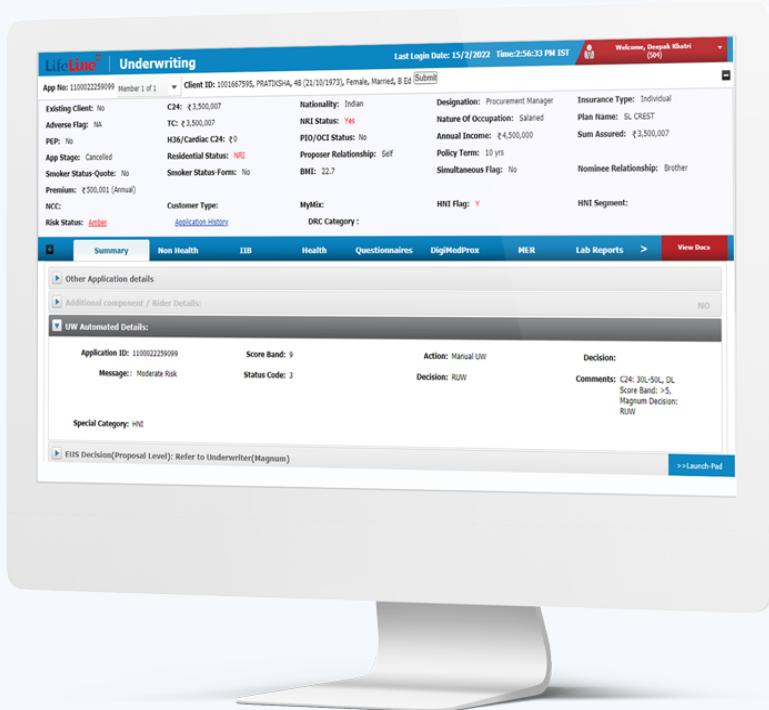
Market-leading innovation

Reimagining insurance

Quality of Board and management

Strengthening underwriting and simplifying customer journey

UW Engine¹



An in house model that provides ability to set dynamic parameters



Allows flexibility in deciding retention strategy without manual intervention



2-stage model developed using deep learning techniques. 1st stage predicts probability of future claim and 2nd stage proposes actual UW¹ decision

1. UW: Underwriting

MediEasy

Assisted real time requirement closure – for hassle free medicals



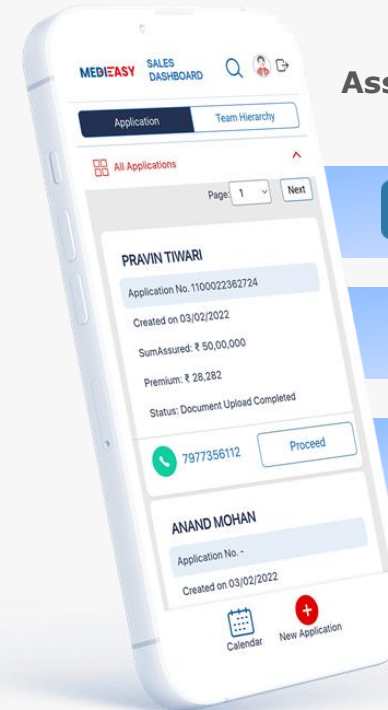
Real time assisted financial scrutiny and help from financial desk



Real time video medicals



Real time medical scheduling



Meditech initiatives



Non Invasive Heart Rate, BMI and other parameters using customer mobile video



Instant



Accessible



Accurate



Available 24X7 In customers pocket



Customer empowering

Profitable growth

Diversified distribution mix

Market-leading Innovation

Reimagining Insurance

Quality of Board and management



We leverage multi-pronged risk management approach for protection

1

Reducing incidence of fraud & early claims

Analytics and Data Enrichment

Risk+

AI-ML based risk models, rule engines, credit bureaus etc.

No 'one size fits all' underwriting



Dynamic classification depending on profile, detailed medical & financial underwriting

Regular portfolio review



To identify emerging trends, outliers and take corrective actions

2

Limiting impact on profitability & solvency

Reinsurance



Optimized reinsurance strategies for risk transfer

Catastrophe agreement



To protect from excess loss

Prudent reserving



Well provisioned to prevent sudden shocks from current pandemic

3

Balancing pricing & underwriting

Active re-pricing



Ongoing wherever required (mostly applies for Group schemes)

Product boundary conditions



Gate criteria depending upon sourcing channel

4

Strong governance & audits @Partners

TPAs & medical centers



Ensure process & quality adherence

Distribution partners



Adherence to best practices and continuous monitoring of risk

Profitable growth

Diversified distribution mix

Market-leading innovation

Reimagining insurance

Quality of Board and management

Product mix across key channels¹

Banca ²	Segment	FY19	FY20	FY21	FY22
	UL	64%	32%	27%	29%
	Par	13%	18%	37%	33%
	Non par savings	17%	44%	30%	33%
	Term	4%	4%	4%	4%
	Annuity	3%	2%	2%	2%

Direct	Segment	FY19	FY20	FY21	FY22
	UL	50%	33%	29%	28%
	Par	8%	14%	17%	14%
	Non par savings	12%	20%	16%	27%
	Term	6%	4%	3%	3%
	Annuity	24%	29%	35%	28%

Agency	Segment	FY19	FY20	FY21	FY22
	UL	26%	12%	10%	16%
	Par	40%	34%	37%	33%
	Non par savings	17%	40%	39%	39%
	Term	12%	12%	11%	10%
	Annuity	5%	3%	3%	3%

Online ³	Segment	FY19	FY20	FY21	FY22
	UL	62%	44%	39%	46%
	Par	2%	1%	1%	2%
	Non par savings	1%	18%	29%	30%
	Term	35%	37%	30%	20%
	Annuity	1%	1%	2%	2%

Company	Segment	FY19	FY20	FY21	FY22
	UL	55%	28%	24%	26%
	Par	18%	19%	34%	30%
	Non par savings	15%	41%	31%	33%
	Term	7%	8%	7%	6%
	Annuity	5%	4%	5%	5%

~40% of business with policy term <10 years; ~20% of received premium in single-pay policies since launch of Sanchay Fixed Maturity Plan

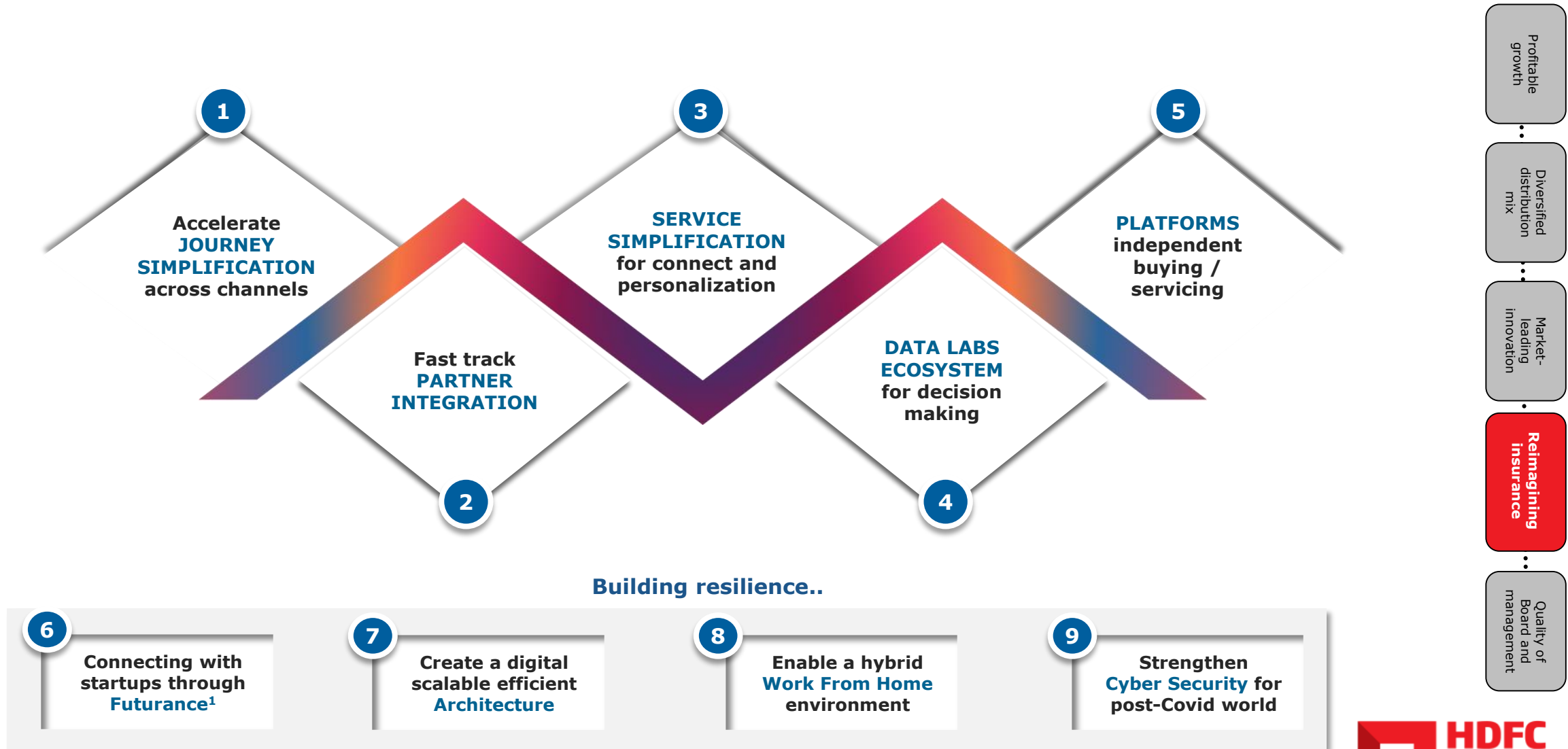
Protection		FY19	FY20	FY21	FY22
	Based on Total APE	17%	17%	13%	14%
	Based on NBP	27%	27%	20%	24%

Annuity		FY19	FY20	FY21	FY22
	Based on Total APE	4%	4%	5%	5%
	Based on NBP	17%	16%	20%	20%

1. Based on Individual APE, Term includes health business. Percentages are rounded off
2. Includes banks, other corporate agents and online business sourced through banks / corporate agents
3. Includes business sourced through own website and web aggregators

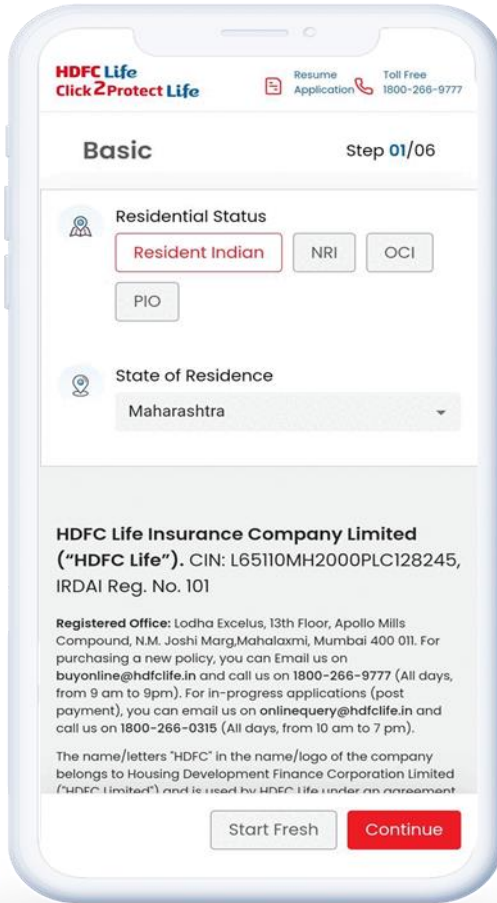


Aligned to make life simpler for customers



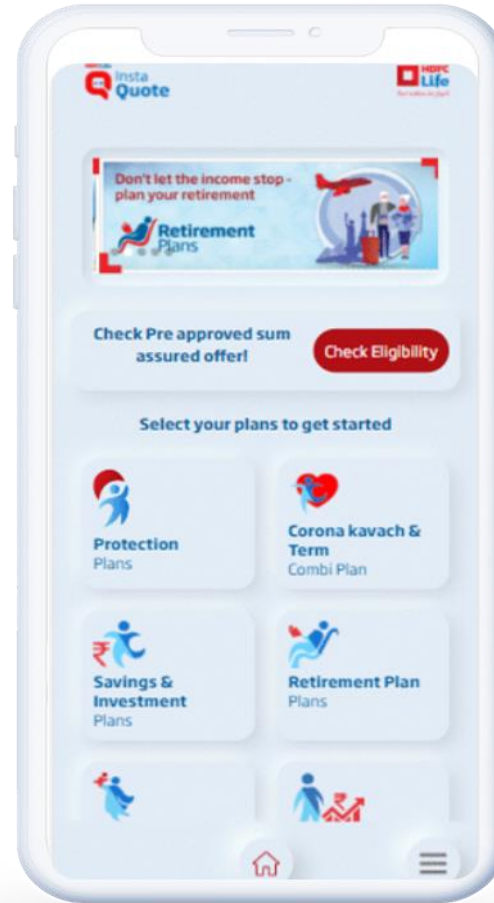
1. Futurance: A program to collaborate with startups for harnessing cutting-edge technology

Journey simplification



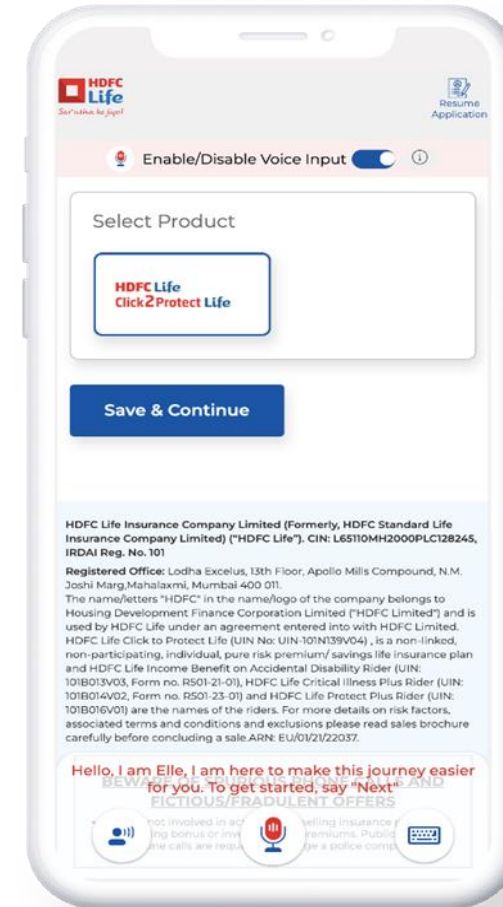
Life Easy

End to end Term buying journey
21K+ applications submitted



InstaQuote

Quote generation app
30K+ daily quote generation



Voice

Voice enabled buying journey
1K+ user journeys for Life Easy

Profitable growth

Diversified distribution mix

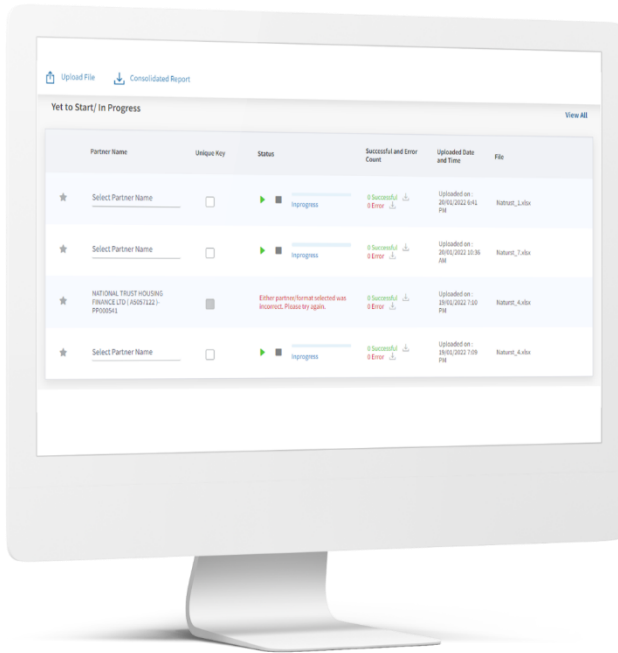
Market-leading innovation

Reimagining insurance

Quality of Board and management



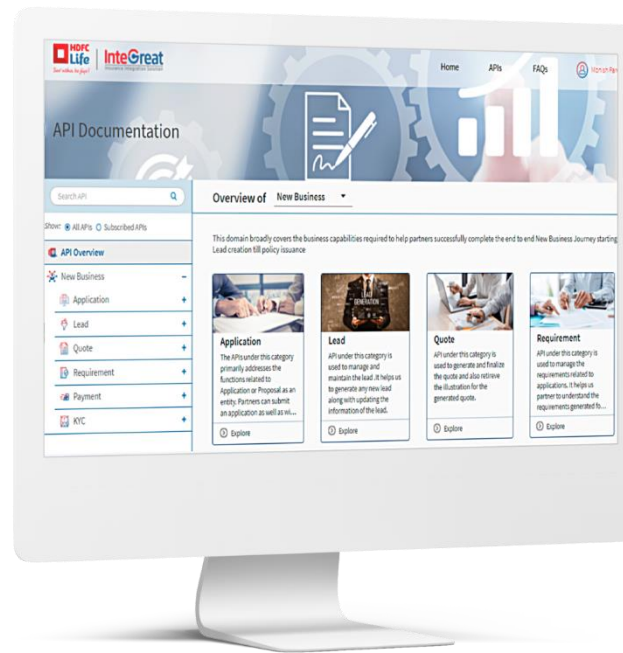
Partner integration



LifeNext

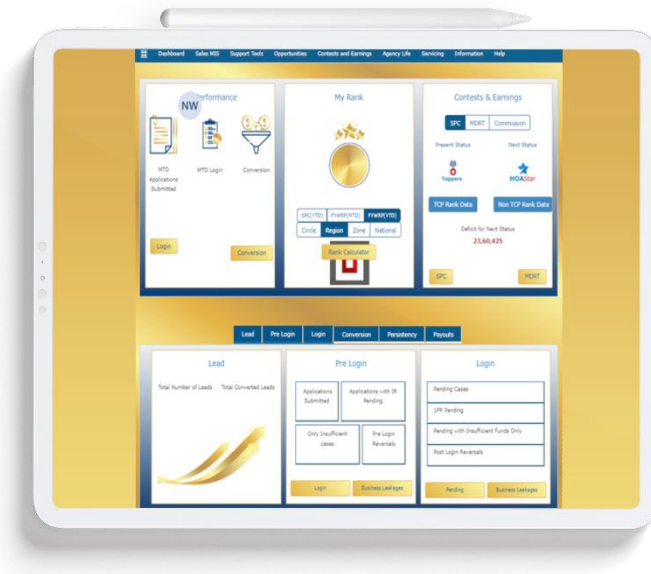
End-to-end portal for group partners creating a seamless journey with plug-n-play integration

More than 200 partners on-boarded



API Bank

A portal to publish & test APIs¹ for data and services offered to Partners, Aggregators & Fintechs



Partner Portal

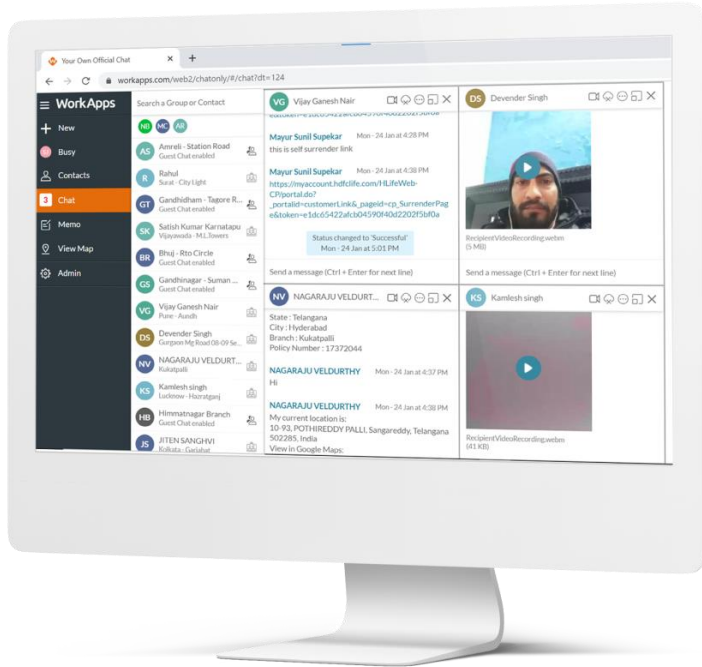
One stop shop for all MIS², self and customer servicing needs of an individual Agent

28K+ active FCs³ in Q4

1. API – Application Programming Interface
 2. MIS – Management Information Systems
 3. FCs- Financial Consultants

- Profitable growth
- Diversified distribution mix
- Market-leading innovation
- Reimagining insurance
- Quality of Board and management

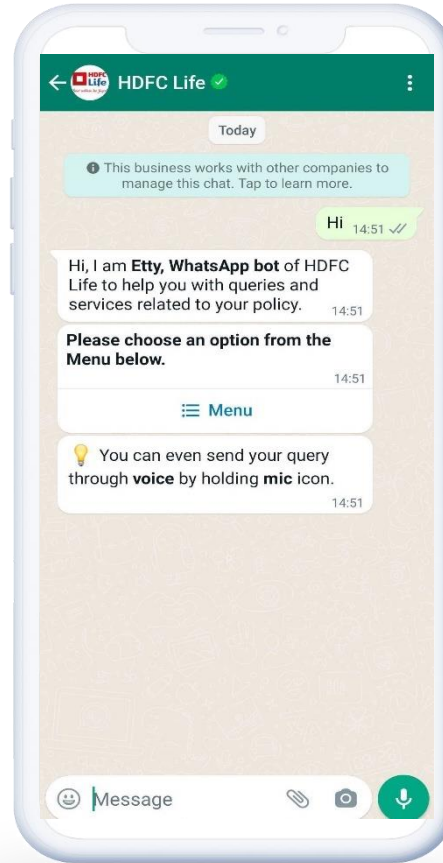
Service simplification



V Serv

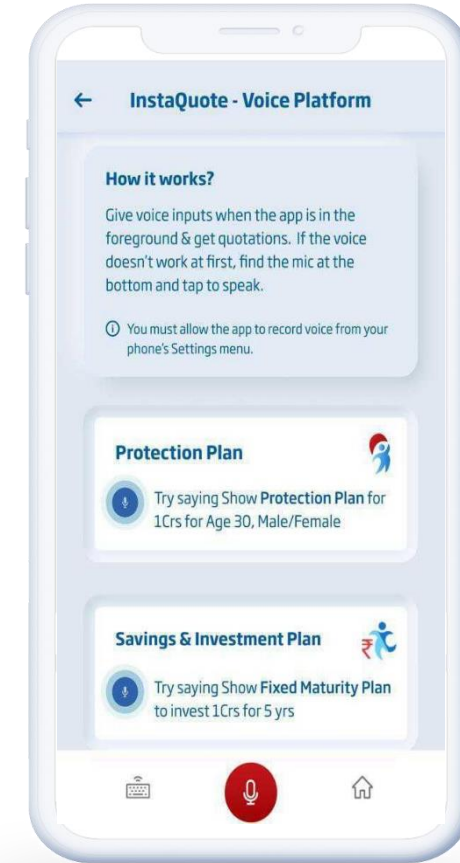
Industry first video based 'Phy-gital' mode of service
OTP¹ enabled customer authentication

1. OTP – One Time Password
2. NLP – Natural Language Processing



Life.AI

24X7 NLP² based WhatsApp bot
2.5mn+ unique users

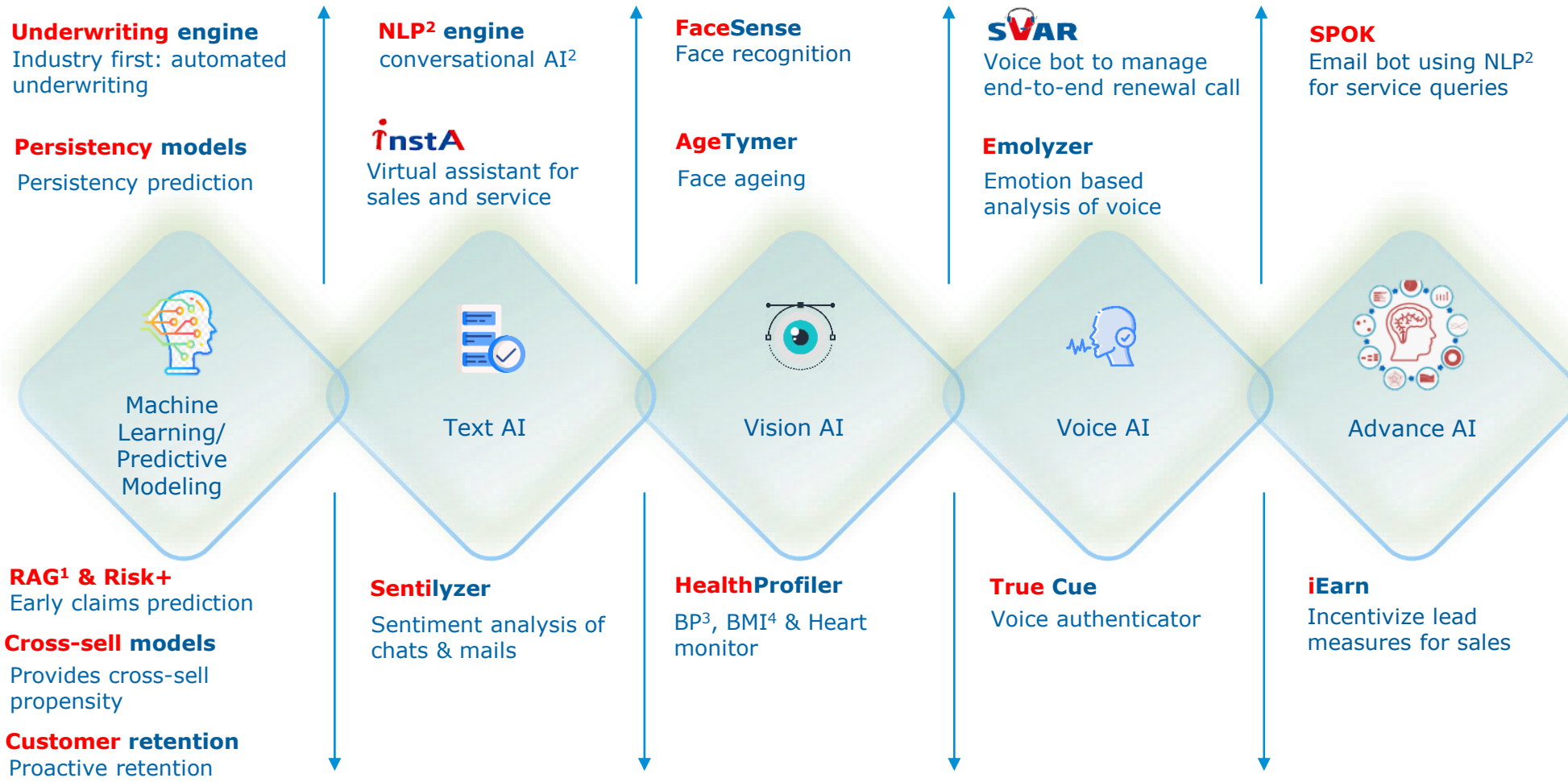


Voice.AI

Availability of servicing on Voice Channels– Alexa, Google Assistant



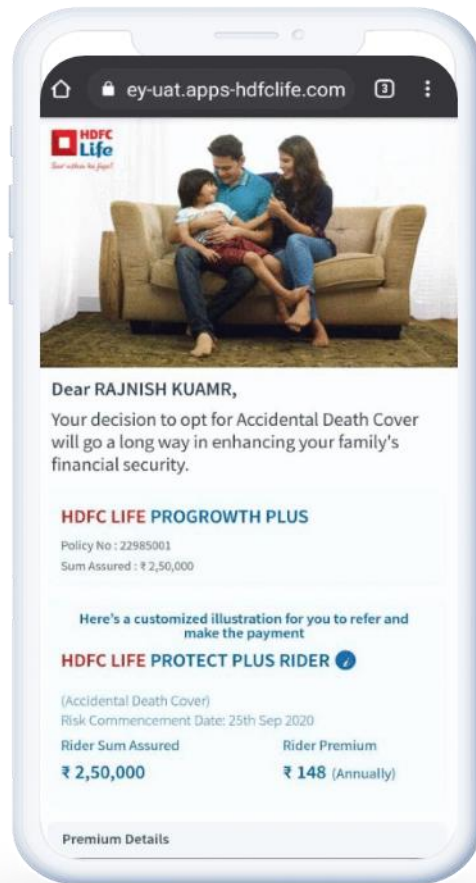
Data Labs



- Profitable growth
- Diversified distribution mix
- Market-leading innovation
- Reimagining insurance**
- Quality of Board and management

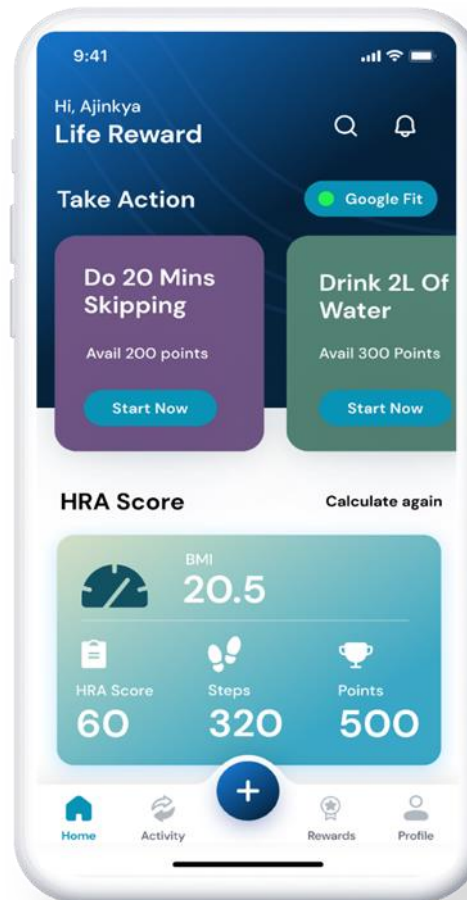
1. RAG – Red Amber Green model
 2. NLP – Natural Language Processing; AI: Artificial Intelligence
 3. BP – Blood Pressure
 4. BMI – Body Mass Index

Platforms




Rider Attachment


Attach riders at renewal seamless journey with 2 clicks





Life Rewards

Health and wellness app
User gets reward points for completing fitness challenges, taking risk assessment, and other activities (sandbox mode)

 Offers fitness-related challenges

 Physical and mental well-being content

 Integrated with fitness wearables

 Periodic BMI/fitness checks

Profitable growth

Diversified distribution mix

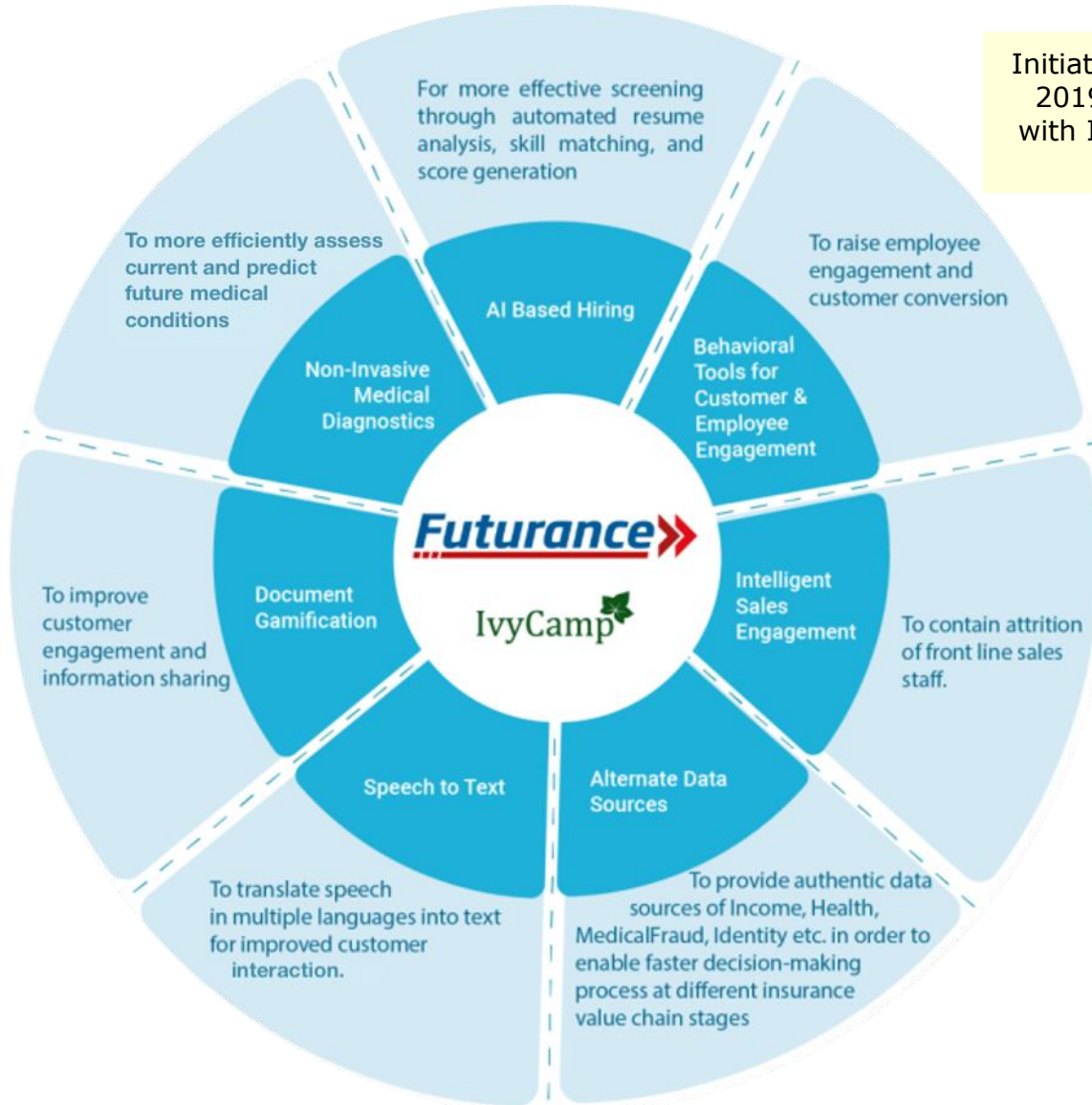
Market-leading innovation

Reimagining insurance

Quality of Board and management



Futurance program – Start-up outreach for driving Innovation




Initiative started in June 2019 in collaboration with IvyCamp Ventures Advisors


380+ applications received

Collaboration with **85+** startups

Sample highlights of POC conducted



AI based video assessment for branch service staff



Quote calculator inbuilt in a video for lead generation



Sales Management application for POSP agents



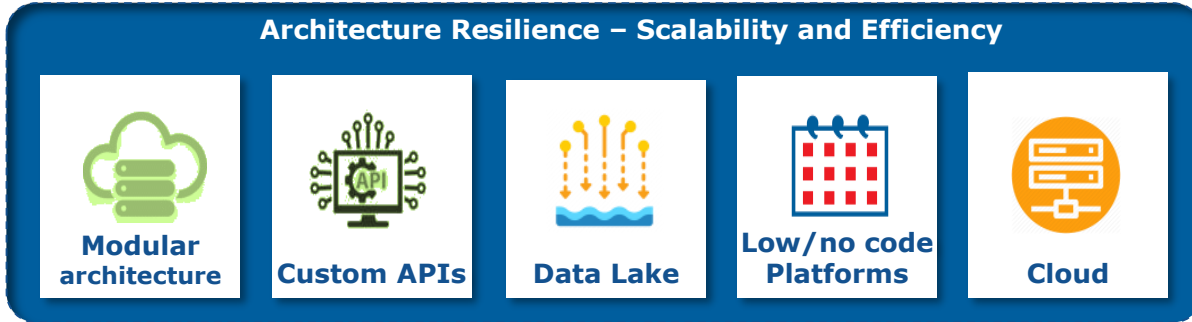
Automation of AML analysis and reporting

- Profitable growth
- Diversified distribution mix
- Market-leading innovation
- Reimagining Insurance
- Quality of Board and management



Leveraging technology to build resilience

Architecture Resilience – Scalability and Efficiency



Workforce Resilience – Hybrid Working Environment



Cyber Resilience – Strengthen Cyber Security for post-covid world



1. SOC: Security Operations Center



Emphasis on digital across customer touch-points

New business / purchase



Digital sales journey - End-to-end digital sales, from prospecting till conversion, including customer interactions



Chat PCV¹ and eCCD¹ - No dependence on salesperson or call center. 50% digital pre-conversion verification (through chat and eCCD) in FY22



Telemedicals - 48% of the medicals done through tele-medicals in FY22



Uninterrupted customer assistance - Work from home enabled across the organization; Access to Microsoft Teams, Citrix



InstaInsure - Simplified insurance buying through a 3-click journey

Policy servicing



SVAR Digital Renewal collections - 87% based on renewal premiums and 96% based on no. of policies in FY22; SVAR (voice bot for renewal calling) and use of Cloud telephony



Maturity payouts - Email, WhatsApp and customer portal 'My Account' enabled to upload necessary docs



LifeEasy - Simple '3 click claim' process, 93%² eligible claims settled in 1 day. Claims initiation process also enabled through WhatsApp



RPA - Robotic Process automation handled 330+ processes remotely



Contact centres - Branch staff replacing call centre agents

Customer interactions



instA - **Seamless support experience** - ~30 mn queries handled by instA (virtual assistant) during FY22



Use of mobile app - 15% increase in mobile app usage



InstaServe - OTP based policy servicing tool to handle customer queries



24*7 self-service options - 95% of chats are self-serve via chat-bot



Branches - Daily tracking of employee and agent safety

Employee / Partner engagement



e-learning platform - 6,600+ agents attending training programs daily through Agency Life Platform



Gamified contests - Launched to drive adoption of digital engagement initiatives



Insta PRL Agent on-boarding - Insta PRL enabling digital on-boarding of agents - 91,000+ applications logged in FY22



Employee engagement - Video conference based skill building sessions with digital partners (Twitter, Google, Facebook)



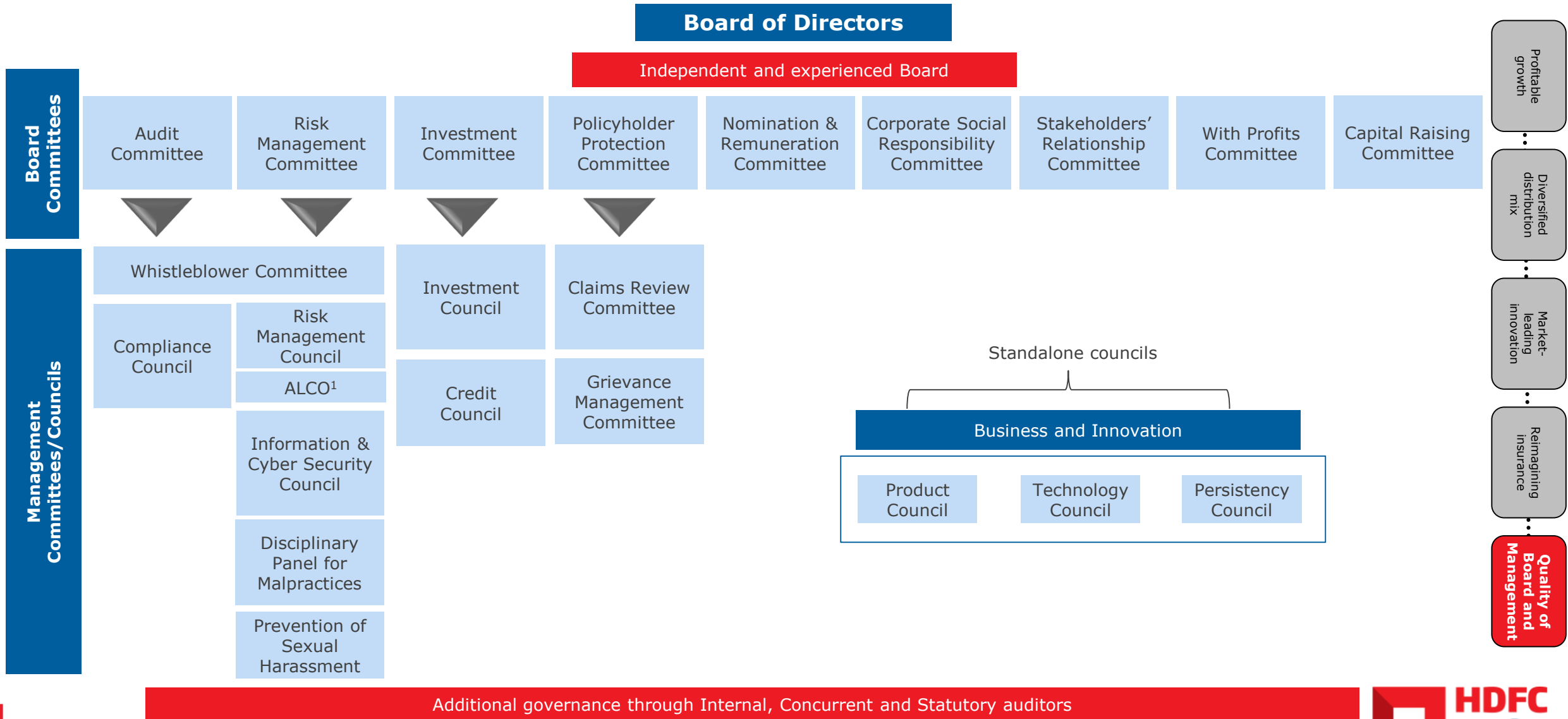
Partner trainings - Conducted via digital collaboration tools

★ New initiatives launched to manage volatile business environment due to the Covid-19 outbreak

1. PCV: Pre-conversion verification; eCCD: Electronic Customer Consent Document

2. Claim settlement ratio through LifeEasy (online) and WhatsApp platform, as on 31st March 2022

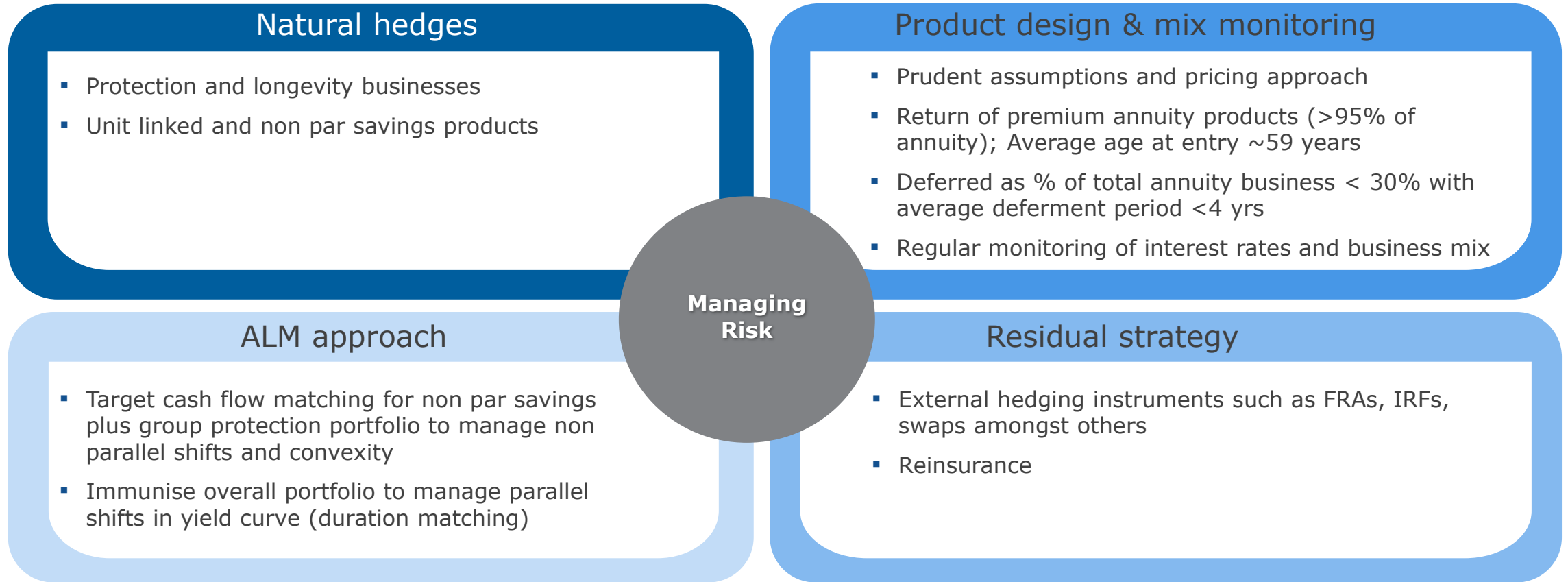
Governance framework



Note:

1. Asset Liability Management Council
2. The above list of committees is illustrative and not exhaustive

Financial risk management framework



Sensitivity	FY21				FY22			
	Overall		Non par ¹		Overall		Non par ¹	
Scenario	EV	VNB Margin	EV	VNB Margin	EV	VNB Margin	EV	VNB Margin
Interest Rate +1%	(2.2%)	(1.5%)	(2.3%)	(2.9%)	(2.0%)	(1.4%)	(2.1%)	(2.5%)
Interest Rate -1%	1.6%	0.9%	1.2%	1.8%	1.6%	0.8%	1.4%	1.5%

Sensitivity remains range-bound on the back of calibrated risk management

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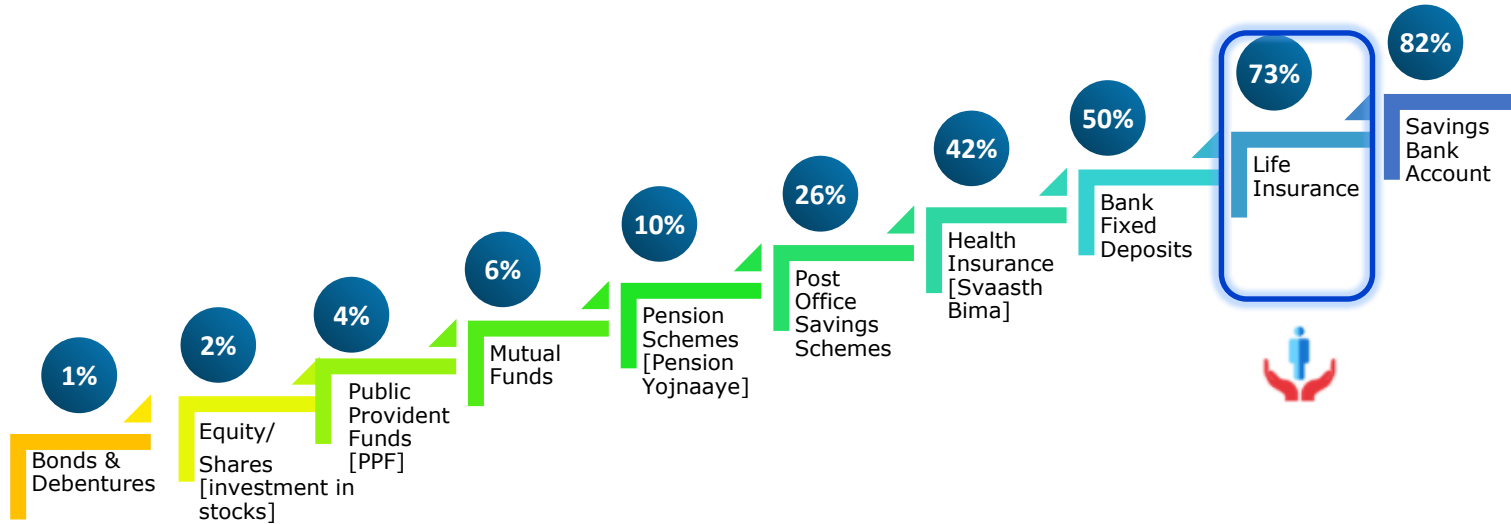
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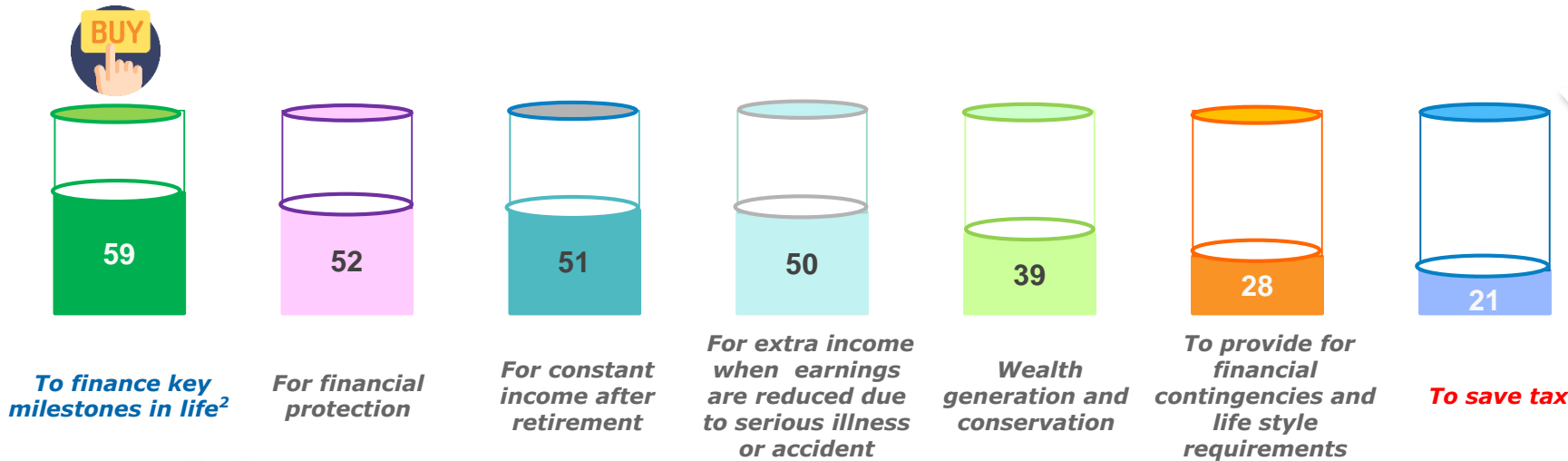
Life insurance in India



Importance of Financial Instruments and Triggers to buy LI¹



- Life insurance ranks amongst top 3 financial instruments
- Importance of life insurance as an instrument largely remains same across age groups and gender



- Across age-groups and regions, savings for key milestones in life like child's education, marriage, remains the top reason to buy insurance
- Tax savings features at bottom of the list of reasons to buy life insurance



1. Life Insurance Council IAC Study by Hansa Research, February 2022
 2. % of respondents



Customer Insights – Women Policyholders

HDFC Life Customer Insights



3-year APE CAGR growth for women customers: **23%**

Women constitute **>30%** of policyholders, an increase of 4 percentage points over past 3 years



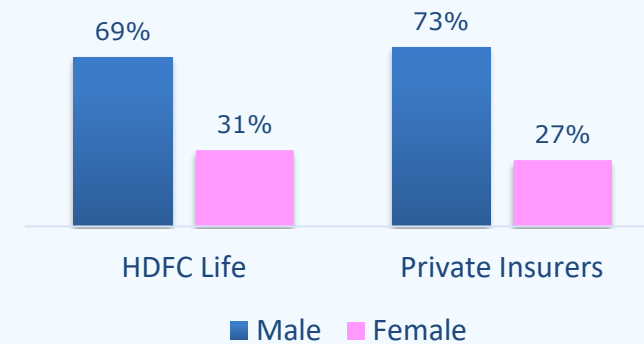
Women as a customer segment are gaining traction in Savings and Protection products

Increasingly, more women customers are opting for self assisted sales channels, indicating rise in awareness levels

Women Persistency across demographics & geographies ~4% higher than Organisation

Participation of Women in Life Insurance¹

Percentage of female policyholders



Top 5 states where % of female policyholders is higher than all-India average

State	Share(%)
Kerala	43
Sikkim	41
Andhra Pradesh	40
Lakshadweep	40
Puducherry	40
All-India average	33

- Women comprise roughly **49%** of the total population in India
- In 19 States/UTs², the share in no. of policies bought by women to the total policies sold is higher than the all-India average of **33%**

1. Insights based on IRDAI Annual Report 2020-21 and HDFC Life customer data
 2. UTs: Union Territories

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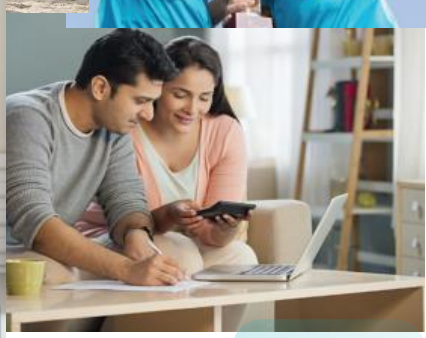
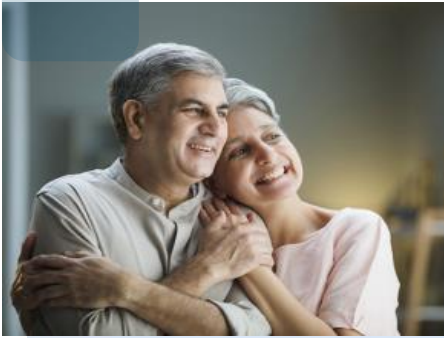
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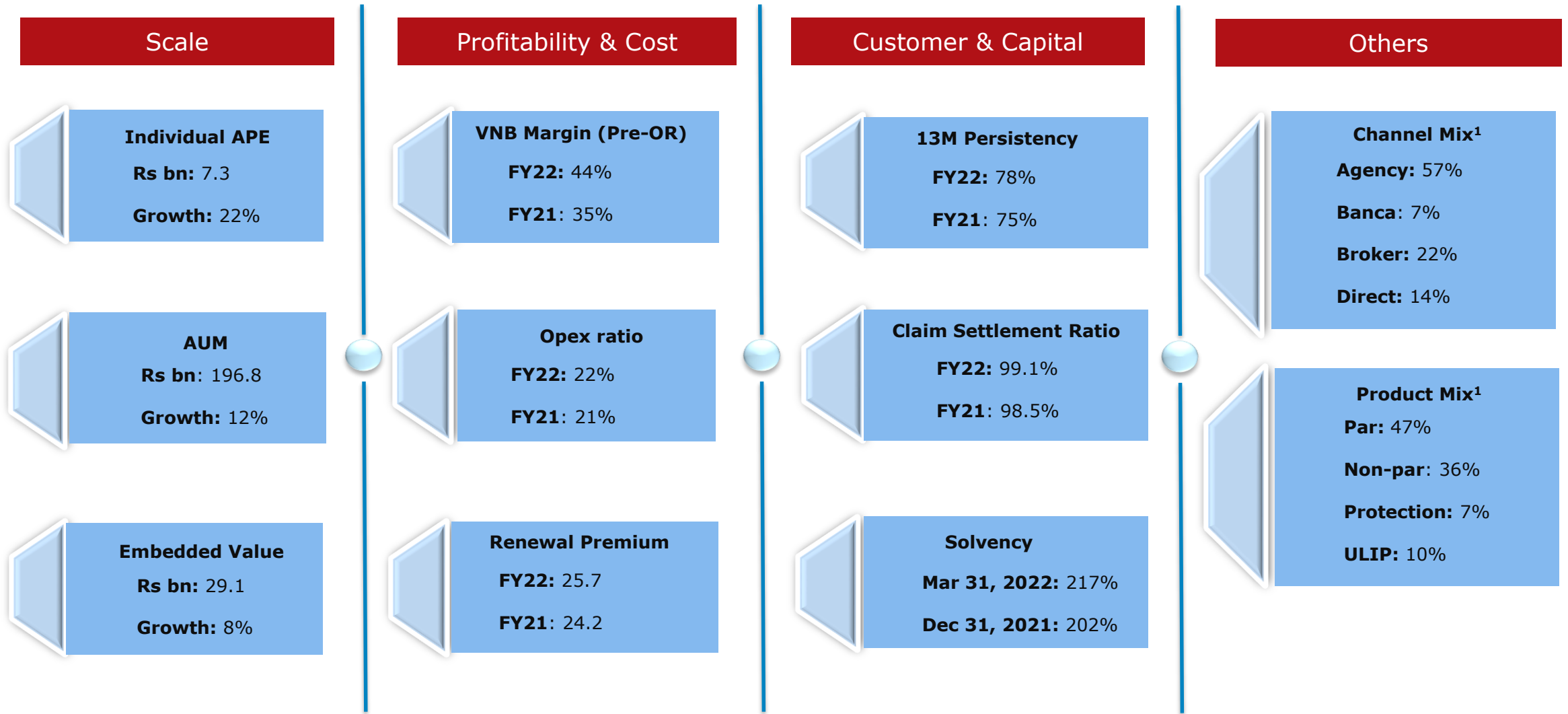
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Life insurance in India



Exide Life Performance Snapshot: 12M FY22



1. Based on Individual APE

Integration – Focus areas

Accelerating revenues ...



Augmenting proprietary growth channels

- Scaling-up with cross-entity best practices and brand value



Access to wider distribution network with focus on priority micro markets



Access to wider product portfolio for sales force



Enhancing customer experience and sales productivity through digital tools

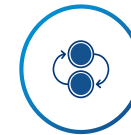
Realizing cost savings ...



Optimizing nation-wide geographic presence (offices, branches, hubs)



Rationalizing overlapping/ redundant spends
• E.g. Brand spends, software maintenance, AMC



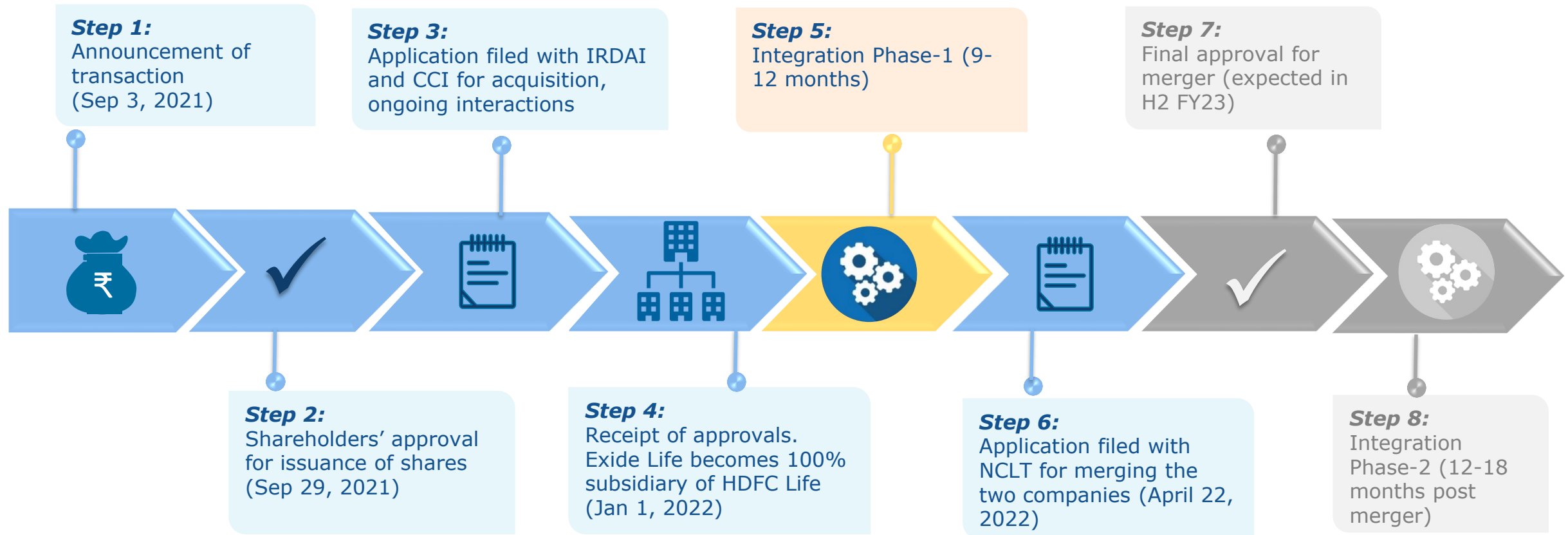
Driving scale benefits for integrated entity



Embedding digital operating model at scale

Aspiration to close NBM gap over 8-12 quarters

Exide Life transaction timeline



Completed WIP To be initiated



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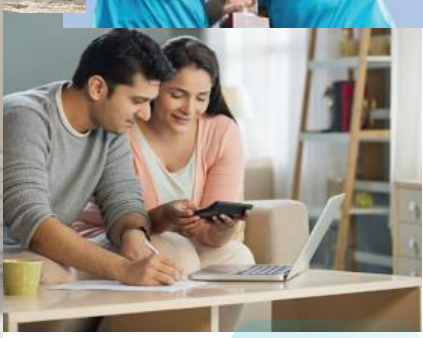
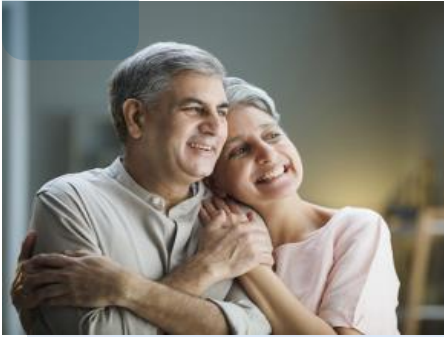
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Life insurance in India



Our ESG Strategy

5 pillars of ESG Strategy



External Validation

Active engagement with external agencies including MSCI, S&P Global (DJSI)

- **MSCI** rating improved from 'BB' in October 2019 to 'BBB' in August 2020
- **S&P Global (DJSI)** percentile improved significantly from **1** in 2019 to **61** in 2021 despite increase in participation by 60%

Integrated report and ESG Report published in 2021

Actuarial

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ESG

Ethical Conduct & Governance

Governance structure & Compensation Framework



Corporate governance policy

- Commitment to ethical business practices
- Includes Corporate structure and stakeholder management

Board evaluation & independence

- Five independent directors
- 'Fit and Proper' as per regulation

Board Diversity policy

30% women as on 31st March, 2022

Remuneration policy

- Seeks to balance the fixed and incentive pay
- Disclosed in the annual report

Performance Management System

based on the principles of balanced scorecard

Corporate Governance Award

Best Governed Company in listed segment: Large category at ICSI¹ National Awards for Excellence in Corporate Governance

Risk management and BCM



- Enterprise risk management (ERM) framework
 - 'Three Lines of Defense approach'
 - Reviewed and approved by the Board

- Risk oversight by Board of Directors
- Review in multiple management forums

- Modes of Risk awareness
 - Trainings, E-mailers, Seminars, Conferences, Quizzes and Special awareness Drives

- Sensitivity analysis and stress testing

- Business Continuity Management (BCM)- Creation of a recovery plan for critical business activities

Information/Cyber Security



Information/cyber security
ISO 27001:2013 and ISMS assessment program;
Data Privacy Policy



Fraud risk management
 Values program;
 Disciplinary Panel for Malpractices; Fraud monitoring initiatives

Business ethics and compliances



Code of Conduct



Whistle blower Policy



PRSH²



BRR³ & Stewardship Code



Anti Bribery & Corruption Policy



Human Rights & DEI⁴



AML⁵



Privacy Policy

1. ICSI: Institute of Companies Secretaries of India
 2. PRSH: Prevention and Redressal of Sexual Harassment
 3. BRR: Business Responsibility Report
 4. DEI: Diversity, Equity and Inclusion
 5. AML: Anti Money Laundering

Responsible Investment

Responsible Investment Policy



Objective

To generate optimal risk adjusted returns over the long term



RI framework

- **RI and stewardship policy** in place
- Applicable to all **major asset classes**
- **Head of Research** ensures that ESG is incorporated into overall Research and Investment process
- ESG issues covered **in voting process**

Bolstering commitment towards Responsible Investment

Became signatory to **United Nations – supported Principles for Responsible Investment (UN-PRI)**



Sustainable Equity Fund

What is Sustainable Equity fund & why invest in it?

This fund shall seek to generate returns from investing in companies with high ESG standards and commensurate score, create value for all stakeholders with lower risks & generate sustainable long-term returns.

Change begins with you.
And your investments.



Responsible Investing with
Sustainable Equity Fund.

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Employee Engagement & Diversity, Equity and Inclusion (DEI)



Special Recognition

- **Great Places to Work** – Amongst top 100 Best Places
- **Great Places to Work for Women** – Amongst top 100 Best Places
- **Avtar top 100 Places**
- CHRO was conferred **Avtar Male Ally Legacy** award
- Brandon Hall awards - Learning Strategy, Simulation training, & Social Talent Acquisition

Attracting talent

- **Hybrid work model** and flexi hours to attract gig workers
- Robust **employee referral schemes** (>50%)
- **Hire-train-deploy** model through tie-up with reputed learning institutions
- **HR tech:** in-house application tracking system

Training & development

- **Career coaching** and development interventions; woman mentoring
- **Mobile learning** app for self-paced learning
- **Training for all** including employees, contractors, channel partners / **Virtual product training**
- **Skill Up: Curated online training** programs from reputed universities



Employee engagement

- **Emotional and well being assistance** program for employees and their families
- **Doctor on Call:** Unlimited free consultation
- **E-Sparsh:** Online query & grievance platform
- Family integration programs
- Platform for employee engagement: CEO Speaks, HDFC Life Got Talent, e-appreciation cards
- **In-house fitness and wellness app** - Click2Wellness

Talent management/retention

- **Special programs for campus hires; Talent development** interventions for leadership
- **Career microsite, job portal**
- **Internal Career Fair** for employees
- Long term incentive plans in the form of **ESOPs¹** and cash to attract, retain and motivate good talent
- Elaborate **succession planning** for Key Managerial Personnel, critical senior roles

Employee diversity, equity & inclusion

- Promoting **DEI ally ship:** leadership development, communication, strengthening policies, aligning workforce through **Celebrate YOU** program of the Company
- 26% **women** employees
- Promoting **diverse talent pool** (work profiles for second career women, specially-abled) - #MyJobMyRules
- **Dialogue with prominent leaders** on DEI; Fireside chat with Parmesh Shahani, LGBTQ activist
- **Gender transition surgery** covered under mediclaim policy
- Launched official DEI page on our website



Gender neutral

- **Dress code policy**
- **Maternity policy** – Use of terms like primary and secondary caregiver instead of using terms like parents, mother/father, man/woman



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1. ESOPs: Employee Stock Options

Holistic Living: Inclusive Growth

Our CSR Focus

HDFC Life Swabhimaan strives to build sustainability in everything we do, but not limited to:



Education & Livelihood



Health & Sanitation



Environmental Sustainability



Others

The Swabhimaan Impact

3.5 lakh+
Beneficiaries

25
Implementation Partners

20+
Projects

20+
States and UTs



“



Support **12** out of the 17 UN SDGs”

Rs 174 mn

Total CSR Spent in FY 2021-22

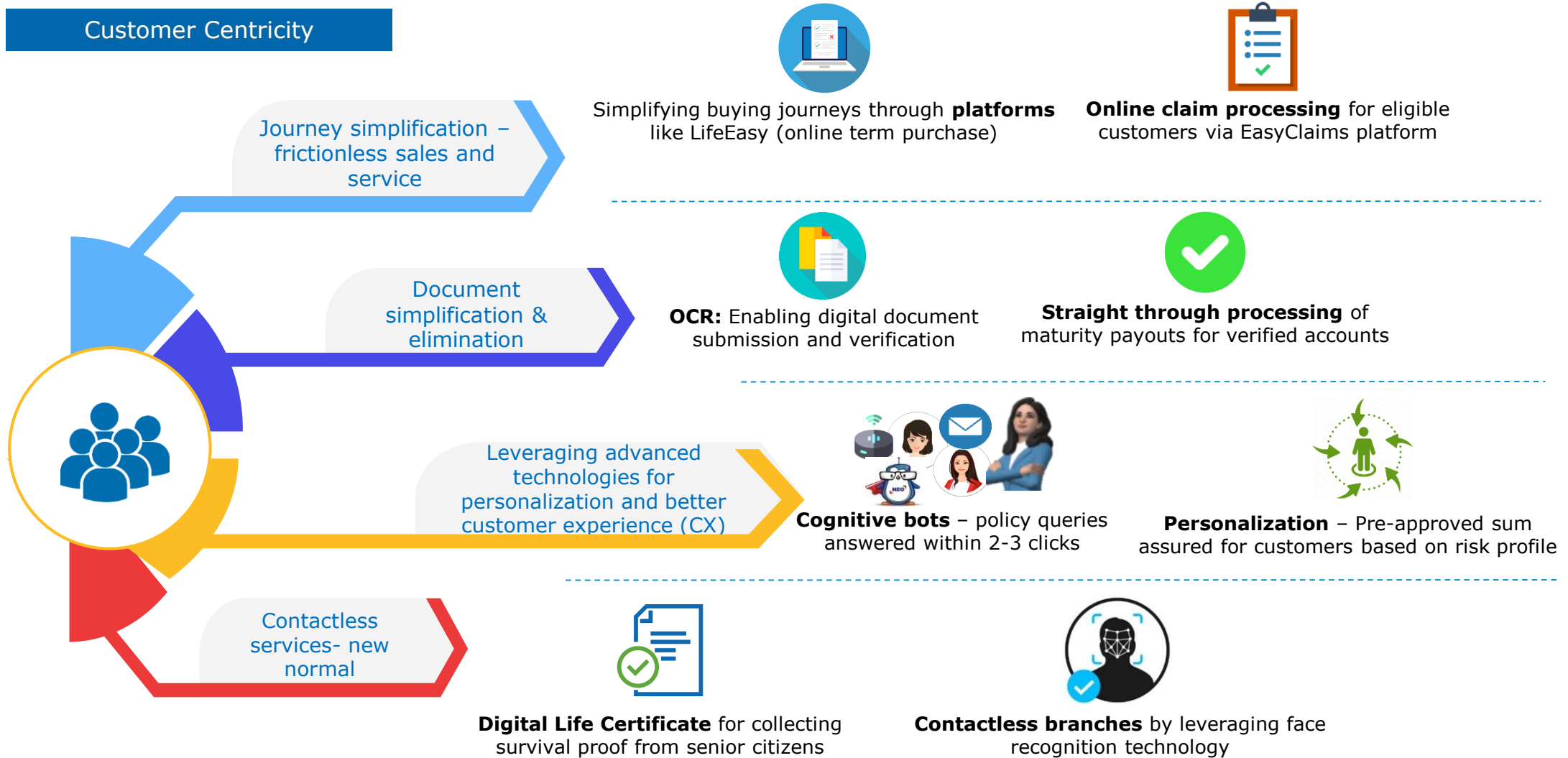
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Holistic Living: Delivering superior customer experience

Customer Centricity



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1. OCR: Optical Character Recognition

Sustainable Operations

Energy and water



- 82% of air-conditioners with **3 or 5 star rating**
- 94% of branches use **LED based lighting** system
- Use of **sensor based** urinals and water taps
- Implementation of **switch rooms** across branches resulting in reduced air-conditioning usage
- Replacement of Uninterruptible Power Supply (UPS) with new **energy efficient devices**

De-carbonization roadmap and way forward

Key initiatives & action points for FY23:

- GHG (Greenhouse gas) inventorization
- TCFD (Task Force on Climate-Related Financial Disclosures)
- SBTi (Science Based Targets initiative)

Digitization - Reduction of Paper Usage

- Introduction of **E-business cards & ID cards**
- Online /**e-forms** for customers
- Annual report FY20 & FY21 digitally communicated
- **Demat** i.e. digital policy accounts for 38% of our new business

Bio-diversity



- **11 city forests** created using **Miyawaki method**; **69,603** trees planted in total
- **Expansion to support solar** on schools and **water rejuvenation**

Business travel

- **40+ video conferencing rooms** setup to reduce travel



Waste management



- **26 tonnes of e-waste** recycled/refurbished/disposed in FY22
- **Donated old IT assets** to help under-privileged sections of the society
- **No single-use plastics**
 - Bio-degradable garbage bags
 - Cafeteria with reusable plates, cutlery, wooden stirrers etc.
 - Procurement of plastic water bottles discontinued at Pan-India locations

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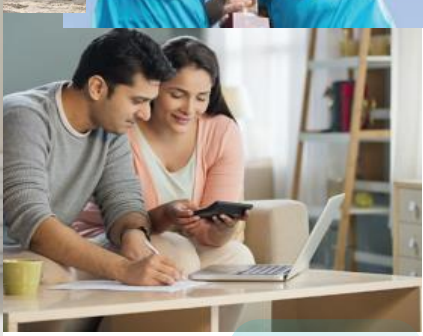
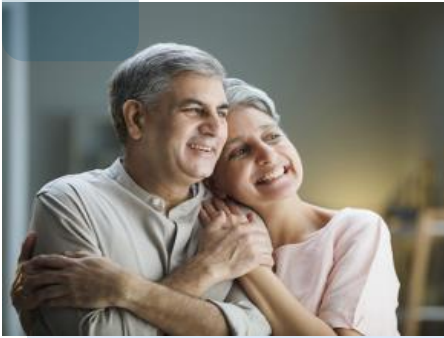
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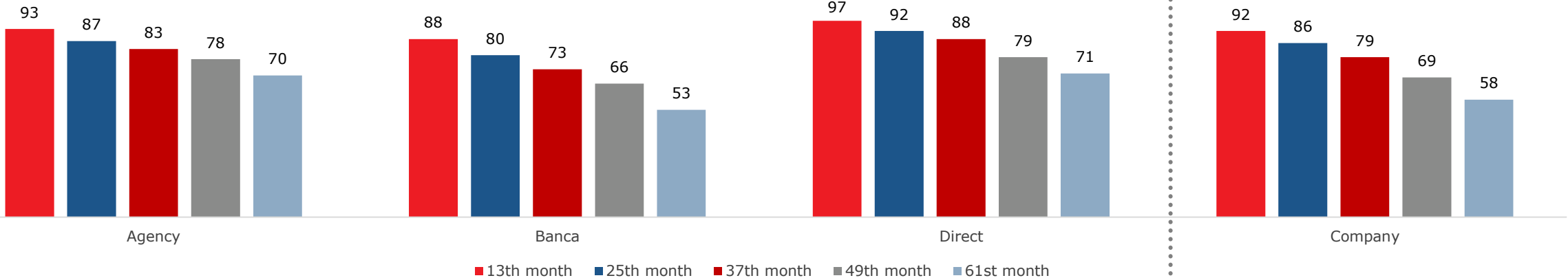
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Life insurance in India

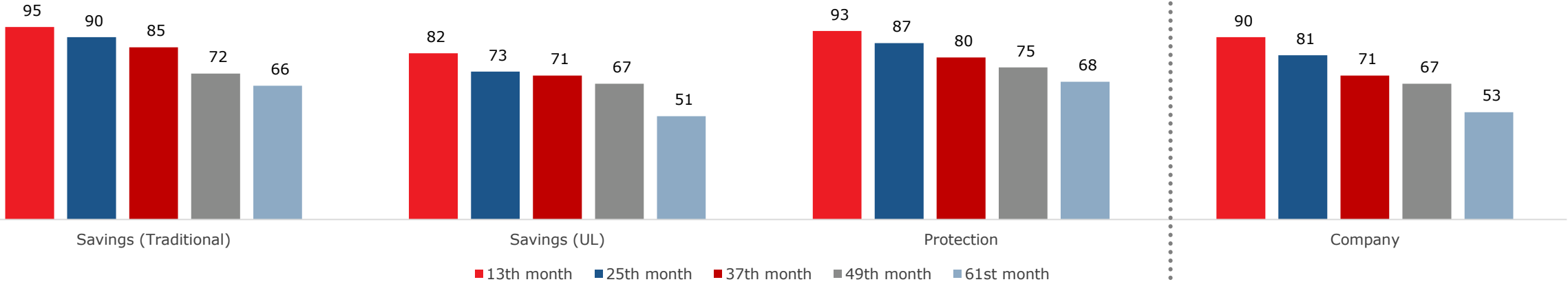


Improvement in overall persistency trends¹

Across key channels (%)



Across key segments (%)



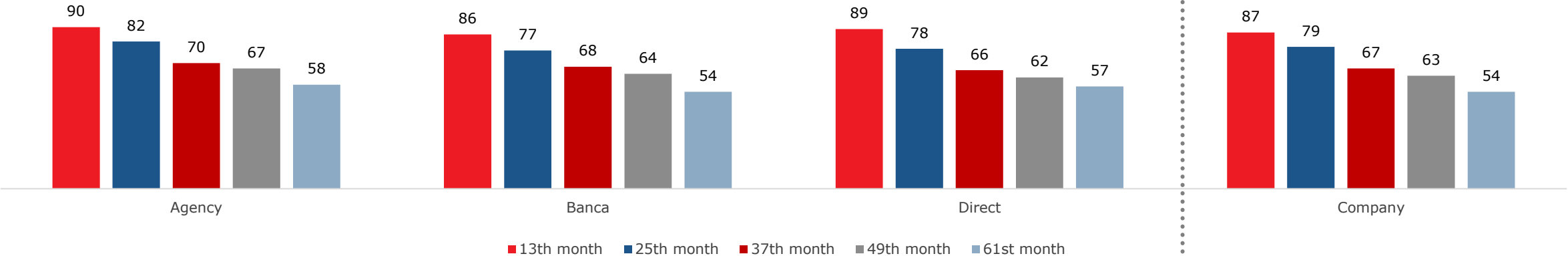
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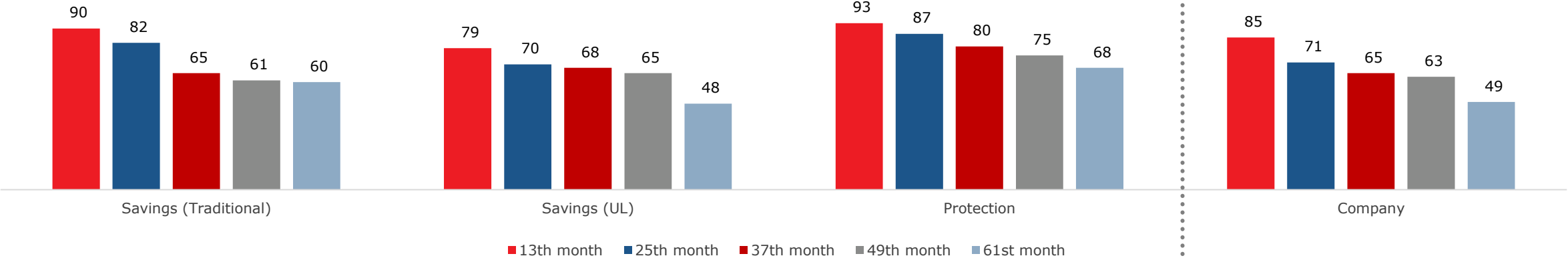
1. For individual business; Including single premium and fully paid up policies

Improvement in overall persistency trends¹

Across key channels (%)



Across key segments (%)

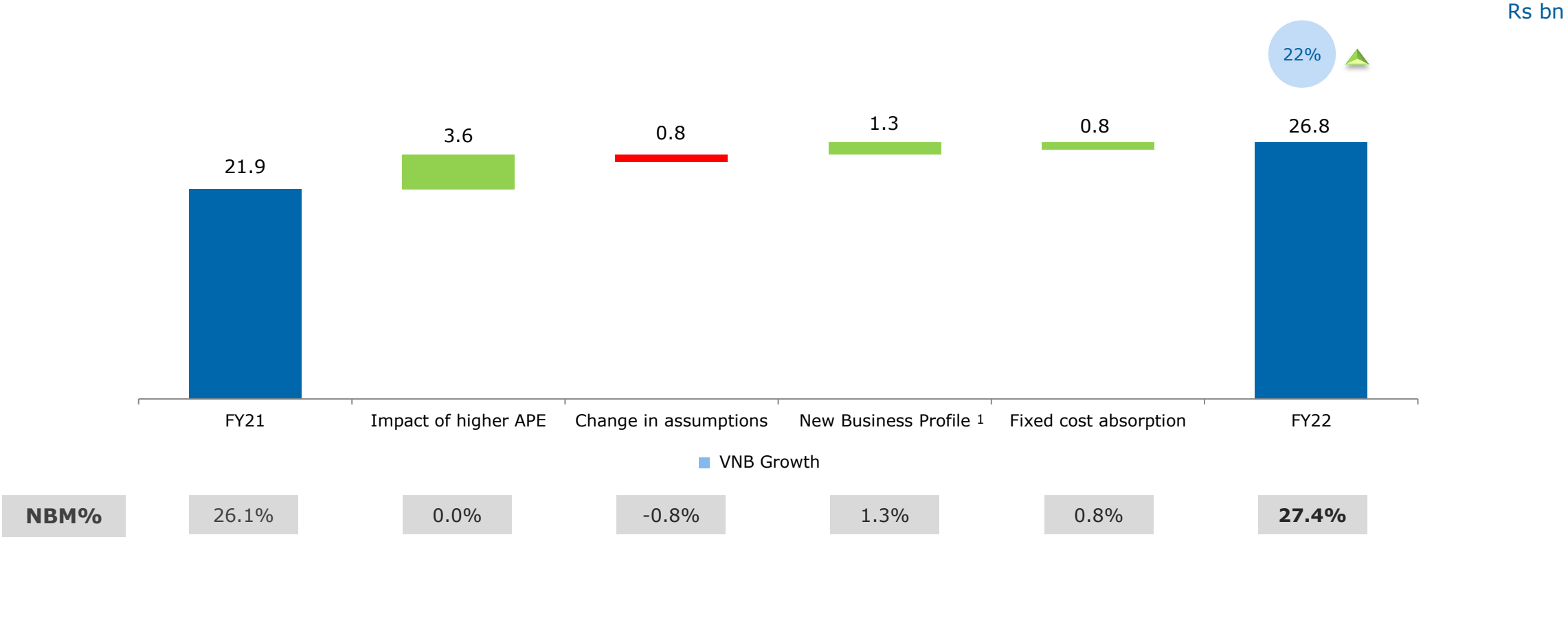


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1. For individual business; Excluding single premium and fully paid up policies

Improving VNB trajectory



- Actuarial
- Financial
- ESG

1. Reflects the impact of difference in mix of segment/distribution channel/tenure/age/sum assured multiple etc

VNB – Value of New Business; NBM – New Business Margin



Sensitivity analysis – FY22

Analysis based on key metrics	Scenario	Change in VNB Margin ¹	% Change in EV
Change in			
Reference rate	Increase by 1%	-1.4%	-2.0%
	Decrease by 1%	0.8%	1.6%
Equity Market movement	Decrease by 10%	-0.1%	-1.4%
Persistency (Lapse rates)	Increase by 10%	-0.6%	-0.6%
	Decrease by 10%	0.7%	0.6%
Maintenance expenses	Increase by 10%	-0.5%	-0.8%
	Decrease by 10%	0.5%	0.8%
Acquisition Expenses	Increase by 10%	-3.4%	NA
	Decrease by 10%	3.4%	NA
Mortality / Morbidity	Increase by 5%	-1.2%	-1.0%
	Decrease by 5%	1.2%	1.0%
Tax rate²	Increased to 25%	-4.8%	-9.1%

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- Financial
- ESG

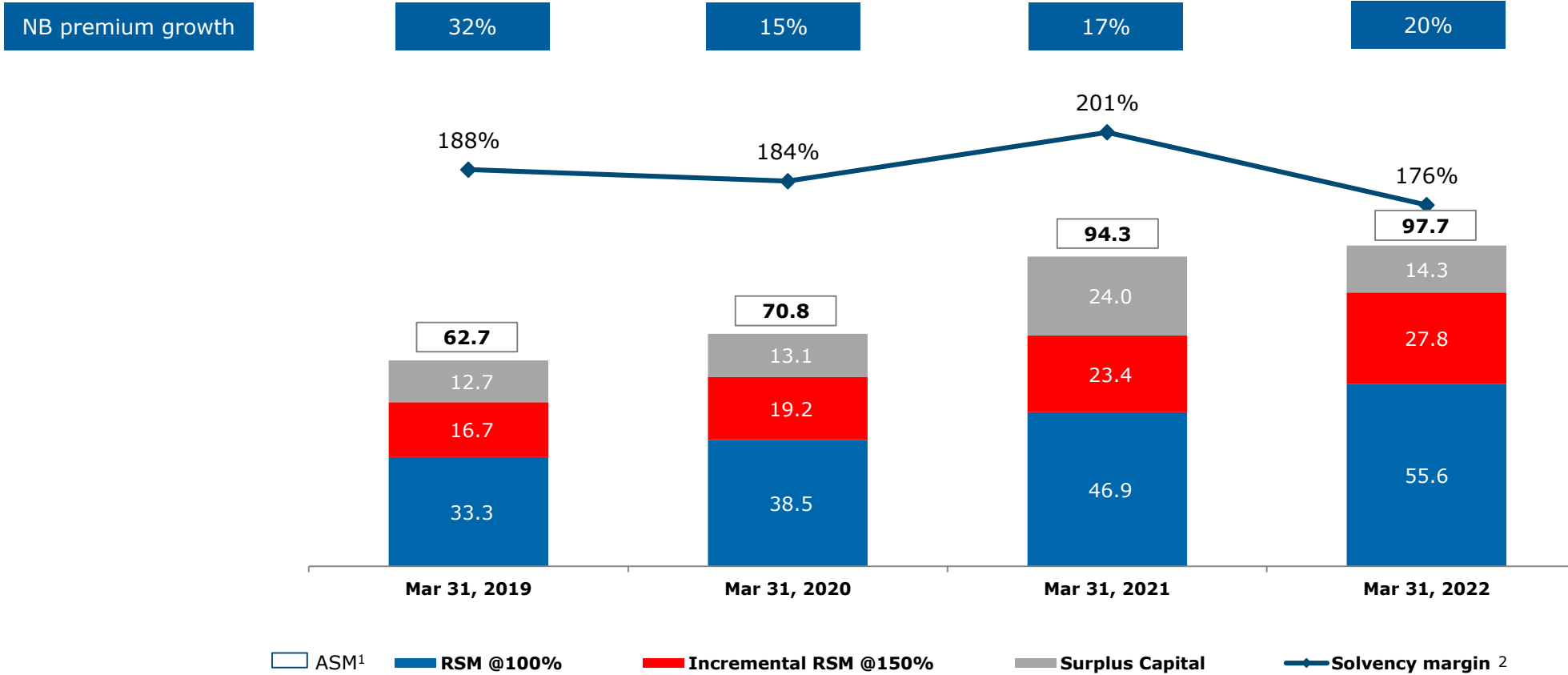
1. Post overrun total VNB for Individual and Group business

2. The tax rate is assumed to increase from 14.56% to 25% and hence all the currently taxed profits in policyholder/shareholder segments are taxed at a higher rate. It does not allow for the benefit of policyholder surplus being tax-exempt as was envisaged in the DTC Bill.



Capital position

Rs bn



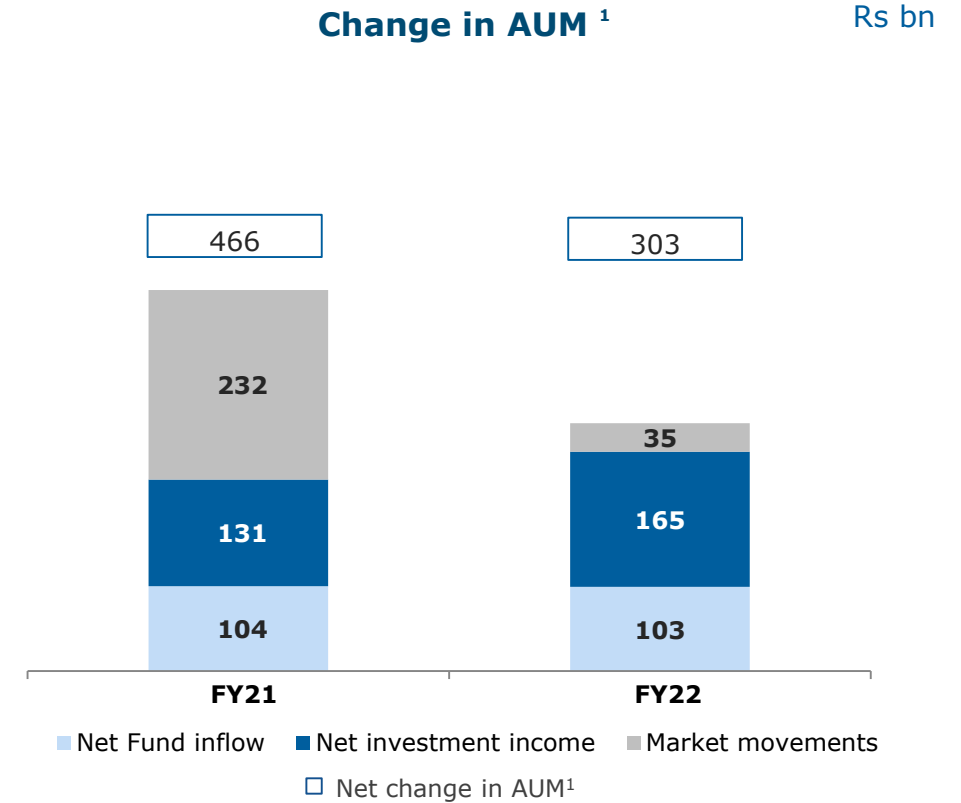
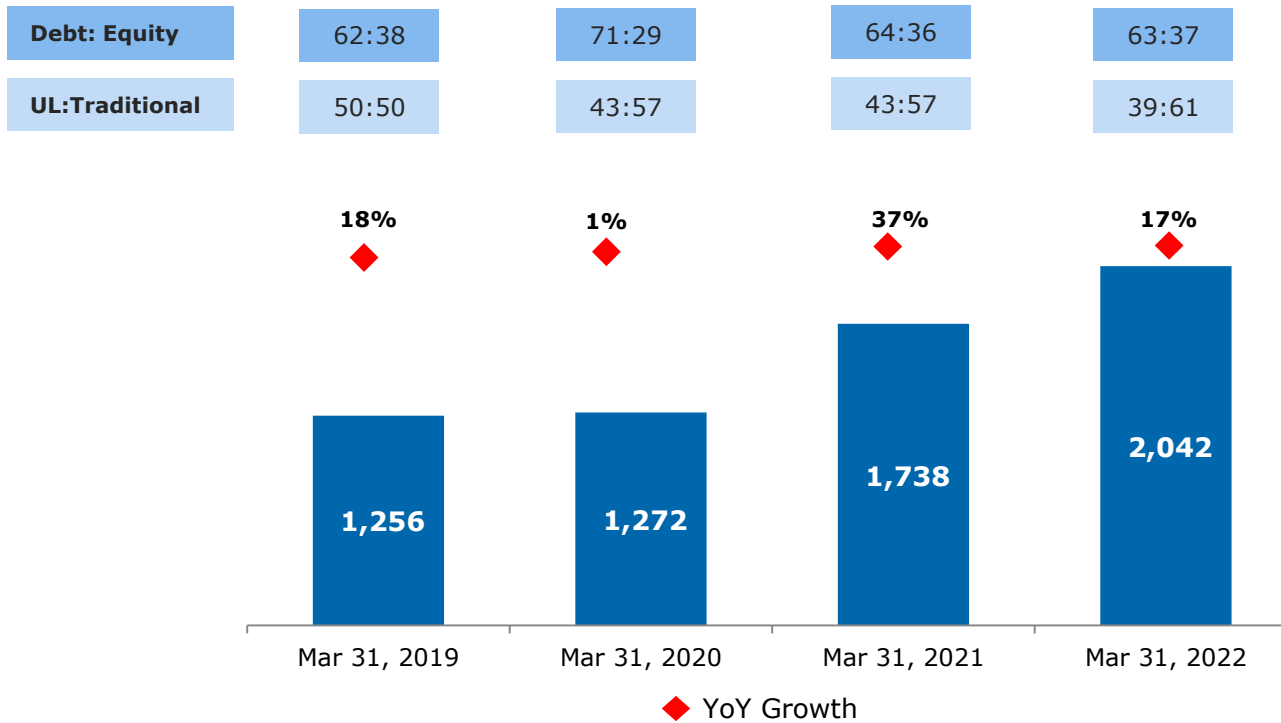
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- Cash payout of Rs 7.3 bn for acquisition of Exide Life reduced solvency by 13%. Excluding impact of this cash payout, solvency ratio would have been 189%
- Sub debt raise of Rs 3.5 bn approved by Board, amounting to 6% of solvency

1. ASM represents Available solvency margin and RSM represents Required solvency margin
 2. Final dividend of Rs. 1.7 per share has been approved in the Board meeting on 26th April 2022; Final payout is subject to shareholders' approval in upcoming AGM and post payout, solvency ratio would be reduced to the extent of dividend paid



Assets under management



- Over 98% of debt investments in Government bonds and AAA rated securities as on March 31, 2022

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1. Calculated as difference from April to March

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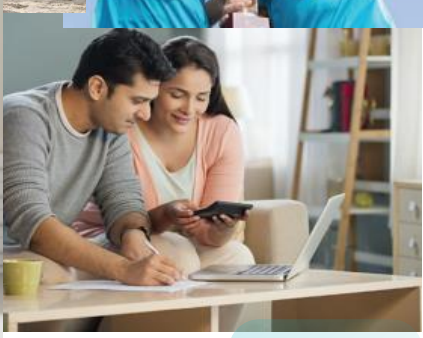
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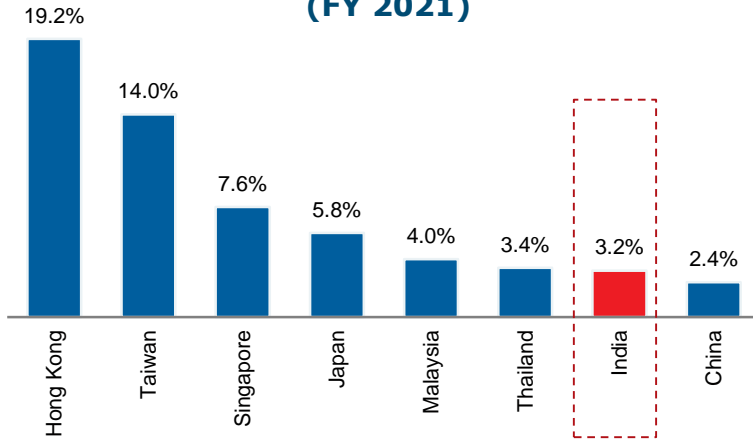
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Life insurance in India

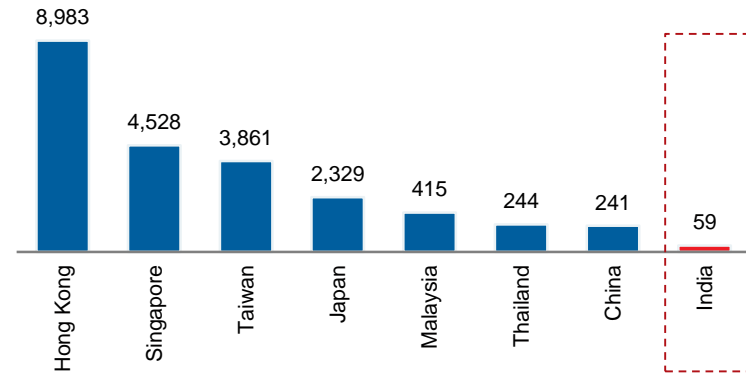


Growth opportunity: Under-penetration and favorable demographics

**Life Insurance penetration ¹
(FY 2021)**

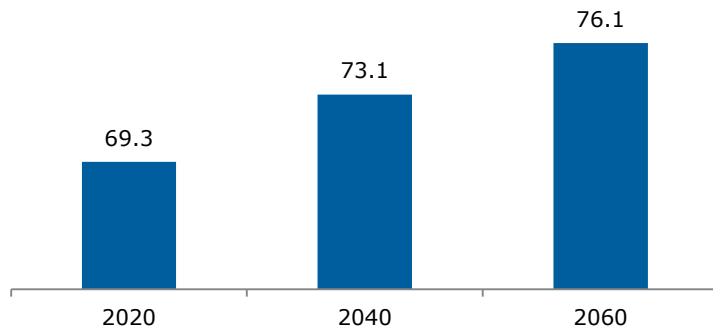


**Life Insurance density US\$ ²
(FY 2021)**

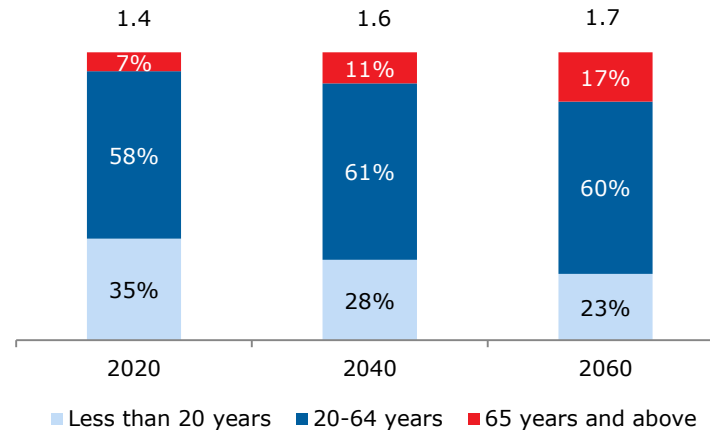


- India remains vastly under-insured, both in terms of penetration and density
- Huge opportunity to penetrate the underserved segments, with evolution of the life insurance distribution model

Life expectancy (Years)



Population composition (bn)



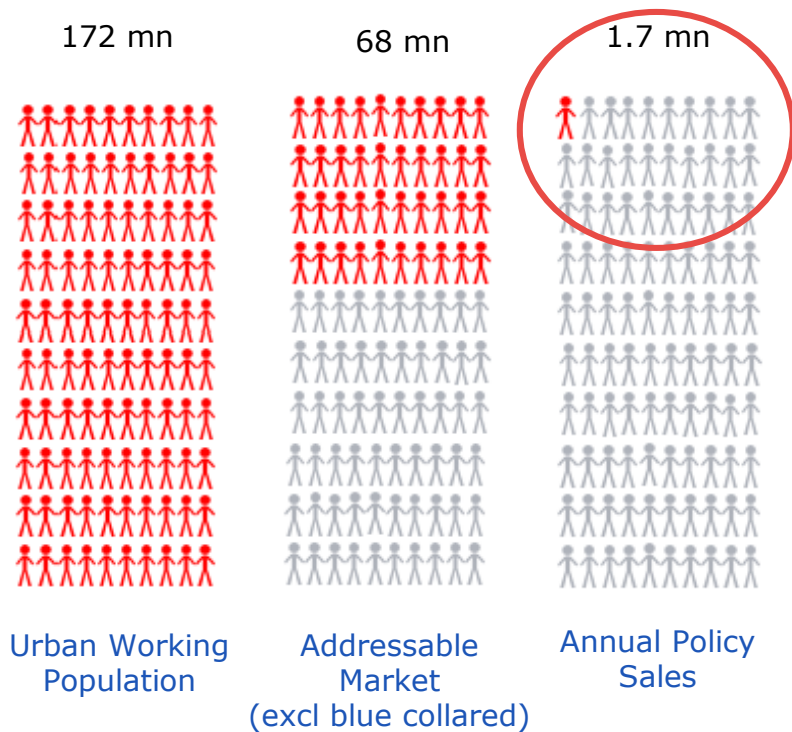
- India's insurable population estimated to be at ~1 bn by 2035
- Emergence of nuclear families and advancement in healthcare facilities lead to increase in life expectancy thus facilitating need for pension and protection based products

1. Penetration as measured by premiums as % of GDP,

2. Density defined as the ratio of premium underwritten in a given year to the total population

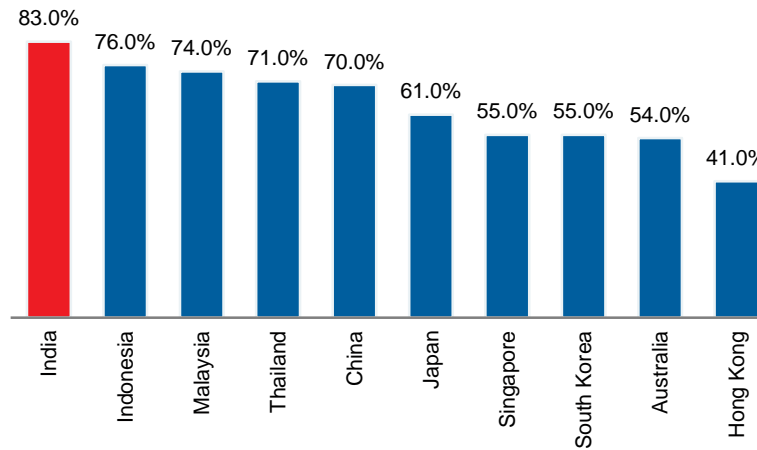
Source: Swiss Re (Based on respective financial year of the countries), MOSPI, United Nations World Populations Prospects Report (2017)

Low levels of penetration – Life protection



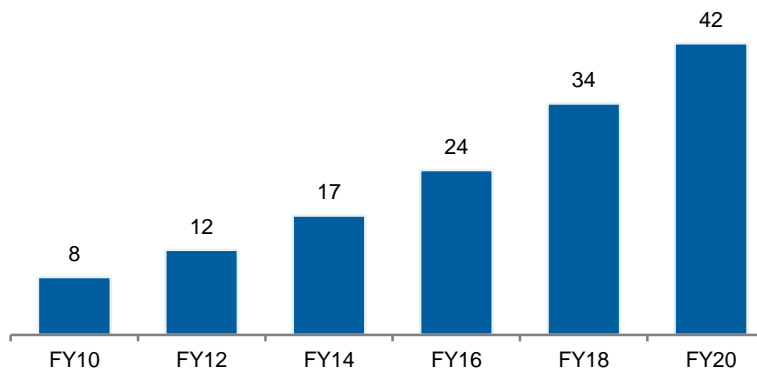
- Only 1 out of 40 people (2.5%) who can afford it, is buying a policy every year¹
- Even within the current set, Sum Assured as a multiple of Income is <1x

Protection gap ² (2019)



- India has the highest protection gap in the region, as growth in savings and life insurance coverage has lagged behind economic and wage growth
- Protection gap growth rate is predicted to grow at 4% per annum

Trend of retail loans ³ (Rs Tn.)



- Retail credit has grown at a CAGR of 18% over last 10 years
- Increasing retail indebtedness to spur need for credit life products
- Immense opportunity given:
 - Increasing adoption of credit
 - Enhancement of attachment rates
 - Improvement in value penetration
 - Widening lines of businesses

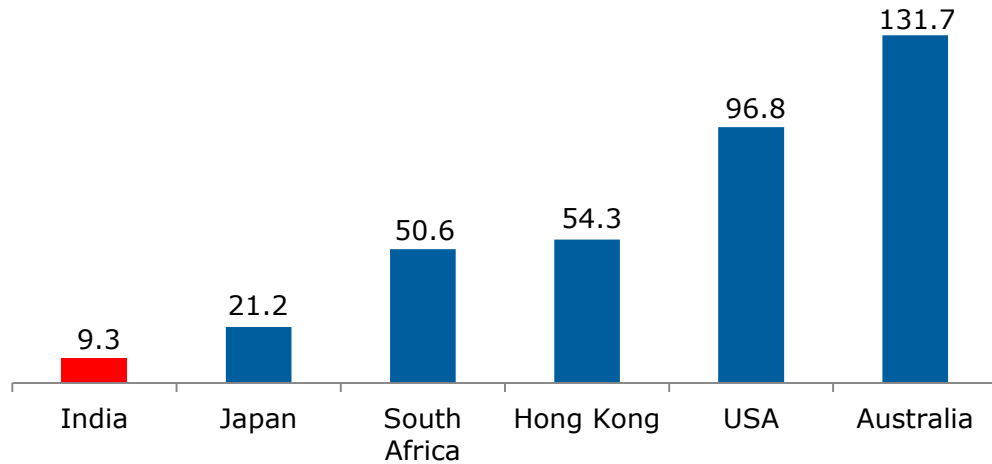
1. Goldman Sachs Report, March 2019

2. Swiss Re (Based on respective financial year of the countries)

3. Kotak institutional equities

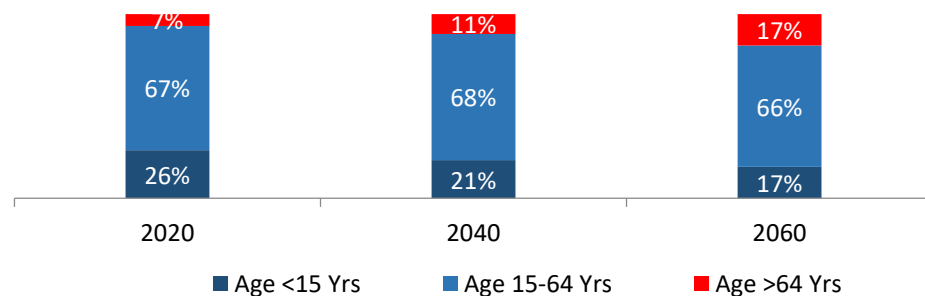
Macro opportunity – Retiral solutions

India's pension market is under-penetrated at 9.3% of GDP

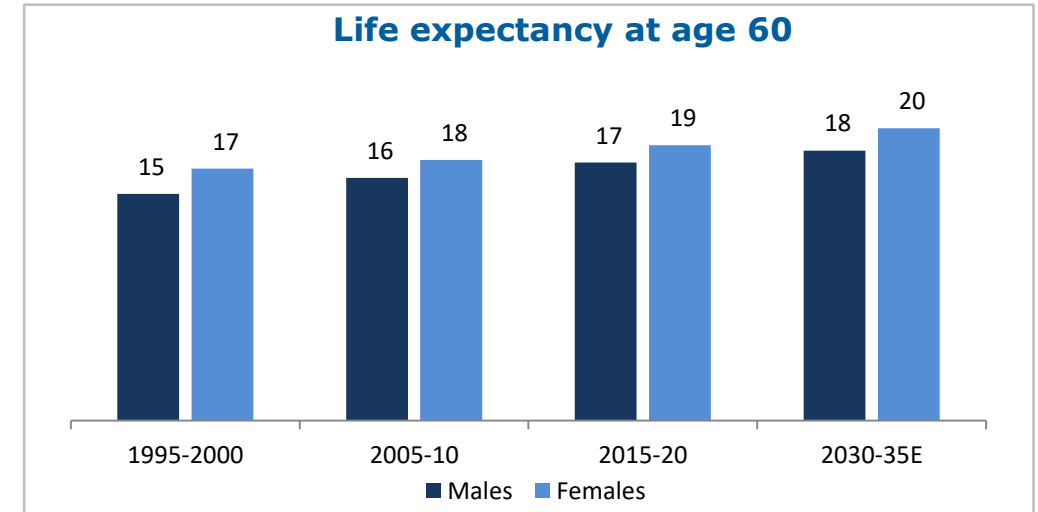


Elderly population is expected to almost triple by 2060

Ageing population



Improvements in life expectancy will lead to an average post retirement period of 20 years

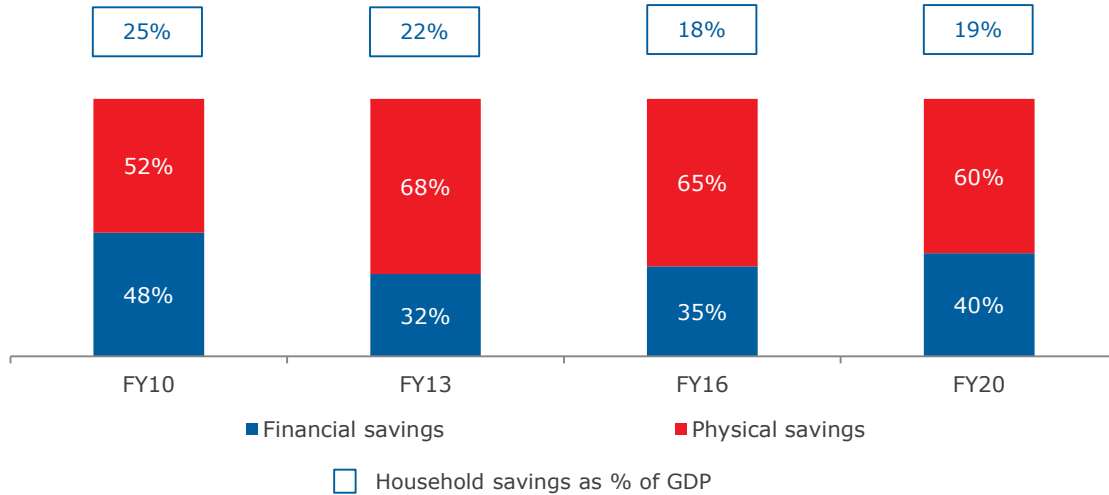


- Average household size has decreased from 4.6 in 2001 to 3.9 in 2018
- Total Pension AUM is expected to grow to Rs 118 Tn by 2030 (about 1/4th accounted by NPS)
- Mandatory schemes to increase coverage for both unorganized and organized sectors

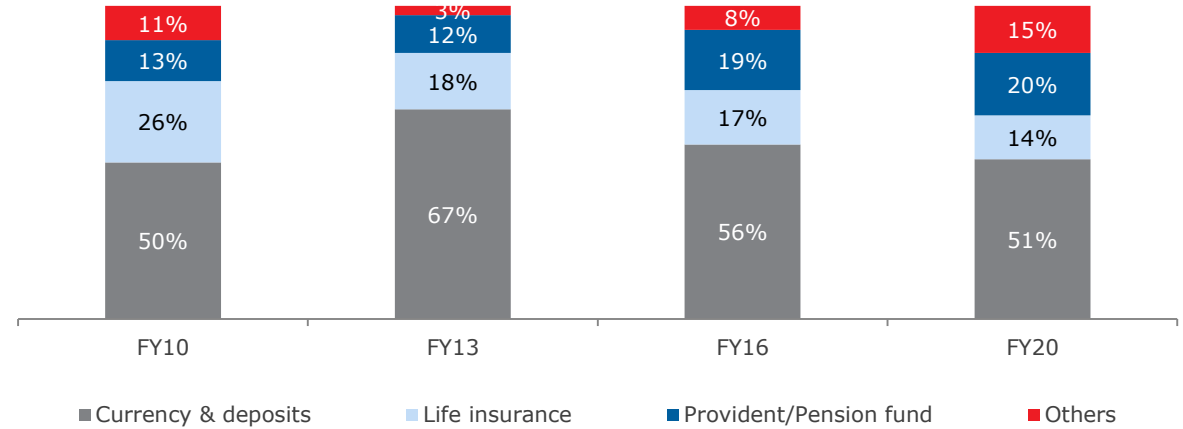


Life Insurance: A preferred savings instrument

Household savings composition

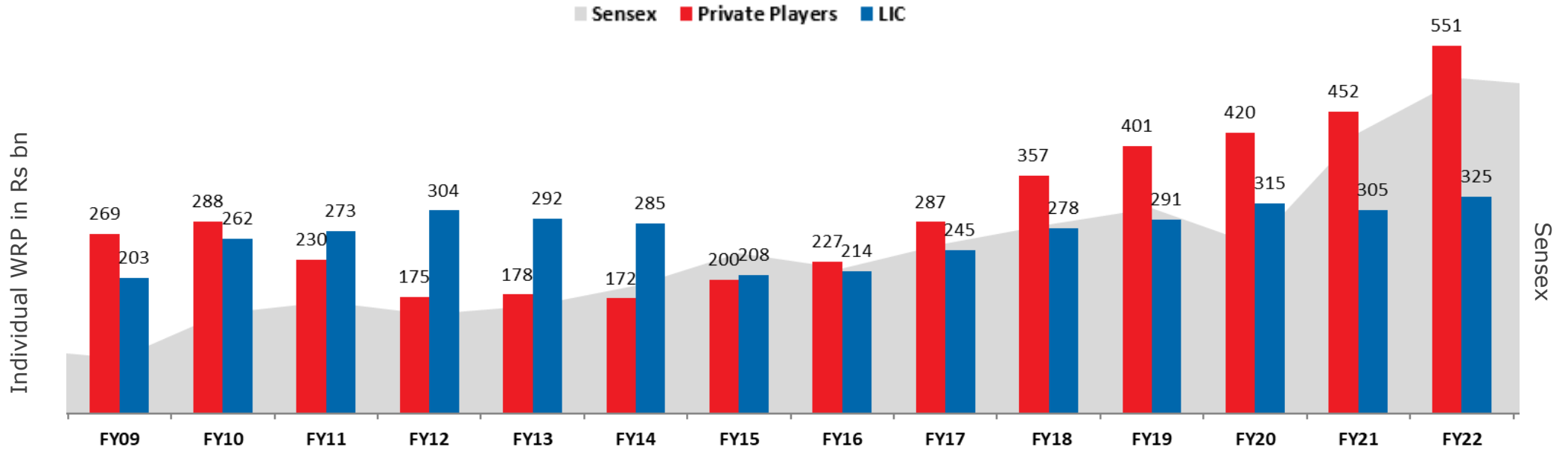


Financial savings mix



- Increasing preference towards financial savings with increasing financial literacy within the population
- Various government initiatives to promote financial inclusion:
 - Implementation of JAM trinity
 - Launch of affordable PMJJBY and PMSBY social insurance schemes
 - Atal Pension Yojana promoting pension in unorganized sector

Industry new business¹ trends



Private players Market share

	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22
Private	57%	52%	46%	37%	38%	38%	49%	52%	54%	56%	58%	57%	60%	63%
LIC	1%	7%	-20%	-24%	2%	-3%	16%	14%	26%	24%	12%	5%	8%	22%
Overall	-22%	29%	4%	11%	-4%	-2%	-27%	3%	15%	13%	5%	8%	-3%	7%
Overall	-10%	17%	-9%	-5%	-2%	-3%	-11%	8%	21%	19%	9%	6%	3%	16%

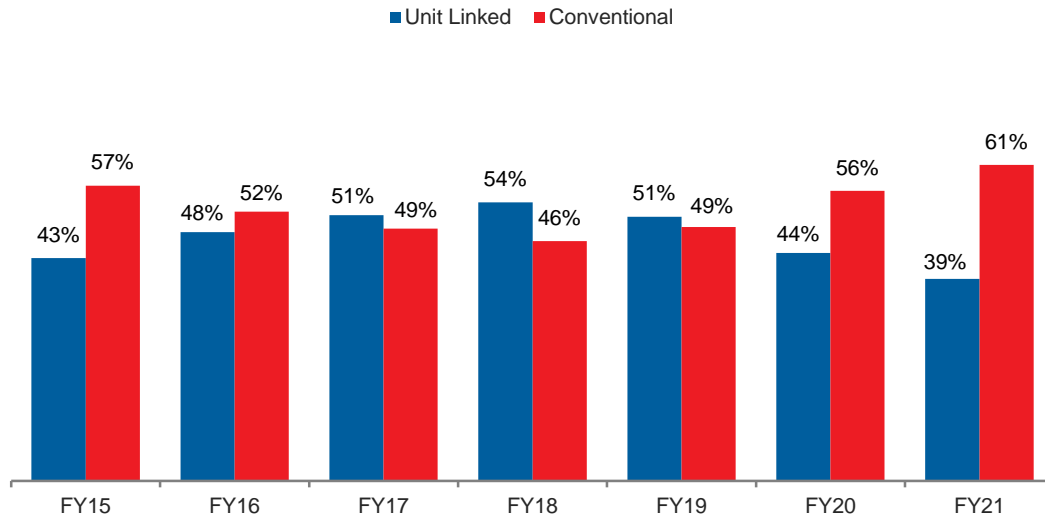
- Private sector remained at higher market share than LIC FY16 onwards
- Amongst private insurers, insurers with a strong bancassurance platform continue to gain market share

1. Based on Individual Weighted Received Premium (WRP)

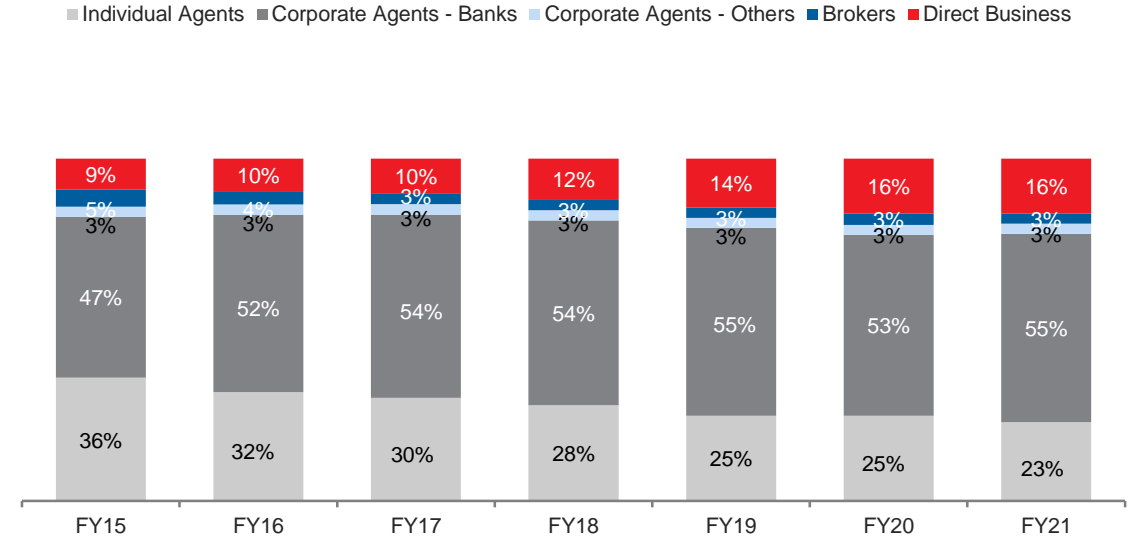
Source: IRDAI and Life Insurance Council

Private industry: Product and distribution mix

Product mix ¹



Distribution mix ²



- Product mix has recently moved towards conventional business for the private players with high focus on non-par savings, protection
- Banca sourced business continues to dominate the channel mix on the back of increasing reach of banks along with increase in share of direct channel

1. Based on Overall WRP (Individual and Group);

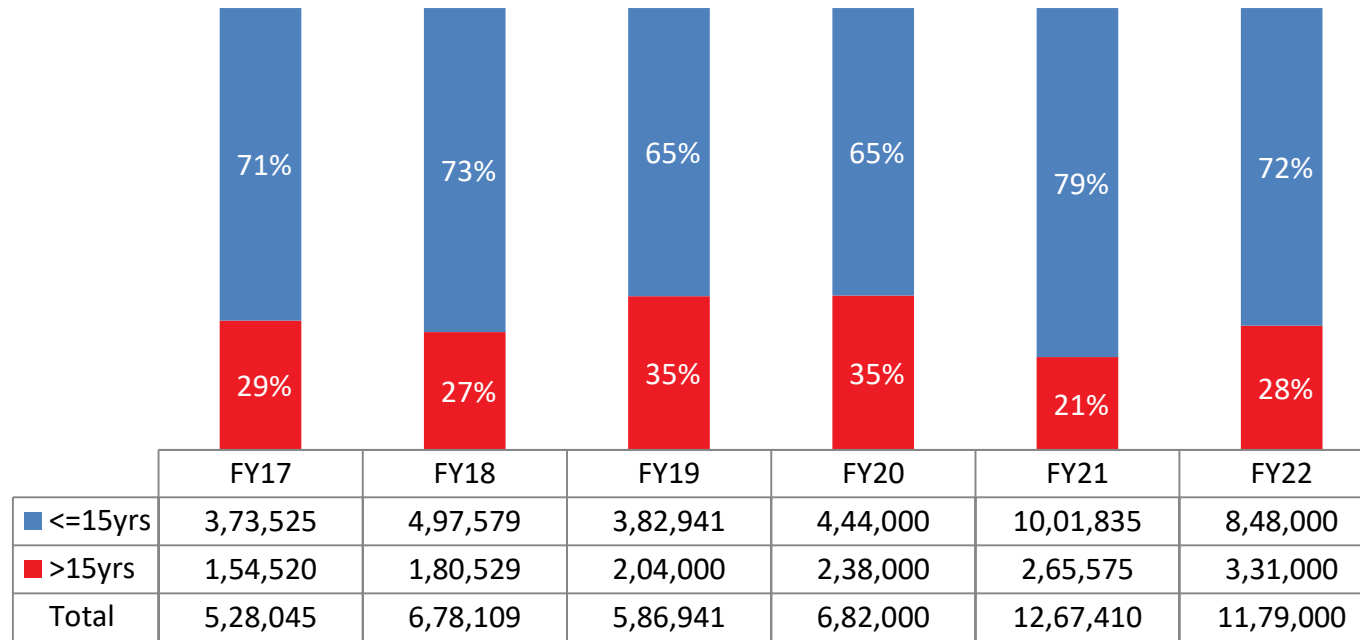
2. Based on Individual New business premia for all private players

Source: IRDAI and Life Insurance Council

Government bond auctions

Government Bonds – Tenorwise Issuance

Rs cr



- Auction of >15 year maturity bonds has been ~25-30% on an average facilitates writing annuity business at scale

Appendix



Financial and operational snapshot (1/2)

	FY22	FY21	Growth	FY20	FY19	CAGR	Rs bn.
<i>New Business Premium (Indl. + Group)</i>	241.5	201.1	20%	172.4	149.7	16%	
<i>Renewal Premium (Indl. +Group)</i>	218.1	184.8	18%	154.7	142.1	14%	
Total Premium	459.6	385.8	19%	327.1	291.9	15%	
Individual APE	81.7	71.2	15%	61.4	52.0	17%	
Overall APE	97.6	83.7	17%	74.1	62.6	16%	
Group Premium (NB)	125.1	100.3	25%	87.8	73.3	17%	
Profit after Tax	12.1	13.6	-11%	13.0	12.8	3%	
- <i>Policyholder Surplus</i>	4.4	7.3	-40%	10.9	9.0	-10%	
- <i>Shareholder Surplus</i>	7.7	6.3	22%	2.1	3.8	29%	
Dividend Paid	4.1	-	NA	-	4.0	NA	
Assets Under Management	2,041.7	1,738.4	17%	1,272.3	1,255.5	18%	
Indian Embedded Value ⁽¹⁾	300.5	266.2	13%	206.5	183.0	21%	
Net Worth ⁽²⁾	154.0	84.3	83%	69.9	56.6	22%	
NB (Individual and Group segment) lives insured (Mn.)	54.1	39.8	36%	61.3	51.4	-12%	
No. of Individual Policies (NB) sold (In 000s)	915.3	982.0	-7%	896.3	995.0	-1%	

1. EV before cash payout for acquisition grew by 16% in FY22

2. Comprises share capital, share premium and accumulated profits/(losses)



Financial and operational snapshot (2/2)

		FY22	FY21	FY20	FY19
Overall New Business Margins (post overrun)		27.4%	26.1%	25.9%	24.6%
Operating Return on EV	(1)	19.0%	18.5%	18.1%	20.1%
Operating Expenses / Total Premium		12.3%	12.0%	13.1%	13.1%
Total Expenses (OpEx + Commission) / Total Premium		16.5%	16.4%	17.7%	17.0%
Return on Equity	(2)	10.1%	17.6%	20.5%	24.6%
Solvency Ratio		176%	201%	184%	188%
Persistency (13M / 61M)	(3)	92%/58%	90%/53%	88%/54%	84%/51%
Market Share (%)					
- Individual WRP		14.8%	15.5%	14.2%	12.5%
- Group New Business		27.9%	27.6%	29.0%	28.4%
- Total New Business		21.0%	21.5%	21.5%	20.7%
Business Mix (%)					
- Product (UL/Non par savings/Annuity/Non par protection/Par)	(4)	26/33/5/6/30	24/31/5/7/34	28/41/4/8/19	55/15/5/7/18
- Indl Distribution (CA/Agency/Broker/Direct)	(4)	60/14/6/19	61/13/7/19	55/14/9/22	64/13/4/19
- Total Distribution (CA/Agency/Broker/Direct/Group)	(5)	24/6/2/16/52	25/6/2/17/50	23/7/3/17/51	26/7/2/16/49
- Share of protection business (Based on Indl APE)		5.6%	6.8%	7.6%	6.7%
- Share of protection business (Based on Overall APE)		13.6%	12.8%	17.2%	16.7%
- Share of protection business (Based on NBP)		24.0%	19.6%	27.6%	27.0%

1. Pre excess mortality reserve (EMR) EVOP% is 19.0%; Post accounting for EMR, EVOP% stands at 16.6%

2. Calculated using net profit and average net worth for the period (Net worth comprises of Share capital, Share premium and Accumulated profits)

3. Individual persistency ratios (based on original premium)

4. Based on individual APE. UL: Unit Linked, Trad: Traditional, Par: Participating & CA: Corporate Agents. Percentages are rounded off

5. Based on total new business premium including group. Percentages are rounded off

Revenue and Profit & Loss A/c

Revenue A/c ¹		
	FY22	FY21
Premium earned	459.6	385.8
Reinsurance ceded	(5.7)	(4.6)
Income from Investments	192.2	326.8
Other Income	1.5	1.6
Transfer from Shareholders' Account	5.7	2.6
Total Income	653.3	712.1
Commissions	19.4	17.1
Expenses	56.1	45.9
GST on UL charges	3.7	3.6
Provision for taxation	1.8	2.7
Provision for diminution in value of investments	(2.6)	(1.9)
Benefits paid	300.5	217.5
Change in valuation reserve	246.8	408.3
Bonuses Paid	17.9	7.9
Total Outgoings	643.7	701.2
Surplus	9.6	11.0
Transfer to Shareholders' Account	10.1	9.9
Funds for future appropriation - Par	(0.5)	1.1
Total Appropriations	9.6	11.0

Profit and Loss A/c ¹			Rs bn
	FY22	FY21	
Income			
Interest and dividend income	4.8	4.4	
Net profit/(loss) on sale	3.1	2.1	
Transfer from Policyholders' Account	10.1	9.9	
Other Income	-	-	
Total	18.0	16.4	
Outgoings			
Transfer to Policyholders' Account	5.7	2.6	
Expenses	0.4	0.4	
Interest on convertible debentures	0.4	0.3	
Provision for diminution in value of investments	(0.3)	(0.4)	
Provision for Taxation	(0.3)	(0.1)	
Total	5.9	2.8	
Profit for the year as per P&L Statement	12.1	13.6	

Balance sheet

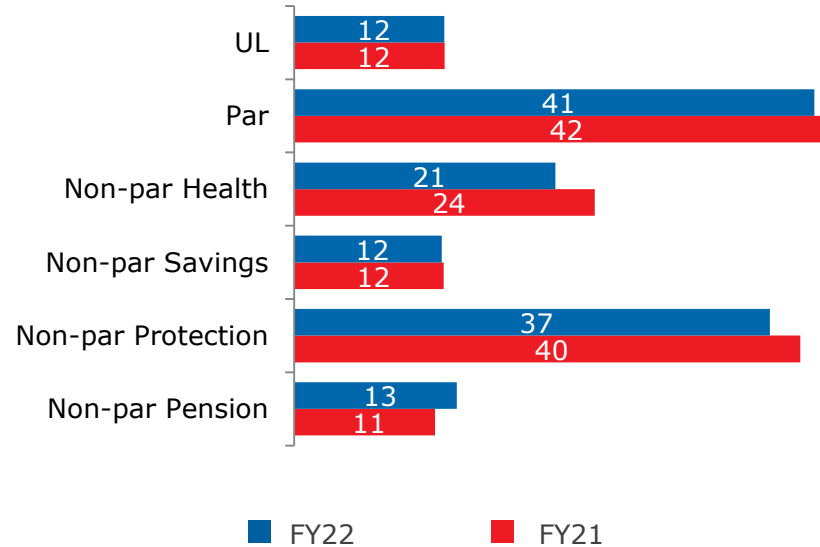
	March 31, 2022 ¹	Mar 31, 2021
Shareholders' funds		
Share capital (including Share premium)	86.7	25.0
Accumulated profits	67.3	59.3
Fair value change	0.8	2.1
Sub total	154.8	86.4
Borrowings	6.0	6.0
Policyholders' funds		
Fair value change	21.7	25.6
Policy Liabilities	1,043.4	855.2
Provision for Linked Liabilities	765.2	709.6
Funds for discontinued policies	41.0	38.0
Sub total	1,871.3	1,628.4
Funds for future appropriation (Par)	9.4	9.9
Total Source of funds	2,041.6	1,730.7
Shareholders' investment	152.4	85.4
Policyholders' investments: Non-linked	1,083.1	905.4
Policyholders' investments: Linked	806.2	747.6
Loans	6.4	4.2
Fixed assets	3.4	3.4
Net current assets	(10.0)	(15.4)
Total Application of funds	2,041.6	1,730.7

Rs bn

Segment wise average term and age¹

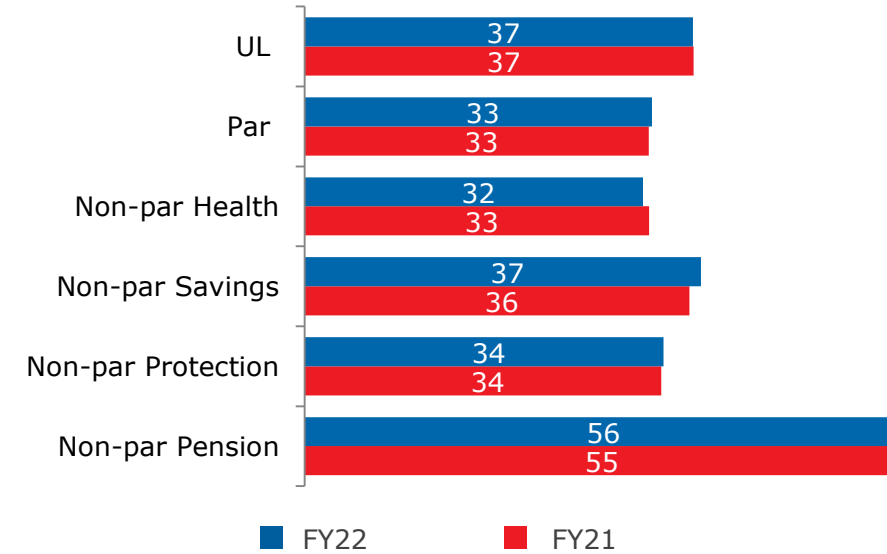
Average Policy Term excluding annuity (Yrs)

FY22: 22.6 (FY21: 24.7)



Average Customer Age excluding annuity (Yrs)

FY22: 36.4 (FY21: 35.8)



- Focus on long term insurance solutions, reflected in terms of long policy tenure
- Extensive product solutions catering customer needs across life cycles from young age to relatively older population

Summary of Milliman report on our ALM approach – FY20

Scope of review	Portfolios reviewed
<ul style="list-style-type: none"> Assess appropriateness of ALM strategy to manage interest rate risk in non-par savings business Review sensitivity of value of assets and liabilities to changes in assumptions 	<ul style="list-style-type: none"> Portfolio 1: Savings and Protection – All non-single premium non-par savings contracts and group protection products Portfolio 2: All immediate and deferred annuities

Description	Stress scenarios tested	Net asset liability position
Interest rate scenarios	Parallel shifts/ shape changes in yield curve within +- 150 bps of March 31 st 2020 Gsec yield curve	Changes by < 4.5%
Interest rate + Demographic scenarios	Interest rate variation + changes in future persistency/ mortality experience	Changes by < 7%
100% persistency and low interest rates	100% persistency with interest rates falling to 4% p.a. for next 5 years, 2% p.a for years 6 -10 and 0% thereafter	Still remains positive

Opinion and conclusion

ALM strategy adopted for Portfolios 1 and 2 is appropriate to:

- meet policyholder liability cash flows**
- protect net asset-liability position thereby limiting impact on shareholder value**



Indian Embedded value: Methodology and Approach (1/2)

Overview

Indian Embedded Value (IEV) consists of:

- **Adjusted Net Worth (ANW)**, consisting of:
 - Free surplus (FS);
 - Required capital (RC); and
- **Value of in-force covered business (VIF)**: Present value of the shareholders' interest in the earnings distributable from assets allocated to the covered business, after making sufficient allowance for the aggregate risks in the covered business.

Components of Adjusted Net Worth (ANW)

- **Free surplus (FS)**: FS is the Market value of any assets allocated to, but not required to support, the in-force covered business as at the valuation date. The FS has been determined as the adjusted net worth of the Company (being the net shareholders' funds adjusted to revalue assets to Market value), less the RC as defined below.
- **Required capital (RC)**: RC is the amount of assets attributed to the covered business over and above that required to back liabilities for the covered business. The distribution of this to shareholders is restricted. RC is set equal to the internal target level of capital equal to 170% of the factor-based regulatory solvency requirements, less the funds for future appropriations ("FFA") in the participating funds.

Indian Embedded value: Methodology and Approach (2/2)

Components of Value in-force covered business (VIF)

- **Present value of future profits (PVFP):** PVFP is the present value of projected distributable profits to shareholders arising from the in-force covered business determined by projecting the shareholder cash flows from the in-force covered business and the assets backing the associated liabilities.
- **Time Value of Financial Options and Guarantees (TVFOG):** TVFOG reflects the value of the additional cost to shareholders that may arise from the embedded financial options and guarantees attaching to the covered business in the event of future adverse market movements. Intrinsic value of such options and guarantees is reflected in PVFP.
- **Frictional costs of required capital (FC):** FC represents the investment management expenses and taxation costs associated with holding the RC. VIF includes an allowance for FC of holding RC for the covered business. VIF also includes an allowance for FC in respect of the encumbered capital in the Company's holdings in its subsidiaries.
- **Cost of residual non-hedgeable risks (CRNHR):** CRNHR is an allowance for risks to shareholder value to the extent that these are not already allowed for in the TVFOG or the PVFP. In particular, the CRNHR makes allowance for:
 - asymmetries in the impact of the risks on shareholder value; and
 - risks that are not allowed for in the TVFOG or the PVFP.

CRNHR has been determined using a cost of capital approach. CRNHR is the present value of the cost of capital charge levied on the projected capital in respect of the material risks identified.

Embedded Value: Economic assumptions¹

Years	Forward rates %		Spot rates %	
	As at Mar 31, 2021	As at Mar 31, 2022	As at Mar 31, 2021	As at Mar 31, 2022
1	3.95	4.34	3.87	4.25
2	5.31	5.65	4.52	4.87
3	6.27	6.70	5.04	5.41
4	6.95	7.43	5.46	5.85
5	7.42	7.90	5.80	6.20
10	7.97	8.36	6.71	7.10
15	7.52	7.97	6.95	7.34
20	7.06	7.57	6.96	7.36
25	6.76	7.27	6.90	7.32
30	6.59	7.08	6.82	7.25

Glossary (Part 1)

- **APE (Annualized Premium Equivalent)** - The sum of annualized first year regular premiums and 10% weighted single premiums and single premium top-ups
- **Backbook surplus** – Surplus accumulated from historical business written
- **Conservation ratio** - Ratio of current year renewal premiums to previous year's renewal premium and first year premium
- **Embedded Value Operating Profit (“EVOP”)** – Measure of the increase in the EV during any given period, excluding the impact on EV due to external factors like changes in economic variables and shareholder-related actions like capital injection or dividend pay-outs.
- **First year premiums** - Regular premiums received during the year for all modes of payments chosen by the customer which are still in the first year. For example, for a monthly mode policy sold in March 2021, the first instalment would fall into first year premiums for 2020-21 and the remaining 11 instalments in the first year would be first year premiums in 2021-22
- **New business received premium** - The sum of first year premium and single premium.
- **New business strain** – Strain on the business created due to revenues received in the first policy year not being able to cover for expenses incurred

Glossary (Part 2)

- **Operating expense** - It includes all expenses that are incurred for the purposes of sourcing new business and expenses incurred for policy servicing (which are known as maintenance costs) including shareholders' expenses. It does not include commission.
- **Operating expense ratio** - Ratio of operating expense (including shareholders' expenses) to total premium
- **Proprietary channels** - Proprietary channels include agency and direct
- **Protection Share** - Share of protection includes annuity and health
- **Persistency** - The proportion of business retained from the business underwritten. The ratio is measured in terms of number of policies and premiums underwritten.
- **Renewal premiums** - Regular recurring premiums received after the first year
- **Solvency ratio** - Ratio of available solvency Margin to required solvency Margins
- **Total premiums** - Total received premiums during the year including first year, single and renewal premiums for individual and group business
- **Weighted received premium (WRP)** - The sum of first year premium and 10% weighted single premiums and single premium top-ups

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