Dear Sir/ Madam,

Sub: Investor Presentation

Please find enclosed herewith a copy of press release and investor presentation on financial results for the quarter and year ended March 31, 2023.

This is for your information and appropriate dissemination.

Thanking you,

For HDFC Life Insurance Company Limited

Narendra Gangan

General Counsel, Chief Compliance Officer & Company Secretary

Encl.: As above
PRESS RELEASE - PERFORMANCE FOR THE FULL YEAR ENDED MARCH 31, 2023
BSE Code: 540777
NSE Code: HDFCLIFE

Strong delivery across all key metrics – Private market share: 16.5%, VNB growth: 37%, Individual WRP growth: 27%

- Higher than industry growth enables market share expansion by 70 bps
- Robust YoY growth: Protection APE up by about 20%, Annuity APE grew by 59%
- VNB margin of 27.6%, achieved margin neutrality post-merger, well ahead of target
- Operating ROEV at 19.7%; Indian Embedded value at Rs 39,527 crore
- 13% growth in PAT to Rs 1,360 crore; with back book growing by a robust 27% offset by new business strain
- Proposed final dividend of Rs 1.90 per share; maintained 30% payout ratio since FY17*

Mumbai, April 26, 2023: The Board of Directors of HDFC Life approved and adopted today the audited standalone and reviewed consolidated financial results for the full year ended March 31, 2023. Below is the summary of our standalone results:

Commenting on the full year performance for FY23, Ms. Vibha Padalkar, MD & CEO said “As you may be aware, the RBI has permitted HDFC Bank or HDFC Ltd to increase their shareholding in HDFC Life to more than 50% prior to the effective date, thus clearing any uncertainty around HDFC Bank’s eventual shareholding in us. We look forward to collaborating with our parent to be, towards creating value for all stakeholders.

We closed the year with a strong growth of 27% in individual WRP with a market share of 16.5% and 10.8% in the private and overall sector respectively, clocking expansion of 40 and 70 basis points respectively. We continue to grow faster than the private industry and be ranked amongst the top 3 life insurers across individual and group businesses. In terms of Individual WRP, we have outpaced the private industry over multiple timeframes including, in the past 3, 5 and 7 years, thereby consistently demonstrating growth leadership.

There has been an increase in protection share in total NBP from 24% in FY22 to 29% in FY23. Our overall protection APE grew by about 20% in FY23. Retail protection trends remain encouraging with sequential growth being over 50% and YoY growth being over 40% in Q4. Our annuity business in FY23 grew by 18% on received premium basis compared to a 2% growth for the industry. APE growth is much higher at 59% due to a pickup in our regular premium annuity product - Systematic Retirement Plan during the year.

Our new business margin for the year was 27.6% thereby delivering value of new business of Rs. 3,674 cr. which is a growth of 37%. Margin neutrality, after considering the acquired business, was achieved well ahead of target.

Our embedded value stood at Rs. 39,527 Crore as on March 31st, 2023, with an operating return on embedded value of 19.7% for FY23. Profit after tax for FY23 stood at Rs. 1,360 Crore, a robust YoY increase

* except in FY20 where no dividend was declared due to the pandemic, as directed by the regulator
of 13%. This is despite the increased new business strain arising from higher growth in Q4. The profit emergence continues to be aided by strong growth of 27% in back book surplus.

We are optimistic about the growth prospects of the industry and are committed to driving a significant increase in insurance penetration in line with the regulator’s vision.”

**Key Financial Summary**

<table>
<thead>
<tr>
<th>Rs Crore</th>
<th>FY23*</th>
<th>FY22</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Key Financial and Actuarial Metrics</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Individual APE</td>
<td>11,401</td>
<td>8,168</td>
</tr>
<tr>
<td>Total APE</td>
<td>13,336</td>
<td>9,758</td>
</tr>
<tr>
<td>New Business Premium (Indl + Group)</td>
<td>29,085</td>
<td>24,155</td>
</tr>
<tr>
<td>Renewal Premium (Indl + Group)</td>
<td>28,448</td>
<td>21,808</td>
</tr>
<tr>
<td>Total Premium</td>
<td>57,533</td>
<td>45,963</td>
</tr>
<tr>
<td>Assets Under Management</td>
<td>2,38,782</td>
<td>2,04,170</td>
</tr>
<tr>
<td>Profit After Tax</td>
<td>1,360</td>
<td>1,208</td>
</tr>
<tr>
<td>Indian Embedded Value</td>
<td>39,527</td>
<td>32,958</td>
</tr>
<tr>
<td>Value of new business</td>
<td>3,674</td>
<td>2,675</td>
</tr>
<tr>
<td><strong>Protection based on Total APE</strong></td>
<td>1,776</td>
<td>1,325</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>FY23*</th>
<th>FY22</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Key Financial Ratios</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>New Business Margins</td>
<td>27.6%</td>
<td>27.4%</td>
</tr>
<tr>
<td>Operating Return on EV</td>
<td>19.7%</td>
<td>16.6%</td>
</tr>
<tr>
<td>Operating Expenses / Total Premium</td>
<td>14.8%</td>
<td>12.3%</td>
</tr>
<tr>
<td>Solvency Ratio</td>
<td>203%</td>
<td>176%</td>
</tr>
<tr>
<td>13M / 61M Persistency</td>
<td>87%/52%</td>
<td>87%/54%</td>
</tr>
<tr>
<td><strong>Market share</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Individual WRP</td>
<td>16.5%</td>
<td>14.8%</td>
</tr>
<tr>
<td>Overall new business premium</td>
<td>21.1%</td>
<td>21.0%</td>
</tr>
<tr>
<td>Product mix by Indl APE (UL / Non par savings /Annuity/ Protection / Par)</td>
<td>19/45/5/4/27</td>
<td>26/33/5/6/30</td>
</tr>
<tr>
<td>Distribution mix by Indl APE (Corp Agents/ Agency/ Broker/ Direct)</td>
<td>56/20/11/13</td>
<td>60/14/6/19</td>
</tr>
</tbody>
</table>

Notes:
1. Limited pay/regular premium persistency
2. Percentages may not add up due to rounding off effect
* Current year numbers are on a merged basis, hence prior years are not comparable

**Definitions and abbreviations**

- **Annualized Premium Equivalent (APE)** - The sum of annualized first year regular premiums and 10% weighted single premiums and single premium top-ups
- **Assets under Management (AUM)** - The total value of Shareholders’ & Policyholders’ investments managed by the insurance company

- **Embedded Value Operating Profit (EVOP)** - Embedded Value Operating Profit (“EVOP”) is a 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 premium** - Premiums due in the first policy year of regular premiums received during the financial year. For example, for a monthly mode policy sold in March 2023, the first monthly instalment received would be reflected as First year premiums for 2022-23 and the remaining 11 instalments due in the first policy year would be reflected as first year premiums in 2023-24, when received

- **New business received premium** - The sum of first year premium and single premium, reflecting the total premiums received from the new business written

- **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

- **Operating return on EV** - Operating Return on EV is the ratio of EVOP (Embedded Value Operating Profit) for any given period to the EV at the beginning of that period

- **Persistency** - The proportion of business renewed from the business underwritten. The ratio is measured in terms of number of policies and premiums underwritten

- **Premium less benefits payouts** - The difference between total premium received and benefits paid (gross of reinsurance)

- **Renewal premium** - Regular recurring premiums received after the first policy year

- **Solvency ratio** - Ratio of available solvency margin to required solvency margin

- **Total premium** - 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 received during the year and 10% of single premiums including top-up premiums
About HDFC Life

HDFC Life Insurance Company Limited (‘HDFC Life’ / ‘Company’) is a joint venture between HDFC Ltd., India’s leading housing finance institution and abrdn (Mauritius Holdings) 2006 Limited, a global investment company.

Established in 2000, HDFC Life is a leading, listed, long-term life insurance solutions provider in India, offering a range of individual and group insurance solutions that meet various customer needs such as Protection, Pension, Savings, Investment, Annuity and Health. The Company has more than 60 products (including individual and group products) and optional riders in its portfolio, catering to a diverse range of customer needs.

HDFC Life continues to benefit from its increased presence across the country, having a wide reach with branches and additional distribution touch-points through several new tie-ups and partnerships. The count of distribution partnerships is over 300, comprising banks, NBFCs, MFIs, SFBs, brokers, new ecosystem partners amongst others. The Company has a strong base of financial consultants.

For more information, please visit www.hdfclife.com. You may also connect with us on Facebook, Twitter, YouTube and LinkedIn.

Disclaimer

Except for the historical information contained herein, statements in this release which contain words or phrases such as ‘will’, ‘would’, ‘indicating’, ‘expected to’ etc., and similar expressions or variations of such expressions may constitute ‘forward-looking statements’. These forward-looking statements involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. These risks and uncertainties include, but are not limited to our ability to successfully implement our strategy, our growth and expansion in business, the impact of any acquisitions, technological implementation and changes, the actual growth in demand for insurance products and services, investment income, cashflow projections, our exposure to market risks, policies and actions of regulatory authorities; impact of competition; experience with regard to mortality and morbidity trends, lapse rates and policy renewal rates; the impact of changes in capital, solvency or accounting standards, tax and other legislations and regulations in the jurisdictions as well as other risks detailed in the reports filed by HDFC Limited, our holding company, with the United States Securities and Exchange Commission. HDFC Life undertakes no obligation to update forward-looking statements to reflect events or circumstances after the date thereof.

None of Company or any of its directors, officers, employees, agents or advisers, or any of their respective affiliates, advisers or representatives, undertake to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise and none of them shall have any liability (in negligence or otherwise) for any loss howsoever arising from any use of this press release or its contents or otherwise arising in connection. Further, nothing in this press release should be construed...
as constituting legal, business, tax or financial advice or a recommendation regarding the securities. Although Company believes that such forward-looking statements are based on reasonable assumptions, it can give no assurance that such expectations will be met. You are cautioned not to place undue reliance on these forward-looking statements, which are based on current view of Company’s management on future events. Forecasts and hypothetical examples are subject to uncertainty and contingencies outside Company’s control. Past performance is not a reliable indication of future performance.

Before acting on any information you should consider the appropriateness of the information having regard to these matters, and in particular, you should seek independent financial advice.
## Executive summary: FY23

### Revenue & Scale

<table>
<thead>
<tr>
<th></th>
<th>CY</th>
<th>PY</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Individual WRP Rs. Bn.</strong></td>
<td>112.6</td>
<td></td>
</tr>
<tr>
<td><strong>Market Share</strong></td>
<td>16.5%</td>
<td></td>
</tr>
<tr>
<td><strong>Renewal Premium (Rs Bn.)</strong></td>
<td>284.5</td>
<td>218.1</td>
</tr>
<tr>
<td><strong>AUM (Rs Bn.)</strong></td>
<td>2,388</td>
<td>2,042</td>
</tr>
<tr>
<td><strong>IEV Rs. Bn.</strong></td>
<td>395.3</td>
<td></td>
</tr>
<tr>
<td><strong>EVOP</strong></td>
<td>19.7%</td>
<td></td>
</tr>
</tbody>
</table>

### Profitability & Cost

<table>
<thead>
<tr>
<th></th>
<th>CY</th>
<th>PY</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>New Business Margin (NBM)</strong></td>
<td>27.6%</td>
<td>27.4%</td>
</tr>
<tr>
<td><strong>VNB (Rs Bn.)</strong></td>
<td>36.7</td>
<td>26.8</td>
</tr>
<tr>
<td><strong>Profit After Tax (PAT) (Rs Bn.)</strong></td>
<td>13.6</td>
<td>12.1</td>
</tr>
<tr>
<td><strong>Operating exp. ratio</strong></td>
<td>14.8%</td>
<td>12.3%</td>
</tr>
</tbody>
</table>

### Customer & Capital

<table>
<thead>
<tr>
<th></th>
<th>CY</th>
<th>PY</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>13th month persistency</strong></td>
<td>87%</td>
<td>87%</td>
</tr>
<tr>
<td><strong>Claim settlement ratio (FY23)</strong></td>
<td>Overall 99.7%</td>
<td>Individual 99.3%</td>
</tr>
<tr>
<td><strong>Complaints per 10K policies</strong></td>
<td>CY 35</td>
<td>PY 25</td>
</tr>
<tr>
<td><strong>Solvency</strong></td>
<td>Mar’23 203%</td>
<td>Mar’22 176%</td>
</tr>
</tbody>
</table>

Proposed final dividend of Rs 1.90 per share, maintaining 30% dividend payout ratio²

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Note: Current year numbers are on a merged basis, hence prior years are not comparable
1. Complaints data (excluding survival and death claims). Complaints per 10K policies on merged basis for FY22: 40
2. Subject to shareholder approval
Agenda

1. Performance Snapshot
2. Our Strategy
3. Customer Insights
4. Our approach to ESG
5. Annexures
6. Life insurance in India
Consistent, predictable, sustained performance

**Holistic growth**

<table>
<thead>
<tr>
<th>New business premium</th>
<th>Renewal premium</th>
<th>Annuity new business</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY15: 93</td>
<td>FY19: 142</td>
<td>FY23: 284</td>
</tr>
<tr>
<td>FY15: 3.2</td>
<td>FY19: 25.9</td>
<td>FY23: 57.7</td>
</tr>
</tbody>
</table>

**Protection new business**

| Protection new business | FY15: 6.6 | FY19: 40.4 | FY23: 84.4 |

**AUM**


**13M persistency**

| 13M persistency | FY15: 73% | FY19: 80% | FY23: 87% |

**Consistent track record over multiple periods**


| FY17-21 | >2x |
| FY18-22 | >2x |
| FY19-23 | >2x |

| VNB | FY17-21 | FY18-22 | FY19-23 |
| VNB | >2x | >2x | >2x |


| FY17-21 | ~2x |
| FY18-22 | ~2x |
| FY19-23 | ~2x |

1. Based on Overall NBP
2. Excluding single premium
Consistent performance across business cycles

Change in ULIP regulation
- Cap on charges
- No surrender charges

Open architecture
- Banks allowed to tie up with 3 insurers
- Loss of exclusivity at HDFC Bank

Covid-19 pandemic
- Lockdown – Face to face communication disrupted
- Rise in claims

Change in ULIP tax exemption limit
- Tax exemption removed for policies > Rs 2.5 lakh

Change in traditional savings tax exemption limit
- Tax exemption removed for policies > Rs 5 lakh

Shift to diversified product mix strategy
- Scaling up of CP business

Diversified distribution
- Increase in new tie-ups

Growing proprietary
- Agency/Direct

Tech enablement
- for faster claim settlement & policy issuance

Prudent risk management

Distribution expansion
- for tapping new markets – Exide Life M&A, increasing market share in new partnerships

Note: Indl WRP in Rs bn
1. New Business Margin
2. WRP: Weighted Received Premium

Grew ~2 times industry between FY11–FY23 while sustaining profitability

<table>
<thead>
<tr>
<th>NBM¹</th>
<th>Indl WRP²</th>
<th>Overall industry growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY11</td>
<td>10.0%</td>
<td>18%</td>
</tr>
<tr>
<td>19.9%</td>
<td>12%</td>
<td>8%</td>
</tr>
<tr>
<td>23.2%</td>
<td>31%</td>
<td>19%</td>
</tr>
<tr>
<td>25.9%</td>
<td>19%</td>
<td>6%</td>
</tr>
<tr>
<td>27.4%</td>
<td>16%</td>
<td>16%</td>
</tr>
<tr>
<td>27.6%</td>
<td>19%</td>
<td>19%</td>
</tr>
</tbody>
</table>

Note: Indl WRP in Rs bn
1. New Business Margin
2. WRP: Weighted Received Premium
Robust delivery across key metrics (1/2)

Sustained performance

<table>
<thead>
<tr>
<th></th>
<th>FY20</th>
<th>FY21</th>
<th>FY22</th>
<th>FY23</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall mkt share</td>
<td>8.1%</td>
<td>9.2%</td>
<td>9.3%</td>
<td>10.8%</td>
</tr>
<tr>
<td>Pvt. mkt share</td>
<td>14.2%</td>
<td>15.5%</td>
<td>14.8%</td>
<td>16.5%</td>
</tr>
<tr>
<td>YoY growth</td>
<td>19%</td>
<td>17%</td>
<td>16%</td>
<td>27%*</td>
</tr>
</tbody>
</table>

Strong CP volumes on the back of higher disbursements

<table>
<thead>
<tr>
<th></th>
<th>FY20</th>
<th>FY21</th>
<th>FY22</th>
<th>FY23</th>
</tr>
</thead>
<tbody>
<tr>
<td>YoY Growth</td>
<td>17%</td>
<td>-19%</td>
<td>55%</td>
<td>46%</td>
</tr>
</tbody>
</table>

Balanced product mix

<table>
<thead>
<tr>
<th>Total APE</th>
<th>FY20</th>
<th>FY21</th>
<th>FY22</th>
<th>FY23</th>
</tr>
</thead>
<tbody>
<tr>
<td>Par</td>
<td>6%</td>
<td>3%</td>
<td>13%</td>
<td>16%</td>
</tr>
<tr>
<td>Non Par Savings</td>
<td>38%</td>
<td>23%</td>
<td>19%</td>
<td>10%</td>
</tr>
<tr>
<td>ULIP</td>
<td>14%</td>
<td>14%</td>
<td>22%</td>
<td>29%</td>
</tr>
<tr>
<td>Protection</td>
<td>20%</td>
<td>19%</td>
<td>14%</td>
<td>8%</td>
</tr>
<tr>
<td>Annuity</td>
<td>19%</td>
<td>19%</td>
<td>14%</td>
<td>29%</td>
</tr>
<tr>
<td>Group Retirals</td>
<td>10%</td>
<td>10%</td>
<td>14%</td>
<td>8%</td>
</tr>
</tbody>
</table>

Total NBP

<table>
<thead>
<tr>
<th>FY20</th>
<th>FY21</th>
<th>FY22</th>
<th>FY23</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bancassurance</td>
<td>9%</td>
<td>14%</td>
<td>6%</td>
</tr>
<tr>
<td>Direct</td>
<td>14%</td>
<td>22%</td>
<td>19%</td>
</tr>
<tr>
<td>Agency</td>
<td>13%</td>
<td>19%</td>
<td>19%</td>
</tr>
<tr>
<td>Brokers and others</td>
<td>55%</td>
<td>61%</td>
<td>60%</td>
</tr>
</tbody>
</table>

Focus on diversified channel mix

1. Based on Credit Protect new business premium
2. Based on Individual APE
* FY23 growth numbers have been computed after factoring in Exide Life WRP in previous year
Robust delivery across key metrics (2/2)

### Stable Persistency

<table>
<thead>
<tr>
<th>FY22</th>
<th>FY23</th>
</tr>
</thead>
<tbody>
<tr>
<td>87%</td>
<td>87%</td>
</tr>
<tr>
<td>54%</td>
<td>52%</td>
</tr>
</tbody>
</table>

- Focus on quality of business and providing superior customer experience

### NBM neutrality achieved ahead of expectations

<table>
<thead>
<tr>
<th>FY22</th>
<th>FY23</th>
</tr>
</thead>
<tbody>
<tr>
<td>26.8</td>
<td>36.7</td>
</tr>
</tbody>
</table>

- Multiple pools of profitability contributing to VNB accretion
- VNB growth of 37% over FY22

### Strong growth in renewal premium

<table>
<thead>
<tr>
<th>FY22</th>
<th>FY23</th>
</tr>
</thead>
<tbody>
<tr>
<td>218.1</td>
<td>284.5</td>
</tr>
</tbody>
</table>

- Backed by strong persistency and growing backbook

### Healthy solvency position

<table>
<thead>
<tr>
<th>Mar 31, 2022</th>
<th>Mar 31, 2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>176%</td>
<td>203%</td>
</tr>
</tbody>
</table>

- Healthy solvency margin of 203% - well above regulatory requirement

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1. For individual business; Excluding single premium and fully paid up policies. Current year numbers are on a merged basis, hence prior year is not comparable
2. Current year numbers are on a merged basis, hence prior year is not comparable
Agenda

1. Performance Snapshot
2. Our Strategy
3. Customer Insights
4. Our approach to ESG
5. Annexures
6. Life insurance in India
Key elements of our strategy

1. **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 & **deepening penetration**

3. **Customer first**
   Creating superior **product** propositions and **customer journeys**, through consistent innovation

4. **Risk management & board governance**
   Maintaining focus on **risk management** guided by an **independent and competent Board**

5. **Future ready organisation**: Leveraging **technology, digital** and **analytics**
Focus on profitable growth

- **New business Margin**: 25.9% (FY20), 26.1% (FY21), 27.4% (FY22), 27.6% (FY23)
- **Value of new business**: 19.2 (FY20), 21.9 (FY21), 26.8 (FY22), 36.7 (FY23)
- **Profit after tax (PAT)**: 13.0 (FY20), 13.6 (FY21), 12.1 (FY22), 13.6 (FY23)
- **Underwriting profits**: 10.9 (FY20), 7.3 (FY21), 4.4^2 (FY22), 5.9 (FY23)
- **Shareholders’ surplus**: 2.1 (FY20), 6.3 (FY21), 7.7 (FY22), 7.7 (FY23)
- **Dividend Payout Ratio^3**: - (FY20), 30% (FY21), 30% (FY22), 30%^4 (FY23)

Underwriting profits breakup:
- **Existing Business Surplus**: 29.9 (FY20), 32.3 (FY21), 34.9 (FY22), 44.2 (FY23)
- **New Business Strain**: -19.1 (FY20), -25.0 (FY21), -30.5 (FY22), -38.3 (FY23)

- **Consistent dividend payout ratio of ~30% since FY17^***

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1. Current year numbers are on a merged basis, hence prior years are not comparable
2. Post accounting for impact of excess mortality reserve (EMR)
3. Calculated as dividend paid divided by PAT. No dividend declared for FY20, in line with IRDAI circular to conserve capital.
4. Subject to shareholder approval

* Except in FY20 where no dividend was declared due to the pandemic as directed by the regulator
Analysis of change in IEV

IEV
As at Mar 31, 2022

IEV
As at Mar 31, 2023

EVOP – 64.9
EVOP% — 19.7%

<table>
<thead>
<tr>
<th>Component</th>
<th>Rs bn</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unwind</td>
<td>26.2</td>
</tr>
<tr>
<td>Change in operating assumptions</td>
<td>0.4</td>
</tr>
<tr>
<td>VNB</td>
<td>36.7</td>
</tr>
<tr>
<td>Operating variances</td>
<td>1.5</td>
</tr>
<tr>
<td>Economic variances</td>
<td>15.9</td>
</tr>
<tr>
<td>Dividend &amp; capital infusion</td>
<td>16.7</td>
</tr>
<tr>
<td>Total</td>
<td>395.3</td>
</tr>
<tr>
<td>Adjusted Net worth (ANW)</td>
<td>267.4</td>
</tr>
<tr>
<td>Value of in-force business (VIF)</td>
<td>127.8</td>
</tr>
</tbody>
</table>

Note: HDFC Life EV reviewed by Milliman Advisors LLP
1. EVOP% calculated as annualised EVOP (Embedded Value Operating Profit) to Opening EV
2. Opening IEV as at Mar 31, 2022 includes Exide Life EV
3. Operating Variance split as on March 31, 2023: Mortality variance: 0.2, Persistency variance and others: 1.1, Expenses: 0.3

- Operating variance continues to be positive and in line with our assumptions
Diversified distribution enabled by multiple levers

1. Proprietary channels include Agency, Direct and Online
2. Digital Branches: Virtual branch for servicing customer requests remotely through dedicated app and webpage

Proprietary¹

~1.8L Agents
~500 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, NBFCs, SFBs and Other CAs

Brokers, Aggregators & New Ecosystems
**Agency**

- Segregating **Growth (tier 1)** and **Focus (tier 2,3)** markets

- Developing **micro market** strategy

- Acquisition of Exide Life **strengthened presence in South India**, especially in tier 2 and 3 markets

**Bancassurance**

- Increasing **penetration** across all customer segments

- HDFC Bank: Expanding in **SURU (Semi-urban and rural) markets**

- Sharper focus on cross-sell and up-sell to existing customers

**Other Key Alliances**

- Gained significant experience of working in multi-tie

- **New tie-ups** with partners like Indian Post Payments Bank, AU Small Finance Bank allows **entry into new market segments**

- **Strong growth momentum** across multiple partners

**Direct/ Digital**

- Leveraging analytics for **cross-sell/upsell**

- **Simplifying and personalizing journey** to offer better experience and attract younger customers

- Partnering with start-ups through Futurance program
Addressing customer needs at every stage of life

<table>
<thead>
<tr>
<th>Objective</th>
<th>&lt;25 years</th>
<th>25-35 years</th>
<th>36 – 50 years</th>
<th>50+ years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Simple Savings</td>
<td>Borrowing</td>
<td>Investments</td>
<td>Asset Drawdown</td>
<td></td>
</tr>
</tbody>
</table>

- **Needs**
  - <25 years: First Job, Buy new car
  - 25-35 years: Get married, Buy Home, Child’s education
  - 36 – 50 years: Plan for retirement
  - 50+ years: Retire

- **Product Offerings**
  -UL
  - Par
  - Non par savings
  - Protection
  - Annuity

- **Product mix across age categories**

<table>
<thead>
<tr>
<th>Product</th>
<th>&lt;25 years</th>
<th>25-35 years</th>
<th>36 – 50 years</th>
<th>50+ years</th>
</tr>
</thead>
<tbody>
<tr>
<td>UL</td>
<td>24%</td>
<td>22%</td>
<td>19%</td>
<td>14%</td>
</tr>
<tr>
<td>Par</td>
<td>39%</td>
<td>29%</td>
<td>25%</td>
<td>27%</td>
</tr>
<tr>
<td>Non par savings</td>
<td>34%</td>
<td>40%</td>
<td>49%</td>
<td>43%</td>
</tr>
<tr>
<td>Protection</td>
<td>3%</td>
<td>8%</td>
<td>4%</td>
<td>1%</td>
</tr>
<tr>
<td>Annuity</td>
<td>0%</td>
<td>0%</td>
<td>2%</td>
<td>16%</td>
</tr>
</tbody>
</table>

1. Based on Individual APE for FY23; Percentages may not add up due to rounding off effect.

- **Risks Addressed**
  - Mortality
  - Morbidity
  - Longevity
  - Interest Rate

- **Other**
  - Profitable growth
  - Diversified distribution mix
  - Customer First
  - Risk management & governance
  - Technology, digital & Analytics

---

14
Focus on protection

Protection (Individual + Group) trends

- FY23: 22%, 24%, ~20%
- FY20: 12.7, 10.7, 13.2
- FY21: 18%, 17.8
- FY22: 47%, >40%
- FY23: 84.4

FY23 Retail protection growth trend

- Q1: 0.8, 26%
- Q2: 1.0, 13%
- Q3: 1.1, 51%
- Q4: 1.7, >40%

- Offering embedded protection solutions based on customer orientation
- Sequential QoQ growth continued in retail protection
- >40% YoY growth in Q4 FY23; >35% growth in NoPs
- Branch activation has increased by >50% YoY in HDFC Bank during Q4 FY23

* Growth has been negative on account of supply side constraints during Covid and stricter underwriting norms
### Product mix across key channels

#### FY21 | FY22 | FY23
---|---|---
**Agency**
| UL | 10% | 16% | 10% |
| Par | 37% | 33% | 33% |
| Non par savings | 39% | 39% | 49% |
| Term | 11% | 10% | 6% |
| Annuity | 3% | 3% | 3% |

#### Syndicated (Other Joint Business)

<table>
<thead>
<tr>
<th>Segment</th>
<th>FY21</th>
<th>FY22</th>
<th>FY23</th>
</tr>
</thead>
<tbody>
<tr>
<td>UL</td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td>Par</td>
<td>53%</td>
<td>44%</td>
<td>31%</td>
</tr>
<tr>
<td>Non par savings</td>
<td>42%</td>
<td>42%</td>
<td>62%</td>
</tr>
<tr>
<td>Term</td>
<td>4%</td>
<td>11%</td>
<td>5%</td>
</tr>
<tr>
<td>Annuity</td>
<td>0%</td>
<td>1%</td>
<td>2%</td>
</tr>
</tbody>
</table>

#### FY21 | FY22 | FY23
---|---|---
**Company**
| Protection Based on Total APE | 13% | 14% | 13% |
| Annuity Based on Total APE | 5% | 5% | 6% |
| Protection Based on NBP | 20% | 24% | 29% |
| Annuity Based on NBP | 20% | 20% | 20% |

---

1. Based on Individual APE, Term includes health business. Percentages are rounded off. Current year numbers are on a merged basis, hence prior years are not comparable.
2. Includes banks, other corporate agents and online business sourced through banks / corporate agents.
3. Includes business sourced through own website and web aggregators.
Governance framework

Board of Directors
Independent and experienced Board

Additional governance through Internal, Concurrent and Statutory auditors

Note:
1. Asset Liability Management Council
2. The above list of committees is illustrative and not exhaustive
Financial risk management framework

**Natural hedges**
- Protection and longevity businesses
- Unit linked and non par savings products
- Broad-basing of counter-parties for FRAs

**Product design & mix monitoring**
- Prudent assumptions and pricing approach
- Return of premium annuity products (>95% of annuity); Average age at entry ~58 years
- Deferred as % of total annuity business < 30% with average deferment period <4 yrs
- Regular monitoring of interest rates and business mix

**ALM approach**
- Target cash flow matching for non par savings plus group protection portfolio to manage non parallel shifts and convexity
- Immunise overall portfolio to manage parallel shifts in yield curve (duration matching)

**Residual strategy**
- External hedging instruments such as FRAs, IRFs, swaps amongst others
- Reinsurance

---

**Sensitivity**

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Overall</th>
<th>Non par</th>
<th>Overall</th>
<th>Non par</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>EV</td>
<td>VNB Margin</td>
<td>EV</td>
<td>VNB Margin</td>
</tr>
<tr>
<td>Interest Rate +1%</td>
<td>(2.0%)</td>
<td>(1.4%)</td>
<td>(2.1%)</td>
<td>(2.5%)</td>
</tr>
<tr>
<td>Interest Rate -1%</td>
<td>1.6%</td>
<td>0.8%</td>
<td>1.4%</td>
<td>1.5%</td>
</tr>
</tbody>
</table>

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

1. Comprises Non par savings (incl Annuity) plus Protection
Aligned to make life simpler for customers

1. Accelerate JOURNEY SIMPLIFICATION across channels
2. Fast track PARTNER INTEGRATION
3. SERVICE SIMPLIFICATION for connect and personalization
4. DATA LABS ECOSYSTEM for decision making
5. PLATFORMS independent buying / servicing

Building resilience..

6. Connecting with startups through Futurance™
7. Create a digital scalable efficient Architecture
8. Enable a hybrid Work From Home environment
9. Strengthen Cyber Security for post-Covid world

1. Futurance: A program to collaborate with startups for harnessing cutting-edge technology
Journey Simplification
Enhancing customer journeys across touchpoints

Enhanced customer onboarding

- **Quote Engine**
  - Offline premium calculator factoring in customer needs
  - Quote generation
  - Pre sales module enabled with product insights

- **Pre-underwriting**
  - Check customer eligibility- Maximum Cover (SA), medical requirements
  - Customer details- Name, DOB, gender, contact no, KYC & professional background

- **Financial & CKYC doc collection**
  - Pull docs before creating application
  - Integrations with Account Aggregator, ITR, CKYC services for easy doc collection
  - Docs auto-submitted post application submission

- **Simplified journey**
  - Link shared with the customer through SMS, WhatsApp & email
  - Generic & Personalized link option
  - Prefilled form with customer details

Enabling seamless payout journey

- **Simplified journey**
  - Auto KYC knock off
  - Auto PAN validation
  - OCR enabled for documents (if customer unable to go the paperless route)
  - Prefilled form with customer details

- **Paperless journey**
  - Auto KYC knock off
  - Auto PAN validation
  - OCR enabled for documents (if customer unable to go the paperless route)

- **Authentication for risk**
  - OTP based customer authentication
  - Real time penny drop for Bank Account authentication

Simplifying customer journeys both at policy purchasing and also at servicing stages
Partner integration

**Integration journeys**

- **Customers**
- **New business**
- **Customer service**
- **MIS & Support**

**Integration areas**

- **SSO**
- **STP**
- **Quote**
- **Full API**
- **Payment**

**Business Impact**

- 70+ partners
- 400+ API integrations
- 2/3rd of our business is coming through these integrations

**API Portal**

- Scalable, cheaper and more efficient API portal
- Faster new partner integration
- Reduced dependency on IT teams for customer service

API- Application Programming Interface
SSO- Single-sign On
STP- Straight-through Processing
D2C- Direct to Consumer
Service simplification

**Digital Life Certificate**
*Online platform to submit Life certificate anywhere-anytime with inbuilt face recognition & Aadhar based authentication*

**SVAR**
*Voice assisted journey for renewal collection 13% collection of target base*

**Payment Avenues**
*Expansion of Payment Avenues continues along with Auto Pay options leading to 97% Digital collections*

- Whatsapp Payment
- OLA and CRED and many more via BBPS
- NPCI’s upi123pay
- SI on Amex card
- Cardless EMI
- 10 Payment wallets
- Split Payment
- Online Cheque Pick up
- ICICI Bank OTC

✓ Customer Authentication
✓ Appointment Booking
✓ Reminder/ Follow Up
✓ Product Information
✓ Payment Assistance to Customers

Profitable growth
Diversified distribution mix
Customer first
Risk management & governance
Technology, digital & Analytics
Data Labs

**CP to Retail propensity model**
Model that provides Cross-sell propensity for CP customers to buy retail policy

**Withdrawal aversion model**
Model to predict customer withdrawal at New Business stage & avert withdrawal

**Productivity model**
Model to increase activation of financial consultants by focusing on important sales parameters

**Agent hyper-personalization model**
Model that effectively segment agents in the channel & personalizes their experience

**Servicing Analytics**
Model that provides Cross-sell propensity for CP customers to buy retail policy

**Early Reminder Calling model for persistency improvement**
Model to efficiently allocate customer leads to call centers and increase renewals

**Speech Analytics**
AI powered solution to generate insights & measure adherence to quality standards to improve customer experience & drive persistency

**Pension CRM**
Computer Vision based solution to record customer details & track sales funnel end to end

**Sales Analytics**
Model that effectively segment agents in the channel & personalizes their experience

**Servicing Analytics**
Model to predict customer withdrawal at New Business stage & avert withdrawal

**AI / ML**
Model to increase activation of financial consultants by focusing on important sales parameters

**Profitable growth**
Diversified distribution mix

**Customer first**
Risk management & governance

**Technology, digital & Analytics**
Emerging Technology: CX & Inspire
Customer Experience Transformation & Technology Transformation

**CX Transformation**
- Customer Satisfaction
  - Improved journeys for Customers, Partners and Employees
  - Omnichannel Experience
  - Simple Communication
  - Easy documentation

**Business Benefits**
- Better Retention
- Higher Cross Sell
- Profitability
- Improved Productivity
- Staff engagement

**Technology Transformation**
- Agility
  - Faster product launch
  - Easy partner onboarding
  - Quick business decisions
  - Segmented services
  - Scalable and flexible infrastructure

**Deeper Insights**
- Improved Risk Appetite
- OTC Service
- Customer Nudges
- Right selling
- 360 degree view
- Data Enrichment

**Profitable growth**
**Diversified distribution mix**
**Customer first**
**Risk management & governance**
**Technology, digital & Analytics**
Performance of wholly-owned subsidiary\(^1\) companies

**HDFC Pension**

- NPS AUM
  - FY20: 83 Rs Bn.
  - FY23: 454 Rs Bn.
  - Ranked #1 based on AUM
  - 76% growth

**HDFC International**

- Revenue
  - FY20: 7 $ Mn.
  - FY23: 17 $ Mn.
  - 33% growth

- 3 Year CAGR

- HDFC Pension continues to be the largest PFM (Pension Fund Manager) in Retail and Corporate NPS AUM segment
- Fastest growing PFM (Pension Fund Manager) under the NPS architecture (YoY growth of ~60% in AUM)
- Market share grew from 36.9% in Mar’22 to 41.2% in Mar’23 amongst all PFMs - doubled over the course of the year
- 15 lakh+ subscriber base. 31% growth YoY over March’22

- Registered 10% YoY growth in GWP in FY 22-23, at $17.22 million
- HDFC International has received the final approval from the concerned regulatory authority, enabling us to establish a branch in GIFT City
  - New opportunities to expand our global presence
  - Target to commence operations in Q1 FY24
Agenda

1. Performance Snapshot
2. Our Strategy
3. Customer Insights
4. Our approach to ESG
5. Annexures
6. Life insurance in India
Reasons for buying insurance – Tax as a reason has declined

Major reasons to buy life insurance continue to be protection for family, securing child’s needs and retirement planning.

- Tax saving is the 9th reason to buy life Insurance, compared to 4th in 2013.
- Share of >2.5 lakh ATS has increased from ~15% to >20% within ULIP business in the last 3 years (despite tax being applicable in that category in the last 2 years).

Customer insights – Women policyholders & distributors

**Customers**

- 3-year APE CAGR for women customers vs men: **27%** vs **19%**
- Women constitute **~30%** of policyholders, an increase of 7 percentage points over past 4 years
- Persistency for female customers is higher by 200-500 bps across cohorts compared to male customers

**Distribution**

- 3-year CAGR for APE sourced by women vs men agents: **30%** vs **10%**
- Women constitute **~30%** of total agents of HDFC Life vs 29% for the industry\(^1\)
- Persistency for female agents is higher across cohorts compared to male agents

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Agenda

1. Performance Snapshot
2. Our Strategy
3. Customer Insights
4. Our approach to ESG
5. Annexures
6. Life insurance in India
ESG at a Glance

ESG Focus Areas

- Ethical Conduct & Governance
- Responsible Investment
- Diversity, Equity and Inclusion (DE&I)
- Holistic Living
- Sustainable Operations

**ESG Score Highlight:** Highest rated Indian insurance company in the ESG assessment by a leading ratings agency (Continuous improvement in score for five consecutive years)
Ethical Conduct & Governance

Leadership Oversight on ESG

• Board CSR Committee renamed as CSR and ESG Committee and Terms of Reference enhanced to include oversight of ESG issues

• ESG Management Committee, led by the Chief Financial Officer oversees the policy implementation and operational controls for environmental risks including Climate change

• Performance Management based on the principles of Balanced Scorecard; covers the Organization’s performance on financial, market / customer, people, sustainability and operational aspects.

Governance Structure

Board Composition
• Five Independent Directors
• Three Non-Executive Non-Independent Directors

Board Diversity
• 30% women as on 31st March, 2023

Remuneration Policy
• Seeks to balance the fixed and incentive pay
• ESOPs based on the recommendations of NRC
• Clawback & Malus provision

Risk Management

• Risk oversight by Senior Management & Board of Directors vide Risk Management Council and Risk Management Committee respectively

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

• Business Continuity Management (BCM)-Recovery plan for critical business activities in place

• Enterprise Risk Management (ERM) framework
  o ‘Three Lines of Defense approach’
  o Reviewed and approved by the Board

• ESG risks including Climate change, etc. included under Emerging risks category of the ERM Framework

• Materiality Assessment conducted as per GRI guidelines
Ethical Conduct & Governance (contd.)

**Information / Cybersecurity**

- Risk oversight by Board **Risk Management Committee** and risks reporting done on a quarterly basis

- Modes of Risk Awareness –
  - Annual mandatory training for all employees
  - Security workshops and case study discussions
  - Specially curated programs and sessions for senior leadership
  - Monthly awareness mailers
  - Security posters and leaflets
  - Phishing Simulation Campaigns

- Dedicated helpdesk and email id’s for reporting on the breaches

- Certifications & Frameworks –
  - **ISO 27001** standards
  - National Institute of Standards and Technology (NIST)
  - Federal Financial Institutions Examination Council (FFIEC) based Cyber Security Framework for Risk Assessment

**Policies and Frameworks**

- Anti-bribery & Anti-corruption Policy
- Anti Money Laundering (AML) Policy
- Board Diversity Policy
- Code of Conduct
- Corporate Governance Policy
- Data Privacy Policy
- Investor Grievance Policy
- Responsible Investment (RI) Policy
- Stewardship Policy
- Tax Policy
- Whistleblower Policy

- Corporate Social Responsibility (CSR) Policy
- Diversity, Equity and Inclusion (DEI) Policy
- Human Rights Policy
- Policy for Prevention and Redressal of Sexual Harassment (PRSH)
- Supplier Code of Conduct

- Environment and Climate Change Policy
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**

Asset classes covered under RI
- Equity and equity related securities
- Alternate Investment Funds (AIFs)
- Investment Trusts
- Corporate Bonds

Responsible Investment Governance
A **ESG Governance Committee** at the investment team level comprises of Chief Investment Officer, Head of Fixed Income, Head of Research, Fund Manager of ESG Fund and dedicated ESG research analyst

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.

Exclusion criteria included in the RI Policy
Companies engaged in the business of tobacco, alcohol, controversial weapons and gambling shall be excluded from the Sustainable Equity Fund

Exclusion criteria aligned with the exclusion policy followed by Nifty 100 ESG Index

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

PRI Principles for Responsible Investment

HDFC Life
Employee Engagement & Diversity, Equity and Inclusion (DEI)

**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
- Average hours per FTE of training and development: 86 hours

**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
- Leaders and expert sessions to create awareness on various topics of inclusion

**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 ESOPs and cash to attract, retain and motivate good talent
- Elaborate succession planning for Key Managerial Personnel, critical senior roles
- Managers Transformation League – Leadership development program for middle management
- New Manager Boot Camp – Development program for First Time Managers

**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
- Launched official DEI page on our website highlighting various initiatives
- Gender transition surgery covered under mediclaim policy

**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
Holistic Living: Delivering superior customer experience

Customer Centricity

Journey simplification – frictionless sales and service

- Simplifying buying journeys through platforms like LifeEasy (online term purchase)

Document simplification & elimination

- OCR: Enabling digital document submission and verification
- Straight through processing of maturity payouts for verified accounts

Leveraging advanced technologies for personalization and better customer experience (CX)

- Cognitive bots – policy queries answered within 2-3 clicks
- Personalization – Pre-approved sum assured for customers based on risk profile

Contactless services- new normal

- Digital Life Certificate for collecting survival proof from senior citizens
- Contactless branches by leveraging face recognition technology

Enhancing Customer Experience through our CX Program, based on 5 focus areas:

1. Enabling a customer centric culture within the Organisation
2. Creating new and simple Product propositions
3. Seamless Customer Journeys
4. Simplified Communication
5. Use of Technology and Analytics

Customer Satisfaction Score (%) as on 31st March 2023 – 89.7

1. OCR: Optical Character Recognition
Sustainable Operations

**Energy and water**
- Since 2014 only 3 or 5 star rating air – conditioners used
- > 95% of branches use total LED lightings
- Use of sensor based urinals and water taps
- Total purchase of energy from renewable sources: 1,64,046 kWh during FY 2022-23
- 28 new water purifiers installed since FY 2021-22 to replace bottled drinking water

**Digitization - Reduction of Paper Usage**
- Introduction of E-business cards & ID cards
- Online /e-forms for customers
- Annual report FY20, FY21 and FY22 digitally communicated
- Demat i.e. digital policy accounts for 38% of our new business

**De-carbonization roadmap and way forward**
Key initiatives & action points for FY23-24:
- TCFD (Task Force on Climate-Related Financial Disclosures)
- Carbon neutrality strategy & roadmap

**Bio-diversity**
- 33 city forests created using Miyawaki method. Overall 1.7 lakh trees planted (Since 2019)

**GHG inventory**
- Scope 1 emissions: 63 met. ton. CO2e
- Scope 2 emissions: 10,135 met. ton. CO2e
- Scope 3 emissions: 746 met. ton. CO2e

**Waste management**
- 7,665 Kgs of e-waste recycled/refurbished/disposed in FY23
- 3,067.7 Kg of paper cups & paper disposed for recycling FY 2022-23

**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

* All Numbers provided are estimates
## Agenda

1. **Performance Snapshot**
2. **Our Strategy**
3. **Customer Insights**
4. **Our approach to ESG**
5. **Annexures**
6. **Life insurance in India**
Persistency trends for HDFC Life

### Across key channels (%)

<table>
<thead>
<tr>
<th></th>
<th>Agency</th>
<th>Banca</th>
<th>Direct</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>13th month</td>
<td>89</td>
<td>86</td>
<td>90</td>
<td>87</td>
</tr>
<tr>
<td>25th month</td>
<td>78</td>
<td>77</td>
<td>83</td>
<td>79</td>
</tr>
<tr>
<td>37th month</td>
<td>72</td>
<td>71</td>
<td>76</td>
<td>72</td>
</tr>
<tr>
<td>49th month</td>
<td>62</td>
<td>66</td>
<td>64</td>
<td>64</td>
</tr>
<tr>
<td>61st month</td>
<td>55</td>
<td>52</td>
<td>56</td>
<td>52</td>
</tr>
</tbody>
</table>

### Across key segments (%)

<table>
<thead>
<tr>
<th></th>
<th>Savings (Traditional)</th>
<th>Savings (UL)</th>
<th>Protection</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>13th month</td>
<td>89</td>
<td>82</td>
<td>93</td>
<td>87</td>
</tr>
<tr>
<td>25th month</td>
<td>81</td>
<td>70</td>
<td>87</td>
<td>79</td>
</tr>
<tr>
<td>37th month</td>
<td>74</td>
<td>66</td>
<td>81</td>
<td>67</td>
</tr>
<tr>
<td>49th month</td>
<td>61</td>
<td>66</td>
<td>76</td>
<td>63</td>
</tr>
<tr>
<td>61st month</td>
<td>55</td>
<td>48</td>
<td>73</td>
<td>54</td>
</tr>
</tbody>
</table>

1. For individual business; Excluding single premium and fully paid up policies. Current year numbers are on a merged basis, hence prior year is not comparable.
Improving VNB trajectory for both existing and acquired businesses

1. Reflects the impact of difference in mix of segment/distribution channel/tenure/age/sum assured multiple etc.
2. Current year numbers are on a merged basis, hence prior year is not comparable

VNB – Value of New Business; NBM – New Business Margin
### Sensitivity analysis – FY23

<table>
<thead>
<tr>
<th>Analysis based on key metrics</th>
<th>Scenario</th>
<th>Change in VNB Margin</th>
<th>% Change in EV</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reference rate</td>
<td>Increase by 1%</td>
<td>-1.5%</td>
<td>-2.4%</td>
</tr>
<tr>
<td></td>
<td>Decrease by 1%</td>
<td>0.7%</td>
<td>2.1%</td>
</tr>
<tr>
<td>Equity Market movement</td>
<td>Decrease by 10%</td>
<td>-0.1%</td>
<td>-1.3%</td>
</tr>
<tr>
<td>Persistency (Lapse rates)</td>
<td>Increase by 10%</td>
<td>-0.3%</td>
<td>-0.3%</td>
</tr>
<tr>
<td></td>
<td>Decrease by 10%</td>
<td>0.3%</td>
<td>0.3%</td>
</tr>
<tr>
<td>Maintenance expenses</td>
<td>Increase by 10%</td>
<td>-0.5%</td>
<td>-0.8%</td>
</tr>
<tr>
<td></td>
<td>Decrease by 10%</td>
<td>0.5%</td>
<td>0.8%</td>
</tr>
<tr>
<td>Acquisition Expenses</td>
<td>Increase by 10%</td>
<td>-3.9%</td>
<td>NA</td>
</tr>
<tr>
<td></td>
<td>Decrease by 10%</td>
<td>3.9%</td>
<td>NA</td>
</tr>
<tr>
<td>Mortality / Morbidity</td>
<td>Increase by 5%</td>
<td>-1.4%</td>
<td>-1.1%</td>
</tr>
<tr>
<td></td>
<td>Decrease by 5%</td>
<td>1.4%</td>
<td>1.1%</td>
</tr>
<tr>
<td>Tax rate^2</td>
<td>Increased to 25%</td>
<td>-5.8%</td>
<td>-8.9%</td>
</tr>
</tbody>
</table>

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.
Successfully raised Rs 20 billion of equity share capital in current year

1. ASM represents Available solvency margin and RSM represents Required solvency margin
Assets under management*

- ~99% of debt investments in Government bonds and AAA rated securities as on March 31, 2023

* Current year numbers are on a merged basis, hence prior years are not comparable
Agenda

1. Performance Snapshot
2. Our Strategy
3. Customer Insights
4. Our approach to ESG
5. Annexures
6. Life insurance in India
Growth opportunity: Under-penetration and favorable demographics

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

### Life Insurance penetration (FY 2022)

<table>
<thead>
<tr>
<th>Country</th>
<th>FY 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hong Kong</td>
<td>19.2%</td>
</tr>
<tr>
<td>Taiwan</td>
<td>14.0%</td>
</tr>
<tr>
<td>Singapore</td>
<td>7.6%</td>
</tr>
<tr>
<td>Japan</td>
<td>5.8%</td>
</tr>
<tr>
<td>Malaysia</td>
<td>4.0%</td>
</tr>
<tr>
<td>Thailand</td>
<td>3.4%</td>
</tr>
<tr>
<td>India</td>
<td>3.2%</td>
</tr>
<tr>
<td>China</td>
<td>2.4%</td>
</tr>
</tbody>
</table>

### Life Insurance density US$ (FY 2022)

<table>
<thead>
<tr>
<th>Country</th>
<th>FY 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hong Kong</td>
<td>8,433</td>
</tr>
<tr>
<td>Singapore</td>
<td>5,414</td>
</tr>
<tr>
<td>Taiwan</td>
<td>3,772</td>
</tr>
<tr>
<td>Japan</td>
<td>2,347</td>
</tr>
<tr>
<td>Malaysia</td>
<td>444</td>
</tr>
<tr>
<td>Thailand</td>
<td>246</td>
</tr>
<tr>
<td>China</td>
<td>253</td>
</tr>
<tr>
<td>India</td>
<td>69</td>
</tr>
</tbody>
</table>

### Population composition (bn)

- India’s insurable population estimated to be at ~1 bn by 2035
- Number of middle income households is expected to almost double to 181 mn between FY22 and FY30
  - High proportion of this increase is expected to come from semi-urban and rural areas

### Household distribution by income

<table>
<thead>
<tr>
<th>Income</th>
<th>FY12 E</th>
<th>FY17 E</th>
<th>FY22 E</th>
<th>FY30 P</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 0.2 mn</td>
<td>&lt; 256</td>
<td>&lt; 268</td>
<td>&lt; 321</td>
<td>&lt; 385</td>
</tr>
<tr>
<td>0.2 - 1 mn</td>
<td>83%</td>
<td>76%</td>
<td>65%</td>
<td>44%</td>
</tr>
<tr>
<td>&gt; 1 mn</td>
<td>16%</td>
<td>21%</td>
<td>32%</td>
<td>47%</td>
</tr>
<tr>
<td>65 years and above</td>
<td>7%</td>
<td>11%</td>
<td>9%</td>
<td>3%</td>
</tr>
<tr>
<td>20-64 years</td>
<td>35%</td>
<td>28%</td>
<td>47%</td>
<td>44%</td>
</tr>
<tr>
<td>Less than 20 years</td>
<td>58%</td>
<td>61%</td>
<td>32%</td>
<td>32%</td>
</tr>
</tbody>
</table>

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

Low levels of penetration: Life protection

- India has the highest protection gap in the region
- Savings and life insurance coverage growth lagged economic and wage growth
- Protection gap growth rate to grow at ~4% per annum

- India has the lowest sum assured (SA) as a % of GDP amongst its peers
- Opportunity for protection growth in life insurance due to:
  - Rising middle income,
  - Increasing financial literacy
  - Limited life cover represents

### Protection gap¹ (2019)

- India: 83.0%
- Malaysia: 74.0%
- Thailand: 71.0%
- China: 70.0%
- Japan: 61.0%
- Singapore: 55.0%
- Hong Kong: 41.0%

### Sum Assured as a % of GDP²

- Singapore: 332%
- Japan: 252%
- USA: 251%
- Malaysia: 153%
- Thailand: 143%
- South Korea: 127%
- India: 85% (Protection SA), 62% (Embedded SA)

### Trend of retail loans³ (Rs Tn.)

- FY12: 12
- FY14: 17
- FY16: 24
- FY18: 34
- FY20: 44
- FY22: 53

1. Swiss Re (Based on respective financial year of the countries)
2. Jefferies "Composite Insurance License in India: Taking a Leaf from Global Experience" report 2022
3. Kotak institutional equities
Macro opportunity: Retiral solutions

India’s pension market is under-penetrated at 3%* of GDP

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

Elderly population is expected to almost triple by 2060

Ageing population

- 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


* Comprising pension assets / funds
Government bond auctions

Government Bonds – Tenorwise Issuance

<table>
<thead>
<tr>
<th></th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
<th>FY19</th>
<th>FY20</th>
<th>FY21</th>
<th>FY22</th>
<th>FY23</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;=15yrs</td>
<td>3,86,000</td>
<td>3,66,500</td>
<td>3,73,525</td>
<td>4,97,579</td>
<td>3,82,941</td>
<td>4,44,000</td>
<td>10,01,835</td>
<td>8,48,000</td>
<td>10,04,000</td>
</tr>
<tr>
<td>&gt;15yrs</td>
<td>2,06,000</td>
<td>2,25,000</td>
<td>1,54,520</td>
<td>1,80,529</td>
<td>2,04,000</td>
<td>2,38,000</td>
<td>2,65,575</td>
<td>3,31,000</td>
<td>4,01,000</td>
</tr>
<tr>
<td>Total</td>
<td>5,92,000</td>
<td>5,91,500</td>
<td>5,28,045</td>
<td>6,78,109</td>
<td>5,86,941</td>
<td>6,82,000</td>
<td>12,67,410</td>
<td>11,79,000</td>
<td>14,05,000</td>
</tr>
</tbody>
</table>

- Auction of >15 year maturity bonds has been ~25-30% on an average which facilitates writing annuity business at scale
- Budget estimate of gross government borrowing for FY24 is at Rs 15.4 trillion

Source: CCIL & National Statistics Office, Union Budget, RBI
Life Insurance: A preferred savings instrument

Increasing preference towards financial savings with increasing financial literacy within the population

- Various government initiatives to promote financial inclusion:
  - Implementation of JAM trinity. Deposits in PMJDY accounts nearly doubled in 4 years from INR 0.96 Tn to INR 1.95 Tn
    - Nearly 90% of people in the country have a bank account, without any sharp urban-rural divide
  - Launch of affordable PMJJBY and PMSBY social insurance schemes
  - Atal Pension Yojana promoting pension in unorganized sector

Industry new business trends

- 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
Appendix
### Financial and operational snapshot (1/2)

<table>
<thead>
<tr>
<th></th>
<th>FY23</th>
<th>FY22</th>
<th>FY21</th>
<th>FY20</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>New Business Premium (Indl. + Group)</strong></td>
<td>290.9</td>
<td>241.5</td>
<td>201.1</td>
<td>172.4</td>
</tr>
<tr>
<td><strong>Renewal Premium (Indl. +Group)</strong></td>
<td>284.5</td>
<td>218.1</td>
<td>184.8</td>
<td>154.7</td>
</tr>
<tr>
<td><strong>Total Premium</strong></td>
<td>575.3</td>
<td>459.6</td>
<td>385.8</td>
<td>327.1</td>
</tr>
<tr>
<td><strong>Individual APE</strong></td>
<td>114.0</td>
<td>81.7</td>
<td>71.2</td>
<td>61.4</td>
</tr>
<tr>
<td><strong>Overall APE</strong></td>
<td>133.4</td>
<td>97.6</td>
<td>83.7</td>
<td>74.1</td>
</tr>
<tr>
<td><strong>Group Premium (NB)</strong></td>
<td>142.4</td>
<td>125.1</td>
<td>100.3</td>
<td>87.8</td>
</tr>
<tr>
<td><strong>Profit after Tax</strong></td>
<td>13.6</td>
<td>12.1</td>
<td>13.6</td>
<td>13.0</td>
</tr>
<tr>
<td>- <strong>Policyholder Surplus</strong></td>
<td>5.9</td>
<td>4.4</td>
<td>7.3</td>
<td>10.9</td>
</tr>
<tr>
<td>- <strong>Shareholder Surplus</strong></td>
<td>7.7</td>
<td>7.7</td>
<td>6.3</td>
<td>2.1</td>
</tr>
<tr>
<td><strong>Dividend Paid</strong></td>
<td>3.6</td>
<td>4.1</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Assets Under Management</strong></td>
<td>2,387.8</td>
<td>2,041.7</td>
<td>1,738.4</td>
<td>1,272.3</td>
</tr>
<tr>
<td><strong>Indian Embedded Value</strong></td>
<td>395.3</td>
<td>329.6</td>
<td>266.2</td>
<td>206.5</td>
</tr>
<tr>
<td><strong>Net Worth</strong></td>
<td>129.7</td>
<td>154.0</td>
<td>84.3</td>
<td>69.9</td>
</tr>
<tr>
<td><strong>NB (Individual and Group segment) lives insured (Mn.)</strong></td>
<td>68.5</td>
<td>54.1</td>
<td>39.8</td>
<td>61.3</td>
</tr>
<tr>
<td><strong>No. of Individual Policies (NB) sold (In 000s)</strong></td>
<td>1,054.1</td>
<td>915.1</td>
<td>982.0</td>
<td>896.4</td>
</tr>
</tbody>
</table>

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

* Current year numbers are on a merged basis, hence prior years are not comparable
## Financial and operational snapshot (2/2)

<table>
<thead>
<tr>
<th></th>
<th>FY23*</th>
<th>FY22</th>
<th>FY21</th>
<th>FY20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall New Business Margins (post overrun)</td>
<td>27.6%</td>
<td>27.4%</td>
<td>26.1%</td>
<td>25.9%</td>
</tr>
<tr>
<td>Operating Return on EV</td>
<td>19.7%</td>
<td>16.6%</td>
<td>18.5%</td>
<td>18.1%</td>
</tr>
<tr>
<td>Operating Expenses / Total Premium</td>
<td>14.8%</td>
<td>12.3%</td>
<td>12.0%</td>
<td>13.1%</td>
</tr>
<tr>
<td>Total Expenses (OpEx + Commission) / Total Premium</td>
<td>19.8%</td>
<td>16.5%</td>
<td>16.4%</td>
<td>17.7%</td>
</tr>
<tr>
<td>Return on Equity</td>
<td>11.9%</td>
<td>10.1%</td>
<td>17.6%</td>
<td>20.5%</td>
</tr>
<tr>
<td>Solvency Ratio</td>
<td>203%</td>
<td>176%</td>
<td>201%</td>
<td>184%</td>
</tr>
<tr>
<td>Persistency (13M / 61M)</td>
<td>87%/52%</td>
<td>87%/54%</td>
<td>85%/49%</td>
<td>80%/48%</td>
</tr>
<tr>
<td>Market Share (%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Individual WRP</td>
<td>16.5%</td>
<td>14.8%</td>
<td>15.5%</td>
<td>14.2%</td>
</tr>
<tr>
<td>Business Mix (%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Product (UL/Non par savings/Annuity/Non par protection/Par)</td>
<td>19/45/5/4/27</td>
<td>26/33/5/6/30</td>
<td>24/31/5/7/34</td>
<td>28/41/4/8/19</td>
</tr>
<tr>
<td>- Indl Distribution (CA/Agency/Broker/Direct)</td>
<td>56/20/11/13</td>
<td>60/14/6/19</td>
<td>61/13/7/19</td>
<td>55/14/9/22</td>
</tr>
<tr>
<td>- Total Distribution (CA/Agency/Broker/Direct/Group)</td>
<td>25/9/4/13/49</td>
<td>24/6/2/16/52</td>
<td>25/6/2/17/50</td>
<td>23/7/3/17/51</td>
</tr>
<tr>
<td>- Share of protection business (Based on Indl APE)</td>
<td>4.1%</td>
<td>5.6%</td>
<td>6.8%</td>
<td>7.6%</td>
</tr>
<tr>
<td>- Share of protection business (Based on Overall APE)</td>
<td>13.3%</td>
<td>13.6%</td>
<td>12.8%</td>
<td>17.2%</td>
</tr>
<tr>
<td>- Share of protection business (Based on NBP)</td>
<td>29.0%</td>
<td>24.0%</td>
<td>19.6%</td>
<td>27.6%</td>
</tr>
</tbody>
</table>

1. Calculated using net profit and average net worth for the period (Net worth comprises Share capital, Share premium and Accumulated profits). Opening networth for FY23 has been adjusted in line with the scheme of merger approved by the court.

2. Individual persistency ratios (based on original premium)

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

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

* Current year numbers are on a merged basis, hence prior years are not comparable.
## Revenue and Profit & Loss A/c

### Revenue A/c

<table>
<thead>
<tr>
<th></th>
<th>FY23*</th>
<th>FY22</th>
</tr>
</thead>
<tbody>
<tr>
<td>Premium earned</td>
<td>575.3</td>
<td>459.6</td>
</tr>
<tr>
<td>Reinsurance ceded</td>
<td>(7.7)</td>
<td>(5.7)</td>
</tr>
<tr>
<td>Income from Investments</td>
<td>126.0</td>
<td>192.2</td>
</tr>
<tr>
<td>Other Income</td>
<td>4.3</td>
<td>1.5</td>
</tr>
<tr>
<td>Transfer from Shareholders' Account</td>
<td>8.8</td>
<td>5.7</td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td>706.7</td>
<td>653.3</td>
</tr>
<tr>
<td>Commissions</td>
<td>28.9</td>
<td>19.4</td>
</tr>
<tr>
<td>Expenses</td>
<td>84.4</td>
<td>56.1</td>
</tr>
<tr>
<td>GST on UL charges</td>
<td>3.8</td>
<td>3.7</td>
</tr>
<tr>
<td>Provision for taxation</td>
<td>1.6</td>
<td>1.8</td>
</tr>
<tr>
<td>Provision for diminution in value of investments</td>
<td>0.3</td>
<td>(2.5)</td>
</tr>
<tr>
<td>Benefits paid</td>
<td>368.0</td>
<td>300.5</td>
</tr>
<tr>
<td>Change in valuation reserve</td>
<td>185.9</td>
<td>246.8</td>
</tr>
<tr>
<td>Bonuses Paid</td>
<td>20.4</td>
<td>17.9</td>
</tr>
<tr>
<td><strong>Total Outgoings</strong></td>
<td>693.1</td>
<td>643.7</td>
</tr>
</tbody>
</table>

### Profit and Loss A/c

<table>
<thead>
<tr>
<th></th>
<th>FY23*</th>
<th>FY22</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest and dividend income</td>
<td>6.7</td>
<td>4.8</td>
</tr>
<tr>
<td>Net profit/(loss) on sale</td>
<td>0.5</td>
<td>3.1</td>
</tr>
<tr>
<td>Transfer from Policyholders' Account</td>
<td>14.7</td>
<td>10.1</td>
</tr>
<tr>
<td>Other Income</td>
<td>0.6</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>22.5</td>
<td>18.0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>FY23*</th>
<th>FY22</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Outgoings</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfer to Policyholders' Account</td>
<td>8.8</td>
<td>5.7</td>
</tr>
<tr>
<td>Expenses</td>
<td>0.6</td>
<td>0.4</td>
</tr>
<tr>
<td>Interest on convertible debentures</td>
<td>0.6</td>
<td>0.4</td>
</tr>
<tr>
<td>Provision for diminution in value of investments</td>
<td>(0.3)</td>
<td>(0.3)</td>
</tr>
<tr>
<td>Provision for Taxation</td>
<td>(0.9)</td>
<td>(0.3)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>8.9</td>
<td>5.9</td>
</tr>
</tbody>
</table>

### Surplus

<table>
<thead>
<tr>
<th></th>
<th>FY23*</th>
<th>FY22</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transfer to Shareholders' Account</td>
<td>14.7</td>
<td>10.1</td>
</tr>
<tr>
<td>Funds for future appropriation - Par</td>
<td>(1.1)</td>
<td>(0.5)</td>
</tr>
<tr>
<td><strong>Total Appropriations</strong></td>
<td>13.6</td>
<td>9.6</td>
</tr>
</tbody>
</table>
## Balance sheet

<table>
<thead>
<tr>
<th></th>
<th>March 31, 2023</th>
<th>March 31, 2022</th>
<th>Rs bn</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Shareholders’ funds</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share capital (including Share premium)</td>
<td>58.7</td>
<td>86.7</td>
<td></td>
</tr>
<tr>
<td>Accumulated profits</td>
<td>71.0</td>
<td>67.3</td>
<td></td>
</tr>
<tr>
<td>Fair value change</td>
<td>0.2</td>
<td>0.8</td>
<td></td>
</tr>
<tr>
<td><strong>Sub total</strong></td>
<td>129.9</td>
<td>154.8</td>
<td></td>
</tr>
<tr>
<td><strong>Borrowings</strong></td>
<td>9.5</td>
<td>6.0</td>
<td></td>
</tr>
<tr>
<td><strong>Policyholders’ funds</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fair value change</td>
<td>19.8</td>
<td>21.7</td>
<td></td>
</tr>
<tr>
<td>Policy Liabilities</td>
<td>1,432.7</td>
<td>1,043.4</td>
<td></td>
</tr>
<tr>
<td>Provision for Linked Liabilities</td>
<td>753.8</td>
<td>765.2</td>
<td></td>
</tr>
<tr>
<td>Funds for discontinued policies</td>
<td>38.2</td>
<td>41.0</td>
<td></td>
</tr>
<tr>
<td><strong>Sub total</strong></td>
<td>2,244.5</td>
<td>1,871.3</td>
<td></td>
</tr>
<tr>
<td>Funds for future appropriation (Par)</td>
<td>12.4</td>
<td>9.4</td>
<td></td>
</tr>
<tr>
<td><strong>Total Source of funds</strong></td>
<td>2,396.2</td>
<td>2,041.6</td>
<td></td>
</tr>
<tr>
<td>Shareholders’ investment</td>
<td>131.3</td>
<td>152.4</td>
<td></td>
</tr>
<tr>
<td>Policyholders’ investments: Non-linked</td>
<td>1,464.5</td>
<td>1,083.1</td>
<td></td>
</tr>
<tr>
<td>Policyholders’ investments: Linked</td>
<td>792.0</td>
<td>806.2</td>
<td></td>
</tr>
<tr>
<td>Loans</td>
<td>15.9</td>
<td>6.4</td>
<td></td>
</tr>
<tr>
<td>Fixed assets</td>
<td>3.8</td>
<td>3.4</td>
<td></td>
</tr>
<tr>
<td>Net current assets</td>
<td>(11.3)</td>
<td>(10.0)</td>
<td></td>
</tr>
<tr>
<td><strong>Total Application of funds</strong></td>
<td>2,396.2</td>
<td>2,041.6</td>
<td></td>
</tr>
</tbody>
</table>

---

1. Numbers may not add up due to rounding off effect. Current year numbers are on a merged basis, hence prior years are not comparable.
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

<table>
<thead>
<tr>
<th>Scope of review</th>
<th>Portfolios reviewed</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Assess appropriateness of ALM strategy to manage interest rate risk in non-par savings business</td>
<td>▪ Portfolio 1: Savings and Protection – All non-single premium non-par savings contracts and group protection products</td>
</tr>
<tr>
<td>• Review sensitivity of value of assets and liabilities to changes in assumptions</td>
<td>▪ Portfolio 2: All immediate and deferred annuities</td>
</tr>
</tbody>
</table>

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

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

1. Opinion issued by Milliman Advisors LLP on ALM strategy (for non par business) based on FY20 disclosures
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 and the book value of subordinated debt, to the extent allowed by the regulations to meet the RC.
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. The adjustment to market value in respect of the assets in the policyholders’ funds other than participating funds, to the extent available for distribution to shareholders, has been allowed for in the PVFP.

- **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 after allowing for the capital support provided by the participating business FFA and the book value of subordinated debt, to the extent allowed by the regulations to meet 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 assumptions

<table>
<thead>
<tr>
<th>Years</th>
<th>Forward rates %</th>
<th>Spot rates %</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>As at Mar 31, 2023</td>
<td>As at Mar 31, 2022</td>
</tr>
<tr>
<td>1</td>
<td>7.19</td>
<td>4.34</td>
</tr>
<tr>
<td>2</td>
<td>7.47</td>
<td>5.65</td>
</tr>
<tr>
<td>3</td>
<td>7.47</td>
<td>6.70</td>
</tr>
<tr>
<td>4</td>
<td>7.45</td>
<td>7.43</td>
</tr>
<tr>
<td>5</td>
<td>7.44</td>
<td>7.90</td>
</tr>
<tr>
<td>10</td>
<td>7.51</td>
<td>8.36</td>
</tr>
<tr>
<td>15</td>
<td>7.60</td>
<td>7.97</td>
</tr>
<tr>
<td>20</td>
<td>7.66</td>
<td>7.57</td>
</tr>
<tr>
<td>25</td>
<td>7.68</td>
<td>7.27</td>
</tr>
<tr>
<td>30</td>
<td>7.69</td>
<td>7.08</td>
</tr>
</tbody>
</table>

1. Forward rates are annualised and Spot rates are continuous
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 2022, the first instalment would fall into first year premiums for 2021-22 and the remaining 11 instalments in the first year would be first year premiums in 2022-23
- **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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