July 19, 2021

Subject: Outcome of the Board Meeting held on July 19, 2021

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we wish to inform that the Board of Directors of the Company at their meeting held today i.e. Monday, July 19, 2021, have approved the audited standalone and unaudited consolidated financial results of the Company for the quarter ended June 30, 2021.

In this regard, please find enclosed herewith the following:-

(i) Copy of the audited standalone financial results along with auditors report
(ii) Copy of the unaudited consolidated financial results along with limited review report
(iii) Press Release

We wish to inform that the trading window for dealing in securities of the Company will be open from Thursday, July 22, 2021, for all the Designated Persons (i.e. Identified Employees, Directors and KMPs) including their Immediate Relatives and Promoters of the Company.

The meeting of the Board of Directors of the Company commenced at 12:00 Noon and concluded at 02:00 p.m.

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
1. We have audited the accompanying standalone financial results of HDFC Life Insurance Company Limited as at and for the quarter ended June 30, 2021 being submitted by the Company, which has been digitally signed by us for identification purposes, pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and IRDA Circular reference: IRDAI/F&I/ REG/ CIR/208/10/2016 dated 25th October 2016 (“Standalone financial results”) and which have been approved by the Board of Directors on July 19, 2021.

2. These Standalone financial results have been prepared on the basis of the interim condensed financial statements prepared in accordance with the measurement and recognition principles specified in paragraph 3 below, which is the responsibility of the Company’s management. The management’s responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation of the standalone financial results that is free from material misstatement, whether due to fraud or error.

3. Our responsibility is to express an opinion on these quarterly Standalone financial results based on our audit of such interim condensed financial statements, which have been prepared by the Company’s Management in accordance with the recognition and measurement principles laid down in Accounting Standard (“AS”) 25, “Interim Financial Reporting”, specified under Section 133 of the Companies Act, 2013 (“the Act”), including the relevant provisions of the Insurance Act, 1938 (the “Insurance Act”), the Insurance Regulatory and Development Authority Act, 1999 (the “IRDA Act”) and other accounting principles generally accepted in India, to the extent considered relevant and appropriate for the purpose of quarterly financial results and which are not inconsistent with the accounting principles as prescribed in the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditors’ Report of Insurance Companies) Regulations, 2002 (the “Regulations”) and orders/directions/circulars issued by the Insurance Regulatory and Development Authority of India (“IRDAI”) to the extent applicable.

4. We conducted our audit in accordance with the Standards on Auditing and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

5. In our opinion and to the best of our information and according to the explanations given to us these quarterly Standalone financial results:
I) are presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and IRDAI- IRDAI Circular reference: IRDAI/F&I/REG/CIR/208/10/2016 dated 25th October 2016 in this regard; and

II) give a true and fair view of the net profit and other financial information for the quarter ended June 30, 2021.

**Emphasis of Matter**

6. We draw your attention to Note 5 to the Standalone financial results which describe the management’s assessment of the impact of the outbreak of Coronavirus (COVID-19) on the business operations of the Company. In view of the uncertain economic environment, a definitive assessment of the impact on the subsequent periods is highly dependent upon circumstances as they evolve. Our opinion is not modified in respect of this matter.

**Other Matter**

7. The actuarial valuation of liabilities (including excess mortality reserve) for life policies in force and for policies in respect of which premium has been discontinued but liability exists is the responsibility of the Company’s Appointed Actuary (the “Appointed Actuary”). The actuarial valuation of these liabilities as at June 30, 2021 has been duly certified by the Appointed Actuary and in his opinion, the assumptions for such valuation are in accordance with the guidelines and norms issued by the Insurance Regulatory and Development Authority of India (“IRDAI”) and the Institute of Actuaries of India in concurrence with the Authority. We have relied upon the Appointed Actuary’s certificate in this regard for forming our opinion on the valuation of liabilities for life policies in force and for policies in respect of which premium has been discontinued but liability exists, as contained in the interim condensed financial statements of the Company.
<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Particulars</th>
<th>Three Months ended</th>
<th>Year ended</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Gross premium income</td>
<td>128,566</td>
<td>238,021</td>
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<tr>
<td></td>
<td>(a) First Year Premium</td>
<td>388,932</td>
<td>635,040</td>
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<tr>
<td></td>
<td>(b) Single Premium</td>
<td>248,106</td>
<td>417,058</td>
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<td>2</td>
<td>Net premium income</td>
<td>753,848</td>
<td>1,286,801</td>
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<tr>
<td>3</td>
<td>Income from investments (Net)</td>
<td>666,356</td>
<td>501,542</td>
</tr>
<tr>
<td>4</td>
<td>Other income</td>
<td>2,175</td>
<td>865</td>
</tr>
<tr>
<td>5</td>
<td>Constitution of funds from Shareholders’ A/c</td>
<td>9,651</td>
<td>24,139</td>
</tr>
<tr>
<td>6</td>
<td>Total (2 to 5)</td>
<td>1,480,430</td>
<td>1,919,132</td>
</tr>
<tr>
<td>7</td>
<td>Commission on</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(a) First Year Premium</td>
<td>21,707</td>
<td>43,447</td>
</tr>
<tr>
<td></td>
<td>(b) Renewal Premium</td>
<td>4,906</td>
<td>9,215</td>
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<td>8</td>
<td>Benefits Paid (Net)</td>
<td>5,931</td>
<td>5,951</td>
</tr>
<tr>
<td>9</td>
<td>Operating Expenses related to insurance business (a+b)</td>
<td>51,367</td>
<td>97,908</td>
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<tr>
<td>10</td>
<td>Expenses of Management (4+5)</td>
<td>125,149</td>
<td>210,782</td>
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<td>11</td>
<td>Provisions for doubtful debts (including bad debts written off)</td>
<td>4,796</td>
<td>5,991</td>
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<tr>
<td>12</td>
<td>Provisions for diminution in value of investments*</td>
<td>24,166</td>
<td>21,043</td>
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<tr>
<td>13</td>
<td>Surplus shown in the Revenue Account</td>
<td>5,921</td>
<td>43,999</td>
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<tr>
<td>14</td>
<td>Total (10+11+12+13+14+15+16)</td>
<td>1,494,509</td>
<td>1,875,733</td>
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<tr>
<td>15</td>
<td>Shareholders’ A/C</td>
<td></td>
<td></td>
</tr>
<tr>
<td>16</td>
<td>Total Income Under Shareholders’ Account</td>
<td>925,143</td>
<td>1,264,249</td>
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<td>17</td>
<td>Total Assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>18</td>
<td>(a) Investments Income</td>
<td>25,933</td>
<td>27,130</td>
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<tr>
<td>19</td>
<td>Total Surplus</td>
<td>21,481</td>
<td>151,547</td>
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<td>20</td>
<td>Details of Surplus / Deficit</td>
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<td></td>
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<tr>
<td>21</td>
<td>Transfer from Policyholders’ Account</td>
<td>12,489</td>
<td>28,659</td>
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<td>22</td>
<td>Transfer of funds to Policyholders’ Account</td>
<td>10,081</td>
<td>11,715</td>
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<tr>
<td>23</td>
<td>Expenses other than those related to insurance business*</td>
<td>1,448</td>
<td>2,405</td>
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<tr>
<td>24</td>
<td>Dividend per share (₹) (Nominal value ₹ 10 per share)</td>
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<td></td>
</tr>
<tr>
<td>25</td>
<td>Profit earned to Balance Sheet*</td>
<td>623,175</td>
<td>592,940</td>
</tr>
<tr>
<td>26</td>
<td>Total Assets</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Footnotes:**
1. Net of reinsurance
2. Net of amortisation and losses (including capital gains)
3. Inclusive of interim and terminal bonus
4. Includes Remuneration of MD/CEOs/WTDs over specified limits and Interest on Non-convertible debentures
5. Inclusive of provision for standard and non-standard assets
6. Represents accumulated surplus

HDFC Life Insurance Company Limited
Statement of Standalone Audited Results for the Quarter ended June 30, 2021
($ in Lakhs)
<table>
<thead>
<tr>
<th>Particulars</th>
<th>Three Months ended / As at</th>
<th>Year ended / As at</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>June 30, 2021</td>
<td>March 31, 2021</td>
</tr>
<tr>
<td></td>
<td>(Audited)</td>
<td>(Audited)</td>
</tr>
</tbody>
</table>

### Analytical Ratios:

1. **Solvency Ratio**
   - June 30, 2021: 203%
   - March 31, 2021: 201%
   - June 30, 2020: 190%
   - March 31, 2021: 201%

2. **Expenses of Management Ratio**
   - June 30, 2021: 16.4%
   - March 31, 2021: 16.3%
   - June 30, 2020: 15.5%
   - March 31, 2021: 16.3%

3. **Policyholder’s liabilities to shareholders’ fund**
   - June 30, 2021: 1911.5%
   - March 31, 2021: 1896.7%
   - June 30, 2020: 1779.3%
   - March 31, 2021: 1896.7%

### Earnings per share (in ₹):

1. **Basic EPS before and after extraordinary items (net of tax expense) for the period (not annualized for three months)**
   - June 30, 2021: 1.50
   - March 31, 2021: 1.57
   - June 30, 2020: 2.23
   - March 31, 2021: 6.73

2. **Diluted EPS before and after extraordinary items (net of tax expense) for the period (not annualized for three months)**
   - June 30, 2021: 1.49
   - March 31, 2021: 1.57
   - June 30, 2020: 2.23
   - March 31, 2021: 6.73

### NPA ratios: (for Policyholders’ fund)

1. **Gross NPAs**
   - Non Linked
     - Par: NIL
     - Non Par: NIL
   - Linked
     - Non Par: 5,250.0

2. **Net NPAs**
   - Non Linked
     - Par: NIL
     - Non Par: NIL
   - Linked
     - Non Par: NIL

3. **% of Gross NPAs**
   - Non Linked
     - Par: 0.1%
     - Non Par: 0.1%
   - Linked
     - Non Par: 0.1%

4. **% of Net NPAs**
   - Non Linked
     - Par: 0.1%
     - Non Par: 0.1%
   - Linked
     - Non Par: 0.1%

### Yield on Investments (on Policyholders’ fund)

1. **A. Without unrealised gains**
   - Non Linked
     - Par: 2.0%
     - Non Par: 2.2%
   - Linked
     - Non Par: 2.7%

2. **B. With unrealised gains**
   - Non Linked
     - Par: 1.9%
     - Non Par: -1.4%
   - Linked
     - Non Par: 6.5%

### NPA ratios: (for Shareholders’ fund)

1. **Gross NPAs**
   - Non Linked: NIL
   - Net NPAs: NIL

2. **% of Gross NPAs**
   - Non Linked: NIL
   - Net NPAs: NIL

### Yield on Investments (on Shareholders’ fund)

1. **A. Without unrealised gains**
   - 13th month: 3.0%
   - 25th month: 3.0%

2. **B. With unrealised gains**
   - 13th month: 2.4%
   - 25th month: 1.1%

### Persistency Ratio

1. **13th month**
   - 89.8%

2. **25th month**
   - 84.6%

3. **37th month**
   - 78.5%

4. **49th month**
   - 66.4%

5. **61st month**
   - 58.1%

### Conservation Ratio

1. **Participating - Life Individual & group**
   - 86.3%

2. **Participating - Pension - Individual & group**
   - 87.3%

3. **Non Participating - Life Individual & group**
   - 100.4%

4. **Non Participating - Pension - Individual & Group**
   - 63.0%

5. **Non Participating - Life Group Variable**
   - NA

6. **Non Participating - Pension group variable**
   - NA

7. **Non Participating Fund - Almunity**
   - NA

8. **Non Participating Fund - Individual & Group Health**
   - 86.7%

9. **Unit Linked - Individual Life**
   - 88.3%

10. **Unit Linked - Individual Pension**
    - 73.5%

11. **Unit Linked - Group Life**
    - NA

12. **Unit Linked - Group Pension**
    - NA

### Notes:

1. Analytical ratios have been calculated as per definition given in IRDAI Analytical ratios disclosure.
2. The persistency ratios are calculated in accordance with the IRDAI circular no. IRDA/ACT/CR/MISC/035/01/2014 dated January 23, 2014 and hence are with a lag of one month.
3. Group business, where persistency is measurable, has been included in the calculations. Rural business policies issued from FY 2018-19 onwards are included in persistency ratio calculations.
4. The persistency ratios for the quarter ended June 30, 2021 have been calculated for the policies issued in the March to May period of the relevant years. E.g.: the 13th month persistency for the current quarter is calculated for the policies issued from March to May 2021. The persistency ratios for quarter ended March 30, 2021 and June 30, 2020 have been calculated in a similar manner.
5. The persistency ratios for the year ended March 31, 2021 have been calculated for the policies issued in the March to February period of the relevant years. E.g.: the 13th month persistency for the current year is calculated for the policies issued from March 2019 to February 2020.
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<tr>
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<td>Segment Income</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A</td>
<td>Policyholders:</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td></td>
<td>Segment A - Participating - Individual &amp; Group Life:</td>
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<tr>
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<td>Net Premium</td>
<td>128,096</td>
<td>273,045</td>
<td>106,133</td>
<td>746,872</td>
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<td>Income from Investments</td>
<td>79,519</td>
<td>90,556</td>
<td>50,810</td>
<td>267,499</td>
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<td>Other Income</td>
<td>647</td>
<td>4,841</td>
<td>2,590</td>
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<td>Segment B - Participating - Individual &amp; Group Pension:</td>
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<tr>
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<td>Net Premium</td>
<td>2,456</td>
<td>6,037</td>
<td>2,805</td>
<td>18,451</td>
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<td>Income from Investments</td>
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<td>5,372</td>
<td>22,704</td>
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<td>Other Income</td>
<td>2</td>
<td>258</td>
<td>42</td>
<td>493</td>
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<td>Segment C - Non Participating - Individual &amp; Group Life:</td>
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<td>Net Premium</td>
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<td>406,920</td>
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<td>56,439</td>
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<td>Segment D - Non Participating - Life Group Variable:</td>
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<td></td>
<td>Other Income</td>
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<td>-</td>
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<td>Segment E - Non Participating - Individual &amp; Group Pension:</td>
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<td>Net Premium</td>
<td>13,452</td>
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<td>Other Income</td>
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<td>Segment F - Non Participating - Pension Group Variable:</td>
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<td>Segment G - Non Participating - Individual &amp; Group Annuity:</td>
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<td>Other Income</td>
<td>19</td>
<td>12</td>
<td>12</td>
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<td>Segment H - Non Participating - Individual &amp; Group Health:</td>
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<tr>
<td></td>
<td>Other Income</td>
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<td>(1)</td>
<td>16</td>
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<td>Segment I - Unit Linked - Individual Life:</td>
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<td>Net Premium</td>
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<td>342,854</td>
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<td>Other Income</td>
<td>681</td>
<td>714</td>
<td>801</td>
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<td>Segment J - Unit Linked - Individual Pension:</td>
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<td>Net Premium</td>
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<td>Transfer of Funds from shareholders' account</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Other Income</td>
<td>2</td>
<td>3</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>Segment K - Unit Linked - Group Life:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Net Premium</td>
<td>9,526</td>
<td>20,044</td>
<td>7,616</td>
<td>79,885</td>
</tr>
<tr>
<td></td>
<td>Income from Investments</td>
<td>17,958</td>
<td>3,657</td>
<td>6,655</td>
<td>93,501</td>
</tr>
<tr>
<td></td>
<td>Transfer of Funds from shareholders' account</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Other Income</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Segment L - Unit Linked - Group Pension:</td>
<td></td>
<td></td>
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</tr>
<tr>
<td></td>
<td>Net Premium</td>
<td>1,162</td>
<td>1,767</td>
<td>1,590</td>
<td>7,900</td>
</tr>
<tr>
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<td>Income from Investments</td>
<td>3,047</td>
<td>763</td>
<td>6,655</td>
<td>17,527</td>
</tr>
<tr>
<td></td>
<td>Transfer of Funds from shareholders' account</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Other Income</td>
<td>-</td>
<td>-</td>
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<td></td>
<td>B Shareholders:</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>Income from Investments</td>
<td>27,683</td>
<td>28,781</td>
<td>11,144</td>
<td>68,488</td>
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<td></td>
<td>Other Income</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Sr No.</td>
<td>Particulars</td>
<td>Three Months ended / As at</td>
<td>Year ended / As at</td>
<td></td>
<td></td>
</tr>
<tr>
<td>--------</td>
<td>-------------</td>
<td>----------------------------</td>
<td>-------------------</td>
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</tr>
<tr>
<td></td>
<td></td>
<td>June 30, 2021</td>
<td>March 31, 2021</td>
<td>June 30, 2020</td>
<td>March 31, 2021</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(Audited)</td>
<td>(Audited)</td>
<td>(Audited)</td>
<td>(Audited)</td>
</tr>
<tr>
<td>2</td>
<td>Segment Surplus/ Deficit (net of transfer from Shareholders' A/c):</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Segment Assets:</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>4</td>
<td>Segment Policy Liabilities:</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>5</td>
<td>Note:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Note:**
1. Segments include:
   a. Linked Policies: (i) Life (ii) General Annuity and Pension (iii) Health (iv) Variable
   b. Non-Linked:
   1. Non-Participating Policies: (i) Life (ii) General Annuity and Pension (iii) Health (iv) Variable
   2. Participating Policies (i) Life (ii) General Annuity and Pension (iii) Health (iv) Variable
   c. Variable insurance shall be further segregated into Life and Pension.
3. Unallocated row in the segmental assets above includes income tax deposited with tax authorities which is contested by the company and Advance Tax (net of provision for taxation). As per Accounting Standard 17, tax asset cannot be allocated across reporting segments.
4. Segment policy liabilities includes fund for future appropriations and excludes Credit / (Debit) Fair Value Change Account on Policyholders' funds.

The joint statutory auditors have digitally signed this statement for identification purposes only and this Statement should be read in conjunction with their report dated July 19, 2021.

**ALPA KEDIA**
Digitally signed by ALPA KEDIA
Date: 2021.07.19
13:24:44 +05'30'

**Rajen Ratansi Ashar**
Digitally signed by Rajen Ratansi Ashar
Date: 2021.07.19
13:00:33 +05'30'
Other disclosures:
Status of Shareholders Complaints for the quarter ended June 30, 2021

<table>
<thead>
<tr>
<th>Sr No.</th>
<th>Particulars</th>
<th>Number of Complaints</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Investor complaints pending at the beginning of the quarter</td>
<td>1</td>
</tr>
<tr>
<td>2</td>
<td>Investor complaints received during the quarter ended June 30, 2021</td>
<td>NIL</td>
</tr>
<tr>
<td>3</td>
<td>Investor complaints disposed of during the quarter ended June 30, 2021</td>
<td>1</td>
</tr>
<tr>
<td>4</td>
<td>Investor complaints remaining unresolved as on June 30, 2021</td>
<td>NIL</td>
</tr>
</tbody>
</table>
Notes:

1. The standalone results of the company for the quarter ended June 30, 2021 were reviewed by the Audit Committee and subsequently approved by the Board of Directors at its meeting held on July 19, 2021.

2. The standalone financial results have been prepared in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, to the extent applicable, and IRDAI Circular IRDA/F&I/REG/CIR/208/10/2016 dated October 25, 2016 on publication of financial results for Life Insurance companies.

3. In view of seasonality of industry, the results of interim period are not necessarily indicative of the results that may be expected of any other interim periods or for the full year.

4. During the quarter ended June 30, 2021, the Company has allotted 1,196,330 equity shares of face value of ₹10 each pursuant to exercise of employee stock options.

5. In light of the COVID-19’ pandemic outbreak, its continuous effect and information available upto the date of approval of these financial statements, the Company has assessed the impact of pandemic on its assets, including valuation and impairment of investments, liabilities including policy liability and solvency position. Based on the evaluation, the Company has made:
   (a) adequate impairment provisions on the investments to an extent necessary,
   (b) excess mortality reserve of ₹70,000 lakh as at the Balance Sheet date, for potential adverse mortality. This reserve is over and above the policy level liabilities calculated based on the applicable IRDAI regulations and based on our current expectation of extra claims to be received in the future, both of which are certified by the appointed actuaries. The excess mortality reserve of ₹16,500 lakh set up as at 31st March 2021 has been adequate to meet the liability due to extra death claims during Q1FY 22.
   The Company has also assessed its solvency position as at the Balance sheet date and is at 203% which is above the prescribed regulatory limit of 150%. Further, based on the Company’s current assessment of the business operations over next one year, it expects the solvency ratio to continue to remain above the minimum limit prescribed by the Insurance regulator. The impact of the global health pandemic may be different from that estimated as at the date of approval of these financial statements. The Company will continue to closely monitor any material changes to future economic conditions.

6. The accounting policies and practices which are material for the purpose of determining results of operations for the period ended June 30, 2021 are consistent with those adopted in the financial statements for the previous financial year ended March 31, 2021.
   The Company had been consistently following the conservative practice of accounting for provision for lapse in line with the generally accepted accounting principles. Pursuant to IRDAI letter dated December 08, 2020, the Company had, during FY 2020-21, changed its accounting policy of accruing provision for lapse on premiums due. The change in accounting resulted in an increase in premium income and actuarial reserves with a resultant net impact on profit for the period ended June 30, 2021, which is not material to the financial statements.

7. In accordance with the requirements of IRDAI Master Circular on “Preparation of Financial Statements and Filing Returns of Life Insurance Business” dated December 11, 2013, the Company will publish the financials on the company’s website not later than August 14, 2021.

8. The Code on Social Security, 2020 (‘Code’) relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified, as several state governments are yet to formulate their rules. The Company is in process of evaluating the financial impact, if any.

9. Figures of the previous period have been regrouped wherever necessary, in order to make them comparable.

10. The above standalone financial results have been audited by joint statutory auditors of the Company.

For and on behalf of the Board of Directors

Vibha Padalkar
Managing Director & CEO
(DIN: 01692810)

ALPA KEDIA
Digitally signed by ALPA KEDIA
Date: 2021.07.19 13:00:53 +05'30'

Rajen Ratansi
Ashar
Digitally signed by Rajen Ratansi
Ashar
Date: 2021.07.19 13:25:12 +05'30'

Mumbai
July 19, 2021

Vibha Padalkar
Digitally signed by Vibha Padalkar
Date: 2021.07.19 12:43:52 +05'30'

Vibha Padalkar
Digitally signed by Vibha Padalkar
Date: 2021.07.19 13:00:53 +05'30'

ALPA KEDIA
Digitally signed by ALPA KEDIA
Date: 2021.07.19 13:00:53 +05'30'

Rajen Ratansi
Ashar
Digitally signed by Rajen Ratansi
Ashar
Date: 2021.07.19 13:25:12 +05'30'
1. We have reviewed the unaudited consolidated financial results of HDFC Life Insurance Company Limited (the “Parent”), and its subsidiaries (the parent and its subsidiaries hereinafter referred to as the “Group”), for the quarter ended June 30, 2021 which are included in the accompanying Consolidated Financial Results (the “Statement”). The Statement is being submitted by the Parent pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, which has been digitally signed by us for identification purposes.

2. This Statement, which is the responsibility of the Parent’s Management and approved by the Parent’s Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Accounting Standard (‘AS’) 25, “Interim Financial Reporting”, specified under Section 133 of the Companies Act, 2013 (“the Act”), including the relevant provisions of the Insurance Act, 1938 (the “Insurance Act”), the Insurance Regulatory and Development Authority Act, 1999 (the “IRDA Act”) and other accounting principles generally accepted in India, to the extent considered relevant and appropriate for the purpose of quarterly financial results and which are not inconsistent with the accounting principles as prescribed in the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditors’ Report of Insurance Companies) Regulations, 2002 (the “Regulations”) and orders/directions/circulars issued by the Insurance Regulatory and Development Authority of India ("IRDAI"). Our responsibility is to express a conclusion on the Statement based on our review.

3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”, issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33 (8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable.

4. The Statement includes the results of the following entities:
   a) HDFC Pension Management Company Limited and
   b) HDFC International Life and Re Company Limited

5. Based on our review conducted and procedures performed as stated in paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying Statement has not been prepared in all material respects in accordance with the recognition and measurement
principles laid down in the aforesaid Insurance Act, IRDA Act, and other accounting principles generally accepted in India and to the extent considered relevant and appropriate for the purpose of these consolidated financial results and which are not inconsistent with the accounting principles as prescribed in the Regulations and orders/directions/circulars issued by IRDAI to the extent applicable and has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.

6. We draw your attention to Note 5 to the consolidated financial results which describe the management’s assessment of the impact of the outbreak of Coronavirus (COVID-19) on the business operations of the Company. In view of the uncertain economic environment, a definitive assessment of the impact on the subsequent periods is highly dependent upon circumstances as they evolve. Our opinion is not modified in respect of this matter.

7. The actuarial valuation of liabilities (including excess mortality reserve) for life policies in force and for policies in respect of which premium has been discontinued but liability exists is the responsibility of the Parent Company’s Appointed Actuary (the “Appointed Actuary”). The actuarial valuation of these liabilities as at June 30, 2021 has been duly certified by the Appointed Actuary and in his opinion, the assumptions for such valuation are in accordance with the guidelines and norms issued by the Insurance Regulatory and Development Authority of India (“IRDAI”) and the Institute of Actuaries of India in concurrence with the Authority. We have relied upon the Appointed Actuary’s certificate in this regard for forming our opinion on the valuation of liabilities for life policies in force and for policies in respect of which premium has been discontinued but liability exists, as contained in the consolidated unaudited financial results of the Group.

8. The consolidated unaudited financial results includes the financial results of two subsidiaries which have not been reviewed by their auditors or by us, whose interim financial results reflect total revenue of Rs. 274,491 ('000) and total net loss of Rs. 328,060 ('000) for the quarter ended June 30, 2021 as considered in the consolidated unaudited financial results. According to the information and explanations given to us by the Management, financial results are not material to the Group. Our conclusion on the Statement is not modified in respect of the above matter.
### HDFC Life Insurance Company Limited

**Statement of Consolidated Unaudited Results for the Quarter ended June 30, 2021**

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Particulars</th>
<th>June 30, 2021</th>
<th>March 31, 2021</th>
<th>June 30, 2020</th>
<th>March 31, 2021</th>
<th>Three Months ended / As at</th>
<th>Year ended/As at</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(Unaudited)</td>
<td>(Unaudited)</td>
<td>(Refer Note 8)</td>
<td>(Unaudited)</td>
<td>(Audited)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Gross premium income</td>
<td>12,82,596</td>
<td>2,38,521</td>
<td>1,02,183</td>
<td>6,85,843</td>
<td>14,60,587</td>
<td>19,19,286</td>
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<tr>
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<td>Renewal Premium</td>
<td>3,88,932</td>
<td>6,35,040</td>
<td>3,25,912</td>
<td>18,47,687</td>
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<td></td>
</tr>
<tr>
<td>3</td>
<td>Single Premium</td>
<td>2,48,158</td>
<td>4,17,058</td>
<td>1,60,161</td>
<td>13,24,825</td>
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<tr>
<td>4</td>
<td>Other income</td>
<td>2,175</td>
<td>6,661</td>
<td>3,800</td>
<td>18,339</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Provisions for diminution in value of investments</td>
<td>7,54,005</td>
<td>12,86,955</td>
<td>5,73,373</td>
<td>38,14,881</td>
<td></td>
<td></td>
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<tr>
<td>6</td>
<td>Provision for doubtful debts (including write off)</td>
<td>6,96,356</td>
<td>6,01,542</td>
<td>8,74,910</td>
<td>32,87,757</td>
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<tr>
<td>7</td>
<td>Total (2 to 5)</td>
<td>14,60,587</td>
<td>19,19,286</td>
<td>14,52,083</td>
<td>71,26,833</td>
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<tr>
<td>8</td>
<td>Commission</td>
<td>21,707</td>
<td>43,447</td>
<td>17,894</td>
<td>1,26,815</td>
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<tr>
<td>9</td>
<td>Other expenses</td>
<td>2,568</td>
<td>7,908</td>
<td>3,524</td>
<td>18,339</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Total expenses</td>
<td>1,25,349</td>
<td>2,10,762</td>
<td>90,714</td>
<td>6,29,637</td>
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<td></td>
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<tr>
<td>11</td>
<td>Provisions for doubtful debts (including bad debts written off)</td>
<td>20,284</td>
<td>9,910</td>
<td>9,700</td>
<td>18,854</td>
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<td>Provisions for diminution in value of investments</td>
<td>8,662</td>
<td>9,575</td>
<td>8,244</td>
<td>35,675</td>
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<tr>
<td>13</td>
<td>Provision for taxes</td>
<td>1,811</td>
<td>18,381</td>
<td>3,516</td>
<td>27,439</td>
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<tr>
<td>14</td>
<td>Total Surplus</td>
<td>7,62,800</td>
<td>7,26,283</td>
<td>4,18,490</td>
<td>22,81,255</td>
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<tr>
<td>15</td>
<td>Total (10+11+12+13+14+15+16)</td>
<td>14,56,190</td>
<td>18,76,219</td>
<td>14,28,333</td>
<td>70,18,115</td>
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<tr>
<td>16</td>
<td>Profit after tax and before Extraordinary items</td>
<td>26,955</td>
<td>31,906</td>
<td>45,054</td>
<td>1,36,087</td>
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<td></td>
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<tr>
<td>17</td>
<td>Transfer of funds to Policyholders' Account</td>
<td>10,956</td>
<td>28,237</td>
<td>35,263</td>
<td>97,964</td>
<td></td>
<td></td>
</tr>
<tr>
<td>18</td>
<td>Total (15+17)</td>
<td>26,955</td>
<td>31,906</td>
<td>45,054</td>
<td>1,36,087</td>
<td></td>
<td></td>
</tr>
<tr>
<td>19</td>
<td>Appropriations</td>
<td>10,956</td>
<td>28,237</td>
<td>35,263</td>
<td>97,964</td>
<td></td>
<td></td>
</tr>
<tr>
<td>20</td>
<td>Details of Surplus / Deficit</td>
<td>1,25,349</td>
<td>2,10,762</td>
<td>90,714</td>
<td>6,29,637</td>
<td></td>
<td></td>
</tr>
<tr>
<td>21</td>
<td>Transfer from Policyholders' Account</td>
<td>10,956</td>
<td>28,237</td>
<td>35,263</td>
<td>97,964</td>
<td></td>
<td></td>
</tr>
<tr>
<td>22</td>
<td>Total income under Shareholders' Account</td>
<td>2,160</td>
<td>1,115</td>
<td>1,819</td>
<td>20,182</td>
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</tr>
<tr>
<td>23</td>
<td>Surplus shown in the Revenue Account</td>
<td>4,388</td>
<td>43,067</td>
<td>25,752</td>
<td>1,08,718</td>
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<tr>
<td>24</td>
<td>Surplus (Deficit)</td>
<td>29,930</td>
<td>1,51,215</td>
<td>40,454</td>
<td>2,62,281</td>
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<tr>
<td>25</td>
<td>Transfer to Shareholders' A/c</td>
<td>10,956</td>
<td>28,237</td>
<td>35,263</td>
<td>97,964</td>
<td></td>
<td></td>
</tr>
<tr>
<td>26</td>
<td>Funds for Future Appropriations</td>
<td>14,274</td>
<td>14,274</td>
<td>14,274</td>
<td>14,274</td>
<td></td>
<td></td>
</tr>
<tr>
<td>27</td>
<td>Expenses relating to reinsurance business &amp; Change in reinsurance contract liabilities (net of reinsurance assets)</td>
<td>2,160</td>
<td>1,115</td>
<td>1,819</td>
<td>20,182</td>
<td></td>
<td></td>
</tr>
<tr>
<td>28</td>
<td>Expenses other than those related to insurance business</td>
<td>1,788</td>
<td>2,568</td>
<td>790</td>
<td>6,912</td>
<td></td>
<td></td>
</tr>
<tr>
<td>29</td>
<td>Transfer of funds to Policyholders' Account</td>
<td>8,051</td>
<td>24,128</td>
<td>17,083</td>
<td>1,41,011</td>
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<tr>
<td>30</td>
<td>Provisions for doubtful debts (including write off)</td>
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<td>1,115</td>
<td>1,115</td>
<td>1,115</td>
<td></td>
<td></td>
</tr>
<tr>
<td>31</td>
<td>Provisions for diminution in value of investments</td>
<td>1,115</td>
<td>1,115</td>
<td>1,115</td>
<td>1,115</td>
<td></td>
<td></td>
</tr>
<tr>
<td>32</td>
<td>Profit before tax</td>
<td>27,415</td>
<td>31,021</td>
<td>45,054</td>
<td>1,35,428</td>
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<tr>
<td>33</td>
<td>Additional tax (if any)</td>
<td>11</td>
<td>11</td>
<td>11</td>
<td>11</td>
<td></td>
<td></td>
</tr>
<tr>
<td>34</td>
<td>Profit after tax and Extraordinary Items</td>
<td>26,955</td>
<td>31,906</td>
<td>45,054</td>
<td>1,36,087</td>
<td></td>
<td></td>
</tr>
<tr>
<td>35</td>
<td>Dividend per share (₹) (Nominal value ₹ 10 per share)</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>36</td>
<td>(a) Interim Dividend</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>37</td>
<td>(b) Final Dividend</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>38</td>
<td>Profit earned by Balance Sheet</td>
<td>1,25,349</td>
<td>2,10,762</td>
<td>90,714</td>
<td>6,29,637</td>
<td></td>
<td></td>
</tr>
<tr>
<td>39</td>
<td>Profit earned by Shareholders' A/c</td>
<td>6,96,356</td>
<td>6,01,542</td>
<td>8,74,910</td>
<td>32,87,757</td>
<td></td>
<td></td>
</tr>
<tr>
<td>40</td>
<td>Reserve &amp; Surplus (excluding Revaluation Reserve)</td>
<td>6,72,614</td>
<td>6,40,944</td>
<td>5,43,288</td>
<td>64,944</td>
<td></td>
<td></td>
</tr>
<tr>
<td>41</td>
<td>Surplus (Deficit)</td>
<td>26,955</td>
<td>31,906</td>
<td>45,054</td>
<td>1,36,087</td>
<td></td>
<td></td>
</tr>
<tr>
<td>42</td>
<td>Total (38+39+40+41)</td>
<td>26,955</td>
<td>31,906</td>
<td>45,054</td>
<td>1,36,087</td>
<td></td>
<td></td>
</tr>
<tr>
<td>43</td>
<td>Total (39+41)</td>
<td>26,955</td>
<td>31,906</td>
<td>45,054</td>
<td>1,36,087</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Footnotes**

1. Net of reinsurance
2. Net of amortisation and losses (including capital gains)
3. Includes of interim and terminal bonus
4. Includes Remuneration of MD/CEOs/WTDs over specified limits
5. Includes provision for standard and non-standard assets
6. Represents accumulated surplus

---

**Note:**

The joint statutory auditors have digitally signed this statement for identification purposes only and this Statement should be read in conjunction with review report dated July 19, 2021.
### Analytical Ratios:

<table>
<thead>
<tr>
<th>Particulars</th>
<th>June 30, 2021 (Unaudited)</th>
<th>March 31, 2021 (Audited)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Solvency Ratio</td>
<td>203%</td>
<td>201%</td>
</tr>
<tr>
<td>Expenses of Management Ratio</td>
<td>16.4%</td>
<td>16.3%</td>
</tr>
<tr>
<td>Policyholder’s liabilities to shareholders’ fund</td>
<td>1718.4%</td>
<td>1718.4%</td>
</tr>
</tbody>
</table>

#### NPA ratios:

- **Gross NPA (for Policyholders’ fund):**
  - Non Linked: NIL
  - Non Par: 5250.00
  - Linked: 5250.00
- **Net NPA (for Policyholders’ fund):**
  - Non Linked: NIL
  - Non Par: NIL
  - Linked: NIL

- **Gross NPA (for Shareholders’ fund):**
  - NIL
- **Net NPA (for Shareholders’ fund):**
  - NIL

#### Yield on Investments:

- **Without unrealised gains:**
  - Non Linked:
    - Par: 2.0%
    - Non Par: 2.0%
  - Linked:
    - Par: 2.0%
    - Non Par: 2.0%
- **With unrealised gains:**
  - Non Linked:
    - Par: 1.9%
    - Non Par: 0.1%
  - Linked:
    - Par: 0.5%
    - Non Par: 0.5%

#### Persistency Ratio:

<table>
<thead>
<tr>
<th>Month</th>
<th>13th Month</th>
<th>25th Month</th>
<th>37th Month</th>
<th>49th Month</th>
<th>61st Month</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 30, 2021</td>
<td>89.9%</td>
<td>91.1%</td>
<td>90.0%</td>
<td>91.7%</td>
<td>90.5%</td>
</tr>
<tr>
<td>March 31, 2021</td>
<td>84.4%</td>
<td>83.1%</td>
<td>80.6%</td>
<td>84.2%</td>
<td>77.5%</td>
</tr>
<tr>
<td>Year ended March 31, 2021</td>
<td>89.9%</td>
<td>91.1%</td>
<td>90.0%</td>
<td>91.7%</td>
<td>90.5%</td>
</tr>
<tr>
<td>Year ended June 30, 2020</td>
<td>88.4%</td>
<td>86.3%</td>
<td>79.8%</td>
<td>87.0%</td>
<td>88.4%</td>
</tr>
</tbody>
</table>

#### Notes:

1. Analytical ratios have been calculated as per definition given in IRDAI Analytical ratios disclosure.
2. The persistency ratios are calculated in accordance with the IRDAI circular no. PCI/ACT/CP/Misc/03/01/2014 dated January 23, 2014 and hence are with a lag of one month.
3. Group business, where persistency is measurable, has been included in the calculations. Rural business policies issued from FY 2018-19 onwards are included in persistency ratio calculations.
4. The persistency ratios for the quarter ended June 30, 2021 have been calculated for the policies issued in the March to May period of the relevant years. E.g., the 13th month persistency for the current quarter is calculated for the policies issued from March 2020 to May 2020. The persistency ratios for quarter ended March 31, 2021 and June 30, 2020 have been calculated in a similar manner.
5. The persistency ratios for the year ended March 31, 2021 have been calculated for the policies issued in the March to February period of the relevant years. E.g., the 13th month persistency for the current year is calculated for the policies issued from March 2019 to February 2020.

The joint statutory auditors have digitally signed this statement for identification purposes only and this Statement should be read in conjunction with the review report dated July 19, 2021.

**Digitally signed by ALPA KEDIA**

**Digitally signed by Rajen Ratansi**
<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Segment Income</th>
<th>Policyholders</th>
</tr>
</thead>
<tbody>
<tr>
<td>A)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Segment A - Participating - Individual &amp; Group Life:</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Net Premium:</td>
<td>1,28,086</td>
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<tr>
<td></td>
<td>Income from Investments:</td>
<td>79,519</td>
</tr>
<tr>
<td></td>
<td>Transfer of Funds from shareholders' account:</td>
<td>-</td>
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<td></td>
<td>Other Income:</td>
<td>647</td>
</tr>
<tr>
<td>B)</td>
<td><strong>Segment B - Participating - Individual &amp; Group Pension:</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Net Premium:</td>
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<td></td>
<td>Income from Investments:</td>
<td>10,327</td>
</tr>
<tr>
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<td>Transfer of Funds from shareholders' account:</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Other Income:</td>
<td>2</td>
</tr>
<tr>
<td>C)</td>
<td><strong>Segment C - Non Participating - Individual &amp; Group Life:</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Net Premium:</td>
<td>2,61,115</td>
</tr>
<tr>
<td></td>
<td>Income from Investments:</td>
<td>61,818</td>
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<td>Transfer of Funds from shareholders' account:</td>
<td>7,569</td>
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<tr>
<td></td>
<td>Other Income:</td>
<td>817</td>
</tr>
<tr>
<td>D)</td>
<td><strong>Segment D - Non Participating - Life Group Variable:</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Net Premium:</td>
<td>8,961</td>
</tr>
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<td></td>
<td>Income from Investments:</td>
<td>6,156</td>
</tr>
<tr>
<td></td>
<td>Transfer of Funds from shareholders' account:</td>
<td>-</td>
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<td></td>
<td>Other Income:</td>
<td>4</td>
</tr>
<tr>
<td>E)</td>
<td><strong>Segment E - Non Participating - Individual &amp; Group Pension:</strong></td>
<td></td>
</tr>
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<td></td>
<td>Net Premium:</td>
<td>13,452</td>
</tr>
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<td>Income from Investments:</td>
<td>12,141</td>
</tr>
<tr>
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<td>Transfer of Funds from shareholders' account:</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Other Income:</td>
<td>-</td>
</tr>
<tr>
<td>F)</td>
<td><strong>Segment F - Non Participating - Pension Group Variable:</strong></td>
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<tr>
<td></td>
<td>Net Premium:</td>
<td>39,142</td>
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<td>Income from Investments:</td>
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<td>Transfer of Funds from shareholders' account:</td>
<td>491</td>
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<tr>
<td></td>
<td>Other Income:</td>
<td>-</td>
</tr>
<tr>
<td>G)</td>
<td><strong>Segment G - Non Participating - Individual &amp; Group Annuity:</strong></td>
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<tr>
<td></td>
<td>Net Premium:</td>
<td>99,120</td>
</tr>
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<td></td>
<td>Income from Investments:</td>
<td>23,729</td>
</tr>
<tr>
<td></td>
<td>Transfer of Funds from shareholders' account:</td>
<td>(1,147)</td>
</tr>
<tr>
<td></td>
<td>Other Income:</td>
<td>19</td>
</tr>
<tr>
<td>H)</td>
<td><strong>Segment H - Non Participating - Individual &amp; Group Health:</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Net Premium:</td>
<td>852</td>
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<tr>
<td></td>
<td>Income from Investments:</td>
<td>119</td>
</tr>
<tr>
<td></td>
<td>Transfer of Funds from shareholders' account:</td>
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<tr>
<td></td>
<td>Other Income:</td>
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</tr>
<tr>
<td>I)</td>
<td><strong>Segment I - Unit Linked - Individual Life:</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Net Premium:</td>
<td>1,82,047</td>
</tr>
<tr>
<td></td>
<td>Income from Investments:</td>
<td>4,57,060</td>
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<td>Transfer of Funds from shareholders' account:</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Other Income:</td>
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</tr>
<tr>
<td>J)</td>
<td><strong>Segment J - Unit Linked - Individual Pension:</strong></td>
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</tr>
<tr>
<td></td>
<td>Net Premium:</td>
<td>8,092</td>
</tr>
<tr>
<td></td>
<td>Income from Investments:</td>
<td>36,867</td>
</tr>
<tr>
<td></td>
<td>Transfer of Funds from shareholders' account:</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Other Income:</td>
<td>2</td>
</tr>
<tr>
<td>K)</td>
<td><strong>Segment K - Unit Linked - Group Life:</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Net Premium:</td>
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</tr>
<tr>
<td></td>
<td>Income from Investments:</td>
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</tr>
<tr>
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<td>Transfer of Funds from shareholders' account:</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Other Income:</td>
<td>-</td>
</tr>
<tr>
<td>L)</td>
<td><strong>Segment L - Unit Linked - Group Pension:</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Net Premium:</td>
<td>1,162</td>
</tr>
<tr>
<td></td>
<td>Income from Investments:</td>
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</tr>
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<td></td>
<td>Transfer of Funds from shareholders' account:</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Other Income:</td>
<td>-</td>
</tr>
</tbody>
</table>

**B) Shareholders:**

| Income from Investments: | 27,887 | 28,969 | 11,371 | 69,358 |
| Other Income: | 389 | 95 | 57 | 310 |
2. Segment Surplus/ Deficit (net of transfer from shareholders’ A/c):

<table>
<thead>
<tr>
<th>Segment</th>
<th>June 30, 2021</th>
<th>March 31, 2021</th>
<th>June 30, 2020</th>
<th>March 31, 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>A - Participating - Individual &amp; Group Life</td>
<td>(4,965)</td>
<td>26,550</td>
<td>(7,791)</td>
<td>27,374</td>
</tr>
<tr>
<td>B - Participating - Individual &amp; Group Pension</td>
<td>1,235</td>
<td>205</td>
<td>(88)</td>
<td>443</td>
</tr>
<tr>
<td>C - Non Participating - Individual &amp; Group Life</td>
<td>(9,094)</td>
<td>(32,712)</td>
<td>7,815</td>
<td>(25,670)</td>
</tr>
<tr>
<td>D - Non Participating - Life Group Variable</td>
<td>513</td>
<td>187</td>
<td>116</td>
<td>394</td>
</tr>
<tr>
<td>E - Non Participating - Individual &amp; Group Pension</td>
<td>1,719</td>
<td>327</td>
<td>2,775</td>
<td>3,292</td>
</tr>
<tr>
<td>F - Non Participating - Pension Group Variable</td>
<td>(491)</td>
<td>(731)</td>
<td>227</td>
<td>(1,312)</td>
</tr>
<tr>
<td>G - Non Participating - Individual &amp; Group Annuity</td>
<td>1,051</td>
<td>1,768</td>
<td>653</td>
<td>620</td>
</tr>
<tr>
<td>H - Non Participating - Individual &amp; Group Health</td>
<td>197</td>
<td>721</td>
<td>847</td>
<td>3,082</td>
</tr>
<tr>
<td>I - Unit Linked - Individual Life</td>
<td>2,169</td>
<td>18,671</td>
<td>17,260</td>
<td>58,214</td>
</tr>
<tr>
<td>J - Unit Linked - Individual Pension</td>
<td>2,851</td>
<td>3,946</td>
<td>2,972</td>
<td>12,909</td>
</tr>
<tr>
<td>K - Unit Linked - Group Life</td>
<td>1,022</td>
<td>556</td>
<td>845</td>
<td>2,940</td>
</tr>
<tr>
<td>L - Unit Linked - Group Pension</td>
<td>131</td>
<td>103</td>
<td>116</td>
<td>576</td>
</tr>
<tr>
<td>Total</td>
<td>(3,663)</td>
<td>18,937</td>
<td>25,750</td>
<td>82,862</td>
</tr>
<tr>
<td>Shareholders</td>
<td>24,050</td>
<td>27,707</td>
<td>9,791</td>
<td>63,979</td>
</tr>
<tr>
<td>Grant Total</td>
<td>25,387</td>
<td>46,644</td>
<td>35,541</td>
<td>1,46,841</td>
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</table>

3. Segment Assets:

<table>
<thead>
<tr>
<th>Segment</th>
<th>June 30, 2021</th>
<th>March 31, 2021</th>
<th>June 30, 2020</th>
<th>March 31, 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>A - Participating - Individual &amp; Group Life</td>
<td>35,25,301</td>
<td>34,27,824</td>
<td>29,25,454</td>
<td>34,27,824</td>
</tr>
<tr>
<td>B - Participating - Individual &amp; Group Pension</td>
<td>2,92,240</td>
<td>2,96,853</td>
<td>2,77,942</td>
<td>2,96,853</td>
</tr>
<tr>
<td>C - Non Participating - Individual &amp; Group Life</td>
<td>27,15,758</td>
<td>25,42,156</td>
<td>17,87,744</td>
<td>25,42,156</td>
</tr>
<tr>
<td>E - Non Participating - Individual &amp; Group Pension</td>
<td>6,15,403</td>
<td>6,11,066</td>
<td>4,36,815</td>
<td>6,11,066</td>
</tr>
<tr>
<td>F - Non Participating - Pension Group Variable</td>
<td>4,77,817</td>
<td>4,59,898</td>
<td>3,77,781</td>
<td>4,59,898</td>
</tr>
<tr>
<td>G - Non Participating - Individual &amp; Group Annuity</td>
<td>12,89,340</td>
<td>11,91,472</td>
<td>8,46,168</td>
<td>11,91,472</td>
</tr>
<tr>
<td>H - Non Participating - Individual &amp; Group Health</td>
<td>5,583</td>
<td>6,101</td>
<td>5,617</td>
<td>6,101</td>
</tr>
<tr>
<td>I - Unit Linked - Individual Life</td>
<td>64,49,728</td>
<td>61,23,677</td>
<td>48,84,844</td>
<td>61,23,677</td>
</tr>
<tr>
<td>J - Unit Linked - Individual Pension</td>
<td>6,59,531</td>
<td>6,54,842</td>
<td>6,57,209</td>
<td>6,54,842</td>
</tr>
<tr>
<td>K - Unit Linked - Group Life</td>
<td>6,13,246</td>
<td>6,01,226</td>
<td>5,29,933</td>
<td>6,01,226</td>
</tr>
<tr>
<td>L - Unit Linked - Group Pension</td>
<td>1,01,672</td>
<td>1,01,239</td>
<td>93,744</td>
<td>1,01,239</td>
</tr>
<tr>
<td>Total</td>
<td>1,70,78,272</td>
<td>1,63,44,802</td>
<td>1,31,15,446</td>
<td>1,63,44,802</td>
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<tr>
<td>Shareholders</td>
<td>9,45,255</td>
<td>9,18,893</td>
<td>7,33,061</td>
<td>9,18,893</td>
</tr>
<tr>
<td>Unallocated</td>
<td>51,884</td>
<td>48,426</td>
<td>50,637</td>
<td>48,426</td>
</tr>
<tr>
<td>Grant Total</td>
<td>1,80,75,411</td>
<td>1,73,12,121</td>
<td>1,39,89,144</td>
<td>1,73,12,121</td>
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</table>

4. Segment Policy Liabilities:

<table>
<thead>
<tr>
<th>Segment</th>
<th>June 30, 2021</th>
<th>March 31, 2021</th>
<th>June 30, 2020</th>
<th>March 31, 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>A - Participating - Individual &amp; Group Life</td>
<td>33,15,534</td>
<td>32,33,440</td>
<td>28,85,311</td>
<td>32,33,440</td>
</tr>
<tr>
<td>B - Participating - Individual &amp; Group Pension</td>
<td>2,69,549</td>
<td>2,72,455</td>
<td>2,69,349</td>
<td>2,72,455</td>
</tr>
<tr>
<td>C - Non Participating - Individual &amp; Group Life</td>
<td>27,24,481</td>
<td>25,28,444</td>
<td>17,74,194</td>
<td>25,28,444</td>
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<tr>
<td>D - Non Participating - Life Group Variable</td>
<td>3,12,146</td>
<td>3,16,681</td>
<td>2,91,795</td>
<td>3,16,681</td>
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<tr>
<td>E - Non Participating - Individual &amp; Group Pension</td>
<td>6,14,400</td>
<td>6,09,933</td>
<td>4,34,193</td>
<td>6,09,933</td>
</tr>
<tr>
<td>F - Non Participating - Pension Group Variable</td>
<td>4,76,411</td>
<td>4,58,224</td>
<td>3,75,593</td>
<td>4,58,224</td>
</tr>
<tr>
<td>G - Non Participating - Individual &amp; Group Annuity</td>
<td>12,84,591</td>
<td>11,84,165</td>
<td>8,45,374</td>
<td>11,84,165</td>
</tr>
<tr>
<td>H - Non Participating - Individual &amp; Group Health</td>
<td>6,152</td>
<td>6,234</td>
<td>5,811</td>
<td>6,234</td>
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<tr>
<td>I - Unit Linked - Individual Life</td>
<td>64,84,591</td>
<td>61,23,677</td>
<td>48,84,844</td>
<td>61,23,677</td>
</tr>
<tr>
<td>J - Unit Linked - Individual Pension</td>
<td>6,59,531</td>
<td>6,54,842</td>
<td>6,57,209</td>
<td>6,54,842</td>
</tr>
<tr>
<td>K - Unit Linked - Group Life</td>
<td>6,13,246</td>
<td>6,01,226</td>
<td>5,29,933</td>
<td>6,01,226</td>
</tr>
<tr>
<td>L - Unit Linked - Group Pension</td>
<td>1,01,672</td>
<td>1,01,239</td>
<td>93,744</td>
<td>1,01,239</td>
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<tr>
<td>Total</td>
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<td>1,61,27,312</td>
<td>1,30,73,508</td>
<td>1,61,27,312</td>
</tr>
<tr>
<td>Shareholders</td>
<td>24,05,811</td>
<td>23,70,707</td>
<td>17,74,194</td>
<td>23,70,707</td>
</tr>
<tr>
<td>Unallocated</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Grand Total</td>
<td>1,82,87,372</td>
<td>1,74,98,019</td>
<td>1,48,47,612</td>
<td>1,74,98,019</td>
</tr>
</tbody>
</table>

Note:
1. Segments include:
   a. Linked Policies: (i) Life (ii) General Annuity and Pension (iii) Health (iv) Variable
   b. Non-Linked:
      1. Non-Participating Policies: (i) Life (ii) General Annuity and Pension (iii) Health (iv) Variable
      2. Participating Policies: (i) Life (ii) General Annuity and Pension (iii) Health (iv) Variable
   c. Variable insurance shall be further segregated into Life and Pension.
3. Unallocated assets above includes income tax deposited with tax authorities which is contested by the company and Advance Tax (net of provision for taxation). As per Accounting Standard 17, tax asset cannot be allocated across reporting segments.
4. Segment policy liabilities includes fund for future appropriations and excludes Credit / (Debit) Fair Value Change Account on Policyholders’ funds.
**Other disclosures:**

**Status of Shareholders Complaints for the quarter ended June 30, 2021**

<table>
<thead>
<tr>
<th>Sr No.</th>
<th>Particulars</th>
<th>Number of Complaints</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Investor complaints pending at the beginning of the quarter</td>
<td>1</td>
</tr>
<tr>
<td>2</td>
<td>Investor complaints received during the quarter ended June 30, 2021</td>
<td>NIL</td>
</tr>
<tr>
<td>3</td>
<td>Investor complaints disposed of during the quarter ended June 30, 2021</td>
<td>1</td>
</tr>
<tr>
<td>4</td>
<td>Investor complaints remaining unresolved as on June 30, 2021</td>
<td>NIL</td>
</tr>
</tbody>
</table>
Notes:

1. The above consolidated financial results of the group for the quarter ended June 30, 2021 were reviewed by the Audit Committee and subsequently approved by the Board of Directors at its meeting held on July 19, 2021.

2. These consolidated financial results have been prepared in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, to the extent applicable, and IRDAI Circular IRDA/F&I/REG/CIR/208/10/2016 dated October 25, 2016 on publication of financial results for Life Insurance companies.

3. In view of seasonality of industry, the results of interim period are not necessarily indicative of the results that may be expected of any other interim periods or for the full year.

4. During the quarter ended June 30, 2021, the Holding company has allotted 1,196,330 equity shares of face value of ₹10 each pursuant to exercise of employee stock options.

5. In light of the COVID-19’ pandemic outbreak, its continuous effect and information available upto the date of approval of these financial statements, the Group has assessed the impact of pandemic on its assets, including valuation and impairment of investments, liabilities including policy liability and solvency position. Based on the evaluation, the Holding Company has made:
   (a) adequate impairment provisions on the investments to an extent necessary,
   (b) excess mortality reserve of ₹ 70,000 lakh at the Balance Sheet date, for potential adverse mortality. This reserve is over and above the policy level liabilities calculated based on the applicable IRDAI regulations and based on our current expectation of extra claims to be received in the future, both of which are certified by the appointed actuary. The excess mortality reserve of ₹ 16,500 lakh set up as at 31st March, 2021 has been adequate to meet the liability due to extra death claims during Q1 FY 22.

The Holding Company has also assessed its solvency position as at the Balance sheet date and is at 203%, which is above the prescribed regulatory limit of 150%. Further, based on the Holding Company’s current assessment of the business operations over next one year, it expects the solvency ratio to continue to remain above the minimum limit prescribed by the Insurance regulator. The impact of the global health pandemic may be different from that estimated as at the date of approval of these financial statements. The Group will continue to closely monitor any material changes to future economic conditions.

6. The accounting policies and practices which are material for the purpose of determining results of operations for the period ended June 30, 2021 are consistent with those adopted in the financial statements for the previous financial year ended March 31, 2021.

The Holding Company had been consistently following the conservative practice of accounting for provision for lapsation in line with the generally accepted accounting principles. Pursuant to IRDAI letter dated December 08, 2020, the Holding Company had, during FY 2020-21, changed its accounting policy of accruing provision for lapsation on premiums due. The change in accounting resulted in an increase in premium income and actuarial reserves with a resultant net impact on profit for the period ended June 30, 2021, which is not material to the financial statements.

7. The Code on Social Security, 2020 (‘Code’) relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified, as several state governments are yet to formulate their rules. The Company is in process of evaluating the financial impact, if any.

8. The amounts for the quarter ended March 31, 2021 are balancing amounts between the amounts as per audited accounts for the year ended March 31, 2021 and published unaudited year to date figures upto nine months ended December 31, 2020 which were subjected to review by the joint statutory auditors of the Holding Company.

9. Figures of the previous period have been regrouped wherever necessary, in order to make them comparable.

10. The above consolidated financial results have been reviewed by joint statutory auditors of the Holding Company.

For and on behalf of the Board of Directors

Vibha Padalkar
Managing Director & CEO
(DIN: 01682810)

Mumbai
July 19, 2021
PRESS RELEASE - PERFORMANCE FOR THE QUARTER ENDED JUNE 30, 2021

Steady performance: 30% APE growth; 40% growth in Value of New Business

Other Key Highlights:
- Ranked #2 in private sector, basis individual premium (market share of 17.8%)
- 26.2% New Business Margin on the back of growth and balanced product mix
- Rs. 700 crore of excess mortality reserve created
- 20% growth in renewal premium
- Solvency healthy at 203%

Mumbai, July 19, 2021: The Board of Directors of HDFC Life approved and adopted today the audited standalone and reviewed consolidated financial results for the quarter ended June 30, 2021. Below is the summary of our standalone results:

Commenting on the current situation, Ms. Vibha Padalkar, MD & CEO said “The pandemic has impacted lives across the world. For most organizations it has been a test of resilience and agility to adapt to the ever evolving situation. As a leading Life Insurance company, we are determined to help our customers and support our employees and other stakeholders during these trying times.”

Commenting on the Q1 FY22 performance, Ms. Vibha Padalkar, MD & CEO said “Against the backdrop of disruption in business on account of localised lockdowns, and surge in cases during the second wave, we recorded 22% growth and market share of 17.8% in private sector in terms of Individual WRP. We clocked 40% growth in terms of value of new business and we achieved a New Business Margin of 26.2% in Q1. Our product mix continues to remain balanced and our annuity business witnessed strong growth of 61% in this quarter. In comparison to Q1 of last fiscal, the Company clocked higher renewal collections, with 13th month persistency improving from 87% to 90%.

In the quarter gone by, we witnessed a steep rise in death claims, with peak claims in wave 2 at around 3-4 times of the peak claim volumes in the first wave. We paid over 70,000 claims in Q1. The gross and net claims provided for amounted to Rs. 1,598 crore and Rs. 956 crore respectively. Based on our current claims experience, we have set up an additional reserve of Rs. 700 crore to service the claims intimations expected to be received. Our endeavour is to promptly settle every bonafide claim. Our Profit after Tax stands at Rs. 302 crore (33% lower than Q1 FY21), on the back of higher claims reserving towards heightened claims intimation expected in Q2 and Q3. The strength of our balance sheet and back book surplus has enabled us to absorb the shock of heightened claims, whilst continuing to deliver growth.

With signs of the second wave receding, over the past month, we have seen a gradual pick-up in economic activity, across parts of the country. We see greater customer engagement and an increased interest in life insurance policies.”
## Key Financial Summary

<table>
<thead>
<tr>
<th>Rs Crore</th>
<th>Q1 FY22</th>
<th>Q1 FY21</th>
<th>YoY</th>
<th>FY21</th>
<th>FY20</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Key Financial and Actuarial Metrics</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Individual APE</td>
<td>1,306</td>
<td>1,072</td>
<td>22%</td>
<td>7,121</td>
<td>6,145</td>
</tr>
<tr>
<td>Total APE</td>
<td>1,561</td>
<td>1,198</td>
<td>30%</td>
<td>8,372</td>
<td>7,407</td>
</tr>
<tr>
<td>New Business Premium (Indl + Group)</td>
<td>3,767</td>
<td>2,623</td>
<td>44%</td>
<td>20,107</td>
<td>17,239</td>
</tr>
<tr>
<td>Renewal Premium (Indl + Group)</td>
<td>3,889</td>
<td>3,239</td>
<td>20%</td>
<td>18,477</td>
<td>15,468</td>
</tr>
<tr>
<td>Total Premium</td>
<td>7,656</td>
<td>5,863</td>
<td>31%</td>
<td>38,583</td>
<td>32,707</td>
</tr>
<tr>
<td>Assets Under Management</td>
<td>1,81,272</td>
<td>1,39,975</td>
<td>30%</td>
<td>1,73,839</td>
<td>1,27,226</td>
</tr>
<tr>
<td>Networth</td>
<td>8,778</td>
<td>7,448</td>
<td>18%</td>
<td>8,430</td>
<td>6,992</td>
</tr>
<tr>
<td>Profit After Tax</td>
<td>302</td>
<td>451</td>
<td>-33%</td>
<td>1,360</td>
<td>1,295</td>
</tr>
<tr>
<td>Indian Embedded Value</td>
<td>27,331</td>
<td>22,580</td>
<td>21%</td>
<td>26,617</td>
<td>20,650</td>
</tr>
<tr>
<td>Value of new business</td>
<td>408</td>
<td>291</td>
<td>40%</td>
<td>2,185</td>
<td>1,919</td>
</tr>
<tr>
<td>Protection based on Individual APE</td>
<td>108</td>
<td>113</td>
<td>-4%</td>
<td>484</td>
<td>466</td>
</tr>
<tr>
<td>Protection based on Total APE</td>
<td>246</td>
<td>157</td>
<td>57%</td>
<td>1,070</td>
<td>1,270</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Key Financial Ratios</th>
<th>Q1 FY22</th>
<th>Q1 FY21</th>
<th>FY21</th>
<th>FY20</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Business Margins</td>
<td>26.2%</td>
<td>24.3%</td>
<td>26.1%</td>
<td>25.9%</td>
</tr>
<tr>
<td>Pre-EMR Operating Return on EV</td>
<td>(2) 16.5%</td>
<td>15.8%</td>
<td>18.5%</td>
<td>18.1%</td>
</tr>
<tr>
<td>Post-EMR Operating Return on EV</td>
<td>(2) 14.4%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating Expenses / Total Premium</td>
<td>12.5%</td>
<td>11.5%</td>
<td>12.0%</td>
<td>13.1%</td>
</tr>
<tr>
<td>Solvency Ratio</td>
<td>203%</td>
<td>190%</td>
<td>201%</td>
<td>184%</td>
</tr>
<tr>
<td>13M / 61M Persistency</td>
<td>(3) 90%/53%</td>
<td>87%/53%</td>
<td>90%/53%</td>
<td>88%/54%</td>
</tr>
<tr>
<td>Product mix by Indl APE (UL / Non par savings /Annuity/ Non par protection / Par)</td>
<td>(4) 27/32/5/8/29</td>
<td>27/28/5/11/30</td>
<td>24/31/5/7/34</td>
<td>28/41/4/8/19</td>
</tr>
<tr>
<td>Distribution mix by Indl APE (Corp Agents/ Agency/ Broker/ Direct)</td>
<td>(4) 56/15/6/23</td>
<td>59/12/5/24</td>
<td>61/13/7/19</td>
<td>55/14/9/22</td>
</tr>
</tbody>
</table>

Notes:
1. Networth comprises Share capital, Share premium and Accumulated profits
2. EMR: Excess Mortality Reserve
3. Persistency ratios are calculated basis original premium, for Individual business
4. Percentages may not add up due to rounding off effect
Other key highlights for the year ending June 30, 2021:

- **Overall Market Share:** Ranked #1 in terms of Overall New Business Premium in private sector with market share expanding by 160 bps from 20.7% to 22.3%. Our share within the group and individual new business segment stood at 25.9% and 17.8% respectively.

- **Product Portfolio:** We continue to maintain a balanced product mix with share of participating savings, non participating savings, ULIPs, protection and annuity accounted for 29%, 32%, 27%, 8% and 5% of Individual APE respectively. Our focus on the protection segment resulted in 57% growth basis overall APE.

- **Distribution Mix:** Our diversified distribution mix is evidenced by the wide access to our customers with nearly 300 partners and 1 lakh+ agents as on June 30, 2021. This is further supplemented by our 390 branches spread across the country.

- **Assets Under Management:** As on June 30, 2021, our AUM was Rs. 1.8 lakh Cr. (Debt:Equity mix – 63:37); over 98% of debt investments were in G-Secs and AAA bonds as on June 30, 2021.

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 2021, the first monthly instalment received would be reflected as First year premiums for 2020-21 and the remaining 11 instalments due in the first policy year would be reflected as first year premiums in 2021-22, 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 Standard Life Aberdeen, a global investment company.

Established in 2000, HDFC Life is a leading 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. As on June 30, 2021, the Company had 37 individual and 13 group products in its portfolio, along with 7 optional rider benefits, 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 390 branches and additional distribution touch-points through several new tie-ups and partnerships. The count of our partnerships is around 300, comprising traditional partners such as NBFCs, MFIs and SFBs, and including new-ecosystem partners. The Company has a strong base of financial consultants.

For more information, please visit our website, 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: Q1 FY22

### Revenue trends

<table>
<thead>
<tr>
<th>Individual WRP growth%</th>
<th>HDFC Life</th>
<th>22%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Industry</td>
<td>16%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Individual WRP Rank</th>
<th>2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market share</td>
<td>17.8%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Renewal premium growth%</th>
<th>HDFC Life</th>
<th>20%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Industry</td>
<td>16%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>13M Persistency</th>
<th>Q1 FY22</th>
<th>90%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 FY21</td>
<td>87%</td>
<td></td>
</tr>
</tbody>
</table>

### Profitability

<table>
<thead>
<tr>
<th>New Business Margin (%)</th>
<th>Q1 FY22</th>
<th>26.2%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Q1 FY21</td>
<td>24.3%</td>
</tr>
<tr>
<td></td>
<td>FY21</td>
<td>26.1%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>VNB Rs bn growth</th>
<th>4.1</th>
<th>40%</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>PAT Rs bn growth</th>
<th>3.0</th>
<th>-33%</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Solvency1 (2021)</th>
<th>Jun 30</th>
<th>203%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mar 31</td>
<td>201%</td>
</tr>
</tbody>
</table>

### Claims

- Settled over 70,000 claims in Q1. Gross and net claims provided for amounted to Rs 16 bn and Rs 10 bn respectively.
- Peak claims in Wave 2 (Q1 FY22) at 3-4X of the peak claim volumes in Wave 1 (Q3 FY21).
- Reserves as on Mar 31, 2021 were sufficient to cover claims received in Q1.
- Excess mortality reserve (EMR) of Rs 7 bn created based on current expectation of extra claims to be received in future.

### Protection/Annuity

<table>
<thead>
<tr>
<th>Annuity growth%</th>
<th>HDFC Life</th>
<th>61%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Industry</td>
<td>22%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Credit protect growth%</th>
<th>Q1 FY22</th>
<th>204%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Q1 FY21</td>
<td>-74%</td>
</tr>
</tbody>
</table>

---

1. Excludes impact of proposed final dividend of Rs 4.1 bn, to be paid in Q2 FY22 (subject to shareholders’ approval)
Performance Snapshot

Our Strategy

Managing Covid-19

Customer Centricity

Annexures

India Life Insurance

1 Performance Snapshot
Demonstrating resilience in the current environment (1/2)

**Steady Individual WRP trends**

<table>
<thead>
<tr>
<th>Mkt share</th>
<th>Growth</th>
<th>Q1 FY20</th>
<th>Q1 FY21</th>
<th>Q1 FY22</th>
</tr>
</thead>
<tbody>
<tr>
<td>17.5%</td>
<td>63%</td>
<td>13.2</td>
<td>10.7</td>
<td>13.1</td>
</tr>
<tr>
<td>18.5%</td>
<td>-19%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17.8%</td>
<td>22%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Strong, sustainable growth**

<table>
<thead>
<tr>
<th>Growth</th>
<th>HDFC Life</th>
<th>Pvt sector</th>
<th>Industry</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 FY22</td>
<td>22%</td>
<td>26%</td>
<td>16%</td>
</tr>
<tr>
<td>2 yr CAGR</td>
<td>-1%</td>
<td>-1%</td>
<td>-2%</td>
</tr>
<tr>
<td>3 yr CAGR</td>
<td>17%</td>
<td>6%</td>
<td>3%</td>
</tr>
</tbody>
</table>

**Balanced product mix**

- Continue to maintain balanced product portfolio
- 61% growth in annuity (individual + group)

**Improvement in CP² volumes on the back of higher disbursements**

<table>
<thead>
<tr>
<th></th>
<th>Q1 FY20</th>
<th>Q1 FY21</th>
<th>Q1 FY22</th>
</tr>
</thead>
<tbody>
<tr>
<td>9.2</td>
<td>2.4</td>
<td>7.3</td>
<td></td>
</tr>
</tbody>
</table>

1. Based on Individual WRP; 2. Based on Credit Protect NBP
Demonstrating resilience in the current environment (2/2)

Focus on diversified channel mix

- FY19: 64% Bancassurance, 61% Agency, 19% Direct, 55% Brokers and others
- FY20: 9% Bancassurance, 7% Agency, 14% Direct, 55% Brokers and others
- FY21: 7% Bancassurance, 13% Agency, 19% Direct, 61% Brokers and others
- Q1 FY22: 6% Bancassurance, 15% Agency, 23% Direct, 56% Brokers and others

Strong growth in renewal premium

- Q1 FY21: 32.4
- Q1 FY22: 38.9 (20% improvement)

Profitable growth

- New business margin
  - Q1 FY21: 24.3%
  - 12M FY21: 26.1%
  - Q1 FY22: 26.2%

- VNB growth of 40% on the back of higher volumes and balanced product mix

Healthy solvency position

- Solvency margin
  - Jun 30, 2020: 190%
  - Mar 31, 2021: 201%
  - Jun 30, 2021: 203%

- Maintained stable solvency ratio

1. Basis Individual APE
2. Excludes impact of proposed final dividend of Rs 4.1 bn, to be paid in Q2 FY22 (subject to shareholders’ approval)
Our Strategy

Performance Snapshot

Annexures

Managing Covid-19

Customer Centricity

India Life Insurance
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 maintain business continuity even through the second wave of Covid-19”
Focus on profitable growth

<table>
<thead>
<tr>
<th>Economic Profit</th>
<th>FY19</th>
<th>FY20</th>
<th>FY21</th>
<th>Q1 FY21</th>
<th>Q1 FY22</th>
</tr>
</thead>
<tbody>
<tr>
<td>New business Margin</td>
<td>24.6%</td>
<td>25.9%</td>
<td>26.1%</td>
<td>24.3%</td>
<td>26.2%</td>
</tr>
<tr>
<td>Value of new business</td>
<td>15.4</td>
<td>19.2</td>
<td>21.9</td>
<td>2.9</td>
<td>4.1</td>
</tr>
<tr>
<td>Profit after tax (PAT)</td>
<td>12.8</td>
<td>13.0</td>
<td>13.6</td>
<td>4.5</td>
<td>3.0</td>
</tr>
<tr>
<td>Underwriting profits</td>
<td>9.0</td>
<td>10.9</td>
<td>7.3</td>
<td>3.5</td>
<td>0.4^2</td>
</tr>
<tr>
<td>Shareholders’ surplus</td>
<td>3.8</td>
<td>2.1^1</td>
<td>6.3</td>
<td>1.0</td>
<td>2.6</td>
</tr>
</tbody>
</table>

Underwriting profits breakup

<table>
<thead>
<tr>
<th>FY19</th>
<th>FY20</th>
<th>FY21</th>
<th>Q1 FY21</th>
<th>Q1 FY22</th>
</tr>
</thead>
<tbody>
<tr>
<td>Backbook Surplus</td>
<td>25.5</td>
<td>29.9</td>
<td>32.3</td>
<td>8.8</td>
</tr>
<tr>
<td>New Business Strain</td>
<td>-16.5</td>
<td>-19.1</td>
<td>-25.0</td>
<td>-5.4</td>
</tr>
</tbody>
</table>

1. FY20 shareholder surplus: Post accounting for impact of Yes Bank AT1 bonds write-off
2. Q1 FY22 underwriting profits: Post accounting for impact of excess mortality reserve (EMR) of Rs 7 bn

Lower due to additional claims reserves

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

9
Analysis of change in IEV\textsuperscript{1}

- Excess claims received in Q1 FY22 absorbed by the reserve created at the start of the financial year
- Additional reserve of Rs 7 bn created for expected claims intimation

1. EMR: Excess mortality reserve
2. EVOP\% calculated as annualised EVOP (Embedded Value Operating Profit) to Opening EV
3. Mortality variance: 0.03, Persistency variance: 0.5, Expenses and Others: 0.2
Diversified distribution mix enabled by multiple levers

**Enhancing and expanding proprietary channels**

- Share increased from 32% in FY21 to 38% in Q1 FY22

- Tapping new generation of customers through Online channel

- Expanding geographical reach via Online channel

- Focus on building a skilled and structurally solid Agency channel along with increasing agent productivity

- Leveraging analytics for upsell and cross-sell via Direct channel

**Emerging ecosystem**

- Apollo Health and Lifestyle Ltd
- Home Credit
- fisdom
- Paytm
- Justdial
- MARUTI SUZUKI
- InsuranceDekho

**Strong partnerships**

- HDFC BANK
- Saraswat Bank
- Bandhan Bank
- YES BANK
- RBLBank
- TATA Capital
- PNB Housing
- Equitas
- Chola
- Utkarsh Small Finance Bank
- Axis Bank
- Suryoday Small Finance Bank
- HDFC Securities
- Bajaj Finance Limited
- IDFC First Bank
- Ujjivan
- Bluechip
- Capital Small Finance Bank
- ICICI Securities
- GEOJIT
- TVS Credit
- ICICI Securities
- ICICI Securities
- ICICI Securities

- 250+ traditional partners

- New Partnerships: ICICI Securities and TVS Credit

1. Proprietary channels include Agency, Direct and Online
Bancassurance powered by technology, partner engagement and people

**Tech enablement**
- Insta mobility enabling front-line to generate leads and close sales from any location
- Document elimination for low-risk segments
- Analytics driven upsell, cross-sell and need-based selling
- Cloud based customer calling solution for sales
- One stop solution for generating illustration

**Partner engagement**
- Platform to engage across bank’s hierarchy
- Joint CSR initiatives that strengthen relationships
- Life insurance education and awareness campaigns
- InsurExpert - product and process knowledge series

**Upskilling workforce**
- Learning on the go: mobile nuggets for skill enhancement
- Virtual assistant for answering customer/sales queries
- Comprehensive engagement and training programs for sales teams

**Geared to tap growing potential of Indian banking ecosystem**
Expanding market through consistent product innovation

Balanced product suite helps in managing business cycles

Click2Invest

Click2Protect 3D Plus

Cancer Care

Pension Guaranteed Plan

Classic One

Sanchay Par Advantage

Group Poorna Suraksha

Click2Protect Life

Flexibility to auto balance death and critical illness cover or receive income payouts from age 60

Profitable growth

Diversified distribution mix

Market-leading innovation

Reimagining insurance

Quality of Board and management

Calibrated growth in protection

<table>
<thead>
<tr>
<th></th>
<th>FY15</th>
<th>FY17</th>
<th>FY18</th>
<th>FY19</th>
<th>FY20</th>
<th>FY21</th>
<th>FY22</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual Protection</td>
<td>0.8</td>
<td>1.1</td>
<td>1.1</td>
<td>1.1</td>
<td>9.4</td>
<td>2.5</td>
<td>7.4</td>
</tr>
<tr>
<td>Group Protection</td>
<td>199%</td>
<td>-74%</td>
<td>-4%</td>
<td>50%</td>
<td>50%</td>
<td>199%</td>
<td>7.4</td>
</tr>
</tbody>
</table>

1. As a % of Total APE
2. Individual protection numbers are based on APE and group protection numbers based on NBP. Group protection includes Credit protect, GTI, GPS and Group Health

New product in FY22

Saral Jeevan Bima

Standard term plan, having uniform terms & conditions across insurers
Addressing customer needs at every stage of life

<table>
<thead>
<tr>
<th>Objective</th>
<th>Needs</th>
<th>Product Offerings</th>
<th>Risks Addressed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Simple Savings</td>
<td>First Job</td>
<td>UL</td>
<td>Mortality</td>
</tr>
<tr>
<td>Borrowing</td>
<td>Get married</td>
<td>Par</td>
<td>Morbidity</td>
</tr>
<tr>
<td>Investments</td>
<td>Medical care</td>
<td>Non par savings</td>
<td>Longevity</td>
</tr>
<tr>
<td>Asset Drawdown</td>
<td>Buy new car</td>
<td>Protection</td>
<td>Interest Rate</td>
</tr>
</tbody>
</table>

**Product mix across age categories**

1. Based on Individual WRP for Q1 FY22; Percentages may not add up due to rounding off effect
Our approach to retirement solutions

### Opportunity to grow the retirement corpus by 3x between FY21-25
Retirement corpus as a % of total AUM has increased from 19% in FY17 to 30% in Q1 FY22

<table>
<thead>
<tr>
<th>1. NPS</th>
<th>2. Individual income plans</th>
</tr>
</thead>
</table>
| ▪ Ranked #1 in Retail and Corporate NPS segment, with AUM of Rs 186.7 bn
▪ Registered strong AUM growth of 87% in Q1 FY22 | ▪ Providing long term retirement solutions
▪ Catering across age brackets & premium frequencies |

<table>
<thead>
<tr>
<th>3. Immediate / deferred annuity</th>
<th>4. Group superannuation fund</th>
</tr>
</thead>
</table>
| ▪ Largest player in the private sector
▪ Servicing 130+ corporates and >5,000 lives covered in Q1 FY22 | ▪ Managing funds for 150+ corporates under superannuation scheme |

### NPS AUM

<table>
<thead>
<tr>
<th></th>
<th>FY17</th>
<th>FY19</th>
<th>FY21</th>
<th>Q1 FY22</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>12</td>
<td>52</td>
<td>164</td>
<td>187</td>
</tr>
</tbody>
</table>

FY17-21 CAGR: 94% ▲

### Annuity portfolio

<table>
<thead>
<tr>
<th></th>
<th>FY17</th>
<th>FY19</th>
<th>FY21</th>
<th>Q1 FY22</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>13</td>
<td>54</td>
<td>116</td>
<td>129</td>
</tr>
</tbody>
</table>

FY17-21 CAGR: 72% ▲

### Retirial corpus

<table>
<thead>
<tr>
<th></th>
<th>FY17</th>
<th>FY19</th>
<th>FY21</th>
<th>Q1 FY22</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>176</td>
<td>287</td>
<td>546</td>
<td>593</td>
</tr>
</tbody>
</table>

**Rs bn**

FY17-21 CAGR: 33% ▲

---

1. Includes NPS, Annuity, Group superannuation fund and long term variant of Sanchay Plus and Sanchay Par Advantage
2. AUM includes HDFC Life and HDFC Pension AUM
3. Comprises long term income and life long tenure options offered in Sanchay Plus and Sanchay Par Advantage

---

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

---

- **Ranked #1 in Retail and Corporate NPS segment, with AUM of Rs 186.7 bn**
- **Registered strong AUM growth of 87% in Q1 FY22**
- **Largest player in the private sector**
- **Servicing 130+ corporates and >5,000 lives covered in Q1 FY22**
- **Managed funds for 150+ corporates under superannuation scheme**

- **Ranked #1 in Retail and Corporate NPS segment, with AUM of Rs 186.7 bn**
- **Registered strong AUM growth of 87% in Q1 FY22**
- **Largest player in the private sector**
- **Servicing 130+ corporates and >5,000 lives covered in Q1 FY22**
- **Managed funds for 150+ corporates under superannuation scheme**
**Our protection philosophy**

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

**Demand side considerations**

- Huge protection gap and under-penetration
- Customers valuing brand, onboarding experience and track record, apart from the price

**Supply side considerations**

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

**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
- Leveraging available market & industry platforms e.g., central medical repository for faster turnaround and greater underwriting precision
## Multi-pronged risk management approach for protection

<table>
<thead>
<tr>
<th></th>
<th>Reducing incidence of fraud &amp; early claims</th>
<th>Limiting impact on profitability &amp; solvency</th>
<th>Balancing pricing &amp; underwriting</th>
<th>Strong governance &amp; audits @Partners</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td><strong>Analytics and Data Enrichment</strong></td>
<td><strong>Reinsurance</strong></td>
<td><strong>Active re-pricing</strong></td>
<td><strong>TPAs &amp; medical centers</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Risk+</strong></td>
<td><strong>Optimized reinsurance strategies for risk transfer</strong></td>
<td><strong>Ongoing wherever required (mostly applies for Group schemes)</strong></td>
<td><strong>Ensure process &amp; quality adherence</strong></td>
</tr>
<tr>
<td></td>
<td>AI-ML based risk models, rule engines, credit bureaus etc.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>No ‘one size fits all’ underwriting</strong></td>
<td><strong>Catastrophe agreement</strong></td>
<td><strong>Product boundary conditions</strong></td>
<td><strong>Distribution partners</strong></td>
</tr>
<tr>
<td></td>
<td>Dynamic classification depending on profile, detailed medical &amp; financial underwriting</td>
<td>To protect excess loss</td>
<td>Gate criteria depending upon sourcing channel</td>
<td>Adherence to best practices and continuous monitoring of risk</td>
</tr>
<tr>
<td></td>
<td><strong>Regular portfolio review</strong></td>
<td><strong>Prudent reserving</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>To identify emerging trends, outliers and take corrective actions</td>
<td>Well provisioned to prevent sudden shocks from current pandemic</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Profitable growth
- Diversified distribution mix
- Market-leading innovation

### Reimagining insurance
- Quality of Board and management
### Product mix across key channels

#### Banca

<table>
<thead>
<tr>
<th>Segment</th>
<th>FY19</th>
<th>FY20</th>
<th>FY21</th>
<th>Q1 FY22</th>
</tr>
</thead>
<tbody>
<tr>
<td>UL</td>
<td>64%</td>
<td>32%</td>
<td>27%</td>
<td>30%</td>
</tr>
<tr>
<td>Par</td>
<td>13%</td>
<td>18%</td>
<td>37%</td>
<td>34%</td>
</tr>
<tr>
<td>Non par savings</td>
<td>17%</td>
<td>44%</td>
<td>30%</td>
<td>29%</td>
</tr>
<tr>
<td>Term</td>
<td>4%</td>
<td>4%</td>
<td>4%</td>
<td>5%</td>
</tr>
<tr>
<td>Annuity</td>
<td>3%</td>
<td>2%</td>
<td>2%</td>
<td>2%</td>
</tr>
</tbody>
</table>

#### Direct

<table>
<thead>
<tr>
<th>Segment</th>
<th>FY19</th>
<th>FY20</th>
<th>FY21</th>
<th>Q1 FY22</th>
</tr>
</thead>
<tbody>
<tr>
<td>UL</td>
<td>50%</td>
<td>33%</td>
<td>29%</td>
<td>27%</td>
</tr>
<tr>
<td>Par</td>
<td>8%</td>
<td>14%</td>
<td>17%</td>
<td>13%</td>
</tr>
<tr>
<td>Non par savings</td>
<td>12%</td>
<td>20%</td>
<td>16%</td>
<td>22%</td>
</tr>
<tr>
<td>Term</td>
<td>6%</td>
<td>4%</td>
<td>3%</td>
<td>4%</td>
</tr>
<tr>
<td>Annuity</td>
<td>24%</td>
<td>29%</td>
<td>35%</td>
<td>34%</td>
</tr>
</tbody>
</table>

#### Online

<table>
<thead>
<tr>
<th>Segment</th>
<th>FY19</th>
<th>FY20</th>
<th>FY21</th>
<th>Q1 FY22</th>
</tr>
</thead>
<tbody>
<tr>
<td>UL</td>
<td>55%</td>
<td>28%</td>
<td>24%</td>
<td>27%</td>
</tr>
<tr>
<td>Par</td>
<td>18%</td>
<td>19%</td>
<td>34%</td>
<td>29%</td>
</tr>
<tr>
<td>Non par savings</td>
<td>15%</td>
<td>41%</td>
<td>31%</td>
<td>32%</td>
</tr>
<tr>
<td>Term</td>
<td>7%</td>
<td>8%</td>
<td>7%</td>
<td>8%</td>
</tr>
<tr>
<td>Annuity</td>
<td>5%</td>
<td>4%</td>
<td>5%</td>
<td>5%</td>
</tr>
</tbody>
</table>

#### Company

<table>
<thead>
<tr>
<th>Segment</th>
<th>FY19</th>
<th>FY20</th>
<th>FY21</th>
<th>Q1 FY22</th>
</tr>
</thead>
<tbody>
<tr>
<td>UL</td>
<td>26%</td>
<td>12%</td>
<td>10%</td>
<td>13%</td>
</tr>
<tr>
<td>Par</td>
<td>40%</td>
<td>34%</td>
<td>37%</td>
<td>29%</td>
</tr>
<tr>
<td>Non par savings</td>
<td>17%</td>
<td>40%</td>
<td>39%</td>
<td>41%</td>
</tr>
<tr>
<td>Term</td>
<td>12%</td>
<td>12%</td>
<td>11%</td>
<td>13%</td>
</tr>
<tr>
<td>Annuity</td>
<td>5%</td>
<td>3%</td>
<td>3%</td>
<td>3%</td>
</tr>
</tbody>
</table>

#### Annuity

<table>
<thead>
<tr>
<th>Segment</th>
<th>FY19</th>
<th>FY20</th>
<th>FY21</th>
<th>Q1 FY22</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basis APE</td>
<td>17%</td>
<td>17%</td>
<td>13%</td>
<td>16%</td>
</tr>
<tr>
<td>Basis NBP</td>
<td>27%</td>
<td>27%</td>
<td>20%</td>
<td>22%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Segment</th>
<th>FY19</th>
<th>FY20</th>
<th>FY21</th>
<th>Q1 FY22</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basis APE</td>
<td>4%</td>
<td>4%</td>
<td>5%</td>
<td>6%</td>
</tr>
<tr>
<td>Basis NBP</td>
<td>17%</td>
<td>16%</td>
<td>20%</td>
<td>26%</td>
</tr>
</tbody>
</table>

---

1. Basis 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 the customers in a turbulent environment

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**¹
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 – Enabling pre and post sales efficiency

- **InstaMix**
  - Integrated seamless journey
  - Pre approved popular plan combos

- **InstaQuote**
  - Offline quote calculator for sales
  - 15,000+ daily quote generation

- **InstaPlan**
  - Digital tool for sales activity management
  - 5,000+ active users
Creating a scalable and efficient digital architecture

**InteGreat**
Publish and test APIs for partner integration

18 new business APIs rolled out

**Payment Middleware**
Unified API middleware for payment gateways

2 payment gateways on-boarded

**CloudLife**
Flexible & agile infrastructure services

~65% reduction in downtime
Governance framework

Board of Directors

Independent and experienced Board

Audit Committee
Risk Management Committee
Investment Committee
Policyholder Protection Committee
Nomination & Remuneration Committee
Corporate Social Responsibility Committee
Stakeholders’ Relationship Committee
With Profits Committee
Capital Raising Committee

Whistleblower Committee
Compliance Council
Risk Management Council
ALCO
Information & Cyber Security Council
Disciplinary Panel for Malpractices
Prevention of Sexual Harassment

Investment Council
Claims Review Committee
Credit Council
Grievance Management Committee

Standalone councils

Business and Innovation

Product Council
Technology Council
Persistency Council

Additional governance through Internal, Concurrent and Statutory auditors

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

Product design & mix monitoring
- Prudent assumptions and pricing approach
- Return of premium annuity products (>95% of annuity); Average age at entry ~59 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

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Overall EV</th>
<th>Overall VNB Margin</th>
<th>Non par EV</th>
<th>Non par VNB Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest Rate +1%</td>
<td>2.2%</td>
<td>1.5%</td>
<td>2.3%</td>
<td>2.9%</td>
</tr>
<tr>
<td>Interest Rate -1%</td>
<td>1.6%</td>
<td>0.9%</td>
<td>1.2%</td>
<td>1.8%</td>
</tr>
</tbody>
</table>

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

1. Comprises Non par savings (incl Annuity) plus Protection
Managing Covid-19

Customer Centricity

Annexures

India Life Insurance
Dynamic approach to manage impact of the COVID-19 outbreak

**Accelerated digital selling**
- Focus on selling products with end to end digital customer journeys

**Prioritizing areas of focus**
- Dynamic review and assessment, strengthening operating assumptions, heightened focus on cost

**Digital Servicing**
- Communication to customers about digital touch-points for claims, renewal collection and customer queries

**Responsive operating measures**
- Regular branch operations being sustained with daily tracking of employee and agent safety

**Employee Engagement/ Facilitation**
- **Vaccination drive**
- **Work from home**
- **Emotional & mental wellbeing program**
- **Doctor on call service**
- **ICU at home**
- **Walkathon**
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 PCV and eCCD - No dependence on salesperson or call center. ~45% digital pre-conversion verification (through chat and eCCD)

**Policy servicing**
- Digital Renewal collections - 87% based on renewal premiums and 96% based on no. of policies; 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, 100% eligible claims settled in 1 day. Claims initiation process also enabled through Whatsapp
- RPA – Robotic Process automation handled ~300 processes remotely
- Contact centres - Branch staff replacing call centre agents

**Customer interactions**
- Seamless support experience - ~1.8 mn monthly queries handled by instA (virtual assistant)
- Use of mobile app – Over 41% increase in mobile app usage
- 24*7 self-service options - ~97% of chats are self-serve via chat-bot
- Branches - Daily tracking of employee and agent safety

**Employee / Partner engagement**
- e-learning platform – 7,000+ agents attending training programs daily through Agency Life Platform
- Gamified contests - Launched to drive adoption of digital engagement initiatives
- Agent on-boarding - Insta PRL enabling digital on-boarding of agents – 20,000+ applications logged in Q1 FY22
- Employee engagement - VC 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. Claim settlement ratio through LifeEasy (online) platform, as on 31st March 2021
Customer Centricity
Delivering significant customer benefits at scale

**Death claims payout**
- FY19: 176 Rs bn
- FY20: 278 Rs bn
- FY21: 291 Rs bn

**Par bonus**
- FY19: 1,469 Rs bn
- FY20: 1,445 Rs bn
- FY21: 1,549 Rs bn

**Maturity payout**
- FY19: 291 No. of lives benefitted
- FY20: 303 No. of lives benefitted
- FY21: 359 No. of lives benefitted

**Annuity payout**
- FY19: 184 No. of lives benefitted
- FY20: 354 No. of lives benefitted
- FY21: 535 No. of lives benefitted

**Key metrics**

- **Covering ~75 mn lives and managing ~5 mn inforce policies as on March 31, 2021**
- **Settled death claims amounting to ~ Rs 69 bn over last 3 years**
- **Paid maturity benefits amounting to ~ Rs 137 bn over last 3 years**
- **Highest participating bonus of Rs 22 bn declared in FY21, benefitting more than 1.5 mn customers**
- **Overall claim settlement ratio at 99.4% in FY21 (including ~100% for PMJJBY scheme)**

**Covering ~75 mn lives and managing ~5 mn inforce policies as on March 31, 2021**

**Settled death claims amounting to ~ Rs 69 bn over last 3 years**

**Paid maturity benefits amounting to ~ Rs 137 bn over last 3 years**

**Highest participating bonus of Rs 22 bn declared in FY21, benefitting more than 1.5 mn customers**

**Overall claim settlement ratio at 99.4% in FY21 (including ~100% for PMJJBY scheme)**
Individual persistency for key channels and segments

Across key channels (%)

Agency
Banca
Direct
Company

13th month 25th month 37th month 49th month 61st month

Across key segments (%)

Savings (Traditional)
Savings (UL)
Protection
Company

13th month 25th month 37th month 49th month 61st month

1. Calculated as per IRDAI circular (based on original premium) for individual business
Improving VNB trajectory

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 – FY21

## Analysis based on key metrics

<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 Reference rate</td>
<td>Increase by 1%</td>
<td>-1.5%</td>
<td>-2.2%</td>
</tr>
<tr>
<td></td>
<td>Decrease by 1%</td>
<td>0.9%</td>
<td>1.6%</td>
</tr>
<tr>
<td>Decrease by 10%</td>
<td>-0.1%</td>
<td>-1.5%</td>
<td></td>
</tr>
<tr>
<td>Equity Market movement</td>
<td>Increase by 10%</td>
<td>-0.3%</td>
<td>-0.6%</td>
</tr>
<tr>
<td></td>
<td>Decrease by 10%</td>
<td>0.3%</td>
<td>0.5%</td>
</tr>
<tr>
<td>Persistency (Lapse rates)</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>0.7%</td>
</tr>
<tr>
<td>Maintenance expenses</td>
<td>Increase by 10%</td>
<td>-3.1%</td>
<td>NA</td>
</tr>
<tr>
<td></td>
<td>Decrease by 10%</td>
<td>3.1%</td>
<td>NA</td>
</tr>
<tr>
<td>Acquisition Expenses</td>
<td>Increase by 10%</td>
<td>-1.0%</td>
<td>-0.8%</td>
</tr>
<tr>
<td></td>
<td>Decrease by 10%</td>
<td>1.0%</td>
<td>0.8%</td>
</tr>
<tr>
<td>Mortality / Morbidity</td>
<td>Increased to 25%</td>
<td>-4.8%</td>
<td>-8.3%</td>
</tr>
<tr>
<td>Tax rate²</td>
<td></td>
<td></td>
<td></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.
Assets under management

- Over 98% of debt investments in Government bonds and AAA rated securities as on June 30, 2021

Assets Under Management

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt: Equity</td>
<td>62:38</td>
<td>71:29</td>
<td>64:36</td>
<td>63:37</td>
</tr>
<tr>
<td>UL:Traditional</td>
<td>50:50</td>
<td>43:57</td>
<td>43:57</td>
<td>43:57</td>
</tr>
</tbody>
</table>

Change in AUM

<table>
<thead>
<tr>
<th></th>
<th>Rs bn</th>
</tr>
</thead>
<tbody>
<tr>
<td>30th June 2020</td>
<td>127</td>
</tr>
<tr>
<td>30th June 2021</td>
<td>74</td>
</tr>
</tbody>
</table>

1. Calculated as difference from April to June
Stable capital position

- Stable solvency ratio, augmented by steady accretion to backbook

1. ASM represents Available solvency margin and RSM represents Required solvency margin
2. Investment in subsidiaries not considered in solvency margin; Excludes impact of proposed final dividend of Rs 4.1 bn, to be paid in Q2 FY22 (subject to shareholders’ approval)
Focus on sustainability

Our ESG strategy focuses on five pillars, each of which aims to address ESG related risks and create long term value for all stakeholders.

Reflecting on our ESG Tenets
Our ESG strategy is based on following tenets:

- Ethical Conduct
- Responsible Investment
- Diversity, Equity and Inclusion
- Holistic Living
- Sustainable Operations

- 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) rating improved significantly in FY 2021
- First Integrated report published (FY 2021)
- ESG report published in July 2021
Environment • Social • Governance

5 pillars of ESG

Ethical Conduct

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

Board evaluation & independence
- Six independent directors
- ‘Fit and Proper’ as per regulation

Board Diversity policy
- 27% women as on 30th June, 2021

Compensation framework

Remuneration policy
Seeking to balance the fixed and incentive pay

Performance Management System
Based on the principles of balanced scorecard

Disclosure of managerial remuneration
in the annual report

Business ethics and compliances

Code of Conduct
Whistle blower Policy
PRSH1
BRR2 & Stewardship Code
Human Rights
Anti Bribery & Corruption Policy
AML3
Privacy Policy

Risk management and BCM

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

Mitigating & Managing Risk
- Modes of Risk awareness
  - Training, E-mailers, Seminars, Conferences, Quizzes and Special awareness Drives
  - Sensitivity analysis and stress testing

Information/Cyber Security

- Generate optimal risk adjusted returns over the long term
- RI framework
  - applicable to all major asset classes including equity and bonds
  - integrated into investment analysis

Responsible Investment (RI)

Generate optimal risk adjusted returns over the long term
- RI framework
  - applicable to all major asset classes including equity and bonds
  - integrated into investment analysis

1. PRSH: Prevention of Sexual Harassment
2. BRR: Business Responsibility Report
3. AML: Anti Money Laundering
Environment • Social • Governance

5 pillars of ESG

- Ethical Conduct
- Responsible Investment
- Diversity, Equity & Inclusion
- Holistic Living
- Sustainable Operations

Attracting talent

- Virtual hiring and on-boarding process without compromising on quality
- Robust employee referral schemes (>50% of the hiring through referrals)
- Flexi job program and flexi hours to promote WFH, attract gig workers
- Hire–train-deploy model through tie-up with reputed learning institutions

Employee engagement

- Online yoga, meditation sessions, fitness challenges (Walkathon, Fit by Bit), Click2Wellness app
- Emotional and well being assistance program for employees
- Engagement programs for employees and their families
- Talk to Doctor for unlimited free consultation
- Strong Reward and Recognition framework

Training & development

- Mandatory and optional learning programs for employees, contractors, channel partners
- Mobile learning app for self-paced learning
- Virtual training of employees during Covid
- Access to curated online training programs from reputed universities
- Career coaching and development interventions

Employee diversity

- Actively promoting diversity and inclusion
- 25% women employees (maternity transition program, mentoring program for women, Economic Times Femina Best Workplaces for women)
- Promoting diverse talent pool (work profiles for second career women, specially-abled)
- LGBTQ+ friendly organisation
- Promoting diverse talent pool - #MyJobMyRules

Talent management/retention

- Fast track growth path for special categories of employees - Management Trainees & Graduate Trainees, etc.
- Potential review and talent development interventions for leadership
- Robust, transparent and objective performance management system
- Career microsite, job portal to educate employees on career opportunities within the company
- Higher increments, bonuses for those exceeding expectations
- 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
The Corporate Social Responsibility wing is aligned with the UN Sustainable Development Goals (SDGs) with focus on Education, Health, Environment, Livelihood & Disaster Relief.

- FY21: 22 CSR projects across 24 states and 3 Union Territories impacting >233K beneficiaries in India.
- Support 10 out of the 17 UN Sustainable Development Goals.

**COVID-19 Response in FY21**
- Contribution to PM Cares Fund
- Medical supplies, nutritional meals for frontline healthcare workers
- Distribution of Happiness Box consisting of immunity boosting supplements, hygiene support material and educational workbooks for underprivileged school children

**Inclusive growth**

**Financial Inclusion**
- In line with the Government’s social scheme ‘Pradhan Mantri Jeevan Jyoti Bima Yojana’, HDFC Life offers HDFC Life Pradhan Mantri Jeevan Jyoti Bima Yojana Plan, which is a pure group term insurance product.
- Group Jeevan Suraksha and Group Term Insurance are micro insurance products that have been designed for the members of micro finance institutions, co-operatives, self-help groups, etc.
- Under these plans, the Company covered a total of 2.1 cr lives till March 31, 2021.

**Customer centricity**

**Leveraging technology**
- To simplify life insurance for customers through their journey across issuance, claims, servicing, or any other engagement:
  - Artificial Intelligence (AI) for text and speech recognition;
  - Machine Learning (ML) to improve persistency;
  - Cognitive bots (software robots) for 24x7 customer service; and
  - Alternate data to enhance underwriting.

**Customer Satisfaction**
- Grievance Redressal Policy
- Complaints per 10K reduced from 47 in FY20 to 35 in FY21
- 13th month persistency improved to 90%
- Improvement in overall Customer Satisfaction (CSAT) Scores
**Energy and water**

**Energy efficiency and water conservation Initiatives**
- Use of 3/5 star rated appliances with regular maintenance
- 69% of branches use LED based lighting system
- Use of sensor based urinals and water taps
- 12 water dispensing units installed in villages to provide clean drinking water
- Implementation of switch rooms across 384 branches resulting in reduced air-conditioning usage (both in running hours and temperature settings), leading to decrease in electricity bill units by 14% in FY21
- Replacement of Uninterruptible Power Supply UPS with new energy efficient devices; reduction of UPS capacity by 50% (equivalent to 750 KVA)
- Replacement of bottled drinking water with water purifiers
- Installation of sensor-based taps at corporate office and other select office locations

**Digitization**

**Reduction of Paper Usage**
- Online /e-forms for customers
- Annual report FY21 digitally communicated to all stakeholders
- Printers configured with default double side printing

**CSR initiatives**

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

**Waste management**

- 310 Kgs of e-waste was recycled/ refurbished/disposed in an environmentally controlled manner, conforming to the guidelines of E-Waste (Management) Rules, 2016
- Donated old IT assets to recycling agencies for helping under-privileged sections of the society
- Segregation and proper disposal of waste - dry and wet
- No single-use plastics
  - Use of bio-degradable garbage bags
  - Cafeteria with reusable plates, cutlery, wooden stirrers etc.
  - Conference / meetings rooms with glass bottles and cups
  - Employees encouraged to bring their own mugs/glass

**Environment • Social • Governance**

5 pillars of ESG

- Ethical Conduct
- Responsible Investment
- Diversity, Equity & Inclusion
- Holistic Living
- Sustainable Operations
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 ¹ (2019)

<table>
<thead>
<tr>
<th>Country</th>
<th>2019 Penetration (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taiwan</td>
<td>16.5</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>18.3</td>
</tr>
<tr>
<td>Singapore</td>
<td>6.0</td>
</tr>
<tr>
<td>Japan</td>
<td>6.7</td>
</tr>
<tr>
<td>Thailand</td>
<td>3.3</td>
</tr>
<tr>
<td>Malaysia</td>
<td>3.4</td>
</tr>
<tr>
<td>India</td>
<td>2.8</td>
</tr>
<tr>
<td>China</td>
<td>2.3</td>
</tr>
</tbody>
</table>

Life Insurance density US$ ² (2019)

<table>
<thead>
<tr>
<th>Country</th>
<th>2019 Density (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hong Kong</td>
<td>8,979</td>
</tr>
<tr>
<td>Taiwan</td>
<td>4,129</td>
</tr>
<tr>
<td>Singapore</td>
<td>3,244</td>
</tr>
<tr>
<td>Japan</td>
<td>2,691</td>
</tr>
<tr>
<td>Malaysia</td>
<td>360</td>
</tr>
<tr>
<td>Thailand</td>
<td>256</td>
</tr>
<tr>
<td>China</td>
<td>230</td>
</tr>
<tr>
<td>India</td>
<td>58</td>
</tr>
</tbody>
</table>

Life expectancy (Years)

- 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

<table>
<thead>
<tr>
<th>Year</th>
<th>Life expectancy (Years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>67.6</td>
</tr>
<tr>
<td>2035</td>
<td>71.9</td>
</tr>
<tr>
<td>2055</td>
<td>75.0</td>
</tr>
</tbody>
</table>

Population composition (bn)

<table>
<thead>
<tr>
<th>Year</th>
<th>Less than 20 years</th>
<th>20-64 years</th>
<th>65 years and above</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>6%</td>
<td>56%</td>
<td>38%</td>
</tr>
<tr>
<td>2035</td>
<td>9%</td>
<td>61%</td>
<td>30%</td>
</tr>
<tr>
<td>2055</td>
<td>15%</td>
<td>60%</td>
<td>25%</td>
</tr>
</tbody>
</table>

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

172 mn
Urban Working Population

68 mn
Addressable Market (excl blue collared)

1.7 mn
Annual Policy Sales

Protection gap² (2019)

<table>
<thead>
<tr>
<th>Country</th>
<th>Protection gap</th>
</tr>
</thead>
<tbody>
<tr>
<td>India</td>
<td>83.0%</td>
</tr>
<tr>
<td>Indonesia</td>
<td>76.0%</td>
</tr>
<tr>
<td>Malaysia</td>
<td>74.0%</td>
</tr>
<tr>
<td>Thailand</td>
<td>71.0%</td>
</tr>
<tr>
<td>China</td>
<td>70.0%</td>
</tr>
<tr>
<td>Japan</td>
<td>61.0%</td>
</tr>
<tr>
<td>Singapore</td>
<td>55.0%</td>
</tr>
<tr>
<td>South Korea</td>
<td>55.0%</td>
</tr>
<tr>
<td>Australia</td>
<td>54.0%</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>41.0%</td>
</tr>
</tbody>
</table>

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

- 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 loans³ (Rs Tn.)

<table>
<thead>
<tr>
<th>Year</th>
<th>FY10</th>
<th>FY12</th>
<th>FY14</th>
<th>FY16</th>
<th>FY18</th>
<th>FY20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>8</td>
<td>12</td>
<td>17</td>
<td>24</td>
<td>34</td>
<td>42</td>
</tr>
</tbody>
</table>

- 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 – Retirement solutions

India’s pension market is under-penetrated at 4.8% of GDP

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

Pension Assets / GDP Ratio

Elderly population is expected to almost triple by 2050

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

Source: Milliman Asia Retirement Report 2017; Survey by NSSO, Ministry of statistics and Programme implementation Crisil PFRDA, Census of India, UN Population Estimates
Government bond auctions

- Auction of >15 year maturity bonds has been ~25-30% on an average facilitates writing annuity business at scale
- The central govt. borrowing calendar for H1 FY22 is Rs 7,24,000 cr, ~60% of the full-year target of Rs 12,05,000 cr

**Government Bonds – Tenorwise Issuance**

<table>
<thead>
<tr>
<th>Tenor</th>
<th>FY17</th>
<th>FY18</th>
<th>FY19</th>
<th>FY20</th>
<th>FY21</th>
<th>Q1FY22</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt;15yrs</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>96,000</td>
</tr>
<tr>
<td>&lt;=15yrs</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>2,52,000</td>
</tr>
<tr>
<td>Total</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>3,48,000</td>
</tr>
</tbody>
</table>

- 29% 71%
- 27% 73%
- 35% 65%
- 35% 65%
- 21% 79%
- 28% 72%

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
  - Implementation of JAM trinity
  - Launch of affordable PMJJBY and PMSBY social insurance schemes
  - Atal Pension Yojana promoting pension in unorganized sector

Industry new business trends

- Private sector gained higher Market share than LIC for the first time in FY16, post FY11 regulatory changes
- Amongst private insurers, insurers with a strong bancassurance platform continue to gain market share

<table>
<thead>
<tr>
<th>Private players Market share</th>
<th>FY09</th>
<th>FY10</th>
<th>FY11</th>
<th>FY12</th>
<th>FY13</th>
<th>FY14</th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
<th>FY19</th>
<th>FY20</th>
<th>FY21</th>
<th>Q1 FY22</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market share</td>
<td>57%</td>
<td>52%</td>
<td>46%</td>
<td>37%</td>
<td>38%</td>
<td>38%</td>
<td>49%</td>
<td>52%</td>
<td>54%</td>
<td>56%</td>
<td>58%</td>
<td>57%</td>
<td>60%</td>
<td>59%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Growth %</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Private</td>
<td>1%</td>
<td>7%</td>
<td>-20%</td>
<td>-24%</td>
<td>2%</td>
<td>-3%</td>
<td>16%</td>
<td>14%</td>
<td>26%</td>
<td>24%</td>
<td>12%</td>
<td>5%</td>
<td>8%</td>
<td>26%</td>
</tr>
<tr>
<td>LIC</td>
<td>-22%</td>
<td>29%</td>
<td>4%</td>
<td>11%</td>
<td>-4%</td>
<td>-2%</td>
<td>-27%</td>
<td>3%</td>
<td>15%</td>
<td>13%</td>
<td>5%</td>
<td>8%</td>
<td>-3%</td>
<td>4%</td>
</tr>
<tr>
<td>Overall</td>
<td>-10%</td>
<td>17%</td>
<td>-9%</td>
<td>-5%</td>
<td>-2%</td>
<td>-3%</td>
<td>-11%</td>
<td>8%</td>
<td>21%</td>
<td>19%</td>
<td>9%</td>
<td>6%</td>
<td>3%</td>
<td>16%</td>
</tr>
</tbody>
</table>

1. Basis Individual Weighted Received Premium (WRP)

Source: IRDAI and Life Insurance Council
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, while share of Agency has been constant in the last few years.
Appendix
## Financial and operational snapshot (1/2)

<table>
<thead>
<tr>
<th></th>
<th>Q1 FY22</th>
<th>Q1 FY21</th>
<th>Growth</th>
<th>FY21</th>
<th>FY20</th>
<th>FY19</th>
<th>CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>New Business Premium (Indl. + Group)</strong></td>
<td>37.7</td>
<td>26.2</td>
<td>44%</td>
<td>201.1</td>
<td>172.4</td>
<td>149.7</td>
<td>16%</td>
</tr>
<tr>
<td><strong>Renewal Premium (Indl. + Group)</strong></td>
<td>38.9</td>
<td>32.4</td>
<td>20%</td>
<td>184.8</td>
<td>154.7</td>
<td>142.1</td>
<td>14%</td>
</tr>
<tr>
<td><strong>Total Premium</strong></td>
<td>76.6</td>
<td>58.6</td>
<td>31%</td>
<td>385.8</td>
<td>327.1</td>
<td>291.9</td>
<td>15%</td>
</tr>
<tr>
<td><strong>Individual APE</strong></td>
<td>13.1</td>
<td>10.7</td>
<td>22%</td>
<td>71.2</td>
<td>61.4</td>
<td>52.0</td>
<td>17%</td>
</tr>
<tr>
<td><strong>Overall APE</strong></td>
<td>15.6</td>
<td>12.0</td>
<td>30%</td>
<td>83.7</td>
<td>74.1</td>
<td>62.6</td>
<td>16%</td>
</tr>
<tr>
<td><strong>Group Premium (NB)</strong></td>
<td>19.0</td>
<td>10.6</td>
<td>78%</td>
<td>100.3</td>
<td>87.8</td>
<td>73.3</td>
<td>17%</td>
</tr>
<tr>
<td><strong>Profit after Tax</strong></td>
<td>3.0</td>
<td>4.5</td>
<td>-33%</td>
<td>13.6</td>
<td>13.0</td>
<td>12.8</td>
<td>3%</td>
</tr>
<tr>
<td>- <strong>Policyholder Surplus</strong></td>
<td>0.4</td>
<td>3.5</td>
<td>-87%</td>
<td>7.3</td>
<td>10.9</td>
<td>9.0</td>
<td>-10%</td>
</tr>
<tr>
<td>- <strong>Shareholder Surplus</strong></td>
<td>2.6</td>
<td>1.0</td>
<td>148%</td>
<td>6.3</td>
<td>2.1</td>
<td>3.8</td>
<td>29%</td>
</tr>
<tr>
<td><strong>Dividend Paid</strong></td>
<td>(1)</td>
<td>-</td>
<td>NA</td>
<td>-</td>
<td>-</td>
<td>4.0</td>
<td>NA</td>
</tr>
<tr>
<td><strong>Assets Under Management</strong></td>
<td>1,812.7</td>
<td>1,399.7</td>
<td>30%</td>
<td>1,738.4</td>
<td>1,272.3</td>
<td>1,255.5</td>
<td>18%</td>
</tr>
<tr>
<td><strong>Indian Embedded Value</strong></td>
<td>273.3</td>
<td>225.8</td>
<td>21%</td>
<td>266.2</td>
<td>206.5</td>
<td>183.0</td>
<td>21%</td>
</tr>
<tr>
<td><strong>Net Worth</strong></td>
<td>(2)</td>
<td>87.8</td>
<td>74.5</td>
<td>18%</td>
<td>84.3</td>
<td>69.9</td>
<td>56.6</td>
</tr>
<tr>
<td><strong>NB (Individual and Group segment) lives insured (Mn.)</strong></td>
<td>7.4</td>
<td>2.7</td>
<td>173%</td>
<td>39.8</td>
<td>61.3</td>
<td>51.4</td>
<td>-12%</td>
</tr>
<tr>
<td><strong>No. of Individual Policies (NB) sold (In 000s)</strong></td>
<td>170.5</td>
<td>194.5</td>
<td>-12%</td>
<td>982.0</td>
<td>896.3</td>
<td>995.0</td>
<td>-1%</td>
</tr>
</tbody>
</table>

1. Proposed final dividend of Rs 4.1 bn, to be paid in Q2 FY22 (subject to shareholders’ approval)
2. Comprises share capital, share premium and accumulated profits/(losses)
## Financial and operational snapshot (2/2)

<table>
<thead>
<tr>
<th></th>
<th>Q1 FY22</th>
<th>Q1 FY21</th>
<th>FY21</th>
<th>FY20</th>
<th>FY19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall New Business Margins (post overrun)</td>
<td>26.2%</td>
<td>24.3%</td>
<td>26.1%</td>
<td>25.9%</td>
<td>24.6%</td>
</tr>
<tr>
<td>Operating Return on EV</td>
<td>16.5%</td>
<td>15.8%</td>
<td>18.5%</td>
<td>18.1%</td>
<td>20.1%</td>
</tr>
<tr>
<td>Operating Expenses / Total Premium</td>
<td>12.5%</td>
<td>11.5%</td>
<td>12.0%</td>
<td>13.1%</td>
<td>13.1%</td>
</tr>
<tr>
<td>Total Expenses (OpEx + Commission) / Total Premium</td>
<td>16.4%</td>
<td>15.6%</td>
<td>16.4%</td>
<td>17.7%</td>
<td>17.0%</td>
</tr>
<tr>
<td>Return on Equity</td>
<td>14.1%</td>
<td>25.0%</td>
<td>17.6%</td>
<td>20.5%</td>
<td>24.6%</td>
</tr>
<tr>
<td>Solvency Ratio</td>
<td>203%</td>
<td>190%</td>
<td>201%</td>
<td>184%</td>
<td>188%</td>
</tr>
<tr>
<td>Persistency (13M / 61M)</td>
<td>90%/53%</td>
<td>87%/53%</td>
<td>90%/53</td>
<td>88%/54</td>
<td>84%/51</td>
</tr>
<tr>
<td>Market Share (%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Individual WRP</td>
<td>17.8%</td>
<td>18.5%</td>
<td>15.5%</td>
<td>14.2%</td>
<td>12.5%</td>
</tr>
<tr>
<td>- Group New Business</td>
<td>25.9%</td>
<td>20.7%</td>
<td>27.6%</td>
<td>29.0%</td>
<td>28.4%</td>
</tr>
<tr>
<td>- Total New Business</td>
<td>22.3%</td>
<td>20.7%</td>
<td>21.5%</td>
<td>21.5%</td>
<td>20.7%</td>
</tr>
<tr>
<td>Business Mix (%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Product (UL/Non par savings/Annuity/Non par protection/Par)</td>
<td>27/32/5/8/29</td>
<td>27/28/5/11/30</td>
<td>24/31/5/7/34</td>
<td>28/41/4/8/19</td>
<td>55/15/5/7/18</td>
</tr>
<tr>
<td>- Indl Distribution (CA/Agency/Broker/Direct)</td>
<td>56/15/6/23</td>
<td>59/12/5/24</td>
<td>61/13/7/19</td>
<td>55/14/9/22</td>
<td>64/13/4/19</td>
</tr>
<tr>
<td>- Total Distribution (CA/Agency/Broker/Direct/Group)</td>
<td>22/7/3/18/50</td>
<td>27/7/2/23/41</td>
<td>25/6/2/17/50</td>
<td>23/7/3/17/51</td>
<td>26/7/2/16/49</td>
</tr>
<tr>
<td>- Share of protection business (Basis Indl APE)</td>
<td>8.3%</td>
<td>10.5%</td>
<td>6.8%</td>
<td>7.6%</td>
<td>6.7%</td>
</tr>
<tr>
<td>- Share of protection business (Basis Overall APE)</td>
<td>15.7%</td>
<td>13.1%</td>
<td>12.8%</td>
<td>17.2%</td>
<td>16.7%</td>
</tr>
<tr>
<td>- Share of protection business (Basis NBP)</td>
<td>22.4%</td>
<td>13.6%</td>
<td>19.6%</td>
<td>27.6%</td>
<td>27.0%</td>
</tr>
</tbody>
</table>

1. Pre excess mortality reserve (EMR) EVOP% is 16.5%; Post accounting for EMR, EVOP% stands at 14.4%
2. Calculated using net profit and average net worth for the period (Net worth comprises of Share capital, Share premium and Accumulated profits)
3. 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

<table>
<thead>
<tr>
<th></th>
<th>Q1 FY22</th>
<th>Q1 FY21</th>
</tr>
</thead>
<tbody>
<tr>
<td>Premium earned</td>
<td>76.6</td>
<td>58.6</td>
</tr>
<tr>
<td>Reinsurance ceded</td>
<td>(1.2)</td>
<td>(1.4)</td>
</tr>
<tr>
<td>Income from Investments</td>
<td>69.6</td>
<td>87.5</td>
</tr>
<tr>
<td>Other Income</td>
<td>0.2</td>
<td>0.3</td>
</tr>
<tr>
<td>Transfer from Shareholders’ Account</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td>146.0</td>
<td>145.0</td>
</tr>
<tr>
<td>Commissions</td>
<td>3.0</td>
<td>2.4</td>
</tr>
<tr>
<td>Expenses</td>
<td>9.5</td>
<td>6.7</td>
</tr>
<tr>
<td>GST on UL charges</td>
<td>0.9</td>
<td>0.8</td>
</tr>
<tr>
<td>Provision for taxation</td>
<td>(0.0)</td>
<td>0.3</td>
</tr>
<tr>
<td>Provision for diminution in value of investments</td>
<td>(2.0)</td>
<td>(0.6)</td>
</tr>
<tr>
<td>Benefits paid</td>
<td>55.5</td>
<td>26.4</td>
</tr>
<tr>
<td>Change in valuation reserve</td>
<td>76.1</td>
<td>104.9</td>
</tr>
<tr>
<td>Bonuses Paid</td>
<td>2.6</td>
<td>1.5</td>
</tr>
<tr>
<td><strong>Total Outgoings</strong></td>
<td>145.4</td>
<td>142.5</td>
</tr>
<tr>
<td><strong>Surplus</strong></td>
<td>0.6</td>
<td>2.5</td>
</tr>
<tr>
<td>Transfer to Shareholders’ Account</td>
<td>1.3</td>
<td>3.5</td>
</tr>
<tr>
<td>Funds for future appropriation - Par</td>
<td>(0.7)</td>
<td>(1.0)</td>
</tr>
<tr>
<td><strong>Total Appropriations</strong></td>
<td>0.6</td>
<td>2.5</td>
</tr>
</tbody>
</table>

### Profit and Loss A/c

<table>
<thead>
<tr>
<th></th>
<th>Q1 FY22</th>
<th>Q1 FY21</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest and dividend income</td>
<td>1.2</td>
<td>0.9</td>
</tr>
<tr>
<td>Net profit/(loss) on sale</td>
<td>1.3</td>
<td>0.0</td>
</tr>
<tr>
<td>Transfer from Policyholders’ Account</td>
<td>1.2</td>
<td>3.5</td>
</tr>
<tr>
<td>Other Income</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>3.8</td>
<td>4.4</td>
</tr>
<tr>
<td>Transfer to Policyholders’ Account</td>
<td>0.8</td>
<td>-</td>
</tr>
<tr>
<td>Expenses</td>
<td>0.0</td>
<td>0.1</td>
</tr>
<tr>
<td>Interest on convertible debentures</td>
<td>0.1</td>
<td>-</td>
</tr>
<tr>
<td>Provision for diminution in value of investments</td>
<td>(0.2)</td>
<td>(0.1)</td>
</tr>
<tr>
<td>Provision for Taxation</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>0.8</td>
<td>(0.1)</td>
</tr>
<tr>
<td><strong>Profit for the year as per P&amp;L Statement</strong></td>
<td>3.0</td>
<td>4.5</td>
</tr>
<tr>
<td>Interim Dividend paid (including tax)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Profit carried forward to Balance Sheet</strong></td>
<td>3.0</td>
<td>4.5</td>
</tr>
</tbody>
</table>

1. Numbers may not add up due to rounding off effect
# Balance sheet

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></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>25.4</td>
<td>24.3</td>
<td>25.0</td>
</tr>
<tr>
<td>Accumulated profits</td>
<td>62.3</td>
<td>50.2</td>
<td>59.3</td>
</tr>
<tr>
<td>Fair value change</td>
<td>1.8</td>
<td>(0.6)</td>
<td>2.1</td>
</tr>
<tr>
<td><strong>Sub total</strong></td>
<td><strong>89.7</strong></td>
<td><strong>73.9</strong></td>
<td><strong>86.4</strong></td>
</tr>
<tr>
<td><strong>Borrowings</strong></td>
<td><strong>6.0</strong></td>
<td></td>
<td><strong>6.0</strong></td>
</tr>
<tr>
<td><strong>Policyholders’ funds</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fair value change</td>
<td>23.4</td>
<td>8.1</td>
<td>25.6</td>
</tr>
<tr>
<td>Policy Liabilities</td>
<td>897.2</td>
<td>684.2</td>
<td>855.2</td>
</tr>
<tr>
<td>Provision for Linked Liabilities</td>
<td>740.2</td>
<td>581.1</td>
<td>709.6</td>
</tr>
<tr>
<td>Funds for discontinued policies</td>
<td>41.5</td>
<td>34.2</td>
<td>38.0</td>
</tr>
<tr>
<td><strong>Sub total</strong></td>
<td><strong>1,702.3</strong></td>
<td><strong>1,307.6</strong></td>
<td><strong>1,628.4</strong></td>
</tr>
<tr>
<td>Funds for future appropriation (Par)</td>
<td>9.2</td>
<td>7.9</td>
<td>9.9</td>
</tr>
<tr>
<td><strong>Total Source of funds</strong></td>
<td><strong>1,807.1</strong></td>
<td><strong>1,389.4</strong></td>
<td><strong>1,730.7</strong></td>
</tr>
<tr>
<td>Shareholders’ investment</td>
<td>89.7</td>
<td>63.0</td>
<td>85.4</td>
</tr>
<tr>
<td>Policyholders’ investments: Non-linked</td>
<td>941.3</td>
<td>721.5</td>
<td>905.4</td>
</tr>
<tr>
<td>Policyholders’ investments: Linked</td>
<td>781.8</td>
<td>615.3</td>
<td>747.6</td>
</tr>
<tr>
<td>Loans</td>
<td>4.8</td>
<td>3.0</td>
<td>4.2</td>
</tr>
<tr>
<td>Fixed assets</td>
<td>3.4</td>
<td>3.3</td>
<td>3.4</td>
</tr>
<tr>
<td>Net current assets</td>
<td>(13.8)</td>
<td>(16.7)</td>
<td>(15.4)</td>
</tr>
<tr>
<td><strong>Total Application of funds</strong></td>
<td><strong>1,807.1</strong></td>
<td><strong>1,389.4</strong></td>
<td><strong>1,730.7</strong></td>
</tr>
</tbody>
</table>

1. Numbers may not add up due to rounding off effect
Segment wise average term and age

**Average Policy Term excluding annuity (Yrs)**

<table>
<thead>
<tr>
<th>Segment</th>
<th>Q1 FY22</th>
<th>Q1 FY21</th>
</tr>
</thead>
<tbody>
<tr>
<td>UL</td>
<td>13</td>
<td>14</td>
</tr>
<tr>
<td>Par</td>
<td>41</td>
<td>39</td>
</tr>
<tr>
<td>Non-par Health</td>
<td>26</td>
<td>24</td>
</tr>
<tr>
<td>Non-par Savings</td>
<td>12</td>
<td>12</td>
</tr>
<tr>
<td>Non-par Protection</td>
<td>39</td>
<td>40</td>
</tr>
<tr>
<td>Non-par Pension</td>
<td>12</td>
<td>11</td>
</tr>
</tbody>
</table>

**Average Customer Age excluding annuity (Yrs)**

<table>
<thead>
<tr>
<th>Segment</th>
<th>Q1 FY22</th>
<th>Q1 FY21</th>
</tr>
</thead>
<tbody>
<tr>
<td>UL</td>
<td>36</td>
<td>33</td>
</tr>
<tr>
<td>Par</td>
<td>33</td>
<td>33</td>
</tr>
<tr>
<td>Non-par Health</td>
<td>32</td>
<td>32</td>
</tr>
<tr>
<td>Non-par Savings</td>
<td>37</td>
<td>35</td>
</tr>
<tr>
<td>Non-par Protection</td>
<td>34</td>
<td>34</td>
</tr>
<tr>
<td>Non-par Pension</td>
<td>54</td>
<td>56</td>
</tr>
</tbody>
</table>

- 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

1. Basis individual new business policies (excluding annuity)
Summary of Milliman report on our ALM approach – FY20

Scope of review

- 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

Portfolios reviewed

- Portfolio 1: Savings and Protection – All non-single premium non-par savings contracts and group protection products
- Portfolio 2: All immediate and deferred annuities

Scope of review

<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) basis 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.
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 assumptions

<table>
<thead>
<tr>
<th>Years</th>
<th>Forward rates %</th>
<th>Spot rates %</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>As at Jun 30, 2020</td>
<td>As at Jun 30, 2021</td>
</tr>
<tr>
<td>1</td>
<td>3.57</td>
<td>3.87</td>
</tr>
<tr>
<td>2</td>
<td>4.74</td>
<td>5.40</td>
</tr>
<tr>
<td>3</td>
<td>5.78</td>
<td>6.39</td>
</tr>
<tr>
<td>4</td>
<td>6.50</td>
<td>7.01</td>
</tr>
<tr>
<td>5</td>
<td>6.98</td>
<td>7.43</td>
</tr>
<tr>
<td>10</td>
<td>7.60</td>
<td>7.99</td>
</tr>
<tr>
<td>15</td>
<td>7.33</td>
<td>7.72</td>
</tr>
<tr>
<td>20</td>
<td>7.07</td>
<td>7.43</td>
</tr>
<tr>
<td>25</td>
<td>6.92</td>
<td>7.25</td>
</tr>
<tr>
<td>30</td>
<td>6.85</td>
<td>7.15</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 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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