Agenda

1. Performance Snapshot
2. Our Strategy
4. Customer Insights
5. Annexures
6. India Life Insurance
Performance Snapshot

Our Strategy

Managing Covid-19

Customer Insights

Annexures

India Life Insurance
Executive summary: 12M FY21

### Scale

<table>
<thead>
<tr>
<th></th>
<th>CY</th>
<th>PY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual APE Rs (Bn.)</td>
<td>71.2</td>
<td></td>
</tr>
<tr>
<td>Growth</td>
<td>16%</td>
<td></td>
</tr>
<tr>
<td>Market Share CY (%)</td>
<td>15.5</td>
<td></td>
</tr>
<tr>
<td>Growth</td>
<td>130 bps</td>
<td></td>
</tr>
<tr>
<td>AUM Rs (Tn.)</td>
<td>1.7</td>
<td></td>
</tr>
<tr>
<td>Growth</td>
<td>37%</td>
<td></td>
</tr>
<tr>
<td>IEV Rs (Bn.)</td>
<td>266.2</td>
<td></td>
</tr>
<tr>
<td>EVOP Growth</td>
<td>18.5%</td>
<td></td>
</tr>
</tbody>
</table>

### Profitability & Cost

<table>
<thead>
<tr>
<th></th>
<th>CY</th>
<th>PY</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Business Margin Rs (Bn.)</td>
<td>26.1%</td>
<td>25.9%</td>
</tr>
<tr>
<td>Growth</td>
<td></td>
<td></td>
</tr>
<tr>
<td>VNB Rs (Bn.)</td>
<td>21.9</td>
<td></td>
</tr>
<tr>
<td>Growth</td>
<td>14%</td>
<td></td>
</tr>
<tr>
<td>Profit After Tax Rs (Bn.)</td>
<td>13.6</td>
<td></td>
</tr>
<tr>
<td>Growth</td>
<td>5%</td>
<td></td>
</tr>
<tr>
<td>Operating Exp. Ratio CY</td>
<td>12.0%</td>
<td></td>
</tr>
<tr>
<td>PY</td>
<td>13.1%</td>
<td></td>
</tr>
</tbody>
</table>

### Customer & Capital

<table>
<thead>
<tr>
<th></th>
<th>CY</th>
<th>PY</th>
</tr>
</thead>
<tbody>
<tr>
<td>13th month persistency Overall</td>
<td>90%</td>
<td>88%</td>
</tr>
<tr>
<td>Claim Settlement Ratio Overall</td>
<td>99.4%</td>
<td></td>
</tr>
<tr>
<td>Claim Settlement Ratio Individual</td>
<td>98.0%</td>
<td></td>
</tr>
<tr>
<td>Solvency CY</td>
<td>201%</td>
<td></td>
</tr>
<tr>
<td>Solvency PY</td>
<td>184%</td>
<td></td>
</tr>
<tr>
<td>Complaints per 10k policies CY</td>
<td>35</td>
<td></td>
</tr>
<tr>
<td>Complaints per 10k policies PY</td>
<td>47</td>
<td></td>
</tr>
</tbody>
</table>

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

**Improving QoQ business trends**

Faster than industry growth

- **Growth**
  - FY21: 17% (HDFC Life), 8% (Pvt sector), 3% (Industry)
  - FY20: 19% (HDFC Life), 5% (Pvt sector), 6% (Industry)
  - 2 years CAGR: 18% (HDFC Life), 5% (Pvt sector), 6% (Industry)

**Optimizing product mix**

- Maintained balanced product mix
- 46% growth in annuity

**Improvement in CP² volumes with pickup in disbursements**

- **Q1 Q2 Q3 Q4 FY21**
  - Q1: -74%, 7.0 Bn.
  - Q2: 10.0 Bn.
  - Q3: 26%, 14.8 Bn.
  - FY21: 34.2 Bn.

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

Focus on diversified channel mix¹

<table>
<thead>
<tr>
<th></th>
<th>FY19</th>
<th>FY20</th>
<th>FY21</th>
<th>Q4 FY21</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bancassurance</td>
<td>19%</td>
<td>13%</td>
<td>19%</td>
<td>20%</td>
</tr>
<tr>
<td>Brokers and others</td>
<td>64%</td>
<td>55%</td>
<td>61%</td>
<td>58%</td>
</tr>
<tr>
<td>Agency</td>
<td>14%</td>
<td>13%</td>
<td>13%</td>
<td>15%</td>
</tr>
<tr>
<td>Direct</td>
<td>9%</td>
<td>7%</td>
<td>7%</td>
<td>7%</td>
</tr>
</tbody>
</table>

Steady expansion in VNB margin

<table>
<thead>
<tr>
<th></th>
<th>FY19</th>
<th>FY20</th>
<th>FY21</th>
<th>Q1 FY21</th>
<th>Q2 FY21</th>
<th>Q3 FY21</th>
<th>Q4 FY21</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>24.6%</td>
<td>25.9%</td>
<td>26.1%</td>
<td>24.3%</td>
<td>25.6%</td>
<td>26.4%</td>
<td>27.0%</td>
</tr>
</tbody>
</table>

Strong growth in renewal premium

- Positive impact of long-term savings products sold in previous year
- Continue to remain cautious on UL persistency

<table>
<thead>
<tr>
<th></th>
<th>FY20</th>
<th>FY21</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>154.7</td>
<td>184.8</td>
</tr>
</tbody>
</table>

Healthy solvency position and consistent growth in PAT

<table>
<thead>
<tr>
<th></th>
<th>Mar 31, 2020</th>
<th>Mar 31, 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Solvency margin</td>
<td>184%</td>
<td>201%</td>
</tr>
<tr>
<td>Profit after tax</td>
<td>FY20</td>
<td>FY21</td>
</tr>
<tr>
<td></td>
<td>13.0</td>
<td>13.6</td>
</tr>
</tbody>
</table>

Dividend²: Rs 4.1 bn

1. Basis Individual APE
2. No dividend announced in FY20, in line with IRDAI circular on capital conservation; Proposed final dividend of Rs. 2.02 per share approved in Board meeting on 26th April 2021, this is subject to shareholders’ approval
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 through FY21”
Focus on profitable growth

<table>
<thead>
<tr>
<th></th>
<th>FY18</th>
<th>FY19</th>
<th>FY20</th>
<th>FY21</th>
</tr>
</thead>
<tbody>
<tr>
<td>New business Margin</td>
<td>23.2%</td>
<td>24.6%</td>
<td>25.9%</td>
<td>26.1%</td>
</tr>
<tr>
<td>Value of new business</td>
<td>12.8</td>
<td>15.4</td>
<td>19.2</td>
<td>21.9</td>
</tr>
<tr>
<td>Profit after tax (PAT)</td>
<td>11.1</td>
<td>12.8</td>
<td>13.0</td>
<td>13.6</td>
</tr>
<tr>
<td>Underwriting profits</td>
<td>8.5</td>
<td>9.0</td>
<td>10.9</td>
<td>7.3(^2)</td>
</tr>
<tr>
<td>Shareholders’ surplus</td>
<td>2.6</td>
<td>3.8</td>
<td>2.1(^1)</td>
<td>6.3</td>
</tr>
</tbody>
</table>

**Underwriting profits breakup**

<table>
<thead>
<tr>
<th></th>
<th>FY18</th>
<th>FY19</th>
<th>FY20</th>
<th>FY21</th>
</tr>
</thead>
<tbody>
<tr>
<td>Backbook Surplus</td>
<td>19.1</td>
<td>25.5</td>
<td>29.9</td>
<td>32.3</td>
</tr>
<tr>
<td>New Business Strain</td>
<td>-10.6</td>
<td>-16.5</td>
<td>-19.1</td>
<td>-25.0</td>
</tr>
</tbody>
</table>

1. Post accounting for impact of Yes Bank AT1 bonds write-off
2. Post accounting for impact of assumption changes including additional Covid reserve

Rs Bn.
Analysis of change in IEV\(^1\)

- **EVOP** – 38.3
- **EVOP\(^1\)%** – 18.5%

### Key Changes

- **Unwind**
  - 17.4
- **Change in Operating assumptions\(^2\)**
  - -1.8
- **VNB**
  - 21.9
- **Operating variances\(^3\)**
  - 0.8
- **Economic variances**
  - 20.6
- **ESOP exercises**
  - 0.8

### Adjusted Net worth (ANW) vs Value of in-force business (VIF)

- **Rs Bn.**
  - IEV at 31st Mar 20: 206.5
  - IEV at 31st Mar 21: 266.2

### Observations

- Negative mortality variance on account of excess Covid claims, offset by positive variance on persistency and expenses.

---

1. **EVOP\(^1\)% calculated as annualised EVOP (Embedded Value Operating Profit) to Opening EV; Covid reserve included as part of assumption changes**
2. **Creation of Covid reserve of Rs. 1.65 bn for FY22, in anticipation of elevated covid related mortality**
3. **Mortality variance: -0.5, Persistency variance: 0.3, Expenses and Others: 1.0**
Diversified distribution mix enabled by multiple levers

**Enhancing and expanding proprietary channels**

- 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

**Strong partnerships**

- **250+ traditional partners**
  - Deepening partnership with existing banca partners including HDFC group entities, Bandhan Bank, IDFC First, amongst others
  - Partnerships with Yes Bank, SBI Capital Markets, State Bank of Mauritius, Doha Bank, Edelweiss in FY21

**Emerging Ecosystem**

- **50+ emerging ecosystem partnerships**
  - Apollo Health and Lifestyle Ltd
  - HOME CREDIT
  - airtel
  - Fisdom
  - Paytm
  - Clix
  - LENDINGKART
  - MARUTI SUZUKI
  - JustDial
  - AXIS MUTUAL FUND

1. Proprietary channels include Agency, Direct and Online
Tech-led Agency

**Onboarding**

InstaPRL - a simple, paperless and hassle-free FC onboarding platform

End to End digital training platform for Agency prospects

IC 38 Virtual Training

**Skilling & Engagement**

Digital Learning & Skilling platform benefitting ~8,000 agents daily

24*7 Mobile learning eco-system for entire Sales & Distribution teams

Insta Virtual Assistant at your fingertips

**Enablement**

PASA - Pre Approved Sales Assured

Pre approved sales opportunity for existing customer base

Data mined opportunity to increase customer wallet share

Nudge based engine powered by AI/ML to enhance partner engagement and productivity

Customized content to Top FCs on their social media & communication platforms

**Support & Servicing**

Dedicated platform for FCs giving business insights as well as fulfilling customer service requests

Digital platform for sales hierarchy for effective engagement and partner dashboarding

Insta Mobility Suite for effective management of leads, adherence of SMP and efficiency in sales processes and servicing

---

1. FC: Financial Consultant (agent)
2. SMP: Sales Management Process
3. AI/ML: Artificial Intelligence/Machine Learning
Digital flywheel – powering the Online channel

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

Continue to find new niches

- Product Innovation
- Customer Value Management
- Brand Salience
- Technology Integration
- Customer Experience

Analytics backed digital enablement solutions

Improved Customer Experience (CX) on digital assets

Be a ‘top-of-the-mind’ brand

Bespoke partnership integration capabilities
Addressing customer needs at every stage of life

**Objective**
- **<25 years**
  - Simple Savings
- **25-35 years**
  - Borrowing
- **36 – 50 years**
  - Investments
  - Pay off mortgage
- **50+ years**
  - Asset Drawdown

**Needs**
- First Job
- Get married
- Medical care
- Medical care
- Medical care
- Child’s education
- Buy Home
- Buy new car

**Product Offerings**
- UL
  - 31%
- Par
  - 38%
- Non par savings
  - 26%
- Protection
  - 5%
- Annuity
  - 0%
- 27%
- 30%
- 29%
- 13%
- 0%
- 25%
- 31%
- 35%
- 8%
- 2%
- 20%
- 40%
- 27%
- 1%
- 12%

**Product mix across age categories**

1. Based on Individual WRP for FY21
Expanding market through consistent product innovation

Balanced product suite helps in managing business cycles

Calibrated growth in protection (Rs Bn.)

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

Retirement & pension
Woman
Click2Invest
Click 2 Protect 3D Plus
Sanchay Plus
Group Poorna Suraksha

Youngstar
Group Credit Protect
CancerCare
Pension Guaranteed Plan
Classic One

Click2Protect Life

Sanchay Par Advantage
Lifelong regular income with payout flexibility and whole life cover

Profitable growth
Diversified distribution mix
Market-leading innovation
Reimagining insurance
Quality of Board and management
Our approach to retirement solutions

Opportunity to grow the retirement corpus1 by 3x between FY21-25

1. NPS
   - Ranked #1 with AUM of Rs 163.8 bn amongst private owned Pension Fund Managers
   - Registered strong AUM growth of 98% in FY21

2. Individual income plans2
   - Providing long term retirement solutions
   - Catering across age brackets & premium frequencies

3. Immediate / deferred annuity
   - Largest player in the private sector
   - Servicing 130+ corporates and >40,000 lives covered in FY21

4. Group superannuation fund
   - Managing funds for about 150+ corporates under superannuation scheme

Increasing retirement corpus1

<table>
<thead>
<tr>
<th>Year</th>
<th>Rs Bn.</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY17</td>
<td>176</td>
</tr>
<tr>
<td>FY18</td>
<td>213</td>
</tr>
<tr>
<td>FY19</td>
<td>287</td>
</tr>
<tr>
<td>FY20</td>
<td>357</td>
</tr>
<tr>
<td>FY21</td>
<td>546</td>
</tr>
</tbody>
</table>

1. Includes NPS, Annuity, Group superannuation fund and long term variant of Sanchay Plus and Sanchay Par Advantage
2. Comprises long term income and life long tenure options offered in Sanchay Plus and Sanchay Par Advantage
Protection is a multi-decade opportunity that we plan to address prudently with continued innovation.

**Our Focus Areas**

- **Supply side considerations**
  - Insurers moving beyond top 10 cities and salaried segment
  - Continue to be calibrated in underwriting new business; robust claim settlement ratio
  - Adverse mortality experience (risk of worsening due to ongoing pandemic)

- **Demand side considerations**
  - Huge protection gap and under-penetration
  - Customers valuing brand, on boarding experience and track record apart from the price

- **Our Focus Areas**
  - Strengthening underwriting practices and use of deep learning underwriting models
  - Growth in Credit Protect on the back of rise in loan disbursals and wider distribution
  - Product innovation catering to varying customer needs
  - Leveraging available market & industry platforms e.g., central medical repository for faster turnaround and greater underwriting precision
Product mix across key channels¹

<table>
<thead>
<tr>
<th>Segment</th>
<th>FY18</th>
<th>FY19</th>
<th>FY20</th>
<th>FY21</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banca Agency</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>UL</td>
<td>64%</td>
<td>64%</td>
<td>32%</td>
<td>27%</td>
</tr>
<tr>
<td>Par</td>
<td>25%</td>
<td>13%</td>
<td>18%</td>
<td>37%</td>
</tr>
<tr>
<td>Non par savings</td>
<td>8%</td>
<td>17%</td>
<td>44%</td>
<td>30%</td>
</tr>
<tr>
<td>Term</td>
<td>3%</td>
<td>4%</td>
<td>4%</td>
<td>4%</td>
</tr>
<tr>
<td>Annuity</td>
<td>1%</td>
<td>3%</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>Direct Company</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>UL</td>
<td>58%</td>
<td>50%</td>
<td>33%</td>
<td>29%</td>
</tr>
<tr>
<td>Par</td>
<td>17%</td>
<td>8%</td>
<td>14%</td>
<td>17%</td>
</tr>
<tr>
<td>Non par savings</td>
<td>9%</td>
<td>12%</td>
<td>20%</td>
<td>16%</td>
</tr>
<tr>
<td>Term</td>
<td>5%</td>
<td>6%</td>
<td>4%</td>
<td>3%</td>
</tr>
<tr>
<td>Annuity</td>
<td>11%</td>
<td>24%</td>
<td>29%</td>
<td>35%</td>
</tr>
<tr>
<td>Online²</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>UL</td>
<td>57%</td>
<td>62%</td>
<td>44%</td>
<td>39%</td>
</tr>
<tr>
<td>Par</td>
<td>1%</td>
<td>2%</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td>Non par savings</td>
<td>0%</td>
<td>1%</td>
<td>18%</td>
<td>29%</td>
</tr>
<tr>
<td>Term</td>
<td>42%</td>
<td>35%</td>
<td>37%</td>
<td>30%</td>
</tr>
<tr>
<td>Annuity</td>
<td>0%</td>
<td>1%</td>
<td>1%</td>
<td>2%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Segment</th>
<th>FY18</th>
<th>FY19</th>
<th>FY20</th>
<th>FY21</th>
</tr>
</thead>
<tbody>
<tr>
<td>UL</td>
<td></td>
<td>26%</td>
<td>12%</td>
<td>10%</td>
</tr>
<tr>
<td>Par</td>
<td>48%</td>
<td>40%</td>
<td>34%</td>
<td>37%</td>
</tr>
<tr>
<td>Non par savings</td>
<td>5%</td>
<td>17%</td>
<td>40%</td>
<td>39%</td>
</tr>
<tr>
<td>Term</td>
<td>11%</td>
<td>12%</td>
<td>12%</td>
<td>11%</td>
</tr>
<tr>
<td>Annuity</td>
<td>3%</td>
<td>5%</td>
<td>3%</td>
<td>3%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Segment</th>
<th>FY18</th>
<th>FY19</th>
<th>FY20</th>
<th>FY21</th>
</tr>
</thead>
<tbody>
<tr>
<td>UL</td>
<td>33%</td>
<td>50%</td>
<td>33%</td>
<td>29%</td>
</tr>
<tr>
<td>Par</td>
<td>17%</td>
<td>8%</td>
<td>14%</td>
<td>17%</td>
</tr>
<tr>
<td>Non par savings</td>
<td>9%</td>
<td>12%</td>
<td>20%</td>
<td>16%</td>
</tr>
<tr>
<td>Term</td>
<td>5%</td>
<td>6%</td>
<td>4%</td>
<td>3%</td>
</tr>
<tr>
<td>Annuity</td>
<td>11%</td>
<td>24%</td>
<td>29%</td>
<td>35%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Segment</th>
<th>FY18</th>
<th>FY19</th>
<th>FY20</th>
<th>FY21</th>
</tr>
</thead>
<tbody>
<tr>
<td>UL</td>
<td>33%</td>
<td>50%</td>
<td>33%</td>
<td>29%</td>
</tr>
<tr>
<td>Par</td>
<td>17%</td>
<td>8%</td>
<td>14%</td>
<td>17%</td>
</tr>
<tr>
<td>Non par savings</td>
<td>9%</td>
<td>12%</td>
<td>20%</td>
<td>16%</td>
</tr>
<tr>
<td>Term</td>
<td>5%</td>
<td>6%</td>
<td>4%</td>
<td>3%</td>
</tr>
<tr>
<td>Annuity</td>
<td>11%</td>
<td>24%</td>
<td>29%</td>
<td>35%</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. Nos. for previous years have been restated in line with revised classification
3. Includes business sourced through own website and web aggregators. Nos. for previous years have been restated in line with revised classification
Aligned to make life simple 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
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
1. Journey Simplification – Short journeys for specific requirements

- InstaSIP – ULIP Journey
- POSP Journey
- LifeEasy¹ – Protection Journey
- PASA Journey
- Voice Journey

1. LifeEasy: Online customer intimation portal for Life claims
2. Policy issuance TAT calculation starts post submission of all required documents
3. WISE: Video sales platform
4. PASA: Pre-Approved Sum Assured
5. Online includes business sourced through own website, online business sourced through banks / corporate agents and web aggregators

- >99% policy issuance journeys fulfilled digitally
- <4 hrs. overall policy issuance TAT²
- Faster medical and policy issuance via WISE³
- ~7 mn offers rolled out through PASA⁴
- 51% Online business 5-year CAGR⁵

² Overall policy issuance TAT calculation starts post submission of all required documents
³ Faster medical and policy issuance via WISE³
⁴ ~7 mn offers rolled out through PASA⁴
⁵ 51% Online business 5-year CAGR⁵
2. Partner Integration– Different partners, different solutions

1. Life Next: Module for transaction and Further Requirements processing for group credit life policy
2. Insta PRL: application for onboarding agents
3. Partner Portal: MIS dashboard, value-added services, contests etc. for partners
3. Service Simplification – Through 24*7 digital offerings

- **24*7 accessibility**
  - ETTY- Whatsapp
  - ELLE 2.0- Chatbot
  - ELSA- Alexa bot
  - SPOK- Email bot
  - ZOEY- Digital Avatar
  - EZRA- Google Assistant bot
  - ELLA- FB bot
  - NEO- Twitter bot

- **Instant branch experience**
  - Insta Serv1- Assisted Policy Servicing
  - Insta Revive3
  - Life Easy – 3 click claim process

- **Frictionless journey**
  - Customer App
  - Life Certificate – Video Life Certification
  - Quick Register – 3 click auto debit
  - Video service for sales – Text/video messaging

**Key Statistics**

- 280+ bots across 26 functions
- 3.2X increase in mobile app usage
- 95% electronic renewal
- 89% interactions via self-serve modes
- 95% chats closed via self-serve chatbot

1. Insta Serv: Mobile app for service teams
2. Insta Receipt: Instant Receipting of application
3. Insta Revive: Instant Revival of lapsed policy
4. Data Labs– Creating a data led ecosystem and scaling AI

- **Deep learning model**
  - UW engine (automated underwriting)

- **Vision AI**
  - Facesense (Face recognition)
  - AgeTymer (Face ageing)
  - HealthProfiler (BP and Heart Monitor)
  - Bodmeter (Face BMI)

- **Voice AI**
  - SVAR (INDUSTRY FIRST; Manages end-to-end renewal call)
  - True Cue (Voice authenticator)
  - Emolyzer (Emotion based analysis of voice data)

- **Text AI**
  - instA (Virtual assistant for sales and service)
  - Sentilyzer (Sentiment analysis of chats & mail)
  - RAG & Risk+ (Advanced ML based model)
  - Persistency Model (Persistency prediction)

- **Machine Learning/Analytics**
  - RAG & Risk+
  - Persistency Model

- **Risk+**: helps predict and avert early claims
- **98% precision – Facesense**
- **99% instA accuracy**
- **~1.6 mn monthly queries on instA**
- **98% NLP1 engine comprehension rate**

---

1. NLP: Natural Language Processing
2. NLP Engine comprehension rate: % cases where meaning of the text based chat is correctly inferred
5. Platforms and Ecosystem

Life 99¹: Ecosystem for retirement and pension segment

- National Pension System
- Gratuity and Superannuation
- Employee Provident Fund
- Public Provident Fund
- Annuity
- Consolidated Portfolio View
- Simulation
- Tax Services
- Third-Party Financial Services
- Health and Wellness
- Knowledge
- Advisory
- Retiree Corner

- 85K+ registered users
- 8K+ Monthly active users
- ~11K NPS accounts opened
- ~Rs 250 mn of annuity cover sold
- 650+ corporates onboarded²

1. Life99: A platform under HDFC Pension Management Company
2. Count includes only those corporates which have minimum one user account registration
Leveraging technology to build resilience

Architecture Resilience – Scalability and Efficiency

- Modular architecture
- Custom APIs
- Data Lake
- Low Code Platforms
- Cloud

Workforce Resilience – Hybrid Working Environment

- Virtual Workspace
- Work From Anywhere
- Re-imagine Process
- Digital Re-skilling
- Morale and Productivity

Cyber Resilience – Strengthen Cyber Security for post-covid world

- Zero Trust
- Enhance SOC
- Access Control
- Secure Devices
- Face Recognition

1. SOC: Security Operations Center
Governance framework

Board of Directors
Independent and experienced Board

Board Committees
- Audit Committee
- Risk Management Committee
- Investment Committee
- Policyholder Protection Committee
- Nomination & Remuneration Committee
- Corporate Social Responsibility Committee
- Stakeholders’ Relationship Committee
- With Profits Committee

Management Committees/Councils
- Compliance Council
- Risk Management Council
- ALCO
- Information & Cyber Security Council
- Disciplinary Panel for Malpractices
- Prevention of Sexual Harassment

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 ~60 years
- Deferred as % of total annuity business < 30%, with limited deferment period (<4 yrs)
- Regular monitoring of interest rates and business mix

ALM approach

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

Residual strategy

- External hedging instruments such as FRAs, IRFs, Swaps amongst others
- Reinsurance

### Sensitivity Table

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Overall</th>
<th>Non par¹</th>
<th>Overall</th>
<th>Non par¹</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>EV</td>
<td>VNB Margin</td>
<td>EV</td>
<td>VNB Margin</td>
</tr>
<tr>
<td>Interest Rate +1%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest Rate -1%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1. Comprises Non par savings (incl Annuity) plus Protection

Sensitivity remains range-bound on the back of calibrated risk management.
Performance of wholly-owned subsidiary\(^1\) companies

**HDFC Pension**

- AUM, Rs Bn.:
  - Mar’17: 11.6
  - Mar’19: 51.6
  - Mar’20: 82.7
  - Mar’21: 163.8

- HDFC Pension continues to be the largest PFM (Pension Fund Manager) in Retail and Corporate NPS AUM segment
- Fastest growing PFM (Pension Fund Manager) under the NPS architecture (YoY growth of 98% in AUM)
- Market share grew from 31.1% in Mar’20 to 34.4% in Mar’21 amongst all PFMs
- Company has over 7.6 lakh customers - ~5.1 lakh in retail segment and ~2.5 lakh in corporate segment
- #1 POP in new Corporate NPS business

**HDFC International Life and Re**

- Registered growth of 81% in gross reinsurance premium in FY21
- Forayed into Kingdom of Saudi Arabia (KSA) and Qatar, both being strategically important (re)insurance markets
- Despite challenging external environment, momentum of growth trends and new opportunities remains positive
- S&P Global Ratings has reaffirmed its long-term public insurer financial strength rating of “BBB” with “Stable” outlook in Dec 2020

---

1. Investment in subsidiaries not considered in Solvency Margin
2. POP: Point of presence for enabling opening of accounts on a platform
Managing Covid-19
Dynamic approach to manage impact of the COVID-19 outbreak

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

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

**Employee Engagement/Facilitation**
- Initiatives to keep employee morale high; infrastructure enablement and collaboration tools for WFH option

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

**Responsive operating measures**
- Regular branch operations being sustained with daily tracking of employee and agent safety
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. ~51% digital pre-conversion verification (through chat and eCCD)
- Telemedicals - 42% of the medicals done through telemedicals
- Uninterrupted customer assistance - Work from home enabled across the organization; Access to Microsoft Teams, Citrix
- InstaInsure - Simplified insurance buying through a 3-click journey

Policy servicing

- Digital Renewal collections - 87% based on renewal premiums and 95% 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 more than 280 processes remotely
- Contact centres - Branch staff replacing call centre agents servicing customers

Customer interactions

- InstA - Seamless support experience - ~1.6 mn monthly queries handled by instA (virtual assistant)
- Use of mobile app - Over 3.2x increase in mobile app usage
- InstaServe - OTP based policy servicing tool to handle customer queries
- 24*7 self-service options - ~95% of chats are self-serve via chat-bot
- Branches - Daily tracking of employee and agent safety

Employee / Partner engagement

- e-learning platform - 7,000+ agents attending training programs daily through mLearn / VC Platform
- Gamified contests - Launched to drive adoption of digital engagement initiatives
- Agent on-boarding - Insta PRL enabling digital on-boarding of agents - ~98,000 applicants since launch in mid March
- 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
### Customer Insights – Customer Behaviour/Preferences

#### Personalization takes centre stage

Consumers are looking for **customized experiences** specially when it comes to servicing
- No template-based responses
- On demand access
- Re-inventing behavior based offerings

#### Customers willing to share personal data with trusted brands

69% of millennials and younger consumers say that they would share data on health, exercise and driving habits in exchange for lower pricing

#### Sustainability – Demand of the younger generation

71%

- of millennials and younger consumers say that they expect insurers to adhere to ethical and sustainable business practices

#### Human+Machine model – Maintaining right balance is the key

34%

- Customers are willing to open new account on mobile app/website, however 49% customers also say that they place more trust in human advisors

#### Catering to changing customer demands

Different generational segments look for different benefits in a product - **one product, multiple benefits** can help serve wider customer base

#### What strategies can insurers adopt?

- Investing in digital capabilities to meet the needs of generational segments
- Re-inventing behavior based offerings/products
- Digitally enabling sales channels to maintain right balance between human/machine touchpoints

---

Source: Accenture Global Insurance Consumer Study 2021, Nielsen Syndicated U&A
Customer Insights – Customer Behaviour/Preferences

**Top reasons to buy Life insurance**

<table>
<thead>
<tr>
<th>Reason</th>
<th>2019 Rank</th>
<th>2013 Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Protect family in case of death</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>To secure child’s education/marriage</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Old age security/retirement</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>For disciplined saving</td>
<td>4</td>
<td>8</td>
</tr>
<tr>
<td>Good returns</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>Safe investment option</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>Additional investment option</td>
<td>7</td>
<td>4</td>
</tr>
<tr>
<td>Dual benefit of investment and insurance</td>
<td>8</td>
<td>9</td>
</tr>
<tr>
<td>Tax Saving</td>
<td>9</td>
<td>4</td>
</tr>
<tr>
<td>To meet additional life cover</td>
<td>10</td>
<td>10</td>
</tr>
</tbody>
</table>

- Major reasons to buy Life Insurance continue to be protection for family, securing child’s needs and retirement planning over last 6 years
- Tax saving is the 9th reason to buy Life Insurance, compared to 4th in 2013

**Customer behaviour / trend**

- The future intent to buy Life Insurance is the highest amongst financial products driven primarily by 21-40 year olds
- Within LI, the intent to buy traditional policies was highest, particularly by people in the ages of 41-50
- The intent to buy term insurance was driven primarily by people in the age group of 22-30
- The key differentiating factors for consumers were safety of investment and maturity value
- There has been significant pickup in intention to buy term products in metros
- Online mode for premium collection shows an increasing trend across geographies

Source: Nielsen Syndicated U&A
Individual persistency for key channels and segments

### Across key channels (%)

<table>
<thead>
<tr>
<th></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>Agency</td>
<td>91</td>
<td>86</td>
<td>79</td>
<td>75</td>
<td>64</td>
</tr>
<tr>
<td>Banca</td>
<td>86</td>
<td>77</td>
<td>68</td>
<td>65</td>
<td>48</td>
</tr>
<tr>
<td>Direct</td>
<td>94</td>
<td>89</td>
<td>80</td>
<td>77</td>
<td>69</td>
</tr>
<tr>
<td>Company</td>
<td>90</td>
<td>81</td>
<td>71</td>
<td>67</td>
<td>53</td>
</tr>
</tbody>
</table>

### Across key segments (%)

<table>
<thead>
<tr>
<th></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>Savings (Traditional)</td>
<td>93</td>
<td>87</td>
<td>74</td>
<td>67</td>
<td>64</td>
</tr>
<tr>
<td>Savings (UL)</td>
<td>80</td>
<td>74</td>
<td>69</td>
<td>69</td>
<td>45</td>
</tr>
<tr>
<td>Protection</td>
<td>90</td>
<td>83</td>
<td>77</td>
<td>70</td>
<td>73</td>
</tr>
<tr>
<td>Company</td>
<td>88</td>
<td>76</td>
<td>71</td>
<td>66</td>
<td>54</td>
</tr>
</tbody>
</table>

1. Calculated as per IRDAI circular (based on original premium) for individual business
VNB and NBM walkthrough

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

<table>
<thead>
<tr>
<th>Analysis based on key metrics</th>
<th>Scenario</th>
<th>Change in VNB Margin</th>
<th>% Change in EV</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reference rate</td>
<td>Increase by 1%</td>
<td>-1.5%</td>
<td>-2.2%</td>
</tr>
<tr>
<td></td>
<td>Decrease by 1%</td>
<td>0.9%</td>
<td>1.6%</td>
</tr>
<tr>
<td>Equity Market movement</td>
<td>Decrease by 10%</td>
<td>-0.1%</td>
<td>-1.5%</td>
</tr>
<tr>
<td>Persistency (Lapse rates)</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>Maintenance expenses</td>
<td>Increase by 10%</td>
<td>-0.5%</td>
<td>-0.8%</td>
</tr>
<tr>
<td></td>
<td>Decrease by 10%</td>
<td>0.5%</td>
<td>0.7%</td>
</tr>
<tr>
<td>Acquisition 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>Mortality / Morbidity</td>
<td>Increase by 5%</td>
<td>-1.0%</td>
<td>-0.8%</td>
</tr>
<tr>
<td></td>
<td>Decrease by 5%</td>
<td>1.0%</td>
<td>0.8%</td>
</tr>
<tr>
<td>Tax rate</td>
<td>Increased to 25%</td>
<td>-4.8%</td>
<td>-8.3%</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 Mar 31, 2021

1. Calculated as difference from April to March
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
3. Final dividend of Rs. 2.02 per share has been approved in the Board meeting on 26th April 2021; Final payout is subject to shareholders' approval in upcoming AGM and post payout, solvency ratio would be reduced to the extent of dividend paid
Governance - Promoting responsible behavior

**Governance structure**

- **Corporate governance policy**
  - Commitment to ethical business practices
  - Includes Company’s corporate structure, culture, policies and stakeholder management

- **Board Diversity policy**
  - 27% women
  - Multiple nationalities & ethnicities

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

**Information / Cyber Security**

- **ISO 27001:2013 and ISMS assessment program**
  - Controls validated and certified by Independent auditors and IRDAI auditors

- **Data Privacy Policy**
  - Applicable to customers, employees & service providers
  - Disciplinary action is in line with the malpractice matrix

**Risk Management and BCM**

- **Risk management policy**
  - Risk oversight by Board of Directors
  - Review in multiple management forums
  - Enterprise risk management (ERM) framework
    - ‘Three Lines of Defense approach’
    - Reviewed and approved by the Board

- **Mitigating & Managing Risk**
  - Modes of Risk awareness
    - Trainings, E-mailers, Seminars, Conferences, Quizzes and Special awareness Drives
  - Sensitivity analysis and stress testing
  - Business Continuity Management (BCM)
    - Creation of a recovery plan for critical business activities of a function

**Compensation Framework**

- **Remuneration policy**
  - Seeks to balance the fixed and incentive pay
  - Reflects the short and long-term performance objectives of the Company

- **Performance Management System**
  - based on the principles of balanced scorecard

- **Disclosure of managerial remuneration**
  - in the annual report

**Business Ethics/Compliances**

- **Code of Conduct**

- **Whistle blower Policy**

- **PRSH1**

- **BRR & Stewardship Code**

- **Human Rights**

- **Anti Bribery & Corruption Policy**

- **AML3**

- **Privacy Policy**

---

1. PRSH: Prevention of Sexual Harassment
2. BRR: Business Responsibility Report
3. AML: Anti Money Laundering
## Social initiatives - Culture of care and giving

<table>
<thead>
<tr>
<th>Inclusive growth</th>
<th>Customer centricity</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CSR</strong></td>
<td><strong>Customer Satisfaction</strong></td>
</tr>
<tr>
<td><em>Swabhimaan</em></td>
<td></td>
</tr>
<tr>
<td><strong>Financial Inclusion</strong></td>
<td></td>
</tr>
<tr>
<td>Insured 21 million lives through microfinance institutions in FY21</td>
<td></td>
</tr>
<tr>
<td><strong>COVID-19 Response</strong></td>
<td><strong>Leveraging technology</strong></td>
</tr>
<tr>
<td>Contribution to PM Cares Fund</td>
<td>To simplify life insurance for customers through their journey across issuance, claims, servicing, or any other engagement</td>
</tr>
<tr>
<td>Medical supplies, nutritional meals for frontline healthcare workers</td>
<td><em>Artificial Intelligence (AI) for text and speech recognition,</em></td>
</tr>
<tr>
<td>Distribution of Happiness Box consisting of immunity boosting supplements, hygiene support material and educational workbooks for underprivileged school children</td>
<td><em>Machine Learning (ML) to improve persistency,</em></td>
</tr>
<tr>
<td></td>
<td><em>Cognitive bots (software robots) for 24x7 customer service,</em> and</td>
</tr>
<tr>
<td></td>
<td><em>Alternate data to enhance underwriting</em></td>
</tr>
<tr>
<td>[Image 829x18 to 936x67]</td>
<td></td>
</tr>
<tr>
<td>[Image 909x497 to 964x551]</td>
<td></td>
</tr>
<tr>
<td>[Image -4x-0 to 52x56]</td>
<td></td>
</tr>
<tr>
<td>[Image 235x358 to 295x417]</td>
<td></td>
</tr>
<tr>
<td>[Image 352x358 to 415x419]</td>
<td></td>
</tr>
<tr>
<td>[Image 544x358 to 599x414]</td>
<td></td>
</tr>
<tr>
<td>[Image 89x351 to 177x431]</td>
<td></td>
</tr>
<tr>
<td>[Image 708x366 to 836x417]</td>
<td></td>
</tr>
</tbody>
</table>

- **FY21**: 22 CSR projects across 24 states and 3 Union Territories impacting >233K beneficiaries in India
- **Financial Inclusion**: Insured 21 million lives through microfinance institutions in FY21
- **COVID-19 Response**: 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
- **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
Social initiatives – Human Capital Development

**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

**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

**Focus on training and 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
- 24% women employees (crèche facility, maternity transition program)
- Promoting diverse talent pool (work profiles for second career women, specially-abled)
- LGBTQ+ friendly organisation
Environmental initiatives - Creating a better environment

**Energy and Water**

- Energy efficiency and water conservation initiatives
  - Use of 3/5 star rated appliances with regular maintenance
  - Use of LED based lighting system
  - Use of sensor based urinals and water taps
  - 12 water dispensing units installed in villages to provide clean drinking water

**Digitization**

- Reduction of Paper Usage
  - Online /e-forms for customers
  - Annual report FY’20 was digitally communicated to all stakeholders
  - Printers configured with default double side printing

**Waste Management**

- 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

**CSR initiatives**

- Reducing operational footprint through CSR activities
  - 17 city forests created by planting 22,269 trees in 45,900 sq.ft. area using the Miyawaki method. Over 50 different native species used

**Business Travel**

- 40+ video conferencing rooms setup to reduce travel

---

**Actuarial**

**Financial**

**ESG**

---

**HDFC Life**

---
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>Life Insurance 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>Life Insurance density US$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hong Kong</td>
<td>8,979</td>
</tr>
<tr>
<td>Taiwan</td>
<td>6,129</td>
</tr>
<tr>
<td>Singapore</td>
<td>4,129</td>
</tr>
<tr>
<td>Japan</td>
<td>3,244</td>
</tr>
<tr>
<td>Malaysia</td>
<td>2,691</td>
</tr>
<tr>
<td>Thailand</td>
<td>380</td>
</tr>
<tr>
<td>China</td>
<td>256</td>
</tr>
<tr>
<td>India</td>
<td>230</td>
</tr>
<tr>
<td>India</td>
<td>58</td>
</tr>
</tbody>
</table>

### Life expectancy (Years)

<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>1.3 6%</td>
<td>56%</td>
<td>38%</td>
</tr>
<tr>
<td>2035</td>
<td>1.6 9%</td>
<td>61%</td>
<td>30%</td>
</tr>
<tr>
<td>2055</td>
<td>1.7 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)

---

1. Penetration as measured by premiums as % of GDP,
2. Density defined as the ratio of premium underwritten in a given year to the total population
Low levels of penetration – Life protection

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

Protection gap (2019)

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

Trend of retail loans (Rs Tn.)

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

1. Goldman Sachs Report, March 2019
2. Swiss Re (Based on respective financial year of the countries)
3. Kotak institutional equities
Macro opportunity – 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

Elderly population is expected to almost triple by 2050

- 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

Budget estimate plan for government borrowing for FY22 at Rs. 12 trillion on gross basis.

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

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

Industry new business\(^1\) 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

1. Basis Individual Weighted Received Premium (WRP)

Source: IRDAI and Life Insurance Council
Private industry: Product and distribution mix

Product mix 1

- Unit Linked
- Conventional

Distribution mix 2

- Individual Agents
- Corporate Agents - Banks
- Corporate Agents - Others
- Brokers
- Direct Business

- 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.

Source: IRDAI and Life Insurance Council

1. Basis Overall WRP (Individual and Group);
2. Basis Individual New business premia for all private players
Appendix
Financial and operational snapshot (1/2)

<table>
<thead>
<tr>
<th>Financial Metric</th>
<th>FY21</th>
<th>FY20</th>
<th>YoY Growth</th>
<th>FY19</th>
<th>FY18</th>
<th>CAGR (3 yrs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>New Business Premium (Indl. + Group)</strong></td>
<td>201.1</td>
<td>172.4</td>
<td>17%</td>
<td>149.7</td>
<td>113.5</td>
<td>21%</td>
</tr>
<tr>
<td><strong>Renewal Premium (Indl. + Group)</strong></td>
<td>184.8</td>
<td>154.7</td>
<td>19%</td>
<td>142.1</td>
<td>122.1</td>
<td>15%</td>
</tr>
<tr>
<td><strong>Total Premium</strong></td>
<td>385.8</td>
<td>327.1</td>
<td>18%</td>
<td>291.9</td>
<td>235.6</td>
<td>18%</td>
</tr>
<tr>
<td><strong>Individual APE</strong></td>
<td>71.2</td>
<td>61.4</td>
<td>16%</td>
<td>52.0</td>
<td>48.9</td>
<td>13%</td>
</tr>
<tr>
<td><strong>Overall APE</strong></td>
<td>83.7</td>
<td>74.1</td>
<td>13%</td>
<td>62.6</td>
<td>55.3</td>
<td>15%</td>
</tr>
<tr>
<td><strong>Group Premium (NB)</strong></td>
<td>100.3</td>
<td>87.8</td>
<td>14%</td>
<td>73.3</td>
<td>54.1</td>
<td>23%</td>
</tr>
<tr>
<td><strong>Profit after Tax</strong></td>
<td>13.6</td>
<td>13.0</td>
<td>5%</td>
<td>12.8</td>
<td>11.1</td>
<td>7%</td>
</tr>
<tr>
<td><strong>- Policyholder Surplus</strong></td>
<td>7.3</td>
<td>10.9</td>
<td>-33%</td>
<td>9.0</td>
<td>8.5</td>
<td>-5%</td>
</tr>
<tr>
<td><strong>- Shareholder Surplus</strong></td>
<td>6.3</td>
<td>2.1</td>
<td>201%</td>
<td>3.8</td>
<td>2.6</td>
<td>34%</td>
</tr>
<tr>
<td><strong>Dividend Paid</strong></td>
<td>(1)</td>
<td>-</td>
<td>NA</td>
<td>4.0</td>
<td>3.3</td>
<td>NA</td>
</tr>
<tr>
<td><strong>Assets Under Management</strong></td>
<td>1,738.4</td>
<td>1,272.3</td>
<td>37%</td>
<td>1,255.5</td>
<td>1,066.0</td>
<td>18%</td>
</tr>
<tr>
<td><strong>Indian Embedded Value</strong></td>
<td>266.2</td>
<td>206.5</td>
<td>29%</td>
<td>183.0</td>
<td>152.2</td>
<td>20%</td>
</tr>
<tr>
<td><strong>Net Worth</strong></td>
<td>(2) 84.3</td>
<td>69.9</td>
<td>21%</td>
<td>56.6</td>
<td>47.2</td>
<td>21%</td>
</tr>
<tr>
<td><strong>NB (Individual and Group segment) lives insured (Mn.)</strong></td>
<td>39.8</td>
<td>61.3</td>
<td>-35%</td>
<td>51.4</td>
<td>33.2</td>
<td>6%</td>
</tr>
<tr>
<td><strong>No. of Individual Policies (NB) sold (In 000s)</strong></td>
<td>982.0</td>
<td>896.3</td>
<td>10%</td>
<td>995.0</td>
<td>1,049.6</td>
<td>-2%</td>
</tr>
</tbody>
</table>

1. Including dividend distribution tax (DDT); Proposed final dividend of Rs. 2.02 per share approved in Board meeting on 26th April 2021, this is 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>FY21</th>
<th>FY20</th>
<th>FY19</th>
<th>FY18</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Overall New Business Margins (post overrun)</strong></td>
<td>26.1%</td>
<td>25.9%</td>
<td>24.6%</td>
<td>23.2%</td>
</tr>
<tr>
<td><strong>Operating Return on EV</strong></td>
<td>18.5%</td>
<td>18.1%</td>
<td>20.1%</td>
<td>21.5%</td>
</tr>
<tr>
<td><strong>Operating Expenses / Total Premium</strong></td>
<td>12.0%</td>
<td>13.1%</td>
<td>13.1%</td>
<td>13.5%</td>
</tr>
<tr>
<td><strong>Total Expenses (OpEx + Commission) / Total Premium</strong></td>
<td>16.4%</td>
<td>17.7%</td>
<td>17.0%</td>
<td>18.0%</td>
</tr>
<tr>
<td><strong>Return on Equity</strong></td>
<td>17.6%</td>
<td>20.5%</td>
<td>24.6%</td>
<td>26.0%</td>
</tr>
<tr>
<td><strong>Solvency Ratio</strong></td>
<td>201%</td>
<td>184%</td>
<td>188%</td>
<td>192%</td>
</tr>
<tr>
<td><strong>Persistency (13M / 61M)</strong></td>
<td>(3) 90%/53%</td>
<td>88%/54%</td>
<td>84%/51%</td>
<td>83%/50%</td>
</tr>
<tr>
<td><strong>Market Share (%)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Individual WRP</td>
<td>15.5%</td>
<td>14.2%</td>
<td>12.5%</td>
<td>13.3%</td>
</tr>
<tr>
<td>- Group New Business</td>
<td>27.6%</td>
<td>29.0%</td>
<td>28.4%</td>
<td>28.5%</td>
</tr>
<tr>
<td>- Total New Business</td>
<td>21.5%</td>
<td>21.5%</td>
<td>20.7%</td>
<td>19.1%</td>
</tr>
<tr>
<td><strong>Business Mix (%)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Product (UL/Non par savings/Non par protection/Par)</td>
<td>(4) 24/36/7/34</td>
<td>28/45/8/19</td>
<td>55/20/7/18</td>
<td>57/9/5/28</td>
</tr>
<tr>
<td>- Indl Distribution (CA/Agency/Broker/Direct)</td>
<td>(4) 61/13/7/19</td>
<td>55/14/9/22</td>
<td>64/13/4/19</td>
<td>71/11/5/14</td>
</tr>
<tr>
<td>- Total Distribution (CA/Agency/Broker/Direct/Group)</td>
<td>(5) 25/6/2/17/50</td>
<td>22/7/3/17/51</td>
<td>26/7/2/16/49</td>
<td>33/7/2/10/48</td>
</tr>
<tr>
<td>- Share of protection business (Basis Indl APE)</td>
<td>6.8%</td>
<td>7.6%</td>
<td>6.7%</td>
<td>5.1%</td>
</tr>
<tr>
<td>- Share of protection business (Basis Overall APE)</td>
<td>12.8%</td>
<td>17.2%</td>
<td>16.7%</td>
<td>11.3%</td>
</tr>
<tr>
<td>- Share of protection business (Basis NBP)</td>
<td>19.6%</td>
<td>27.6%</td>
<td>27.0%</td>
<td>25.9%</td>
</tr>
</tbody>
</table>

1. **During FY18**, there was a one time positive operating assumption change of Rs 1.4 bn based on review by an external actuary as part of the IPO process. Excluding this one time adjustment, Operating return on EV would have been 20.4% for FY18
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 A/c

<table>
<thead>
<tr>
<th>Item</th>
<th>FY21</th>
<th>FY20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Premium earned</td>
<td>385.8</td>
<td>327.1</td>
</tr>
<tr>
<td>Reinsurance ceded</td>
<td>(4.6)</td>
<td>(4.8)</td>
</tr>
<tr>
<td>Income from Investments</td>
<td>326.8</td>
<td>(33.1)</td>
</tr>
<tr>
<td>Other income</td>
<td>1.6</td>
<td>2.1</td>
</tr>
<tr>
<td>Transfer from Shareholders’ Account</td>
<td>2.6</td>
<td>1.1</td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td><strong>712.1</strong></td>
<td><strong>292.2</strong></td>
</tr>
<tr>
<td>Commissions</td>
<td>17.1</td>
<td>14.9</td>
</tr>
<tr>
<td>Expenses</td>
<td>45.9</td>
<td>42.7</td>
</tr>
<tr>
<td>GST on UL charges</td>
<td>3.6</td>
<td>3.5</td>
</tr>
<tr>
<td>Provision for taxation</td>
<td>2.7</td>
<td>1.5</td>
</tr>
<tr>
<td>Provision for diminution in value of investments</td>
<td>(1.9)</td>
<td>5.7</td>
</tr>
<tr>
<td>Benefits paid</td>
<td>217.5</td>
<td>181.4</td>
</tr>
<tr>
<td>Change in valuation reserve</td>
<td>408.3</td>
<td>24.4</td>
</tr>
<tr>
<td>Bonuses Paid</td>
<td>7.9</td>
<td>8.5</td>
</tr>
<tr>
<td><strong>Total Outgoings</strong></td>
<td><strong>701.2</strong></td>
<td><strong>282.5</strong></td>
</tr>
<tr>
<td>Surplus</td>
<td>11.0</td>
<td>9.7</td>
</tr>
</tbody>
</table>

### Profit and Loss A/c

<table>
<thead>
<tr>
<th>Item</th>
<th>FY21</th>
<th>FY20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest and dividend income</td>
<td>4.4</td>
<td>3.6</td>
</tr>
<tr>
<td>Net profit/(loss) on sale</td>
<td>2.1</td>
<td>0.8</td>
</tr>
<tr>
<td>Transfer from Policyholders’ Account</td>
<td>9.9</td>
<td>11.9</td>
</tr>
<tr>
<td>Other Income</td>
<td>-</td>
<td>0.2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>16.4</strong></td>
<td><strong>16.5</strong></td>
</tr>
<tr>
<td>Transfer to Policyholders’ Account</td>
<td>2.6</td>
<td>1.1</td>
</tr>
<tr>
<td>Expenses</td>
<td>0.4</td>
<td>0.3</td>
</tr>
<tr>
<td>Interest on Non-convertible debenture</td>
<td>0.3</td>
<td>-</td>
</tr>
<tr>
<td>Provision for diminution in value of investments</td>
<td>(0.4)</td>
<td>2.0</td>
</tr>
<tr>
<td>Provision for Taxation</td>
<td>(0.1)</td>
<td>0.2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2.8</strong></td>
<td><strong>3.5</strong></td>
</tr>
<tr>
<td><strong>Profit for the year</strong></td>
<td><strong>13.6</strong></td>
<td><strong>13.0</strong></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>Mar 31, 2021</th>
<th>Mar 31, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Shareholders’ funds</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share capital (including Share premium)</td>
<td>25.0</td>
<td>24.2</td>
</tr>
<tr>
<td>Accumulated profits</td>
<td>59.3</td>
<td>45.7</td>
</tr>
<tr>
<td>Fair value change</td>
<td>2.1</td>
<td>(1.9)</td>
</tr>
<tr>
<td><strong>Sub total</strong></td>
<td><strong>86.4</strong></td>
<td><strong>68.0</strong></td>
</tr>
<tr>
<td><strong>Borrowings</strong></td>
<td>6.0</td>
<td>-</td>
</tr>
<tr>
<td><strong>Policyholders’ funds</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fair value change</td>
<td>25.6</td>
<td>0.5</td>
</tr>
<tr>
<td>Policy Liabilities</td>
<td>855.2</td>
<td>652.7</td>
</tr>
<tr>
<td>Provision for Linked Liabilities</td>
<td>709.6</td>
<td>508.4</td>
</tr>
<tr>
<td>Funds for discontinued policies</td>
<td>38.0</td>
<td>33.4</td>
</tr>
<tr>
<td><strong>Sub total</strong></td>
<td><strong>1,628.4</strong></td>
<td><strong>1,195.0</strong></td>
</tr>
<tr>
<td>Funds for future appropriation (Par)</td>
<td>9.9</td>
<td>8.8</td>
</tr>
<tr>
<td><strong>Total Source of funds</strong></td>
<td><strong>1,730.7</strong></td>
<td><strong>1,271.9</strong></td>
</tr>
<tr>
<td>Shareholders’ investment</td>
<td>85.4</td>
<td>58.6</td>
</tr>
<tr>
<td>Policyholders’ investments: Non-linked</td>
<td>905.4</td>
<td>671.9</td>
</tr>
<tr>
<td>Policyholders’ investments: Linked</td>
<td>747.6</td>
<td>541.8</td>
</tr>
<tr>
<td>Loans</td>
<td>4.2</td>
<td>3.0</td>
</tr>
<tr>
<td>Fixed assets</td>
<td>3.4</td>
<td>3.3</td>
</tr>
<tr>
<td>Net current assets</td>
<td>(15.4)</td>
<td>(6.7)</td>
</tr>
<tr>
<td><strong>Total Application of funds</strong></td>
<td><strong>1,730.7</strong></td>
<td><strong>1,271.9</strong></td>
</tr>
</tbody>
</table>

1. Numbers may not add up due to rounding off effect
Segment wise average term and age¹

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

Average Policy Term excluding annuity (Yrs)

FY21: 24.7 (FY20: 19.6)

<table>
<thead>
<tr>
<th></th>
<th>FY21</th>
<th>FY20</th>
</tr>
</thead>
<tbody>
<tr>
<td>UL</td>
<td>12</td>
<td>12</td>
</tr>
<tr>
<td>Par</td>
<td>27</td>
<td>42</td>
</tr>
<tr>
<td>Non-par Health</td>
<td>24</td>
<td>18</td>
</tr>
<tr>
<td>Non-par Savings</td>
<td>12</td>
<td>11</td>
</tr>
<tr>
<td>Non-par Protection</td>
<td>40</td>
<td>39</td>
</tr>
<tr>
<td>Non-par Pension</td>
<td>11</td>
<td>11</td>
</tr>
</tbody>
</table>

Average Customer Age excluding annuity (Yrs)

FY21: 35.8 (FY20: 37.2)

<table>
<thead>
<tr>
<th></th>
<th>FY21</th>
<th>FY20</th>
</tr>
</thead>
<tbody>
<tr>
<td>UL</td>
<td>37</td>
<td>37</td>
</tr>
<tr>
<td>Par</td>
<td>33</td>
<td>35</td>
</tr>
<tr>
<td>Non-par Health</td>
<td>33</td>
<td>33</td>
</tr>
<tr>
<td>Non-par Savings</td>
<td>36</td>
<td>38</td>
</tr>
<tr>
<td>Non-par Protection</td>
<td>34</td>
<td>34</td>
</tr>
<tr>
<td>Non-par Pension</td>
<td>55</td>
<td>57</td>
</tr>
</tbody>
</table>

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

**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

**Stress scenarios tested**

<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
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.
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 Mar 31, 2021</td>
<td>As at Mar 31, 2020</td>
</tr>
<tr>
<td>1</td>
<td>3.95</td>
<td>4.69</td>
</tr>
<tr>
<td>2</td>
<td>5.31</td>
<td>5.69</td>
</tr>
<tr>
<td>3</td>
<td>6.27</td>
<td>6.52</td>
</tr>
<tr>
<td>4</td>
<td>6.95</td>
<td>7.04</td>
</tr>
<tr>
<td>5</td>
<td>7.42</td>
<td>7.29</td>
</tr>
<tr>
<td>10</td>
<td>7.97</td>
<td>7.18</td>
</tr>
<tr>
<td>15</td>
<td>7.52</td>
<td>7.03</td>
</tr>
<tr>
<td>20</td>
<td>7.06</td>
<td>7.00</td>
</tr>
<tr>
<td>25</td>
<td>6.76</td>
<td>7.00</td>
</tr>
<tr>
<td>30</td>
<td>6.59</td>
<td>7.00</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
Disclaimer

This presentation is for information purposes only and does not constitute an offer or invitation to sell or the solicitation of an offer or invitation to purchase any securities ("Securities") of HDFC Life Insurance Company Limited ("HDFC Life" or the "Company") in India, the United States, Canada, the People's Republic of China, Japan or any other jurisdiction. This presentation is not for publication or distribution, directly or indirectly, in or into the United States (including its territories and possessions, any state of the United States and the District of Columbia). The securities of the Company may not be offered or sold in the United States in the absence of registration or an exemption from registration under the U.S. Securities Act of 1933, as amended. The Company does not intend to register any securities in the United States. You confirm that you are either: (i) a "qualified institutional buyer" as defined in Rule 144A under the U.S. Securities Act of 1933, as amended, or (ii) outside the United States. By receiving this presentation, you are agreeing to be bound by the foregoing and below restrictions. Any failure to comply with these restrictions will constitute a violation of applicable securities laws.

This presentation should not, nor should anything contained in it, form the basis of, or be relied upon in any connection with any contract or commitment whatsoever. The information contained in this presentation is strictly confidential and is intended solely for your reference and shall not be reproduced (in whole or in part), retransmitted, summarized or distributed to any other persons without Company’s prior written consent.

The Company may alter, modify or otherwise change in any manner the contents of this presentation, without obligation to notify you or any person of such revision or changes. This presentation may contain forward-looking statements that involve risks and uncertainties. Forward-looking statements are based on certain assumptions and expectations of future events. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Although Company believes that such forward-looking statements are based on reasonable assumptions, it can give no assurance that your expectations will be met. Representative examples of factors that could affect the accuracy of forward-looking statements include (without limitation) the condition of and changes in India’s political and economic status, government policies, applicable laws, the insurance sector in India, international and domestic events having a bearing on Company’s business, particularly in regard to the regulatory changes that are applicable to the life insurance sector in India, and such other factors beyond our control. You are cautioned not to place undue reliance on these forward-looking statements, which are based on knowledge, experience and current view of Company’s management based on relevant facts and circumstances.

The data herein with respect to HDFC Life is based on a number of assumptions, and is subject to a number of known and unknown risks, which may cause HDFC Life’s actual results or performance to differ materially from any projected future results or performance expressed or implied by such statements. Forecasts and hypothetical examples are subject to uncertainty and contingencies outside Company’s control. Past performance is not a reliable indication of future performance.

This presentation has been prepared by the Company. No representation, warranty, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information and opinions in this presentation. 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 presentation or its contents or otherwise arising in connection with this presentation. Further, nothing in this presentation should be construed as constituting legal, business, tax or financial advice or a recommendation regarding the securities. 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.
Thank you