**Executive summary: FY22**

### Revenue & Scale

<table>
<thead>
<tr>
<th></th>
<th>Growth</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual WRP</td>
<td>16%</td>
<td></td>
</tr>
<tr>
<td>Market Share</td>
<td>14.8%</td>
<td></td>
</tr>
</tbody>
</table>

| Renewal premium    | Rs (Bn.) | 218.1 |
|                    | Growth   | 18%   |

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

| IEV\(^1\)          | Rs (Bn.) | 300.5 |
|                    | EVOP\(^1\) | 16.6% |

### Profitability & Cost

<table>
<thead>
<tr>
<th>New Business Margin (NBM)</th>
<th>FY22</th>
<th>27.4%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FY21</td>
<td>26.1%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>VNB</th>
<th>Rs (Bn.)</th>
<th>26.8</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Growth</td>
<td>22%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Profit After Tax (PAT)</th>
<th>Rs (Bn.)</th>
<th>12.1</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Growth</td>
<td>(11%)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Operating exp. ratio</th>
<th>CY</th>
<th>12.3%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>PY</td>
<td>12.0%</td>
</tr>
</tbody>
</table>

### Customer & Capital

<table>
<thead>
<tr>
<th>13th month persistency(^2)</th>
<th>FY22</th>
<th>92%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FY21</td>
<td>90%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Claim settlement ratio</th>
<th>Overall</th>
<th>99.6%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Individual</td>
<td>98.7%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Complaints per 10K policies</th>
<th>CY</th>
<th>34</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>PY</td>
<td>35</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Solvency</th>
<th>Mar’22</th>
<th>176%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Dec’21</td>
<td>190%</td>
</tr>
</tbody>
</table>

---

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

1. Performance Snapshot
2. Our Strategy
3. Customer Insights
4. Exide Life Transaction Update
5. Our approach to ESG
6. Annexures
7. Life insurance in India
Agenda

1. Performance Snapshot
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7. Life insurance in India
Consistent, predictable, sustained performance

**Holistic growth**

- **New business premium**
  - FY14: 40
  - FY18: 113
  - FY22: ~3x
  - FY14: ~2x
  - FY18: 242

- **Renewal premium**
  - FY14: 80
  - FY18: 122
  - FY22: ~2x
  - FY14: ~2x
  - FY18: 218

- **Protection APE**
  - FY14: 1.6
  - FY18: 6.2
  - FY22: ~4x
  - FY14: ~2x
  - FY18: 13.2

- **Annuity new business**
  - FY14: 1.6
  - FY18: 10.7
  - FY22: ~5x
  - FY14: ~7x
  - FY18: 48.7

**Consistent track record over multiple periods**

- **VNB**
  - FY16: 7.4
  - FY17: 9.2
  - FY18: 12.8
  - FY20: 19.2
  - FY21: 21.9
  - FY22: 26.8

- **Annuity new business AUM**
  - FY16: 102
  - FY17: 125
  - FY18: 152
  - FY20: 207
  - FY21: 266
  - FY22: 300

**Notes:**
1. Including cash payout of Rs 7.3 bn for acquisition of Exide Life, but excluding Exide Life’s EV of Rs 29.1 bn
2. Based on Overall APE
3. Excluding single premium
Demonstrating resilience in the current environment (1/2)

<table>
<thead>
<tr>
<th>Steady Individual WRP trends</th>
<th>Rs bn</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall mkt share</td>
<td>7.2%</td>
</tr>
<tr>
<td>Pvt. mkt share</td>
<td>8.1%</td>
</tr>
<tr>
<td>YoY growth</td>
<td>9.2%</td>
</tr>
<tr>
<td></td>
<td>9.3%</td>
</tr>
<tr>
<td>FY19</td>
<td>50.1</td>
</tr>
<tr>
<td>FY20</td>
<td>59.7</td>
</tr>
<tr>
<td>FY21</td>
<td>70.0</td>
</tr>
<tr>
<td>FY22</td>
<td>81.5</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Strong, sustainable growth¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth</td>
</tr>
<tr>
<td>FY22</td>
</tr>
<tr>
<td>2 yr CAGR</td>
</tr>
<tr>
<td>5 yr CAGR</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Balanced product mix</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total APE</td>
</tr>
<tr>
<td>5%</td>
</tr>
<tr>
<td>14%</td>
</tr>
<tr>
<td>22%</td>
</tr>
<tr>
<td>25%</td>
</tr>
<tr>
<td>28%</td>
</tr>
<tr>
<td>5%</td>
</tr>
<tr>
<td>6%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total NBP</th>
</tr>
</thead>
<tbody>
<tr>
<td>20%</td>
</tr>
<tr>
<td>23%</td>
</tr>
<tr>
<td>10%</td>
</tr>
<tr>
<td>13%</td>
</tr>
<tr>
<td>24%</td>
</tr>
<tr>
<td>2%</td>
</tr>
<tr>
<td>10%</td>
</tr>
</tbody>
</table>

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

**Focus on diversified channel mix**

<table>
<thead>
<tr>
<th></th>
<th>FY19</th>
<th>FY20</th>
<th>FY21</th>
<th>FY22</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bancassurance</td>
<td>4%</td>
<td>9%</td>
<td>7%</td>
<td>6%</td>
</tr>
<tr>
<td>Direct</td>
<td>13%</td>
<td>14%</td>
<td>13%</td>
<td>14%</td>
</tr>
<tr>
<td>Agency</td>
<td>19%</td>
<td>22%</td>
<td>19%</td>
<td>19%</td>
</tr>
<tr>
<td>Brokers and others</td>
<td>64%</td>
<td>55%</td>
<td>61%</td>
<td>60%</td>
</tr>
</tbody>
</table>

**Steady expansion in New Business Margins**

<table>
<thead>
<tr>
<th></th>
<th>FY19</th>
<th>FY20</th>
<th>FY21</th>
<th>FY22</th>
</tr>
</thead>
<tbody>
<tr>
<td>VNB Growth</td>
<td>24.6%</td>
<td>25.9%</td>
<td>26.1%</td>
<td>27.4%</td>
</tr>
</tbody>
</table>

**Strong growth in renewal premium**

<table>
<thead>
<tr>
<th></th>
<th>FY21</th>
<th>FY22</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>184.8</td>
<td>218.1</td>
</tr>
</tbody>
</table>

- Backed by consistent improvement in overall persistency

**Solvency position**

- Includes impact of cash payout of Rs 7.3 bn for acquisition of Exide Life, impacting solvency by 13%
- Sub debt raise of Rs 3.5 bn approved by Board, amounting to 6% of solvency

1. Based on Individual APE
Agenda

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Key elements of our strategy

1. **Focus on profitable growth**
   - Ensuring sustainable and profitable growth by identifying and tapping new profit pools

2. **Diversified distribution mix**
   - Developing multiple channels of growth to drive need-based selling

3. **Market-leading innovation**
   - Creating new product propositions to cater to the changing customer behaviour and needs

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

5. **Quality of Board and management**
   - Seasoned leadership guided by an independent and competent Board; No secondees from group companies

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

Underwriting profits breakup

<table>
<thead>
<tr>
<th></th>
<th>FY19</th>
<th>FY20</th>
<th>FY21</th>
<th>FY22</th>
</tr>
</thead>
<tbody>
<tr>
<td>New business Margin</td>
<td>24.6%</td>
<td>25.9%</td>
<td>26.1%</td>
<td>27.4%</td>
</tr>
<tr>
<td>Value of new business</td>
<td>15.4</td>
<td>19.2</td>
<td>21.9</td>
<td>26.8</td>
</tr>
<tr>
<td>Profit after tax (PAT)</td>
<td>12.8</td>
<td>13.0</td>
<td>13.6</td>
<td>12.1¹</td>
</tr>
<tr>
<td>Underwriting profits</td>
<td>9.0</td>
<td>10.9</td>
<td>7.3</td>
<td>4.4</td>
</tr>
<tr>
<td>Shareholders’ surplus</td>
<td>3.8</td>
<td>2.1</td>
<td>6.3</td>
<td>7.7</td>
</tr>
</tbody>
</table>

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

Growth impacted by EMR² created due to Covid

Backbook Surplus | New Business Strain
Analysis of change in IEV

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

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

IEV at Mar 31, 2021

- 266.2
- 176.3
- 89.8

Unwind

Change in operating assumptions

EVOP - 50.5
EVOP% - 19.0%

Operating variances

- 0.7
26.8

VNB

Covid impact

- 6.5
- 0.5
- 2.0

Economic variances

Dividend & ESOPs

Post-EMR²
EVOP%: 16.6%

IEV before cash payout for acquisition

307.7
211.9

19.0%
16.6%

IEV at Mar 31, 2022³

300.5
211.9

Cash payout for acquisition

329.6
228.3

Exide Life EV

Consolidated IEV at Mar 31, 2022³

29.1
101.3

Rs bn

Adjusted Net worth (ANW) Value of in-force business (VIF)
Diversified distribution mix enabled by multiple levers

**Proprietary¹**
- 1.1L+ Agents
- 372 Branches
- 48 Digital Branches²
- www.hdfclife.com
- HDFC Life App

**Group, Pension & International Business**
- NPS Corporates
- Group Annuity (MPH/CA)
- 160+ Superannuation Funds
- Rep Office - NRI

**Banks, SFBs, Other CAs**
- HDFC Bank
- Saraswat Bank
- HDB Financial Services
- ICICI Bank
- Axis Bank
- Bandhan Bank
- RBL Bank
- YES Bank
- DCB Bank
- Suryoday Small Finance Bank
- Godrej
- Jindal Small Finance Bank
- Indiabulls Small Finance Bank
- Capital Small Finance Bank
- Thejas

**NBFCs, MFIs**
- HDFC Sales
- Fullerton India
- Chola
- VFS
- Manappuram Finance Limited
- Tata Capital
- Coverfox.com
- Jindal Small Finance Bank
- ICICI
- SBI
- Axis Bank
- HDFC
- ICICI
- LIC
- LIC Mutual Fund
- Godrej
- Jindal Small Finance Bank
- Capital Small Finance Bank
- Thejas

**Brokers & Aggregators**
- Bajaj Capital
- policy bazaar
- Coverfox.com
- BBM
- CNT
- Pru Life
- SBI
- ICICI
- LIC
- LIC Mutual Fund
- Godrej
- Jindal Small Finance Bank
- Capital Small Finance Bank
- Thejas

**Equity Brokers & Wealth**
- Zerodha
- HDFC Securities
- ICICI Securities
- Angel Broking
- Motilal Oswal
- Godrej
- Jindal Small Finance Bank
- Capital Small Finance Bank
- Thejas

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

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

**Product proposition**
- Comprehensive product suite across par, non-par, term, annuity, ULIP
- Combo insurance products
- Innovative term products – limited pay, RoP¹ and riders
- Mass distribution products – POS¹ & Saral plans

**Partner experience & engagement**
- Defined engagement metrics measured digitally
- Joint CSR¹ initiatives that strengthen relationships
- Dedicated HNI¹ cell

**Tech integration & analytics**
- One stop solution for generating illustration
- PASA¹ using analytics
- Cloud based customer calling solution for sales
- Virtual assistant for sales & service teams

**Seamless operations**
- Straight through processing – lead to conversion
- Digital sales verification via WhatsApp chat, video app or calling
- Reducing need of physical presence by digitization through WISE² & Non Assisted PCVC³

**Capability building & resourcing**
- Learning on the go: mobile nuggets for skill enhancement
- Comprehensive engagement and training programs for sales teams
- Structured rewards and recognition program

---

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

**Onboarding**

*InstaPRL*: a simple, paperless and hassle-free FC² onboarding platform
- Independent, link based app
- Optical Character Recognition (OCR) system
- Online payment for PRL fee
- OTP based consent
- Structured communication

**IC38² audio online training**
Easier and simpler way to complete IC38 training
- Interesting & engaging audio content
- Available in 6 major regional languages
- Auto calculation of training hours

**Skilling & Engagement**

*Digital Learning & Skilling platform benefitting ~6,600 FCs² daily*
- Regular business activation
- Digital skilling session driving better tech adoption
- Enhanced earnings

*Buzz*
Secure communication platform for all Agency stakeholders
**With rich media delivery features like**
- Business update
- Contest: launch, update, qualification
- Reward fulfillment process and status
- Product launch
- Event updates

**Enablement**

*HDFC Life Easy – End 2 End Term Journey*

**End to End Digital Customer journey**
- Easy product selection
- Pre defined validation
- Easy to fill forms
- Easy document upload and payments

*Insta*
Virtual assistant at your fingertips

*Helping FCs with*
- Quote illustration
- Product & policy details
- Contests & commission details
- Tax and TDS related details

**Support & Servicing**

*Partner Portal*
Dedicated platform for FCs² giving business insights and fulfilling customer service requests

**Features:**
- Pay-outs and payment history
- Tax declaration and exemption details
- Medical reports
- Communication history
- Cross selling opportunity
- Regular reminder on premium collection

---

1. PRL: Pre-recruitment licensing
2. FC: Financial Consultant
3. IC38: Qualifying exam for becoming an insurance advisor, conducted by Insurance Institute of India
Expanding market through consistent product innovation

Launched before 2015:
- Retirement & pension
- Woman
- Group Credit Protect
- Click2Invest
- Youngstar

FY15-18
- Click 2 Protect 3D Plus (Protection)
- Pension Guaranteed Plan (Annuity)
- Classic One (ULIP)
- Cancer Care (Health)

FY19-21
- Sanchay Plus (Non-par savings)
- Sanchay Par Advantage (Participating)
- Group Poorna Suraksha (Group term insurance)

FY22
- Sanchay Fixed Maturity Plan (Non-par savings)
  - Guaranteed return savings plan which offers complete flexibility in terms of age coverage, premium payment & policy terms with industry first liquidity features
- HDFC Life QuickProtect (Protection)
  - A combination of Click2Protect Life plan and accidental death benefit, critical illness & income benefit on accidental disability riders, designed to give cover against 3Ds - Death, Disease and Disability
- Systematic Retirement Plan (Annuity)
  - Regular pay deferred annuity plan which allows flexibility to choose deferment period and annuity payout date

"PRODUCT INNOVATOR OF THE YEAR - LIFE INSURANCE", by Quantic India - 3rd Annual BFSI Technology Excellence Awards, 2022
Addressing customer needs at every stage of life

**Objective**

- Simple Savings
- Borrowing
- Investments
- Asset Drawdown

**Needs**

- First Job
- Buy new car
- Get married
- Medical care
- Buy Home
- Child’s education
- Plan for retirement
- Pay off mortgage
- Medical care
- Net Worth
- Retire

**Product Offerings**

- UL
- Par
- Non par savings
- Protection
- Annuity

**Product mix across age categories**

<table>
<thead>
<tr>
<th>Objective</th>
<th>&lt;25 years</th>
<th>25-35 years</th>
<th>36 – 50 years</th>
<th>50+ years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Simple Savings</td>
<td>35%</td>
<td>30%</td>
<td>27%</td>
<td>20%</td>
</tr>
<tr>
<td>Borrowing</td>
<td>34%</td>
<td>29%</td>
<td>28%</td>
<td>34%</td>
</tr>
<tr>
<td>Investments</td>
<td>27%</td>
<td>30%</td>
<td>37%</td>
<td>32%</td>
</tr>
<tr>
<td>Asset Drawdown</td>
<td>4%</td>
<td>11%</td>
<td>6%</td>
<td>1%</td>
</tr>
<tr>
<td>Protection</td>
<td>0%</td>
<td>0%</td>
<td>2%</td>
<td>13%</td>
</tr>
</tbody>
</table>

**Risks Addressed**

- Mortality
- Morbidity
- Longevity
- Interest Rate

**Product Offerings**

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

---

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

1. NPS
   - Largest Pension Fund Manager (PFM) in Retail and Corporate NPS segment, with AUM of Rs 284 bn
   - Registered strong AUM growth of 73% yoy
   - Market share grew from 34% in Mar’21 to 37% in Mar’22 amongst all PFM
   - Company has over 1.1 mn customers - ~0.8 mn in retail segment and ~0.4 mn in corporate segment
   - #1 POP\(^2\) in new Corporate and Corporate Subscriber business

2. Immediate / deferred annuity
   - Largest player in the private sector
   - Servicing 300+ corporates and >50,000 lives covered in FY22

3. Group superannuation fund
   - Managing funds for 160+ corporates under superannuation scheme

---

### NPS AUM

<table>
<thead>
<tr>
<th></th>
<th>FY17</th>
<th>FY19</th>
<th>FY21</th>
<th>FY22</th>
</tr>
</thead>
<tbody>
<tr>
<td>AUM</td>
<td>12</td>
<td>52</td>
<td>164</td>
<td>284</td>
</tr>
</tbody>
</table>

Ranked #1 based on AUM: 73% ▲

### Annuity portfolio

<table>
<thead>
<tr>
<th></th>
<th>FY17</th>
<th>FY19</th>
<th>FY21</th>
<th>FY22</th>
</tr>
</thead>
<tbody>
<tr>
<td>AUM</td>
<td>13</td>
<td>54</td>
<td>116</td>
<td>164</td>
</tr>
</tbody>
</table>

42% ▲

---

1. As on Mar 31, 2022
2. POP: Point of presence for enabling opening of accounts on a platform
Evolution of protection prices in India

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

1. Indicative movement of Term premium rates for HDFC Life, for Male, 35 year old, Non Tobacco user for Term 30, exclusive of tax
Our experience during the journey gave us multiple insights

---

**Protection growth trajectory of HDFC Life**

<table>
<thead>
<tr>
<th></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</td>
<td>1.5</td>
<td>3.3</td>
<td>2.5</td>
<td>6.2</td>
<td>10.5</td>
<td>10.7</td>
</tr>
<tr>
<td>Individual + Group</td>
<td>3.5</td>
<td>4.7</td>
<td>4.8</td>
<td>12.7</td>
<td>10.7</td>
<td>13.3</td>
</tr>
</tbody>
</table>

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

---

An illustrative depiction of segmental risk based on past experience

- Profitable growth
- Diversified distribution mix
- Market-leading innovation
- Reimagining insurance
- Quality of Board and management
- Nuanced approach while evaluating risks across customer segments
Our protection philosophy is based on our experience across cohorts.

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

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

Our Focus Areas:
- Strengthening underwriting practices and use of deep learning underwriting models
- Continue to address protection opportunity through group platform (Credit Life) apart from retail business
- Product innovation catering to varying customer needs; Higher focus on riders
- Leveraging available market & industry platforms e.g., central medical repository for faster turnaround and greater underwriting precision

Protection is a multi-decade opportunity that we plan to address prudently with continued innovation.
Strengthening underwriting and simplifying customer journey

**UW Engine**

- An in-house model that provides ability to set dynamic parameters
- Allows flexibility in deciding retention strategy without manual intervention
- 2-stage model developed using deep learning techniques. 1st stage predicts probability of future claim and 2nd stage proposes actual UW decision

**MediEasy**

- Assisted real time requirement closure – for hassle free medicals
  - Real time assisted financial scrutiny and help from financial desk
  - Real time video medicals
  - Real time medical scheduling

**Meditech initiatives**

- Non Invasive Heart Rate, BMI and other parameters using customer mobile video
  - Instant
  - Accessible
  - Accurate

1. UW: Underwriting
We leverage 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>Analytics and Data Enrichment Risk+</td>
<td>Reinsurance</td>
<td>Active re-pricing</td>
<td>TPAs &amp; medical centers</td>
</tr>
<tr>
<td></td>
<td>AI-ML based risk models, rule engines, credit bureaus etc.</td>
<td>Optimized reinsurance strategies for risk transfer</td>
<td>Ongoing wherever required (mostly applies for Group schemes)</td>
<td>Ensure process &amp; quality adherence</td>
</tr>
<tr>
<td></td>
<td>No ‘one size fits all’ underwriting</td>
<td>Catastrophe agreement</td>
<td>Product boundary conditions</td>
<td>Distribution partners</td>
</tr>
<tr>
<td></td>
<td>Dynamic classification depending on profile, detailed medical &amp; financial underwriting</td>
<td>To protect from 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>Regular portfolio review</td>
<td>Prudent reserving</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 board & management
Quality of board and management

Distribution partners
Adherence to best practices and continuous monitoring of risk

Prudent reserving
Well provisioned to prevent sudden shocks from current pandemic

Active re-pricing
Ongoing wherever required (mostly applies for Group schemes)

TPAs & medical centers
Ensure process & quality adherence

Balancing pricing & underwriting
Product boundary conditions
Gate criteria depending upon sourcing channel

Strong governance & audits @Partners
Distribution partners
Adherence to best practices and continuous monitoring of risk
## Product mix across key channels

### Banca

<table>
<thead>
<tr>
<th>Segment</th>
<th>FY19</th>
<th>FY20</th>
<th>FY21</th>
<th>FY22</th>
</tr>
</thead>
<tbody>
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<td>33%</td>
</tr>
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<td>Term</td>
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<td>3%</td>
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</table>

### Direct

<table>
<thead>
<tr>
<th>Segment</th>
<th>FY19</th>
<th>FY20</th>
<th>FY21</th>
<th>FY22</th>
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<tbody>
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<td>29%</td>
<td>28%</td>
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<tr>
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<tr>
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<tr>
<td>Annuity</td>
<td>24%</td>
<td>29%</td>
<td>35%</td>
<td>28%</td>
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### Company

<table>
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<tr>
<th>Segment</th>
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<th>FY20</th>
<th>FY21</th>
<th>FY22</th>
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<td>Annuity</td>
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<td>4%</td>
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### Agency

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<thead>
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<th>Segment</th>
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<th>FY20</th>
<th>FY21</th>
<th>FY22</th>
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<tbody>
<tr>
<td>UL</td>
<td>26%</td>
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<td>10%</td>
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<tr>
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<td>Annuity</td>
<td>5%</td>
<td>3%</td>
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</tbody>
</table>

### Online

<table>
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<tr>
<th>Segment</th>
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<th>FY21</th>
<th>FY22</th>
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<td>UL</td>
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<td>46%</td>
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<tr>
<td>Annuity</td>
<td>1%</td>
<td>1%</td>
<td>2%</td>
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</tr>
</tbody>
</table>

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

---

~40% of business with policy term <10 years; ~20% of received premium in single-pay policies since launch of Sanchay Fixed Maturity Plan.
Aligned to make life simpler for customers

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

Building resilience...

6. **Connecting with startups through Futurance¹**
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

**Life Easy**
End to end Term buying journey
21K+ applications submitted

**InstaQuote**
Quote generation app
30K+ daily quote generation

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

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

*More than 200 partners on-boarded*

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

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

*28K+ active FCs³ in Q4*

---

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

V Serv
Industry first video based ‘Phy-gital’ mode of service
OTP\(^1\) enabled customer authentication

Life.AI
24X7 NLP\(^2\) based WhatsApp bot
2.5mn+ unique users

Voice.AI
Availability of servicing on Voice Channels– Alexa, Google Assistant

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

**Underwriting engine**
Industry first: automated underwriting

**Persistency models**
Persistency prediction

**NLP² engine**
Conversational AI²

**FaceSense**
Face recognition

**SVAR**
Voice bot to manage end-to-end renewal call

**SPOK**
Email bot using NLP² for service queries

**InstA**
Virtual assistant for sales and service

**AgeTymer**
Face ageing

**Emolyzer**
Emotion based analysis of voice

**Text AI**
Sentiment analysis of chats & mails

**Vision AI**
BP³, BMI⁴ & Heart monitor

**Voice AI**
Voice authenticator

**Advance AI**
Incentivize lead measures for sales

**RAG¹ & Risk+**
Early claims prediction

**Cross-sell models**
Provides cross-sell propensity

**Customer retention**
Proactive retention

---

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

Rider Attachment
Attach riders at renewal seamless journey with 2 clicks

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

Offers fitness-related challenges
Physical and mental well-being content
Integrated with fitness wearables
Periodic BMI/fitness checks

Dear RAJNISH KUAMR,
Your decision to opt for Accidental Death Cover will go a long way in enhancing your family’s financial security.

HDFC LIFE PROGROWTH PLUS
Policy No: 12345678
Sum Assured: ₹3,00,000

Here’s a customized illustration for you to refer and make the payment

HDFC LIFE PROTECT PLUS RIDER

Accidental Death Cover
Risk Commencement Date: 21st Sep 2020
Rider Sum Assured: ₹2,50,000
Rider Premium: ₹148 (Annually)
Futurance program – Start-up outreach for driving Innovation

Initiative started in June 2019 in collaboration with IvyCamp Ventures Advisors

- 380+ applications received
- Collaboration with 85+ startups

Sample highlights of POC conducted

- AI based video assessment for branch service staff
- Quote calculator inbuilt in a video for lead generation

- Sales Management application for POSP agents
- Automation of AML analysis and reporting

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

380+ applications received
Collaboration with 85+ startups
Leveraging technology to build resilience

**Architecture Resilience – Scalability and Efficiency**
- Modular architecture
- Custom APIs
- Data Lake
- Low/no code Platforms
- Cloud

**Workforce Resilience – Hybrid Working Environment**
- Virtual Workspace
- Work From Anywhere
- Re-imagined processes
- Digital Re-skilling
- Morale and productivity enablers

**Cyber Resilience – Strengthen Cyber Security for post-covid world**
- Zero Trust
- Enhance SOC
- Access Control
- Secure Devices
- Face Recognition

1. SOC: Security Operations Center
Emphasis on digital across customer touch-points

New business / purchase
- **Digital sales journey** - End-to-end digital sales, from prospecting till conversion, including customer interactions
- **Chat PCV** and **eCCD** - No dependence on salesperson or call center. 50% digital pre-conversion verification (through chat and eCCD) in FY22
- **Telemedical** - 48% of the medicals done through telemedical in FY22
- **Uninterrupted customer assistance** - Work from home enabled across the organization; Access to Microsoft Teams, Citrix
- **InstaInsure** - Simplified insurance buying through a 3-click journey

Policy servicing
- **Digital Renewal collections** – 87% based on renewal premiums and 96% based on no. of policies in FY22; **SVAR** (voice bot for renewal calling) and use of Cloud telephony
- **Maturity payouts** - Email, WhatsApp and customer portal ‘My Account’ enabled to upload necessary docs
- **LifeEasy** - Simple ‘3 click claim’ process, 93% eligible claims settled in 1 day. Claims initiation process also enabled through WhatsApp
- **RPA** – Robotic Process automation handled 330+ processes remotely
- **Contact centres** - Branch staff replacing call centre agents

Customer interactions
- **InstA** - Seamlessly support experience – ~30 mn queries handled by instA (virtual assistant) during FY22
- **Use of mobile app** – 15% increase in mobile app usage
- **InstaServe** - OTP based policy servicing tool to handle customer queries
- **24*7 self-service options** – 95% of chats are self-serve via chat-bot
- **Branches** - Daily tracking of employee and agent safety

Employee / Partner engagement
- **e-learning platform** – 6,600+ agents attending training programs daily through Agency Life Platform
- **Agent on-boarding** - Insta PRL enabling digital on-boarding of agents – 91,000+ applications logged in FY22
- **Employee engagement** – Video conference based skill building sessions with digital partners (Twitter, Google, Facebook)
- **Partner trainings** - Conducted via digital collaboration tools

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

1. PCV: Pre-conversion verification; eCCD: Electronic Customer Consent Document
2. Claim settlement ratio through LifeEasy (online) and WhatsApp platform, as on 31st March 2022
Governance framework

**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
- Capital Raising Committee

**Management Committees/Councils**

- Whistleblower Committee
- Compliance Council
- Risk Management Council
- ALCO¹
- Information & Cyber Security Council
- Disciplinary Panel for Malpractices
- Prevention of Sexual Harassment

**Standalone councils**

- Business and Innovation
  - Product Council
  - Technology Council
  - Persistency Council

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

Additional governance through Internal, Concurrent and Statutory auditors

---

¹ ALCO: Asset Liability Management Committee

---
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>Sensitivity</th>
<th>Overall EV</th>
<th>VNB Margin</th>
<th>Non par EV</th>
<th>VNB Margin</th>
<th>Overall EV</th>
<th>VNB Margin</th>
<th>Non par EV</th>
<th>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>
<td>2.0%</td>
<td>1.4%</td>
<td>2.1%</td>
<td>2.5%</td>
</tr>
<tr>
<td>Interest Rate -1%</td>
<td>1.6%</td>
<td>0.9%</td>
<td>1.2%</td>
<td>1.8%</td>
<td>1.6%</td>
<td>0.8%</td>
<td>1.4%</td>
<td>1.5%</td>
</tr>
</tbody>
</table>

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

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

1. Performance Snapshot
2. Our Strategy
3. Customer Insights
4. Exide Life Transaction Update
5. Our approach to ESG
6. Annexures
7. Life insurance in India
Importance of Financial Instruments and Triggers to buy LI

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

1. Life Insurance Council IAC Study by Hansa Research, February 2022
2. % of respondents
Customer Insights – Women Policyholders

HDFC Life Customer Insights

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

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

Live your life your own way

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

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

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

### Participation of Women in Life Insurance

<table>
<thead>
<tr>
<th>Percentage of female policyholders</th>
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</thead>
<tbody>
<tr>
<td>HDFC Life</td>
</tr>
<tr>
<td>Male</td>
</tr>
<tr>
<td>69%</td>
</tr>
<tr>
<td>Female</td>
</tr>
<tr>
<td>31%</td>
</tr>
<tr>
<td>Private Insurers</td>
</tr>
<tr>
<td>Male</td>
</tr>
<tr>
<td>73%</td>
</tr>
<tr>
<td>Female</td>
</tr>
<tr>
<td>27%</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>State</th>
<th>Share(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kerala</td>
<td>43</td>
</tr>
<tr>
<td>Sikkim</td>
<td>41</td>
</tr>
<tr>
<td>Andhra Pradesh</td>
<td>40</td>
</tr>
<tr>
<td>Lakshadweep</td>
<td>40</td>
</tr>
<tr>
<td>Puducherry</td>
<td>40</td>
</tr>
<tr>
<td><strong>All-India average</strong></td>
<td><strong>33</strong></td>
</tr>
</tbody>
</table>

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

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

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### Exide Life Performance Snapshot: 12M FY22

#### Scale
- **Individual APE**
  - Rs bn: 7.3
  - Growth: 22%

- **AUM**
  - Rs bn: 196.8
  - Growth: 12%

- **Embedded Value**
  - Rs bn: 29.1
  - Growth: 8%

#### Profitability & Cost
- **VNB Margin (Pre-OR)**
  - FY22: 44%
  - FY21: 35%

- **Opex ratio**
  - FY22: 22%
  - FY21: 21%

#### Customer & Capital
- **13M Persistency**
  - FY22: 78%
  - FY21: 75%

- **Claim Settlement Ratio**
  - FY22: 99.1%
  - FY21: 98.5%

- **Renewal Premium**
  - FY22: 25.7
  - FY21: 24.2

- **Solvency**
  - Mar 31, 2022: 217%
  - Dec 31, 2021: 202%

#### Others
- **Channel Mix¹**
  - Agency: 57%
  - Banca: 7%
  - Broker: 22%
  - Direct: 14%

- **Product Mix¹**
  - Par: 47%
  - Non-par: 36%
  - Protection: 7%
  - ULIP: 10%

---

1. Based on Individual APE
Integration – Focus areas

### Accelerating revenues...

- Augmenting proprietary growth channels
  - Scaling-up with cross-entity best practices and brand value
- Access to wider distribution network with focus on priority micro markets
- Access to wider product portfolio for sales force
- Enhancing customer experience and sales productivity through digital tools

### Realizing cost savings...

- Optimizing nation-wide geographic presence (offices, branches, hubs)
- Rationalizing overlapping/ redundant spends
  - E.g. Brand spends, software maintenance, AMC
- Driving scale benefits for integrated entity
- Embedding digital operating model at scale

****

Aspiration to close NBM gap over 8-12 quarters
**Exide Life transaction timeline**

**Step 1:** Announcement of transaction (Sep 3, 2021)

**Step 2:** Shareholders’ approval for issuance of shares (Sep 29, 2021)

**Step 3:** Application filed with IRDAI and CCI for acquisition, ongoing interactions

**Step 4:** Receipt of approvals, Exide Life becomes 100% subsidiary of HDFC Life (Jan 1, 2022)

**Step 5:** Integration Phase-1 (9-12 months)

**Step 6:** Application filed with NCLT for merging the two companies (April 22, 2022)

**Step 7:** Final approval for merger (expected in H2 FY23)

**Step 8:** Integration Phase-2 (12-18 months post merger)
Our ESG Strategy

5 pillars of ESG Strategy

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

External Validation

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

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

Integrated report and ESG Report published in 2021
Ethical Conduct & Governance

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

2. Board evaluation & independence
   - Five independent directors
   - 'Fit and Proper' as per regulation

3. Remuneration policy
   - Seeks to balance the fixed and incentive pay
   - Disclosed in the annual report

4. Performance Management System
   - Based on the principles of balanced scorecard

5. Corporate Governance Award
   - Best Governed Company in listed segment: Large category at ICSI; National Awards for Excellence in Corporate Governance

Risk management and BCM

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

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

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

4. Sensitivity analysis and stress testing

Information/Cyber Security

1. ISO 27001:2013 and ISMS assessment program
   - Data Privacy Policy

Fraud risk management

- Values program;
- Disciplinary Panel for Malpractices;
- Fraud monitoring initiatives

Business ethics and compliances

1. Code of Conduct
2. Whistle-blower Policy
3. PRSH²
4. BRR3 & Stewardship Code
5. Anti Bribery & Corruption Policy
6. Human Rights & DEI⁴
7. AML⁵
8. Privacy Policy

1. ICSI: Institute of Companies Secretaries of India
2. PRSH: Prevention and Redressal of Sexual Harassment
3. BRR: Business Responsibility Report
4. DEI: Diversity, Equity and Inclusion
5. AML: Anti Money Laundering
Objective
To generate optimal risk adjusted returns over the long term

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

Responsible Investment Policy

Bolstering commitment towards Responsible Investment

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

Sustainable Equity Fund

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

Change begins with you. And your investments.

Responsible Investing with Sustainable Equity Fund.
Employee Engagement & Diversity, Equity and Inclusion (DEI)

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

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

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

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

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

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

---

1. ESOPs: Employee Stock Options
# Holistic Living: Inclusive Growth

## Our CSR Focus

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

<table>
<thead>
<tr>
<th>Category</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education &amp; Livelihood</td>
<td></td>
</tr>
<tr>
<td>Health &amp; Sanitation</td>
<td></td>
</tr>
<tr>
<td>Environmental Sustainability</td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td></td>
</tr>
</tbody>
</table>

### The Swabhimaan Impact

<table>
<thead>
<tr>
<th>Category</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.5 lakh+ Beneficiaries</td>
<td></td>
</tr>
<tr>
<td>25 Implementation Partners</td>
<td></td>
</tr>
<tr>
<td>20+ Projects</td>
<td></td>
</tr>
<tr>
<td>20+ States and UTs</td>
<td></td>
</tr>
</tbody>
</table>

### SUSTAINABLE DEVELOPMENT GOALS

Support **12** out of the **17** UN SDGs

**Rs 174 mn**

Total CSR Spent in FY 2021-22
Holistic Living: Delivering superior customer experience

**Customer Centricity**

- **Journey simplification – frictionless sales and service**
- **Document simplification & elimination**
- **Leveraging advanced technologies for personalization and better customer experience (CX)**
- **Contactless services - new normal**

**OCR: Enabling digital document submission and verification**

**Online claim processing** for eligible customers via EasyClaims platform

**Straight through processing** of maturity payouts for verified accounts

**Cognitive bots** – policy queries answered within 2-3 clicks

**Personalization** – Pre-approved sum assured for customers based on risk profile

**Digital Life Certificate** for collecting survival proof from senior citizens

**Contactless branches** by leveraging face recognition technology

---

1. **OCR:** Optical Character Recognition
## Sustainable Operations

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

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

### De-carbonization roadmap and way forward
**Key initiatives & action points for FY23:**
- GHG (Greenhouse gas) inventorization
- TCFD (Task Force on Climate-Related Financial Disclosures)
- SBTi (Science Based Targets initiative)

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

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

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

---

### ESG
- Sustainability Report FY21
- ESG framework
- Materiality Assessment
- Climate Change
- Human Rights
- Supply Chain Management
- Community Engagement
- Data and reporting

---

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

### Waste management
- 26 tonnes of e-waste recycled/refurbished/disposed in FY22
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  - Bio-degradable garbage bags
  - Cafeteria with reusable plates, cutlery, wooden stirrers etc.
  - Procurement of plastic water bottles discontinued at Pan-India locations
1. Performance Snapshot
2. Our Strategy
3. Customer Insights
4. Exide Life Transaction Update
5. Our approach to ESG
6. Annexures
7. Life insurance in India
Improvement in overall persistency trends

### Across key channels (%)

<table>
<thead>
<tr>
<th>Agency</th>
<th>Banca</th>
<th>Direct</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>93</td>
<td>83</td>
<td>88</td>
<td>92</td>
</tr>
<tr>
<td>87</td>
<td>78</td>
<td>80</td>
<td>86</td>
</tr>
<tr>
<td>83</td>
<td>70</td>
<td>73</td>
<td>79</td>
</tr>
<tr>
<td>78</td>
<td>70</td>
<td>66</td>
<td>71</td>
</tr>
</tbody>
</table>

**Legend:**
- 13th month
- 25th month
- 37th month
- 49th month
- 61st month

### Across key segments (%)

<table>
<thead>
<tr>
<th>Savings (Traditional)</th>
<th>Savings (UL)</th>
<th>Protection</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>95</td>
<td>82</td>
<td>93</td>
<td>90</td>
</tr>
<tr>
<td>90</td>
<td>73</td>
<td>87</td>
<td>81</td>
</tr>
<tr>
<td>85</td>
<td>71</td>
<td>80</td>
<td>71</td>
</tr>
<tr>
<td>72</td>
<td>67</td>
<td>75</td>
<td>67</td>
</tr>
<tr>
<td>66</td>
<td>51</td>
<td>68</td>
<td>53</td>
</tr>
</tbody>
</table>

**Legend:**
- 13th month
- 25th month
- 37th month
- 49th month
- 61st month

1. For individual business; Including single premium and fully paid up policies
Improvement in overall persistency trends

### Across key channels (%)

<table>
<thead>
<tr>
<th></th>
<th>Agency</th>
<th>Banca</th>
<th>Direct</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>13th month</td>
<td>90</td>
<td>86</td>
<td>89</td>
<td>87</td>
</tr>
<tr>
<td>25th month</td>
<td>82</td>
<td>77</td>
<td>78</td>
<td>79</td>
</tr>
<tr>
<td>37th month</td>
<td>70</td>
<td>68</td>
<td>66</td>
<td>67</td>
</tr>
<tr>
<td>49th month</td>
<td>67</td>
<td>64</td>
<td>62</td>
<td>63</td>
</tr>
<tr>
<td>61st month</td>
<td>58</td>
<td>54</td>
<td>57</td>
<td>54</td>
</tr>
</tbody>
</table>

### Across key segments (%)

<table>
<thead>
<tr>
<th></th>
<th>Savings (Traditional)</th>
<th>Savings (UL)</th>
<th>Protection</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>13th month</td>
<td>90</td>
<td>79</td>
<td>93</td>
<td>85</td>
</tr>
<tr>
<td>25th month</td>
<td>82</td>
<td>70</td>
<td>87</td>
<td>71</td>
</tr>
<tr>
<td>37th month</td>
<td>65</td>
<td>68</td>
<td>80</td>
<td>65</td>
</tr>
<tr>
<td>49th month</td>
<td>61</td>
<td>65</td>
<td>75</td>
<td>63</td>
</tr>
<tr>
<td>61st month</td>
<td>60</td>
<td>48</td>
<td>68</td>
<td>49</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>FY21</th>
<th>Impact of higher APE</th>
<th>Change in assumptions</th>
<th>New Business Profile</th>
<th>Fixed cost absorption</th>
<th>FY22</th>
</tr>
</thead>
<tbody>
<tr>
<td>21.9</td>
<td>3.6</td>
<td>0.8</td>
<td>1.3</td>
<td>0.8</td>
<td>26.8</td>
</tr>
</tbody>
</table>

NBM%  26.1%  0.0%  -0.8%  1.3%  0.8%  27.4%

Rs bn

22%
Sensitivity analysis – FY22

<table>
<thead>
<tr>
<th>Analysis based on key metrics</th>
<th>Scenario</th>
<th>Change in VNB Margin¹</th>
<th>% Change in EV</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Change in</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reference rate</td>
<td>Increase by 1%</td>
<td>-1.4%</td>
<td>-2.0%</td>
</tr>
<tr>
<td></td>
<td>Decrease by 1%</td>
<td>0.8%</td>
<td>1.6%</td>
</tr>
<tr>
<td>Equity Market movement</td>
<td>Decrease by 10%</td>
<td>-0.1%</td>
<td>-1.4%</td>
</tr>
<tr>
<td>Persistency (Lapse rates)</td>
<td>Increase by 10%</td>
<td>-0.6%</td>
<td>-0.6%</td>
</tr>
<tr>
<td></td>
<td>Decrease by 10%</td>
<td>0.7%</td>
<td>0.6%</td>
</tr>
<tr>
<td>Maintenance expenses</td>
<td>Increase by 10%</td>
<td>-0.5%</td>
<td>-0.8%</td>
</tr>
<tr>
<td></td>
<td>Decrease by 10%</td>
<td>0.5%</td>
<td>0.8%</td>
</tr>
<tr>
<td>Acquisition Expenses</td>
<td>Increase by 10%</td>
<td>-3.4%</td>
<td>NA</td>
</tr>
<tr>
<td></td>
<td>Decrease by 10%</td>
<td>3.4%</td>
<td>NA</td>
</tr>
<tr>
<td>Mortality / Morbidity</td>
<td>Increase by 5%</td>
<td>-1.2%</td>
<td>-1.0%</td>
</tr>
<tr>
<td></td>
<td>Decrease by 5%</td>
<td>1.2%</td>
<td>1.0%</td>
</tr>
<tr>
<td>Tax rate²</td>
<td>Increased to 25%</td>
<td>-4.8%</td>
<td>-9.1%</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.
**Capital position**

### NB premium growth

<table>
<thead>
<tr>
<th></th>
<th>Rs bn</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mar 31, 2019</td>
<td>62.7</td>
</tr>
<tr>
<td>Mar 31, 2020</td>
<td>70.8</td>
</tr>
<tr>
<td>Mar 31, 2021</td>
<td>94.3</td>
</tr>
<tr>
<td>Mar 31, 2022</td>
<td>14.3</td>
</tr>
</tbody>
</table>

- **ASM**
- **RSM @100%**
- **Incremental RSM @150%**
- **Surplus Capital**
- **Solvency margin**

<table>
<thead>
<tr>
<th>Mar 31, 2019</th>
<th>32%</th>
<th>15%</th>
<th>17%</th>
<th>20%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mar 31, 2020</td>
<td>12.7</td>
<td>16.7</td>
<td>19.2</td>
<td>13.1</td>
</tr>
<tr>
<td>Mar 31, 2021</td>
<td>33.3</td>
<td>38.5</td>
<td>46.9</td>
<td>24.0</td>
</tr>
<tr>
<td>Mar 31, 2022</td>
<td>62.7</td>
<td>70.8</td>
<td>94.3</td>
<td>14.3</td>
</tr>
</tbody>
</table>

### Observations

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

---

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

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

1. Calculated as difference from April to March
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

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

Source: Swiss Re (Based on respective financial year of the countries), MOSPI, United Nations World Populations Prospects Report (2017)
Low levels of penetration – Life protection

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

\begin{itemize}
  \item India has the highest protection gap in the region, as growth in savings and life insurance coverage has lagged behind economic and wage growth
  \item Protection gap growth rate is predicted to grow at 4% per annum
\end{itemize}

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

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

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

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

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

Source: Milliman Asia Retirement Report 2017; Survey by NSSO, Ministry of statistics and Programme implementation Crisil PFRDA, Census of India, UN Population Estimates
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\textsuperscript{1} trends

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

\textsuperscript{1}Based on Individual Weighted Received Premium (WRP)

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

- **Product mix**
  - Unit Linked
  - Conventional

<table>
<thead>
<tr>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
<th>FY19</th>
<th>FY20</th>
<th>FY21</th>
</tr>
</thead>
<tbody>
<tr>
<td>43%</td>
<td>48%</td>
<td>51%</td>
<td>54%</td>
<td>51%</td>
<td>44%</td>
<td>39%</td>
</tr>
<tr>
<td>57%</td>
<td>52%</td>
<td>49%</td>
<td>46%</td>
<td>49%</td>
<td>56%</td>
<td>61%</td>
</tr>
</tbody>
</table>

- **Distribution mix**
  - Individual Agents
  - Corporate Agents - Banks
  - Corporate Agents - Others
  - Brokers
  - Direct Business

<table>
<thead>
<tr>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
<th>FY19</th>
<th>FY20</th>
<th>FY21</th>
</tr>
</thead>
<tbody>
<tr>
<td>9%</td>
<td>10%</td>
<td>10%</td>
<td>12%</td>
<td>14%</td>
<td>16%</td>
<td>16%</td>
</tr>
<tr>
<td>3%</td>
<td>3%</td>
<td>3%</td>
<td>3%</td>
<td>3%</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>47%</td>
<td>52%</td>
<td>54%</td>
<td>54%</td>
<td>55%</td>
<td>53%</td>
<td>55%</td>
</tr>
<tr>
<td>36%</td>
<td>32%</td>
<td>30%</td>
<td>28%</td>
<td>25%</td>
<td>25%</td>
<td>23%</td>
</tr>
</tbody>
</table>

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

1. Based on Overall WRP (Individual and Group);
2. Based on Individual New business premia for all private players

Source: IRDAI and Life Insurance Council
Government bond auctions

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

Government Bonds – Tenorwise Issuance

<table>
<thead>
<tr>
<th></th>
<th>FY17</th>
<th>FY18</th>
<th>FY19</th>
<th>FY20</th>
<th>FY21</th>
<th>FY22</th>
</tr>
</thead>
<tbody>
<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>8,48,000</td>
</tr>
<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>3,31,000</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>11,79,000</td>
</tr>
</tbody>
</table>

Source: CCIL & National Statistics Office, Union Budget, RBI
Appendix
Financial and operational snapshot (1/2)

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

1. EV before cash payout for acquisition grew by 16% in FY22
2. Comprises share capital, share premium and accumulated profits/(losses)
### Financial and operational snapshot (2/2)

<table>
<thead>
<tr>
<th></th>
<th>FY22</th>
<th>FY21</th>
<th>FY20</th>
<th>FY19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall New Business Margins (post overrun)</td>
<td>27.4%</td>
<td>26.1%</td>
<td>25.9%</td>
<td>24.6%</td>
</tr>
<tr>
<td>Operating Return on EV</td>
<td>19.0%</td>
<td>18.5%</td>
<td>18.1%</td>
<td>20.1%</td>
</tr>
<tr>
<td>(1) Operating Expenses / Total Premium</td>
<td>12.3%</td>
<td>12.0%</td>
<td>13.1%</td>
<td>13.1%</td>
</tr>
<tr>
<td>Total Expenses (OpEx + Commission) / Total Premium</td>
<td>16.5%</td>
<td>16.4%</td>
<td>17.7%</td>
<td>17.0%</td>
</tr>
<tr>
<td>Return on Equity</td>
<td>10.1%</td>
<td>17.6%</td>
<td>20.5%</td>
<td>24.6%</td>
</tr>
<tr>
<td>(2) Solvency Ratio</td>
<td>176%</td>
<td>201%</td>
<td>184%</td>
<td>188%</td>
</tr>
<tr>
<td>Persistency (13M / 61M)</td>
<td>92%/58%</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>
</tr>
<tr>
<td>- Individual WRP</td>
<td>14.8%</td>
<td>15.5%</td>
<td>14.2%</td>
<td>12.5%</td>
</tr>
<tr>
<td>- Group New Business</td>
<td>27.9%</td>
<td>27.6%</td>
<td>29.0%</td>
<td>28.4%</td>
</tr>
<tr>
<td>- Total New Business</td>
<td>21.0%</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>
</tr>
<tr>
<td>- Product (UL/Non par savings/Annuity/Non par protection/Par)</td>
<td>26/33/5/6/30</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>60/14/6/19</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>24/6/2/16/52</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 (Based on Indl APE)</td>
<td>5.6%</td>
<td>6.8%</td>
<td>7.6%</td>
<td>6.7%</td>
</tr>
<tr>
<td>- Share of protection business (Based on Overall APE)</td>
<td>13.6%</td>
<td>12.8%</td>
<td>17.2%</td>
<td>16.7%</td>
</tr>
<tr>
<td>- Share of protection business (Based on NBP)</td>
<td>24.0%</td>
<td>19.6%</td>
<td>27.6%</td>
<td>27.0%</td>
</tr>
</tbody>
</table>

1. Pre excess mortality reserve (EMR) EVOP% is 19.0%; Post accounting for EMR, EVOP% stands at 16.6%
2. Calculated using net profit and average net worth for the period (Net worth comprises of Share capital, Share premium and Accumulated profits)
3. Individual persistency ratios (based on original premium)
4. Based on individual APE. UL: Unit Linked, Trad: Traditional, Par: Participating & CA: Corporate Agents. Percentages are rounded off
5. Based on total new business premium including group. Percentages are rounded off
### Revenue and Profit & Loss A/c

#### Revenue A/c

<table>
<thead>
<tr>
<th></th>
<th>FY22</th>
<th>FY21</th>
</tr>
</thead>
<tbody>
<tr>
<td>Premium earned</td>
<td>459.6</td>
<td>385.8</td>
</tr>
<tr>
<td>Reinsurance ceded</td>
<td>(5.7)</td>
<td>(4.6)</td>
</tr>
<tr>
<td>Income from Investments</td>
<td>192.2</td>
<td>326.8</td>
</tr>
<tr>
<td>Other Income</td>
<td>1.5</td>
<td>1.6</td>
</tr>
<tr>
<td>Transfer from Shareholders’ Account</td>
<td>5.7</td>
<td>2.6</td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td><strong>653.3</strong></td>
<td><strong>712.1</strong></td>
</tr>
<tr>
<td>Commissions</td>
<td>19.4</td>
<td>17.1</td>
</tr>
<tr>
<td>Expenses</td>
<td>56.1</td>
<td>45.9</td>
</tr>
<tr>
<td>GST on UL charges</td>
<td>3.7</td>
<td>3.6</td>
</tr>
<tr>
<td>Provision for taxation</td>
<td>1.8</td>
<td>2.7</td>
</tr>
<tr>
<td>Provision for diminution in value of investments</td>
<td>(2.6)</td>
<td>(1.9)</td>
</tr>
<tr>
<td><strong>Benefits paid</strong></td>
<td><strong>300.5</strong></td>
<td><strong>217.5</strong></td>
</tr>
<tr>
<td>Change in valuation reserve</td>
<td>246.8</td>
<td>408.3</td>
</tr>
<tr>
<td>Bonuses Paid</td>
<td>17.9</td>
<td>7.9</td>
</tr>
<tr>
<td><strong>Total Outgoings</strong></td>
<td><strong>643.7</strong></td>
<td><strong>701.2</strong></td>
</tr>
<tr>
<td><strong>Surplus</strong></td>
<td><strong>9.6</strong></td>
<td><strong>11.0</strong></td>
</tr>
</tbody>
</table>

#### Profit and Loss A/c

<table>
<thead>
<tr>
<th></th>
<th>FY22</th>
<th>FY21</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest and dividend income</td>
<td>4.8</td>
<td>4.4</td>
</tr>
<tr>
<td>Net profit/(loss) on sale</td>
<td>3.1</td>
<td>2.1</td>
</tr>
<tr>
<td>Transfer from Policyholders’ Account</td>
<td>10.1</td>
<td>9.9</td>
</tr>
<tr>
<td>Other Income</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>18.0</strong></td>
<td><strong>16.4</strong></td>
</tr>
<tr>
<td><strong>Outgoings</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfer to Policyholders’ Account</td>
<td>5.7</td>
<td>2.6</td>
</tr>
<tr>
<td>Expenses</td>
<td>0.4</td>
<td>0.4</td>
</tr>
<tr>
<td>Interest on convertible debentures</td>
<td>0.4</td>
<td>0.3</td>
</tr>
<tr>
<td>Provision for diminution in value of investments</td>
<td>(0.3)</td>
<td>(0.4)</td>
</tr>
<tr>
<td>Provision for Taxation</td>
<td>(0.3)</td>
<td>(0.1)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>5.9</strong></td>
<td><strong>2.8</strong></td>
</tr>
</tbody>
</table>

#### Profit for the year as per P&L Statement

<table>
<thead>
<tr>
<th></th>
<th>FY22</th>
<th>FY21</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>12.1</td>
<td>13.6</td>
</tr>
</tbody>
</table>

---

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

<table>
<thead>
<tr>
<th></th>
<th>March 31, 2022</th>
<th>Mar 31, 2021</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>86.7</td>
<td>25.0</td>
</tr>
<tr>
<td>Accumulated profits</td>
<td>67.3</td>
<td>59.3</td>
</tr>
<tr>
<td>Fair value change</td>
<td>0.8</td>
<td>2.1</td>
</tr>
<tr>
<td><strong>Sub total</strong></td>
<td>154.8</td>
<td>86.4</td>
</tr>
<tr>
<td><strong>Borrowings</strong></td>
<td>6.0</td>
<td>6.0</td>
</tr>
<tr>
<td><strong>Policyholders’ funds</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fair value change</td>
<td>21.7</td>
<td>25.6</td>
</tr>
<tr>
<td>Policy Liabilities</td>
<td>1,043.4</td>
<td>855.2</td>
</tr>
<tr>
<td>Provision for Linked Liabilities</td>
<td>765.2</td>
<td>709.6</td>
</tr>
<tr>
<td>Funds for discontinued policies</td>
<td>41.0</td>
<td>38.0</td>
</tr>
<tr>
<td><strong>Sub total</strong></td>
<td>1,871.3</td>
<td>1628.4</td>
</tr>
<tr>
<td>Funds for future appropriation (Par)</td>
<td>9.4</td>
<td>9.9</td>
</tr>
<tr>
<td><strong>Total Source of funds</strong></td>
<td>2,041.6</td>
<td>1,730.7</td>
</tr>
<tr>
<td>Shareholders’ investment</td>
<td>152.4</td>
<td>85.4</td>
</tr>
<tr>
<td>Policyholders’ investments: Non-linked</td>
<td>1,083.1</td>
<td>905.4</td>
</tr>
<tr>
<td>Policyholders’ investments: Linked</td>
<td>806.2</td>
<td>747.6</td>
</tr>
<tr>
<td>Loans</td>
<td>6.4</td>
<td>4.2</td>
</tr>
<tr>
<td>Fixed assets</td>
<td>3.4</td>
<td>3.4</td>
</tr>
<tr>
<td>Net current assets</td>
<td>(10.0)</td>
<td>(15.4)</td>
</tr>
<tr>
<td><strong>Total Application of funds</strong></td>
<td>2,041.6</td>
<td>1,730.7</td>
</tr>
</tbody>
</table>

1. Numbers may not add up due to rounding off effect
Focus on long term insurance solutions, reflected in terms of long policy tenure

Extensive product solutions catering customer needs across life cycles from young age to relatively older population
## Summary of Milliman report on our ALM approach – FY20

### Scope of review
- 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) based on FY20 disclosures
Indian Embedded value: Methodology and Approach (1/2)

Overview

Indian Embedded Value (IEV) consists of:

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

Components of Adjusted Net Worth (ANW)

- **Free surplus (FS)**: FS is the Market value of any assets allocated to, but not required to support, the in-force covered business as at the valuation date. The FS has been determined as the adjusted net worth of the Company (being the net shareholders’ funds adjusted to revalue assets to Market value), less the RC as defined below.
- **Required capital (RC)**: RC is the amount of assets attributed to the covered business over and above that required to back liabilities for the covered business. The distribution of this to shareholders is restricted. RC is set equal to the internal target level of capital equal to 170% of the factor-based regulatory solvency requirements, less the funds for future appropriations (“FFA”) in the participating funds.
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></th>
<th>Spot rates %</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>As at Mar 31, 2021</td>
<td>As at Mar 31, 2022</td>
<td>As at Mar 31, 2021</td>
<td>As at Mar 31, 2022</td>
</tr>
<tr>
<td>1</td>
<td>3.95</td>
<td>4.34</td>
<td>3.87</td>
<td>4.25</td>
</tr>
<tr>
<td>2</td>
<td>5.31</td>
<td>5.65</td>
<td>4.52</td>
<td>4.87</td>
</tr>
<tr>
<td>3</td>
<td>6.27</td>
<td>6.70</td>
<td>5.04</td>
<td>5.41</td>
</tr>
<tr>
<td>4</td>
<td>6.95</td>
<td>7.43</td>
<td>5.46</td>
<td>5.85</td>
</tr>
<tr>
<td>5</td>
<td>7.42</td>
<td>7.90</td>
<td>5.80</td>
<td>6.20</td>
</tr>
<tr>
<td>10</td>
<td>7.97</td>
<td>8.36</td>
<td>6.71</td>
<td>7.10</td>
</tr>
<tr>
<td>15</td>
<td>7.52</td>
<td>7.97</td>
<td>6.95</td>
<td>7.34</td>
</tr>
<tr>
<td>20</td>
<td>7.06</td>
<td>7.57</td>
<td>6.96</td>
<td>7.36</td>
</tr>
<tr>
<td>25</td>
<td>6.76</td>
<td>7.27</td>
<td>6.90</td>
<td>7.32</td>
</tr>
<tr>
<td>30</td>
<td>6.59</td>
<td>7.08</td>
<td>6.82</td>
<td>7.25</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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