Executive summary: FY24

### Revenue & Scale

<table>
<thead>
<tr>
<th>Individual APE</th>
<th>Rs. Bn</th>
<th>115.1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth¹</td>
<td>1%</td>
<td></td>
</tr>
<tr>
<td>2-year CAGR</td>
<td>14%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Renewal premium</th>
<th>Rs (Bn.)</th>
<th>334.5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth</td>
<td>18%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>AUM</th>
<th>Rs (Bn.)</th>
<th>2,922</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth</td>
<td>22%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>IEV</th>
<th>Rs (Bn.)</th>
<th>474.7</th>
</tr>
</thead>
<tbody>
<tr>
<td>EVOP</td>
<td>17.5%</td>
<td></td>
</tr>
</tbody>
</table>

### Profitability & Cost

<table>
<thead>
<tr>
<th>Value of New Business (VNB)</th>
<th>Rs (Bn.)</th>
<th>35.0</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth</td>
<td>-5%</td>
<td></td>
</tr>
<tr>
<td>2-year CAGR</td>
<td>14%</td>
<td></td>
</tr>
</tbody>
</table>

| New Business Margin (NBM)   | CY  | 26.3% | |
|-----------------------------|-----|-------||
|                             | PY  | 27.6% | |

<table>
<thead>
<tr>
<th>Profit After Tax (PAT)</th>
<th>Rs (Bn.)</th>
<th>15.7</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth</td>
<td>15%</td>
<td></td>
</tr>
</tbody>
</table>

| Total exp. ratio²           | CY  | 19.4% | |
|-----------------------------|-----|-------||
|                             | PY  | 19.8% | |

### Customer & Capital

<table>
<thead>
<tr>
<th>13th month persistency</th>
<th>CY</th>
<th>87%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>PY</td>
<td>87%</td>
</tr>
</tbody>
</table>

| Claim settlement ratio (FY24) | Overall | 99.7% | |
|-------------------------------|---------|-------||
|                               | Individual | 99.5% | |

<table>
<thead>
<tr>
<th>Complaints per 10K policies²</th>
<th>FY24</th>
<th>28</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FY23</td>
<td>35</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Solvency</th>
<th>Mar’24</th>
<th>187%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Dec’23</td>
<td>190%</td>
</tr>
</tbody>
</table>

---

1. Normalized growth (excluding Rs. 10 Bn of FY23 business which was one-off due to Union Budget changes) for FY24 is 11%
2. Total Expense Ratio is calculated as total expenses (including commission) divided by total premium
3. Complaints data (excluding survival and death claims)
Agenda

1. Performance Snapshot
2. Business Overview
3. Other Business Highlights
4. Our approach to ESG
5. Life insurance in India
Consistent, predictable, sustained performance

**Holistic growth**

<table>
<thead>
<tr>
<th>Individual APE</th>
<th>FY16</th>
<th>FY20</th>
<th>FY24</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>34</td>
<td>61</td>
<td>115</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>1.8x</th>
<th>1.9x</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Renewal premium</th>
<th>FY16</th>
<th>FY20</th>
<th>FY24</th>
</tr>
</thead>
<tbody>
<tr>
<td>98</td>
<td>155</td>
<td>334</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>1.6x</th>
<th>2.2x</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Protection new business¹</th>
<th>FY16</th>
<th>FY20</th>
<th>FY24</th>
</tr>
</thead>
<tbody>
<tr>
<td>11.2</td>
<td>47.6</td>
<td>95.2</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>4x</th>
<th>2x</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Annuity new business</th>
<th>FY16</th>
<th>FY20</th>
<th>FY24</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.7</td>
<td>26.9</td>
<td>48.8</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>10.1x</th>
<th>1.8x</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>AUM</th>
<th>Mar 31, 2016</th>
<th>Mar 31, 2020</th>
<th>Mar 31, 2024</th>
</tr>
</thead>
<tbody>
<tr>
<td>74</td>
<td>127</td>
<td>292</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>1.7x</th>
<th>2.3x</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>13M persistency²</th>
<th>FY16</th>
<th>FY20</th>
<th>FY24</th>
</tr>
</thead>
<tbody>
<tr>
<td>79% (~1pp)</td>
<td>80% (~7pp)</td>
<td>87%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>FY17</th>
<th>FY18</th>
<th>FY19</th>
<th>FY20</th>
<th>FY21</th>
<th>FY22</th>
<th>FY23</th>
<th>FY24</th>
</tr>
</thead>
<tbody>
<tr>
<td>9.2</td>
<td>12.8</td>
<td>15.4</td>
<td>19.2</td>
<td>21.9</td>
<td>26.8</td>
<td>36.7</td>
<td>35.0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>embed</th>
<th>FY19-23</th>
<th>2.4x</th>
<th>FY20-24</th>
<th>1.8x</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>VNB</th>
<th>FY17</th>
<th>FY18</th>
<th>FY19</th>
<th>FY20</th>
<th>FY21</th>
<th>FY22</th>
<th>FY23</th>
<th>FY24</th>
</tr>
</thead>
<tbody>
<tr>
<td>74</td>
<td>127</td>
<td>292</td>
<td>79%</td>
<td>80%</td>
<td>87%</td>
<td>125</td>
<td>152</td>
<td>183</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>embed</th>
<th>FY19-23</th>
<th>2.5x</th>
<th>FY20-24</th>
<th>475</th>
</tr>
</thead>
</table>

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

Change in ULIP regulation
- Cap on charges
- No surrender charges
- Tax exemption removed for policies > Rs 5 lakh

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

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

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

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

Change in ULIP regulation
- Cap on charges
- No surrender charges
- Tax exemption removed for policies > Rs 5 lakh

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

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

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

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

- Shift to diversified product mix strategy
- Scaling up of CP business
- Diversified distribution – Increase in new tie-ups
- Growing proprietary – Agency/Direct

Tech enablement – for faster claim settlement & policy issuance
- Prudent risk management
- Distribution expansion for tapping new markets – Exide Life M&A, increasing market share in new partnerships

- Focus on broadening customer base
- Upfront investments in distribution infrastructure, technology and manpower to capitalize on the long term opportunity

Grew ~2 times industry between FY11-FY24 while sustaining profitability

<table>
<thead>
<tr>
<th>Consistent product innovation</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY11</td>
</tr>
<tr>
<td>10.0%</td>
</tr>
<tr>
<td>18%</td>
</tr>
<tr>
<td>-8%</td>
</tr>
</tbody>
</table>

Note: Indl WRP in Rs bn
1. New Business Margin
2. WRP: Weighted Received Premium
3. Indl WRP and overall industry growth based on 11MFY24 industry numbers
Robust delivery across key metrics (1/2)

Steady individual WRP growth despite headwinds

- Pvt. mkt share:
  - FY22: 16.1%
  - FY23: 16.5%
  - FY24: 15.4%
- Overall mkt share:
  - FY22: 10.1%
  - FY23: 10.8%
  - FY24: 10.4%

Focus on increasing customer base (NOPs)

- 2-year CAGR: 13%
- FY22: 88.7
- FY23: 112.6
- FY24: 113.8

Focus on diversified channel mix

- FY22: Bancassurance 60%, Direct 19%, Agency 14%, Brokers and others 6%
- FY23: Bancassurance 56%, Direct 20%, Agency 13%, Brokers and others 11%
- FY24: Bancassurance 65%, Direct 18%, Agency 11%, Brokers and others 16%

Balanced product mix

- Total APE:
  - FY22: 31%
  - FY23: 26%
  - FY24: 26%
- Total NBP:
  - FY22: 31%
  - FY23: 32%
  - FY24: 32%

Focus on diversified channel mix

- FY22: Bancassurance 60%, Direct 14%, Agency 13%, Brokers and others 6%
- FY23: Bancassurance 56%, Direct 20%, Agency 13%, Brokers and others 11%
- FY24: Bancassurance 65%, Direct 18%, Agency 11%, Brokers and others 16%

1. FY22 includes Exide Life
2. Based on Individual APE
3. Based on 11MFY24 industry numbers
Robust delivery across key metrics (2/2)

Stable Persistency

- Focus on quality of business and providing superior customer experience

<table>
<thead>
<tr>
<th></th>
<th>FY22</th>
<th>FY23</th>
<th>FY24</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stable Persistency</td>
<td>87%</td>
<td>87%</td>
<td>87%</td>
</tr>
<tr>
<td>13th</td>
<td>54%</td>
<td>52%</td>
<td>53%</td>
</tr>
</tbody>
</table>

Sustained VNB growth (2-year VNB CAGR) despite headwinds

- Multiple pools of profitability contributing to VNB accretion
- 2-year VNB CAGR: 14%

<table>
<thead>
<tr>
<th></th>
<th>FY22</th>
<th>FY23</th>
<th>FY24</th>
</tr>
</thead>
<tbody>
<tr>
<td>VNB CAGR</td>
<td>27.4%</td>
<td>27.6%</td>
<td>26.3%</td>
</tr>
<tr>
<td></td>
<td>26.8</td>
<td>36.7</td>
<td>35.0</td>
</tr>
</tbody>
</table>

Strong growth in renewal premium

- Backed by strong persistency and growing backbook

<table>
<thead>
<tr>
<th></th>
<th>FY22</th>
<th>FY23</th>
<th>FY24</th>
</tr>
</thead>
<tbody>
<tr>
<td>YoY Growth</td>
<td>218.1</td>
<td>284.5</td>
<td>334.5</td>
</tr>
</tbody>
</table>

Group assets under management > Rs 3.5 tn

- HDFC Life Debt:Equity mix (FY24): 67:33

<table>
<thead>
<tr>
<th></th>
<th>FY22</th>
<th>FY23</th>
<th>FY24</th>
</tr>
</thead>
<tbody>
<tr>
<td>HDFC Life AUM</td>
<td>28.4</td>
<td>45.4</td>
<td>77.0</td>
</tr>
<tr>
<td>HDFC Pension AUM</td>
<td>204.2</td>
<td>238.8</td>
<td>292.2</td>
</tr>
</tbody>
</table>

1. Group assets under management (AUM) includes AUM of HDFC Life and HDFC Pension (wholly owned subsidiary)
Agenda

1. Performance Snapshot
2. Business Overview
3. Other Business Highlights
4. Our approach to ESG
5. Life insurance in India
Key elements of our strategy

1. Profitable growth
   Ensuring sustainable and profitable growth by identifying and tapping new profit pools

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

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

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

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

<table>
<thead>
<tr>
<th></th>
<th>FY20</th>
<th>FY21</th>
<th>FY22</th>
<th>FY23</th>
<th>FY24</th>
</tr>
</thead>
<tbody>
<tr>
<td>New business Margin</td>
<td>25.9%</td>
<td>26.1%</td>
<td>27.4%</td>
<td>27.6%</td>
<td>26.3%</td>
</tr>
<tr>
<td>Value of new business</td>
<td>19.2</td>
<td>21.9</td>
<td>26.8</td>
<td>36.7</td>
<td>35.0</td>
</tr>
<tr>
<td>Profit after tax (PAT)</td>
<td>13.0</td>
<td>13.6</td>
<td>12.1</td>
<td>13.6</td>
<td>15.7</td>
</tr>
<tr>
<td>Underwriting profits</td>
<td>10.9</td>
<td>7.3</td>
<td>4.4</td>
<td>5.9</td>
<td>6.7</td>
</tr>
<tr>
<td>Shareholders’ surplus</td>
<td>2.1</td>
<td>6.3</td>
<td>7.7</td>
<td>7.7</td>
<td>8.9</td>
</tr>
</tbody>
</table>

**Underwriting profits breakup**

<table>
<thead>
<tr>
<th>FY20</th>
<th>FY21</th>
<th>FY22</th>
<th>FY23</th>
<th>FY24</th>
</tr>
</thead>
<tbody>
<tr>
<td>-19.1</td>
<td>-25.0</td>
<td>-30.5</td>
<td>-38.3</td>
<td>-45.5</td>
</tr>
</tbody>
</table>

**Note:** Numbers may not add up due to rounding off.
Emergence of Existing Business (EB) Surplus

**Profit Emergence**

- **Traditional Savings (Longer Tenure):**
  - 0 - 5 years: 30%-35%
  - 5 - 15 years: 20%-25%
  - > 15 years: 40%-45%

- **Protection (Ind+Grp):**
  - 0 - 5 years: 15% - 20%
  - 5 - 15 years: 20%-25%
  - > 15 years: 55% - 60%

- **ULIP:**
  - 0 - 5 years: 30%-35%
  - 5 - 15 years: 0%-1%
  - > 15 years: 65%-70%

**EB Surplus emergence as a % of VIF**

- FY21: 32
- FY22: 35
- FY23: 45
- FY24: 52

- 24%
- 20%
- 19%
- 20%

- **Shift in product profile to longer term savings over last 3-4 years**
- **Profit emergence is higher for longer tenure products, albeit over a longer time frame**
  - ~ 3/4th of profits emerge after 5 years
- **Higher mix of long term profitable products to result in profit emergence over longer time horizon**
- **Track record of positive operating variance indicates high likelihood of profit emergence as per assumptions**
Analysis of change in IEV

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

<table>
<thead>
<tr>
<th>IEV As at Mar 31, 2023</th>
<th>IEV As at Mar 31, 2024</th>
</tr>
</thead>
<tbody>
<tr>
<td>395.3</td>
<td>474.7</td>
</tr>
<tr>
<td>267.4</td>
<td>329.4</td>
</tr>
<tr>
<td>127.8</td>
<td>145.3</td>
</tr>
</tbody>
</table>

- EVOP – 69.2
- EVOP% ≈ 17.5%

- 0.3: Change in assumptions
- 35.0: VNB
- 1.5: Operating variances
- 13.5: Economic variances
- (3.3): Dividend & Capital infusion

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

Note: HDFC Life EV reviewed by Milliman Advisors LLP

1. EVOP% calculated as annualised EVOP (Embedded Value Operating Profit) to Opening EV
2. Operating Variance split as on March 31, 2024: Mortality variance: 0.2, Persistency variance and others: 0.8, Expenses: 0.4
Diversified distribution mix

**Agency – segmented geographical growth**

- 2.14 lakh agents - top three agency force amongst private life insurers
- Segregating Focus (tier 1) and Growth (tier 2,3) markets with a micro market strategy
- Leveraging machine learning tech for partner engagement and increasing productivity

**HDFC Bank – best in class solutions**

- Widening outreach across all customer segments
- Sharper focus on cross-sell and up-sell to existing customers
- Increasing coverage across all HDFC Bank branches

**Partnerships – bespoke solutions**

- > 90 banca partnerships - Focus on catering solutions that suit relevant customer segments
- Partnerships with Banks, NBFCs, SFBs, brokers, aggregators & digital ecosystems allow entry into new market segments
- Strong momentum in protection across partners

**Direct/Digital – leveraging analytics**

- 535 physical branches
- Leveraging analytics for cross-sell and up-sell
- Simplifying and personalizing journeys to offer better customer experience to attract younger customers

### HDFC Life

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

13
Agency – Scaling up for future growth

Driving sustainable growth through strategic investments

<table>
<thead>
<tr>
<th>Distribution Mix</th>
<th>Agency APE (INR billion)</th>
<th>Number of Agents (000’s)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FY19</td>
<td>FY22</td>
</tr>
<tr>
<td></td>
<td>6.7</td>
<td>11.8</td>
</tr>
<tr>
<td>5 year CAGR – 26%</td>
<td>13%</td>
<td>14%</td>
</tr>
<tr>
<td></td>
<td>FY19</td>
<td>FY22</td>
</tr>
<tr>
<td></td>
<td>91</td>
<td>115</td>
</tr>
<tr>
<td>5 year CAGR – 15%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Fastest growing channel in last 5 years (3x growth)

Agency present in 448 tier 2/3 locations

On-boarding high performing profiles - retired govt servants & financial distributors

Higher proportion of protection and annuity

Conscious market segmentation into focus and growth areas

Deepening penetration in Tier 1 cities through leadership in high potential pin codes

Use AI to hyper personalize product offerings

Levers for future growth

Profitable growth

Diversified distribution mix

Customer first

Risk management & governance

Technology, digital & Analytics

Profitable growth

Diversified distribution mix

Customer first

Risk management & governance

Technology, digital & Analytics

1. Based on CY24
2. Million Dollar Round Table
Focus on increasing awareness across tier 2/3 markets

Spontaneous awareness (Private insurers)

<table>
<thead>
<tr>
<th>Tier 1</th>
<th>Tier 2/3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insurer 1</td>
<td>77%</td>
</tr>
<tr>
<td>Insurer 2</td>
<td>57%</td>
</tr>
<tr>
<td>Insurer 3</td>
<td>48%</td>
</tr>
<tr>
<td>Insurer 4</td>
<td>42%</td>
</tr>
<tr>
<td>Insurer 5</td>
<td>31%</td>
</tr>
<tr>
<td>Insurer 6</td>
<td>25%</td>
</tr>
<tr>
<td>Insurer 7</td>
<td>21%</td>
</tr>
<tr>
<td>Insurer 8</td>
<td>18%</td>
</tr>
</tbody>
</table>

Focus on category creation and deeper regional connect, supported by large campaigns:

**New branch launch - Modular approach**
- Announcements, hoardings, regional PR, vernacular collaterals

**Hyper-localization**
- Regional and local festivals, PR
- Promotion through: schools, RWAs\(^1\), traffic barricades

**Educating the audience on category/product/brand**
- Customer/Investor connect programs through training institutes, local media

**Content amplified through local influencers**
- Tapping the potential of ‘social media influencers’, to micro-target the audience

---

Clearly evident that insurance awareness is far lower in tier 2/3 markets.

Source: Kantar’s 2023 Syndicated Brand Track
1. Resident Welfare Association
The tier 2/3 growth opportunity

<table>
<thead>
<tr>
<th>Our focus is to deepen our presence in tier 2/3 markets</th>
<th>While ensuring that quality of business is maintained</th>
<th>And building capacity for future growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contribution of tier 2/3 markets in HDFC Life’s APE</td>
<td>13M persistency closer to org</td>
<td>36,000+ Partner branches</td>
</tr>
<tr>
<td>FY21 58% FY24 65%</td>
<td>82-86% Tier 2/3 closer to org ATS</td>
<td>FY24 85%</td>
</tr>
<tr>
<td></td>
<td>87% Org</td>
<td>FY24 99K</td>
</tr>
<tr>
<td>On NOP basis, tier 2/3 markets contributed to 3/4th of the business in FY24</td>
<td>Tier 2/3 markets’ ATS closer to org ATS</td>
<td>500+ HDFC Life branches</td>
</tr>
<tr>
<td>Amongst top 3 brands(^1) for tier 2/3 customers</td>
<td>APE growth in tier 2/3 markets has outpaced company level growth</td>
<td>350+ Partners comprising banks, NBFCs, MFIs, SFBs, brokers, new ecosystem partners</td>
</tr>
<tr>
<td>Higher focus on micro markets and increase penetration in tier 2/3 markets</td>
<td>Faster NOP growth in tier 2/3 markets in FY24</td>
<td>~90% of new branches opened in tier 2/3 markets</td>
</tr>
<tr>
<td></td>
<td></td>
<td>75% of new agent addition in tier 2/3 markets</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Expansion strategy complementry to banca partners’ SURU expansion</td>
</tr>
</tbody>
</table>

1. Study by Ipsos
Key product innovations across categories in FY24

**HDFC Life Click 2 Achieve**
A Non-Linked, Non-Participating, Individual, Savings Life Insurance Plan

**HDFC Life Sanchay Legacy**
A Non-Participating, Non-Linked, Pure Risk Premium/Savings Individual Life Insurance Plan

**HDFC Life Click 2 Protect Elite**
A Non-Linked, Non-Participating, Individual, Pure Risk Premium Life Insurance Plan

**HDFC Life Smart Protect Plan**
A Non-Participating, Individual Life Unit-Linked Insurance Plan

**HDFC Life Smart Pension Plus**
A Non-Linked, Non-Participating Individual Group Annuity Savings Plan

Get Early RoP² benefit & higher accumulation rate for death benefit!

Retire smart, with guaranteed² regular income and manage inflation with increasing pension!

Secure your family’s future and leave a lasting legacy!

Secure your family’s future with the power of enhanced¹ protection and market-linked returns

Secure your future and meet today’s goals with an immediate income solution.

Learn more about HDFC Life products
Increasing contribution from mortality and longevity products

- Offering embedded protection solutions based on customer orientation
- Protection and annuity contribute ~50% of NBP
- Maintained #1 in overall sum assured
- Covered >66 million lives in FY24
- 13M persistency ~90% over last 3 years

1. Based on 11MFY24
2. Retail protection persistency
## Product mix across key channels

<table>
<thead>
<tr>
<th>Segment</th>
<th>FY21</th>
<th>FY22</th>
<th>FY23</th>
<th>FY24</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banca</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>UL</td>
<td>27%</td>
<td>29%</td>
<td>24%</td>
<td>40%</td>
</tr>
<tr>
<td>Par</td>
<td>37%</td>
<td>33%</td>
<td>27%</td>
<td>22%</td>
</tr>
<tr>
<td>Non par savings</td>
<td>30%</td>
<td>33%</td>
<td>42%</td>
<td>30%</td>
</tr>
<tr>
<td>Term</td>
<td>4%</td>
<td>4%</td>
<td>3%</td>
<td>4%</td>
</tr>
<tr>
<td>Annuity</td>
<td>2%</td>
<td>2%</td>
<td>4%</td>
<td>5%</td>
</tr>
<tr>
<td>Direct</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>UL</td>
<td>33%</td>
<td>33%</td>
<td>27%</td>
<td>42%</td>
</tr>
<tr>
<td>Par</td>
<td>10%</td>
<td>10%</td>
<td>13%</td>
<td>10%</td>
</tr>
<tr>
<td>Non par savings</td>
<td>22%</td>
<td>28%</td>
<td>35%</td>
<td>22%</td>
</tr>
<tr>
<td>Term</td>
<td>15%</td>
<td>9%</td>
<td>5%</td>
<td>5%</td>
</tr>
<tr>
<td>Annuity</td>
<td>20%</td>
<td>20%</td>
<td>20%</td>
<td>20%</td>
</tr>
<tr>
<td>Agency</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>UL</td>
<td>10%</td>
<td>16%</td>
<td>10%</td>
<td>26%</td>
</tr>
<tr>
<td>Par</td>
<td>37%</td>
<td>33%</td>
<td>33%</td>
<td>29%</td>
</tr>
<tr>
<td>Non par savings</td>
<td>39%</td>
<td>39%</td>
<td>49%</td>
<td>33%</td>
</tr>
<tr>
<td>Term</td>
<td>11%</td>
<td>10%</td>
<td>6%</td>
<td>7%</td>
</tr>
<tr>
<td>Annuity</td>
<td>3%</td>
<td>3%</td>
<td>3%</td>
<td>4%</td>
</tr>
<tr>
<td>Brokers</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>UL</td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
<td>6%</td>
</tr>
<tr>
<td>Par</td>
<td>53%</td>
<td>44%</td>
<td>31%</td>
<td>41%</td>
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<tr>
<td>Non par savings</td>
<td>42%</td>
<td>42%</td>
<td>62%</td>
<td>35%</td>
</tr>
<tr>
<td>Term</td>
<td>4%</td>
<td>11%</td>
<td>5%</td>
<td>14%</td>
</tr>
<tr>
<td>Annuity</td>
<td>0%</td>
<td>1%</td>
<td>2%</td>
<td>3%</td>
</tr>
<tr>
<td>Company</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>UL</td>
<td>24%</td>
<td>26%</td>
<td>19%</td>
<td>35%</td>
</tr>
<tr>
<td>Par</td>
<td>34%</td>
<td>30%</td>
<td>27%</td>
<td>23%</td>
</tr>
<tr>
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<td>31%</td>
<td>33%</td>
<td>45%</td>
<td>30%</td>
</tr>
<tr>
<td>Term</td>
<td>7%</td>
<td>6%</td>
<td>4%</td>
<td>5%</td>
</tr>
<tr>
<td>Annuity</td>
<td>5%</td>
<td>5%</td>
<td>5%</td>
<td>6%</td>
</tr>
</tbody>
</table>

### Profitability

<table>
<thead>
<tr>
<th>FY21</th>
<th>FY22</th>
<th>FY23</th>
<th>FY24</th>
</tr>
</thead>
<tbody>
<tr>
<td>Based on Total APE</td>
<td>13%</td>
<td>14%</td>
<td>13%</td>
</tr>
<tr>
<td>Based on NBP</td>
<td>20%</td>
<td>24%</td>
<td>29%</td>
</tr>
</tbody>
</table>

### Annuity

<table>
<thead>
<tr>
<th>FY21</th>
<th>FY22</th>
<th>FY23</th>
<th>FY24</th>
</tr>
</thead>
<tbody>
<tr>
<td>Based on Total APE</td>
<td>5%</td>
<td>5%</td>
<td>6%</td>
</tr>
<tr>
<td>Based on NBP</td>
<td>20%</td>
<td>20%</td>
<td>20%</td>
</tr>
</tbody>
</table>
Risk management & board governance

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
- ALCO1
- Information & Cyber Security Council
- Disciplinary Panel for Malpractices
- Prevention of Sexual Harassment
- Risk Management Council
- Investment Council
- Claims Review Committee
- Credit Council
- Grievance Management Committee

Standalone councils

Business and Innovation
- Product Council
- Technology Council
- Business Quality Council

Additional governance through internal, concurrent and statutory auditors

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

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

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

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

**Managing Risk**

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

**FY23**

<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>(2.4%)</td>
<td>(1.5%)</td>
<td>(2.2%)</td>
<td>(2.2%)</td>
<td>(2.7%)</td>
<td>(1.2%)</td>
<td>(2.9%)</td>
<td>(2.2%)</td>
</tr>
<tr>
<td>Interest Rate -1%</td>
<td>2.1%</td>
<td>0.7%</td>
<td>1.4%</td>
<td>0.9%</td>
<td>2.6%</td>
<td>0.8%</td>
<td>2.6%</td>
<td>1.1%</td>
</tr>
</tbody>
</table>

**FY24**

Sensitivity remains range-bound on the back of calibrated risk management
- ~99% of debt investments in Government bonds and AAA rated securities as on Mar 31, 2024

1. Comprises Non par savings (incl annuity) plus protection
Future ready organization: Leveraging technology, digital and analytics

1. **Hyper-personalisation** for customers

2. **In-sync with partner integration** digitally

3. **Omni-channel service** to customers

4. **Data-driven ecosystem** for decision making

5. **Platformisation** approach to tech architecture

6. **Building resilience..**

7. Connecting with startups through Futurance¹

8. Unified and intelligent customer Communication

9. Employee facing Virtual Office

10. Strengthen Cyber Security and Data Compliance

---

¹ Futurance: A program to collaborate with startups for harnessing cutting-edge technology
Building next-gen of insurance platform: Project Inspire

Future-ready digital transformation

Reimagining our systems and processes by investing in new technologies and capabilities

Envisioned tracks for transformation - moving towards execution

Business Enhancements

- Enriched customer interactions
- Efficient customer & partner onboarding
- Enhanced productivity
- Experiential hub
- Customer 360 view
- Hyper-personalization
- AI/ML driven customer interactions
- Automated issuance
- Increased persistency & controls

Details shared in subsequent slides
Project Inspire: Benefits of Product Configurator & CRM

**Industry-first innovation to significantly reduce time & effort to bring new products to the market**

**Product Configurator**

- **Pre-INSPIRE**
  - High cost of product development
  - Longer implementation timelines
  - Limited differentiation, commoditized product

- **Post INSPIRE**
  - Improved resource optimization & **cost reduction**
  - Increased **speed-to-market**
  - **Personalization** to differentiate our offering

**Customer Relationship Management**

- **Pre-INSPIRE**
  - No customer 360° view - **Untapped customer service potential**
  - Manual interventions for missing CRM workflows - Non-intelligent, **bot-dependent servicing**

- **Post INSPIRE**
  - **Customer one-view** in real time for interactive customer engagement
  - **Real-time status update** of service requests with segmented servicing
  - **AI enabled** nudges & responses

**Providing customers an omni-channel experience enabled across all touchpoints**

Overhauling our data architecture to make it more scalable and accurate in real-time

Unified Data Platform

**Pre-INSPIRE**
- Multiple data sources - limited data analytics accuracy
- Repeated unique information entries by customer across touchpoints
- Scalability challenges with increasing data volumes

**Post INSPIRE**
- Information accuracy and real-time status updates facilitating data-driven decisions
- Enabling pre-filled journeys
- Easy handling of increasing data volumes

Revamping and modernizing our business processes to stay ahead of the curve

Business Process Management

**Pre-INSPIRE**
- More than 10 apps to perform daily activities - from prospecting to policy issuance
- Limited digital enablement for sales management practices
- Higher TATs and costs due to manual touchpoints in UW

**Post INSPIRE**
- One platform access for all daily activities - individual dashboards with real-time data
- Personalized nudges to improve upsell, renewals and issuance TATs
- Zero touch underwriting - increasing efficiency
HDFC Pension Management Company

- HDFC Pension continues to be the largest Pension Fund Manager growing faster than industry in Retail and Corporate NPS AUM segment
- HDFC Pension POP is the 2\textsuperscript{nd} largest POP in terms of corporate NPS\textsuperscript{1} business & corporates empanelled
- In FY24, we have added more than 80K POP subscribers clocking a growth of more than 30%

\textsuperscript{1} Excluding POP employees
HDFC International Life and Re Company Limited

Positive operating performance
- Reinsurance business’ GWP grew by 38% YoY in FY24; Growing at a 5 year CAGR of 42%
- Favourable mortality and morbidity experience
- Array of US dollar denominated innovative life and health insurance plans launched from GIFT City to cater to the NRI diaspora

Robust financial position
- Capital adequacy ratio remains well above risk limits
- Disciplined approach to management expenses

Learn more about our multi-currency life and health insurance solutions

Included an additional line of business i.e. Direct insurance in FY 2024
Persistency trends for HDFC Life

### Across key channels

<table>
<thead>
<tr>
<th></th>
<th>Agency</th>
<th>Banca</th>
<th>Direct</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>13th month</td>
<td>88%</td>
<td>87%</td>
<td>87%</td>
<td>87%</td>
</tr>
<tr>
<td>25th month</td>
<td>79%</td>
<td>78%</td>
<td>78%</td>
<td>79%</td>
</tr>
<tr>
<td>37th month</td>
<td>71%</td>
<td>72%</td>
<td>69%</td>
<td>71%</td>
</tr>
<tr>
<td>49th month</td>
<td>68%</td>
<td>69%</td>
<td>67%</td>
<td>69%</td>
</tr>
<tr>
<td>61st month</td>
<td>55%</td>
<td>53%</td>
<td>59%</td>
<td>53%</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>88%</td>
<td>83%</td>
<td>89%</td>
<td>87%</td>
</tr>
<tr>
<td>25th month</td>
<td>81%</td>
<td>73%</td>
<td>89%</td>
<td>79%</td>
</tr>
<tr>
<td>37th month</td>
<td>75%</td>
<td>65%</td>
<td>83%</td>
<td>73%</td>
</tr>
<tr>
<td>49th month</td>
<td>72%</td>
<td>63%</td>
<td>78%</td>
<td>72%</td>
</tr>
<tr>
<td>61st month</td>
<td>55%</td>
<td>50%</td>
<td>73%</td>
<td>64%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>CY (FY24)</th>
<th>PY (FY23)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agency</td>
<td>88%</td>
<td>87%</td>
</tr>
<tr>
<td>Banca</td>
<td>79%</td>
<td>79%</td>
</tr>
<tr>
<td>Direct</td>
<td>71%</td>
<td>73%</td>
</tr>
<tr>
<td>Company</td>
<td>55%</td>
<td>53%</td>
</tr>
</tbody>
</table>

*Red = Persistency rate*
Steady VNB trajectory

<table>
<thead>
<tr>
<th>FY23</th>
<th>Impact of lower APE</th>
<th>Change in assumptions</th>
<th>New business profile(^1)</th>
<th>Fixed cost absorption</th>
<th>FY24</th>
</tr>
</thead>
<tbody>
<tr>
<td>36.7</td>
<td>(0.1)</td>
<td>(0.2)</td>
<td>(0.5)</td>
<td>(0.9)</td>
<td>35.0</td>
</tr>
</tbody>
</table>

2-year VNB CAGR: 14%

Note: Numbers may not add up due to rounding off

1. Reflects the impact of difference in mix of segment/distribution channel/tenure/age/sum assured multiple, amongst others
## Sensitivity analysis – FY24

<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><strong>Change in</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reference rate</td>
<td>Increase by 1%</td>
<td>-1.2%</td>
<td>-2.7%</td>
</tr>
<tr>
<td></td>
<td>Decrease by 1%</td>
<td>0.8%</td>
<td>2.6%</td>
</tr>
<tr>
<td><strong>Equity Market movement</strong></td>
<td>Decrease by 10%</td>
<td>-0.2%</td>
<td>-1.5%</td>
</tr>
<tr>
<td>Persistency (Lapse rates)</td>
<td>Increase by 10%</td>
<td>-0.6%</td>
<td>-0.1%</td>
</tr>
<tr>
<td></td>
<td>Decrease by 10%</td>
<td>0.6%</td>
<td>0.1%</td>
</tr>
<tr>
<td><strong>Maintenance expenses</strong></td>
<td>Increase by 10%</td>
<td>-0.6%</td>
<td>-0.9%</td>
</tr>
<tr>
<td></td>
<td>Decrease by 10%</td>
<td>0.6%</td>
<td>0.9%</td>
</tr>
<tr>
<td><strong>Acquisition Expenses</strong></td>
<td>Increase by 10%</td>
<td>-3.2%</td>
<td>NA</td>
</tr>
<tr>
<td></td>
<td>Decrease by 10%</td>
<td>3.2%</td>
<td>NA</td>
</tr>
<tr>
<td><strong>Mortality / Morbidity</strong></td>
<td>Increase by 5%</td>
<td>-1.5%</td>
<td>-1.2%</td>
</tr>
<tr>
<td></td>
<td>Decrease by 5%</td>
<td>1.5%</td>
<td>1.2%</td>
</tr>
<tr>
<td><strong>Tax rate</strong></td>
<td>Increased to 25%</td>
<td>-5.1%</td>
<td>-9.3%</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.
# Summary of Milliman report on our ALM approach – FY23

## 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 31&lt;sup&gt;st&lt;/sup&gt; 2023 Gsec yield curve</td>
<td>Changes by &lt; 5.5%</td>
</tr>
<tr>
<td>Interest rate + Demographic scenarios</td>
<td>Interest rate variation + changes in future persistency/ mortality experience</td>
<td>Changes by &lt; 9%</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 FY23 disclosures
### Financial and operational snapshot (1/2)

<table>
<thead>
<tr>
<th></th>
<th>FY24</th>
<th>FY23</th>
<th>FY22*</th>
<th>FY21*</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>New Business Premium (Indl. + Group)</strong></td>
<td>296.3</td>
<td>290.9</td>
<td>241.5</td>
<td>201.1</td>
</tr>
<tr>
<td><strong>Renewal Premium (Indl. + Group)</strong></td>
<td>334.5</td>
<td>284.5</td>
<td>218.1</td>
<td>184.8</td>
</tr>
<tr>
<td><strong>Total Premium</strong></td>
<td>630.8</td>
<td>575.3</td>
<td>459.6</td>
<td>385.8</td>
</tr>
<tr>
<td><strong>Individual APE</strong></td>
<td>115.1</td>
<td>114.0</td>
<td>81.7</td>
<td>71.2</td>
</tr>
<tr>
<td><strong>Overall APE</strong></td>
<td>132.9</td>
<td>133.4</td>
<td>97.6</td>
<td>83.7</td>
</tr>
<tr>
<td><strong>Profit after Tax</strong></td>
<td>15.7</td>
<td>13.6</td>
<td>12.1</td>
<td>13.6</td>
</tr>
<tr>
<td><strong>- Policyholder Surplus</strong></td>
<td>6.7</td>
<td>5.9</td>
<td>4.4</td>
<td>7.3</td>
</tr>
<tr>
<td><strong>- Shareholder Surplus</strong></td>
<td>8.9</td>
<td>7.7</td>
<td>7.7</td>
<td>6.3</td>
</tr>
<tr>
<td><strong>Dividend Paid</strong></td>
<td>4.1</td>
<td>3.6</td>
<td>4.1</td>
<td>-</td>
</tr>
<tr>
<td><strong>Assets Under Management</strong></td>
<td>2,922.2</td>
<td>2,387.8</td>
<td>2,041.7</td>
<td>1,738.4</td>
</tr>
<tr>
<td><strong>Indian Embedded Value</strong></td>
<td>474.7</td>
<td>395.3</td>
<td>300.5</td>
<td>266.2</td>
</tr>
<tr>
<td><strong>Net Worth (1)</strong></td>
<td>142.0</td>
<td>129.7</td>
<td>154.0</td>
<td>84.3</td>
</tr>
<tr>
<td><strong>NB (Individual and Group segment) lives insured (Mn.)</strong></td>
<td>66.0</td>
<td>68.5</td>
<td>54.1</td>
<td>39.8</td>
</tr>
<tr>
<td><strong>No. of Individual Policies (NB) sold (In ‘000s)</strong></td>
<td>1,166.0</td>
<td>1,054.1</td>
<td>915.1</td>
<td>982.0</td>
</tr>
</tbody>
</table>

---

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

*Numbers exclude Exide Life
### Financial and operational snapshot (2/2)

<table>
<thead>
<tr>
<th></th>
<th>FY24</th>
<th>FY23</th>
<th>FY22*</th>
<th>FY21*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall New Business Margins (post overrun)</td>
<td>26.3%</td>
<td>27.6%</td>
<td>27.4%</td>
<td>26.1%</td>
</tr>
<tr>
<td>Operating Return on EV</td>
<td>17.5%</td>
<td>19.7%</td>
<td>16.6%</td>
<td>18.5%</td>
</tr>
<tr>
<td>Total Expenses (OpEx + Commission) / Total Premium</td>
<td>19.4%</td>
<td>19.8%</td>
<td>16.5%</td>
<td>16.4%</td>
</tr>
<tr>
<td>Return on Equity (1)</td>
<td>11.5%</td>
<td>11.9%</td>
<td>10.1%</td>
<td>17.6%</td>
</tr>
<tr>
<td>Solvency Ratio</td>
<td>187%</td>
<td>203%</td>
<td>176%</td>
<td>201%</td>
</tr>
<tr>
<td>Persistency (13M / 61M)</td>
<td>87%/53%</td>
<td>87%/52%</td>
<td>87%/54%</td>
<td>85%/49%</td>
</tr>
<tr>
<td>Individual WRP Market Share*4 (%)</td>
<td>15.4%</td>
<td>16.5%</td>
<td>14.8%</td>
<td>15.5%</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>(2) 35/30/6/5/23</td>
<td>19/45/5/4/27</td>
<td>26/33/5/6/30</td>
<td>24/31/5/7/34</td>
</tr>
<tr>
<td>- Indl Distribution (CA/Agency/Broker/Direct)</td>
<td>(2) 65/18/6/11</td>
<td>56/20/11/13</td>
<td>60/14/6/19</td>
<td>61/13/7/19</td>
</tr>
<tr>
<td>- Total Distribution (CA/Agency/Broker/Direct/Group)</td>
<td>(3) 27/8/3/12/50</td>
<td>25/9/4/13/49</td>
<td>24/6/2/16/52</td>
<td>25/6/2/17/50</td>
</tr>
<tr>
<td>- Share of protection business (Based on Indl APE)</td>
<td>5.1%</td>
<td>4.1%</td>
<td>5.6%</td>
<td>6.8%</td>
</tr>
<tr>
<td>- Share of protection business (Based on Overall APE)</td>
<td>13.3%</td>
<td>13.3%</td>
<td>13.6%</td>
<td>12.8%</td>
</tr>
<tr>
<td>- Share of protection business (Based on NBP)</td>
<td>32.1%</td>
<td>29.0%</td>
<td>24.0%</td>
<td>19.6%</td>
</tr>
</tbody>
</table>

1. Calculated using net profit and average net worth for the period (Net worth comprises Share capital, Share premium and Accumulated profits). Opening net worth for FY23 has been adjusted in line with the scheme of merger approved by the court.
2. Based on individual APE. UL: Unit Linked, Trad: Traditional, Par: Participating & CA: Corporate Agents. Percentages are rounded off.
3. Based on total new business premium including group
4. Based on 11MFY24
*Numbers exclude Exide Life
Focus on long term insurance solutions, reflected in longer policy tenures
Extensive product solutions catering customer needs across life cycles from young age to relatively older population
ESG at a Glance

5 Pillars of ESG

1. Ethical Conduct & Governance
2. Responsible Investment
3. Diversity, Equity and Inclusion (DE&I)
4. Holistic Living
5. Sustainable Operations
Ethical Conduct & Governance

Leadership Oversight on ESG

- ESG governed by the Board **CSR & ESG Committee** and driven by the **ESG Management Committee** and cross functional teams
- Performance Management based on the principles of **Balanced Scorecard**; covers the Organization’s performance on financial, market / customer, people, **sustainability** and operational aspects

Corporate Governance

**Board Composition**
- **Six** Independent Directors
- **Two** Non-Executive Non-Independent Directors

**Board Diversity**
- **Two** women Directors on Board

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

**Risk Management**

- Risk oversight by Senior Management & Board of Directors vide **Risk Management Council** and **Risk Management Committee** respectively
- Modes of Risk Awareness: Trainings, E-mailers, Seminars, Conferences, Quizzes and Special awareness Drives
- Business Continuity Management (BCM): Recovery plan for critical business activities in place
- Enterprise Risk Management (ERM) framework:
  - ‘Three Lines of Defence approach’
  - Reviewed and approved by the Board
- ESG risks including Climate change, etc. included under **Emerging risks** category of the ERM Framework
- **Materiality Assessment** conducted as per GRI Universal Standards 2021

**Information / Cybersecurity**

- Risk oversight by Board **Risk Management Committee** and risks reporting done on a quarterly basis
- Modes of Risk Awareness:
  - Annual mandatory training for all employees
  - Security workshops and case study discussions
  - Specially curated programs and sessions for senior leadership
  - Monthly awareness mailers
  - Security posters and leaflets
  - Phishing Simulation Campaigns
- Dedicated helpdesk and email id’s for reporting on the breaches
- Information security controls modelled in line with:
  - ISO 27001 standards
  - IRDAI mandated cyber security guidelines

Policies & Frameworks

- **Anti-bribery & Anti-corruption Policy**
- **Anti Money Laundering (AML) Policy**
- **Board Diversity Policy**
- **Code of Conduct**
- **Corporate Governance Policy**
- **Data Privacy Policy**
- **Investor Grievance Policy**
- **Responsible Investment (RI) Policy**
- **Stewardship Policy**
- **Tax Policy**
- **Whistleblower Policy**
- **Corporate Social Responsibility (CSR) Policy**
- **Diversity, Equity and Inclusion (DEI) Policy**
- **Human Rights Policy**
- **Policy for Prevention and Redressal of Sexual Harassment (PRSH)**
- **Supplier Code of Conduct**
- **Health & Safety Policy**
- **Environment and Climate Change Policy**
Responsible Investment

**RI – Policy, Framework & Governance structure**

**Policy objective**
To generate optimal risk-adjusted returns over the long term through consideration of environmental, social and governance factors in investment decisions

**Framework**
- **RI and Stewardship policy** in place
- Major asset classes covered by RI Policy:
  - Equity and equity related securities
  - Alternate Investment Funds (AIFs)
  - Investment Trusts
  - Corporate Bonds
  - Government Securities
- Subscribed to [external ESG rating provider](#) for top 250 companies by AUM

- **Head of Research** ensures that ESG is incorporated into overall Research and Investment process
- ESG issues covered in voting process

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

**Responsible Investing Products**

**Sustainable Equity Fund**
The fund seeks to generate returns from investing in companies with high ESG standards and commensurate score, create value for all stakeholders with lower risks & generate sustainable long-term returns

**Exclusion criteria**
- Companies engaged in the business of tobacco, alcohol, controversial weapons and gambling are excluded from the Sustainable Equity Fund
- Exclusion criteria aligned with the exclusion policy followed by Nifty 100 ESG Index

**Responsible Investment Stewardship**
- Became signatory to **United Nations – supported Principles for Responsible Investment (UN-PRI)**
- Prepared and Submitted 1st UN-PRI report (voluntary) for FY 2022-23
Diversity, Equity & Inclusion and Employee Engagement

**DEI – Policies & Programs**
- ‘Celebrate You’ programme ingrains DEI philosophy across policies, communication, leadership development and workforce culture
- Employee Resource Groups (ERGs) to create a more inclusive workplace
  - Women in Insurance
  - Life of Pride
  - Happiness at work
  - Wellness & Wellbeing
- Promoting diverse talent pool (work profiles for second career women, specially abled)
  - Punarāgaman
  - #MyJobMyRules
  - Shakti – Acid attack survivors hiring initiative
- Official DEI page on our website highlighting various initiatives
- Gender transition surgery covered under mediclaim policy
- Launched Emotional and Mental Wellbeing Policy
- Gender neutral dress code and mediclaim policy
- Adoption policy: Use of terms like primary and secondary caregiver instead of using terms like parents, mother/father, man/woman

**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: Launched ‘Bring your parents to work’ initiative
- Platform for employee engagement:
  - CEO Speaks
  - HDFC Life Got Talent
  - E-appreciation cards
- Leadership and expert sessions to create awareness on various topics of inclusion

**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: A curated online training programs from reputed universities
- Launched Skillshots – AI based learning

**Talent Management / Retention**
- Launched Leadership Edge for mid-management
- Special programs for campus hires
- Career microsite & job portal
- Leadership pathways for senior management
- STRIDE program for HI-PO employees
- Managers Transformation League: Leadership development program for middle management
- New Manager Boot Camp: Leadership development program for First Time Managers
- 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 and critical senior roles

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

**Awards & Recognition**
- Great Place to Work recognition - India’s Best Workplaces for Building a Culture of Innovation by All 2024
- ET Best Organization for Women 2024
- Top 100 Best Companies for Women 2023 & Exemplar of Inclusion 2023 by Avtar & Seramount
- Brandon Hall Excellence Awards 2023 – Gold award for ‘Best Blended Learning Program’

**Key Performance Indicators**
- Employee Satisfaction Score: 85%
- Women Representation: 26.9%
- Average hours of training per hour per employee: 71.35

**Employee Engagement**
- Launched 'Celebrate You' programme to ingrains DEI philosophy across policies, communication, leadership development and workforce culture
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Holistic Living: Delivering superior customer experience

**Customer Centricity**

- **Journey simplification – frictionless sales and service**
  - Simplifying buying journeys through **platforms** like LifeEasy (online term purchase)
- **Document simplification & elimination**
  - **OCR**: Enabling digital document submission and verification
  - **Online claim processing** for eligible customers via EasyClaims platform
- **Leveraging advanced technologies for personalization and better customer experience (CX)**
  - **Cognitive bots** – policy queries answered within 2-3 clicks
  - **Straight through processing** of maturity payouts for verified accounts
  - **Personalization** – Pre-approved sum assured for customers based on risk profile
- **Contactless services – new normal**
  - **Digital Life Certificate** for collecting survival proof from senior citizens
  - **Contactless branches** by leveraging face recognition technology

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

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

**Customer Satisfaction Score** (weighted average of FY 23-24) – 91%

**Ranked no. 1** in the industry wide Customer Experience NPS study by Kantar

---

1. **OCR**: Optical Character Recognition
Sustainable Operations & Climate Strategy

**Policies & Frameworks**

- Boar approved Environment & Climate Change Policy, serving as a guideline for understanding and managing our environmental and climate risks, impacts and opportunities
- Climate-related performance disclosed in accordance with the TCFD (Taskforce on Climate-related Financial Disclosures) framework
- GHG inventorization conducted as per Greenhouse Gas Protocol, Corporate Accounting and Reporting Standard (revised edition)

**Climate Impact**

- **Total Energy Consumption (MWh):**
  - Electricity: 3,287
  - Fuel: 15,721

- **Energy Intensity Ratios**:
  - Energy Intensity (MWh/euro income): 0.33
  - Energy Intensity (MWh/employee): 0.58

- **GHG emissions (t CO2 e):**
  - Scope 1: 2,948.5
  - Scope 2: 877.54
  - Scope 3: 11,017.79

**Performance Overview**

- **Reducing Carbon Footprint**
  - Planted 81,700 saplings and developed 6 Miyawaki city forests (home to over 52 species) under various CSR initiatives
  - Installed 80.9 kWp solar panels in 2 schools and 11 government hospitals, capable of generating over one lakh units annually and off-setting 89.9 MTCO2e as part of CSR initiative
  - Procured FSC (Forest Stewardship Council) certified eco-friendly paper made from wheat straw (agro waste) to reduce consumption of virgin paper

- **Waste Management & Circularity**
  - Recycled/Disposed 5.7 tonnes of E-waste, 6.5 tonnes of Paper waste and 0.1 tonnes of Plastic waste

- **Energy and Water**
  - Purchased ~437.1 MWh of electricity produced from renewable sources (wind energy)
  - Installed 28 new water purifiers till date (31st Mar’23) to replace bottled drinking water
  - Water Body Rejuvenation: Restored 4 water bodies in Maharashtra and Delhi-NCR covering 34 acres of area as part of CSR initiative, which will increase in water holding capacity, groundwater recharge and improvement in the ecology

- **Digitization**
  - Issued policies in Demat format - Demat accounts for 30% new insurance policies; encouraging policyholders to opt for Demat or online copies of their policy documents

**Numbers are as of FY23 unless mentioned otherwise**

1. As of FY24
India – poised for sustainable growth

**Fifth largest and fastest growing economy**

- India’s GDP (in USD)
  - Took 67 years to reach first trillion
  - 8 years to add another trillion
  - And just 5 years to add third trillion!

- Demographic dividend- youngest economy

  "At average age of 29 years, India to remain the youngest economy till 2070"

**Rising affluence**

- India’s middle income segment as % of all households
  - 30% in 91 mn households (2020)
  - 46% in 165 mn households (2030)

**Investment in physical and digital building blocks to further drive growth**

- **1.45 lakh kms**
  - Total length of National Highways, an increase of 59% in past 9 years
  - 2nd largest road network after USA

- **134 bn**
  - Transactions worth Rs ~2 trn processed via UPI in FY24, relatively growth in tier 2 and 3

**India’s per capita income**

- USD 2,450 in 2023
- USD 4,000 in 2030

- India’s per capita income is likely to grow by nearly 70% by 2030

**The government will boost capital investment outlay by 33% to $120bn in FY24**

- GFCF to be >30% over the next 5 years
- Bank credit to be 60% of GDP by FY30 from 50% currently

---

1. Invest India
2. MoSPI; S&P Global Market Intelligence
3. People Research on India’s Consumer Economy (PRICE); average size of an household is 4.4 as in 2021
4. Standard Chartered Bank
5. CLSA, NDTV Profit
6. Gross Fixed Capital Formation
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 penetration¹ (FY 2022)

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

Life Insurance density US$² (FY 2022)

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

Population composition (bn)

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

<table>
<thead>
<tr>
<th>Year</th>
<th>Population composition (bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>1.4</td>
</tr>
<tr>
<td>2035</td>
<td>1.6</td>
</tr>
<tr>
<td>2050</td>
<td>1.7</td>
</tr>
</tbody>
</table>

Household distribution by income

<table>
<thead>
<tr>
<th>Year</th>
<th>Household distribution by income</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY12 E</td>
<td>&lt; Rs 0.2 mn: 256</td>
</tr>
<tr>
<td></td>
<td>Rs 0.2 - 1 mn: 83%</td>
</tr>
<tr>
<td></td>
<td>&gt; Rs 1 mn: 16%</td>
</tr>
<tr>
<td>FY17 E</td>
<td>&lt; Rs 0.2 mn: 286</td>
</tr>
<tr>
<td></td>
<td>Rs 0.2 - 1 mn: 76%</td>
</tr>
<tr>
<td></td>
<td>&gt; Rs 1 mn: 2%</td>
</tr>
<tr>
<td>FY22 E</td>
<td>&lt; Rs 0.2 mn: 321</td>
</tr>
<tr>
<td></td>
<td>Rs 0.2 - 1 mn: 65%</td>
</tr>
<tr>
<td></td>
<td>&gt; Rs 1 mn: 3%</td>
</tr>
<tr>
<td>FY30 P</td>
<td>&lt; Rs 0.2 mn: 385</td>
</tr>
<tr>
<td></td>
<td>Rs 0.2 - 1 mn: 47%</td>
</tr>
<tr>
<td></td>
<td>&gt; Rs 1 mn: 9%</td>
</tr>
</tbody>
</table>

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

Low levels of penetration: Life protection

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

<table>
<thead>
<tr>
<th>Protection gap (2019)¹</th>
<th>Sum Assured as a % of GDP²</th>
<th>Trend of retail loans³ (Rs Tn.)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>India</strong> 91.0%</td>
<td><strong>India</strong> 85%</td>
<td>FY14 17</td>
</tr>
<tr>
<td><strong>Malaysia</strong> 74.0%</td>
<td><strong>Japan</strong> 62%</td>
<td>FY16 24</td>
</tr>
<tr>
<td><strong>Thailand</strong> 71.0%</td>
<td><strong>USA</strong> 23%</td>
<td>FY18 34</td>
</tr>
<tr>
<td><strong>China</strong> 70.0%</td>
<td><strong>Malaysia</strong> 251%</td>
<td>FY20 44</td>
</tr>
<tr>
<td><strong>Japan</strong> 61.0%</td>
<td><strong>Thailand</strong> 153%</td>
<td>FY22 53</td>
</tr>
<tr>
<td><strong>Singapore</strong> 55.0%</td>
<td><strong>South Korea</strong> 143%</td>
<td>FY23 64</td>
</tr>
<tr>
<td><strong>Hong Kong</strong> 41.0%</td>
<td><strong>India</strong> 127%</td>
<td></td>
</tr>
</tbody>
</table>

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

- Retail credit has grown at a CAGR of 16% over last 10 years
- Credit life need would be spurred by:
  - increasing retail indebtedness
  - Increasing attachment rates
  - Increasing value penetration,
  - Growing lines of business

1. Swiss Re. India’s protection gap is as of CY22
2. Jefferies “Composite Insurance License in India: Taking a Leaf from Global Experience” report 2022
3. Kotak institutional equities
India’s pension market is under-penetrated at 3%¹ of GDP

India’s retirement savings gap² to grow annually by 10% to reach ~$96Tn in 2050

Elderly population is expected to increase 2.5x by 2050

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


1. Comprising pension assets / funds
2. Retirement savings gap = Desired retirement income (i.e. 70% of pre-retirement annual income) - Actual income (i.e. social security benefits + employer benefits + personal savings)
Auction of >15 year maturity bonds has been ~25-30% on an average which facilitates writing annuity business at scale

Budget estimate of gross government borrowing for FY25 is at Rs 14.1 trillion
Industry new business trends

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

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

Source: IRDAI and Life Insurance Council
1. Based on Overall WRP (Individual and Group) for all private players
2. Based on Individual New business premia for all private players
Increasing preference towards financial savings with increasing financial literacy within the population

Various government initiatives to promote financial inclusion:

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

Source: Motilal Oswal Financial Savings Update Sep ‘23, RBI Annual Report, Invest India
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