Executive summary: 9M FY23*

**Revenue & Scale**
- **Individual WRP (Rs Bn.)**
  - CY: 68.3
  - PY: 15.8%
- **Renewal Premium (Rs Bn.)**
  - CY: 191.9
  - PY: 144.7
- **AUM (Rs Bn.)**
  - CY: 2,338
  - PY: 1,947
- **IEV (Rs (Bn.))**
  - FY: 377.0
  - EVOP: 17.5%

**Profitability & Cost**
- **New Business Margin (NBM)**
  - CY: 26.5%
  - PY: 26.5%
- **VNB (Rs Bn.)**
  - CY: 21.6
  - PY: 17.8
- **Profit After Tax (PAT) (Rs Bn.)**
  - CY: 10.0
  - PY: 8.5
- **Operating exp. ratio**
  - CY: 14.7%
  - PY: 12.2%

**Customer & Capital**
- **13th month persistency**
  - CY: 87%
  - PY: 87%
- **Claim settlement ratio (FY22)**
  - Overall: 99.6%
  - Individual: 98.7%
- **Complaints per 10K policies**
  - FY22: 25
  - FY21: 29
- **Solvency**
  - Dec’22: 209%
  - Mar’22: 176%

1. Complaints data (excluding survival and death claims)
* Current year numbers are on a merged basis, hence prior years are not comparable.
**Consistent, predictable, sustained performance**

### Holistic growth

<table>
<thead>
<tr>
<th></th>
<th>FY14</th>
<th>FY18</th>
<th>FY22</th>
</tr>
</thead>
<tbody>
<tr>
<td>New business premium</td>
<td>40</td>
<td>113</td>
<td>242</td>
</tr>
<tr>
<td>~3x</td>
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<td></td>
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<tr>
<td>FY14</td>
<td></td>
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<td>242</td>
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<tr>
<td>FY18</td>
<td>113</td>
<td></td>
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<tr>
<td>FY22</td>
<td></td>
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<table>
<thead>
<tr>
<th>Renewal premium</th>
<th>FY14</th>
<th>FY18</th>
<th>FY22</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.5x</td>
<td>80</td>
<td>122</td>
<td>218</td>
</tr>
<tr>
<td>~2x</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>FY14</td>
<td>80</td>
<td>122</td>
<td>218</td>
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<tr>
<td>FY18</td>
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<tr>
<td>FY22</td>
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</table>

<table>
<thead>
<tr>
<th>Protection APE²</th>
<th>FY14</th>
<th>FY18</th>
<th>FY22</th>
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</thead>
<tbody>
<tr>
<td>~4x</td>
<td>1.6</td>
<td>6.2</td>
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</tr>
<tr>
<td>FY14</td>
<td></td>
<td></td>
<td>13.2</td>
</tr>
<tr>
<td>FY18</td>
<td>6.2</td>
<td></td>
<td></td>
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<tr>
<td>FY22</td>
<td></td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Annuity new business</th>
<th>FY14</th>
<th>FY18</th>
<th>FY22</th>
</tr>
</thead>
<tbody>
<tr>
<td>~7x</td>
<td>1.6</td>
<td>10.7</td>
<td>48.7</td>
</tr>
<tr>
<td>~5x</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY14</td>
<td>1.6</td>
<td>10.7</td>
<td>48.7</td>
</tr>
<tr>
<td>FY18</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY22</td>
<td></td>
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</tr>
</tbody>
</table>

### Consistent track record over multiple periods

<table>
<thead>
<tr>
<th></th>
<th>FY14</th>
<th>FY18</th>
<th>FY22</th>
</tr>
</thead>
<tbody>
<tr>
<td>VNB</td>
<td>7.4</td>
<td>9.2</td>
<td>12.8</td>
</tr>
<tr>
<td>FY16</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY17</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>FY18</td>
<td></td>
<td></td>
<td></td>
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<td>FY19</td>
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<td></td>
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<tr>
<td>FY20</td>
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<td></td>
</tr>
<tr>
<td>FY21</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY22</td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Embedded Value¹</th>
<th>FY14</th>
<th>FY18</th>
<th>FY22</th>
</tr>
</thead>
<tbody>
<tr>
<td>~13M persistency³</td>
<td>71%</td>
<td>81%</td>
<td>87%</td>
</tr>
<tr>
<td>~+10pp</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY14</td>
<td>71%</td>
<td>81%</td>
<td>87%</td>
</tr>
<tr>
<td>FY18</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY22</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Other metrics

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>~2x</td>
<td>506</td>
<td>1,066</td>
<td>2,042</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>FY16-20</th>
<th>FY17-21</th>
<th>FY18-22</th>
</tr>
</thead>
<tbody>
<tr>
<td>~&gt;2x</td>
<td>~&gt;2.5x</td>
<td>~&gt;2x</td>
</tr>
</tbody>
</table>

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)

#### Strong, sustainable growth

<table>
<thead>
<tr>
<th>Overall mkt share</th>
<th>FY20</th>
<th>FY21</th>
<th>FY22</th>
<th>9M FY23</th>
</tr>
</thead>
<tbody>
<tr>
<td>8.1%</td>
<td>59.7</td>
<td>70.0</td>
<td>81.5</td>
<td>68.3</td>
</tr>
</tbody>
</table>

#### Balanced product mix

**Total APE**
- Par: 15%, Non Par Savings: 33%, ULP: 25%, Protection: 18%, Annuity: 10%, Group Retiral: 2%
- YoY growth: 11%, 11%, 16%

**Total NBP**
- Par: 24%, Non Par Savings: 30%, ULP: 16%, Protection: 9%, Annuity: 11%, Group Retiral: 8%
- YoY growth: 11%, 11%, 16%

#### Strong CP volumes on the back of higher disbursements

<table>
<thead>
<tr>
<th>Rs bn</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY20</td>
</tr>
<tr>
<td>42.4</td>
</tr>
</tbody>
</table>

**YoY Growth**
- FY20: 17%, FY21: -19%, FY22: 55%, FY23: 52%

#### Focus on diversified channel mix

<table>
<thead>
<tr>
<th>FY20</th>
<th>FY21</th>
<th>FY22</th>
<th>9M FY23</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bancassurance: 9%</td>
<td>Direct: 14%</td>
<td>Agency: 22%</td>
<td>Brokers and others: 55%</td>
</tr>
<tr>
<td>FY20</td>
<td>FY21</td>
<td>FY22</td>
<td>9M FY23</td>
</tr>
<tr>
<td>Pvt. mkt share: 16%</td>
<td>14%</td>
<td>19%</td>
<td>18%</td>
</tr>
<tr>
<td>14%</td>
<td>13%</td>
<td>19%</td>
<td>15%</td>
</tr>
<tr>
<td>55%</td>
<td>61%</td>
<td>60%</td>
<td>59%</td>
</tr>
</tbody>
</table>

1. Based on Credit Protect new business premium
2. Based on Individual APE
* Current year growth numbers have been computed after factoring in Exide Life WRP in previous year - 9M and Q3
Demonstrating resilience in the current environment (2/2)

<table>
<thead>
<tr>
<th>Stable Persistency¹</th>
<th>On track to achieving margin neutrality for FY23²</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rs bn</td>
</tr>
<tr>
<td></td>
<td><img src="Persistency_Chart.png" alt="Persistency Chart" /></td>
</tr>
<tr>
<td>9M FY22 87%</td>
<td><img src="Margin_Neutrality_Chart.png" alt="Margin Neutrality Chart" /></td>
</tr>
<tr>
<td>9M FY23 87%</td>
<td><img src="Margin_Neutrality_Chart.png" alt="Margin Neutrality Chart" /></td>
</tr>
<tr>
<td>▪ Focus on quality of business and providing superior customer experience</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Strong growth in renewal premium²</th>
<th>Steady solvency position²</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="Premium_Growth_Chart.png" alt="Premium Growth Chart" /></td>
<td><img src="Solvency_Position_Chart.png" alt="Solvency Position Chart" /></td>
</tr>
<tr>
<td>9M FY22 144.7</td>
<td><img src="Solvency_Position_Chart.png" alt="Solvency Position Chart" /></td>
</tr>
<tr>
<td>9M FY23 191.9</td>
<td><img src="Solvency_Position_Chart.png" alt="Solvency Position Chart" /></td>
</tr>
<tr>
<td>▪ Backed by consistent improvement in overall persistency</td>
<td></td>
</tr>
</tbody>
</table>

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

On track to achieving margin neutrality for FY23²

- Multiple pools of profitability contributing to VNB accretion
- VNB has grown at 24% CAGR between FY17-22
- Healthy solvency margin of 209% - well above regulatory requirement
Agenda

1. Performance Snapshot
2. Our Strategy
3. Our approach to ESG
4. Annexures
5. Life insurance in India
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 secondes from group companies

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

<table>
<thead>
<tr>
<th></th>
<th>FY20</th>
<th>FY21</th>
<th>FY22</th>
<th>9M FY22</th>
<th>9M FY23²</th>
</tr>
</thead>
<tbody>
<tr>
<td>New business Margin</td>
<td>25.9%</td>
<td>26.1%</td>
<td>27.4%</td>
<td>26.5%</td>
<td>26.5%</td>
</tr>
<tr>
<td>Value of new business</td>
<td>19.2</td>
<td>21.9</td>
<td>26.8</td>
<td>17.8</td>
<td>21.6</td>
</tr>
<tr>
<td>Profit after tax (PAT)</td>
<td>13.0</td>
<td>13.6</td>
<td>12.1</td>
<td>8.5</td>
<td>10.0</td>
</tr>
<tr>
<td>Underwriting profits</td>
<td>10.9</td>
<td>7.3</td>
<td>4.4¹</td>
<td>2.4¹</td>
<td>5.5</td>
</tr>
<tr>
<td>Shareholders’ surplus</td>
<td>2.1</td>
<td>6.3</td>
<td>7.7</td>
<td>6.1</td>
<td>4.5</td>
</tr>
</tbody>
</table>

Underwriting profits breakup

<table>
<thead>
<tr>
<th>FY20</th>
<th>FY21</th>
<th>FY22</th>
<th>9M FY22</th>
<th>9M FY23²</th>
</tr>
</thead>
<tbody>
<tr>
<td>29.9</td>
<td>32.3</td>
<td>34.9</td>
<td>23.3</td>
<td>30.4</td>
</tr>
<tr>
<td>-19.1</td>
<td>-25.0</td>
<td>-30.5</td>
<td>-20.9</td>
<td>-24.9</td>
</tr>
</tbody>
</table>

- Backbook Surplus
- New Business Strain

1. Post accounting for impact of excess mortality reserve (EMR)
2. Current year numbers are on a merged basis, hence prior years are not comparable
Analysis of change in IEV

<table>
<thead>
<tr>
<th>Unwind</th>
<th>VNB</th>
<th>Operating variances</th>
<th>Economic variances</th>
<th>Dividend &amp; Capital infusion</th>
<th>Adjusted Net worth (ANW)</th>
<th>Value of in-force business (VIF)</th>
</tr>
</thead>
<tbody>
<tr>
<td>19.6</td>
<td>21.6</td>
<td>1.1</td>
<td>11.6</td>
<td>16.7</td>
<td>329.6</td>
<td>377.0</td>
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<tr>
<td>228.3</td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>101.3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IEV As at Mar 31, 2022²</td>
<td>IEV As at Dec 31, 2022</td>
<td>251.6</td>
<td>125.5</td>
<td>377.0</td>
<td>329.6</td>
<td></td>
</tr>
</tbody>
</table>

- 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. Opening IEV as at Mar 31, 2022 includes Exide Life EV, hence it is comparable to IEV as at Dec 31, 2022
Diversified distribution mix enabled by multiple levers

Proprietary

1.5L+ Agents
500+ Branches
48 Digital Branches
www.hdfclife.com
HDFC Life App

Digital Branches: Virtual branch for servicing customer requests remotely through dedicated app and webpage

Banks, SFBs, Other CAs

NBFCs, MFIs

Brokers & Aggregators

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

Group, Pension & International Business

NPS Corporates
Group Annuity (MPH/CA)
160+ Superannuation Funds
Rep Office - NRI

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

Equity Brokers & Wealth

1. Proprietary channels include Agency, Direct and Online (Post-Merger basis)
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, RoP\(^1\) and riders
- Mass distribution products – POS\(^1\) & Saral plans
- Innovative retirement products through annuity & pension

Partner experience & engagement
- Defined engagement metrics measured digitally
- Joint CSR\(^1\) initiatives that strengthen relationships
- Dedicated HNI\(^1\) cell
- Virtual assistant for sales & service teams

Tech & Digitization
- One stop solution for generating illustration
- PASA\(^1\) using analytics
- Cloud based customer calling solution for sales
- Reducing need of physical presence by E2E digital processes
- Digital sales verification via WhatsApp chat, video app or calling

Distribution
- Strong presence across metro, urban & rural geographies with ~9K Sales force
- Strong growth & presence in alternate channels viz virtual, salary & HNI; focus on MSME sector
- Strong YoY growth in group insurance through credit protect
- Increasing business pie through POS products attached in assets

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
- Gamified learning experience through mobile app & simulations

---

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
Balanced product mix in Agency enabled by technology and training

**Secure** communication platform for all agency stakeholders
- Contest launch, updates, qualification, reward fulfillment process and status

**Technology**
- AI & ML based customer interactions and opportunities
- Theme based dossier focused on giving consumer insights
- Receive nudges to improve customer reach out

**FAME**
- Check performance reports & commissions
- Trigger customer communication and reminders
- MIS, ranking, contest earnings, opportunities and much more

**Agency Life**
- Skilling and engagement platform to drive higher productivity
- Analytics based distribution & activation drives & enablers

**The Selling Skills Program**
- In-depth program to train and groom our FLS on essential selling skills

**Training**
- **IC38 Audio Online Training**
  - Easier and simpler way to complete IC38 training
  - Available in vernacular language
  - Interesting & engaging audio content

- **Sales Planning Simulation**
  - First of its kind, unique sales planning simulation for branch heads enabling them to learn and practice effective sales planning in a simulated environment

**Partner Portal**
- Secure communication platform for all agency stakeholders
- Contest launch, updates, qualification, reward fulfillment process and status

**Medi Easy – Term**
- Digital tool for smooth on-boarding of term customers
- Easy to fill forms and pay premiums

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- Easy to fill forms and pay premiums
Addressing customer needs at every stage of life

### Objective

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

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

#### Product Offerings

<table>
<thead>
<tr>
<th>Objective</th>
<th>UL</th>
<th>Par</th>
<th>Non par savings</th>
<th>Protection</th>
<th>Annuity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Simple Savings</td>
<td>26%</td>
<td>41%</td>
<td>30%</td>
<td>3%</td>
<td>0%</td>
</tr>
<tr>
<td>Borrowing</td>
<td>25%</td>
<td>31%</td>
<td>36%</td>
<td>8%</td>
<td>0%</td>
</tr>
<tr>
<td>Investments</td>
<td>22%</td>
<td>27%</td>
<td>44%</td>
<td>5%</td>
<td>2%</td>
</tr>
<tr>
<td>Asset Drawdown</td>
<td>16%</td>
<td>29%</td>
<td>36%</td>
<td>1%</td>
<td>18%</td>
</tr>
</tbody>
</table>

#### Product mix across age categories

1. Based on Individual APE for 9M FY23; Percentages may not add up due to rounding off effect.

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

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

1. NPS
   - Largest Pension Fund Manager (PFM) in Retail and Corporate NPS segment, with AUM of Rs 399 bn\(^1\)
   - Registered strong YoY growth of 63% in AUM
   - Market share grew from 36.5% in Dec’21 to 40.2% in Dec’22 amongst all PFMs
   - Company has ~1.4 mn PFM customers
   - #2 POP\(^2\) in Corporate Subscriber business

2. Immediate / deferred annuity
   - Largest player in the private sector

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

### NPS AUM

<table>
<thead>
<tr>
<th></th>
<th>FY19</th>
<th>FY21</th>
<th>FY22</th>
<th>9M FY23</th>
</tr>
</thead>
<tbody>
<tr>
<td>AUM</td>
<td>52</td>
<td>164</td>
<td>284</td>
<td>399</td>
</tr>
</tbody>
</table>

- Ranked #1 based on AUM
- Doubled in less than 17 months
- 63% YoY growth

### Annuity portfolio

<table>
<thead>
<tr>
<th></th>
<th>FY19</th>
<th>FY21</th>
<th>FY22</th>
<th>9M FY23</th>
</tr>
</thead>
<tbody>
<tr>
<td>AUM</td>
<td>54</td>
<td>116</td>
<td>164</td>
<td>211</td>
</tr>
</tbody>
</table>

- CAGR: 44%

---

1. As on Dec 31, 2022
2. POP: Point of presence for enabling opening of accounts on a platform
Product mix across key channels

<table>
<thead>
<tr>
<th>Segment</th>
<th>FY20</th>
<th>FY21</th>
<th>FY22</th>
<th>9M FY23</th>
</tr>
</thead>
<tbody>
<tr>
<td>UL</td>
<td>32%</td>
<td>27%</td>
<td>29%</td>
<td>26%</td>
</tr>
<tr>
<td>Par</td>
<td>18%</td>
<td>37%</td>
<td>33%</td>
<td>28%</td>
</tr>
<tr>
<td>Non par savings</td>
<td>44%</td>
<td>30%</td>
<td>33%</td>
<td>38%</td>
</tr>
<tr>
<td>Term</td>
<td>4%</td>
<td>4%</td>
<td>4%</td>
<td>3%</td>
</tr>
<tr>
<td>Annuity</td>
<td>2%</td>
<td>2%</td>
<td>2%</td>
<td>4%</td>
</tr>
<tr>
<td>UL</td>
<td>33%</td>
<td>29%</td>
<td>28%</td>
<td>20%</td>
</tr>
<tr>
<td>Par</td>
<td>14%</td>
<td>17%</td>
<td>14%</td>
<td>17%</td>
</tr>
<tr>
<td>Non par savings</td>
<td>20%</td>
<td>16%</td>
<td>27%</td>
<td>32%</td>
</tr>
<tr>
<td>Term</td>
<td>4%</td>
<td>3%</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>Annuity</td>
<td>29%</td>
<td>35%</td>
<td>28%</td>
<td>28%</td>
</tr>
</tbody>
</table>

1. Based on Individual APE, Term includes health business. Percentages are rounded off. Current year numbers are on a merged basis, hence prior years are not comparable.
2. Includes banks, other corporate agents and online business sourced through banks/corporate agents.
3. Includes business sourced through own website and web aggregators.
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
6. Building resilience...
   6. Connecting with startups through Futurance
   7. Create a digital scalable efficient Architecture
   8. Enable a hybrid Work From Home environment
   9. Strengthen Cyber Security for post-Covid world

1. Futurance: A program to collaborate with startups for harnessing cutting-edge technology
Partnering with Start-ups to innovate

An industry first start-up connect program launched in June 2019, now in its 5th phase.

Futurance program has witnessed over 450 applications.

20+ Start-ups shortlisted till date to connect with HDFC Life’s Senior leadership. 10+ Start-ups selected for Proof of Concept.

Live use cases: Alternate & augmented data, Medical/health tech, innovative sales tech, vision & voice AI based solutions.
New in-house automated underwriting rule engine

Benefits

- **Complete control** - No dependencies on external rule engine service provider
- **Highly efficient, scalable & reliable**
- **Integration of APIs and third party services to improve decision making**
- **Substantial cost saving**: License fee, amendment fee and maintenance fee
- **~70% customer applications auto underwritten leading to improvement in STP* rate and additional risk identification**

* STP: Straight throughput
Journey Simplification
Credit Bureau, ITR & EPFO Integration aiding better throughput

**Empowering a seamless customer onboarding journey**

- **Proposal Submission**
  - Bureau is triggered for the estimated income
  - Option for digital authentication available for ITR ping
  - Option for EPFO trigger available for the customer

- **Bureau/ITR/EPFO output fetched through API**
  - Value received is passed to UW rule engine
  - ITR documents for latest 3 financial years fetched
  - PF passbook fetch through EPFO

- **Financial UW by Rule Engine**
  - Financial viability is verified and for eligible case no additional requirement is raised
  - Aversion of risk related to fraudulent documents

**Benefits**

- **Hassle free customer onboarding experience**
- **Enhanced risk assessment for underwriting**
- **Reduced cancellation due to unavailability of financials with customer**
- **Improvement in overall issuance TAT**

Continued improvement in throughput and issuance TATs
Strengthening underwriting and simplifying customer journey

**Cardiac risk assessment (CRA) at home for medical underwriting**

Convenience to individuals who have to undergo medicals while applying for an HDFC Life insurance policy

- Applicants / users step on a stepper with speed & resistance adjustments
- Conventional print based ECG equipment is replaced with a portable, bluetooth and mobile connected ECG equipment for real time data recording and analysis
- Recording is transmitted to the remote physician for review and interpretation
- Instead of an onsite physician, an online consultant physician is available to monitor the progress of the stress test (incl. real-time ECG) over a video call
- The physician can talk to the site technician and the applicant / user for any instructions
- This service is currently live in 22 locations

**Home medicals for NRI customers**

- In an industry first initiative, we have now launched home medicals for our customers overseas in 21 countries
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
- Investment Council
- Claims Review Committee
- Credit Council
- Grievance Management Committee

Board Approved Committee
- Product Management Committee
- Outsourcing Committee

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

Additional governance through Internal, Concurrent and Statutory auditors

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

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>Scenario</th>
<th>Overall EV</th>
<th>VNB Margin</th>
<th>Overall EV</th>
<th>VNB Margin</th>
<th>Overall EV</th>
<th>VNB Margin</th>
<th>Overall EV</th>
<th>VNB Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest Rate +1%</td>
<td>(2.0%)</td>
<td>(1.4%)</td>
<td>(2.1%)</td>
<td>(2.5%)</td>
<td>(2.4%)</td>
<td>(1.5%)</td>
<td>(2.1%)</td>
<td>(2.3%)</td>
</tr>
<tr>
<td>Interest Rate -1%</td>
<td>1.6%</td>
<td>0.8%</td>
<td>1.4%</td>
<td>1.5%</td>
<td>2.0%</td>
<td>0.7%</td>
<td>1.3%</td>
<td>0.9%</td>
</tr>
</tbody>
</table>

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

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

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

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

ESG Focus Areas

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

**ESG Score Highlight:** Highest rated Indian insurance company in the ESG assessment by S&P Global
Ethical Conduct & Governance

- **ESG Management Committee**, led by the Chief Financial Officer oversees the policy implementation and operational controls for environmental risks including Climate change.
- The overall accountability for the ESG issues lies with the **CSR Committee of the Board**.
- Performance Management based on the principles of **Balanced Scorecard**; covers the Organization’s performance on financial, market / customer, people, sustainability and operational aspects.

### Governance Structure

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

**Board Diversity**
- 30% women as on 31st December, 2022

**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
Information / Cybersecurity

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

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

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

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

Policies and Frameworks

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

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

- Environment and Climate Change Policy*

* Environment and Climate Change Policy to be uploaded on company web-page post approval by the Board CSR Committee
## Responsible Investment

### 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)**

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

### Sustainable Equity Fund

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

#### Exclusion criteria included in the RI Policy
- Companies engaged in the business of tobacco, alcohol, controversial weapons and gambling shall be excluded from the Sustainable Equity Fund
- Exclusion criteria aligned with the exclusion policy followed by Nifty 100 ESG Index
Employee Engagement & Diversity, Equity and Inclusion (DEI)

**Special Recognition**
- Great Places to Work – 39th amongst top 100 Best Places
- Best workplaces for Women 2021 – Great Place to Work Institute
- Avtar top 100 Places
- Best Workplaces for Women 2021 – Economic Times
  - Brandon Hall awards - Learning Strategy, Simulation training, & Social Talent Acquisition

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

**Training & development**
- Career coaching and development interventions; woman mentoring
- Mobile learning app for self-paced learning
- Training for all including employees, contractors, channel partners / Virtual product training
- Skill Up: Curated online training programs from reputed universities
- Average hours per FTE of training and development: 86 hours

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

**Talent management/retention**
- Special programs for campus hires; Talent development interventions for leadership
- Career microsite, job portal
- Internal Career Fair for employees
- Long term incentive plans in the form of ESOPs1 and cash to attract, retain and motivate good talent
- Elaborate succession planning for Key Managerial Personnel, critical senior roles
- Managers Transformation League – Leadership development program for middle management
- New Manager Boot Camp – Development program for First Time Managers

**Employee diversity, equity & inclusion**
- Promoting DEI ally ship: leadership development, communication, strengthening policies, aligning workforce through Celebrate YOU program of the Company
- 26% women employees
- Promoting diverse talent pool (work profiles for second career women, specially-abled) - #MyJobMyRules
- Launched official DEI page on our website highlighting various initiatives
- Gender transition surgery covered under mediclaim policy

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

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

**FY22**

**Customer Highlights**

- **Claim settlement ratio** (individual & group) **99.6%**
- **Customer Satisfaction Score** for March’22 **88.9 %**
- **Persistency ratio** (13th month) **87%** (excluding single premium and fully paid up policies)
- **COVID claims (net)** Rs. **818 crore, Count 15,293**

**CSR Numbers**

- **Number of lives covered** 5.4 crore
- **Rural sector** 1,89,147
- **Social sector** 1,00,87,909
- **MFI lives covered under CP** 3,14,55,858
- **States and UT’s covered** 23
- **Sustainable Development Goals covered** 12

**Sector-wise budget break-up**

- **Education and Livelihood** 24%
- **Health care and Sanitation** 52%
- **Environmental Sustainability** 21%
- **Others** 3%

**CSR Spends** Rs. **17.4 crore**

**CSR beneficiaries*** 4.6 lakh

---

*CSR beneficiaries include 1.60 lakh beneficiaries impacted in completed projects and 3.07 lakh beneficiaries from on-going projects*
Holistic Living: Delivering superior customer experience

Customer Centricity

- **Journey simplification** – frictionless sales and service
- **Document simplification & elimination**
- **Contactless services** - new normal
- **Leveraging advanced technologies for personalization and better customer experience (CX)**
- **Simplifying buying journeys** through platforms like LifeEasy (online term purchase)
- **Online claim processing** for eligible customers via EasyClaims platform
- **OCR**: Enabling digital document submission and verification
- **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

**Customer Satisfaction Score (%) as on 30th September 2022 – 91.3**

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

Energy and water
- Since 2014 only 3 or 5 star rating air–conditioners used
- 94% of branches use LED based lighting system
- Use of sensor based urinals and water taps
- Total purchase of energy from renewable sources: 2,39,788 kWh during FY 2021-22
- 25 new water purifiers installed in FY 2021-22 to replace bottled drinking water

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

Bio-diversity
- 11 city forests created using Miyawaki method; 69,603 trees planted in total (27 city forests in total till date)

Waste management
- 25,850 Kgs of e-waste recycled/refurbished/disposed in FY22
- 301.5 Kg of paper cups & paper disposed for recycling FY 2021-22
- 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

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

GHG inventory
- Scope 1 emissions – 63 met. ton. CO2e
- Scope 2 emissions – 10,135 met. ton. CO2e
- Scope 3 emissions – 746 met. ton. CO2e
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>86</td>
<td>90</td>
<td>87</td>
</tr>
<tr>
<td>25th month</td>
<td>78</td>
<td>76</td>
<td>83</td>
<td>78</td>
</tr>
<tr>
<td>37th month</td>
<td>71</td>
<td>70</td>
<td>73</td>
<td>71</td>
</tr>
<tr>
<td>49th month</td>
<td>62</td>
<td>65</td>
<td>64</td>
<td>64</td>
</tr>
<tr>
<td>61st month</td>
<td>55</td>
<td>53</td>
<td>56</td>
<td>52</td>
</tr>
</tbody>
</table>

**Across key segments (%)**

<table>
<thead>
<tr>
<th></th>
<th>Savings (Traditional)</th>
<th>Savings (UL)</th>
<th>Protection</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>13th month</td>
<td>89</td>
<td>81</td>
<td>93</td>
<td>87</td>
</tr>
<tr>
<td>25th month</td>
<td>80</td>
<td>69</td>
<td>86</td>
<td>77</td>
</tr>
<tr>
<td>37th month</td>
<td>73</td>
<td>66</td>
<td>79</td>
<td>67</td>
</tr>
<tr>
<td>49th month</td>
<td>60</td>
<td>66</td>
<td>76</td>
<td>63</td>
</tr>
<tr>
<td>61st month</td>
<td>55</td>
<td>48</td>
<td>71</td>
<td>53</td>
</tr>
</tbody>
</table>

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

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

VNB – Value of New Business; NBM – New Business Margin
## Sensitivity analysis – H1 FY23 (Pre-Merger basis)

<table>
<thead>
<tr>
<th>Analysis based on key metrics</th>
<th>Scenario</th>
<th>Change in VNB Margin</th>
<th>% Change in EV</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reference rate</td>
<td>Increase by 1%</td>
<td>-1.4%</td>
<td>-2.3%</td>
</tr>
<tr>
<td></td>
<td>Decrease by 1%</td>
<td>0.7%</td>
<td>1.9%</td>
</tr>
<tr>
<td>Equity Market movement</td>
<td>Decrease by 10%</td>
<td>-0.2%</td>
<td>-1.4%</td>
</tr>
<tr>
<td>Persistency (Lapse rates)</td>
<td>Increase by 10%</td>
<td>-0.5%</td>
<td>-0.4%</td>
</tr>
<tr>
<td></td>
<td>Decrease by 10%</td>
<td>0.5%</td>
<td>0.4%</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>-4.2%</td>
<td>NA</td>
</tr>
<tr>
<td></td>
<td>Decrease by 10%</td>
<td>4.2%</td>
<td>NA</td>
</tr>
<tr>
<td>Mortality / Morbidity</td>
<td>Increase by 5%</td>
<td>-1.5%</td>
<td>-1.0%</td>
</tr>
<tr>
<td></td>
<td>Decrease by 5%</td>
<td>1.5%</td>
<td>1.0%</td>
</tr>
<tr>
<td>Tax rate$^2$</td>
<td>Increased to 25%</td>
<td>-5.0%</td>
<td>-8.4%</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

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

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

- ~99% of debt investments in Government bonds and AAA rated securities as on December 31, 2022

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

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

India remains vastly under-insured, both in terms of penetration and density

Huge opportunity to penetrate the underserviced segments, with evolution of the life insurance distribution model

India’s insurable population estimated to be at ~1 bn by 2035

Emergence of nuclear families and advancement in healthcare facilities lead to increase in life expectancy thus facilitating need for pension and protection based products

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

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

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

Urban Working Population  
Addressable Market (excl blue collared)  
Annual Policy Sales

<table>
<thead>
<tr>
<th>Country</th>
<th>Protection gap 2 (2019)</th>
</tr>
</thead>
<tbody>
<tr>
<td>India</td>
<td>83.0%</td>
</tr>
<tr>
<td>Indonesia</td>
<td>76.0%</td>
</tr>
<tr>
<td>Malaysia</td>
<td>74.0%</td>
</tr>
<tr>
<td>Thailand</td>
<td>71.0%</td>
</tr>
<tr>
<td>China</td>
<td>70.0%</td>
</tr>
<tr>
<td>Japan</td>
<td>61.0%</td>
</tr>
<tr>
<td>Singapore</td>
<td>55.0%</td>
</tr>
<tr>
<td>South Korea</td>
<td>55.0%</td>
</tr>
<tr>
<td>Australia</td>
<td>54.0%</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>41.0%</td>
</tr>
</tbody>
</table>

Trend of retail loans 3 (Rs Tn.)

<table>
<thead>
<tr>
<th>Year</th>
<th>FY12</th>
<th>FY14</th>
<th>FY16</th>
<th>FY18</th>
<th>FY20</th>
<th>FY22</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>12</td>
<td>17</td>
<td>24</td>
<td>34</td>
<td>44</td>
<td>53</td>
</tr>
</tbody>
</table>

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 3%* of GDP

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

Elderly population is expected to almost triple by 2060

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

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


* Comprising pension assets / funds
Macro opportunity – Rising Middle Income Population

Household Distribution by Income in India

- 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 India
  - This is evidenced by increase in bank deposits from outside “top 200 districts” from 25% in March’15 to 30% in March’21

Sum Assured as a % of GDP

- India has the lowest sum assured (SA) as a % of GDP amongst its peers
- Rising middle income, increasing financial literacy and limited life cover represents an opportunity for protection growth in life insurance

Source: CRISIL "The big shift in financialisation" report 2022; Jefferies “Composite Insurance License in India: Taking a Leaf from Global Experience” report 2022
Note: E – Estimated, P – Projected,
Government bond auctions

Government Bonds – Tenorwise Issuance

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

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

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

Industry new business trends

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

1. Based on Individual Weighted Received Premium (WRP)

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

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

<table>
<thead>
<tr>
<th>Table</th>
<th>9M FY23*</th>
<th>9M FY22</th>
<th>FY22</th>
<th>FY21</th>
<th>FY20</th>
<th>CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>New Business Premium (Indl. + Group)</strong></td>
<td>187.1</td>
<td>170.7</td>
<td>241.5</td>
<td>201.1</td>
<td>172.4</td>
<td>18%</td>
</tr>
<tr>
<td><strong>Renewal Premium (Indl. +Group)</strong></td>
<td>191.9</td>
<td>144.7</td>
<td>218.1</td>
<td>184.8</td>
<td>154.7</td>
<td>19%</td>
</tr>
<tr>
<td><strong>Total Premium</strong></td>
<td>379.1</td>
<td>315.4</td>
<td>459.6</td>
<td>385.8</td>
<td>327.1</td>
<td>19%</td>
</tr>
<tr>
<td><strong>Individual APE</strong></td>
<td>68.7</td>
<td>55.8</td>
<td>81.7</td>
<td>71.2</td>
<td>61.4</td>
<td>15%</td>
</tr>
<tr>
<td><strong>Overall APE</strong></td>
<td>81.7</td>
<td>67.1</td>
<td>97.6</td>
<td>83.7</td>
<td>74.1</td>
<td>15%</td>
</tr>
<tr>
<td><strong>Group Premium (NB)</strong></td>
<td>92.6</td>
<td>90.1</td>
<td>125.1</td>
<td>100.3</td>
<td>87.8</td>
<td>19%</td>
</tr>
<tr>
<td><strong>Profit after Tax</strong></td>
<td>10.0</td>
<td>8.5</td>
<td>12.1</td>
<td>13.6</td>
<td>13.0</td>
<td>-4%</td>
</tr>
<tr>
<td>- <strong>Policyholder Surplus</strong></td>
<td>5.5</td>
<td>2.4</td>
<td>4.4</td>
<td>7.3</td>
<td>10.9</td>
<td>-36%</td>
</tr>
<tr>
<td>- <strong>Shareholder Surplus</strong></td>
<td>4.5</td>
<td>6.1</td>
<td>7.7</td>
<td>6.3</td>
<td>2.1</td>
<td>91%</td>
</tr>
<tr>
<td><strong>Dividend Paid</strong></td>
<td>3.6</td>
<td>4.1</td>
<td>4.1</td>
<td>-</td>
<td>-</td>
<td>NA</td>
</tr>
<tr>
<td><strong>Assets Under Management</strong></td>
<td>2,338</td>
<td>1,947</td>
<td>2,041.7</td>
<td>1,738.4</td>
<td>1,272.3</td>
<td>27%</td>
</tr>
<tr>
<td><strong>Indian Embedded Value</strong></td>
<td>377.0</td>
<td>295.4</td>
<td>300.5</td>
<td>266.2</td>
<td>206.5</td>
<td>21%</td>
</tr>
<tr>
<td><strong>Net Worth</strong></td>
<td>126.0</td>
<td>90.5</td>
<td>154.0</td>
<td>84.3</td>
<td>69.9</td>
<td>48%</td>
</tr>
<tr>
<td><strong>NB (Individual and Group segment) lives insured (Mn.)</strong></td>
<td>45.5</td>
<td>34.8</td>
<td>54.1</td>
<td>39.8</td>
<td>61.3</td>
<td>-6%</td>
</tr>
<tr>
<td><strong>No. of Individual Policies (NB) sold (In 000s)</strong></td>
<td>701.3</td>
<td>639.3</td>
<td>915.3</td>
<td>982.0</td>
<td>896.3</td>
<td>1%</td>
</tr>
</tbody>
</table>

1. Comprises share capital, share premium and accumulated profits/(losses)
2. Current year numbers are on a merged basis, hence prior years are not comparable
## Financial and operational snapshot (2/2)

<table>
<thead>
<tr>
<th></th>
<th>9M FY23*</th>
<th>9M FY22</th>
<th>FY22</th>
<th>FY21</th>
<th>FY20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall New Business Margins (post overrun)</td>
<td>26.5%</td>
<td>26.5%</td>
<td>27.4%</td>
<td>26.1%</td>
<td>25.9%</td>
</tr>
<tr>
<td>Operating Return on EV</td>
<td>17.5%</td>
<td>16.2%</td>
<td>16.6%</td>
<td>18.5%</td>
<td>18.1%</td>
</tr>
<tr>
<td>Operating Expenses / Total Premium</td>
<td>14.7%</td>
<td>12.2%</td>
<td>12.3%</td>
<td>12.0%</td>
<td>13.1%</td>
</tr>
<tr>
<td>Total Expenses (Opex + Commission) / Total Premium</td>
<td>19.4%</td>
<td>16.3%</td>
<td>16.5%</td>
<td>16.4%</td>
<td>17.7%</td>
</tr>
<tr>
<td>Return on Equity</td>
<td>11.9%</td>
<td>13.0%</td>
<td>10.1%</td>
<td>17.6%</td>
<td>20.5%</td>
</tr>
<tr>
<td>Solvency Ratio</td>
<td>209%</td>
<td>190%</td>
<td>176%</td>
<td>201%</td>
<td>184%</td>
</tr>
<tr>
<td>Persistency (13M / 61M)</td>
<td>87%/52%</td>
<td>87%/53%</td>
<td>87%/54%</td>
<td>85%/49%</td>
<td>NA*</td>
</tr>
<tr>
<td>Market Share (%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Individual WRP</td>
<td>15.8%</td>
<td>15.2%</td>
<td>14.8%</td>
<td>15.5%</td>
<td>14.2%</td>
</tr>
<tr>
<td>- Group New Business</td>
<td>25.1%</td>
<td>28.3%</td>
<td>27.9%</td>
<td>27.6%</td>
<td>29.0%</td>
</tr>
<tr>
<td>- Total New Business</td>
<td>20.3%</td>
<td>21.7%</td>
<td>21.0%</td>
<td>21.5%</td>
<td>21.5%</td>
</tr>
<tr>
<td>Business Mix (%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Product (UL/Non par savings/Annuity/Non par protection/Par)</td>
<td>21/39/6/4/29</td>
<td>26/33/5/6/30</td>
<td>26/33/5/6/30</td>
<td>24/31/5/7/34</td>
<td>28/41/4/8/19</td>
</tr>
<tr>
<td>- Indl Distribution (CA/Agency/Broker/Direct)</td>
<td>59/18/9/15</td>
<td>61/14/6/19</td>
<td>60/14/6/19</td>
<td>61/13/7/19</td>
<td>55/14/9/22</td>
</tr>
<tr>
<td>- Total Distribution (CA/Agency/Broker/Direct/Group)</td>
<td>25/8/3/14/49</td>
<td>23/6/2/16/53</td>
<td>24/6/2/16/52</td>
<td>25/6/2/17/50</td>
<td>23/7/3/17/51</td>
</tr>
<tr>
<td>- Share of protection business (Basis Indl APE)</td>
<td>4.3%</td>
<td>6.3%</td>
<td>5.6%</td>
<td>6.8%</td>
<td>7.6%</td>
</tr>
<tr>
<td>- Share of protection business (Basis Overall APE)</td>
<td>14.8%</td>
<td>13.8%</td>
<td>13.6%</td>
<td>12.8%</td>
<td>17.2%</td>
</tr>
<tr>
<td>- Share of protection business (Basis NBP)</td>
<td>30.4%</td>
<td>22.4%</td>
<td>24.0%</td>
<td>19.6%</td>
<td>27.6%</td>
</tr>
</tbody>
</table>

1. Calculated using net profit and average net worth for the period (Net worth comprises Share capital, Share premium and Accumulated profits). Opening networth for FY23 has been adjusted in line with the scheme of merger approved by the court.
2. Individual persistency ratios (based on original premium).
3. Based on individual APE. UL: Unit Linked, Trad: Traditional, Par: Participating & CA: Corporate Agents. Percentages are rounded off.
4. Based on total new business premium including group. Percentages are rounded off.
* Current year numbers are on a merged basis, hence prior years are not comparable.
# Disclosures excluding single premium policies commenced from FY21.
### Revenue and Profit & Loss A/c

#### Revenue A/c

<table>
<thead>
<tr>
<th></th>
<th>9M FY23</th>
<th>9M FY22</th>
</tr>
</thead>
<tbody>
<tr>
<td>Premium earned</td>
<td>379.1</td>
<td>315.4</td>
</tr>
<tr>
<td>Reinsurance ceded</td>
<td>(5.7)</td>
<td>(4.4)</td>
</tr>
<tr>
<td>Income from Investments</td>
<td>114.1</td>
<td>178.2</td>
</tr>
<tr>
<td>Other Income</td>
<td>1.7</td>
<td>0.9</td>
</tr>
<tr>
<td>Transfer from Shareholders’ Account</td>
<td>3.4</td>
<td>2.6</td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td><strong>492.5</strong></td>
<td><strong>492.8</strong></td>
</tr>
<tr>
<td>Commissions</td>
<td>17.8</td>
<td>13.2</td>
</tr>
<tr>
<td>Expenses</td>
<td>55.2</td>
<td>38.0</td>
</tr>
<tr>
<td>GST on UL charges</td>
<td>2.8</td>
<td>2.7</td>
</tr>
<tr>
<td>Provision for taxation</td>
<td>(0.9)</td>
<td>0.3</td>
</tr>
<tr>
<td>Provision for diminution in value of investments</td>
<td>0.2</td>
<td>(2.6)</td>
</tr>
<tr>
<td>Benefits paid</td>
<td>263.0</td>
<td>211.0</td>
</tr>
<tr>
<td>Change in valuation reserve</td>
<td>133.2</td>
<td>215.1</td>
</tr>
<tr>
<td>Bonuses Paid</td>
<td>13.4</td>
<td>11.0</td>
</tr>
<tr>
<td><strong>Total Outgoings</strong></td>
<td><strong>484.7</strong></td>
<td><strong>488.9</strong></td>
</tr>
<tr>
<td><strong>Surplus</strong></td>
<td><strong>7.9</strong></td>
<td><strong>4.1</strong></td>
</tr>
</tbody>
</table>

#### Profit and Loss A/c

<table>
<thead>
<tr>
<th></th>
<th>9M FY23</th>
<th>9M FY22</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>3.7</td>
</tr>
<tr>
<td>Net profit/(loss) on sale</td>
<td>0.4</td>
<td>2.7</td>
</tr>
<tr>
<td>Transfer from Policyholders’ Account</td>
<td>8.9</td>
<td>5.1</td>
</tr>
<tr>
<td>Other Income</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>14.1</strong></td>
<td><strong>11.5</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>9M FY23</th>
<th>9M FY22</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Outgoings</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfer to Policyholders’ Account</td>
<td>3.4</td>
<td>2.6</td>
</tr>
<tr>
<td>Expenses</td>
<td>0.5</td>
<td>0.3</td>
</tr>
<tr>
<td>Interest on convertible debentures</td>
<td>0.5</td>
<td>0.3</td>
</tr>
<tr>
<td>Provision for diminution in value of investments</td>
<td>(0.2)</td>
<td>(0.3)</td>
</tr>
<tr>
<td>Provision for Taxation</td>
<td>0.0</td>
<td>0.1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4.1</strong></td>
<td><strong>3.0</strong></td>
</tr>
</tbody>
</table>

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

|                      | 10.0    | 8.5       |

---

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

* Current year numbers are on a merged basis, hence prior years are not comparable.
### Balance sheet

<table>
<thead>
<tr>
<th></th>
<th>Dec 31, 2022¹</th>
<th>Dec 31, 2021</th>
<th>March 31, 2022</th>
<th>Rs bn</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shareholders’ funds</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share capital (including Share premium)</td>
<td>58.6</td>
<td>26.8</td>
<td>86.7</td>
<td></td>
</tr>
<tr>
<td>Accumulated profits</td>
<td>67.4</td>
<td>63.7</td>
<td>67.3</td>
<td></td>
</tr>
<tr>
<td>Fair value change</td>
<td>1.0</td>
<td>1.4</td>
<td>0.8</td>
<td></td>
</tr>
<tr>
<td><strong>Sub total</strong></td>
<td><strong>127.0</strong></td>
<td><strong>91.9</strong></td>
<td><strong>154.8</strong></td>
<td></td>
</tr>
<tr>
<td>Borrowings</td>
<td>9.5</td>
<td>6.0</td>
<td>6.0</td>
<td></td>
</tr>
<tr>
<td>Policyholders’ funds</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fair value change</td>
<td>25.0</td>
<td>25.3</td>
<td>21.7</td>
<td></td>
</tr>
<tr>
<td>Policy Liabilities</td>
<td>1,351.2</td>
<td>998.6</td>
<td>1,043.4</td>
<td></td>
</tr>
<tr>
<td>Provision for Linked Liabilities</td>
<td>780.3</td>
<td>776.3</td>
<td>765.2</td>
<td></td>
</tr>
<tr>
<td>Funds for discontinued policies</td>
<td>40.5</td>
<td>43.0</td>
<td>41.0</td>
<td></td>
</tr>
<tr>
<td><strong>Sub total</strong></td>
<td><strong>2197.0</strong></td>
<td><strong>1,843.2</strong></td>
<td><strong>1,871.3</strong></td>
<td></td>
</tr>
<tr>
<td>Funds for future appropriation (Par)</td>
<td>12.5</td>
<td>8.9</td>
<td>9.4</td>
<td></td>
</tr>
<tr>
<td><strong>Total Source of funds</strong></td>
<td><strong>2,346.0</strong></td>
<td><strong>1,950.0</strong></td>
<td><strong>2,041.6</strong></td>
<td></td>
</tr>
<tr>
<td>Shareholders’ investment</td>
<td>129.3</td>
<td>89.8</td>
<td>152.4</td>
<td></td>
</tr>
<tr>
<td>Policyholders’ investments: Non-linked</td>
<td>1,388.3</td>
<td>1,038.3</td>
<td>1,083.1</td>
<td></td>
</tr>
<tr>
<td>Policyholders’ investments: Linked</td>
<td>820.8</td>
<td>819.3</td>
<td>806.2</td>
<td></td>
</tr>
<tr>
<td>Loans</td>
<td>15.1</td>
<td>5.9</td>
<td>6.4</td>
<td></td>
</tr>
<tr>
<td>Fixed assets</td>
<td>3.7</td>
<td>3.4</td>
<td>3.4</td>
<td></td>
</tr>
<tr>
<td>Net current assets</td>
<td>(11.2)</td>
<td>(6.7)</td>
<td>(10.0)</td>
<td></td>
</tr>
<tr>
<td><strong>Total Application of funds</strong></td>
<td><strong>2,346.0</strong></td>
<td><strong>1,950.0</strong></td>
<td><strong>2,041.6</strong></td>
<td></td>
</tr>
</tbody>
</table>

¹ Numbers may not add up due to rounding off effect. Current year numbers are on a merged basis, hence prior years are not comparable.
1. Basis individual new business policies (excluding annuity)

- 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

Scope of review

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

Opinion and conclusion

ALM strategy adopted for Portfolios 1 and 2 is appropriate to:
- meet policyholder liability cash flows
- protect net asset-liability position thereby limiting impact on shareholder value
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.
Components of Value in-force covered business (VIF)

- **Present value of future profits (PVFP):** PVFP is the present value of projected distributable profits to shareholders arising from the in-force covered business determined by projecting the shareholder cash flows from the in-force covered business and the assets backing the associated liabilities.

- **Time Value of Financial Options and Guarantees (TVFOG):** TVFOG reflects the value of the additional cost to shareholders that may arise from the embedded financial options and guarantees attaching to the covered business in the event of future adverse market movements. Intrinsic value of such options and guarantees is reflected in PVFP.

- **Frictional costs of required capital (FC):** FC represents the investment management expenses and taxation costs associated with holding the RC. VIF includes an allowance for FC of holding RC for the covered business. VIF also includes an allowance for FC in respect of the encumbered capital in the Company’s holdings in its subsidiaries.

- **Cost of residual non-hedgeable risks (CRNHR):** CRNHR is an allowance for risks to shareholder value to the extent that these are not already allowed for in the TVFOG or the PVFP. In particular, the CRNHR makes allowance for:
  - asymmetries in the impact of the risks on shareholder value; and
  - risks that are not allowed for in the TVFOG or the PVFP.

CRNHR has been determined using a cost of capital approach. CRNHR is the present value of the cost of capital charge levied on the projected capital in respect of the material risks identified.
## Embedded Value: Economic assumptions

<table>
<thead>
<tr>
<th>Years</th>
<th>Forward rates %</th>
<th>Spot rates %</th>
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</thead>
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<tr>
<td></td>
<td>As at Dec 31, 2021</td>
<td>As at Dec 31, 2022</td>
</tr>
<tr>
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</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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