Agenda

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

Our Strategy

Managing Covid-19

Customer Insights

Annexures

India Life Insurance
Executive summary: H1 FY21

Revenue growth and Market share
- Expansion in market share\(^1\) by 235 bps from 15.2% to 17.5%
- Individual WRP growth of 22% in Q2 helped neutralize the Q1 de-growth. 2% growth in H1 FY21 v/s private industry de-growth of 11%

Product mix
- Balanced product mix\(^2\) (UL: 23%, Par: 33%, Non-par savings: 30%, Protection: 9%, Annuity: 5%)
- 38% growth in retail protection and annuity as well

Renewal collection
- Renewal premium growth of 22% with stable 13\(^{th}\) month persistency

Cost management
- Opex ratio at 11.1\% for H1 FY21 compared to 14.0\% in H1 FY20

New business margins
- Improvement in sequential new business margins
- H1 NBM of 25.1\%, on the back of higher growth and favourable product mix

Profit after tax
- PAT of Rs 7.8 bn, with growth of 6%

Capital position
- Solvency ratio healthy at 203\% aided by a sub-debt raise of Rs 6 bn during the quarter

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\(^1\) Based on Individual WRP; \(^2\) Based on Indl APE
The numbers throughout the presentation are based on standalone financial results of the Company
Demonstrating resilience in the current environment (1/2)

**Improving MoM business trends**

- Q1: 13.2% (PY), 10.7% (CY), -19% (CY Growth), 63% (PY Growth)
- Jul: 5.2% (PY), 5.9% (CY), 12% (CY Growth), 58% (PY Growth)
- Aug: 4.8% (PY), 5.4% (CY), 14% (CY Growth), 35% (PY Growth)
- Sep: 4.3% (PY), 6.1% (CY), 43% (CY Growth), -20% (PY Growth)
- Q2: 14.3% (PY), 17.4% (CY), 22% (CY Growth), 17% (PY Growth)
- H1: 27.5% (PY), 28.1% (CY), 2% (CY Growth), 35% (PY Growth)

**Expanding market share**

- H1 FY21: 15.2% (HDFC Life), 17.5% (Pvt sector), 2% (Industry)

**Balanced product mix**

- Individual APE:
  - 33% Par
  - 23% Non Par Savings
  - 30% ULIP
  - 5% Non Par Protection
  - 9% Annuity

**Improvement in CP volumes with pickup in disbursements**

- 38% growth in retail protection
- 38% growth in annuity (incl. group annuity)

**Credit Protect**

- Q1 FY21: 2.4
- Q2 FY21: 7.0
- H1 FY21: 9.4

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

**Strong growth in renewal premium**

- **Healthy solvency position**
  - **Improving MoM collection**
  - **Remain cautious on persistency trends for next few quarters**

**Stable profitable growth**

- **New Business Margins (NBM)**
  - **Profit after tax (PAT)**
    - **Steady accretion of backbook surplus**
    - **Continued focus on cost management**

### Graphs

- **H1 FY20**
  - Renewal Premium: 61.8
  - Solvency: 190%

- **H1 FY21**
  - Renewal Premium: 75.5
  - Solvency: 203%

- **FY19**
  - NBM: 24.6%
  - PAT: 7.3

- **FY20**
  - NBM: 25.9%
  - PAT: 7.8

- **H1 FY21**
  - NBM: 25.1%
  - PAT: 6.0%
Key elements of our strategy

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

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

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

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

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

Our continuous focus on technology and customer-centricity has enabled us to maintain business continuity during the COVID-19 outbreak
Focus on profitable growth

<table>
<thead>
<tr>
<th>Economic Profit</th>
<th>FY18</th>
<th>FY19</th>
<th>FY20</th>
<th>H1 FY20</th>
<th>H1 FY21</th>
</tr>
</thead>
<tbody>
<tr>
<td>New business Margin</td>
<td>23.2%</td>
<td>24.6%</td>
<td>25.9%</td>
<td>27.5%</td>
<td>25.1%</td>
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<tr>
<td>Value of new business</td>
<td>12.8</td>
<td>15.4</td>
<td>19.2</td>
<td>9.6</td>
<td>8.4</td>
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<tr>
<td>Profit after tax (PAT)</td>
<td>11.1</td>
<td>12.8</td>
<td>13.0</td>
<td>7.3</td>
<td>7.8</td>
</tr>
<tr>
<td>Underwriting profits</td>
<td>8.5</td>
<td>9.0</td>
<td>10.9</td>
<td>5.5</td>
<td>5.6</td>
</tr>
<tr>
<td>Shareholders’ surplus</td>
<td>2.6</td>
<td>3.8</td>
<td>2.1</td>
<td>1.8</td>
<td>2.2</td>
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</table>

Underwriting profits breakup

- New Business Strain
- Backbook Surplus

<table>
<thead>
<tr>
<th>FY18</th>
<th>FY19</th>
<th>FY20</th>
<th>H1 FY20</th>
<th>H1 FY21</th>
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</thead>
<tbody>
<tr>
<td>19.1</td>
<td>25.5</td>
<td>29.9</td>
<td>15.1</td>
<td>16.7</td>
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<tr>
<td>-10.6</td>
<td>-16.5</td>
<td>-19.1</td>
<td>-9.6</td>
<td>-11.1</td>
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10% Growth

- Profitable growth
- Balanced underwriting
- Market leading innovation
- Reimagining insurance
- Quality of board and management
- Economic Profit
- Accounting Profit

Profit after tax (PAT)
Shareholders’ surplus
Underwriting profits
New business Margin
Value of new business
Profit after tax (PAT)
Underwriting profits
Shareholders’ surplus

HDFC Life
Analysis of change in IEV

1. EVOP% calculated as annualised EVOP (Embedded Value Operating Profit) to Opening EV

- Operating experience continue to be positive and in line with our assumptions
- Covid reserve seems adequate considering mortality trends observed till date; to be reviewed from time to time
Diversified distribution mix

Focus on diversified mix

<table>
<thead>
<tr>
<th></th>
<th>FY18</th>
<th>FY19</th>
<th>FY20</th>
<th>H1 FY21</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bancassurance</td>
<td>14%</td>
<td>19%</td>
<td>22%</td>
<td>21%</td>
</tr>
<tr>
<td>Brokers and others</td>
<td>11%</td>
<td>13%</td>
<td>14%</td>
<td>13%</td>
</tr>
<tr>
<td>Agency</td>
<td>5%</td>
<td>4%</td>
<td>9%</td>
<td>6%</td>
</tr>
<tr>
<td>Direct 2</td>
<td>71%</td>
<td>64%</td>
<td>55%</td>
<td>60%</td>
</tr>
</tbody>
</table>

1. Basis Individual APE; 2. Direct includes online channel

Strong and diversified network of 250+ traditional partners

Banks

- HDFC BANK
- Chola
- TATA CAPITAL
- SBI
- Bajaj Finserv

NBFCs and MFIs

- HDFC
- LIC
- Birla Sun Life
- Axis
- ICICI

SFBs

- Capital Small Finance Bank
- Yes Bank
- RBL Bank

Developing alternative channels of distribution: 50+ partnerships in emerging eco-systems

- Health
- Ecommerce
- Auto
- Telecom
- Mutual Fund
- Fintech

- Apollo Health and Lifestyle Ltd
- Paytm
- Maruti Suzuki
- Airtel
- Lendingkart

- Omnis Health
- Justdial
- Uber
- Lendingkart

- Bajaj Finserv
- HDFC
- HDFC

- Strong growth in the bancassurance and online channels, pickup in agency channel in Q2
- Expanding share of business from customers < 30 yrs indicating increasing awareness and early adoption of life insurance
- Maintained leadership position in Broker channel
Addressing customer needs at every stage of life

<table>
<thead>
<tr>
<th>Objective</th>
<th>Needs</th>
<th>Product Offerings</th>
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<tr>
<td>Simple Savings</td>
<td>First Job</td>
<td>UL</td>
</tr>
<tr>
<td>Borrowing</td>
<td>Get married</td>
<td>Par</td>
</tr>
<tr>
<td>Investments</td>
<td>Medical care</td>
<td>Non par savings</td>
</tr>
<tr>
<td>Asset Drawdown</td>
<td>Medical care</td>
<td>Protection</td>
</tr>
<tr>
<td></td>
<td>Medical care</td>
<td>Annuity</td>
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</table>

<table>
<thead>
<tr>
<th>&lt;25 years</th>
<th>26-35 years</th>
<th>36 – 50 years</th>
<th>50+ years</th>
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<tbody>
<tr>
<td>Simple Savings</td>
<td>Borrowing</td>
<td>Investments</td>
<td>Asset Drawdown</td>
</tr>
<tr>
<td>Pay off mortgage</td>
<td>Medical care</td>
<td>Medical care</td>
<td>Net Worth</td>
</tr>
<tr>
<td>Medical care</td>
<td>Medical care</td>
<td>Plan for retirement</td>
<td>Retire</td>
</tr>
<tr>
<td>Buy new car</td>
<td>Buy Home</td>
<td>Child’s education</td>
<td></td>
</tr>
<tr>
<td>Get married</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>First Job</td>
<td></td>
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</table>

Product mix across age categories

<table>
<thead>
<tr>
<th>UL</th>
<th>Par</th>
<th>Non par savings</th>
<th>Protection</th>
<th>Annuity</th>
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<tbody>
<tr>
<td>30%</td>
<td>36%</td>
<td>26%</td>
<td>8%</td>
<td>0%</td>
</tr>
<tr>
<td>26%</td>
<td>29%</td>
<td>29%</td>
<td>16%</td>
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<td>23%</td>
<td>30%</td>
<td>35%</td>
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<td>2%</td>
</tr>
<tr>
<td>19%</td>
<td>39%</td>
<td>27%</td>
<td>1%</td>
<td>15%</td>
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</table>

Risks Addressed

- Mortality
- Morbidity
- Longevity
- Interest Rate

1. Based on Individual WRP for H1 FY21
Expanding market through consistent product innovation

Balanced product suite helps in managing business cycles

Strong growth in individual protection

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

HDFC Life
Our approach to retiral solutions

Opportunity to grow the retiral corpus by 3x between FY20-25

1. NPS
   - Ranked #1 amongst private owned Pension Fund Managers in terms of AUM
   - Registered strong AUM growth of 70% in H1 FY21

3. Immediate / deferred annuity
   - Largest player in the private sector
   - Servicing 100+ corporates and >16,000 lives covered in H1 FY21

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

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

Increasing retiral corpus

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<tr>
<th>Year</th>
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<th>213</th>
<th>287</th>
<th>357</th>
<th>434</th>
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<tr>
<td>H1 FY21</td>
<td>357</td>
<td>434</td>
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Prefered long-term retiral service providers across corporates

1. Includes NPS, Annuity, Group superannuation fund and long term variants of Sanchay Plus and Sanchay Par Advantage
# Product mix across key channels

<table>
<thead>
<tr>
<th>Segment</th>
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<th>FY19</th>
<th>FY20</th>
<th>H1 FY21</th>
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</thead>
<tbody>
<tr>
<td>UL</td>
<td>64%</td>
<td>64%</td>
<td>32%</td>
<td>27%</td>
</tr>
<tr>
<td>Par</td>
<td>25%</td>
<td>13%</td>
<td>18%</td>
<td>36%</td>
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<tr>
<td>Non par savings</td>
<td>8%</td>
<td>17%</td>
<td>44%</td>
<td>30%</td>
</tr>
<tr>
<td>Term</td>
<td>3%</td>
<td>4%</td>
<td>4%</td>
<td>5%</td>
</tr>
<tr>
<td>Annuity</td>
<td>1%</td>
<td>3%</td>
<td>2%</td>
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## Bank

<table>
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<td>UL</td>
<td>58%</td>
<td>50%</td>
<td>33%</td>
<td>23%</td>
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<td>24%</td>
<td>29%</td>
<td>44%</td>
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## Direct

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<th>H1 FY21</th>
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<tbody>
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<td>55%</td>
<td>28%</td>
<td>23%</td>
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<tr>
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<td>33%</td>
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<tr>
<td>Non par savings</td>
<td>7%</td>
<td>15%</td>
<td>7%</td>
<td>30%</td>
</tr>
<tr>
<td>Term</td>
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<td>7%</td>
<td>4%</td>
<td>9%</td>
</tr>
<tr>
<td>Annuity</td>
<td>2%</td>
<td>5%</td>
<td>4%</td>
<td>5%</td>
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</table>

## Company

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<th>FY20</th>
<th>H1 FY21</th>
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<tbody>
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<td>55%</td>
<td>28%</td>
<td>23%</td>
</tr>
<tr>
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<td>Annuity</td>
<td>2%</td>
<td>5%</td>
<td>4%</td>
<td>5%</td>
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## Protection

<table>
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<tbody>
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<td>Term</td>
<td>11%</td>
<td>17%</td>
<td>17%</td>
<td>12%</td>
</tr>
<tr>
<td>Annuity</td>
<td>2%</td>
<td>4%</td>
<td>4%</td>
<td>5%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
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<td><strong>21%</strong></td>
<td><strong>21%</strong></td>
<td><strong>17%</strong></td>
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## Total NBP

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</thead>
<tbody>
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<td>27%</td>
<td>27%</td>
<td>14%</td>
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<tr>
<td>Annuity</td>
<td>9%</td>
<td>17%</td>
<td>16%</td>
<td>20%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>35%</strong></td>
<td><strong>44%</strong></td>
<td><strong>43%</strong></td>
<td><strong>34%</strong></td>
</tr>
</tbody>
</table>

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1. Basis Individual APE, Term includes health business
2. Includes banks, other corporate agents and online business sourced through banks / corporate agents. Nos for previous years have been restated in line with revised classification
3. Includes business sourced through own website and web aggregators. Nos for previous years have been restated in line with revised classification
Simplifying the customer journey using 5 building blocks

Platforms and Ecosystems
Insurance beyond digital: allow multiple participants to connect, create & exchange value

Partner Integration
Products and services built on API for ease of partner integration

Journey Simplification
Customer sales journeys simplified via mobility applications for sales force

Service Simplification
Simplified solutions for customers across the value chain

Data Enrichment and Analytics
Continuous improvement in raw data by gaining deeper insight into our customers’ lives

InstaInsure
- Pre-approved sum assured: Partner integrated KYC and income verification
- Quick easy to understand form filling: Seamless and customer friendly user interface
- 3-step buying journey: End-to-end digital journey enabling partner’s customers to buy the policy

InstaSuite
- Bringing our technological capabilities on the mobile platform in order to empower sales force
- Online payments & services: ~88% of renewal via online / debit mode
  - Chat bot ELLE
  - WhatsApp bot ETTY
- ~90% of chats are self-serviced via chat-bot
- Robotic Process Automation: ~250+ bots deployed

InstaQuote!
- Mobile app for on-boarding of prospective agents
- Virtual Assist for Sales & Service, current usage at ~1.6 million+ queries p.m.

InstaMix
- An omni-channel conversational AI engine

Data Enrichment and Analytics
- Artificial Intelligence: Use of predictive analysis for persistency, underwriting and claims (fraud prevention)
- Big Data / Customer 360: Brings all customer data - interactions, transactions & relationships in one place, in real time
- Cloud Storage: Data Lake (repository for entire enterprise data management)
  - Lead Lake (For effective lead storage & enrichment)
Customer journey

- **End to end journey**
- **Suite of mobile apps**
- **Gamification of buying journey**
- **Voice & Video based enabler**
- **For point of sales products**
- **For Group partners**
- **Pre approved offers**
- **Automated verification**
- **Electronic verification**
- **Agent onboarding**

**Prospecting**
- Insta Mix
- Uberized model
- Digital filling

**Lead creation & fulfillment**
- Insta GO

**Form filling & online payment**
- Quick upload
- Insta FR

**e-signature**
- Chat / video

**Upload doc & FR fulfillment**

**Automated underwriting & verification**

**Profitable growth**

**Balanced distribution mix**

**Market leading innovation**

**Quality of Board and management**

**Prospecting**
- **Lead creation & fulfillment**
- **Form filling & online payment**
- **e-signature**
- **Upload doc & FR fulfillment**
- **Automated underwriting & verification**

**Journey simplification - enabling digital journeys**

- **Suite of mobile apps**
  - Enables combos
  - Insta Mix
  - Uberized model
  - Digital filling
  - Insta GO

- **Gamification of buying journey**
  - HelloSelfie

- **Voice & Video based enabler**
  - WISENB

- **For point of sales products**
  - POSP

- **For Group partners**
  - LifeNEXT

- **Pre approved offers**
  - INSTAinsure

- **Automated verification**

- **Electronic verification**

- **Agent onboarding**

**End to end journey**

**Automated underwriting & verification**

**Profitable growth**

**Balanced distribution mix**

**Market leading innovation**

**Quality of Board and management**

**Prospecting**
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  - POSP

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  - LifeNEXT

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- **Automated verification**

- **Electronic verification**

- **Agent onboarding**

**End to end journey**

**Automated underwriting & verification**

**Profitable growth**

**Balanced distribution mix**

**Market leading innovation**

**Quality of Board and management**
Vserv: Industry first video based ‘Phy-gital’ mode of service

- **Zero setup** for customer
- **Chat functionality** for chat enabled transactions
- **Device agnostic** (Mobile / Tablet / Laptop)
- **Audit trail** of Video & Audio

**Customer Journey**
- Customer connect
- Executive attends customer
- Service request
- Customer uploads documents
- Acknowledgement given

**Enabler to our branch ‘virtualisation’ journey**

- **Secure**
- **Encrypted**

- **Storage on Cloud**
- **Document upload**
- **Encrypted recording**
- **OTP enabled** customer authentication
Governance framework

Board of Directors
Independent and experienced Board

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

Compliance Council
Risk Council
Investment Council
Claims Review Committee
Credit Council
Grievance Management Committee

Business and Innovation
Product Council
Technology Council
Persistency Council

Standalone councils

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
- Quantum of guaranteed return products: 14% of AUM

**Product design & mix monitoring**
- Prudent assumptions and pricing approach
- Return of premium annuity products (>95% of annuity); Average age at entry ~60 years
- Deferred as % of total annuity business < 30%, with limited deferment period (<4 yrs)
- Regular monitoring of interest rates and business mix

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

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

### Sensitivity Analysis

<table>
<thead>
<tr>
<th>Scenario</th>
<th>FY20 Overall EV</th>
<th>VNB Margin</th>
<th>FY20 Non par EV</th>
<th>VNB Margin</th>
<th>H1 FY21 Overall EV</th>
<th>VNB Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest Rate +1%</td>
<td>(1.2%)</td>
<td>(0.7%)</td>
<td>(1.3%)</td>
<td>(2.0%)</td>
<td>(1.5%)</td>
<td>(0.9%)</td>
</tr>
<tr>
<td>Interest Rate -1%</td>
<td>0.6%</td>
<td>0.2%</td>
<td>0.0%</td>
<td>1.7%</td>
<td>0.7%</td>
<td>0.2%</td>
</tr>
</tbody>
</table>

Calibrated risk management has resulted in low EV and VNB sensitivity in the Non Par segment.
Performance of wholly-owned subsidiary companies

**HDFC Pension**

- Fastest growing PFM (Pension Fund Manager) under the NPS architecture (YoY growth of 70% in AUM)
- Market share grew from 29% in Sep’19 to 33% in Sep’20 amongst all PFMs
- Company has over 6 lakh customers - ~3.95 lakh in retail segment and ~ 2.19 lakh in corporate segment
- POP operations commenced in FY20 with enrolling of both retail and corporate subscribers; #2 POP in Corporate NPS business

**HDFC International Life and Re**

- Registered growth of 63% in gross reinsurance premium in H1 FY21
- Forayed into Kingdom of Saudi Arabia (KSA) and Qatar, both being strategically important (re)insurance markets
- Despite challenging external environment, momentum of growth trends and new opportunities remains positive
- S&P Global Ratings continues to reaffirm its long-term public insurer financial strength rating of “BBB” with “Stable” outlook

---

1. Investment in subsidiaries not considered in Solvency Margin
Managing Covid-19
## Dynamic approach to manage impact of the COVID-19 outbreak

<table>
<thead>
<tr>
<th>Accelerated digital selling</th>
<th>Focus on selling products with end to end digital customer journeys</th>
</tr>
</thead>
<tbody>
<tr>
<td>Digital servicing</td>
<td>Communication to customers about digital touch-points for claims, renewal collection and customer queries</td>
</tr>
<tr>
<td>Employee engagement/ facilitation</td>
<td>Initiatives to keep employee morale high; infrastructure enablement and collaboration tools for WFH option</td>
</tr>
<tr>
<td>Prioritizing areas of focus</td>
<td>Dynamic review and assessment, strengthening operating assumptions, heightened focus on cost</td>
</tr>
<tr>
<td>Responsive operating measures</td>
<td>Regular branch operations in green and orange zones (&gt;90% branches operational), daily tracking of employee and agent safety</td>
</tr>
</tbody>
</table>
Emerging opportunities and risks

Opportunities

- **Reinvent operating model**
  - Enhanced focus on digital
  - Work from home

- **Higher demand for insurance**
  - Increasing awareness levels across mortality, morbidity, longevity and interest rate products

- **Consolidation of market share**
  - Product innovation
  - M&A

Risks: Mitigants

- **Fall in growth**: End-to-end digital journey

- **Adverse mortality experience**: Stringent underwriting on the back of data analytics; increased pricing

- **Credit risk**: Conservative investment strategy; ongoing portfolio review

- **Fall in interest rates**: Diversified product mix, discipline in repricing new business, appropriate hedging of back book

- **Volatility in equity markets impacting solvency**: Sub-debt; balanced product mix; healthy backbook surplus

- **Fall in persistency**: Improved customer engagement & communication around need to retain cover
Managing impact of COVID-19 on business

**New business / purchase**
- Digital sales journey - End-to-end digital sales, from prospecting till conversion, including customer interactions
- Chat PCV - No dependence on salesperson or call center. ~65% verifications completed post Covid
- Telemedicals – 43% of the medicals done through tele-medicals, with number of cases increasing by over 2 times
- Uninterrupted customer assistance - Work from home enabled across the organization, Microsoft Meet, Citrix
- InstaInsure - Simplified insurance buying through a 3-click journey

**Policy servicing**
- Renewal collections - ~88% of renewal payments (95% of policies) made digitally; SVAR (voice bot for renewal calling) and use of Cloud telephony
- Maturity payouts - Email, WhatsApp and customer portal 'My Account' enabled to upload necessary docs
- LifeEasy - Simple '3 click claim' process (~99% claims settled in 1 day). Claims initiation process also enabled through Whatsapp
- RPA – Robotic Process automation handled more than 250 processes remotely
- Contact centres - Branch staff replacing Call centre agents servicing customers

**Customer interactions**
- Seamless support experience - 1.6 mn+ monthly queries handled by InstA (virtual assistant)
- Use of mobile app – Over 10x increase in mobile app usage
- InstaServe - OTP based policy servicing tool to handle customer queries
- 24*7 self-service options - ~90% of chats are self-serve via chat-bot
- Branches - Daily tracking of employee and agent safety (>90% branches operational)

**Employee / Partner engagement**
- e-learning platform - 7,900+ agents attending training programs daily through mLearn / VC Platform
- Gamified contests - Launched to drive adoption of digital engagement initiatives
- Agent on-boarding - Insta PRL enabling digital on-boarding of agents – 35,000+ applicants since launch in mid March
- Employee engagement - VC based skill building sessions with digital partners (Twitter, Google, Facebook)
- Partner trainings - Conducted via digital collaboration tools

★ New initiatives launched to manage volatile business environment due to the Covid-19 outbreak
Customer insights – Impact of Covid-19

Impact on LI category\textsuperscript{1,2}

Insurance sees a higher pickup post unlock with customers showing a higher disposition towards the category

Majority of customers were more positive about the industry, driven by:

- \textbf{35\%} Realization of the importance of life and health insurance
- \textbf{34\%} Insurers’ response to COVID-19 crisis
- \textbf{28\%} Increased awareness of personal needs and protection gaps

Digital modes of payment also continue with their increasing trend and are slated to grow further

Evolved expectation due to Covid-19\textsuperscript{2}

Innovative and flexible product features remain the most important factors in prompting a purchase

Source:
1. BCG report, Aug’20, across Indian markets
2. RGare knowledge centre, Aug’20, across Asian markets
Customer Insights – Customer Behaviour/Preferences

Top reasons to buy Life insurance

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

Customer behaviour / trend

- The future intent to buy Life Insurance is the highest amongst financial products driven primarily by 21-40 year olds
- Within LI, the intent to buy traditional policies was highest, particularly by people in the ages of 41-50

- The intent to buy term insurance was driven primarily by people in the age group of 22-30
- The key differentiating factors for consumers were safety of investment and maturity value
- There has been significant pickup in intention to buy term products in metros
- Online mode for premium collection shows an increasing trend across geographies

Major reasons to buy Life Insurance continue to be protection for family, securing child’s needs and retirement planning over last 6 years

Tax saving is the 9th reason to buy Life Insurance, compared to 4th in 2013

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

### Across key channels (%)

<table>
<thead>
<tr>
<th>Channel</th>
<th>13th month</th>
<th>25th month</th>
<th>37th month</th>
<th>49th month</th>
<th>61st month</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agency</td>
<td>91</td>
<td>85</td>
<td>77</td>
<td>72</td>
<td>69</td>
</tr>
<tr>
<td>Banca</td>
<td>85</td>
<td>75</td>
<td>67</td>
<td>64</td>
<td>47</td>
</tr>
<tr>
<td>Direct</td>
<td>93</td>
<td>87</td>
<td>77</td>
<td>78</td>
<td>69</td>
</tr>
<tr>
<td>Company</td>
<td>88</td>
<td>79</td>
<td>69</td>
<td>66</td>
<td>53</td>
</tr>
</tbody>
</table>

### Across key segments (%)

<table>
<thead>
<tr>
<th>Segment</th>
<th>13th month</th>
<th>25th month</th>
<th>37th month</th>
<th>49th month</th>
<th>61st month</th>
</tr>
</thead>
<tbody>
<tr>
<td>Savings (Traditional)</td>
<td>92</td>
<td>85</td>
<td>71</td>
<td>69</td>
<td>71</td>
</tr>
<tr>
<td>Savings (UL)</td>
<td>82</td>
<td>74</td>
<td>69</td>
<td>68</td>
<td>44</td>
</tr>
<tr>
<td>Protection</td>
<td>89</td>
<td>82</td>
<td>74</td>
<td>73</td>
<td>72</td>
</tr>
<tr>
<td>Company</td>
<td>86</td>
<td>75</td>
<td>71</td>
<td>67</td>
<td>53</td>
</tr>
</tbody>
</table>

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

1. Reflects the impact of difference in mix of segment/distribution channel/tenure/age/sum assured multiple etc

VNB – Value of New Business; NBM – New Business Margin
### Sensitivity analysis

<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><strong>Reference rate</strong></td>
<td>Increase by 1%</td>
<td>-0.9%</td>
<td>-1.5%</td>
</tr>
<tr>
<td></td>
<td>Decrease by 1%</td>
<td>0.2%</td>
<td>0.7%</td>
</tr>
<tr>
<td><strong>Equity Market movement</strong></td>
<td>Decrease by 10%</td>
<td>-0.1%</td>
<td>-1.3%</td>
</tr>
<tr>
<td><strong>Persistency (Lapse rates)</strong></td>
<td>Increase by 10%</td>
<td>-0.3%</td>
<td>-0.7%</td>
</tr>
<tr>
<td></td>
<td>Decrease by 10%</td>
<td>0.2%</td>
<td>0.7%</td>
</tr>
<tr>
<td><strong>Maintenance expenses</strong></td>
<td>Increase by 10%</td>
<td>-0.6%</td>
<td>-0.8%</td>
</tr>
<tr>
<td></td>
<td>Decrease by 10%</td>
<td>0.6%</td>
<td>0.8%</td>
</tr>
<tr>
<td><strong>Acquisition Expenses</strong></td>
<td>Increase by 10%</td>
<td>-2.9%</td>
<td>NA</td>
</tr>
<tr>
<td></td>
<td>Decrease by 10%</td>
<td>2.9%</td>
<td>NA</td>
</tr>
<tr>
<td><strong>Mortality / Morbidity</strong></td>
<td>Increase by 5%</td>
<td>-0.7%</td>
<td>-0.8%</td>
</tr>
<tr>
<td></td>
<td>Decrease by 5%</td>
<td>0.7%</td>
<td>0.8%</td>
</tr>
<tr>
<td><strong>Tax rate</strong></td>
<td>Increased to 25%</td>
<td>-5.0%</td>
<td>-7.9%</td>
</tr>
</tbody>
</table>

1. Post overrun total VNB for Individual and Group business
2. The tax rate is assumed to increase from 14.56% to 25% and hence all the currently taxed profits in policyholder/shareholder segments are taxed at a higher rate. It does not allow for the benefit of policyholder surplus being tax-exempt as was envisaged in the DTC Bill.
Assets under management

Assets Under Management

<table>
<thead>
<tr>
<th></th>
<th>Debt:Equity</th>
<th>UL:Traditional</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oct 2019</td>
<td>61:39</td>
<td>54:46</td>
</tr>
<tr>
<td>Nov 2019</td>
<td>62:38</td>
<td>50:50</td>
</tr>
<tr>
<td>Dec 2019</td>
<td>71:29</td>
<td>43:57</td>
</tr>
<tr>
<td>Oct 2020</td>
<td>67:33</td>
<td>43:57</td>
</tr>
</tbody>
</table>

- Continue to rank amongst top 3 private players, in terms of assets under management.
- Over 97% of debt investments in Government bonds and AAA rated securities as on Sep 30, 2020

Change in AUM

Net Fund inflow: 55
Net investment income: 234
Market movements:
- 31st Mar 2018: 1,066
- 31st Mar 2019: 1,256
- 31st Mar 2020: 1,272
- 30th Sep 2020: 1,506

1. Calculated as difference from April to September
2. Based on Assets under Management as on Jun 30, 2020
Stable capital position

- Sub-debt of Rs 6 bn has helped strengthen the solvency ratio, augmented by steady accretion to backbook

1. ASM represents Available solvency margin and RSM represents Required solvency margin
2. Investment in subsidiaries not considered in solvency margin
Governance - Promoting responsible behavior

**Governance structure**
- Corporate governance policy
- Board diversity policy
  - 30% women occupancy in the Board
  - Multiple nationalities and varied ethnicities
- Board evaluation and independence
  - Self-assessment of Board performance
  - 50% independent directors
  - Regulatory norm as per ‘Fit and Proper’
  - Average Board experience is >30 yrs
- Board members are elected independently

**Information / Cyber Security**
- ISO 27001:2013 and ISMS assessment program;
  - Independent auditors and IRDAI auditors validated and certified the controls implemented
- Data Privacy Policy
  - Applicable to customers, employees and service providers
  - Any disciplinary action is in line with the malpractice matrix

**Risk Management and BCM**
- Risk management policy
- Risk oversight by Senior Management & Board of Directors, via Risk Management Council and Risk Management Committee respectively
- Enterprise risk management (ERM) framework
  - ‘Three Lines of Defense approach’
  - Designed and approved by the Board
- Modes of Risk awareness
  - Trainings, Workshops, E-mailers, Seminars, Conferences, Quizzes and Special awareness Drives
- Sensitivity analysis and stress testing
- Business Continuity Management (BCM)
  - Creation of a recovery plan for critical business activities of a function or process

**Compensation Framework**
- Remuneration policy recommended by Nomination and Remuneration Committee
- Performance Management System based on the principles of balanced scorecard
- Detailed disclosure of managerial remuneration in the annual report

**Compliances/ Policies**
- Code of Conduct Policy
- Vigil Mechanism/ Whistle Blower Policy
- Prevention of sexual harassment to women at workplace policy
- Business Responsibility Reporting (BRR)
- Stewardship Code
Social initiatives - Culture of care and giving

Inclusive growth

- **Swabhimaan**, the Corporate Social Responsibility wing is aligned with the UN Sustainable Development Goals (SDGs) with focus on Education, Health, Environment, Livelihood & Disaster Relief
  - FY 2020-21: 20+ CSR projects
  - FY 2019-20: 22 CSR projects across 25 states and 3 UTs impacting >280K beneficiaries in India

- **Financial Inclusion**: Insured >40 million lives through microfinance institutions in FY20

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

Customer centricity

- Improve lives with products designed to suit the different life stage needs
- Focus on leveraging technology to simplify life insurance for customers through their journey across issuance, claims, servicing, or any other engagement
  - Artificial Intelligence (AI) for text and speech recognition;
  - Machine Learning (ML) to improve persistency;
  - Cognitive bots (software robots) for 24x7 customer service; and
  - Alternate data to enhance underwriting

- **Grievance Redressal Policy**
- **Overachieved on Voice of Customers (VOC) study in FY20**
Social initiatives – Human Capital Development

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

### Employee engagement
- Online yoga, mindfulness / meditation sessions, fitness challenges (Walkathon, Fit by Bit)
- Emotional and mental well being assistance program for employees
- Engagement programs for employees and their families
- Carpool app as a green initiative to provide safe transport for employees dependent on public transport
- Strong Reward and Recognition framework

### Talent management/retention
- Fast track growth path for special categories of employees - Management Trainees & Graduate Trainees, etc.
- Potential review and talent development interventions for leadership
- Robust, transparent and objective performance management system
- Career microsite, job portal to educate employees on career opportunities within the company
- Higher increments, bonuses for those exceeding expectations
- Long term incentive plans in the form of ESOPs and Cash to attract, retain and motivate good talent
- Elaborate succession planning for Key Managerial Personnel, critical senior roles

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

### Employee diversity
- Actively promoting diversity and inclusion
- 24% women employees (creche facility, maternity transition program)
- Promoting diverse talent pool (work profiles designed for second career women, freelancers, specially-abled)
- LGBTQ - friendly organisation
## Environmental initiatives - Creating a better environment

### Energy and Water
- Energy efficiency and water conservation initiatives
  - Use of 3/5 star rated appliances with regular maintenance
  - Use of LED based lighting system
  - Use of sensor based urinals and water taps

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

### Waste Management
- Segregation and proper disposal of waste - dry and wet
- No single-use plastics
  - Use of bio-degradable garbage bags
  - Cafeteria with reusable plates, cutlery, wooden stirrers etc
  - Conference / meetings rooms with glass bottles and cups
  - Employees encouraged to bring their own mugs/glass
- Compliant under the Hazardous and Other Wastes (Management and Transfer Boundary Movement) Rules, 2016 and E-waste (Management), Rules, 2016

### CSR initiatives
- Reducing operational footprint through CSR activities
  - 12 water ATMs installed in villages to provide clean drinking water
  - 10 city forest consisting of 13,574 trees across 22,900 sq.ft. created using Miyawaki method

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

---

Actuarial | Financial | ESG
Growth opportunity: Under-penetration and favourable demographics

- India remains vastly under-insured, both in terms of penetration and density
- Huge opportunity to penetrate the underserviced segments, with evolution of the life insurance distribution model

**Life Insurance penetration**

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

**Life Insurance density US$**

<table>
<thead>
<tr>
<th>Region</th>
<th>2019 Density</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hong Kong</td>
<td>8,979</td>
</tr>
<tr>
<td>Taiwan</td>
<td>4,129</td>
</tr>
<tr>
<td>Singapore</td>
<td>3,244</td>
</tr>
<tr>
<td>Japan</td>
<td>2,691</td>
</tr>
<tr>
<td>Malaysia</td>
<td>1,380</td>
</tr>
<tr>
<td>Thailand</td>
<td>256</td>
</tr>
<tr>
<td>China</td>
<td>230</td>
</tr>
<tr>
<td>India</td>
<td>58</td>
</tr>
</tbody>
</table>

**Life expectancy (Years)**

- 2015: Taiwan - 67.6, Japan - 71.9, India - 75.0
- 2035: Taiwan - 71.9, Japan - 75.0, India - 75.0
- 2055: Taiwan - 75.0, Japan - 75.0, India - 75.0

**Population composition (Bn.)**

- 2015: Less than 20 years - 38%, 20-64 years - 56%, 65 years and above - 6%
- 2035: Less than 20 years - 30%, 20-64 years - 61%, 65 years and above - 15%
- 2055: Less than 20 years - 25%, 20-64 years - 60%, 65 years and above - 15%

- India’s insurable population is expected to touch 750 million by 2020
- India’s elderly population is expected to double by 2035 (as compared to 2015)
- 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

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

**Protection gap**

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

**Trend of retail loans**

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

---

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

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

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

Average household size has decreased from 4.6 in 2001 to 3.9 in 2018

Total Pension AUM is expected to grow to Rs 47 Tn by 2025 (more than 1/3rd accounted for by NPS)

Mandatory schemes to increase coverage for both unorganized and organized sectors

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

Government Bonds – Tenorwise Issuance

- Auction of >15 year maturity bonds has been ~25-30% on an average facilitates writing annuity business at scale
- Budget estimate plan for government borrowing for FY21 at Rs. 12 trillion on gross basis
- The actual borrowing till H1 is 55% of the budget

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

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

Household savings composition

<table>
<thead>
<tr>
<th>Year</th>
<th>Financial savings</th>
<th>Physical savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY10</td>
<td>52%</td>
<td>48%</td>
</tr>
<tr>
<td>FY13</td>
<td>68%</td>
<td>32%</td>
</tr>
<tr>
<td>FY16</td>
<td>65%</td>
<td>35%</td>
</tr>
<tr>
<td>FY19</td>
<td>65%</td>
<td>35%</td>
</tr>
</tbody>
</table>

Financial savings mix

<table>
<thead>
<tr>
<th>Year</th>
<th>Currency &amp; deposits</th>
<th>Life insurance</th>
<th>Provident/Pension fund</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY10</td>
<td>11%</td>
<td>13%</td>
<td>50%</td>
<td>35%</td>
</tr>
<tr>
<td>FY13</td>
<td>12%</td>
<td>18%</td>
<td>67%</td>
<td>32%</td>
</tr>
<tr>
<td>FY16</td>
<td>19%</td>
<td>17%</td>
<td>56%</td>
<td>24%</td>
</tr>
<tr>
<td>FY20</td>
<td>16%</td>
<td>21%</td>
<td>47%</td>
<td>33%</td>
</tr>
</tbody>
</table>
Industry new business\(^1\) trends

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

---

1. Basis Individual Weighted Received Premium (WRP)

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

Product mix ¹

<table>
<thead>
<tr>
<th>Year</th>
<th>Unit Linked</th>
<th>Conventional</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY15</td>
<td>43%</td>
<td>57%</td>
</tr>
<tr>
<td>FY16</td>
<td>48%</td>
<td>52%</td>
</tr>
<tr>
<td>FY17</td>
<td>51%</td>
<td>49%</td>
</tr>
<tr>
<td>FY18</td>
<td>54%</td>
<td>46%</td>
</tr>
<tr>
<td>FY19</td>
<td>51%</td>
<td>49%</td>
</tr>
<tr>
<td>FY20</td>
<td>44%</td>
<td>56%</td>
</tr>
<tr>
<td>Q1 FY21</td>
<td>34%</td>
<td>66%</td>
</tr>
</tbody>
</table>

Distribution mix ²

<table>
<thead>
<tr>
<th>Year</th>
<th>Individual Agents</th>
<th>Corporate Agents - Banks</th>
<th>Corporate Agents - Others</th>
<th>Brokers</th>
<th>Direct Business</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY15</td>
<td>2%</td>
<td>9%</td>
<td>47%</td>
<td>3%</td>
<td>36%</td>
</tr>
<tr>
<td>FY16</td>
<td>3%</td>
<td>10%</td>
<td>52%</td>
<td>3%</td>
<td>32%</td>
</tr>
<tr>
<td>FY17</td>
<td>3%</td>
<td>10%</td>
<td>54%</td>
<td>3%</td>
<td>30%</td>
</tr>
<tr>
<td>FY18</td>
<td>3%</td>
<td>12%</td>
<td>54%</td>
<td>3%</td>
<td>28%</td>
</tr>
<tr>
<td>FY19</td>
<td>3%</td>
<td>14%</td>
<td>55%</td>
<td>3%</td>
<td>25%</td>
</tr>
<tr>
<td>FY20</td>
<td>3%</td>
<td>16%</td>
<td>53%</td>
<td>3%</td>
<td>25%</td>
</tr>
<tr>
<td>Q1 FY21</td>
<td>3%</td>
<td>20%</td>
<td>49%</td>
<td>3%</td>
<td>25%</td>
</tr>
</tbody>
</table>

- Product mix has recently moved towards conventional business for the private players due to volatile markets
- Increasing thrust on protection business by top players has helped improve the new business margins
- Banca sourced business continues to dominate the channel mix on the back of increasing reach of banks along with increase in share of direct channel, while share of Agency has been constant in the last few years

1. Basis Overall WRP (Individual and Group);
2. Basis 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></th>
<th>H1 FY21</th>
<th>H1 FY20</th>
<th>Growth</th>
<th>FY20</th>
<th>FY19</th>
<th>FY18</th>
<th>CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Business Premium (Indl. + Group)</td>
<td>85.0</td>
<td>79.1</td>
<td>7%</td>
<td>172.4</td>
<td>149.7</td>
<td>113.5</td>
<td>23%</td>
</tr>
<tr>
<td>Renewal Premium (Indl. + Group)</td>
<td>75.5</td>
<td>61.8</td>
<td>22%</td>
<td>154.7</td>
<td>142.1</td>
<td>122.1</td>
<td>13%</td>
</tr>
<tr>
<td>Total Premium</td>
<td>160.5</td>
<td>140.9</td>
<td>14%</td>
<td>327.1</td>
<td>291.9</td>
<td>235.6</td>
<td>18%</td>
</tr>
<tr>
<td>Individual APE</td>
<td>28.3</td>
<td>28.7</td>
<td>-1%</td>
<td>61.4</td>
<td>52.0</td>
<td>48.9</td>
<td>12%</td>
</tr>
<tr>
<td>Overall APE</td>
<td>33.3</td>
<td>34.7</td>
<td>-4%</td>
<td>74.1</td>
<td>62.6</td>
<td>55.3</td>
<td>16%</td>
</tr>
<tr>
<td>Group Premium (NB)</td>
<td>42.9</td>
<td>40.2</td>
<td>7%</td>
<td>87.8</td>
<td>73.3</td>
<td>54.1</td>
<td>27%</td>
</tr>
<tr>
<td>Profit after Tax</td>
<td>7.8</td>
<td>7.3</td>
<td>6%</td>
<td>13.0</td>
<td>12.8</td>
<td>11.1</td>
<td>8%</td>
</tr>
<tr>
<td>- Policyholder Surplus</td>
<td>5.6</td>
<td>5.5</td>
<td>1%</td>
<td>10.9</td>
<td>9.0</td>
<td>8.5</td>
<td>13%</td>
</tr>
<tr>
<td>- Shareholder Surplus</td>
<td>2.2</td>
<td>1.8</td>
<td>20%</td>
<td>2.1</td>
<td>3.8</td>
<td>2.6</td>
<td>-11%</td>
</tr>
<tr>
<td>Dividend Paid</td>
<td></td>
<td></td>
<td>NA</td>
<td>-</td>
<td>4.0</td>
<td>3.3</td>
<td>NA</td>
</tr>
<tr>
<td>Assets Under Management</td>
<td>1,506.2</td>
<td>1,310.1</td>
<td>15%</td>
<td>1,272.3</td>
<td>1,255.5</td>
<td>1,066.0</td>
<td>9%</td>
</tr>
<tr>
<td>Indian Embedded Value</td>
<td>233.3</td>
<td>201.2</td>
<td>16%</td>
<td>206.5</td>
<td>183.0</td>
<td>152.2</td>
<td>16%</td>
</tr>
<tr>
<td>Net Worth</td>
<td></td>
<td></td>
<td></td>
<td>69.9</td>
<td>56.6</td>
<td>47.2</td>
<td>22%</td>
</tr>
<tr>
<td>NB (Individual and Group segment) lives insured (Mn.)</td>
<td>10.2</td>
<td>28.7</td>
<td>-64%</td>
<td>61.3</td>
<td>51.4</td>
<td>33.2</td>
<td>36%</td>
</tr>
<tr>
<td>No. of Individual Policies (NB) sold (In 000s)</td>
<td>444.2</td>
<td>420.4</td>
<td>6%</td>
<td>896.3</td>
<td>995.0</td>
<td>1,049.6</td>
<td>-7%</td>
</tr>
</tbody>
</table>

1. Including dividend distribution tax (DDT)
2. Comprises share capital, share premium and accumulated profits/(losses)
## Financial and operational snapshot (2/2)

<table>
<thead>
<tr>
<th></th>
<th>H1 FY21</th>
<th>H1 FY20</th>
<th>FY20</th>
<th>FY19</th>
<th>FY18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall New Business Margins (post overrun)</td>
<td>25.1%</td>
<td>27.5%</td>
<td>25.9%</td>
<td>24.6%</td>
<td>23.2%</td>
</tr>
<tr>
<td>Operating Return on EV</td>
<td>17.6%</td>
<td>19.6%</td>
<td>18.1%</td>
<td>20.1%</td>
<td>21.5%</td>
</tr>
<tr>
<td>Operating Expenses / Total Premium</td>
<td>11.1%</td>
<td>14.0%</td>
<td>13.1%</td>
<td>13.1%</td>
<td>13.5%</td>
</tr>
<tr>
<td>Total Expenses (OpEx + Commission) / Total Premium</td>
<td>15.2%</td>
<td>19.0%</td>
<td>17.7%</td>
<td>17.0%</td>
<td>18.0%</td>
</tr>
<tr>
<td>Return on Equity</td>
<td>21.0%</td>
<td>24.3%</td>
<td>20.5%</td>
<td>24.6%</td>
<td>26.0%</td>
</tr>
<tr>
<td>Solvency Ratio</td>
<td>203%</td>
<td>192%</td>
<td>184%</td>
<td>188%</td>
<td>192%</td>
</tr>
<tr>
<td>Persistency (13M / 61M)</td>
<td>88%/53%</td>
<td>86%/53%</td>
<td>88%/54%</td>
<td>84%/51%</td>
<td>83%/50%</td>
</tr>
<tr>
<td>Market Share (%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Individual WRP</td>
<td>17.5%</td>
<td>15.2%</td>
<td>14.2%</td>
<td>12.5%</td>
<td>13.3%</td>
</tr>
<tr>
<td>- Group New Business</td>
<td>27.4%</td>
<td>28.9%</td>
<td>29.0%</td>
<td>28.4%</td>
<td>28.5%</td>
</tr>
<tr>
<td>- Total New Business</td>
<td>23.3%</td>
<td>22.4%</td>
<td>21.5%</td>
<td>20.7%</td>
<td>19.1%</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/Non par protection/Par)</td>
<td>23/35/9/33</td>
<td>26/58/6/9</td>
<td>28/45/8/19</td>
<td>55/20/7/18</td>
<td>57/9/5/28</td>
</tr>
<tr>
<td>- Indl Distribution (CA/Agency/Broker/Direct)</td>
<td>60/13/6/21</td>
<td>54/15/10/21</td>
<td>55/14/9/22</td>
<td>64/13/4/19</td>
<td>71/11/5/14</td>
</tr>
<tr>
<td>- Total Distribution (CA/Agency/Broker/Direct/Group)</td>
<td>23/6/2/18/51</td>
<td>23/7/3/16/51</td>
<td>23/7/3/17/51</td>
<td>26/7/2/16/49</td>
<td>33/7/2/10/48</td>
</tr>
<tr>
<td>- Share of protection business (Basis Indl APE)</td>
<td>8.5%</td>
<td>6.1%</td>
<td>7.6%</td>
<td>6.7%</td>
<td>5.1%</td>
</tr>
<tr>
<td>- Share of protection business (Basis Overall APE)</td>
<td>12.1%</td>
<td>16.7%</td>
<td>17.2%</td>
<td>16.7%</td>
<td>11.3%</td>
</tr>
<tr>
<td>- Share of protection business (Basis NBP)</td>
<td>14.1%</td>
<td>27.9%</td>
<td>27.6%</td>
<td>27.0%</td>
<td>25.9%</td>
</tr>
</tbody>
</table>

1. During FY18, there was a one time positive operating assumption change of Rs 1.4 bn based on review by an external actuary as part of the IPO process. Excluding this one time adjustment, Operating return on EV would have been 20.4% for FY18.
2. Calculated using net profit and average net worth for the period (Net worth comprises of Share capital, Share premium and Accumulated profits).
3. Persistency ratios (based on original premium). Group business, where persistency is measurable, has been included in the calculations.
4. Based on individual APE. UL: Unit Linked, Trad: Traditional, Par: Participating & CA: Corporate Agents. Percentages are rounded off.
5. Based on total new business premium including group. Percentages are rounded off.
# Revenue and Profit & Loss A/c

## Revenue A/c

<table>
<thead>
<tr>
<th></th>
<th>H1 FY21</th>
<th>H1 FY20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Premium earned</td>
<td>160.5</td>
<td>140.9</td>
</tr>
<tr>
<td>Reinsurance ceded</td>
<td>(2.8)</td>
<td>(1.9)</td>
</tr>
<tr>
<td>Income from Investments</td>
<td>150.7</td>
<td>31.9</td>
</tr>
<tr>
<td>Other Income</td>
<td>0.7</td>
<td>0.6</td>
</tr>
<tr>
<td>Transfer from Shareholders' Account</td>
<td>0.1</td>
<td>0.2</td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td><strong>309.1</strong></td>
<td><strong>171.7</strong></td>
</tr>
<tr>
<td>Commissions</td>
<td>6.7</td>
<td>7.0</td>
</tr>
<tr>
<td>Expenses</td>
<td>17.7</td>
<td>19.6</td>
</tr>
<tr>
<td>GST on UL charges</td>
<td>1.7</td>
<td>1.7</td>
</tr>
<tr>
<td>Provision for taxation</td>
<td>0.5</td>
<td>(0.2)</td>
</tr>
<tr>
<td>Provision for diminution in value of investments</td>
<td>(0.5)</td>
<td>1.4</td>
</tr>
<tr>
<td>Benefits paid</td>
<td>72.5</td>
<td>75.0</td>
</tr>
<tr>
<td>Change in valuation reserve</td>
<td>203.8</td>
<td>57.6</td>
</tr>
<tr>
<td>Bonuses Paid</td>
<td>2.9</td>
<td>3.6</td>
</tr>
<tr>
<td><strong>Total Outgoings</strong></td>
<td><strong>305.2</strong></td>
<td><strong>165.9</strong></td>
</tr>
<tr>
<td><strong>Surplus</strong></td>
<td><strong>3.9</strong></td>
<td><strong>5.9</strong></td>
</tr>
<tr>
<td>Transfer to Shareholders' Account</td>
<td>5.7</td>
<td>5.7</td>
</tr>
<tr>
<td>Funds for future appropriation - Par</td>
<td>(1.7)</td>
<td>0.2</td>
</tr>
<tr>
<td><strong>Total Appropriations</strong></td>
<td><strong>3.9</strong></td>
<td><strong>5.9</strong></td>
</tr>
</tbody>
</table>

## Profit and Loss A/c

<table>
<thead>
<tr>
<th></th>
<th>H1 FY21</th>
<th>H1 FY20</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest and dividend income</td>
<td>2.0</td>
<td>1.7</td>
</tr>
<tr>
<td>Net profit/(loss) on sale</td>
<td>0.3</td>
<td>0.7</td>
</tr>
<tr>
<td>Transfer from Policyholders' Account</td>
<td>5.6</td>
<td>5.7</td>
</tr>
<tr>
<td>Other Income</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>8.0</strong></td>
<td><strong>8.1</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>H1 FY21</th>
<th>H1 FY20</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Outgoings</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfer to Policyholders' Account</td>
<td>0.1</td>
<td>0.2</td>
</tr>
<tr>
<td>Expenses</td>
<td>0.1</td>
<td>0.1</td>
</tr>
<tr>
<td>Interest on Non-convertible debenture</td>
<td>0.1</td>
<td></td>
</tr>
<tr>
<td>Provision for diminution in value of investments</td>
<td>(0.1)</td>
<td>0.2</td>
</tr>
<tr>
<td>Provision for Taxation</td>
<td>0.0</td>
<td>0.3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>0.2</strong></td>
<td><strong>0.8</strong></td>
</tr>
</tbody>
</table>

## Profit for the year

<table>
<thead>
<tr>
<th></th>
<th>H1 FY21</th>
<th>H1 FY20</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Profit for the year</strong></td>
<td><strong>7.8</strong></td>
<td><strong>7.3</strong></td>
</tr>
</tbody>
</table>
## Balance Sheet

<table>
<thead>
<tr>
<th></th>
<th>Sep 30, 2020</th>
<th>Sep 30, 2019</th>
<th>Mar 31, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Shareholders’ funds</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share capital (including Share premium)</td>
<td>24.4</td>
<td>23.9</td>
<td>24.2</td>
</tr>
<tr>
<td>Accumulated profits</td>
<td>53.5</td>
<td>40.1</td>
<td>45.7</td>
</tr>
<tr>
<td>Fair value change</td>
<td>0.4</td>
<td>(0.4)</td>
<td>(1.9)</td>
</tr>
<tr>
<td><strong>Sub total</strong></td>
<td><strong>78.2</strong></td>
<td><strong>63.6</strong></td>
<td><strong>68.0</strong></td>
</tr>
<tr>
<td><strong>Borrowings</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Policyholders’ funds</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fair value change</td>
<td>11.2</td>
<td>8.0</td>
<td>0.5</td>
</tr>
<tr>
<td>Policy Liabilities</td>
<td>745.8</td>
<td>597.1</td>
<td>652.7</td>
</tr>
<tr>
<td>Provision for Linked Liabilities</td>
<td>615.6</td>
<td>597.5</td>
<td>508.4</td>
</tr>
<tr>
<td>Funds for discontinued policies</td>
<td>36.9</td>
<td>33.2</td>
<td>33.4</td>
</tr>
<tr>
<td><strong>Sub total</strong></td>
<td><strong>1,409.5</strong></td>
<td><strong>1,235.8</strong></td>
<td><strong>1,195.0</strong></td>
</tr>
<tr>
<td>Funds for future appropriation (Par)</td>
<td>7.1</td>
<td>11.2</td>
<td>8.8</td>
</tr>
<tr>
<td><strong>Total Source of funds</strong></td>
<td><strong>1500.9</strong></td>
<td><strong>1,310.5</strong></td>
<td><strong>1,271.9</strong></td>
</tr>
</tbody>
</table>

|                          |              |              |              |
| Shareholders’ investment | 74.4         | 53.0         | 58.6         |
| Policyholders’ investments: Non-linked | 779.3      | 626.4        | 671.9        |
| Policyholders’ investments: Linked | 652.5       | 630.6        | 541.8        |
| Loans                    | 3.2          | 1.9          | 3.0          |
| Fixed assets             | 3.3          | 3.4          | 3.3          |
| Net current assets       | (11.9)       | (4.9)        | (6.7)        |
| **Total Application of funds** | **1500.9** | **1,310.5**  | **1,271.9**  |
Segment wise average term and age

Average Policy Term excluding annuity (Yrs)

H1 FY21: 25.2 (H1 FY20: 15.7)

- UL: 12 (12)
- Par: 14 (23)
- Non-par Health: 16 (11)
- Non-par Savings: 12 (12)
- Non-par Protection: 40 (38)
- Non-par Pension: 10 (10)

Average Customer Age excluding annuity (Yrs)

H1 FY21: 35.7 (H1 FY20: 37.6)

- UL: 37 (36)
- Par: 33 (36)
- Non-par Health: 32 (32)
- Non-par Savings: 36 (39)
- Non-par Protection: 34 (35)
- Non-par Pension: 57 (57)
- Annuity: 59 (59)

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

**Scope of review**

- Assess appropriateness of ALM strategy to manage interest rate risk in non-par savings business
- Review sensitivity of value of assets and liabilities to changes in assumptions

**Portfolios reviewed**

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

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

**Opinion and conclusion**

ALM strategy adopted for Portfolios 1 and 2 is appropriate to:

- meet policyholder liability cash flows
- protect net asset-liability position thereby limiting impact on shareholder value

---

1. Opinion issued by Milliman Advisors LLP on ALM strategy (for non par business) basis FY20 disclosures
Indian Embedded value: Methodology and Approach (1/2)

Overview

Indian Embedded Value (IEV) consists of:

- **Adjusted Net Worth (ANW),** consisting of:
  - Free surplus (FS);
  - Required capital (RC); and

- **Value of in-force covered business (VIF):** Present value of the shareholders’ interest in the earnings distributable from assets allocated to the covered business, after making sufficient allowance for the aggregate risks in the covered business.

Components of Adjusted Net Worth (ANW)

- **Free surplus (FS):** FS is the Market value of any assets allocated to, but not required to support, the in-force covered business as at the valuation date. The FS has been determined as the adjusted net worth of the Company (being the net shareholders’ funds adjusted to revalue assets to Market value), less the RC as defined below.

- **Required capital (RC):** RC is the amount of assets attributed to the covered business over and above that required to back liabilities for the covered business. The distribution of this to shareholders is restricted. RC is set equal to the internal target level of capital equal to 170% of the factor-based regulatory solvency requirements, less the funds for future appropriations (“FFA”) in the participating funds.
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>
<tbody>
<tr>
<td></td>
<td>As at Sep 30, 2020</td>
<td>As at Sep 30, 2019</td>
</tr>
<tr>
<td>1</td>
<td>3.90</td>
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<td>2</td>
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<tr>
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</tbody>
</table>

1. Forward rates are annualised and Spot rates are continuous
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
- **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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