# Executive summary: H1 FY23

## Revenue & Scale

<table>
<thead>
<tr>
<th></th>
<th>CY</th>
<th>PY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual WRP</td>
<td>37.8</td>
<td>41.1</td>
</tr>
<tr>
<td>Market Share</td>
<td>14.8%</td>
<td>16.1%</td>
</tr>
<tr>
<td>Renewal premium</td>
<td>108.0</td>
<td>120.1</td>
</tr>
<tr>
<td>AUM</td>
<td>2,044</td>
<td>2,249</td>
</tr>
<tr>
<td>IEV</td>
<td>330</td>
<td>360</td>
</tr>
</tbody>
</table>

## Profitability & Cost

<table>
<thead>
<tr>
<th></th>
<th>CY</th>
<th>PY</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Business Margin (NBM) CY</td>
<td>27.6%</td>
<td>26.2%</td>
</tr>
<tr>
<td></td>
<td>PY</td>
<td>26.4%</td>
</tr>
<tr>
<td>VNB</td>
<td>Rs (Bn.)</td>
<td>12.6</td>
</tr>
<tr>
<td>Profit After Tax (PAT) CY</td>
<td>Rs (Bn.)</td>
<td>6.8</td>
</tr>
<tr>
<td></td>
<td>PY</td>
<td>18%</td>
</tr>
<tr>
<td>Operating exp. ratio CY</td>
<td>14.3%</td>
<td>14.7%</td>
</tr>
<tr>
<td></td>
<td>PY</td>
<td>12.0%</td>
</tr>
</tbody>
</table>

## Customer & Capital

<table>
<thead>
<tr>
<th></th>
<th>CY</th>
<th>PY</th>
</tr>
</thead>
<tbody>
<tr>
<td>13th month persistency¹</td>
<td>88%</td>
<td>87%</td>
</tr>
<tr>
<td>Claim settlement ratio (FY22)</td>
<td>Overall</td>
<td>99.6%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Individual</td>
</tr>
<tr>
<td></td>
<td>CY</td>
<td>25</td>
</tr>
<tr>
<td></td>
<td>PY</td>
<td>29</td>
</tr>
<tr>
<td>Solvency</td>
<td>Sep'22</td>
<td>210%</td>
</tr>
<tr>
<td></td>
<td>Mar'22</td>
<td>176%</td>
</tr>
</tbody>
</table>

---

1. Excludes single premium
2. Complaints data (excluding survival and death claims) for FY22 & FY21
   * Not meaningful as previous year numbers are not comparable
# Pre-Merger numbers exclude Exide Life; Post-Merger numbers include Exide Life

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xx Pre-Merger Basis²

xx Post-Merger basis²
Agenda

1. Performance Snapshot
2. Our Strategy
3. Exide Life Transaction Update
4. Our approach to ESG
5. Annexures
6. Life insurance in India
Consistent, predictable, sustained performance

Consistent track record over multiple periods

New business premium

<table>
<thead>
<tr>
<th>FY14</th>
<th>FY18</th>
<th>FY22</th>
</tr>
</thead>
<tbody>
<tr>
<td>40</td>
<td>113</td>
<td>242</td>
</tr>
</tbody>
</table>

Renewal premium

<table>
<thead>
<tr>
<th>FY14</th>
<th>FY18</th>
<th>FY22</th>
</tr>
</thead>
<tbody>
<tr>
<td>80</td>
<td>122</td>
<td>218</td>
</tr>
</tbody>
</table>

Protection APE²

<table>
<thead>
<tr>
<th>FY14</th>
<th>FY18</th>
<th>FY22</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.6</td>
<td>6.2</td>
<td>13.2</td>
</tr>
</tbody>
</table>

Annuity new business

<table>
<thead>
<tr>
<th>FY14</th>
<th>FY18</th>
<th>FY22</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.6</td>
<td>10.7</td>
<td>48.7</td>
</tr>
</tbody>
</table>

AUM

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

13M persistency³

<table>
<thead>
<tr>
<th>FY14</th>
<th>FY18</th>
<th>FY22</th>
</tr>
</thead>
<tbody>
<tr>
<td>71%</td>
<td>81%</td>
<td>87%</td>
</tr>
</tbody>
</table>

VNB

<table>
<thead>
<tr>
<th>FY16-20</th>
<th>FY17-21</th>
<th>FY18-22</th>
</tr>
</thead>
<tbody>
<tr>
<td>7.4</td>
<td>9.2</td>
<td>12.8</td>
</tr>
</tbody>
</table>

Embedded Value¹

<table>
<thead>
<tr>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
<th>FY20</th>
<th>FY21</th>
<th>FY22</th>
</tr>
</thead>
<tbody>
<tr>
<td>102</td>
<td>125</td>
<td>152</td>
<td>207</td>
<td>266</td>
<td>300</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
Healthy performance across all key metrics (1/2)*

**Strong, sustainable growth**

<table>
<thead>
<tr>
<th>Overall mkt share</th>
<th>FY20</th>
<th>FY21</th>
<th>FY22</th>
<th>H1 FY23 (Pre-Merger)</th>
<th>H1 FY23 (Post-Merger)</th>
</tr>
</thead>
<tbody>
<tr>
<td>8.1%</td>
<td>59.7</td>
<td>70.0</td>
<td>81.5</td>
<td>37.8</td>
<td>41.1</td>
</tr>
<tr>
<td>9.2%</td>
<td>9.3%</td>
<td>9.4%</td>
<td>10.2%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>14.2%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15.5%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14.8%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14.8%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>16.1%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>19%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>16%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NM*</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Balanced product mix**

<table>
<thead>
<tr>
<th>Total APE</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY20: 7%</td>
</tr>
<tr>
<td>FY21: 16%</td>
</tr>
<tr>
<td>FY22: 18%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total NBP</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY20: 31%</td>
</tr>
<tr>
<td>FY21: 32%</td>
</tr>
<tr>
<td>FY22: 32%</td>
</tr>
</tbody>
</table>

1. Based on Credit Protect new business premium
2. Product Mix is on Post-Merger basis
3. Based on Individual APE on Post-Merger basis

**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>FY21</td>
</tr>
<tr>
<td>FY22</td>
</tr>
<tr>
<td>H1 FY23</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>YoY Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY20: 17%</td>
</tr>
<tr>
<td>FY21: -19%</td>
</tr>
<tr>
<td>FY22: 55%</td>
</tr>
<tr>
<td>H1 FY23: 66%</td>
</tr>
</tbody>
</table>

**Focus on diversified channel mix**

<table>
<thead>
<tr>
<th>FY20</th>
<th>FY21</th>
<th>FY22</th>
<th>H1 FY23</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bancassurance</td>
<td>Direct</td>
<td>Agency</td>
<td>Brokers and others</td>
</tr>
<tr>
<td>9%</td>
<td>14%</td>
<td>6%</td>
<td>8%</td>
</tr>
<tr>
<td>14%</td>
<td>13%</td>
<td>14%</td>
<td>18%</td>
</tr>
<tr>
<td>55%</td>
<td>61%</td>
<td>60%</td>
<td>57%</td>
</tr>
</tbody>
</table>

1. Based on Credit Protect new business premium
2. Product Mix is on Post-Merger basis
3. Based on Individual APE on Post-Merger basis

* Numbers include Exide Life metrics from April 1, 2022 onwards, prior years are not comparable
# Not meaningful as previous year numbers are not comparable

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5

HDFC Life
Healthy performance across all key metrics (2/2)

**Improving Persistency**

- Improving persistency trends across channel and product cohorts
- Margins continue to improve for both existing and acquired businesses

<table>
<thead>
<tr>
<th></th>
<th>H1 FY22</th>
<th>H1 FY23 (Pre-Merger)</th>
<th>H1 FY23 (Post-Merger)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Persistency</td>
<td>86%</td>
<td>88%</td>
<td>87%</td>
</tr>
<tr>
<td>New Business</td>
<td>52%</td>
<td>54%</td>
<td>51%</td>
</tr>
</tbody>
</table>

**Strong growth in renewal premium**

- Growth backed by consistent improvement in overall persistency
- Successfully raised Rs 20 billion of equity capital in Q2 FY23

<table>
<thead>
<tr>
<th></th>
<th>H1 FY22</th>
<th>H1 FY23 (Pre-Merger)</th>
<th>H1 FY23 (Post-Merger)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Renewal Premium</td>
<td>89.2</td>
<td>108.0</td>
<td>120.1</td>
</tr>
<tr>
<td>VNB Growth</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>H1 FY22</td>
<td>176%</td>
<td>210%</td>
<td>210%</td>
</tr>
<tr>
<td>H1 FY23 (Pre-Merger)</td>
<td>16%</td>
<td>27.6%</td>
<td>26.2%</td>
</tr>
</tbody>
</table>

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

1. Performance Snapshot
2. Our Strategy
3. Exide Life Transaction Update
4. Our approach to ESG
5. Annexures
6. 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 secondees 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>Economic Profit</th>
<th>FY20</th>
<th>FY21</th>
<th>FY22</th>
<th>H1 FY22 (Pre-Merger)</th>
<th>H1 FY23 (Post-Merger)</th>
</tr>
</thead>
<tbody>
<tr>
<td>New business Margin</td>
<td>25.9%</td>
<td>26.1%</td>
<td>27.4%</td>
<td>26.4%</td>
<td>27.6%</td>
</tr>
<tr>
<td>Value of new business</td>
<td>19.2</td>
<td>21.9</td>
<td>26.8</td>
<td>10.9</td>
<td>12.6</td>
</tr>
<tr>
<td>Profit after tax (PAT)</td>
<td>13.0</td>
<td>13.6</td>
<td>12.1</td>
<td>5.8</td>
<td>6.8</td>
</tr>
<tr>
<td>Underwriting profits</td>
<td>10.9</td>
<td>7.3</td>
<td>4.4</td>
<td>1.3</td>
<td>4.7</td>
</tr>
<tr>
<td>Shareholders’ surplus</td>
<td>2.1</td>
<td>6.3</td>
<td>7.7</td>
<td>4.4</td>
<td>2.1</td>
</tr>
</tbody>
</table>

Underwriting profits breakup

- **FY20**: Backbook Surplus -19.1, New Business Strain 29.9
- **FY21**: Backbook Surplus -25.0, New Business Strain 32.3
- **FY22**: Backbook Surplus -30.5, New Business Strain 34.9
- **H1 FY22**: Backbook Surplus -13.5, New Business Strain 14.8
- **H1 FY23 (Pre-Merger)**: Backbook Surplus -15.2, New Business Strain 19.9

1. Post accounting for impact of excess mortality reserve (EMR)

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Profitable growth

- Diversified distribution mix
- Market leading innovation
- Reimagining protecting management
- Quality of Board and management
Analysis of change in IEV

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

- Operating variance continues to be positive and in line with our assumptions
Diversified distribution mix enabled by multiple levers

**Proprietary**¹

1.5L+ Agents

~450 Branches
48 Digital Branches²

www.hdfclife.com
HDFC Life App

**Group, Pension & International Business**

NPS Corporates

Group Annuity (MPH/CA)
160+ Superannuation Funds

Rep Office - NRI

**Banks, SFBs, Other CAs**

- HDFC BANK
- Saraswat Bank
- DhanlaxmiBank
- Utkarsh Small Finance Bank
- Bandhan Bank
- UD Small Finance Bank
- South Indian Bank
- IDFC First Bank
- Union Bank
- Axis Bank
- Suroday
- YES Bank
- DCB Bank
- Capital Small Finance Bank
- TJSB Sahakari Bank

**NBFCs, MFIs**

- HDFC SALES
- Tata Capital
- Fullerton
- Chola
- CreditAccess
- VFS
- naafoo
- MobiKwik
- TATA Motors
- TATA Home Loans
- TATA Housing
- IIFL Home Loans

**Brokers & Aggregators**

- policy bazaar
- Bajaj Capital
- Coverfox.com
- Probus Insurance
- Centrum

**Equity Brokers & Wealth**

- ICICI Securities
- HDFC Securities
- SBI Securities
- Motilal Oswal
- Angel Broking

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

**Profitable growth**

**Diversified distribution mix**

**Market-leading innovation**

**Reimagining insurance**

**Quality of Board and management**

**1.5L+ Agents**

**~450 Branches**

**48 Digital Branches**²

**www.hdfclife.com**

HDFC Life App

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
**Product innovation across segments**

**Protection**
- **Offline**
  - **Plain vanilla term plans** where customer gets life cover

- **Online**
  - **Cheaper** compared to offline term plan

- **Credit Protect**
  - **Term insurance attached with loan**

- **Add ons**
  - **New features** such as spouse cover, smart exit (zero cost insurance), life stage, WOP CI/TPD

- **Protection with ULIP**
  - Provides higher coverage with market linked returns

**Savings**
- **Lumpsum endowment plans**
- **Guaranteed income plans**
- **Immediate income plans**

**Retirement**
- **Immediate annuity**
- **Deferred annuity**
- **Regular pay deferred annuity**

- **Pay one time and get life time income**
- **Save systematically and build retirement corpus** (used for buying annuity)
- **Pay one time, wait for a few years and then receive life time income**. Annuity rates locked at the start
- **Pay premiums regularly for 5/7 years and receive life time income**. Annuity rates locked at the start

- **New features** such as spouse cover, smart exit (zero cost insurance), life stage, WOP CI/TPD

- **Provides higher coverage with market linked returns**

**Plain vanilla term plans** where customer gets life cover

**Cheaper** compared to offline term plan

**Term insurance attached with loan**

**New features** such as spouse cover, smart exit (zero cost insurance), life stage, WOP CI/TPD

---

1. Wavier of premium on critical illness, Total permanent disability
Addressing customer needs at every stage of life

### Needs

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

### Objective

- **Simple Savings**
- **Borrowing**
- **Investments**
- **Asset Drawdown**

### Product Offerings

- **UL**
  - 32%
- **Par**
  - 32%
- **Non par savings**
  - 32%
- **Protection**
  - 4%
- **Annuity**
  - 0%

### Risks Addressed

- **Mortality**
- **Morbidity**
- **Longevity**
- **Interest Rate**

### Product mix across age categories

<table>
<thead>
<tr>
<th>Age Category</th>
<th>UL</th>
<th>Par</th>
<th>Non par savings</th>
<th>Protection</th>
<th>Annuity</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;25 years</td>
<td>32%</td>
<td>32%</td>
<td>32%</td>
<td>4%</td>
<td>0%</td>
</tr>
<tr>
<td>25-35 years</td>
<td>26%</td>
<td>29%</td>
<td>37%</td>
<td>8%</td>
<td>0%</td>
</tr>
<tr>
<td>36 – 50 years</td>
<td>22%</td>
<td>26%</td>
<td>44%</td>
<td>4%</td>
<td>3%</td>
</tr>
<tr>
<td>50+ years</td>
<td>15%</td>
<td>29%</td>
<td>35%</td>
<td>1%</td>
<td>20%</td>
</tr>
</tbody>
</table>

1. Based on Individual APE for H1 FY23; Percentages may not add up due to rounding off effect. Pre-Merger basis numbers shown.
Our approach to retirement solutions

1. NPS
   - Largest Pension Fund Manager (PFM) in Retail and Corporate NPS segment, with AUM of Rs 351 bn
   - Registered strong YoY growth in AUM of 57% during H1 FY23

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>Year</th>
<th>AUM (Rs bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY19</td>
<td>52</td>
</tr>
<tr>
<td>FY21</td>
<td>164</td>
</tr>
<tr>
<td>FY22</td>
<td>284</td>
</tr>
<tr>
<td>H1 FY23</td>
<td>351</td>
</tr>
</tbody>
</table>

Annuity portfolio

<table>
<thead>
<tr>
<th>Year</th>
<th>Portfolio (Rs bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY19</td>
<td>54</td>
</tr>
<tr>
<td>FY21</td>
<td>116</td>
</tr>
<tr>
<td>FY22</td>
<td>164</td>
</tr>
<tr>
<td>H1 FY23</td>
<td>189</td>
</tr>
</tbody>
</table>

1. As on Sep 30, 2022
2. POP: Point of presence for enabling opening of accounts on a platform
## Product mix across key channels\(^1\) – Post-Merger basis

<table>
<thead>
<tr>
<th>Segment</th>
<th>FY20</th>
<th>FY21</th>
<th>FY22</th>
<th>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>29%</td>
</tr>
<tr>
<td>Non par savings</td>
<td>44%</td>
<td>30%</td>
<td>33%</td>
<td>37%</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>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Segment</th>
<th>FY20</th>
<th>FY21</th>
<th>FY22</th>
<th>FY23</th>
</tr>
</thead>
<tbody>
<tr>
<td>UL</td>
<td>12%</td>
<td>10%</td>
<td>16%</td>
<td>11%</td>
</tr>
<tr>
<td>Par</td>
<td>34%</td>
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<tr>
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<td>40%</td>
<td>39%</td>
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<table>
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<th>FY22</th>
<th>FY23</th>
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<td>10%</td>
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<tr>
<td>Annuity</td>
<td>1%</td>
<td>2%</td>
<td>2%</td>
<td>4%</td>
</tr>
</tbody>
</table>

\(~40% of business with policy term \(\leq 10\) years; \(~17\% of received premium in single-pay policies for FY23\)

\(^1\) Based on Individual APE, Term includes health business. Percentages are rounded off

\(^2\) Includes banks, other corporate agents and online business sourced through banks / corporate agents

\(^3\) Includes business sourced through own website and web aggregators
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. PLATFOMRS independent buying / servicing

**Building resilience..**

6. Connecting with startups through *Futurance*¹
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
New in-house automated underwriting rule engine

Developed inhouse automated rule engine to replace existing externally sourced 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
Journey Simplification
Credit Bureau, ITR & EPFO Integration aiding better throughput

Empowering a seamless customer onboarding journey

- 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

Success metrics

- Bureau score is received for 85% of cases
- ITR document fetch successful in 25-30% of cases shared
- 32% overall document fetch observed
- Offline utilization of EPFO
- 40-45%

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

85%

25-30%

32%

40-45%

85%
Cardiac risk assessment at home for medical underwriting

Cardiac risk assessment service at home promises 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 19 locations
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
- Investment Council
- Claims Review Committee
- Credit Council
- Grievance Management Committee
- ALCO
- Information & Cyber Security Council
- Disciplinary Panel for Malpractices
- Prevention of Sexual Harassment

**Board Approved Committee**

- Product Management 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
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

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

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Overall EV</th>
<th>VNB Margin</th>
<th>Non par 1 EV</th>
<th>VNB Margin</th>
<th>Overall EV</th>
<th>VNB Margin</th>
<th>Non par 1 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>2.3%</td>
<td>1.4%</td>
<td>2.0%</td>
<td>2.2%</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>1.9%</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
   * Pre-Merger basis sensitivities shown
Agenda

1. Performance Snapshot
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5. Annexures
6. Life insurance in India
Exide Life Performance Snapshot: H1 FY23

Scale

- **Individual APE**
  - Rs bn: 3.2
  - Growth: 15%

- **AUM**
  - Rs bn: 205
  - Growth: 9%

- **Embedded Value**
  - Rs bn: 30
  - Growth: 8%

Profitability & Cost

- **Margins**
  - VNB (Rs bn): 0.3
  - NBM: 8.2%

- **Opex ratio**
  - H1 FY23: 20.3%
  - H1 FY22: 20.7%

Customer & Capital

- **13M Persistency**
  - H1 FY23: 76%
  - H1 FY22: 73%

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

- **Renewal Premium (Rs bn)**
  - H1 FY23: 12.1
  - H1 FY22: 11.5

- **Solvency**
  - Sep 30, 2022: 216%
  - Mar 31, 2022: 217%

Others

- **Channel Mix**
  - Agency: 56%
  - Banca: 7%
  - Broker: 25%
  - Direct: 12%

- **Product Mix**
  - Par: 58%
  - Non-par: 29%
  - Protection: 6%
  - ULIP: 7%

1. For individual business; Excluding single premium and fully paid up policies
2. Based on Individual APE
## Integration – Focus areas

### Accelerating revenues...

- **Augmenting proprietary growth channels**
  - Adoption of best practices and re-aligning key result areas across teams

- **Access to wider distribution network with focus on priority micro markets**
  - Footprint enhanced to include 90+ new locations

- **Access to wider product portfolio for sales force**
  - Erstwhile Exide Life channels enabled to access HDFC Life products from date of merger
  - Multiple Exide Life products to be made available to HDFC Life by end of FY23

- **Enhancing customer experience and sales productivity through digital tools**
  - Digital servicing suite of HDFC Life extended to cover all erstwhile Exide Life policyholders

### Realizing cost savings...

- **Optimizing nation-wide geographic presence (offices, branches, hubs)**
  - 80+ branches to be merged across geographies

- **Rationalizing overlapping/ redundant spends**

- **Driving scale benefits for integrated entity**

- **Embedding digital operating model at scale**

---

**Aspiration to close NBM gap in FY24**
<table>
<thead>
<tr>
<th>Milestone</th>
<th>Date Completed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Milestone 1: Announcement of transaction</td>
<td>Sep 3, 2021</td>
</tr>
<tr>
<td>Milestone 2: Shareholders’ approval for issuance of shares</td>
<td>Sep 29, 2021</td>
</tr>
<tr>
<td>Milestone 3: Receipt of approvals from IRDAI and CCI for acquisition, ongoing interactions. Exide Life becomes 100% subsidiary of HDFC Life</td>
<td>Jan 1, 2022</td>
</tr>
<tr>
<td>Milestone 4: Approval obtained from NCLT for triggering the merger process, including intimations to various regulatory authorities and related NOCs</td>
<td>Jun 27, 2022</td>
</tr>
<tr>
<td>Milestone 5: Completion of merger</td>
<td>Oct 13, 2022</td>
</tr>
</tbody>
</table>

Completion of acquisition and merger within 14 months of announcement of transaction
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ESG at a Glance

ESG Focus Areas

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

Governance structure & Compensation Framework

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

Board Diversity policy
30% women as on 31st March, 2022

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

Performance Management System
based on the principles of balanced scorecard

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

Risk management and BCM

Board evaluation & independence
- Five independent directors
- ‘Fit and Proper’ as per regulation

Enterprise risk management (ERM) framework
- ‘Three Lines of Defense approach’
- Reviewed and approved by the Board

Modes of Risk awareness
- Trainings, E-mailers, Seminars, Conferences, Quizzes and Special awareness Drives
- Sensitivity analysis and stress testing

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

Business Continuity Management (BCM)
- Creation of a recovery plan for critical business activities

Information/Cyber Security

Information/cyber security
ISO 27001:2013 and ISMS assessment program;
Data Privacy Policy

Fraud risk management
Values program; Disciplinary Panel for Malpractices; Fraud monitoring initiatives

Business ethics and compliances

Code of Conduct
Whistle blower Policy
PRSH
PRR & Stewardship Code
Anti Bribery & Corruption Policy
Human Rights & DEI
AML
Privacy Policy

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

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

**Responsible Investment Policy**

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

**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

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

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 ESOPs\(^1\) and cash to attract, retain and motivate good talent
- Elaborate succession planning for Key Managerial Personnel, critical senior roles

Employee diversity, equity & inclusion
- Promoting DEI ally ship: leadership development, communication, strengthening policies, aligning workforce through Celebrate YOU program of the Company
- 26% women employees
- Promoting diverse talent pool (work profiles for second career women, specially-abled) - #MyJobMyRules
- 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

**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

---

**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

**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
- Leveraging advanced technologies for personalization and better customer experience (CX)
- Contactless services - new normal

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 – 91.1

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 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)

**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

**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

**GHG inventory**
- **Scope 1** emissions – **63.33** met. ton. CO2e
- **Scope 2** emissions – **10,134.62** met. ton. CO2e
- **Scope 3** emissions – **746.38** met. ton. CO2e
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Improvement in overall persistency trends – Pre-Merger basis

### Across key channels (%)

<table>
<thead>
<tr>
<th>Agency</th>
<th>Banca</th>
<th>Direct</th>
<th>Company</th>
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</thead>
<tbody>
<tr>
<td>91</td>
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### Across key segments (%)

<table>
<thead>
<tr>
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<th>Savings (UL)</th>
<th>Protection</th>
<th>Company</th>
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<td>59</td>
<td>48</td>
<td>70</td>
<td>52</td>
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1. For individual business; Excluding single premium and fully paid up policies
Persistency trends for HDFC Life – Post-Merger basis

### Across key channels (%)

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<tr>
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<th>13th month</th>
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<th>37th month</th>
<th>49th month</th>
<th>61st month</th>
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<td>66</td>
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</tbody>
</table>

1. For individual business; Excluding single premium and fully paid up policies. Previous year numbers without Exide life business, hence numbers are not comparable.
Improving VNB trajectory

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

VNB – Value of New Business; NBM – New Business Margin
## 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 $^1$</th>
<th>% Change in EV</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Change in</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reference rate</td>
<td>Increase by 1%</td>
<td>-1.4%</td>
<td>-2.3%</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.
Successfully raised Rs 20 billion of equity share capital in H1 FY23

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

- Over 99% of debt investments in Government bonds and AAA rated securities as on September 30, 2022

<table>
<thead>
<tr>
<th>Date</th>
<th>Debt: Equity</th>
<th>UL:Traditional</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mar 31, 2020</td>
<td>62:38</td>
<td>50:50</td>
</tr>
<tr>
<td>Mar 31, 2021</td>
<td>71:29</td>
<td>43:57</td>
</tr>
<tr>
<td>Mar 31, 2022</td>
<td>64:36</td>
<td>43:57</td>
</tr>
<tr>
<td>30th Sep 2022</td>
<td>68:32</td>
<td>36:64</td>
</tr>
</tbody>
</table>

* Not meaningful as previous year numbers are not comparable
Agenda

1. Performance Snapshot
2. Our Strategy
3. Exide Life Transaction Update
4. Our approach to ESG
5. Annexures
6. 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

---

**Life Insurance penetration**

- FY 2021
- Penetration as measured by premiums as % of GDP

**Life Insurance density US$**

- FY 2021
- Density defined as the ratio of premium underwritten in a given year to the total population

---

**Life expectancy (Years)**

- 2020: 69.3
- 2040: 73.1
- 2060: 76.1

**Population composition (bn)**

- 2020: 1.4
- 2040: 1.6
- 2060: 1.7

---

**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

172 mn

68 mn

1.7 mn

Urban Working Population

Addressable Market (excl blue collared)

Annual Policy Sales

Protection gap (2019)

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

Trend of retail loans (Rs Tn.)

- Retail credit has grown at a CAGR of 16% 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

- 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

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

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

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

Elderly population is expected to almost triple by 2060

Ageing population

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

Total Pension AUM is expected to grow to Rs 118 Tn by 2030 (about 1/4th accounted by NPS)

Mandatory schemes to increase coverage for both unorganized and organized sectors

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

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

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 1

- Unit Linked
- Conventional

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>9%</td>
<td>3%</td>
<td>47%</td>
<td>36%</td>
<td>9%</td>
</tr>
<tr>
<td>FY16</td>
<td>10%</td>
<td>3%</td>
<td>52%</td>
<td>32%</td>
<td>10%</td>
</tr>
<tr>
<td>FY17</td>
<td>10%</td>
<td>3%</td>
<td>54%</td>
<td>30%</td>
<td>10%</td>
</tr>
<tr>
<td>FY18</td>
<td>12%</td>
<td>3%</td>
<td>54%</td>
<td>28%</td>
<td>12%</td>
</tr>
<tr>
<td>FY19</td>
<td>14%</td>
<td>3%</td>
<td>55%</td>
<td>25%</td>
<td>14%</td>
</tr>
<tr>
<td>FY20</td>
<td>16%</td>
<td>3%</td>
<td>53%</td>
<td>25%</td>
<td>16%</td>
</tr>
<tr>
<td>FY21</td>
<td>16%</td>
<td>3%</td>
<td>55%</td>
<td>23%</td>
<td>16%</td>
</tr>
<tr>
<td>FY22</td>
<td>15%</td>
<td>3%</td>
<td>55%</td>
<td>23%</td>
<td>15%</td>
</tr>
</tbody>
</table>

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

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

Source: IRDAI and Life Insurance Council
Appendix
## Financial and operational snapshot (1/2)

<table>
<thead>
<tr>
<th></th>
<th>H1 FY23 (Pre-Merger)</th>
<th>H1 FY22</th>
<th>Growth</th>
<th>FY22</th>
<th>FY21</th>
<th>H1 FY23 (Post-Merger)</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Business Premium (Indl. + Group)</td>
<td>109.2</td>
<td>103.6</td>
<td>5%</td>
<td>241.5</td>
<td>201.1</td>
<td>113.2</td>
</tr>
<tr>
<td>Renewal Premium (Indl. +Group)</td>
<td>108.0</td>
<td>89.2</td>
<td>21%</td>
<td>218.1</td>
<td>184.8</td>
<td>120.1</td>
</tr>
<tr>
<td>Total Premium</td>
<td>217.2</td>
<td>192.9</td>
<td>13%</td>
<td>459.6</td>
<td>385.8</td>
<td>231.9</td>
</tr>
<tr>
<td>Individual APE</td>
<td>37.9</td>
<td>34.3</td>
<td>11%</td>
<td>81.7</td>
<td>71.2</td>
<td>41.1</td>
</tr>
<tr>
<td>Overall APE</td>
<td>45.5</td>
<td>41.1</td>
<td>11%</td>
<td>97.6</td>
<td>83.7</td>
<td>49.1</td>
</tr>
<tr>
<td>Group Premium (NB)</td>
<td>55.1</td>
<td>53.6</td>
<td>3%</td>
<td>125.1</td>
<td>100.3</td>
<td>55.6</td>
</tr>
<tr>
<td>Profit after Tax</td>
<td>6.8</td>
<td>5.8</td>
<td>18%</td>
<td>12.1</td>
<td>13.6</td>
<td>6.9</td>
</tr>
<tr>
<td>- Policyholder Surplus</td>
<td>4.7</td>
<td>1.3</td>
<td>257%</td>
<td>4.4</td>
<td>7.3</td>
<td>4.5</td>
</tr>
<tr>
<td>- Shareholder Surplus</td>
<td>2.1</td>
<td>4.4</td>
<td>-13%</td>
<td>7.7</td>
<td>6.3</td>
<td>2.4</td>
</tr>
<tr>
<td>Dividend Paid</td>
<td>3.6</td>
<td>4.1</td>
<td>-12%</td>
<td>4.1</td>
<td>-</td>
<td>3.6</td>
</tr>
<tr>
<td>Assets Under Management</td>
<td>2,043.9</td>
<td>1,912.1</td>
<td>7%</td>
<td>2,041.7</td>
<td>1,738.4</td>
<td>2249.1</td>
</tr>
<tr>
<td>Indian Embedded Value</td>
<td>330.2</td>
<td>287.0</td>
<td>15%</td>
<td>300.5</td>
<td>266.2</td>
<td>360.2</td>
</tr>
<tr>
<td>Net Worth</td>
<td>177.5</td>
<td>86.9</td>
<td>104%</td>
<td>154.0</td>
<td>84.3</td>
<td>122.8</td>
</tr>
<tr>
<td>NB (Individual and Group segment) lives insured (Mn.)</td>
<td>28.3</td>
<td>20.0</td>
<td>41%</td>
<td>54.1</td>
<td>39.8</td>
<td>28.5</td>
</tr>
<tr>
<td>No. of Individual Policies (NB) sold (In 000s)</td>
<td>376.6</td>
<td>409.1</td>
<td>-8%</td>
<td>915.3</td>
<td>982.0</td>
<td>434.7</td>
</tr>
</tbody>
</table>

1. Comprises share capital, share premium and accumulated profits/(losses)
## Financial and operational snapshot (2/2)

<table>
<thead>
<tr>
<th></th>
<th>H1 FY23 (Pre-Merger)</th>
<th>H1 FY22</th>
<th>FY22</th>
<th>FY21</th>
<th>H1 FY23 (Post-Merger)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall New Business Margins (post overrun)</td>
<td>27.6%</td>
<td>26.4%</td>
<td>27.4%</td>
<td>26.1%</td>
<td>26.2%</td>
</tr>
<tr>
<td>Operating Return on EV</td>
<td>17.7%</td>
<td>16.1%</td>
<td>16.6%</td>
<td>18.5%</td>
<td>NA</td>
</tr>
<tr>
<td>Operating Expenses / Total Premium</td>
<td>14.3%</td>
<td>12.0%</td>
<td>12.3%</td>
<td>12.0%</td>
<td>14.7%</td>
</tr>
<tr>
<td>Total Expenses (OpEx + Commission) / Total Premium</td>
<td>18.5%</td>
<td>16.3%</td>
<td>16.5%</td>
<td>16.4%</td>
<td>19.3%</td>
</tr>
<tr>
<td>Return on Equity</td>
<td>(1) NA</td>
<td>13.5%</td>
<td>10.1%</td>
<td>17.6%</td>
<td>12.4%</td>
</tr>
<tr>
<td>Solvency Ratio</td>
<td>210%</td>
<td>190%</td>
<td>176%</td>
<td>201%</td>
<td>210%</td>
</tr>
<tr>
<td>Persistency (13M / 61M)</td>
<td>(2) 88%/54%</td>
<td>86%/52%</td>
<td>87%/54%</td>
<td>85%/49%</td>
<td>87%/51%</td>
</tr>
<tr>
<td>Market Share (%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Individual WRP</td>
<td>14.8%</td>
<td>16.2%</td>
<td>14.8%</td>
<td>15.5%</td>
<td>16.1%</td>
</tr>
<tr>
<td>- Group New Business</td>
<td>22.8%</td>
<td>28.1%</td>
<td>27.9%</td>
<td>27.6%</td>
<td>23.0%</td>
</tr>
<tr>
<td>- Total New Business</td>
<td>19.1%</td>
<td>22.3%</td>
<td>21.0%</td>
<td>21.5%</td>
<td>19.8%</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>(3) 23/37/7/4/29</td>
<td>26/32/5/7/30</td>
<td>26/33/5/6/30</td>
<td>24/31/5/7/34</td>
<td>21/37/6/4/31</td>
</tr>
<tr>
<td>- Indl Distribution (CA/Agency/Broker/Direct)</td>
<td>(3) 61/15/7/17</td>
<td>60/13/6/21</td>
<td>60/14/6/19</td>
<td>61/13/7/19</td>
<td>57/18/8/17</td>
</tr>
<tr>
<td>- Total Distribution (CA/Agency/Broker/Direct/Group)</td>
<td>(4) 24/6/2/16/50</td>
<td>23/6/2/17/52</td>
<td>24/6/2/16/52</td>
<td>25/6/2/17/50</td>
<td>24/8/3/16/49</td>
</tr>
<tr>
<td>- Share of protection business (Based on Indl APE)</td>
<td>4.3%</td>
<td>6.6%</td>
<td>5.6%</td>
<td>6.8%</td>
<td>4.4%</td>
</tr>
<tr>
<td>- Share of protection business (Based on Overall APE)</td>
<td>15.5%</td>
<td>13.9%</td>
<td>13.6%</td>
<td>12.8%</td>
<td>15.6%</td>
</tr>
<tr>
<td>- Share of protection business (Based on NBP)</td>
<td>32.3%</td>
<td>21.4%</td>
<td>24.0%</td>
<td>19.6%</td>
<td>31.7%</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. For individual business, excluding single premium and fully paid up policies.
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.
## Revenue and Profit & Loss A/c

### Revenue A/c

<table>
<thead>
<tr>
<th>Description</th>
<th>H1 FY23 (Post-Merger)</th>
<th>H1 FY22</th>
</tr>
</thead>
<tbody>
<tr>
<td>Premium earned</td>
<td>233.3</td>
<td>192.9</td>
</tr>
<tr>
<td>Reinsurance ceded</td>
<td>(3.7)</td>
<td>(3.0)</td>
</tr>
<tr>
<td>Income from Investments</td>
<td>64.8</td>
<td>158.4</td>
</tr>
<tr>
<td>Other Income</td>
<td>1.1</td>
<td>0.5</td>
</tr>
<tr>
<td>Transfer from Shareholders' Account</td>
<td>0.2</td>
<td>2.0</td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td><strong>295.7</strong></td>
<td><strong>350.7</strong></td>
</tr>
<tr>
<td>Commissions</td>
<td>10.8</td>
<td>8.1</td>
</tr>
<tr>
<td>Expenses</td>
<td>34.0</td>
<td>23.0</td>
</tr>
<tr>
<td>GST on UL charges</td>
<td>1.8</td>
<td>1.8</td>
</tr>
<tr>
<td>Provision for taxation</td>
<td>0.4</td>
<td>0.1</td>
</tr>
<tr>
<td>Provision for diminution in value of investments</td>
<td>0.3</td>
<td>(2.4)</td>
</tr>
<tr>
<td>Benefits paid</td>
<td>181.8</td>
<td>134.7</td>
</tr>
<tr>
<td>Change in valuation reserve</td>
<td>54.0</td>
<td>176.6</td>
</tr>
<tr>
<td>Bonuses Paid</td>
<td>8.1</td>
<td>6.6</td>
</tr>
<tr>
<td><strong>Total Outgoings</strong></td>
<td><strong>291.1</strong></td>
<td><strong>348.5</strong></td>
</tr>
</tbody>
</table>

### Profit and Loss A/c

<table>
<thead>
<tr>
<th>Description</th>
<th>H1 FY23 (Post-Merger)</th>
<th>H1 FY22</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest and dividend income</td>
<td>2.9</td>
<td>2.5</td>
</tr>
<tr>
<td>Net profit/(loss) on sale</td>
<td>(0.1)</td>
<td>2.1</td>
</tr>
<tr>
<td>Transfer from Policyholders' Account</td>
<td>4.7</td>
<td>3.3</td>
</tr>
<tr>
<td>Other Income</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>7.5</strong></td>
<td><strong>7.9</strong></td>
</tr>
</tbody>
</table>

### Outgoings

<table>
<thead>
<tr>
<th>Description</th>
<th>H1 FY23 (Post-Merger)</th>
<th>H1 FY22</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transfer to Policyholders' Account</td>
<td>0.2</td>
<td>2.0</td>
</tr>
<tr>
<td>Expenses</td>
<td>0.3</td>
<td>0.2</td>
</tr>
<tr>
<td>Interest on convertible debentures</td>
<td>0.3</td>
<td>0.2</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>0.6</strong></td>
<td><strong>2.1</strong></td>
</tr>
</tbody>
</table>

### Surplus

<table>
<thead>
<tr>
<th>Description</th>
<th>H1 FY23 (Post-Merger)</th>
<th>H1 FY22</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transfer to Shareholders' Account</td>
<td>4.7</td>
<td>3.3</td>
</tr>
<tr>
<td>Funds for future appropriation - Par</td>
<td>(0.1)</td>
<td>(1.0)</td>
</tr>
<tr>
<td><strong>Total Appropriations</strong></td>
<td><strong>4.6</strong></td>
<td><strong>2.2</strong></td>
</tr>
</tbody>
</table>

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

Profit for the year as per P&L Statement: 6.9 (H1 FY23) vs 5.8 (H1 FY22)

---

**Note:** The numbers may not add up due to rounding off effect.
## Balance sheet

<table>
<thead>
<tr>
<th></th>
<th>Sep 30, 2022 (Post-Merger)</th>
<th>Sep 30, 2021</th>
<th>March 31, 2022</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>58.6</td>
<td>25.9</td>
<td>86.7</td>
</tr>
<tr>
<td>Accumulated profits</td>
<td>64.2</td>
<td>61.0</td>
<td>67.3</td>
</tr>
<tr>
<td>Fair value change</td>
<td>0.6</td>
<td>2.3</td>
<td>0.8</td>
</tr>
<tr>
<td><strong>Sub total</strong></td>
<td>123.5</td>
<td>89.2</td>
<td>154.8</td>
</tr>
<tr>
<td><strong>Borrowings</strong></td>
<td>9.5</td>
<td>6.0</td>
<td>6.0</td>
</tr>
<tr>
<td><strong>Policyholders’ funds</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fair value change</td>
<td>19.9</td>
<td>30.0</td>
<td>21.7</td>
</tr>
<tr>
<td>Policy Liabilities</td>
<td>1,277.4</td>
<td>947.9</td>
<td>1,043.4</td>
</tr>
<tr>
<td>Provision for Linked Liabilities</td>
<td>773.6</td>
<td>789.8</td>
<td>765.2</td>
</tr>
<tr>
<td>Funds for discontinued policies</td>
<td>41.8</td>
<td>41.8</td>
<td>41.0</td>
</tr>
<tr>
<td><strong>Sub total</strong></td>
<td>2,112.7</td>
<td>1,809.4</td>
<td>1,871.3</td>
</tr>
<tr>
<td>Funds for future appropriation (Par)</td>
<td>13.3</td>
<td>8.9</td>
<td>9.4</td>
</tr>
<tr>
<td><strong>Total Source of funds</strong></td>
<td>2259.0</td>
<td>1,913.5</td>
<td>2,041.6</td>
</tr>
<tr>
<td>Shareholders’ investment</td>
<td>124.8</td>
<td>86.3</td>
<td>152.4</td>
</tr>
<tr>
<td>Policyholders’ investments: Non-linked</td>
<td>1,308.9</td>
<td>994.3</td>
<td>1,083.1</td>
</tr>
<tr>
<td>Policyholders’ investments: Linked</td>
<td>815.4</td>
<td>831.5</td>
<td>806.2</td>
</tr>
<tr>
<td>Loans</td>
<td>14.4</td>
<td>5.4</td>
<td>6.4</td>
</tr>
<tr>
<td>Fixed assets</td>
<td>3.6</td>
<td>3.3</td>
<td>3.4</td>
</tr>
<tr>
<td>Net current assets</td>
<td>(8.1)</td>
<td>(7.4)</td>
<td>(10.0)</td>
</tr>
<tr>
<td><strong>Total Application of funds</strong></td>
<td>2,259.0</td>
<td>1,913.5</td>
<td>2,041.6</td>
</tr>
</tbody>
</table>

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

Extensive product solutions catering customer needs across life cycles from young age to relatively older population

1. Basis individual new business policies (excluding annuity)
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

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

Opinion and conclusion

ALM strategy adopted for Portfolios 1 and 2 is appropriate to:
- meet policyholder liability cash flows
- protect net asset-liability position thereby limiting impact on shareholder value

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

Overview

Indian Embedded Value (IEV) consists of:

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

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

Components of Adjusted Net Worth (ANW)

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

- **Required capital (RC):** RC is the amount of assets attributed to the covered business over and above that required to back liabilities for the covered business. The distribution of this to shareholders is restricted. RC is set equal to the internal target level of capital equal to 170% of the factor-based regulatory solvency requirements, less the funds for future appropriations (“FFA”) in the participating funds.
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.
<table>
<thead>
<tr>
<th>Years</th>
<th>Forward rates %</th>
<th>Spot rates %</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>As at Sep 30, 2021</td>
<td>As at Sep 30, 2022</td>
</tr>
<tr>
<td>1</td>
<td>3.95</td>
<td>6.66</td>
</tr>
<tr>
<td>2</td>
<td>5.17</td>
<td>7.49</td>
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<td>6.02</td>
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<td>7.49</td>
<td>7.88</td>
</tr>
<tr>
<td>30</td>
<td>7.28</td>
<td>7.98</td>
</tr>
</tbody>
</table>

1. Forward rates are annualised and Spot rates are continuous
Glossary (Part 1)

- **APE (Annualized Premium Equivalent)** - The sum of annualized first year regular premiums and 10% weighted single premiums and single premium top-ups

- **Backbook surplus** – Surplus accumulated from historical business written

- **Conservation ratio** - Ratio of current year renewal premiums to previous year's renewal premium and first year premium

- **Embedded Value Operating Profit ("EVOP")** – Measure of the increase in the EV during any given period, excluding the impact on EV due to external factors like changes in economic variables and shareholder-related actions like capital injection or dividend pay-outs.

- **First year premiums** - Regular premiums received during the year for all modes of payments chosen by the customer which are still in the first year. For example, for a monthly mode policy sold in March 2021, the first instalment would fall into first year premiums for 2020-21 and the remaining 11 instalments in the first year would be first year premiums in 2021-22

- **New business received premium** - The sum of first year premium and single premium.

- **New business strain** – Strain on the business created due to revenues received in the first policy year not being able to cover for expenses incurred
Glossary (Part 2)

- **Operating expense** - It includes all expenses that are incurred for the purposes of sourcing new business and expenses incurred for policy servicing (which are known as maintenance costs) including shareholders’ expenses. It does not include commission.

- **Operating expense ratio** - Ratio of operating expense (including shareholders’ expenses) to total premium

- **Proprietary channels** – Proprietary channels include agency and direct

- **Protection Share** - Share of protection includes annuity and health

- **Persistency** – The proportion of business retained from the business underwritten. The ratio is measured in terms of number of policies and premiums underwritten.

- **Renewal premiums** - Regular recurring premiums received after the first year

- **Solvency ratio** - Ratio of available solvency Margin to required solvency Margins

- **Total premiums** - Total received premiums during the year including first year, single and renewal premiums for individual and group business

- **Weighted received premium (WRP)** - The sum of first year premium and 10% weighted single premiums and single premium top-ups
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