Executive summary: Q1 FY23

### Revenue & Scale

<table>
<thead>
<tr>
<th>Metric</th>
<th>CY</th>
<th>Growth</th>
<th>PY</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual WRP</td>
<td></td>
<td>20%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Market Share</td>
<td></td>
<td>14.6%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Renewal premium</td>
<td>Rs (Bn.)</td>
<td>46.2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Growth</td>
<td></td>
<td>19%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>AUM</td>
<td>Rs (Bn.)</td>
<td>2,001</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Growth</td>
<td></td>
<td>10%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>IEV</td>
<td>Rs (Bn.)</td>
<td>297.1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EVOP</td>
<td></td>
<td>16.5%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Profitability & Cost

<table>
<thead>
<tr>
<th>Metric</th>
<th>CY</th>
<th>Growth</th>
<th>PY</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Business Margin (NBM)</td>
<td></td>
<td></td>
<td>26.8%</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>26.2%</td>
<td></td>
</tr>
<tr>
<td>VNB</td>
<td>Rs (Bn.)</td>
<td>5.1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Growth</td>
<td></td>
<td>25%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit After Tax (PAT)</td>
<td>Rs (Bn.)</td>
<td>3.7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Growth</td>
<td></td>
<td>21%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating exp. ratio</td>
<td>CY</td>
<td>14.9%</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>PY</td>
<td>12.5%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Customer & Capital

<table>
<thead>
<tr>
<th>Metric</th>
<th>CY</th>
<th>13th month persistency¹</th>
<th>PY</th>
<th>13th month persistency¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>13th month persistency¹</td>
<td></td>
<td>CY</td>
<td>88%</td>
<td>PY</td>
</tr>
<tr>
<td>Claim settlement ratio (FY22)</td>
<td>Overall</td>
<td>99.6%</td>
<td></td>
<td>Individual</td>
</tr>
<tr>
<td>Complaints per 10K policies²</td>
<td>CY</td>
<td>25</td>
<td></td>
<td>PY</td>
</tr>
<tr>
<td>Solvency</td>
<td>Jun’22</td>
<td>178%</td>
<td></td>
<td>Mar’22</td>
</tr>
</tbody>
</table>

---

1. Excludes single premium
2. Complaints data (excluding survival and death claims) for FY22 & FY21
Agenda

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

### Holistic growth

<table>
<thead>
<tr>
<th>New business premium</th>
<th>Renewal premium</th>
<th>Annuity new business</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY14: 4.0 bn</td>
<td>FY14: 80 t.l.</td>
<td>FY14: 1.6 t.l.</td>
</tr>
<tr>
<td>FY18: 11.3 bn</td>
<td>FY18: 122 t.l.</td>
<td>FY18: 10.7 t.l.</td>
</tr>
<tr>
<td>~3x</td>
<td>~2x</td>
<td>~7x</td>
</tr>
<tr>
<td>&gt;2x</td>
<td>&gt;2x</td>
<td>&gt;5x</td>
</tr>
</tbody>
</table>

### Consistent track record over multiple periods

<table>
<thead>
<tr>
<th>VNB</th>
<th>FY16-20</th>
<th>FY17-21</th>
<th>FY18-22</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY16: 7.4 t.l.</td>
<td>FY16-20: &gt;2.5x</td>
<td>FY17-21: &gt;2x</td>
<td>FY18-22: &gt;2x</td>
</tr>
<tr>
<td>FY17: 9.2 t.l.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY18: 12.8 t.l.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY20: 19.2 t.l.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY21: 21.9 t.l.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY22: 26.8 t.l.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| FY16: 1.6 t.l. | FY16-20: >2.5x | FY17-21: >2x | FY18-22: >2x |
| FY17: 6.2 t.l. |             |         |         |
| FY18: 13.2 t.l.|             |         |         |
| FY22: 48.7 t.l.|             |         |         |
| ~4x             | >2x          | >5x      |

<table>
<thead>
<tr>
<th>AUM</th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
<th>FY20</th>
<th>FY21</th>
<th>FY22</th>
</tr>
</thead>
<tbody>
<tr>
<td>~2x</td>
<td>&gt;2x</td>
<td>~10pp</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>13M persistency^3</th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
<th>FY20</th>
<th>FY21</th>
<th>FY22</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY14: 71%</td>
<td>FY17: 81%</td>
<td>FY18: 87%</td>
<td>FY20:</td>
<td>FY21:</td>
<td>FY22:</td>
<td></td>
</tr>
<tr>
<td>~6pp</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

**Strong, sustainable growth**

<table>
<thead>
<tr>
<th></th>
<th>FY20</th>
<th>FY21</th>
<th>FY22</th>
<th>Q1 FY23</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall mkt share</td>
<td>8.1%</td>
<td>9.2%</td>
<td>9.3%</td>
<td>8.9%</td>
</tr>
<tr>
<td>Pvt. mkt share</td>
<td>14.2%</td>
<td>15.5%</td>
<td>14.8%</td>
<td>14.6%</td>
</tr>
<tr>
<td>YoY growth</td>
<td>19%</td>
<td>17%</td>
<td>16%</td>
<td>20%</td>
</tr>
</tbody>
</table>

**Balanced product mix**

<table>
<thead>
<tr>
<th></th>
<th>Total APE</th>
<th>Total NBP</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY20</td>
<td>59.7</td>
<td>32%</td>
</tr>
<tr>
<td>FY21</td>
<td>70.0</td>
<td>9%</td>
</tr>
<tr>
<td>FY22</td>
<td>81.5</td>
<td>23%</td>
</tr>
<tr>
<td>Q1 FY23</td>
<td>15.6</td>
<td>13%</td>
</tr>
</tbody>
</table>

**Bounce back in CP volumes on the back of higher disbursements**

<table>
<thead>
<tr>
<th></th>
<th>FY20</th>
<th>FY21</th>
<th>FY22</th>
<th>Q1 FY23</th>
</tr>
</thead>
<tbody>
<tr>
<td>YoY Growth</td>
<td>17%</td>
<td>-19%</td>
<td>55%</td>
<td>96%</td>
</tr>
</tbody>
</table>

**Focus on diversified channel mix**

<table>
<thead>
<tr>
<th></th>
<th>Bancassurance</th>
<th>Direct</th>
<th>Agency</th>
<th>Brokers and others</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY20</td>
<td>9%</td>
<td>14%</td>
<td>22%</td>
<td>55%</td>
</tr>
<tr>
<td>FY21</td>
<td>7%</td>
<td>13%</td>
<td>19%</td>
<td>61%</td>
</tr>
<tr>
<td>FY22</td>
<td>6%</td>
<td>14%</td>
<td>19%</td>
<td>60%</td>
</tr>
<tr>
<td>Q1 FY23</td>
<td>7%</td>
<td>16%</td>
<td>22%</td>
<td>56%</td>
</tr>
</tbody>
</table>

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

**Improving Persistency**
- **Q1 FY22:** 86% (13th), 51% (61st)
- **Q1 FY23:** 88% (51%), 54%
- Focus on quality of business and providing superior customer experience.

**Steady expansion in New Business Margins**
- **Q1 FY22:** 26.2%
- **Q1 FY23:** 26.8%
- Consistent growth in VNB on the back of topline growth and increase in margins.
- VNB has grown at 24% CAGR between FY17-22.

**Strong growth in renewal premium**
- **Q1 FY22:** 38.9
- **Q1 FY23:** 46.2
- Backed by consistent improvement in overall persistency.

**Stable solvency position**
- **Mar 31, 2022:** 176%
- **Jun 30, 2022:** 178%
- Successfully raised Rs 3.5 billion of sub-debt in Q1 FY23.
- Paid final dividend of Rs 1.70 per equity share.

---

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

1. Performance Snapshot
2. Our Strategy
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4. Exide Life Transaction Update
5. Our approach to ESG
6. Annexures
7. 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 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>Q1 FY22</th>
<th>Q1 FY23</th>
</tr>
</thead>
<tbody>
<tr>
<td>New business Margin</td>
<td>25.9%</td>
<td>26.1%</td>
<td>27.4%</td>
<td>26.2%</td>
<td>26.8%</td>
</tr>
<tr>
<td>Value of new business</td>
<td>19.2</td>
<td>21.9</td>
<td>26.8</td>
<td>4.1</td>
<td>5.1</td>
</tr>
<tr>
<td>Profit after tax (PAT)</td>
<td>13.0</td>
<td>13.6</td>
<td>12.1</td>
<td>3.0</td>
<td>3.7</td>
</tr>
<tr>
<td>Underwriting profits</td>
<td>10.9</td>
<td>7.3</td>
<td>4.4¹</td>
<td>0.4¹</td>
<td>2.6</td>
</tr>
<tr>
<td>Shareholders’ surplus</td>
<td>2.1</td>
<td>6.3</td>
<td>7.7</td>
<td>2.6</td>
<td>1.0</td>
</tr>
</tbody>
</table>

Underwriting profits breakup

<table>
<thead>
<tr>
<th>FY20</th>
<th>FY21</th>
<th>FY22</th>
</tr>
</thead>
<tbody>
<tr>
<td>Backbook Surplus</td>
<td>29.9</td>
<td>32.3</td>
</tr>
<tr>
<td>New Business Strain</td>
<td>-19.1</td>
<td>-25.0</td>
</tr>
</tbody>
</table>

Q1 FY22: Rs bn

1. Post accounting for impact of excess mortality reserve (EMR)
Analysis of change in IEV

1. EVOP% calculated as annualised EVOP (Embedded Value Operating Profit) to Opening EV
Diversified distribution mix enabled by multiple levers

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

Proprietary

1.2L+ Agents
383 Branches
48 Digital Branches
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

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

NBFCs, MFIs

Equity Brokers & Wealth

Brokers & Aggregators

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

1.2L + Agents
383 Branches
48 Digital Branches
www.hdfclife.com
HDFC Life App

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

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

Proprietary channels include Agency, Direct and Online
Digital Branches: Virtual branch for servicing customer requests remotely through dedicated app and webpage
Balanced product mix in agency enabled by technology and training

**Secure** communication platform for all agency stakeholders

Contest launch, updates, qualification, reward fulfillment process and status

**FAME**

AI & ML based customer interactions and opportunities

Theme based dossier focused on giving consumer insights

Receive nudges to improve customer reach out

**Agency Life**

Skilling and engagement platform to drive higher productivity

Analytics based distribution & activation drives & enablers

**The Selling Skills Program**

In-depth program to train and groom our FLS on essential selling skills

**Training**

**IC38 Audio Online Training**

Easier and simpler way to complete IC38 training

- Available in vernacular language
- Interesting & engaging audio content

**Sales Planning Simulation**

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

**Partner Portal**

Check performance reports & commissions

Trigger customer communication and reminders

MIS, ranking, contest earnings, opportunities and much more

**Technology**

Secure communication platform for all agency stakeholders

Contest launch, updates, qualification, reward fulfillment process and status

**Medi Easy – Term**

Digital tool for smooth on-boarding of term customers

Easy to fill forms and pay premiums

**BuZZ**

Reimagining insurance

Profitable growth

Diversified distribution mix

Market-leading innovation

Quality of Board and management

**HDFC Life**
Bancassurance powered by innovation, technology and people

**Product proposition**
- Comprehensive product suite across par, non-par, term, annuity, ULIP
- Combo insurance products
- Innovative term products – limited pay, RoP\(^1\) and riders
- Mass distribution products – POS\(^1\) & Saral plans
- Innovative retirement Products through annuity & pension

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

**Tech & Digitization**
- One stop solution for generating illustration
- PASA\(^1\) using analytics
- Cloud based customer calling solution for sales
- Reducing need of physical presence by digitization through WISE\(^2\) & Non Assisted PCVC\(^3\)
- Digital sales verification via WhatsApp chat, video app or calling

**Distribution**
- Strong presence across Metro, Urban & Rural geographies with ~7K Sales force
- Strong growth & presence in alternate channels viz. Virtual, Salary & HNI
- Strong YoY growth in Group insurance through Credit Protect
- Increasing business pie through POS products attached in assets

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

---

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

**Leads Management**
- Lead capture
- Lead lifecycle management
- Lead assignment
- Outgoing customer call management

**Sales & Service**
- Pitch products & generate quotes
- Form filling & application submission
- Customer servicing
- Policy servicing

**Governance & Review**
- Input commitment from Sales force
- Weekly review with Manager
- Check performance
- Dashboards

**Cloud Telephony**

**HDFC Life**
iEarn, HDFC Life’s hyper-personalized actionable nudge engine

**iEarn: ML-based mobile platform for sales**

- Drive right behaviours
- Enable activation
- Boost retention
- Better engagement
- Maximize earnings

**Key nudges / tasks created to work along with existing technology**

- Lead generation & meeting
- Product mix
- Prospect engagement
- Sales training
- Persistency
- Document collection
- Facilitate medical tests
- Avert freelook-ins
- Rider attachment

**Improved activity & productivity**

**Direct Channel**

- More tasks closed by front line sales (FLS) 15x
- Avg. Y-o-Y increase in NoP per FLS 16%
- Avg. Y-o-Y increase in EPI per FLS 13%

**Agency Channel**

- More tasks closed by agents 6.5x
- Avg. Y-o-Y increase in NoP per agent 30%
- Avg. Y-o-Y increase in EPI per agent 20%

Performance measured in relative terms between a Habitual iEarn User vs. Non Habitual iEarn User
Expanding market through consistent product innovation

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

FY15-18
- Click 2 Protect 3D Plus (Protection)
- Pension Guaranteed Plan (Annuity)
- Classic One (ULIP)
- Cancer Care (Health)
- Sanchay Plus (Non-par savings)
- Sanchay Par Advantage (Participating)
- Group Poorna Suraksha (Group term insurance)
- Sanchay Fixed Maturity Plan (Non-par savings)
- HDFC Life QuickProtect (Protection)
- Systematic Retirement Plan (Annuity)

FY19-22
- Systematic Pension Plan (Par Pension)
- Click 2 Protect Optima Secure
- Click 2 Protect Corona Shield
- Sanchay Plus (Non-par savings)
- Sanchay Par Advantage (Participating)
- Group Poorna Suraksha (Group term insurance)
- Sanchay Fixed Maturity Plan (Non-par savings)
- HDFC Life QuickProtect (Protection)
- Systematic Retirement Plan (Annuity)

FY23
- Systematic Pension Plan (Par Pension)
- Click 2 Protect Optima Secure
- Click 2 Protect Corona Shield
- Sanchay Plus (Non-par savings)
- Sanchay Par Advantage (Participating)
- Group Poorna Suraksha (Group term insurance)
- Sanchay Fixed Maturity Plan (Non-par savings)
- HDFC Life QuickProtect (Protection)
- Systematic Retirement Plan (Annuity)
Addressing customer needs at every stage of life

### Objective
- Simple Savings
- Borrowing
- Investments
- Asset Drawdown

### Needs
- First Job
- Get married
- Medical care
- Buy new car
- Medical care
- Buy Home
- Child’s education
- Medical care
- Plan for retirement
- Retire

### Product Offerings
- UL
- Par
- Non par savings
- Protection
- Annuity

### 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>35%</td>
<td>33%</td>
<td>29%</td>
<td>4%</td>
<td>0%</td>
</tr>
<tr>
<td>25-35 years</td>
<td>28%</td>
<td>31%</td>
<td>32%</td>
<td>8%</td>
<td>0%</td>
</tr>
<tr>
<td>36 – 50 years</td>
<td>26%</td>
<td>28%</td>
<td>39%</td>
<td>5%</td>
<td>2%</td>
</tr>
<tr>
<td>50+ years</td>
<td>18%</td>
<td>32%</td>
<td>32%</td>
<td>1%</td>
<td>17%</td>
</tr>
</tbody>
</table>

1. Based on Individual APE for Q1 FY23; Percentages may not add up due to rounding off effect.
Our approach to retirial solutions

1. **NPS**
   - Largest Pension Fund Manager (PFM) in Retail and Corporate NPS segment, with AUM of Rs 301 bn\(^1\)
   - Registered strong AUM growth of 61% in Q1 FY23

2. **Immediate / deferred annuity**
   - Largest player in the private sector
   - Servicing 160+ corporates and >12,000 lives covered in Q1 FY23

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

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### NPS AUM
- Ranked #1 based on AUM
- Doubled in 15 months
- 61% growth

<table>
<thead>
<tr>
<th></th>
<th>FY19</th>
<th>FY21</th>
<th>FY22</th>
<th>Q1 FY23</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>52</td>
<td>164</td>
<td>284</td>
<td>301</td>
</tr>
</tbody>
</table>

### Annuity portfolio
- 36% YoY growth

<table>
<thead>
<tr>
<th></th>
<th>FY19</th>
<th>FY21</th>
<th>FY22</th>
<th>Q1 FY23</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>54</td>
<td>116</td>
<td>164</td>
<td>176</td>
</tr>
</tbody>
</table>

---

1. As on Jun 30, 2022
2. POP: Point of presence for enabling opening of accounts on a platform
# Product mix across key channels

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**

## Banca

<table>
<thead>
<tr>
<th>Segment</th>
<th>FY20</th>
<th>FY21</th>
<th>FY22</th>
<th>FY23</th>
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<tbody>
<tr>
<td>UL</td>
<td>32%</td>
<td>27%</td>
<td>29%</td>
<td>30%</td>
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<tr>
<td>Par</td>
<td>18%</td>
<td>37%</td>
<td>33%</td>
<td>30%</td>
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<tr>
<td>Non par savings</td>
<td>44%</td>
<td>30%</td>
<td>33%</td>
<td>33%</td>
</tr>
<tr>
<td>Term</td>
<td>4%</td>
<td>4%</td>
<td>4%</td>
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<tr>
<td>Annuity</td>
<td>2%</td>
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<td>2%</td>
<td>3%</td>
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## Direct

<table>
<thead>
<tr>
<th>Segment</th>
<th>FY20</th>
<th>FY21</th>
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<th>FY23</th>
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<tbody>
<tr>
<td>UL</td>
<td>33%</td>
<td>29%</td>
<td>28%</td>
<td>16%</td>
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<tr>
<td>Par</td>
<td>14%</td>
<td>17%</td>
<td>14%</td>
<td>19%</td>
</tr>
<tr>
<td>Non par savings</td>
<td>20%</td>
<td>16%</td>
<td>27%</td>
<td>35%</td>
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<tr>
<td>Term</td>
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<td>3%</td>
<td>3%</td>
<td>2%</td>
</tr>
<tr>
<td>Annuity</td>
<td>29%</td>
<td>35%</td>
<td>28%</td>
<td>28%</td>
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## Online

<table>
<thead>
<tr>
<th>Segment</th>
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<th>FY21</th>
<th>FY22</th>
<th>FY23</th>
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</thead>
<tbody>
<tr>
<td>UL</td>
<td>44%</td>
<td>39%</td>
<td>46%</td>
<td>45%</td>
</tr>
<tr>
<td>Par</td>
<td>1%</td>
<td>1%</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>Non par savings</td>
<td>18%</td>
<td>29%</td>
<td>30%</td>
<td>40%</td>
</tr>
<tr>
<td>Term</td>
<td>37%</td>
<td>30%</td>
<td>20%</td>
<td>10%</td>
</tr>
<tr>
<td>Annuity</td>
<td>1%</td>
<td>2%</td>
<td>2%</td>
<td>3%</td>
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</tbody>
</table>

## Company

<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>28%</td>
<td>24%</td>
<td>26%</td>
<td>25%</td>
</tr>
<tr>
<td>Par</td>
<td>19%</td>
<td>34%</td>
<td>30%</td>
<td>30%</td>
</tr>
<tr>
<td>Non par savings</td>
<td>41%</td>
<td>31%</td>
<td>33%</td>
<td>35%</td>
</tr>
<tr>
<td>Term</td>
<td>8%</td>
<td>7%</td>
<td>6%</td>
<td>5%</td>
</tr>
<tr>
<td>Annuity</td>
<td>4%</td>
<td>5%</td>
<td>5%</td>
<td>6%</td>
</tr>
</tbody>
</table>

~40% of business with policy term <=10 years; ~20% of received premium in single-pay policies for Q1 FY23

## Protection

<table>
<thead>
<tr>
<th>FY20</th>
<th>FY21</th>
<th>FY22</th>
<th>FY23</th>
</tr>
</thead>
<tbody>
<tr>
<td>Based on Total APE</td>
<td>17%</td>
<td>13%</td>
<td>14%</td>
</tr>
<tr>
<td>Based on NBP</td>
<td>27%</td>
<td>20%</td>
<td>24%</td>
</tr>
</tbody>
</table>

## Annuity

<table>
<thead>
<tr>
<th>FY20</th>
<th>FY21</th>
<th>FY22</th>
<th>FY23</th>
</tr>
</thead>
<tbody>
<tr>
<td>Based on Total APE</td>
<td>4%</td>
<td>5%</td>
<td>5%</td>
</tr>
<tr>
<td>Based on NBP</td>
<td>16%</td>
<td>20%</td>
<td>20%</td>
</tr>
</tbody>
</table>
Aligned to make life simpler for customers

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

**Building resilience..**

6. Connecting with startups through Futurance
7. Create a digital scalable efficient Architecture
8. Enable a hybrid Work From Home environment
9. Strengthen Cyber Security for post-Covid world

---

1. Futurance: A program to collaborate with startups for harnessing cutting-edge technology
AI-based automated underwriting engine

Empowering a seamless customer onboarding journey

- Proposal Submission
  - Proposal Form
  - Process Initiation

- Claim Prediction Model
  - Short & Long Term Claim prediction
  - Red-Amber-Green segmentation

- Reinsurer Rule Engine
  - Questionnaires
  - Reinsurer Rules
  - Standard Process

- AI Based AUW¹ Engine
  - Industry 1st Deep Learning solution
  - Enable Real Time decision making

Final UW² Decision

Enhanced risk assessment

- 72% Applications Auto Underwritten
- 6% Improvement in STP³ Rate
- 2% Additional Risk Identification
- 12% Reduction in Manual UW² cases

AUW engine implemented for savings applications

1. AUW: Automated Underwriting
2. UW: Underwriting
3. STP: Straight Through Processing
Strengthening underwriting and simplifying customer journey

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 available in Mumbai and Bengaluru
Emphasis on digital across customer touch-points

### New business / purchase
- **Digital sales journey** - End-to-end digital sales, from prospecting till conversion
- **Chat PCV** and **AVF** - 55% digital pre-conversion verification
- **Telemedical** - 35% of the medicals done through tele-medicals
- **Uninterrupted customer assistance** - Work from home enabled across the organization; Access to Microsoft Teams, Citrix
- **InstaInsure** - Simplified insurance buying through a 3-click journey

### Policy servicing
- **SVAR**
  - **Digital Renewal collections** – 87% based on renewal premiums and 97% based on NOP
- **Maturity payouts** - Email, WhatsApp, and customer portal ‘My Account’ enabled to upload necessary docs
- **LifeEasy** - 100% eligible claims settled in 1 day; Claims initiation process also enabled through WhatsApp
- **RPA** – Robotic Process automation handled 330+ processes remotely
- **Contact centres** - Branch staff replacing call centre agents

### Customer interactions
- **InstA**
  - Seamless support experience – ~9.3 mn queries handled by instA (virtual assistant)
- **Mobile app** – Significant increase in mobile app usage. 1.1 mn total users
- **InstaServe** - OTP based policy servicing tool to handle customer queries
- **24*7 self-service options** – 95% of chats are self-serve via chat-bot
- **Branches** - Daily tracking of employee and agent safety

### Employee / Partner engagement
- **Physical training** – 3,500+ distributors attending training programs daily
- **Gamified contests** - Launched to drive adoption of digital engagement initiatives
- **Agent on-boarding** - Insta PRL enabling digital on-boarding of agents. ~24K applications logged
- **Employee engagement** – Video conference based skill building sessions with digital partners (Twitter, Google, Facebook)
- **Partner trainings** - Conducted via digital collaboration tools

---

1. PCV: Pre-conversion verification; AVF: Application Verification Form
2. Claim settlement ratio through LifeEasy (online) and WhatsApp platform, as on 30 June 2022
Governance framework

Board of Directors

Independent and experienced Board

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

Whistleblower Committee
Investment Council
Claims Review Committee
Grievance Management Committee

Compliance Council
Risk Management Council
ALCO\(^1\)
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 deferral 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

Managing Risk

<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>(2.0%)</td>
<td>(1.5%)</td>
<td>(2.0%)</td>
<td>(2.6%)</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>1.6%</td>
<td>0.9%</td>
<td>1.3%</td>
<td>1.5%</td>
</tr>
</tbody>
</table>

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

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

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

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

Across age-groups and regions, savings for key milestones in life like child’s education, marriage, remains the top reason to buy insurance
- Tax savings features at bottom of the list of reasons to buy life insurance

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

HDFC Life Customer Insights

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

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

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

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

Women persistency across demographics & geographies ~4% higher than organisation

Live your life your own way

Participation of Women in Life Insurance

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

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

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

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

• Women comprise roughly 49% of the total population in India

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

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### Exide Life Performance Snapshot: Q1 FY23

#### Scale
- **Individual APE**
  - Rs bn: 1.4
  - Growth: 41.7%
- **AUM**
  - Rs bn: 206.3
  - Growth: 10%
- **Embedded Value**
  - Mar 31, 2022: 29.1 bn
  - Growth: 8%

#### Profitability & Cost
- **VNB Margin (Pre-OR)**
  - Q1 FY23: >40%
  - Q1 FY22: >40%
- **Opex ratio**
  - Q1 FY23: 26%
  - Q1 FY22: 25%

#### Customer & Capital
- **13M Persistency**
  - Q1 FY23: 74%
  - Q1 FY22: 73%
- **Claim Settlement Ratio**
  - FY22: 99.1%
  - FY21: 98.5%
- **Solvency**
  - Jun 30, 2022: 211%
  - Jun 30, 2021: 219%

#### Others
- **Channel Mix**
  - Agency: 51%
  - Banca: 7%
  - Broker: 29%
  - Direct: 13%
- **Product Mix**
  - Par: 60%
  - Non-par: 27%
  - Protection: 6%
  - ULIP: 7%

---

1. Based on Individual APE
Integration – Focus areas

**Accelerating revenues ...**

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

**Realizing cost savings ...**

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

Aspiration to close NBM gap over 6-9 quarters
Exide Life transaction timeline

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

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

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

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

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

**Step 6:** Approval obtained from NCLT\(^1\) for triggering the merger process, including intimations to various regulatory authorities and related NOCs (Jun 27, 2022)

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

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

---

1. Final NCLT approval to be received post receipt of NOCs from regulatory authorities
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ESG at a Glance

ESG Focus Areas

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

External Validation

- Active engagement with external agencies including MSCI, S&P Global (DJSI)
- MSCI rating ‘BBB’ in February 2022
- S&P Global (DJSI) score – 44 in 2021 (14 in 2019)
- CRISIL Score – 60 in 2021

1st Integrated Annual Report published in June 2022
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

- **Performance Management System**
  - Based on the principles of balanced scorecard

**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**

**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**
- **PRSH2**
- **BRR3 & Stewardship Code**

- **Anti Bribery & Corruption Policy**
- **Human Rights & DEI4**
- **AML5**
- **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

**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.

Change begins with you. And your investments.

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

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

### Training & development
- Career coaching and development interventions; woman mentoring
- Mobile learning app for self-paced learning
- Training for all including employees, contractors, channel partners / Virtual product training
- Skill Up: Curated online training programs from reputed universities
- 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 ESOPs1 and cash to attract, retain and motivate good talent
- Elaborate succession planning for Key Managerial Personnel, critical senior roles

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

**FY 2021-22**

**Customer Highlights**

- Claim settlement ratio (individual & group) **99.6%**

- Customer Satisfaction Score for March’22 **88.9 %**

- Persistency ratio (13th month) **92%** (including single premium and fully paid up policies)

- **COVID claims (net)** Rs. **818 crore**, **Count 15,293**

**CSR Numbers**

- Number of lives covered **5.4 crore**

- Rural sector **1,89,147**

- Social sector **1,00,87,909**

- MFI lives covered under CP **3,14,55,858**

- States and UT’s covered **23**

- **Sustainable Development Goals covered** **12**

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

- **CSR beneficiaries*** **4.6 lakh**

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

**Customer Centricity**

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

---

1. **OCR**: Optical Character Recognition

---

**Customer Satisfaction Score (%) as on 31st March 2022 – 88.9**
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

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

Bio-diversity
- 11 city forests created using Miyawaki method; 69,603 trees planted in total

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 – 0.42 met. ton. CO2e per FTE
- Scope 2 emissions – 0.41 met. ton. CO2e per FTE
- Scope 3 emissions – 0.03 met. ton. CO2e per FTE
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## Improvement in overall persistency trends

### Across key channels (%)

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<th>Banca</th>
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<tbody>
<tr>
<td>CY (Q1 FY23)</td>
<td>PY (Q1 FY22)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>93</td>
<td>87</td>
<td>82</td>
<td>80</td>
</tr>
<tr>
<td>Agency</td>
<td>Banca</td>
<td>Direct</td>
<td>Company</td>
</tr>
</tbody>
</table>

### Across key segments (%)

<table>
<thead>
<tr>
<th>Savings (Traditional)</th>
<th>Savings (UL)</th>
<th>Protection</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>95</td>
<td>90</td>
<td>86</td>
<td>76</td>
</tr>
<tr>
<td>CY (Q1 FY23)</td>
<td>PY (Q1 FY22)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

### Across key channels (%)

<table>
<thead>
<tr>
<th></th>
<th>Agency</th>
<th>Banca</th>
<th>Direct</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>13th month</td>
<td>91</td>
<td>86</td>
<td>89</td>
<td>88</td>
</tr>
<tr>
<td>25th month</td>
<td>83</td>
<td>77</td>
<td>80</td>
<td>80</td>
</tr>
<tr>
<td>37th month</td>
<td>72</td>
<td>69</td>
<td>67</td>
<td>69</td>
</tr>
<tr>
<td>49th month</td>
<td>68</td>
<td>64</td>
<td>63</td>
<td>64</td>
</tr>
<tr>
<td>61st month</td>
<td>59</td>
<td>53</td>
<td>56</td>
<td>54</td>
</tr>
</tbody>
</table>

### Across key segments (%)

<table>
<thead>
<tr>
<th></th>
<th>Savings (Traditional)</th>
<th>Savings (UL)</th>
<th>Protection</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>13th month</td>
<td>90</td>
<td>80</td>
<td>93</td>
<td>86</td>
</tr>
<tr>
<td>25th month</td>
<td>83</td>
<td>70</td>
<td>88</td>
<td>72</td>
</tr>
<tr>
<td>37th month</td>
<td>69</td>
<td>68</td>
<td>81</td>
<td>65</td>
</tr>
<tr>
<td>49th month</td>
<td>61</td>
<td>65</td>
<td>76</td>
<td>63</td>
</tr>
<tr>
<td>61st month</td>
<td>60</td>
<td>60</td>
<td>67</td>
<td>51</td>
</tr>
</tbody>
</table>

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

VNB – Value of New Business; NBM – New Business Margin

1. Reflects the impact of difference in mix of segment/distribution channel/tenure/age/sum assured multiple etc.
Sensitivity analysis – FY22

<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>Change in</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reference rate</td>
<td>Increase by 1%</td>
<td>-1.4%</td>
<td>-2.0%</td>
</tr>
<tr>
<td></td>
<td>Decrease by 1%</td>
<td>0.8%</td>
<td>1.6%</td>
</tr>
<tr>
<td>Equity Market movement</td>
<td>Decrease by 10%</td>
<td>-0.1%</td>
<td>-1.4%</td>
</tr>
<tr>
<td>Persistency (Lapse rates)</td>
<td>Increase by 10%</td>
<td>-0.6%</td>
<td>-0.6%</td>
</tr>
<tr>
<td></td>
<td>Decrease by 10%</td>
<td>0.7%</td>
<td>0.6%</td>
</tr>
<tr>
<td>Maintenance expenses</td>
<td>Increase by 10%</td>
<td>-0.5%</td>
<td>-0.8%</td>
</tr>
<tr>
<td></td>
<td>Decrease by 10%</td>
<td>0.5%</td>
<td>0.8%</td>
</tr>
<tr>
<td>Acquisition Expenses</td>
<td>Increase by 10%</td>
<td>-3.4%</td>
<td>NA</td>
</tr>
<tr>
<td></td>
<td>Decrease by 10%</td>
<td>3.4%</td>
<td>NA</td>
</tr>
<tr>
<td>Mortality / Morbidity</td>
<td>Increase by 5%</td>
<td>-1.2%</td>
<td>-1.0%</td>
</tr>
<tr>
<td></td>
<td>Decrease by 5%</td>
<td>1.2%</td>
<td>1.0%</td>
</tr>
<tr>
<td>Tax rate²</td>
<td>Increased to 25%</td>
<td>-4.8%</td>
<td>-9.1%</td>
</tr>
</tbody>
</table>

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

- Successfully raised Rs 3.5 billion of sub-debt in Q1 FY23
- Paid final dividend of Rs 1.70 per equity share

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

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

1. Calculated as difference from April to June
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)

- 19.2% (Hong Kong)
- 14.0% (Taiwan)
- 7.6% (Singapore)
- 5.8% (Japan)
- 4.0% (Malaysia)
- 3.4% (Thailand)
- 3.2% (India)
- 2.4% (China)

Life Insurance density US$ (FY 2021)

- 8,983 (Hong Kong)
- 4,528 (Singapore)
- 3,861 (Taiwan)
- 2,329 (Japan)
- 415 (Malaysia)
- 244 (Thailand)
- 241 (China)
- 59 (India)

Life expectancy (Years)

- 69.3 (2020)
- 73.1 (2040)
- 76.1 (2060)

Population composition (bn)

- Less than 20 years: 7% (2020), 11% (2040), 17% (2060)
- 20-64 years: 58% (2020), 61% (2040), 60% (2060)
- 65 years and above: 35% (2020), 28% (2040), 23% (2060)

- India’s insurable population estimated to be at ~1 bn by 2035
- Emergence of nuclear families and advancement in healthcare facilities lead to increase in life expectancy thus facilitating need for pension and protection based products

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

\(^1\) Goldman Sachs Report, March 2019
\(^2\) Swiss Re (Based on respective financial year of the countries)
\(^3\) Kotak institutional equities

- 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

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

### Trend of retail loans \(^3\) (Rs Tn.)

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

### Protection gap \(^2\) (2019)

- India
- Indonesia
- Malaysia
- Thailand
- China
- Japan
- Singapore
- South Korea
- Australia
- Hong Kong

- Protection gap in the region
- Growth in savings and life insurance coverage
- Economic and wage growth
- Protection gap growth rate
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

**Government Bonds – Tenorwise Issuance**

<table>
<thead>
<tr>
<th>Year</th>
<th>&lt;=15yrs (Rs cr)</th>
<th>&gt;15yrs (Rs cr)</th>
<th>Total (Rs cr)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY16</td>
<td>3,66,500</td>
<td>2,25,000</td>
<td>5,91,500</td>
</tr>
<tr>
<td>FY17</td>
<td>3,73,525</td>
<td>1,54,520</td>
<td>5,28,045</td>
</tr>
<tr>
<td>FY18</td>
<td>4,97,579</td>
<td>1,80,529</td>
<td>6,78,109</td>
</tr>
<tr>
<td>FY19</td>
<td>3,82,941</td>
<td>2,04,000</td>
<td>5,86,941</td>
</tr>
<tr>
<td>FY20</td>
<td>4,44,000</td>
<td>2,38,000</td>
<td>6,82,000</td>
</tr>
<tr>
<td>FY21</td>
<td>10,01,83</td>
<td>2,65,575</td>
<td>12,67,41</td>
</tr>
<tr>
<td>FY22</td>
<td>8,48,000</td>
<td>3,31,000</td>
<td>11,79,00</td>
</tr>
<tr>
<td>Q1 FY23</td>
<td>2,82,000</td>
<td>1,08,000</td>
<td>3,90,000</td>
</tr>
</tbody>
</table>

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 business¹ 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
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>Q1 FY23</th>
<th>Q1 FY22</th>
<th>Growth</th>
<th>FY22</th>
<th>FY21</th>
<th>FY20</th>
<th>CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>New Business Premium (Indl. + Group)</strong></td>
<td>47.8</td>
<td>37.7</td>
<td>27%</td>
<td>241.5</td>
<td>201.1</td>
<td>172.4</td>
<td>18%</td>
</tr>
<tr>
<td><strong>Renewal Premium (Indl. + Group)</strong></td>
<td>46.2</td>
<td>38.9</td>
<td>19%</td>
<td>218.1</td>
<td>184.8</td>
<td>154.7</td>
<td>19%</td>
</tr>
<tr>
<td><strong>Total Premium</strong></td>
<td>94.0</td>
<td>76.6</td>
<td>23%</td>
<td>459.6</td>
<td>385.8</td>
<td>327.1</td>
<td>19%</td>
</tr>
<tr>
<td><strong>Individual APE</strong></td>
<td>15.5</td>
<td>13.1</td>
<td>18%</td>
<td>81.7</td>
<td>71.2</td>
<td>61.4</td>
<td>15%</td>
</tr>
<tr>
<td><strong>Overall APE</strong></td>
<td>19.0</td>
<td>15.6</td>
<td>22%</td>
<td>97.6</td>
<td>83.7</td>
<td>74.1</td>
<td>15%</td>
</tr>
<tr>
<td><strong>Group Premium (NB)</strong></td>
<td>25.2</td>
<td>19.0</td>
<td>33%</td>
<td>125.1</td>
<td>100.3</td>
<td>87.8</td>
<td>19%</td>
</tr>
<tr>
<td><strong>Profit after Tax</strong></td>
<td>3.7</td>
<td>3.0</td>
<td>21%</td>
<td>12.1</td>
<td>13.6</td>
<td>13.0</td>
<td>-4%</td>
</tr>
<tr>
<td><strong>- Policyholder Surplus</strong></td>
<td>2.6</td>
<td>0.4</td>
<td>489%</td>
<td>4.4</td>
<td>7.3</td>
<td>10.9</td>
<td>-36%</td>
</tr>
<tr>
<td><strong>- Shareholder Surplus</strong></td>
<td>1.0</td>
<td>2.6</td>
<td>-60%</td>
<td>7.7</td>
<td>6.3</td>
<td>2.1</td>
<td>91%</td>
</tr>
<tr>
<td><strong>Dividend Paid</strong></td>
<td>3.6</td>
<td>-</td>
<td>NA</td>
<td>4.1</td>
<td>-</td>
<td>NA</td>
<td></td>
</tr>
<tr>
<td><strong>Assets Under Management</strong></td>
<td>2,001.2</td>
<td>1,812.7</td>
<td>10%</td>
<td>2,041.7</td>
<td>1,738.4</td>
<td>1,272.3</td>
<td>27%</td>
</tr>
<tr>
<td><strong>Indian Embedded Value</strong></td>
<td>297.1</td>
<td>273.3</td>
<td>9%</td>
<td>300.5</td>
<td>266.2</td>
<td>206.5</td>
<td>21%</td>
</tr>
<tr>
<td><strong>Net Worth</strong></td>
<td>154.3</td>
<td>87.8</td>
<td>76%</td>
<td>154.0</td>
<td>84.3</td>
<td>69.9</td>
<td>48%</td>
</tr>
<tr>
<td><strong>NB (Individual and Group segment) lives insured (Mn.)</strong></td>
<td>12.2</td>
<td>7.4</td>
<td>64%</td>
<td>54.1</td>
<td>39.8</td>
<td>61.3</td>
<td>-6%</td>
</tr>
<tr>
<td><strong>No. of Individual Policies (NB) sold (In 000s)</strong></td>
<td>166.3</td>
<td>170.5</td>
<td>-2%</td>
<td>915.3</td>
<td>982.0</td>
<td>896.3</td>
<td>1%</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>Q1 FY23</th>
<th>Q1 FY22</th>
<th>FY22</th>
<th>FY21</th>
<th>FY20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall New Business Margins (post overrun)</td>
<td>26.8%</td>
<td>26.2%</td>
<td>27.4%</td>
<td>26.1%</td>
<td>25.9%</td>
</tr>
<tr>
<td>Operating Return on EV</td>
<td>16.5%</td>
<td>14.4%</td>
<td>16.6%</td>
<td>18.5%</td>
<td>18.1%</td>
</tr>
<tr>
<td>Operating Expenses / Total Premium</td>
<td>14.9%</td>
<td>12.5%</td>
<td>12.3%</td>
<td>12.0%</td>
<td>13.1%</td>
</tr>
<tr>
<td>Total Expenses (OpEx + Commission) / Total Premium</td>
<td>18.8%</td>
<td>16.4%</td>
<td>16.5%</td>
<td>16.4%</td>
<td>17.7%</td>
</tr>
<tr>
<td>Return on Equity</td>
<td>9.5%</td>
<td>14.1%</td>
<td>10.1%</td>
<td>17.6%</td>
<td>20.5%</td>
</tr>
<tr>
<td>Solvency Ratio</td>
<td>178%</td>
<td>203%</td>
<td>176%</td>
<td>201%</td>
<td>184%</td>
</tr>
<tr>
<td>Persistency (13M / 61M)</td>
<td>93%/58%</td>
<td>90%/53%</td>
<td>92%/58%</td>
<td>90%/53%</td>
<td>88%/54%</td>
</tr>
</tbody>
</table>

<p>| | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Share (%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Individual WRP</td>
<td>14.6%</td>
<td>17.8%</td>
<td>14.8%</td>
<td>15.5%</td>
<td>14.2%</td>
</tr>
<tr>
<td>- Group New Business</td>
<td>22.2%</td>
<td>25.9%</td>
<td>27.9%</td>
<td>27.6%</td>
<td>29.0%</td>
</tr>
<tr>
<td>- Total New Business</td>
<td>19.0%</td>
<td>22.3%</td>
<td>21.0%</td>
<td>21.5%</td>
<td>21.5%</td>
</tr>
</tbody>
</table>

<p>| | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<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>25/35/6/5/30</td>
<td>27/32/5/8/29</td>
<td>26/33/5/6/30</td>
<td>24/31/5/7/34</td>
<td>28/41/4/8/19</td>
</tr>
<tr>
<td>- Indl Distribution (CA/Agency/Broker/Direct)</td>
<td>56/16/7/22</td>
<td>56/15/6/23</td>
<td>60/14/6/19</td>
<td>61/13/7/19</td>
<td>55/14/9/22</td>
</tr>
<tr>
<td>- Total Distribution (CA/Agency/Broker/Direct/Group)</td>
<td>21/6/2/18/53</td>
<td>22/7/3/18/50</td>
<td>24/6/2/16/52</td>
<td>25/6/2/17/50</td>
<td>23/7/3/17/51</td>
</tr>
<tr>
<td>- Share of protection business (Based on Indl APE)</td>
<td>4.6%</td>
<td>8.3%</td>
<td>5.6%</td>
<td>6.8%</td>
<td>7.6%</td>
</tr>
<tr>
<td>- Share of protection business (Based on Overall APE)</td>
<td>16.9%</td>
<td>15.7%</td>
<td>13.6%</td>
<td>12.8%</td>
<td>17.2%</td>
</tr>
<tr>
<td>- Share of protection business (Based on NBP)</td>
<td>32.3%</td>
<td>22.4%</td>
<td>24.0%</td>
<td>19.6%</td>
<td>27.6%</td>
</tr>
</tbody>
</table>

1. Calculated using net profit and average net worth for the period (Net worth comprises of Share capital, Share premium and Accumulated profits)
2. Individual persistency ratios including single premium (based on original premium)
3. Based on individual APE. UL: Unit Linked, Trad: Traditional, Par: Participating & CA: Corporate Agents. Percentages are rounded off
4. Based on total new business premium including group. Percentages are rounded off
## Revenue and Profit & Loss A/c

### Revenue A/c<sup>1</sup>

<table>
<thead>
<tr>
<th></th>
<th>Q1 FY23</th>
<th>Q1 FY22</th>
</tr>
</thead>
<tbody>
<tr>
<td>Premium earned</td>
<td>94.0</td>
<td>76.6</td>
</tr>
<tr>
<td>Reinsurance ceded</td>
<td>(1.2)</td>
<td>(1.2)</td>
</tr>
<tr>
<td>Income from Investments</td>
<td>(34.9)</td>
<td>69.6</td>
</tr>
<tr>
<td>Other Income</td>
<td>0.4</td>
<td>0.2</td>
</tr>
<tr>
<td>Transfer from Shareholders’ Account</td>
<td>-</td>
<td>0.8</td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td>58.3</td>
<td>146.0</td>
</tr>
<tr>
<td>Commissions</td>
<td>3.7</td>
<td>3.0</td>
</tr>
<tr>
<td>Expenses</td>
<td>14.0</td>
<td>9.5</td>
</tr>
<tr>
<td>GST on UL charges</td>
<td>0.9</td>
<td>0.9</td>
</tr>
<tr>
<td>Provision for taxation</td>
<td>0.2</td>
<td>(0.0)</td>
</tr>
<tr>
<td>Provision for diminution in value of investments</td>
<td>0.2</td>
<td>(2.0)</td>
</tr>
<tr>
<td>Benefits paid</td>
<td>65.5</td>
<td>55.5</td>
</tr>
<tr>
<td>Change in valuation reserve</td>
<td>(31.8)</td>
<td>76.1</td>
</tr>
<tr>
<td>Bonuses Paid</td>
<td>3.2</td>
<td>2.6</td>
</tr>
<tr>
<td><strong>Total Outgoings</strong></td>
<td>55.8</td>
<td>145.4</td>
</tr>
<tr>
<td><strong>Surplus</strong></td>
<td>2.5</td>
<td>0.6</td>
</tr>
</tbody>
</table>

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

### Profit and Loss A/c<sup>1</sup>

<table>
<thead>
<tr>
<th></th>
<th>Q1 FY23</th>
<th>Q1 FY22</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest and dividend income</td>
<td>1.2</td>
<td>1.2</td>
</tr>
<tr>
<td>Net profit/(loss) on sale</td>
<td>(0.2)</td>
<td>1.3</td>
</tr>
<tr>
<td>Transfer from Policyholders’ Account</td>
<td>2.6</td>
<td>1.2</td>
</tr>
<tr>
<td>Other Income</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>3.6</td>
<td>3.8</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Q1 FY23</th>
<th>Q1 FY22</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Outgoings</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfer to Policyholders’ Account</td>
<td>-</td>
<td>0.8</td>
</tr>
<tr>
<td>Expenses</td>
<td>0.1</td>
<td>0.0</td>
</tr>
<tr>
<td>Interest on convertible debentures</td>
<td>0.1</td>
<td>0.1</td>
</tr>
<tr>
<td>Provision for diminution in value of investments</td>
<td>(0.2)</td>
<td>(0.2)</td>
</tr>
<tr>
<td>Provision for Taxation</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>(0.0)</td>
<td>0.8</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>Q1 FY23</th>
<th>Q1 FY22</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3.7</td>
<td>3.0</td>
</tr>
</tbody>
</table>

---

<sup>1</sup> Numbers may not add up due to rounding off effect
## Balance sheet

<table>
<thead>
<tr>
<th></th>
<th>Jun 30, 2022</th>
<th>Jun 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>86.9</td>
<td>25.4</td>
<td>86.7</td>
</tr>
<tr>
<td>Accumulated profits</td>
<td>67.3</td>
<td>62.3</td>
<td>67.3</td>
</tr>
<tr>
<td>Fair value change</td>
<td>(0.3)</td>
<td>1.8</td>
<td>0.8</td>
</tr>
<tr>
<td><strong>Sub total</strong></td>
<td><strong>154.0</strong></td>
<td><strong>89.5</strong></td>
<td><strong>154.8</strong></td>
</tr>
<tr>
<td><strong>Borrowings</strong></td>
<td><strong>9.5</strong></td>
<td><strong>6.0</strong></td>
<td><strong>6.0</strong></td>
</tr>
<tr>
<td><strong>Policyholders’ funds</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fair value change</td>
<td>8.9</td>
<td>23.4</td>
<td>21.7</td>
</tr>
<tr>
<td>Policy Liabilities</td>
<td>1,081.3</td>
<td>897.2</td>
<td>1,043.4</td>
</tr>
<tr>
<td>Provision for Linked Liabilities</td>
<td>694.5</td>
<td>740.2</td>
<td>765.2</td>
</tr>
<tr>
<td>Funds for discontinued policies</td>
<td>41.9</td>
<td>41.5</td>
<td>41.0</td>
</tr>
<tr>
<td><strong>Sub total</strong></td>
<td><strong>1,826.7</strong></td>
<td><strong>1,702.3</strong></td>
<td><strong>1,871.3</strong></td>
</tr>
<tr>
<td>Funds for future appropriation (Par)</td>
<td>9.3</td>
<td>9.2</td>
<td>9.4</td>
</tr>
<tr>
<td><strong>Total Source of funds</strong></td>
<td><strong>1,999.5</strong></td>
<td><strong>1,807.1</strong></td>
<td><strong>2,041.6</strong></td>
</tr>
<tr>
<td>Shareholders’ investment</td>
<td>157.1</td>
<td>89.7</td>
<td>152.4</td>
</tr>
<tr>
<td>Policyholders’ investments: Non-linked</td>
<td>1,107.6</td>
<td>941.3</td>
<td>1,083.1</td>
</tr>
<tr>
<td>Policyholders’ investments: Linked</td>
<td>736.5</td>
<td>781.8</td>
<td>806.2</td>
</tr>
<tr>
<td>Loans</td>
<td>7.0</td>
<td>4.8</td>
<td>6.4</td>
</tr>
<tr>
<td>Fixed assets</td>
<td>3.5</td>
<td>3.4</td>
<td>3.4</td>
</tr>
<tr>
<td>Net current assets</td>
<td>(12.3)</td>
<td>(13.8)</td>
<td>(10.0)</td>
</tr>
<tr>
<td><strong>Total Application of funds</strong></td>
<td><strong>1,999.5</strong></td>
<td><strong>1,807.1</strong></td>
<td><strong>2,041.6</strong></td>
</tr>
</tbody>
</table>

**Note:** Numbers may not add up due to rounding off effect.
Segment wise average term and age

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

<table>
<thead>
<tr>
<th>Scope of review</th>
<th>Portfolios reviewed</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Assess appropriateness of ALM strategy to manage interest rate risk in non-par savings business</td>
<td></td>
</tr>
<tr>
<td>• Review sensitivity of value of assets and liabilities to changes in assumptions</td>
<td>• Portfolio 1: Savings and Protection – All non-single premium non-par savings contracts and group protection products</td>
</tr>
<tr>
<td></td>
<td>• Portfolio 2: All immediate and deferred annuities</td>
</tr>
</tbody>
</table>

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

**Opinion and conclusion**

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

- meet policyholder liability cash flows
- protect net asset-liability position thereby limiting impact on shareholder value
Indian Embedded value: Methodology and Approach (1/2)

Overview

Indian Embedded Value (IEV) consists of:

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

Components of Adjusted Net Worth (ANW)

- **Free surplus (FS):** FS is the Market value of any assets allocated to, but not required to support, the in-force covered business as at the valuation date. The FS has been determined as the adjusted net worth of the Company (being the net shareholders’ funds adjusted to revalue assets to Market value), less the RC as defined below.
- **Required capital (RC):** RC is the amount of assets attributed to the covered business over and above that required to back liabilities for the covered business. The distribution of this to shareholders is restricted. RC is set equal to the internal target level of capital equal to 170% of the factor-based regulatory solvency requirements, less the funds for future appropriations (“FFA”) in the participating funds.
Components of Value in-force covered business (VIF)

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

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

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

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

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

<table>
<thead>
<tr>
<th>Years</th>
<th>Forward rates %</th>
<th>Spot rates %</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>As at Jun 30, 2021</td>
<td>As at Jun 30, 2022</td>
</tr>
<tr>
<td>1</td>
<td>3.87</td>
<td>5.96</td>
</tr>
<tr>
<td>2</td>
<td>5.40</td>
<td>7.38</td>
</tr>
<tr>
<td>3</td>
<td>6.39</td>
<td>7.85</td>
</tr>
<tr>
<td>4</td>
<td>7.01</td>
<td>7.98</td>
</tr>
<tr>
<td>5</td>
<td>7.43</td>
<td>8.01</td>
</tr>
<tr>
<td>10</td>
<td>7.99</td>
<td>8.02</td>
</tr>
<tr>
<td>15</td>
<td>7.72</td>
<td>8.06</td>
</tr>
<tr>
<td>20</td>
<td>7.43</td>
<td>8.10</td>
</tr>
<tr>
<td>25</td>
<td>7.25</td>
<td>8.12</td>
</tr>
<tr>
<td>30</td>
<td>7.15</td>
<td>8.14</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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