April 26, 2023

Ref. No.: HDFC Life/CA/2023-24/8

Listing Department
National Stock Exchange of India Limited
Exchange Plaza, Plot No C/1, Block G,
Bandra-Kurla Complex,
Bandra (East),
Mumbai- 400 051

NSE Symbol: HDFCLIFE

Listing Department
BSE Limited
Sir PJ Towers,
Dalal Street,
Fort,
Mumbai – 400 001

BSE Security Code: 540777

Dear Sir/ Madam,

Sub: Investor Presentation

Please find enclosed herewith a copy of press release and investor presentation on financial results for the quarter and year ended March 31, 2023.

This is for your information and appropriate dissemination.

Thanking you,

For HDFC Life Insurance Company Limited

Narendra Gangan
Digitally signed by Narendra Gangan
Date: 2023.04.26 15:36:40 +05'30'

Narendra Gangan
General Counsel, Chief Compliance Officer & Company Secretary

Encl.: As above

PRESS RELEASE - PERFORMANCE FOR THE FULL YEAR ENDED MARCH 31, 2023

BSE Code: 540777 **NSE Code: HDFCLIFE**

Strong delivery across all key metrics – Private market share: 16.5%, VNB growth: 37%, Individual WRP growth: 27%

- **Higher than industry growth enables market share expansion by 70 bps**
- **Robust YoY growth: Protection APE up by about 20%, Annuity APE grew by 59%**
- **VNB margin of 27.6%, achieved margin neutrality post-merger, well ahead of target**
- **Operating ROEV at 19.7%; Indian Embedded value at Rs 39,527 crore**
- **13% growth in PAT to Rs 1,360 crore; with back book growing by a robust 27% offset by new business strain**
- **Proposed final dividend of Rs 1.90 per share; maintained 30% payout ratio since FY17***

** except in FY20 where no dividend was declared due to the pandemic, as directed by the regulator*

Mumbai, April 26, 2023: The Board of Directors of HDFC Life approved and adopted today the audited standalone and reviewed consolidated financial results for the full year ended March 31, 2023. Below is the summary of our standalone results:

Commenting on the full year performance for FY23, Ms. Vibha Padalkar, MD & CEO said "As you may be aware, the RBI has permitted HDFC Bank or HDFC Ltd to increase their shareholding in HDFC Life to more than 50% prior to the effective date, thus clearing any uncertainty around HDFC Bank's eventual shareholding in us. We look forward to collaborating with our parent to be, towards creating value for all stakeholders.

We closed the year with a strong growth of 27% in individual WRP with a market share of 16.5% and 10.8% in the private and overall sector respectively, clocking expansion of 40 and 70 basis points respectively. We continue to grow faster than the private industry and be ranked amongst the top 3 life insurers across individual and group businesses. In terms of Individual WRP, we have outpaced the private industry over multiple timeframes including, in the past 3, 5 and 7 years, thereby consistently demonstrating growth leadership.

There has been an increase in protection share in total NBP from 24% in FY22 to 29% in FY23. Our overall protection APE grew by about 20% in FY23. Retail protection trends remain encouraging with sequential growth being over 50% and YoY growth being over 40% in Q4. Our annuity business in FY23 grew by 18% on received premium basis compared to a 2% growth for the industry. APE growth is much higher at 59% due to a pickup in our regular premium annuity product - Systematic Retirement Plan during the year.

Our new business margin for the year was 27.6% thereby delivering value of new business of Rs. 3,674 cr. which is a growth of 37%. Margin neutrality, after considering the acquired business, was achieved well ahead of target.

Our embedded value stood at Rs. 39,527 Crore as on March 31st, 2023, with an operating return on embedded value of 19.7% for FY23. Profit after tax for FY23 stood at Rs. 1,360 Crore, a robust YoY increase of 13%. This is despite the increased new business strain arising from higher growth in Q4. The profit emergence continues to be aided by strong growth of 27% in back book surplus.

We are optimistic about the growth prospects of the industry and are committed to driving a significant increase in insurance penetration in line with the regulator's vision."

Key Financial Summary

Rs Crore	FY23*	FY22
Key Financial and Actuarial Metrics		
Individual APE	11,401	8,168
Total APE	13,336	9,758
New Business Premium (Indl + Group)	29,085	24,155
Renewal Premium (Indl + Group)	28,448	21,808
Total Premium	57,533	45,963
Assets Under Management	2,38,782	2,04,170
Profit After Tax	1,360	1,208
Indian Embedded Value	39,527	32,958
Value of new business	3,674	2,675
Protection based on Total APE	1,776	1,325

	FY23*	FY22
Key Financial Ratios		
New Business Margins	27.6%	27.4%
Operating Return on EV	19.7%	16.6%
Operating Expenses / Total Premium	14.8%	12.3%
Solvency Ratio	203%	176%
13M / 61M Persistency	87%/52%	87%/54%
Market share		
Individual WRP	16.5%	14.8%
Overall new business premium	21.1%	21.0%
Product mix by Indl APE (UL / Non par savings /Annuity/ Protection / Par)	19/45/5/4/27	26/33/5/6/30
Distribution mix by Indl APE (Corp Agents/ Agency/ Broker/ Direct)	56/20/11/13	60/14/6/19

Notes:
1. Limited pay/regular premium persistency
2. Percentages may not add up due to rounding off effect

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

Definitions and abbreviations

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

- **Assets under Management (AUM)** - The total value of Shareholders' & Policyholders' investments managed by the insurance company
- **Embedded Value Operating Profit (EVOP)** - Embedded Value Operating Profit ("EVOP") is a 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 premium** - Premiums due in the first policy year of regular premiums received during the financial year. For example, for a monthly mode policy sold in March 2023, the first monthly instalment received would be reflected as First year premiums for 2022-23 and the remaining 11 instalments due in the first policy year would be reflected as first year premiums in 2023-24, when received
- **New business received premium** - The sum of first year premium and single premium, reflecting the total premiums received from the new business written
- **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
- **Operating return on EV** - Operating Return on EV is the ratio of EVOP (Embedded Value Operating Profit) for any given period to the EV at the beginning of that period
- **Persistency** - The proportion of business renewed from the business underwritten. The ratio is measured in terms of number of policies and premiums underwritten
- **Premium less benefits payouts** - The difference between total premium received and benefits paid (gross of reinsurance)
- **Renewal premium** - Regular recurring premiums received after the first policy year
- **Solvency ratio** - Ratio of available solvency margin to required solvency margin
- **Total premium** - 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 received during the year and 10% of single premiums including top-up premiums

About HDFC Life

HDFC Life Insurance Company Limited ('HDFC Life' / ‘Company’) is a joint venture between HDFC Ltd., India’s leading housing finance institution and abrdn (Mauritius Holdings) 2006 Limited, a global investment company.

Established in 2000, HDFC Life is a leading, listed, long-term life insurance solutions provider in India, offering a range of individual and group insurance solutions that meet various customer needs such as Protection, Pension, Savings, Investment, Annuity and Health. The Company has more than 60 products (including individual and group products) and optional riders in its portfolio, catering to a diverse range of customer needs.

HDFC Life continues to benefit from its increased presence across the country, having a wide reach with branches and additional distribution touch-points through several new tie-ups and partnerships. The count of distribution partnerships is over 300, comprising banks, NBFCs, MFIs, SFBs, brokers, new ecosystem partners amongst others. The Company has a strong base of financial consultants.

For more information, please visit www.hdfclife.com. You may also connect with us on Facebook, Twitter, YouTube and LinkedIn.

Disclaimer

Except for the historical information contained herein, statements in this release which contain words or phrases such as 'will', 'would', ‘indicating’, ‘expected to’ etc., and similar expressions or variations of such expressions may constitute 'forward-looking statements'. These forward-looking statements involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. These risks and uncertainties include, but are not limited to our ability to successfully implement our strategy, our growth and expansion in business, the impact of any acquisitions, technological implementation and changes, the actual growth in demand for insurance products and services, investment income, cashflow projections, our exposure to market risks, policies and actions of regulatory authorities; impact of competition; experience with regard to mortality and morbidity trends, lapse rates and policy renewal rates; the impact of changes in capital , solvency or accounting standards , tax and other legislations and regulations in the jurisdictions as well as other risks detailed in the reports filed by HDFC Limited, our holding company, with the United States Securities and Exchange Commission. HDFC Life undertakes no obligation to update forward-looking statements to reflect events or circumstances after the date thereof.

None of Company or any of its directors, officers, employees, agents or advisers, or any of their respective affiliates, advisers or representatives, undertake to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise and none of them shall have any liability (in negligence or otherwise) for any loss howsoever arising from any use of this press release or its contents or otherwise arising in connection. Further, nothing in this press release should be construed *as constituting legal, business, tax or financial advice or a recommendation regarding the securities. Although Company believes that such forward-looking statements are based on reasonable assumptions, it can give no assurance that such expectations will be met. You are cautioned not to place undue reliance on these forward-looking statements, which are based on current view of Company's management on future events. Forecasts and hypothetical examples are subject to uncertainty and contingencies outside Company's control. Past performance is not a reliable indication of future performance.*

Before acting on any information you should consider the appropriateness of the information having regard to these matters, and in particular, you should seek independent financial advice.

Investor Presentation – FY23

HDFC Life

Sar utha ke jiyo!

Executive summary: FY23

Revenue & Scale

Individual WRP	Rs.Bn	112.6
	Market Share	16.5%
Renewal Premium (Rs Bn.)	CY	284.5
	PY	218.1
AUM (Rs Bn.)	CY	2,388
	PY	2,042
IEV	Rs (Bn.)	395.3
	EVOP	19.7%

Profitability & Cost

New Business Margin (NBM)	CY	27.6%
	PY	27.4%
VNB (Rs Bn.)	CY	36.7
	PY	26.8
Profit After Tax (PAT) (Rs Bn.)	CY	13.6
	PY	12.1
Operating exp. ratio	CY	14.8%
	PY	12.3%

Customer & Capital

13th month persistency	CY	87%
	PY	87%
Claim settlement ratio (FY23)	Overall	99.7%
	Individual	99.3%
Complaints per 10K policies[1]	CY	35
	PY	25
Solvency	Mar'23	203%
	Mar'22	176%

Proposed final dividend of Rs 1.90 per share, maintaining 30% dividend payout ratio[2]

Note: Current year numbers are on a merged basis, hence prior years are not comparable

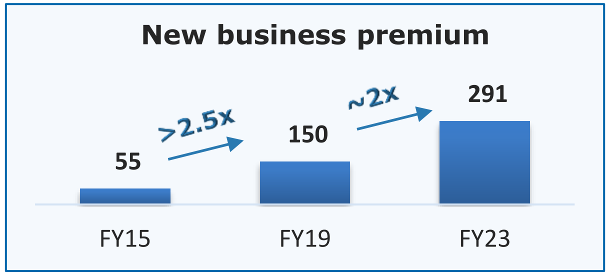
1. *Complaints data (excluding survival and death claims). Complaints per 10K policies on merged basis for FY22: 40*
2. *Subject to shareholder approval*

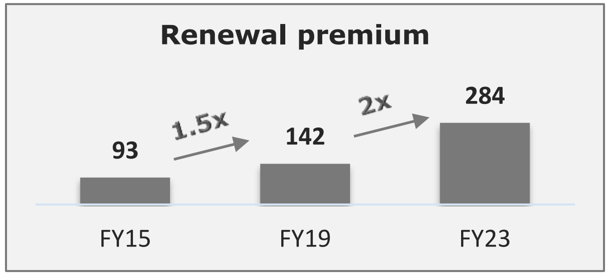
Agenda

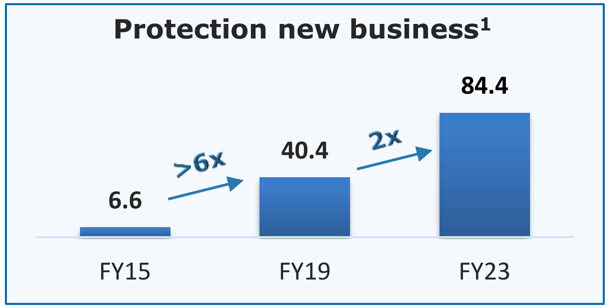
Consistent, predictable, sustained performance

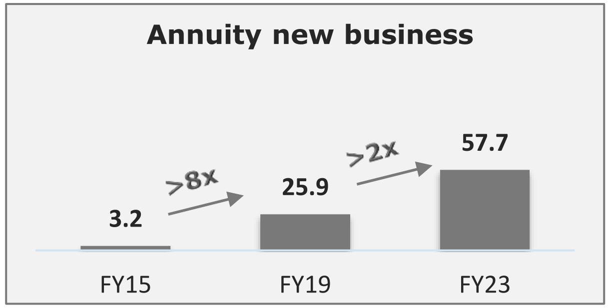
Rs bn

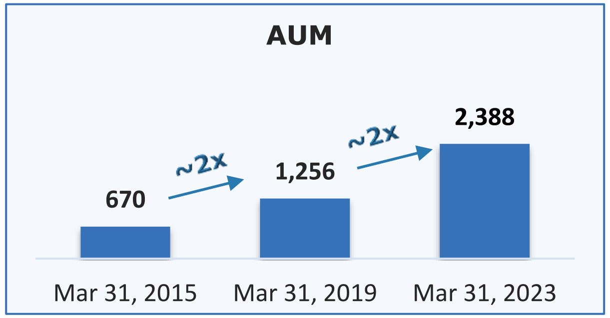
Holistic growth

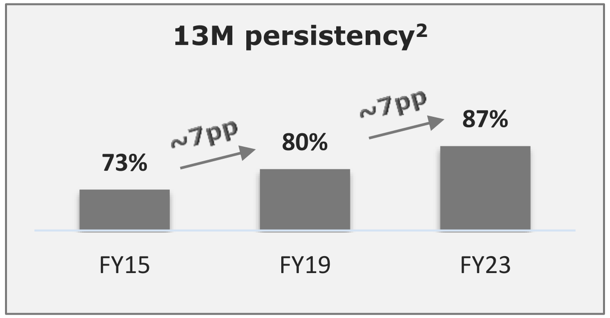




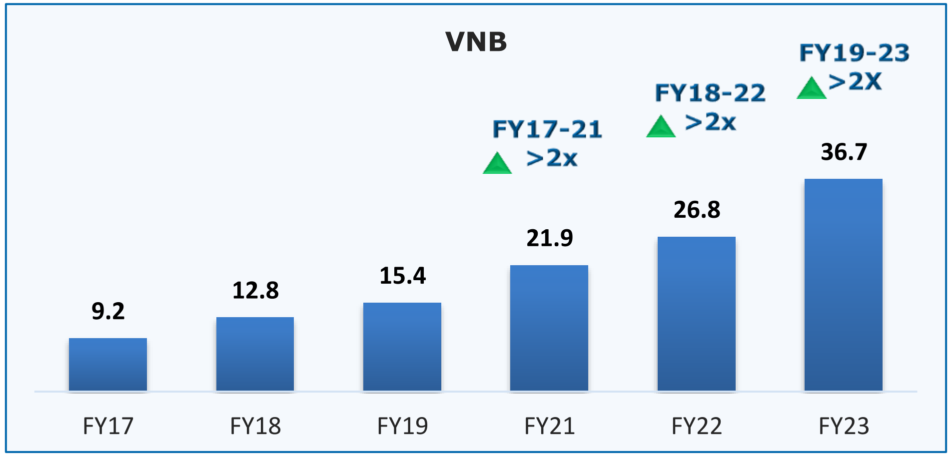


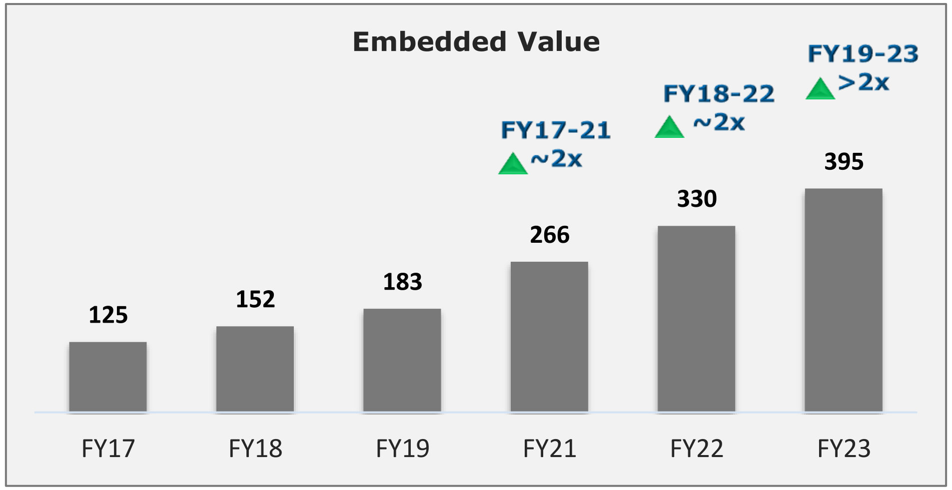






Consistent track record over multiple periods





1. *Based on Overall NBP*
2. *Excluding single premium*

Consistent performance across business cycles

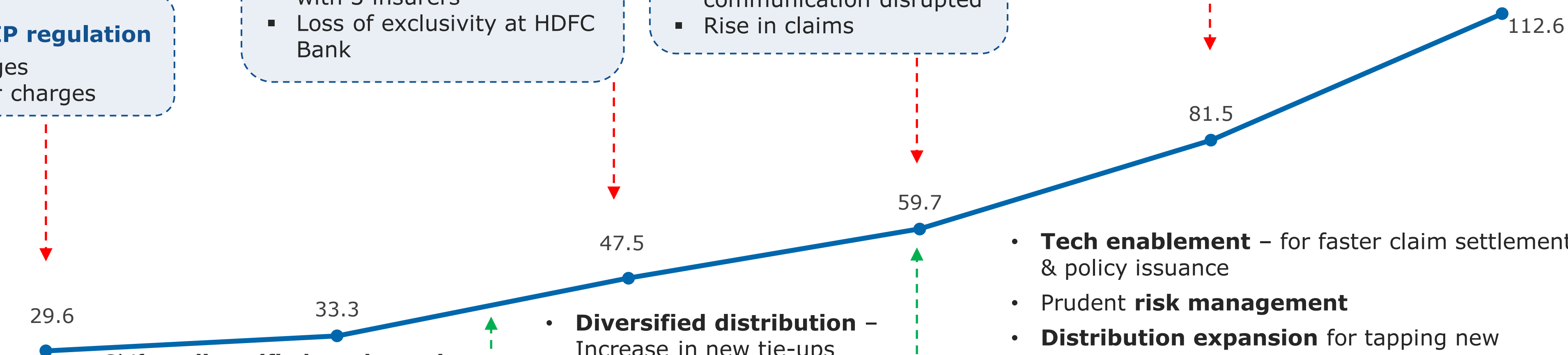
Change in ULIP regulation
- Cap on charges
- No surrender charges

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

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

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

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



- Shift to **diversified product mix** strategy
- Scaling up of CP business

- **Diversified distribution** – Increase in new tie-ups
- **Growing proprietary** – Agency/Direct

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

Consistent product innovation

	FY11	FY16	FY18	FY20	FY22	FY23
NBM[1]	10.0%	19.9%	23.2%	25.9%	27.4%	27.6%
Indl WRP[2] growth	18%	12%	31%	19%	16%	27%
Overall industry growth	-8%	8%	19%	6%	16%	19%

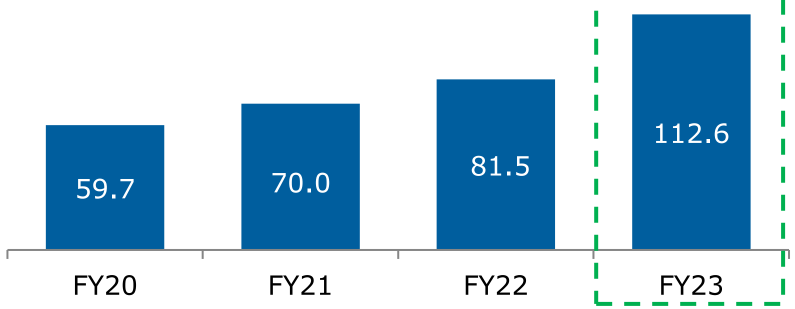
Grew ~2 times industry between FY11-FY23 while sustaining profitability

Note: Indl WRP in Rs bn
1. New Business Margin
2. WRP: Weighted Received Premium

Robust delivery across key metrics (1/2)

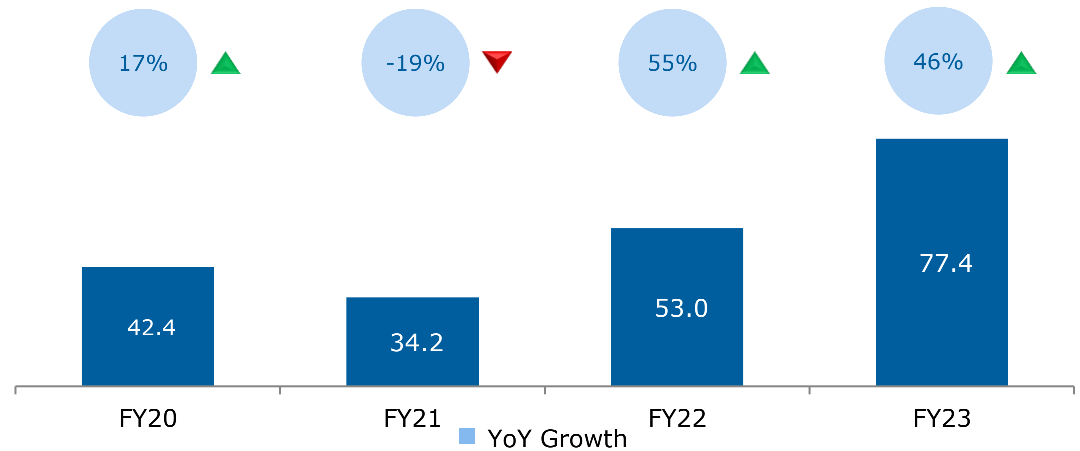
Sustained performance

	FY20	FY21	FY22	FY23
Overall mkt share	8.1%	9.2%	9.3%	10.8%
Pvt. mkt share	14.2%	15.5%	14.8%	16.5%
YoY growth	19%	17%	16%	27%*

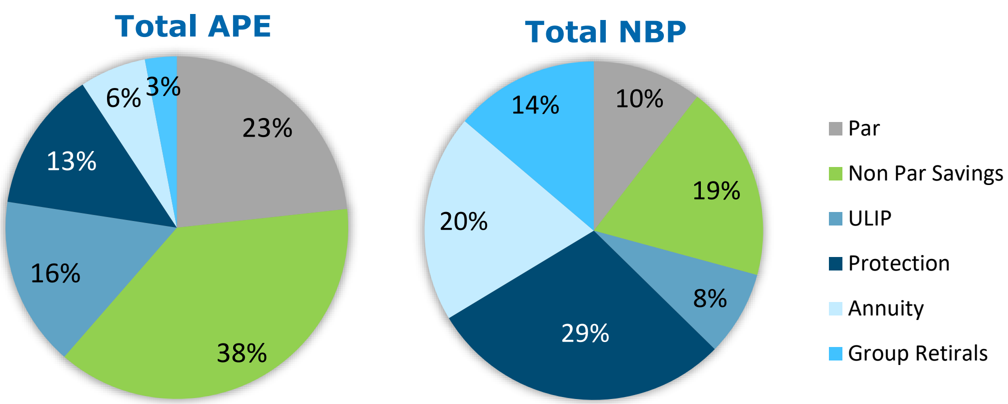


Strong CP volumes on the back of higher disbursements[1]

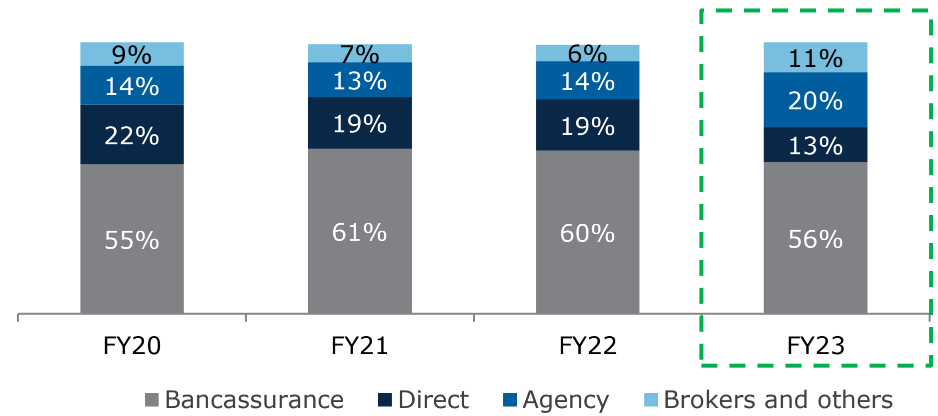
Rs bn



Balanced product mix



Focus on diversified channel mix[2]



1. Based on Credit Protect new business premium 2. Based on Individual APE

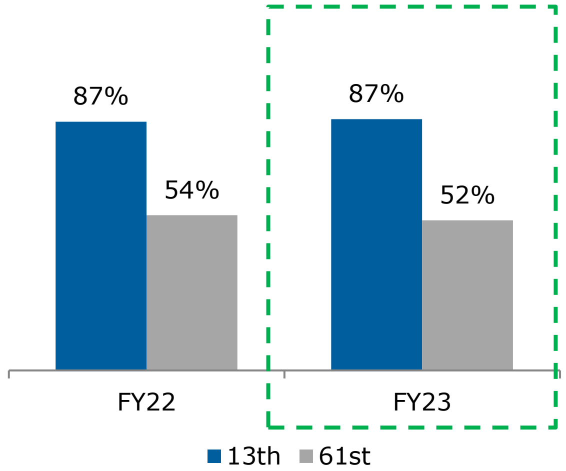
** FY23 growth numbers have been computed after factoring in Exide Life WRP in previous year*

HDFC Life

Robust delivery across key metrics (2/2)

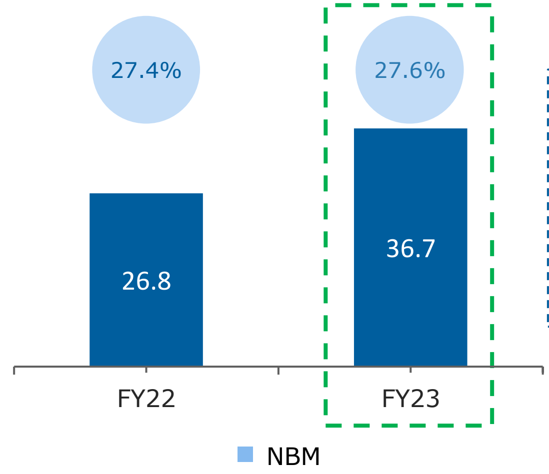
Rs bn

Stable Persistency[1]



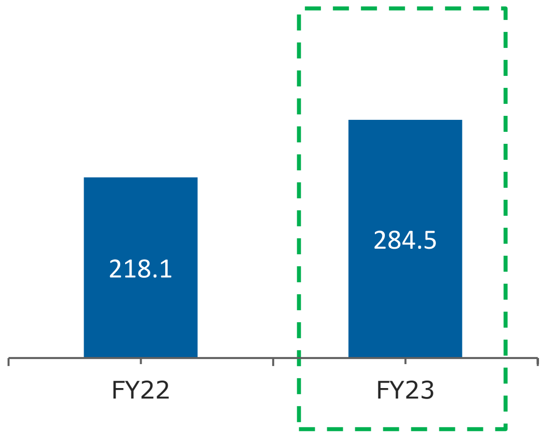
- Focus on quality of business and providing superior customer experience

NBM neutrality achieved ahead of expectations[2]



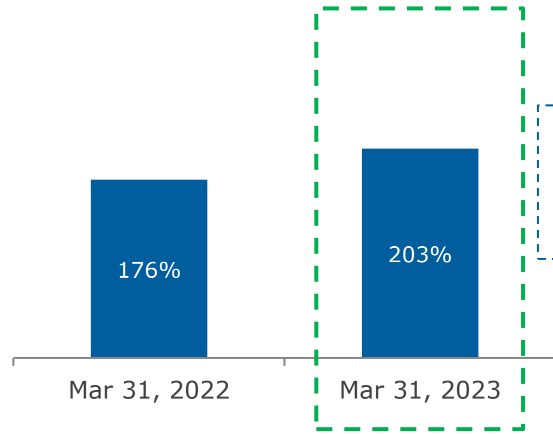
- Multiple pools of profitability contributing to VNB accretion
- VNB growth of 37% over FY22

Strong growth in renewal premium[2]



- Backed by strong persistency and growing backbook

Healthy solvency position[2]



- Healthy solvency margin of 203% - well above regulatory requirement

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

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

Agenda

1. Performance Snapshot
2. Our Strategy
3. Customer Insights
4. Our approach to ESG
5. Annexures
6. Life insurance in India

Key elements of our strategy

1 Profitable growth

Ensuring **sustainable and profitable growth** by identifying and tapping new profit pools

2 Diversified distribution mix

Developing **multiple channels** of growth to drive need-based selling & **deepening penetration**

3 Customer first

Creating superior **product** propositions and **customer journeys**, through consistent **innovation**

4 Risk management & board governance

Maintaining focus on **risk management** guided by an **independent and competent Board**

5

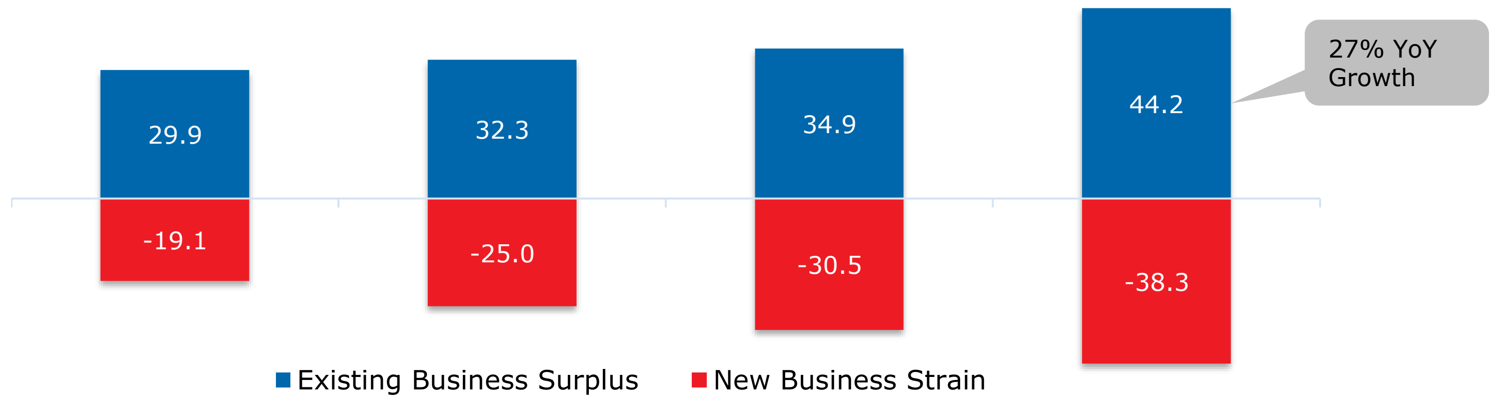
Future ready organisation: Leveraging **technology**, **digital** and **analytics**

Focus on profitable growth

Rs bn

		FY20	FY21	FY22	FY23[1]
Economic Profit	New business Margin	25.9%	26.1%	27.4%	27.6%
	Value of new business	19.2	21.9	26.8	36.7
Accounting Profit	Profit after tax (PAT)	13.0	13.6	12.1	13.6
	Underwriting profits	10.9	7.3	4.4[2]	5.9
	Shareholders' surplus	2.1	6.3	7.7	7.7
	Dividend Payout Ratio[3]	-	30%	30%	30%[4]

Underwriting profits breakup



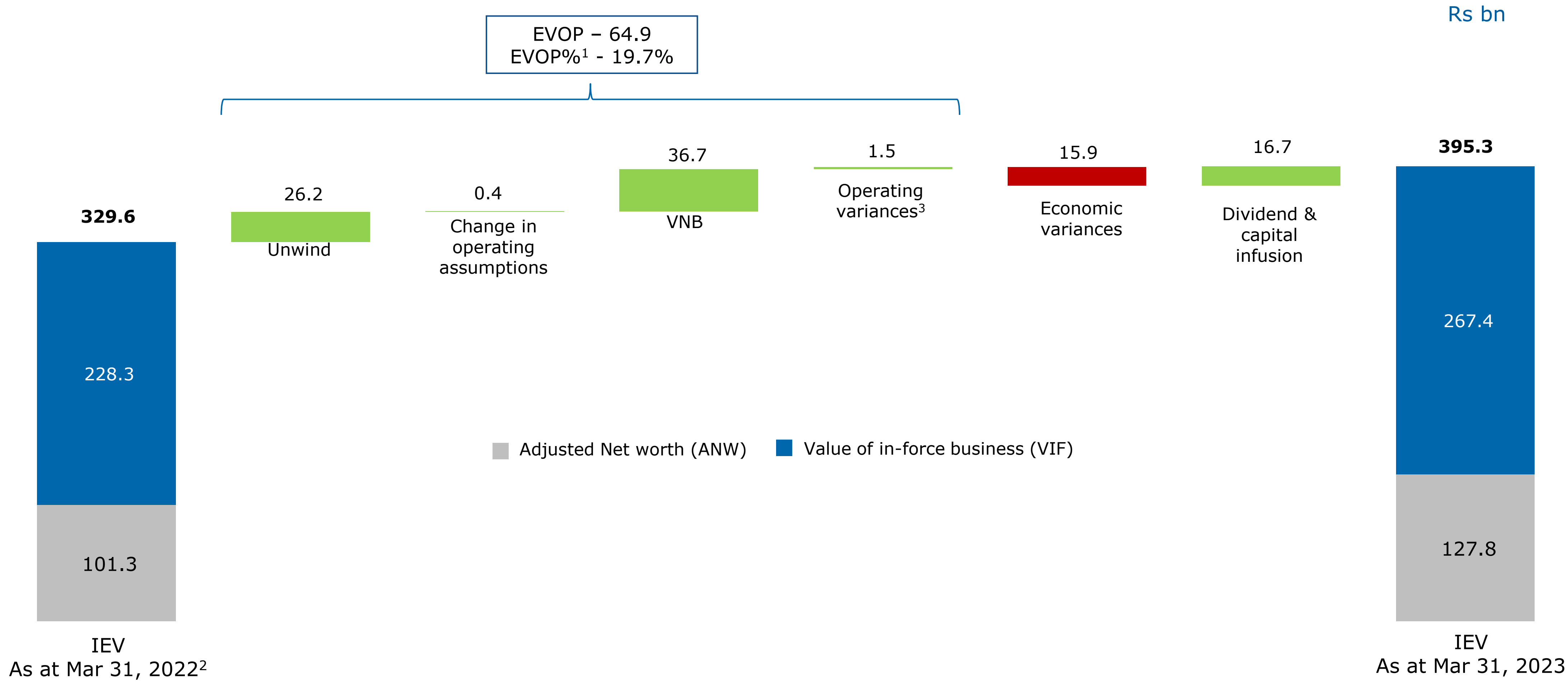
- Consistent dividend payout ratio of ~30% since FY17*

1. *Current year numbers are on a merged basis, hence prior years are not comparable*
2. *Post accounting for impact of excess mortality reserve (EMR)*
3. *Calculated as dividend paid divided by PAT. No dividend declared for FY20, in line with IRDAI circular to conserve capital.*
4. *Subject to shareholder approval*

* *Except in FY20 where no dividend was declared due to the pandemic as directed by the regulator*

HDFC Life

Analysis of change in IEV



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

Note: HDFC Life EV reviewed by Milliman Advisors LLP

1. *EVOP% calculated as annualised EVOP (Embedded Value Operating Profit) to Opening EV*
2. *Opening IEV as at Mar 31,2022 includes Exide Life EV*
3. *Operating Variance split as on March 31, 2023: Mortality variance: 0.2, Persistency variance and others: 1.1, Expenses: 0.3*

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

Diversified distribution enabled by multiple levers

Proprietary[1]

- ~1.8L Agents
- ~500 Branches
  48 Digital Branches[2]
- www.hdfclife.com
  HDFC Life App

Group, Pension & International Business

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

Banks, NBFCs, SFBs and Other CAs

HDFC BANK, YES BANK, IDFC FIRST Bank, Saraswat Bank, Ujjivan Small Finance Bank, Axis Bank, South Indian Bank, AU Small Finance Bank, RBL Bank, Bandhan Bank, Union Bank of India, Equitas, Fusion Microfinance, Utkarsh Small Finance Bank (Aapki Ummeed Ka Khaata), StockHolding, Bajaj Finance Limited, DCB Bank, Chola, The Cosmos Co-op. Bank Ltd., pnb Housing Finance Limited, Suryoday (A Bank of Smiles), Muthoot Microfin, HeroFinCorp., Unity Small Finance Bank, Aavas Financiers Ltd, HDFC Sales, HDB Financial Services, Bharat Financial Inclusion Ltd, nabfins, Asirvad, Fullerton India, Shriram Housing Finance, IIFL Home Loan, Five Star, PNB Housing, Tata Motors Finance

Brokers, Aggregators & New Ecosystems

HDFC securities, ICICI Securities, Motilal Oswal, BajajCapital, Bluechip, NJ Insurance Brokers, sbi securities, policybazaar, Geojit, Robinhood Insurance Broker, Centrum, turtlemint, PhonePe, Axis Asset Management, InsuranceDekho, Zerodha, Angel Broking, Probus Insurance, Coverfox.com, Integrated, Edelweiss

Profitable growth | **Diversified distribution mix** | Customer First | Risk management & governance | Technology, digital & Analytics

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

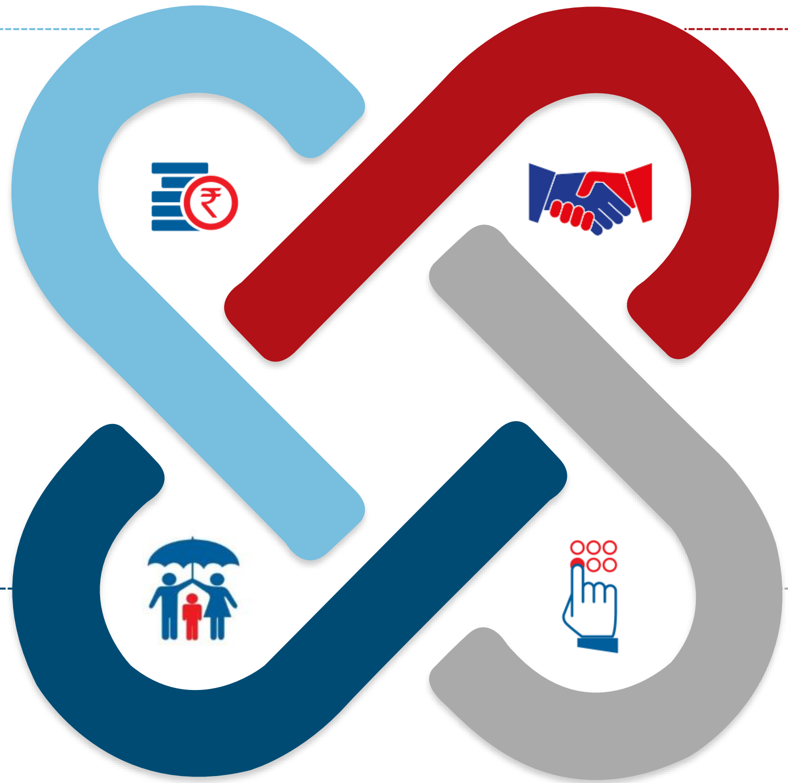
Diversified distribution mix growth strategy

Agency

- Segregating **Growth (tier 1)** and **Focus (tier 2,3)** markets
- Developing **micro market** strategy
- Acquisition of Exide Life **strengthened presence in South India**, especially in tier 2 and 3 markets

Bancassurance

- Increasing **penetration** across all customer segments
- HDFC Bank: Expanding in **SURU (Semi-urban and rural) markets**
- Sharper focus on cross-sell and up-sell to existing customers



Other Key Alliances

- Gained significant experience of working in multi-tie
- **New tie-ups** with partners like Indian Post Payments Bank, AU Small Finance Bank allows **entry into new market segments**
- **Strong growth momentum** across multiple partners

Direct/ Digital

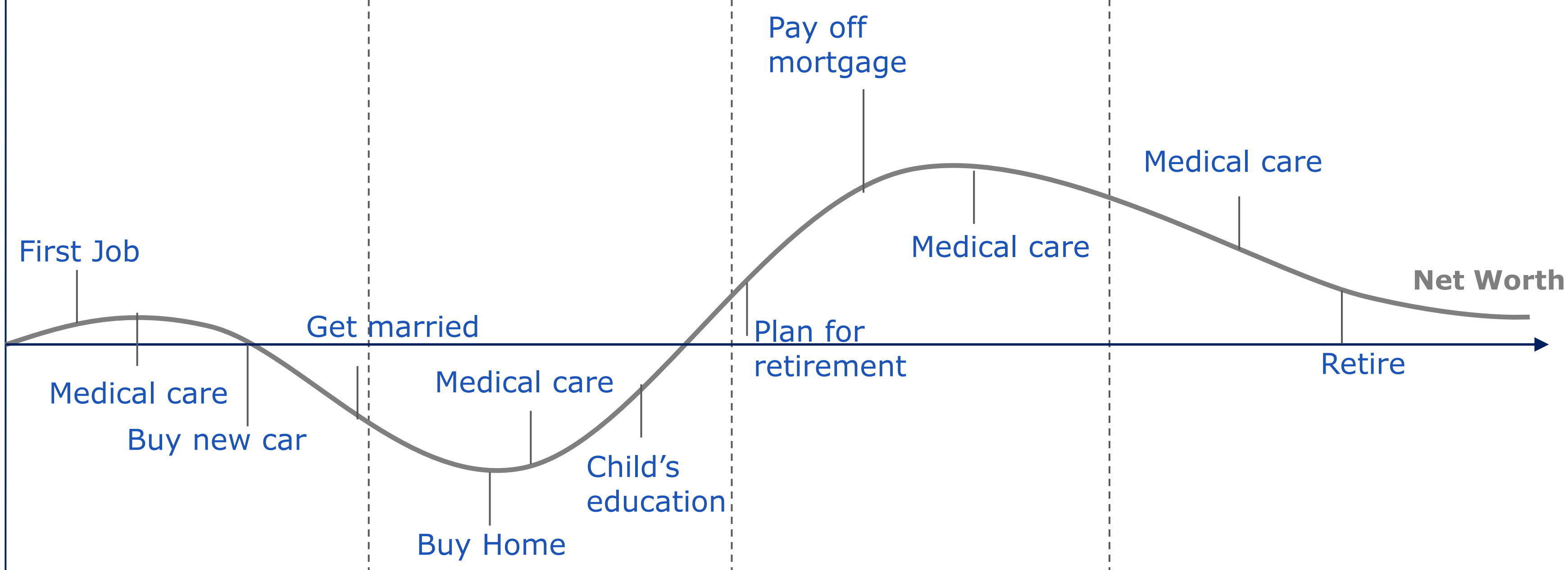
- Leveraging analytics for **cross-sell/upsell**
- **Simplifying and personalizing journey** to offer better experience and attract younger customers
- Partnering with start-ups through Futurance program

HDFC Life

Addressing customer needs at every stage of life

Objective	<25 years	25-35 years	36 – 50 years	50+ years
	Simple Savings	Borrowing	Investments	Asset Drawdown

Needs



Product Offerings

Product mix across age categories[1]

	<25 years	25-35 years	36 – 50 years	50+ years
UL	24%	22%	19%	14%
Par	39%	29%	25%	27%
Non par savings	34%	40%	49%	43%
Protection	3%	8%	4%	1%
Annuity	0%	0%	2%	16%

Risks Addressed

- Mortality
- Morbidity
- Longevity
- Interest Rate

Profitable growth

Diversified distribution mix

Customer First

Risk management & governance

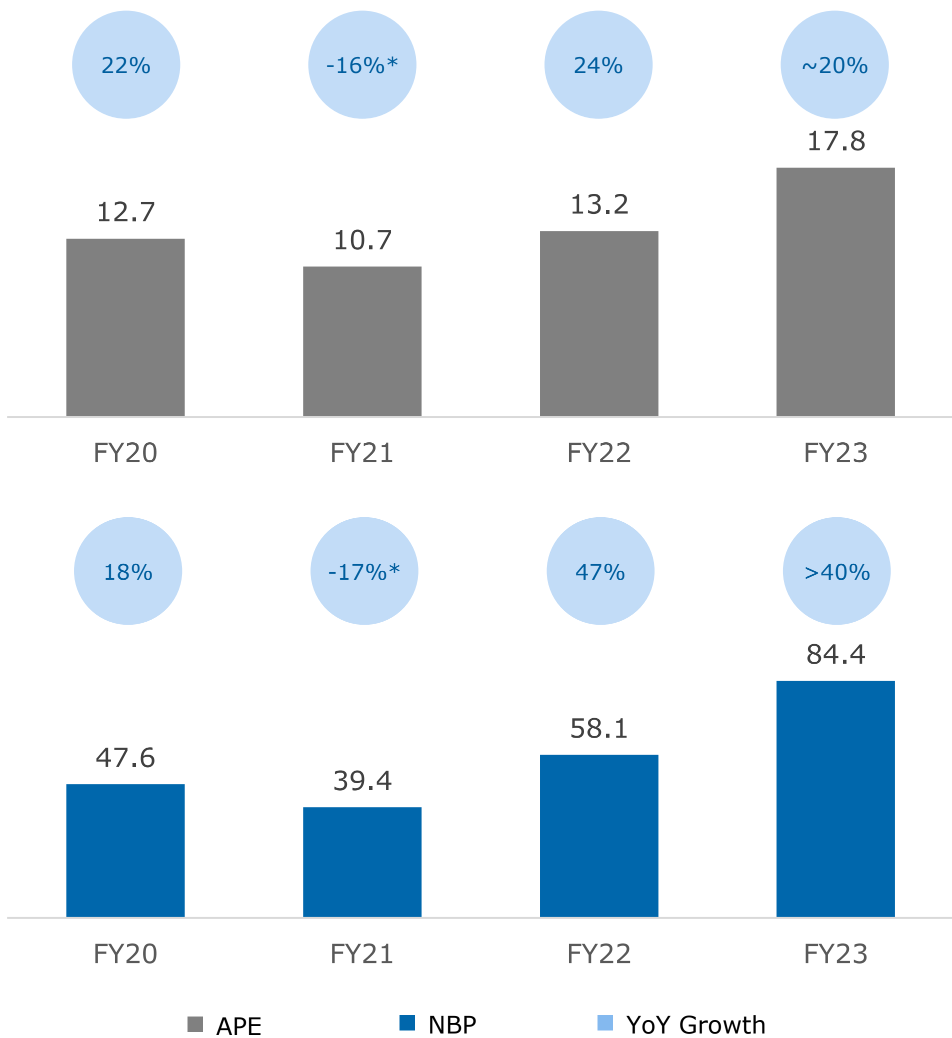
Technology, digital & Analytics

HDFC Life

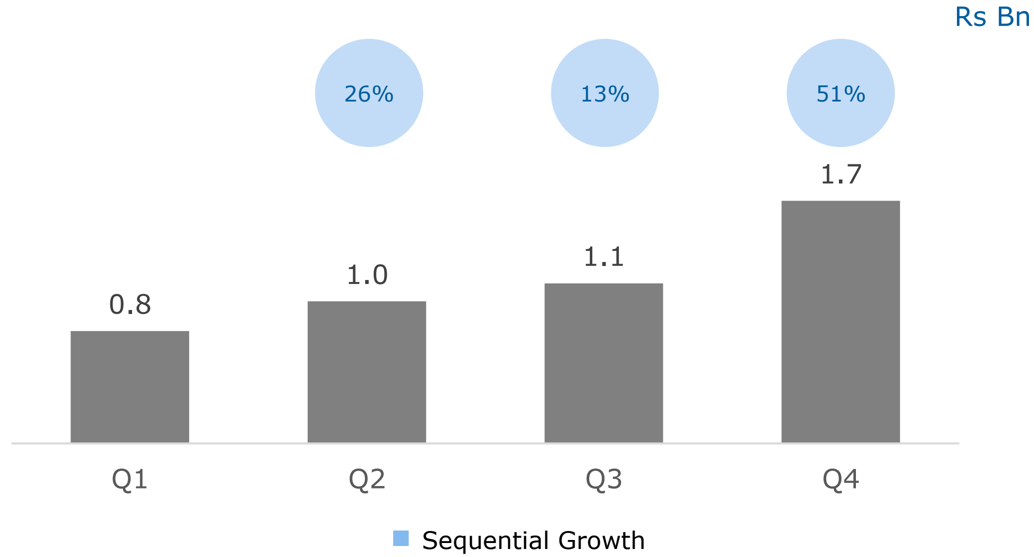
1. *Based on Individual APE for FY23; Percentages may not add up due to rounding off effect.*

Focus on protection

Protection (Individual + Group) trends



FY23 Retail protection growth trend



- Offering embedded protection solutions based on customer orientation
- Sequential QoQ growth continued in retail protection
- >40% YoY growth in Q4 FY23; >35% growth in NoPs
- Branch activation has increased by >50% YoY in HDFC Bank during Q4 FY23

Profitable growth

Diversified distribution mix

Customer First

Risk management & governance

Technology, digital & Analytics

** Growth has been negative on account of supply side constraints during Covid and stricter underwriting norms*

Product mix across key channels[1]

Banca [2]

Segment	FY21	FY22	FY23
UL	27%	29%	24%
Par	37%	33%	27%
Non par savings	30%	33%	42%
Term	4%	4%	3%
Annuity	2%	2%	4%

Agency

Segment	FY21	FY22	FY23
UL	10%	16%	10%
Par	37%	33%	33%
Non par savings	39%	39%	49%
Term	11%	10%	6%
Annuity	3%	3%	3%

Direct/ Online[3]

Segment	FY21	FY22	FY23
UL	33%	33%	27%
Par	10%	10%	13%
Non par savings	22%	28%	35%
Term	15%	9%	5%
Annuity	20%	20%	20%

Brokers

Segment	FY21	FY22	FY23
UL	1%	1%	1%
Par	53%	44%	31%
Non par savings	42%	42%	62%
Term	4%	11%	5%
Annuity	0%	1%	2%

Company

Segment	FY21	FY22	FY23	11M FY23
UL	24%	26%	19%	21%
Par	34%	30%	27%	29%
Non par savings	31%	33%	45%	40%
Term	7%	6%	4%	4%
Annuity	5%	5%	5%	6%

~1/3rd of non par savings business with policy term <=10 years in FY 23

Protection

	FY21	FY22	FY23
Based on Total APE	13%	14%	13%
Based on NBP	20%	24%	29%

Annuity

	FY21	FY22	FY23
Based on Total APE	5%	5%	6%
Based on NBP	20%	20%	20%

Profitable growth | Diversified distribution mix | **Customer First** | Risk management & governance | Technology, digital & Analytics

1. Based on Individual APE, Term includes health business. Percentages are rounded off. Current year numbers are on a merged basis, hence prior years are not comparable
2. Includes banks, other corporate agents and online business sourced through banks / corporate agents
3. Includes business sourced through own website and web aggregators

HDFC Life

Governance framework

Board of Directors

Independent and experienced Board

Board Committees

- Audit Committee
- Risk Management Committee
- Investment Committee
- Policyholder Protection Committee
- Nomination & Remuneration Committee
- Corporate Social Responsibility Committee
- Stakeholders' Relationship Committee
- With Profits Committee
- Capital Raising Committee

Management Committees/Councils

- Whistleblower Committee
- Compliance Council
- Risk Management Council
- ALCO[1]
- Information & Cyber Security Council
- Disciplinary Panel for Malpractices
- Prevention of Sexual Harassment
- Investment Council
- Credit Council
- Claims Review Committee
- Grievance 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

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

Financial risk management framework

Natural hedges

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

Product design & mix monitoring

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

Managing Risk

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

	FY22				FY23			
Sensitivity	**Overall**		**Non par [1]**		**Overall**		**Non par [1]**	
Scenario	**EV**	**VNB Margin**	**EV**	**VNB Margin**	**EV**	**VNB Margin**	**EV**	**VNB Margin**
Interest Rate +1%	(2.0%)	(1.4%)	(2.1%)	(2.5%)	(2.4%)	(1.5%)	(2.2%)	(2.2%)
Interest Rate -1%	1.6%	0.8%	1.4%	1.5%	2.1%	0.7%	1.4%	0.9%

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

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

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

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**[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

HDFC Life

Journey Simplification

Enhancing customer journeys across touchpoints

Enhanced customer onboarding

Quote Engine

- Offline premium calculator factoring in customer needs
- Quote generation
- Pre sales module enabled with product insights

Pre-underwriting

- Check customer eligibility- Maximum Cover (SA), medical requirements
- Customer details- Name, DOB, gender, contact no, KYC & professional background

Financial & CKYC doc collection

- Pull docs before creating application
- Integrations with Account Aggregator, ITR, CKYC services for easy doc collection
- Docs auto-submitted post application submission

Enabling seamless payout journey

Simplified journey

- Link shared with the customer through SMS, WhatsApp & email
- Generic & Personalized link option
- Prefilled form with customer details

Paperless journey

- Auto KYC knock off
- Auto PAN validation
- OCR enabled for documents (if customer unable to go the paperless route)

Authentication for risk

- OTP based customer authentication
- Real time penny drop for Bank Account authentication

Simplifying customer journeys both at policy purchasing and also at servicing stages

Partner integration

Integration journeys

Customers

- New business
- Customer service
- MIS & Support

Integration areas

- SSO
- STP
- Quote
- Full API
- Payment

Business Impact

- 70+ partners
- 400+ API integrations
- 2/3rd of our business is coming through these integrations

InteGreat
Insurance Integration Solution

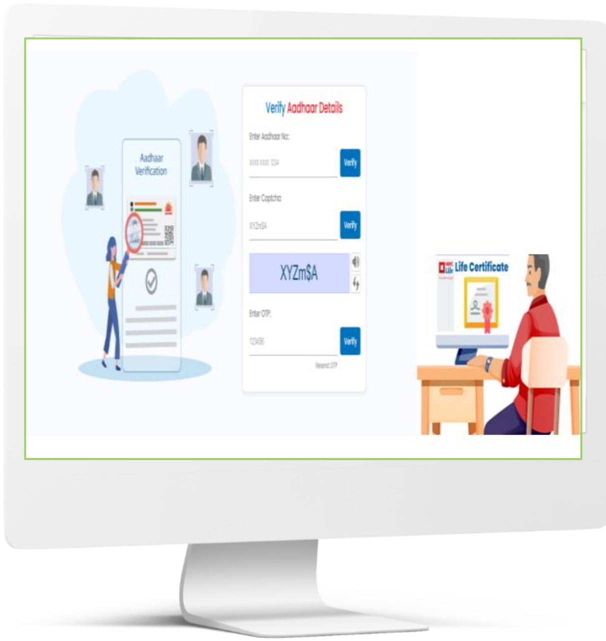
API Portal

- Scalable, cheaper and more efficient API portal
- Faster new partner integration
- Reduced dependency on IT teams for customer service

API- Application Programming Interface
SSO- Single-sign On
STP- Straight-through Processing
D2C- Direct to Consumer

HDFC Life

Service simplification



Digital Life Certificate

Online platform to submit Life certificate anywhere-anytime with inbuilt face recognition & Aadhar based authentication

SVAR

Smart Voice based Automated Robot

- ✓ Customer Authentication
- ✓ Appointment Booking
- ✓ Reminder/ Follow Up
- ✓ Product Information
- ✓ Payment Assistance to Customers

SVAR

Voice assisted journey for renewal collection 13% collection of target base

- ✓ Whatsapp Payment
- ✓ OLA and CRED and many more via BBPS
- ✓ NPCI's upi123pay
- ✓ SI on Amex card
- ✓ Cardless EMI
- ✓ 10 Payment wallets
- ✓ Split Payment
- ✓ Online Cheque Pick up
- ✓ ICICI Bank OTC

Payment Avenues

Expansion of Payment Avenues continues along with Auto Pay options leading to 97% Digital collections

Data Labs

CP to Retail propensity model

Model that provides Cross-sell propensity for CP customers to buy retail policy

Withdrawal aversion model

Model to predict customer withdrawal at New Business stage & avert withdrawal

Productivity model

Model to increase activation of financial consultants by focusing on important sales parameters

Pension CRM

Computer Vision based solution to record customer details & track sales funnel end to end

Sales Analytics

Servicing Analytics

AI / ML

Agent hyper-personalization model

Model that effectively segment agents in the channel & personalizes their experience

Early Reminder Calling model for persistency improvement

Model to efficiently allocate customer leads to call centers and increase renewals

Speech Analytics

AI powered solution to generate insights & measure adherence to quality standards to improve customer experience & drive persistency

Profitable growth

Diversified distribution mix

Customer first

Risk management & governance

Technology, digital & Analytics

Emerging Technology: CX & Inspire

Customer Experience Transformation & Technology Transformation

Life, Made Simple — CX Transformation

INSPIRE — Technology Transformation

1 Customer Satisfaction

- Improved journeys for Customers, Partners and Employees
- Omnichannel Experience
- Simple Communication
- Easy documentation

2 Business Benefits

- Better Retention
- Higher Cross Sell
- Profitability
- Improved Productivity
- Staff engagement

3 Agility

- Faster product launch
- Easy partner onboarding
- Quick business decisions
- Segmented services
- Scalable and flexible infrastructure

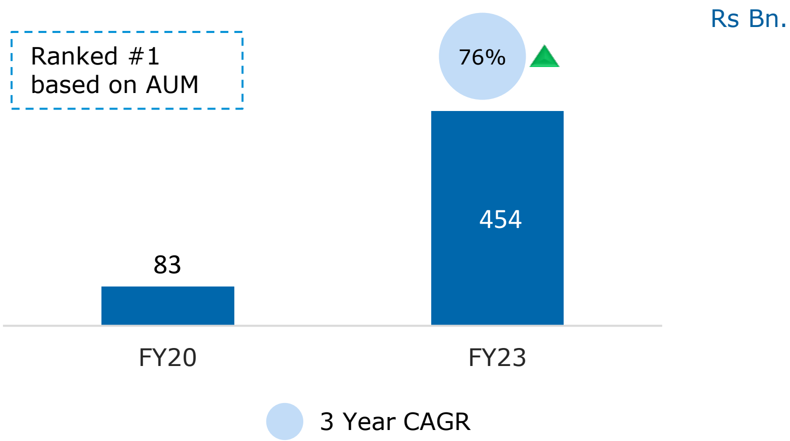
4 Deeper Insights

- Improved Risk Appetite
- OTC Service
- Customer Nudges
- Right selling
- 360 degree view
- Data Enrichment

Performance of wholly-owned subsidiary[1] companies

HDFC Pension

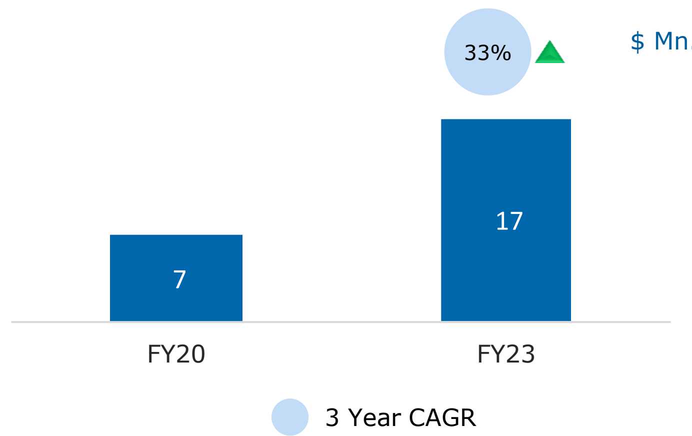
NPS AUM



- HDFC Pension continues to be the largest PFM (Pension Fund Manager) in Retail and Corporate NPS AUM segment
- Fastest growing PFM (Pension Fund Manager) under the NPS architecture (YoY growth of ~60% in AUM)
- Market share grew from 36.9% in Mar'22 to 41.2% in Mar'23 amongst all PFMs- doubled over the course of the year
- 15 lakh+ subscriber base. 31% growth YoY over March'22

HDFC International

Revenue



- Registered 10% YoY growth in GWP in FY 22-23, at $17.22 million
- HDFC International has received the final approval from the concerned regulatory authority, enabling us to establish a branch in GIFT City
    - New opportunities to expand our global presence
    - Target to commence operations in Q1 FY24

Agenda

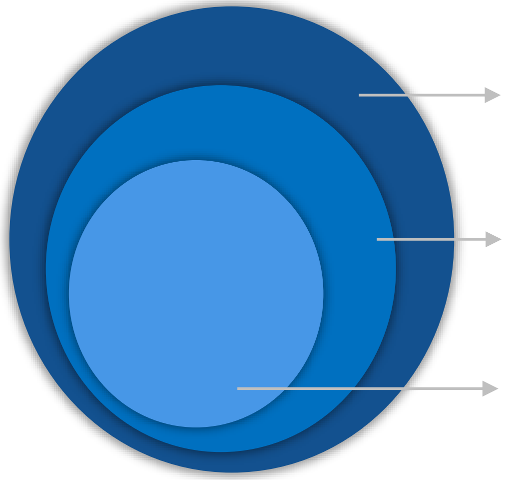
1. Performance Snapshot
2. Our Strategy
3. **Customer Insights**
4. Our approach to ESG
5. Annexures
6. Life insurance in India

Reasons for buying insurance – Tax as a reason has declined

Top reasons to buy life insurance [1]

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

Customer behaviour / trend [2]



Macro-level
Economy
- State of the economy
- Stock market

Individual-level
Customer
- Age
- Income
- Risk appetite

Micro-level
Product specifics
- Guaranteed returns with add-ons/ riders
- Enables diversification

- Major reasons to buy life insurance continue to be protection for family, securing child's needs and retirement planning
- Tax saving is the 9th reason to buy life Insurance, compared to 4th in 2013
- Share of >2.5 lakh ATS has increased from ~15% to >20% within ULIP business in the last 3 years (despite tax being applicable in that category in the last 2 years)

Source: 1. The Nielsen Company, Life Insurance - U&A 2019 report,
2. HDFC Life survey

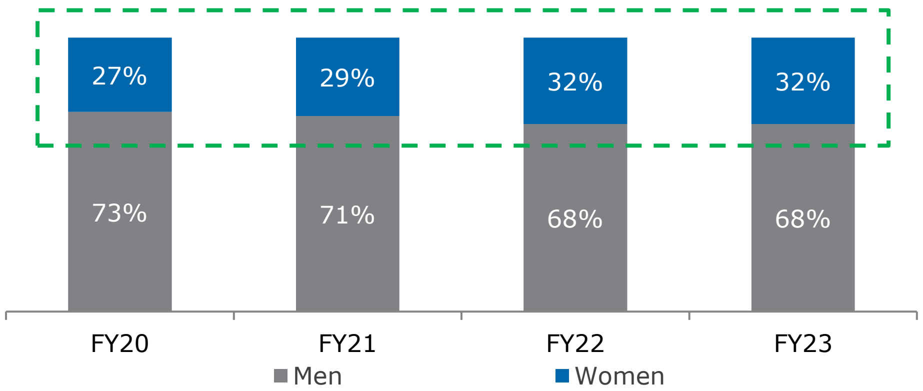
HDFC Life

Customer insights – Women policyholders & distributors

Customers

- 3-year APE CAGR for women customers vs men: **27%** vs **19%**
- Women constitute **~30%** of policyholders, an increase of 7 percentage points over past 4 years
- Persistency for female customers is higher by 200-500 bps across cohorts compared to male customers

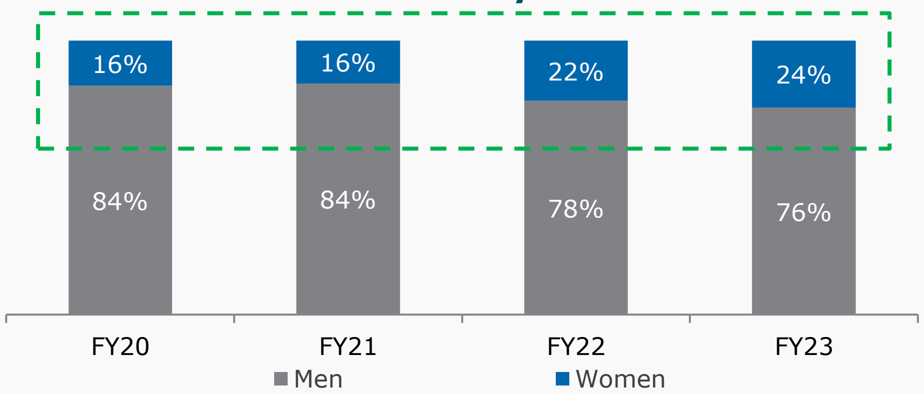
% of APE sold to customers



Distribution

- 3-year CAGR for APE sourced by women vs men agents: **30%** vs **10%**
- Women constitute **~30%** of total agents of HDFC Life vs 29% for the industry[1]
- Persistency for female agents is higher across cohorts compared to male agents

% of APE sourced by distributors



1. *Source: IRDAI Annual Report 2021-22*

Agenda

ESG at a Glance

ESG Focus Areas

ESG Score Highlight: Highest rated Indian insurance company in the ESG assessment by a leading ratings agency (Continuous improvement in score for five consecutive years)

Ethical Conduct & Governance

Leadership Oversight on ESG

- Board CSR Committee renamed as **CSR and ESG Committee** and Terms of Reference enhanced to include oversight of ESG issues
- **ESG Management Committee**, led by the Chief Financial Officer oversees the policy implementation and operational controls for environmental risks including Climate change
- Performance Management based on the principles of **Balanced Scorecard**; covers the Organization's performance on financial, market / customer, people, **sustainability** and operational aspects.

Governance Structure

Board Composition

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

Board Diversity

- **30%** women as on 31st March, 2023

Remuneration Policy

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

Risk Management

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

HDFC Life

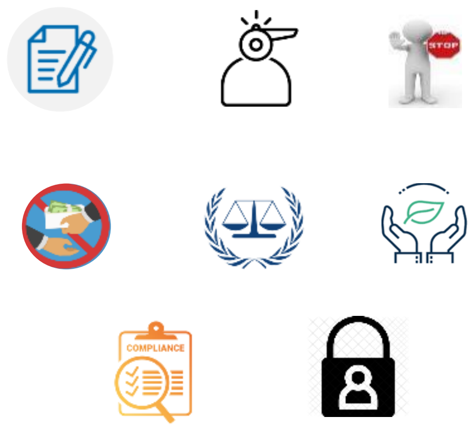
Ethical Conduct & Governance (contd.)

Information / Cybersecurity

- Risk oversight by Board **Risk Management Committee** and risks reporting done on a quarterly basis
- Modes of Risk Awareness –
  - Annual mandatory training for all employees
  - Security workshops and case study discussions
  - Specially curated programs and sessions for senior leadership
  - Monthly awareness mailers
  - Security posters and leaflets
  - Phishing Simulation Campaigns
- Dedicated helpdesk and email id's for reporting on the breaches
- Certifications & Frameworks –
  - **ISO 27001** standards
  - National Institute of Standards and Technology (**NIST**)
  - Federal Financial Institutions Examination Council (**FFIEC**) based Cyber Security Framework for Risk Assessment

Policies and Frameworks

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



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

- Environment and Climate Change Policy

Responsible Investment

Responsible Investment Policy

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**

Asset classes covered under RI

- Equity and equity related securities
- Alternate Investment Funds (AIFs)
- Investment Trusts
- Corporate Bonds

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

Bolstering commitment towards Responsible Investment

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

PRI Principles for Responsible Investment

HDFC Life

Employee Engagement & Diversity, Equity and Inclusion (DEI)

Special Recognition

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

Attracting talent

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

Training & development

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

Employee engagement

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

Talent management/retention

- **Special programs for campus hires**; **Talent development** interventions for leadership
- **Career microsite, job portal**
- **Internal Career Fair** for employees
- Long term incentive plans in the form of **ESOPs**[1] and cash to attract, retain and motivate good talent
- Elaborate **succession planning** for Key Managerial Personnel, critical senior roles
- Managers Transformation League – Leadership development program for middle management
- New Manager Boot Camp – Development program for First Time Managers

Employee diversity, equity & inclusion

Celebrate YOU

- 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*

HDFC Life

Holistic Living: Delivering superior customer experience

Customer Centricity

Journey simplification – frictionless sales and service

Simplifying buying journeys through **platforms** like LifeEasy (online term purchase)

Online claim processing for eligible customers via EasyClaims platform

Document simplification & elimination

OCR: Enabling digital document submission and verification

Straight through processing of maturity payouts for verified accounts

Leveraging advanced technologies for personalization and better customer experience (CX)

Cognitive bots – policy queries answered within 2-3 clicks

Personalization – Pre-approved sum assured for customers based on risk profile

Contactless services- new normal

Digital Life Certificate for collecting survival proof from senior citizens

Contactless branches by leveraging face recognition technology

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

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

Customer Satisfaction Score (%) as on 31st March 2023 – **89.7**

1. *OCR: Optical Character Recognition*

HDFC Life

Sustainable Operations

Energy and water

- Since 2014 only **3 or 5 star rating** air – conditioners used
- > 95% of branches use total **LED lightings**
- Use of **sensor based** urinals and water taps
- Total purchase of energy from **renewable** sources: **1,64,046 kWh** during FY 2022-23
- **28** new **water purifiers** installed since FY 2021-22 to replace bottled drinking water

De-carbonization roadmap and way forward

Key initiatives & action points for FY23-24:

- **TCFD** (Task Force on Climate-Related Financial Disclosures)
- **Carbon neutrality** strategy & roadmap

Digitization - Reduction of Paper Usage

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

Bio-diversity

- **33 city forests** created using **Miyawaki method.** Overall **1.7 lakh** trees planted (Since 2019)

GHG inventory

- Scope 1 emissions: **63** met. ton. CO_2e
- Scope 2 emissions: **10,135** met. ton. CO_2e
- Scope 3 emissions: **746** met. ton. CO_2e

Waste management

- **7,665 Kgs of e-waste** recycled/ refurbished/disposed in FY23
- **3,067.7 Kg** of paper cups & paper disposed for recycling FY 2022-23
- **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

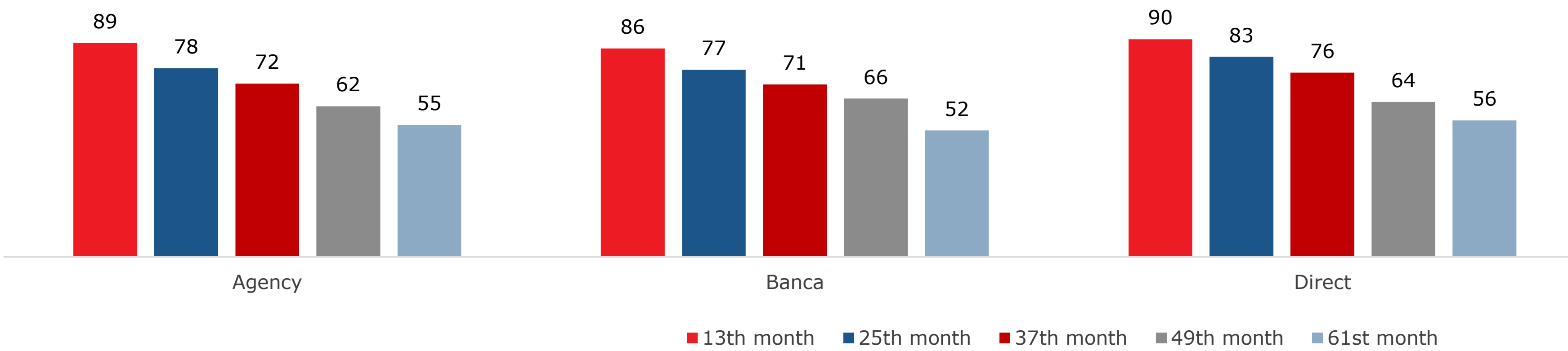
* All Numbers provided are estimates

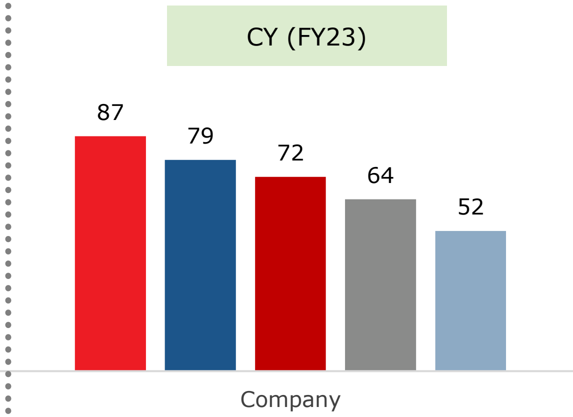
HDFC Life

Agenda

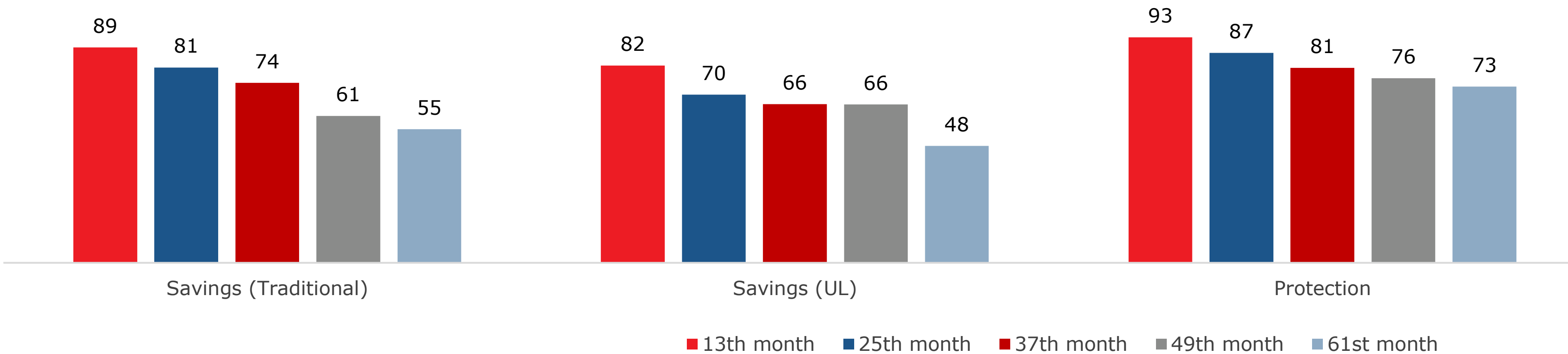
Persistency trends for HDFC Life[1]

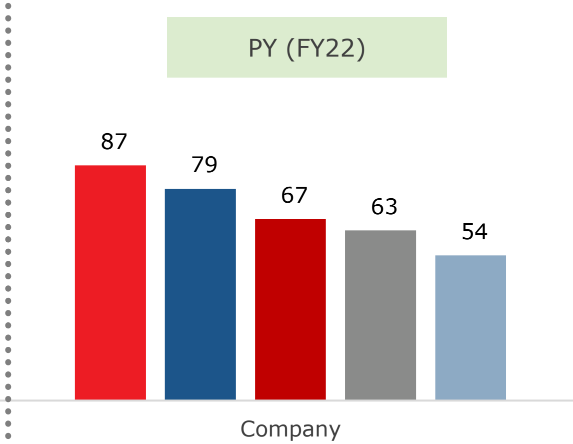
Across key channels (%)





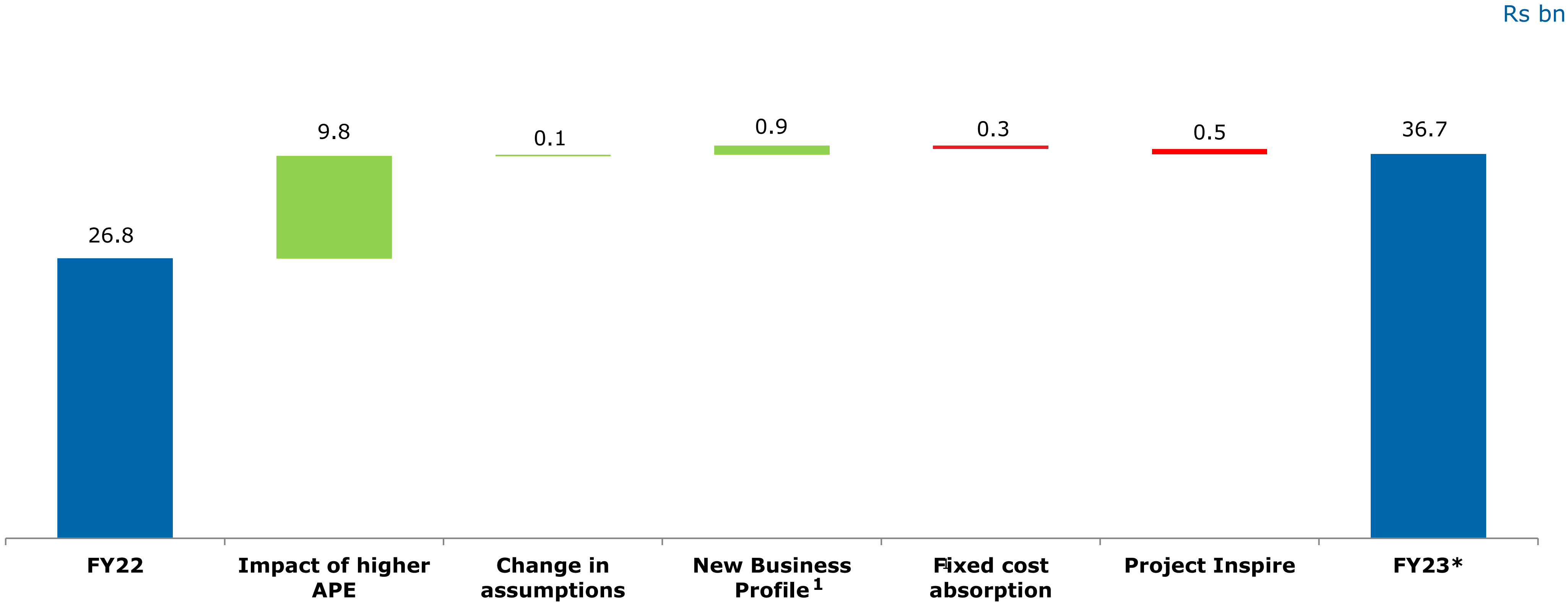
Across key segments (%)





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

Improving VNB trajectory for both existing and acquired businesses



NBM%	**27.4%**	0.0%	0.1%	0.7%	-0.2%	-0.4%	**27.6%**

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

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

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

Sensitivity analysis – FY23

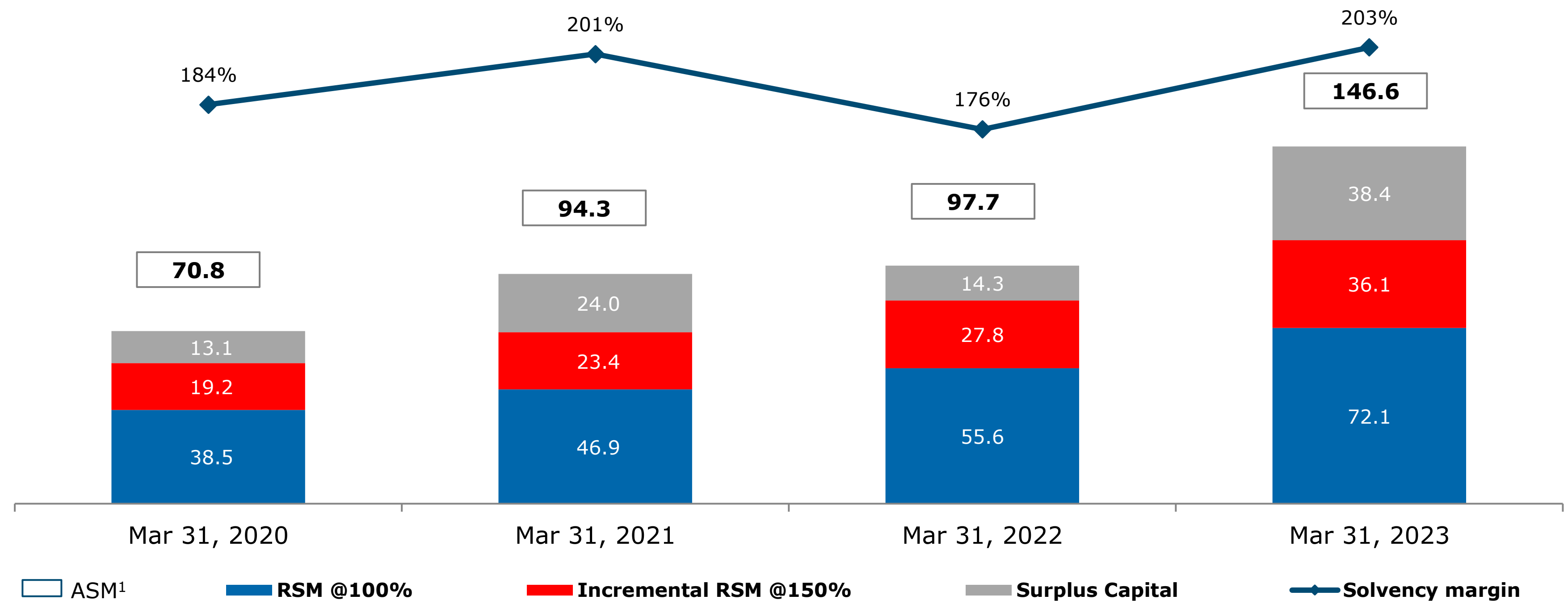
Analysis based on key metrics	Scenario	Change in VNB Margin [1]	% Change in EV
Change in			
Reference rate	Increase by 1%	-1.5%	-2.4%
	Decrease by 1%	0.7%	2.1%
Equity Market movement	Decrease by 10%	-0.1%	-1.3%
Persistency (Lapse rates)	Increase by 10%	-0.3%	-0.3%
	Decrease by 10%	0.3%	0.3%
Maintenance expenses	Increase by 10%	-0.5%	-0.8%
	Decrease by 10%	0.5%	0.8%
Acquisition Expenses	Increase by 10%	-3.9%	NA
	Decrease by 10%	3.9%	NA
Mortality / Morbidity	Increase by 5%	-1.4%	-1.1%
	Decrease by 5%	1.4%	1.1%
Tax rate[2]	Increased to 25%	-5.8%	-8.9%

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.

HDFC Life

Capital position

Rs bn



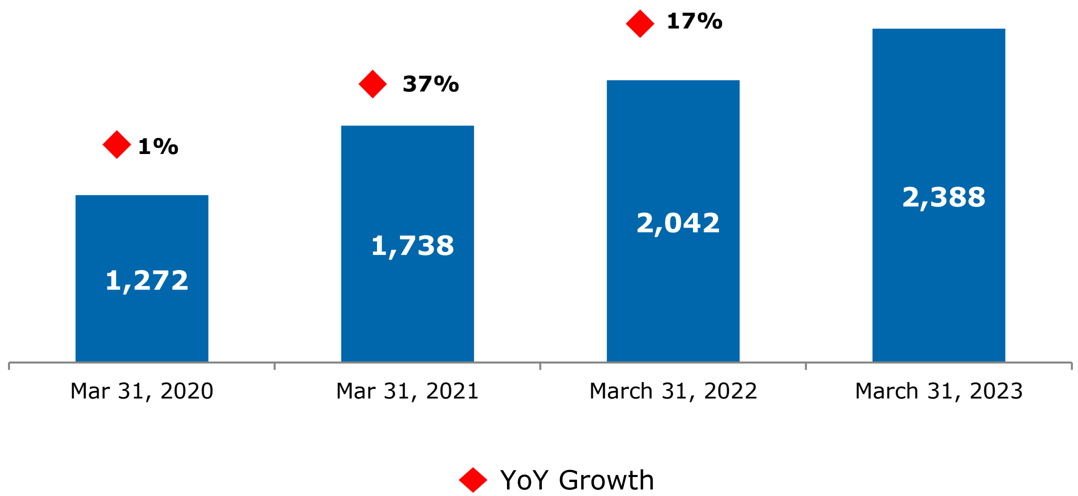
- Successfully raised Rs 20 billion of equity share capital in current year

1. *ASM represents Available solvency margin and RSM represents Required solvency margin*

Assets under management*

Rs bn

Debt: Equity	71:29	64:36	63:37	70:30
UL:Traditional	43:57	43:57	39:61	33:67



- ~99% of debt investments in Government bonds and AAA rated securities as on March 31, 2023

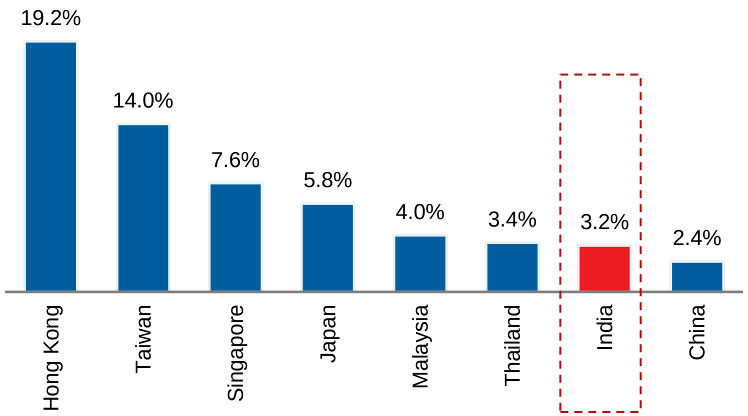
** Current year numbers are on a merged basis, hence prior years are not comparable*

Agenda

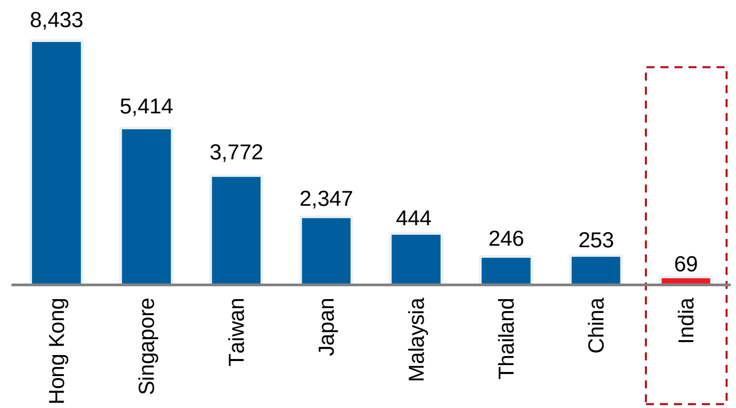
1. Performance Snapshot
2. Our Strategy
3. Customer Insights
4. Our approach to ESG
5. Annexures
6. **Life insurance in India**

Growth opportunity: Under-penetration and favorable demographics

Life Insurance penetration [1] (FY 2022)

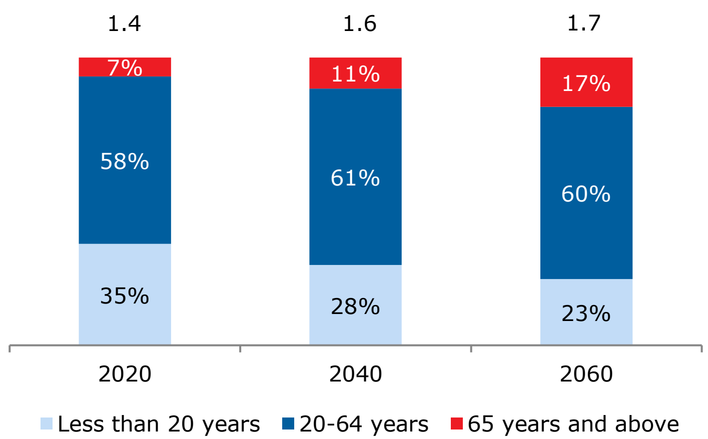


Life Insurance density US$ [2] (FY 2022)

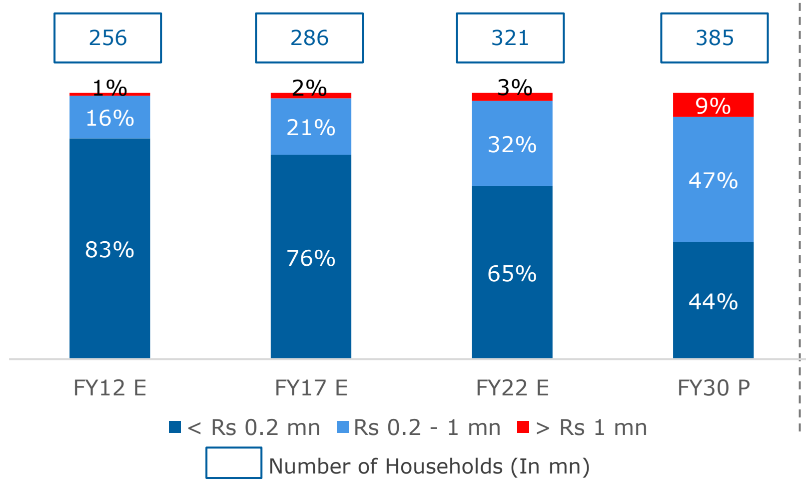


- India remains vastly under-insured, both in terms of penetration and density
- Huge opportunity to penetrate the underserviced segments, with evolution of the life insurance distribution model

Population composition (bn)



Household distribution by income



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

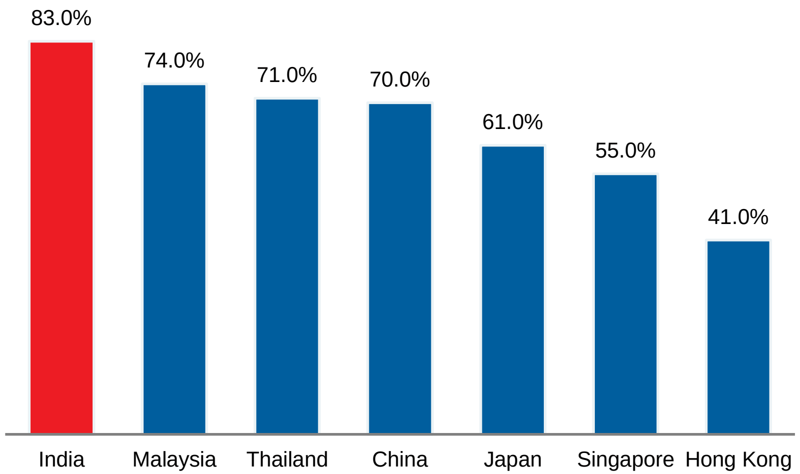
1. Penetration as measured by premiums as % of GDP,

2. Density defined as the ratio of premium underwritten in a given year to the total population

Source: Swiss Re, MOSPI, United Nations World Populations Prospects Report (2017), CRISIL "The big shift in financialisation" report 2022

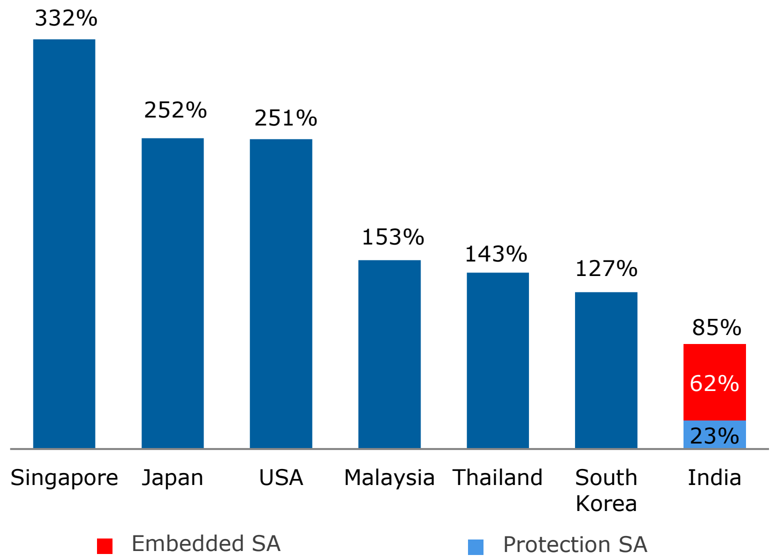
Low levels of penetration: Life protection

Protection gap [1] (2019)



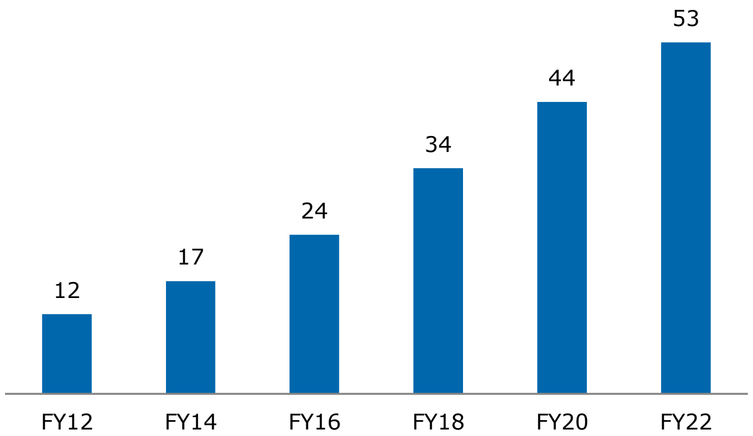
- India has the highest protection gap in the region
- Savings and life insurance coverage growth lagged economic and wage growth
- Protection gap growth rate to grow at ~4% per annum

Sum Assured as a % of GDP [2]



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

Trend of retail loans [3] (Rs Tn.)



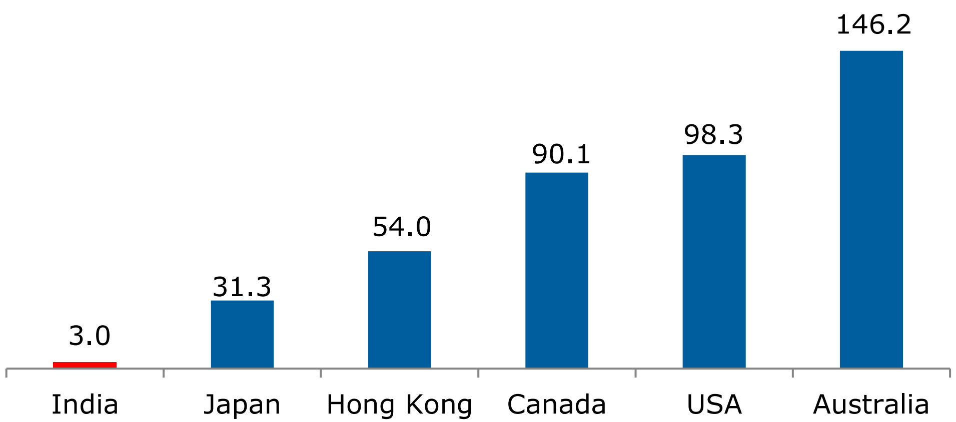
- Retail credit has grown at a CAGR of 16% over last 10 years
- Credit life need would be spurred by:
  - increasing retail indebtedness
  - Increasing attachment rates
  - Increasing value penetration,
  - Growing lines of business

1. Swiss Re (Based on respective financial year of the countries)
2. Jefferies "Composite Insurance License in India: Taking a Leaf from Global Experience" report 2022
3. Kotak institutional equities

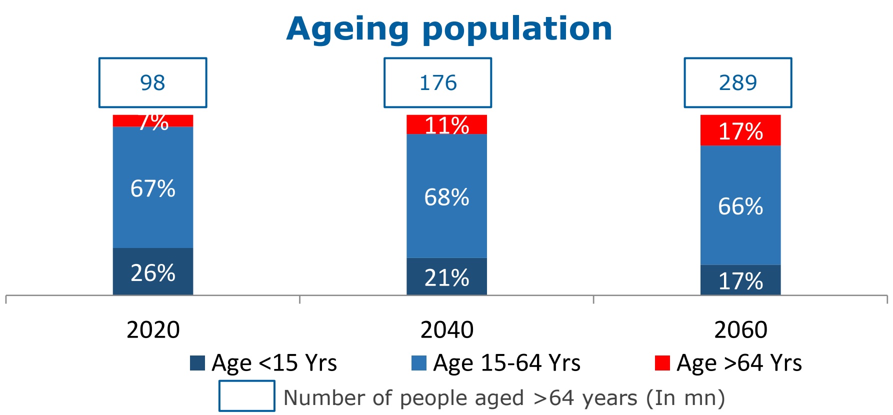
HDFC Life

Macro opportunity: Retiral solutions

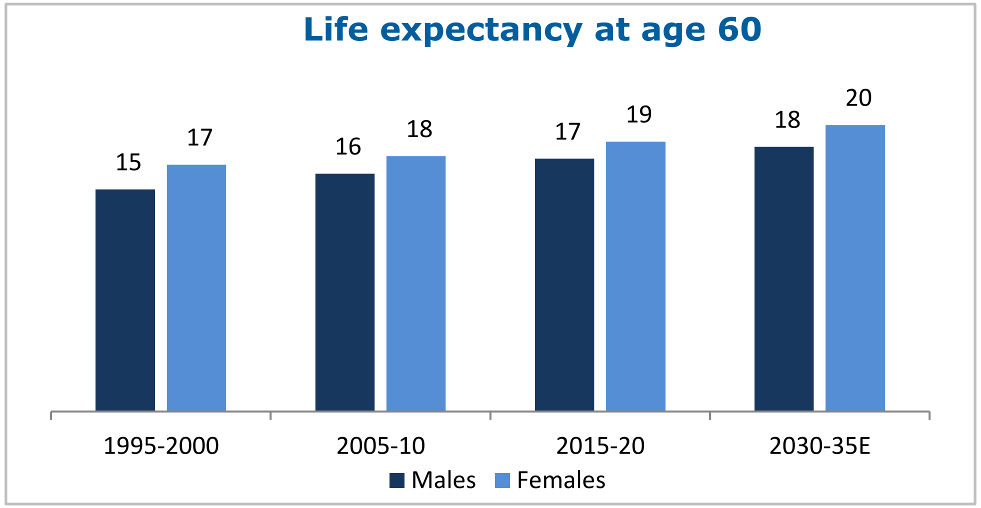
India's pension market is under-penetrated at 3%* of GDP



Elderly population is expected to almost triple by 2060



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



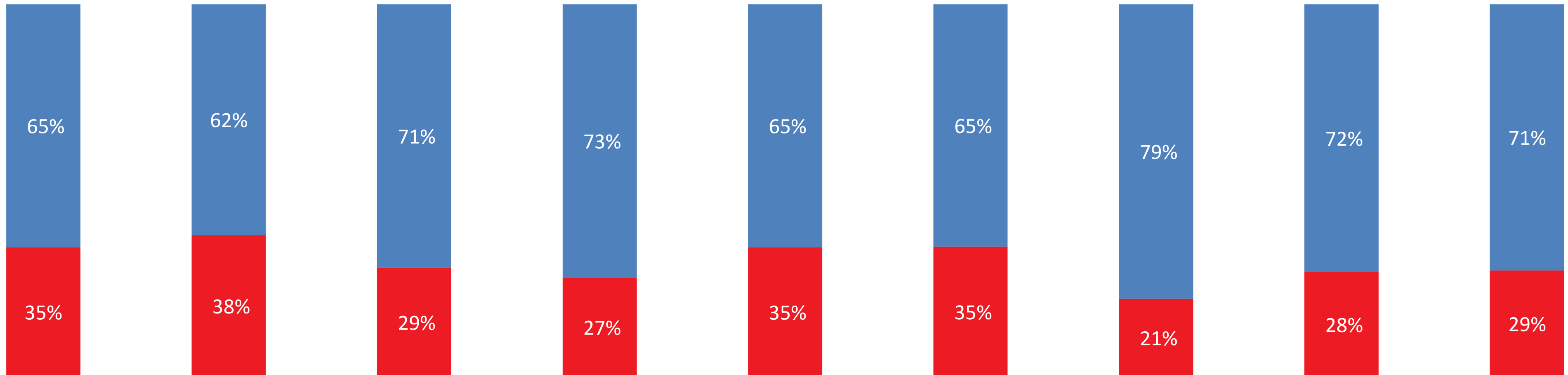
- Average household size has decreased from 4.6 in 2001 to 3.9 in 2018
- Total Pension AUM is expected to grow to Rs 118 Tn by 2030 (about 1/4th accounted by NPS)
- Mandatory schemes to increase coverage for both unorganized and organized sectors

Source: OECD 2021, Milliman Asia Retirement Report 2017; Survey by NSSO, Ministry of statistics and Programme implementation Crisil PFRDA, Census of India, UN Population Estimates
** Comprising pension assets / funds*

Government bond auctions

Government Bonds – Tenorwise Issuance

Rs cr

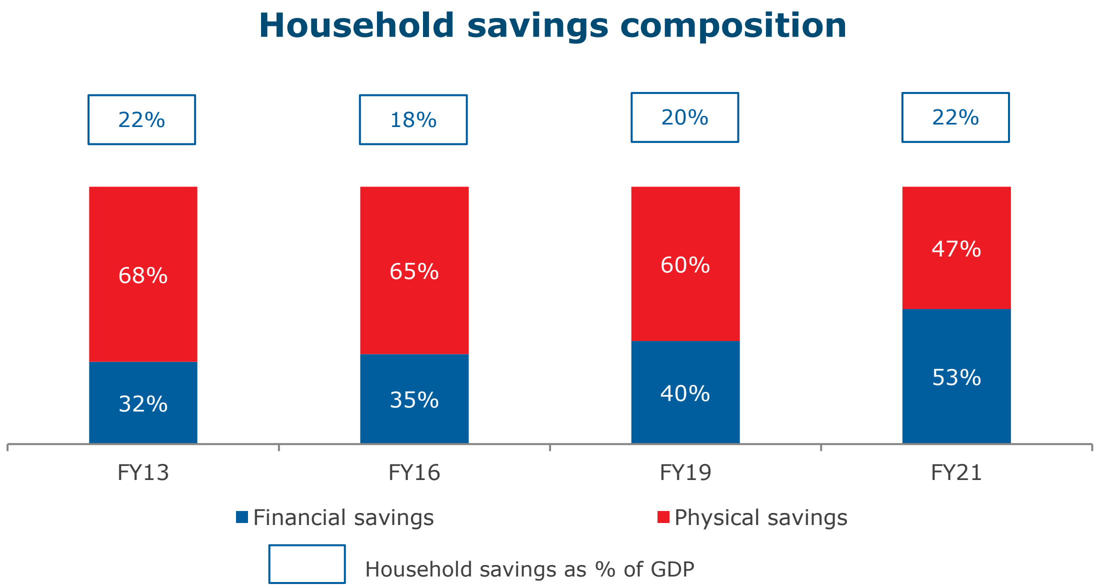


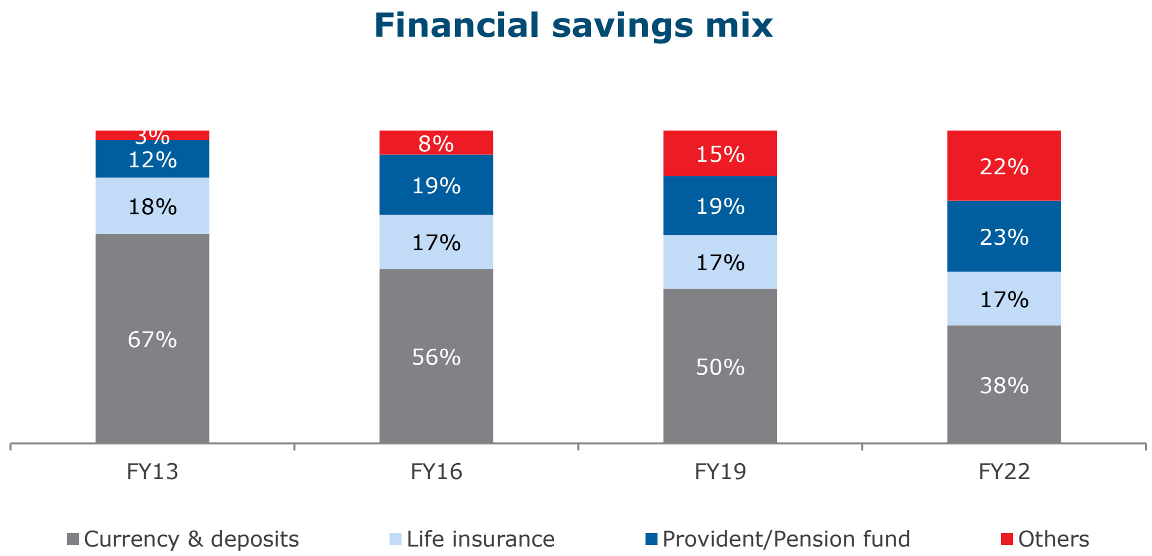
	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
<=15yrs	3,86,000	3,66,500	3,73,525	4,97,579	3,82,941	4,44,000	10,01,835	8,48,000	10,04,000
>15yrs	2,06,000	2,25,000	1,54,520	1,80,529	2,04,000	2,38,000	2,65,575	3,31,000	4,01,000
Total	5,92,000	5,91,500	5,28,045	6,78,109	5,86,941	6,82,000	12,67,410	11,79,000	14,05,000

- Auction of >15 year maturity bonds has been ~25-30% on an average which facilitates writing annuity business at scale
- Budget estimate of gross government borrowing for FY24 is at Rs 15.4 trillion

Source: CCIL & National Statistics Office, Union Budget, RBI

Life Insurance: A preferred savings instrument

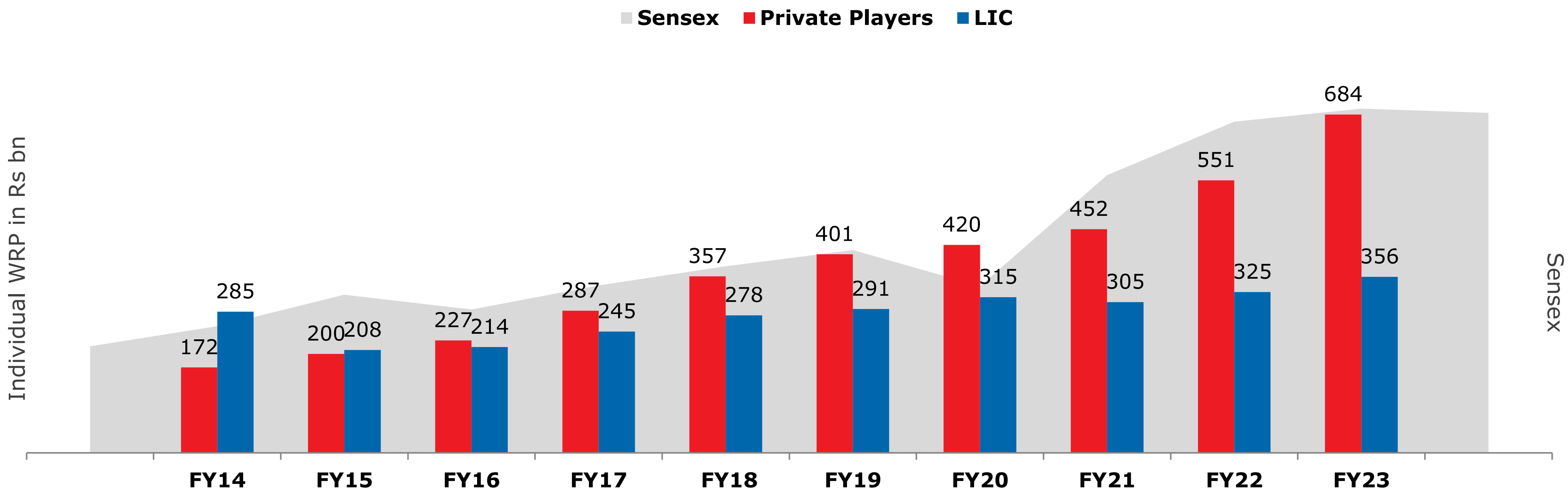




- Increasing preference towards financial savings with increasing financial literacy within the population
- Various government initiatives to promote financial inclusion:
- Implementation of JAM trinity. Deposits in PMJDY accounts nearly doubled in 4 years from INR 0.96 Tn to INR 1.95 Tn
    - Nearly 90% of people in the country have a bank account, without any sharp urban-rural divide
- Launch of affordable PMJJBY and PMSBY social insurance schemes
- Atal Pension Yojana promoting pension in unorganized sector

Source: DBIE-RBI Statistics, RBI Annual Report, Economic Survey, CSO, www.pmjdy.gov.in

Industry new business trends[1]



		FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
Private players Market share		38%	49%	52%	54%	56%	58%	57%	60%	63%	66%
Growth %	**Private**	*-3%*	*16%*	*14%*	*26%*	*24%*	*12%*	*5%*	*8%*	*22%*	*24%*
	LIC	*-2%*	*-27%*	*3%*	*15%*	*13%*	*5%*	*8%*	*-3%*	*7%*	*9%*
	Overall	*-3%*	*-11%*	*8%*	*21%*	*19%*	*9%*	*6%*	*3%*	*16%*	*19%*

- 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

Appendix

Financial and operational snapshot (1/2)

Rs bn.

	FY23*	FY22	FY21	FY20
New Business Premium (Indl. + Group)	*290.9*	*241.5*	*201.1*	*172.4*
Renewal Premium (Indl. +Group)	*284.5*	*218.1*	*184.8*	*154.7*
Total Premium	575.3	459.6	385.8	327.1
Individual APE	114.0	81.7	71.2	61.4
Overall APE	133.4	97.6	83.7	74.1
Group Premium (NB)	142.4	125.1	100.3	87.8
Profit after Tax	13.6	12.1	13.6	13.0
- Policyholder Surplus	*5.9*	*4.4*	*7.3*	*10.9*
- Shareholder Surplus	*7.7*	*7.7*	*6.3*	*2.1*
Dividend Paid	3.6	4.1	-	-
Assets Under Management	2,387.8	2,041.7	1,738.4	1,272.3
Indian Embedded Value	395.3	329.6	266.2	206.5
Net Worth (1)	129.7	154.0	84.3	69.9
NB (Individual and Group segment) lives insured (Mn.)	68.5	54.1	39.8	61.3
No. of Individual Policies (NB) sold (In 000s)	1,054.1	915.1	982.0	896.4

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

Financial and operational snapshot (2/2)

		FY23*	FY22	FY21	FY20
Overall New Business Margins (post overrun)		27.6%	27.4%	26.1%	25.9%
Operating Return on EV		19.7%	16.6%	18.5%	18.1%
Operating Expenses / Total Premium		14.8%	12.3%	12.0%	13.1%
Total Expenses (OpEx + Commission) / Total Premium		19.8%	16.5%	16.4%	17.7%
Return on Equity	(1)	11.9%	10.1%	17.6%	20.5%
Solvency Ratio		203%	176%	201%	184%
Persistency (13M / 61M)	(2)	87%/52%	87%/54%	85%/49%	80%/48%
Market Share (%)					
- Individual WRP		16.5%	14.8%	15.5%	14.2%
Business Mix (%)					
- Product (UL/Non par savings/Annuity/Non par protection/Par)	(3)	19/45/5/4/27	26/33/5/6/30	24/31/5/7/34	28/41/4/8/19
- Indl Distribution (CA/Agency/Broker/Direct)	(3)	56/20/11/13	60/14/6/19	61/13/7/19	55/14/9/22
- Total Distribution (CA/Agency/Broker/Direct/Group)	(4)	25/9/4/13/49	24/6/2/16/52	25/6/2/17/50	23/7/3/17/51
- Share of protection business (Based on Indl APE)		4.1%	5.6%	6.8%	7.6%
- Share of protection business (Based on Overall APE)		13.3%	13.6%	12.8%	17.2%
- Share of protection business (Based on NBP)		29.0%	24.0%	19.6%	27.6%

1. *Calculated using net profit and average net worth for the period (Net worth comprises Share capital, Share premium and Accumulated profits). Opening networth for FY23 has been adjusted in line with the scheme of merger approved by the court*
2. *Individual persistency ratios (based on original premium)*
3. *Based on individual APE. UL: Unit Linked, Trad: Traditional, Par: Participating & CA: Corporate Agents. Percentages are rounded off*
4. *Based on total new business premium including group. Percentages are rounded off*

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

Revenue and Profit & Loss A/c

Rs bn

Revenue A/c[1]

	FY23*	FY22
Premium earned	575.3	459.6
Reinsurance ceded	(7.7)	(5.7)
Income from Investments	126.0	192.2
Other Income	4.3	1.5
Transfer from Shareholders' Account	8.8	5.7
Total Income	**706.7**	**653.3**
Commissions	28.9	19.4
Expenses	84.4	56.1
GST on UL charges	3.8	3.7
Provision for taxation	1.6	1.8
Provision for diminution in value of investments	0.3	(2.5)
Benefits paid	368.0	300.5
Change in valuation reserve	185.9	246.8
Bonuses Paid	20.4	17.9
Total Outgoings	**693.1**	**643.7**
Surplus	**13.6**	**9.6**
Transfer to Shareholders' Account	14.7	10.1
Funds for future appropriation - Par	(1.1)	(0.5)
Total Appropriations	**13.6**	**9.6**

Profit and Loss A/c[1]

	FY23*	FY22
Income		
Interest and dividend income	6.7	4.8
Net profit/(loss) on sale	0.5	3.1
Transfer from Policyholders' Account	14.7	10.1
Other Income	0.6	-
Total	**22.5**	**18.0**
Outgoings		
Transfer to Policyholders' Account	8.8	5.7
Expenses	0.6	0.4
Interest on convertible debentures	0.6	0.4
Provision for diminution in value of investments	(0.3)	(0.3)
Provision for Taxation	(0.9)	(0.3)
Total	**8.9**	**5.9**
Profit for the year as per P&L Statement	**13.6**	**12.1**

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

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

Balance sheet

Rs bn

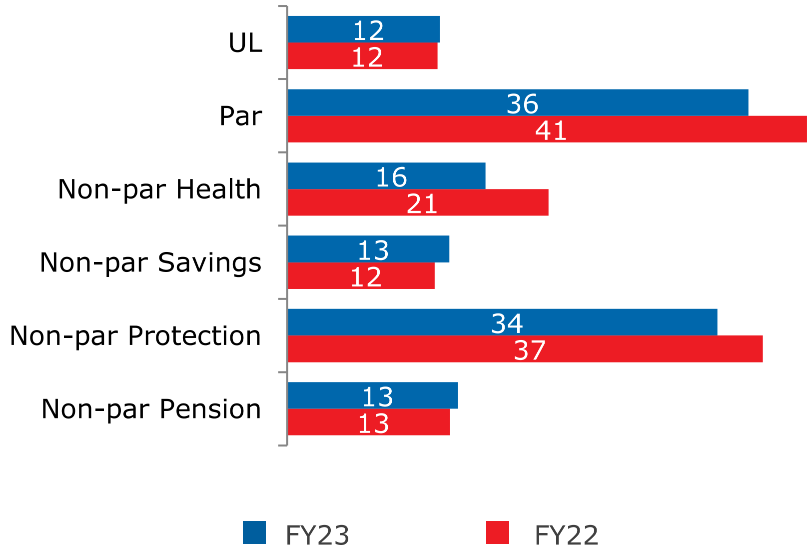
	March 31, 2023[1]	March 31, 2022[1]
Shareholders' funds		
Share capital (including Share premium)	58.7	86.7
Accumulated profits	71.0	67.3
Fair value change	0.2	0.8
Sub total	**129.9**	**154.8**
Borrowings	**9.5**	**6.0**
Policyholders' funds		
Fair value change	19.8	21.7
Policy Liabilities	1,432.7	1,043.4
Provision for Linked Liabilities	753.8	765.2
Funds for discontinued policies	38.2	41.0
Sub total	**2,244.5**	**1,871.3**
Funds for future appropriation (Par)	12.4	9.4
Total Source of funds	**2,396.2**	**2,041.6**
Shareholders' investment	131.3	152.4
Policyholders' investments: Non-linked	1,464.5	1,083.1
Policyholders' investments: Linked	792.0	806.2
Loans	15.9	6.4
Fixed assets	3.8	3.4
Net current assets	(11.3)	(10.0)
Total Application of funds	**2,396.2**	**2,041.6**

1. Numbers may not add up due to rounding off effect. Current year numbers are on a merged basis, hence prior years are not comparable

Segment wise average term and age[1]

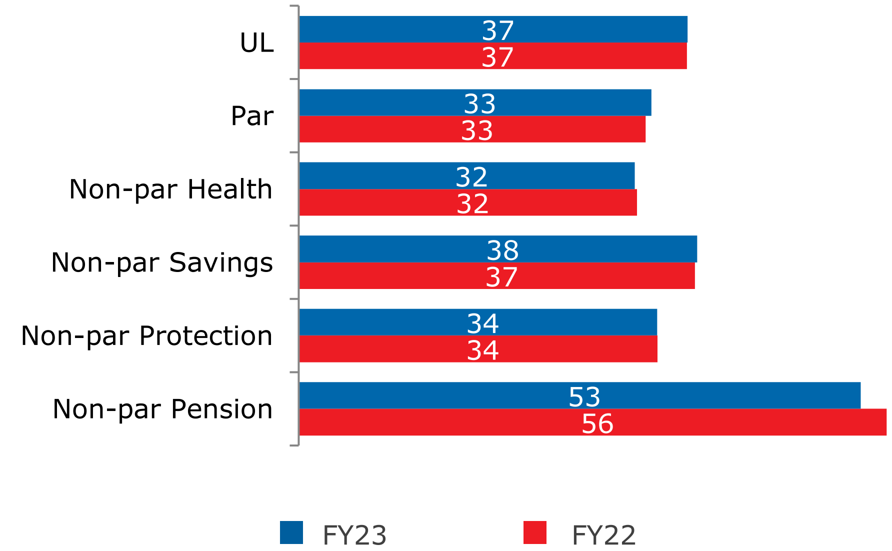
Average Policy Term excluding annuity (Yrs)

FY23: 22.7 (FY22: 22.6)



Average Customer Age excluding annuity (Yrs)

FY23: 35.6 (FY22: 36.4)



- 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. Based on individual new business policies (excluding annuity)

Summary of Milliman report on our ALM approach – FY20

Scope of review	Portfolios reviewed
• 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	▪ 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 31st 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

HDFC Life

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 and the book value of subordinated debt, to the extent allowed by the regulations to meet the RC.

HDFC Life

Indian Embedded value: Methodology and Approach (2/2)

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. The adjustment to market value in respect of the assets in the policyholders' funds other than participating funds, to the extent available for distribution to shareholders, has been allowed for in the PVFP.

- **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 after allowing for the capital support provided by the participating business FFA and the book value of subordinated debt, to the extent allowed by the regulations to meet 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[1]

Years	Forward rates %		Spot rates %	
	As at Mar 31, 2023	As at Mar 31, 2022	As at Mar 31, 2023	As at Mar 31, 2022
1	7.19	4.34	6.94	4.25
2	7.47	5.65	7.07	4.87
3	7.47	6.70	7.11	5.41
4	7.45	7.43	7.13	5.85
5	7.44	7.90	7.14	6.20
10	7.51	8.36	7.17	7.10
15	7.60	7.97	7.22	7.34
20	7.66	7.57	7.25	7.36
25	7.68	7.27	7.28	7.32
30	7.69	7.08	7.30	7.25

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 2022, the first instalment would fall into first year premiums for 2021-22 and the remaining 11 instalments in the first year would be first year premiums in 2022-23
- **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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