

July 15, 2024

Ref. No.: HDFC Life/CA/2024-25/46

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: Press Release and Investor Presentation

Please find enclosed herewith a copy of press release and investor presentation on financial results for the quarter ended June 30, 2024.

This is for your information and appropriate dissemination.

For HDFC Life Insurance Company Limited

Narendra Gangan
General Counsel, Chief Compliance Officer &
Company Secretary

Encl.: As above

PRESS RELEASE - PERFORMANCE FOR QUARTER ENDED JUNE 30, 2024

BSE Code: 540777

NSE Code: HDFCLIFE

HDFC Life achieves 18% VNB growth driven by 31% growth in individual APE, 22% increase in number of policies

Mumbai, July 15, 2024: The Board of Directors of HDFC Life approved and adopted the reviewed standalone and consolidated financial results for the quarter ended June 30, 2024. The company has reported significant growth across several key metrics, setting a positive momentum for the fiscal year.

Commenting on the results, **Ms. Vibha Padalkar, MD & CEO, HDFC Life**, said, “We have started the year on a strong note, achieving 31% YoY growth in individual APE, which implies a two-year CAGR of 21%. This robust growth is driven by a comprehensive performance across all metrics.

We welcome the positive impact of IRDAI's progressive reforms that are expected to significantly strengthen the life insurance proposition in India, making it simpler, more transparent and ultimately more attractive to prospective customers”

Key Highlights:

- **Market Share Expansion:** Private market share expanded from 16.4% in Q1FY24 to 17.1% in Q1FY25, and the overall market share in Individual WRP increased to 11.4%
- **Retail Sum Assured Growth:** Achieved 46% growth, bolstered by higher sum assured multiples for savings products and strong rider attachment and aided by 28% growth in retail protection
- **Profit After Tax:** Grew by 15% to Rs 478 crore, with a growth in backbook surplus of 18%
- **Assets Under Management (AUM):** Surpassed Rs 3 lakh crore, with a growth of 22%
- **Geographic Growth:** Strong topline growth recorded across Tier 1, 2, and 3 geographies
- **Bonus Declaration:** Declared highest ever bonus of Rs 3,722 crore, to more than 22 lakh par policyholders

HDFC Life registered a strong increase in the number of policies and witnessed expansion in ticket size as well. The company's growth outpaced both the private sector and overall industry, both on a YoY and a two-year CAGR basis. Growth resurgence was experienced in Tier 1 markets whilst maintaining strong growth in Tier 2 and 3 geographies, which continue to account for a significant portion of the business.

Product Mix: ULIPs accounted for 38%, non-par savings for 35%, participating products for 16%, term for 6%, and annuities for 5%, based on individual APE. The ULIP mix was initially elevated, but moderated during the

quarter with the launch of products across other categories. Non-par products bounced back, clocking a 41% YoY increase. The latest Click2Achieve variant garnered Rs 100 crore of new business in merely 16 days.

Value of New Business (VNB): Q1 VNB was Rs. 718 crore, reflecting a healthy 18% growth both YoY and on a two-year CAGR basis.

The substantial gap in financial protection across India presents a compelling growth opportunity for the life insurance sector. HDFC Life is committed to securing India's future through innovative insurance solutions.

Key Financial Summary

| Rs Crore | Q1 FY25 | Q1 FY24 | YoY |
|--|----------|----------|-----|
| Key Financial and Actuarial Metrics | | | |
| Individual APE | 2,467 | 1,882 | 31% |
| Total APE | 2,866 | 2,328 | 23% |
| New Business Premium (Indl + Group) | 6,400 | 5,869 | 9% |
| Renewal Premium (Indl + Group) | 6,411 | 5,804 | 10% |
| Total Premium | 12,811 | 11,673 | 10% |
| Assets Under Management | 3,10,244 | 2,53,301 | 22% |
| Profit After Tax | 478 | 415 | 15% |
| Indian Embedded Value | 49,611 | 41,843 | 19% |
| Value of new business | 718 | 610 | 18% |

| | Q1 FY25 | Q1 FY24 |
|--|--------------|--------------|
| Key Financial Ratios | | |
| New Business Margins | 25.0% | 26.2% |
| Operating Return on EV | 15.5% | 16.0% |
| Total Expenses / Total Premium | 21.4% | 19.8% |
| Solvency Ratio | 186% | 200% |
| 13M / 61M Persistency | 88%/56% | 87%/53% |
| Individual WRP market share (Overall) | 11.4% | 10.6% |
| Product mix by Indl APE (UL / Non par savings / Annuity/ Protection / Par) | 38/35/5/6/16 | 25/33/9/6/26 |
| Distribution mix by Indl APE (Corp Agents/ Agency/ Broker/ Direct) | 65/17/7/11 | 61/20/8/12 |

Note: Percentages may not add up due to rounding off effect

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 2024, the first monthly instalment received would be reflected as First year premiums for 2023-24 and the remaining 11 instalments due in the first policy year would be reflected as first year premiums in 2024-25, 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

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 80 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. 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 – Q1 FY25







Executive summary: Q1 FY25





Revenue & Scale

| | | | |
|---|-----------------|----------|----------------|
|  | Individual APE | Rs. Bn | 24.7 |
| | | Growth | 31% |
|  | Renewal premium | Rs (Bn.) | 64.1 |
| | | Growth | 10% |
|  | AUM | Rs (Bn.) | 3,102.4 |
| | | Growth | 22% |
|  | IEV | Rs (Bn.) | 496.1 |
| | | EVOP | 15.5% |

Profitability & Cost

| | | | |
|--|-------------------------------|----------|--------------|
|  | Value of New Business (VNB) | Rs (Bn.) | 7.2 |
| | | Growth | 18% |
|  | New Business Margin (NBM) | CY | 25.0% |
| | | PY | 26.2% |
|  | Profit After Tax (PAT) | Rs (Bn.) | 4.8 |
| | | Growth | 15% |
|  | Total exp. ratio ¹ | CY | 21.4% |
| | | PY | 19.8% |

Customer & Capital

| | | | |
|---|--|------------|--------------|
|  | 13 th month persistency | CY | 88% |
| | | PY | 87% |
|  | Claim settlement ratio (FY24) | Overall | 99.7% |
| | | Individual | 99.5% |
|  | Complaints per 10K policies ² | FY24 | 28 |
| | | FY23 | 35 |
|  | Solvency ³ | Jun '24 | 186% |
| | | Mar' 24 | 187% |

1. Total Expense Ratio is calculated as total expenses (including commission) divided by total premium

2. Complaints data (excluding survival and death claims)

3. Excludes impact of proposed final dividend of Rs 4.3 bn, to be paid in Q2 FY25 (subject to shareholders' approval)

Agenda

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Performance Snapshot

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Business Overview

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Other Business Highlights

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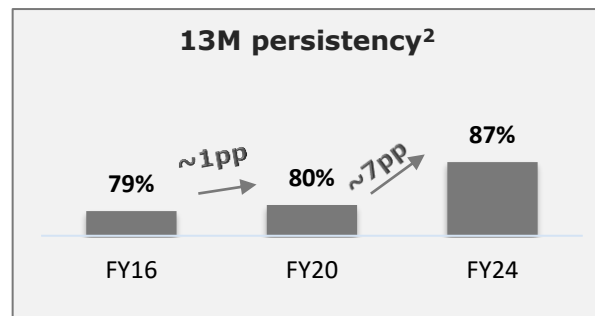
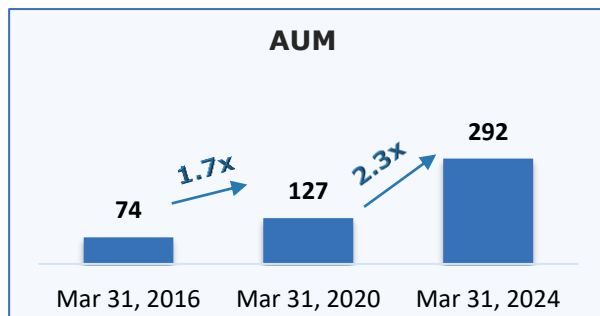
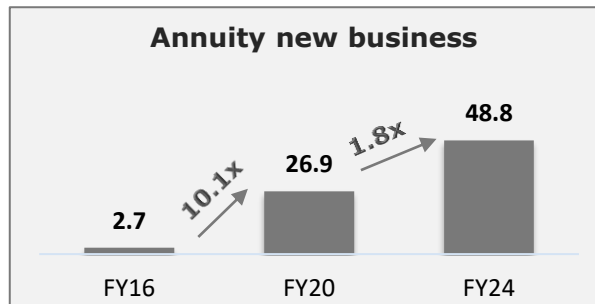
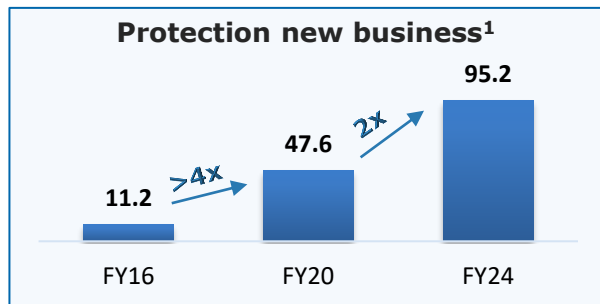
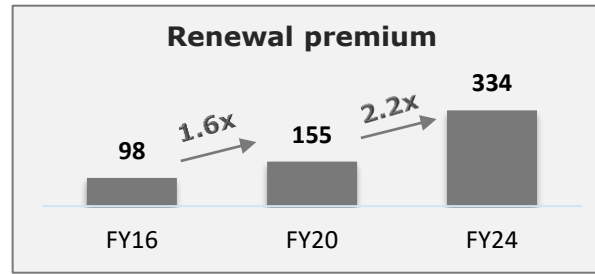
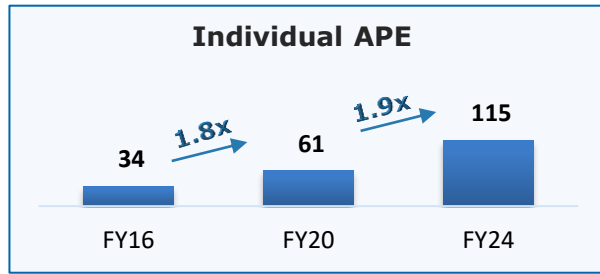
Life insurance in India



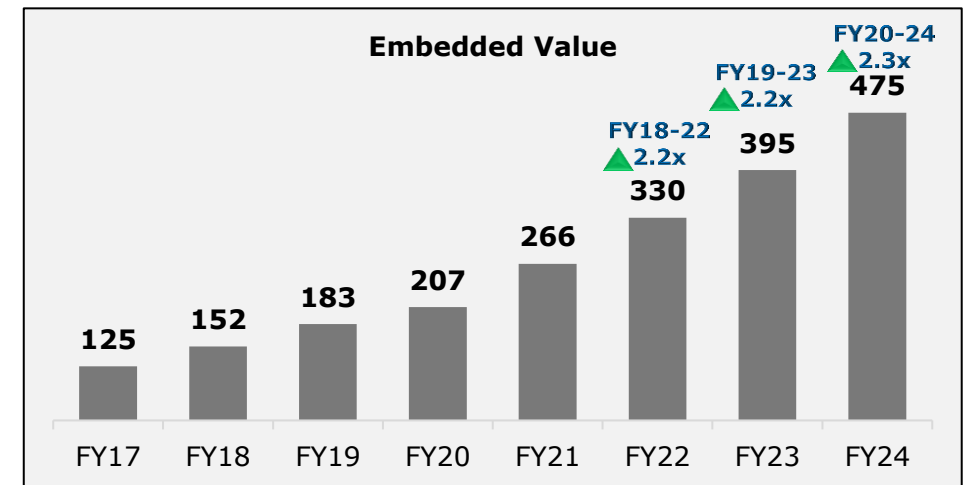
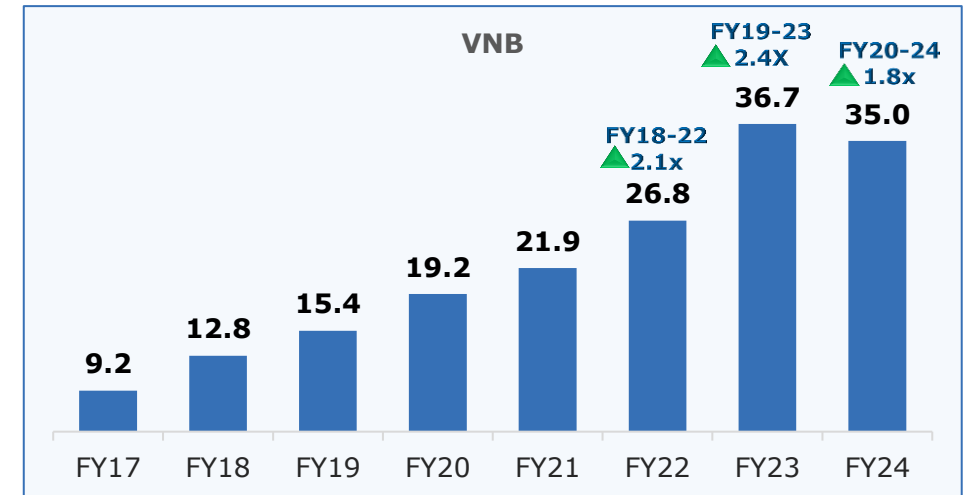
Consistent, predictable, sustained performance

Rs bn

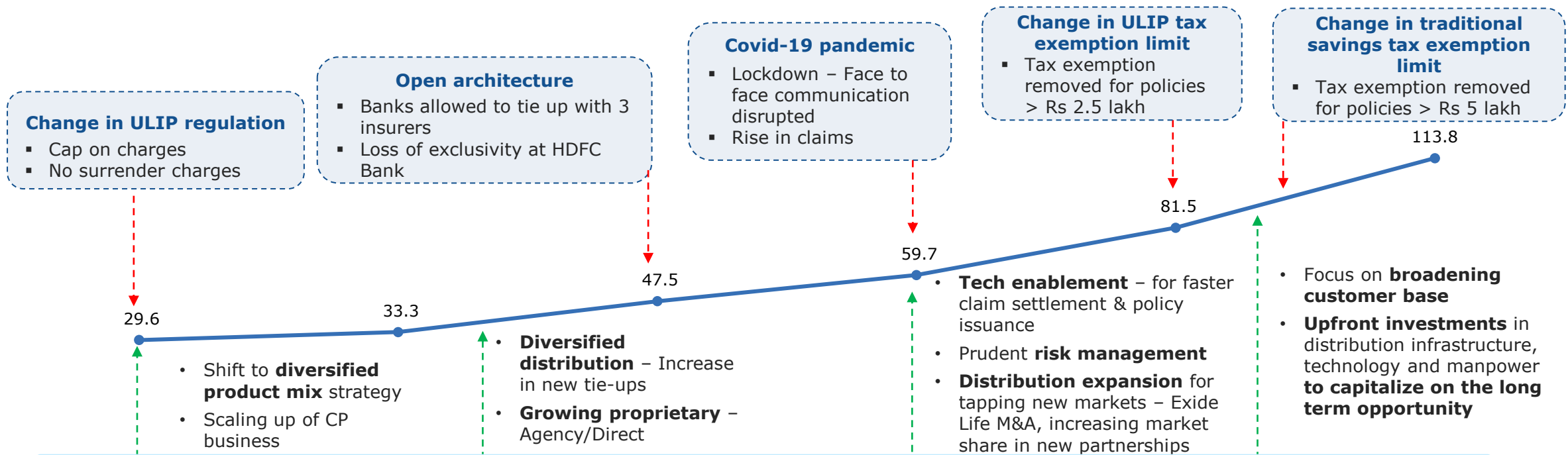
Holistic growth



Consistent track record over multiple periods



Consistent performance across business cycles



Consistent product innovation

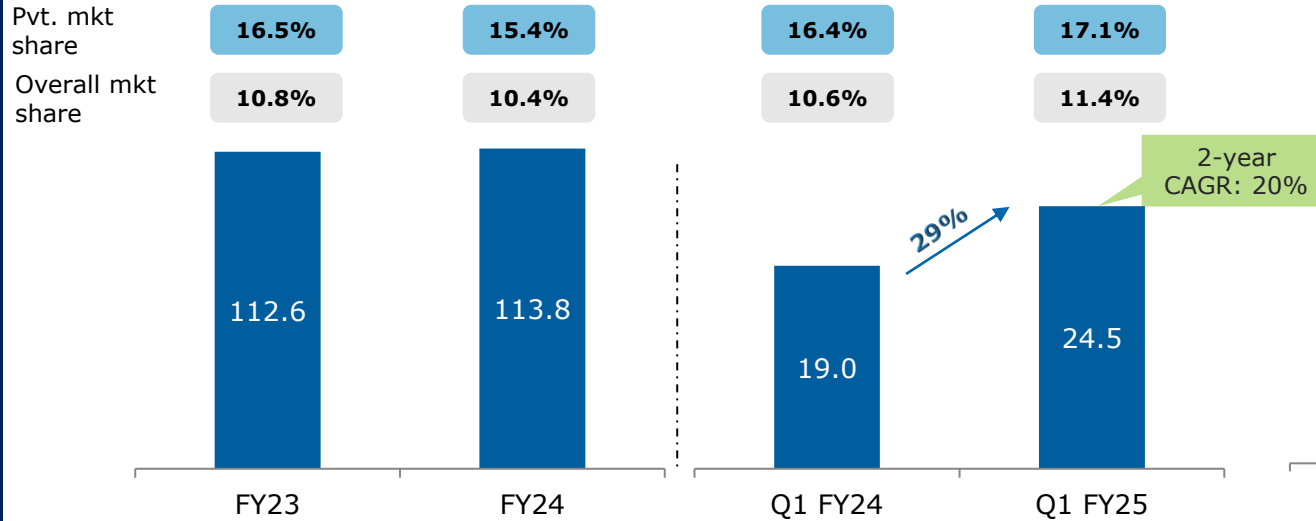
| | FY11 | FY16 | FY18 | FY20 | FY22 | FY24 |
|------------------------------------|-------|-------|-------|-------|-------|-------|
| NBM¹ | 10.0% | 19.9% | 23.2% | 25.9% | 27.4% | 26.3% |
| Indl WRP² growth | 18% | 12% | 31% | 19% | 16% | 1% |
| Overall industry growth | -8% | 8% | 19% | 6% | 16% | 5% |

Grew ~1.5 times industry between FY11-FY24 while sustaining profitability

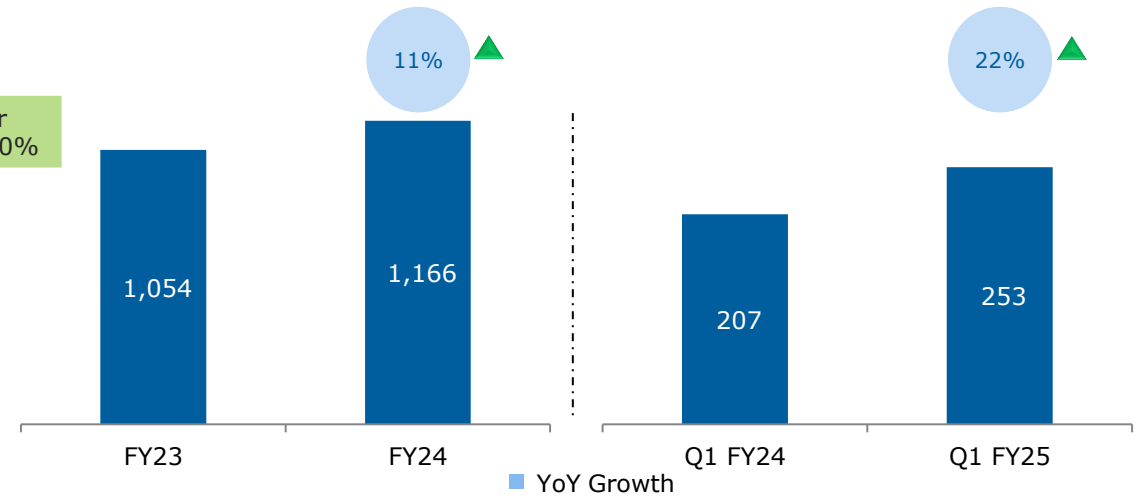
Note: Indl WRP in Rs bn
 1. New Business Margin
 2. WRP: Weighted Received Premium

Robust delivery across key metrics (1/2)

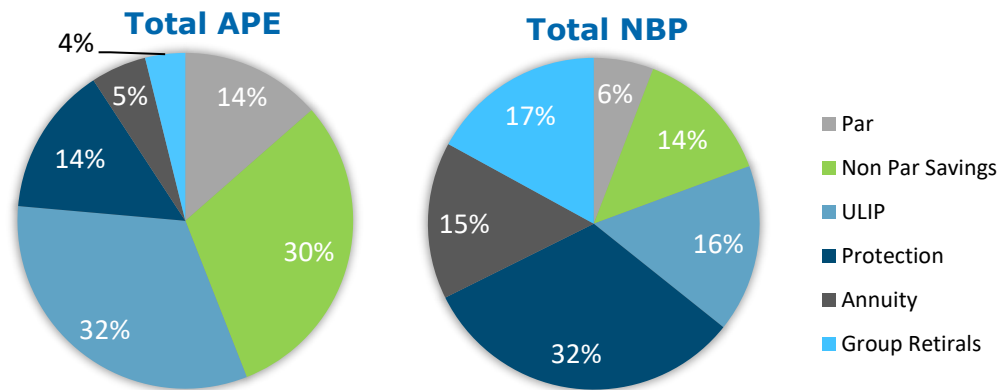
Strong individual WRP growth



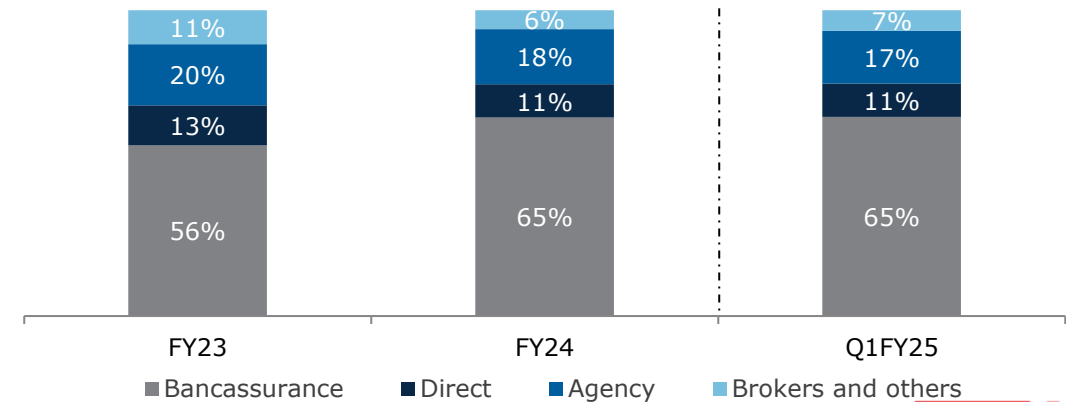
Focus on increasing customer base (NOPs)



Balanced product mix



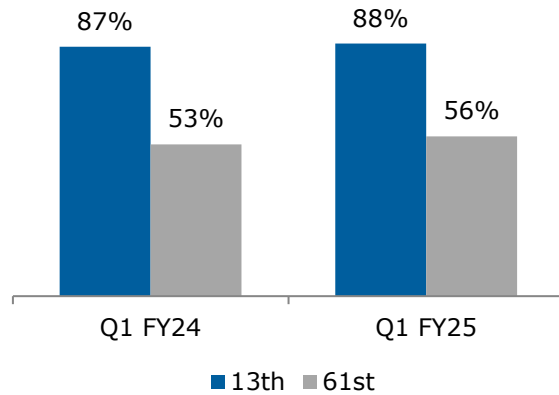
Focus on diversified channel mix¹



Robust delivery across key metrics (2/2)

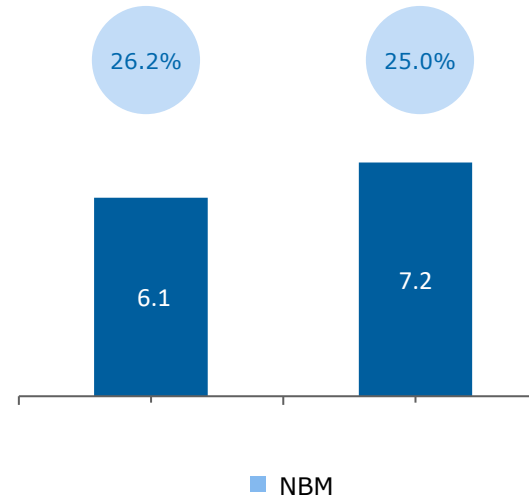
Rs bn

Stable Persistency



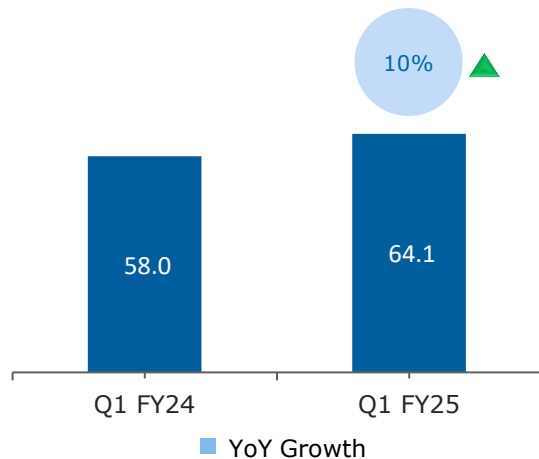
- Focus on quality of business and providing superior customer experience

Healthy VNB growth



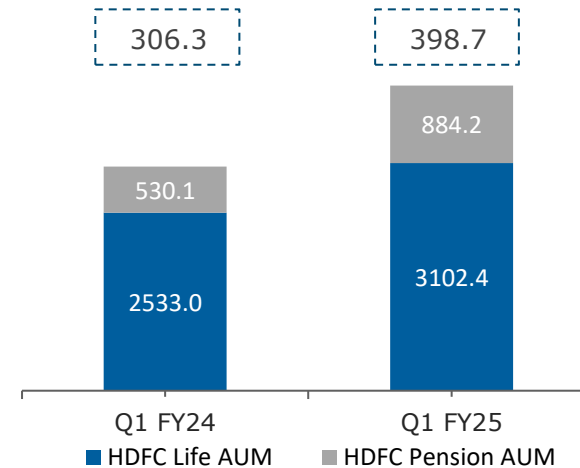
- Multiple pools of profitability contributing to VNB accretion
- YoY growth of 18% (2-year CAGR: 18%)

Steady growth in renewal premium



- Backed by strong persistency and growing backbook

Group assets under management ~ Rs 4.0 tn¹

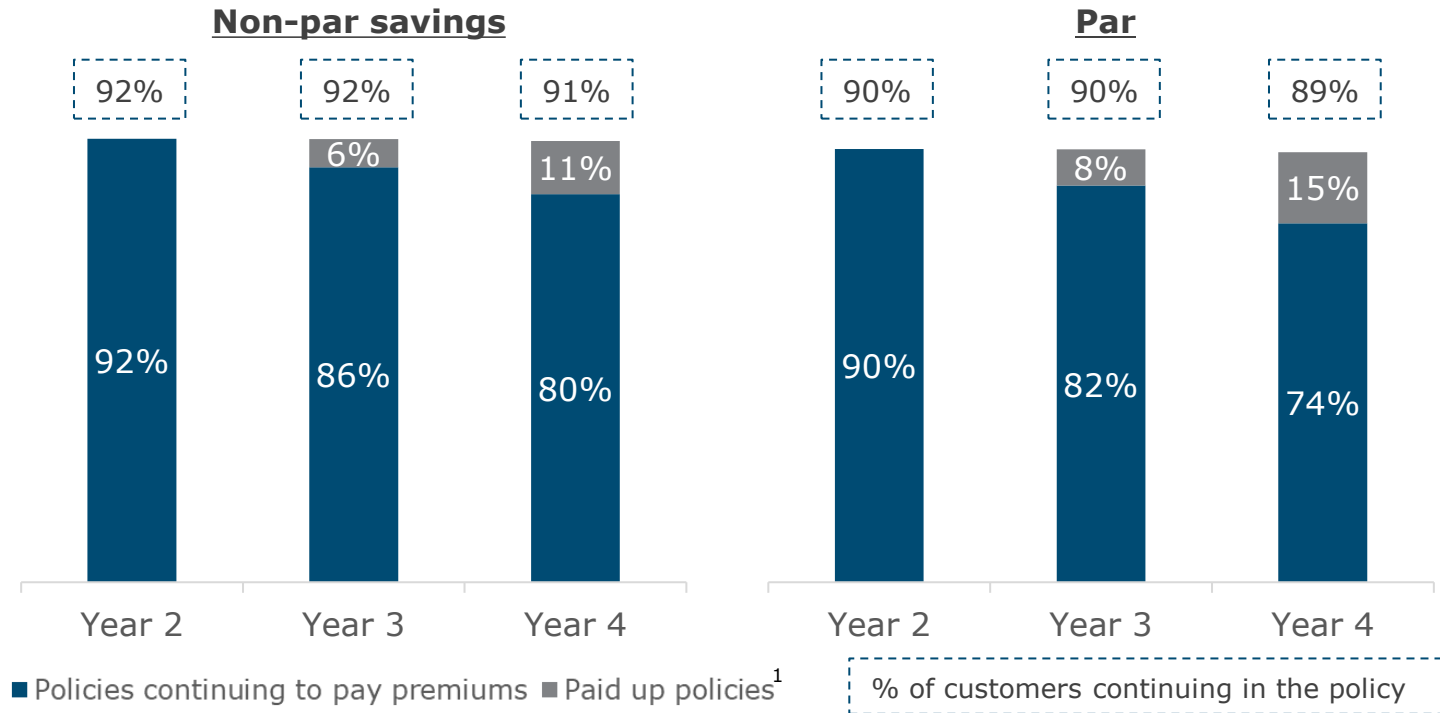


- HDFC Life Debt:Equity mix (Q1 FY25): 66:34

1. Group assets under management (AUM) includes AUM of HDFC Life and HDFC Pension (wholly owned subsidiary)

Delivering customer value with a balanced approach

Negligible surrenders in traditional policies²



Our balanced approach to business



Calibrated pricing strategy



Conservative assumptions with zero surrenders assumed from Year 2 - in line with our actual experience



Strong and improving persistency across cohorts and geographies



Prudent approach to **risk management**

Restructuring of distributor pay-outs to mitigate NBM impact due to change in surrender regulations

- Customers prefer to continue their policies in paid-up status rather than surrendering
- Paid-up policies have pro-rated benefits and risk cover ensuring continued protection and value retention

1. Paid-up policies refer to policies wherein the policyholder ceases to pay renewal premiums without actually surrendering the policy

2. Data pertains to policies written in FY21. Similar surrender experience for policies written across different years

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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



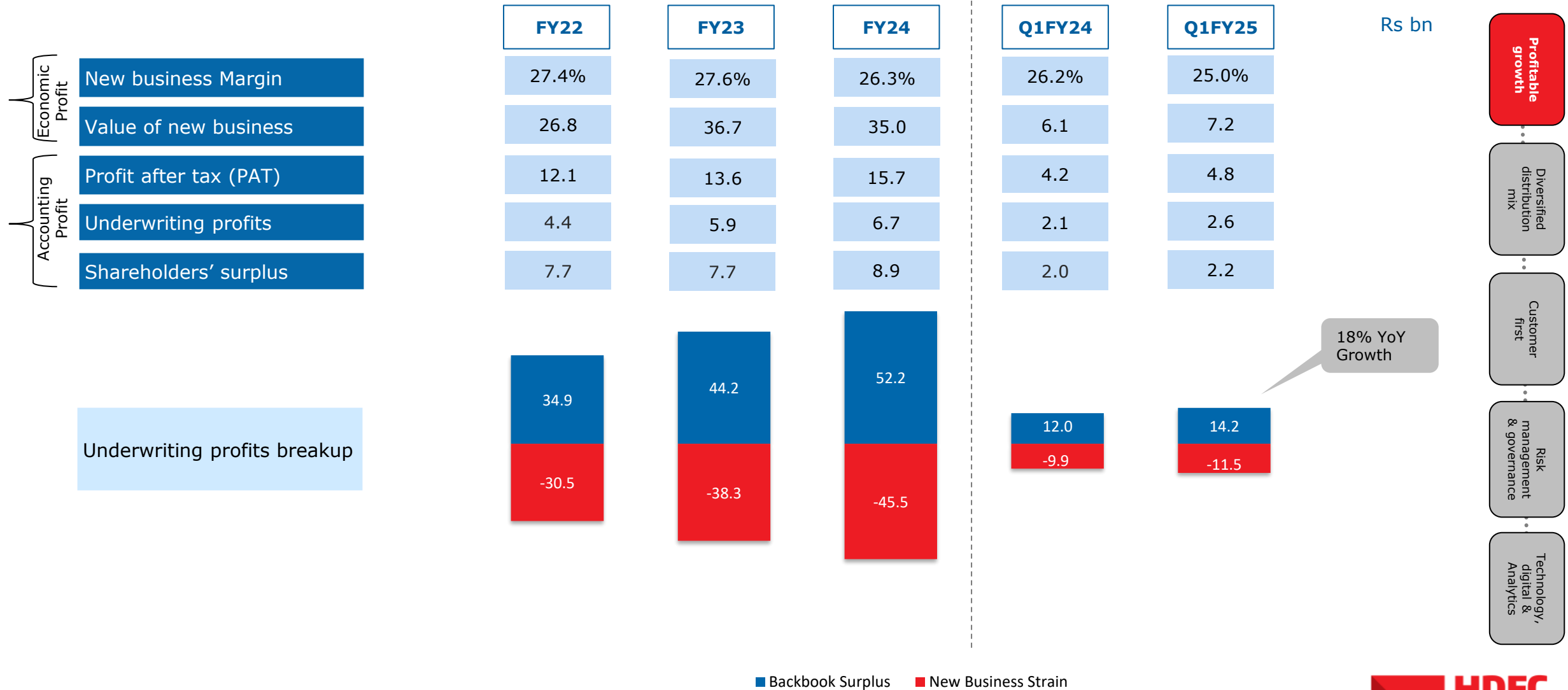
Risk management & board governance

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

5

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

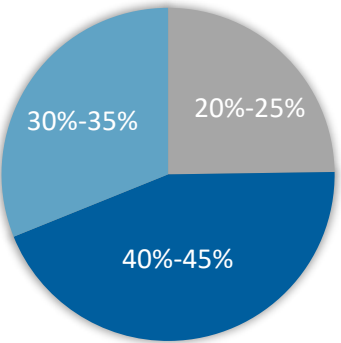
Focus on profitable growth



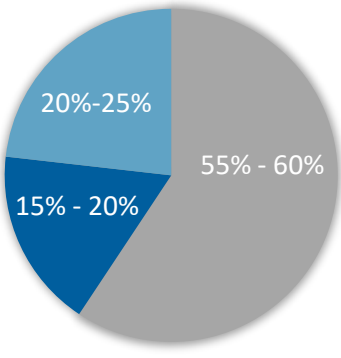
Emergence of Existing Business (EB) Surplus

Profit Emergence

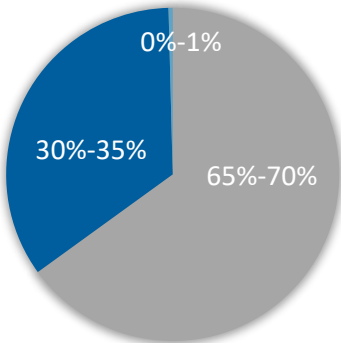
Traditional Savings (Longer Tenure)



Protection (Ind+Grp)



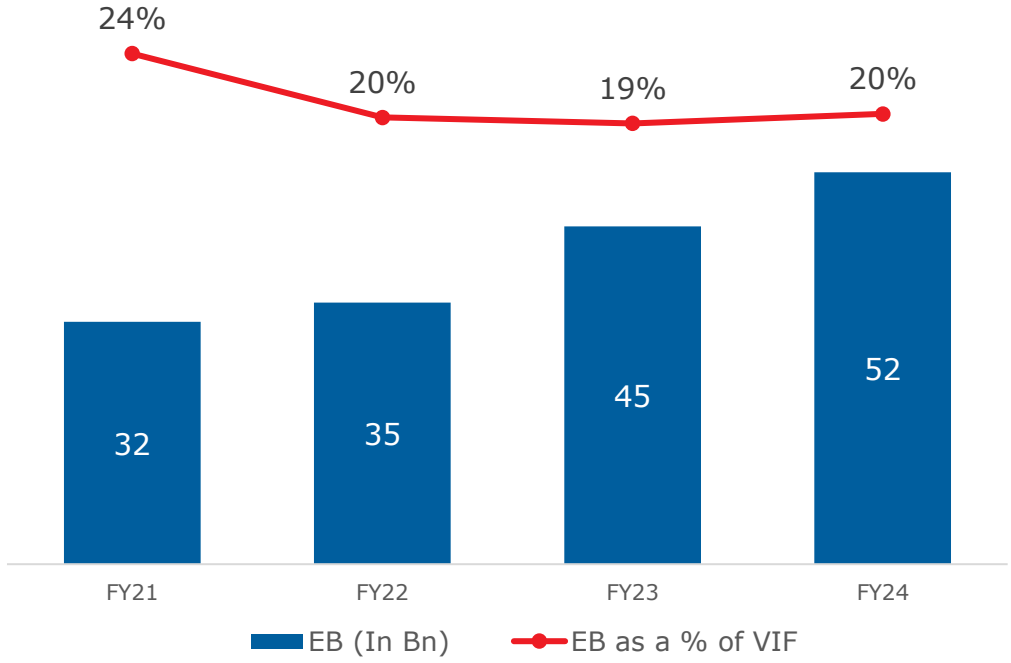
ULIP



■ 0 - 5 years ■ 5 - 15 years ■ > 15 years

- Shift in product profile to longer term savings over last 3-4 years
- Profit emergence is higher for longer tenure products, albeit over a longer time frame
 - ~ 3/4th of profits emerge after 5 years

EB Surplus emergence as a % of VIF



- Higher mix of long term profitable products to result in profit emergence over longer time horizon
- Track record of positive operating variance indicates high likelihood of profit emergence as per assumptions

Profitable growth

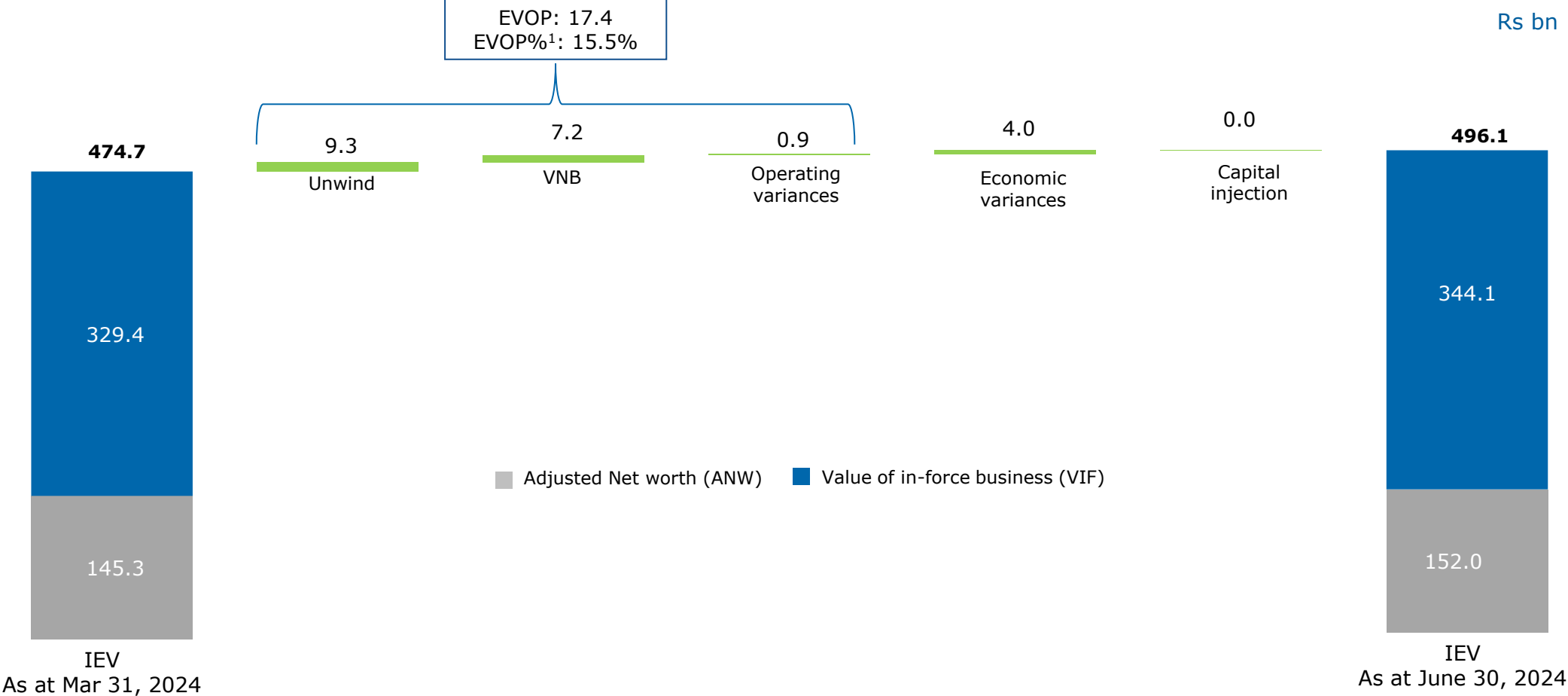
Diversified distribution mix

Customer first

Risk management & governance

Technology, digital & Analytics

Analysis of change in IEV



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

- VIF grew by 21% on a YoY basis
- Operating variance continues to be positive and in line with our assumptions



Diversified distribution mix

Agency: segmented geographical growth



2.33 lakh agents - top three agency force amongst private life insurers

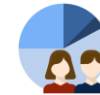


Segregating Focus (tier 1) and Growth (tier 2,3) markets with a micro market strategy



Leveraging machine learning tech for partner engagement and increasing productivity

HDFC Bank: best in class solutions



Widening outreach across all customer segments



Sharper focus on cross-sell and up-sell to existing customers



Increasing coverage across all HDFC Bank branches by increasing market share

Partnerships: bespoke solutions



> 90 banca partnerships - Focus on catering solutions addressing relevant customer segments



Partnerships with Banks, NBFCs, SFBs, brokers, aggregators & digital ecosystems allow entry into new market segments



Strong momentum in protection across partners

Direct/Digital: leveraging analytics



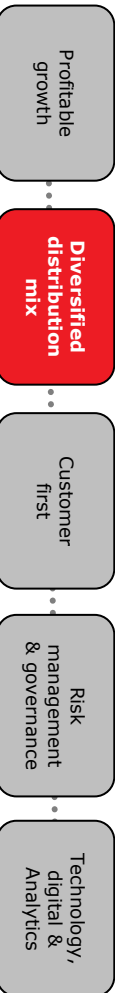
595 physical branches and sales hubs



Leveraging analytics for cross-sell and up-sell



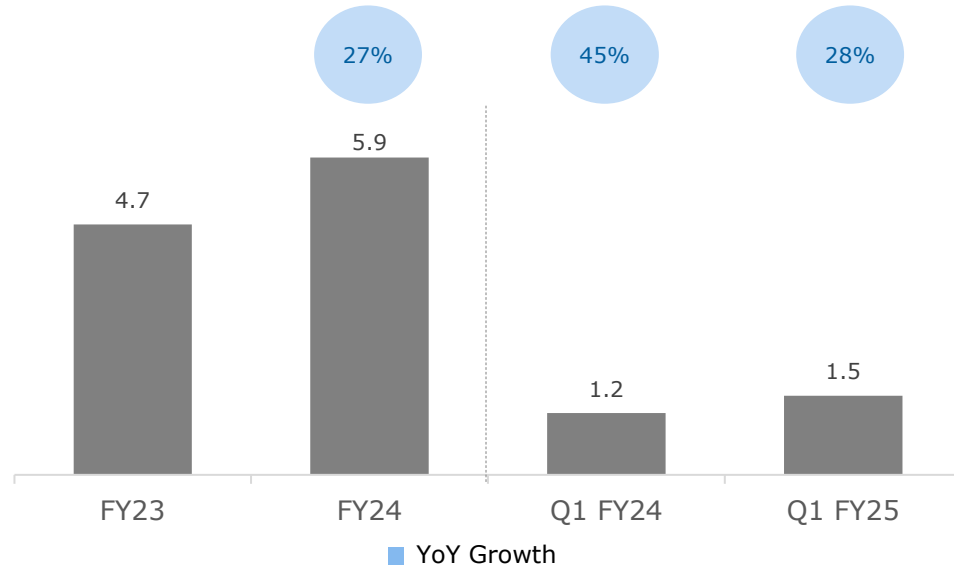
Simplifying and personalizing journeys to offer better customer experience to attract younger customers



Increasing contribution from mortality and longevity products

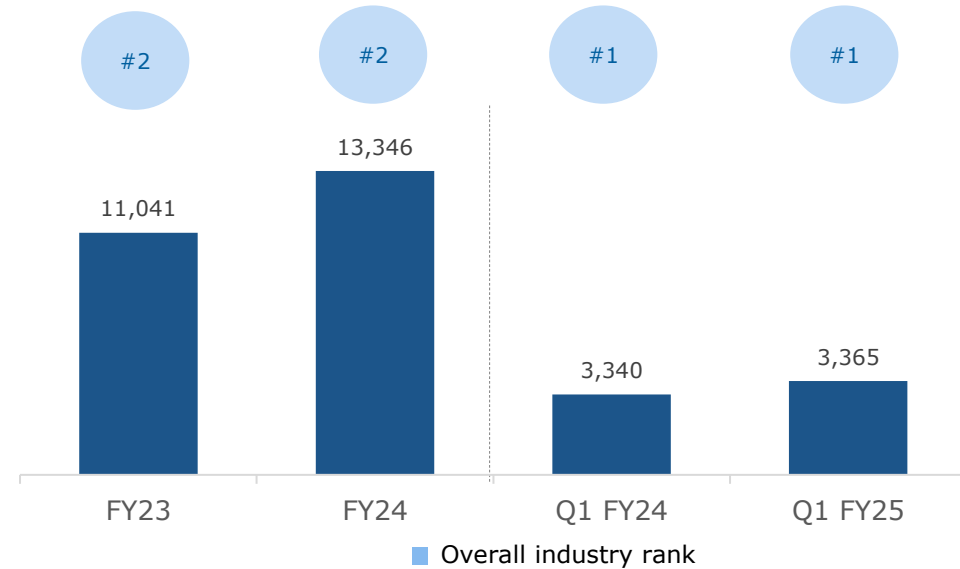
Robust retail protection growth

Rs Bn.

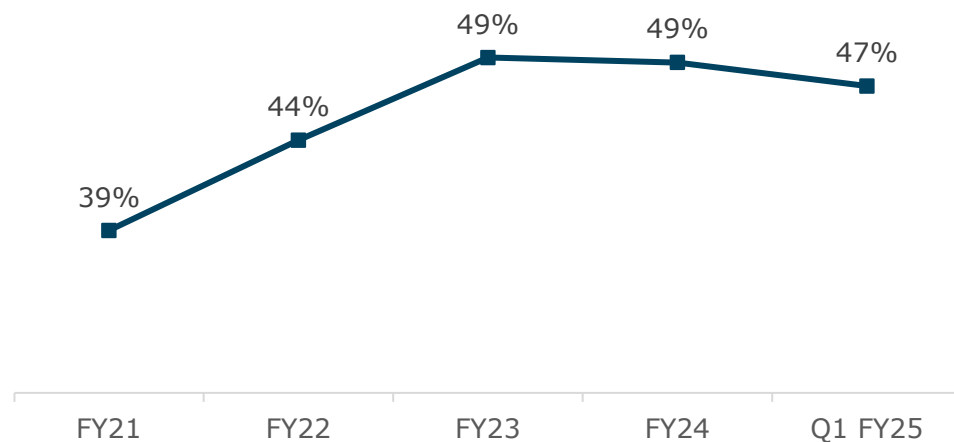


Continue to maintain leadership in overall sum assured

Rs Bn.



Protection and Annuity as % of total NBP



- Offering embedded protection solutions based on customer orientation
- Protection and annuity contribute ~47% of NBP
- Maintained #1 in overall sum assured
- Covered 13.9 million lives in Q1 FY25



Product mix across key channels¹

| Banca | Segment | FY23 | FY24 | Q1 FY24 | Q1 FY25 |
|-----------------|---------|------|------|---------|---------|
| | UL | 24% | 40% | 32% | 42% |
| Par | 27% | 22% | 26% | 12% | |
| Non par savings | 42% | 30% | 30% | 38% | |
| Term | 3% | 4% | 5% | 4% | |
| Annuity | 4% | 5% | 8% | 3% | |

| Agency | Segment | FY23 | FY24 | Q1 FY24 | Q1 FY25 |
|-----------------|---------|------|------|---------|---------|
| | UL | 10% | 26% | 12% | 28% |
| Par | 33% | 29% | 32% | 23% | |
| Non par savings | 49% | 33% | 44% | 36% | |
| Term | 6% | 7% | 8% | 9% | |
| Annuity | 3% | 4% | 5% | 4% | |

| Direct ² | Segment | FY23 | FY24 | Q1 FY24 | Q1 FY25 |
|---------------------|---------|------|------|---------|---------|
| | UL | 27% | 42% | 32% | 43% |
| Par | 13% | 10% | 11% | 11% | |
| Non par savings | 35% | 22% | 25% | 18% | |
| Term | 5% | 5% | 6% | 6% | |
| Annuity | 20% | 20% | 25% | 21% | |

| Brokers | Segment | FY23 | FY24 | Q1 FY24 | Q1 FY25 |
|-----------------|---------|------|------|---------|---------|
| | UL | 1% | 6% | 2% | 8% |
| Par | 31% | 41% | 40% | 36% | |
| Non par savings | 62% | 35% | 37% | 37% | |
| Term | 5% | 14% | 14% | 18% | |
| Annuity | 2% | 3% | 6% | 2% | |

| Company | Segment | FY23 | FY24 | Q1 FY24 | Q1 FY25 |
|-----------------|---------|------|------|---------|---------|
| | UL | 19% | 35% | 25% | 38% |
| Par | 27% | 23% | 26% | 16% | |
| Non par savings | 45% | 30% | 33% | 35% | |
| Term | 4% | 5% | 6% | 6% | |
| Annuity | 5% | 6% | 9% | 5% | |

| Protection | | FY23 | FY24 | Q1 FY24 | Q1 FY25 |
|--------------|--------------------|------|------|---------|---------|
| | Based on Total APE | 13% | 13% | 18% | 14% |
| Based on NBP | 29% | 32% | 37% | 32% | |

| Annuity | | FY23 | FY24 | Q1 FY24 | Q1 FY25 |
|--------------|--------------------|------|------|---------|---------|
| | Based on Total APE | 6% | 6% | 9% | 5% |
| Based on NBP | 20% | 16% | 19% | 15% | |



Key product innovations across categories in FY24

NEW
HDFC Life Click 2 Achieve
 A Non-Linked, Non-Participating, Individual, Savings Life Insurance Plan

NEW
HDFC Life Click 2 Protect Elite
 A Non-Linked, Non-Participating, Individual, Pure Risk Premium Life Insurance Plan

Secure your family's future with the power of enhanced¹ protection and market-linked returns

NEW
HDFC Life Smart Protect Plan
 A Non-Participating, Individual Life Unit-Linked Insurance Plan

HDFC Life Sanchay Legacy
 A Non-Participating, Non-linked, Pure Risk Premium/Savings Individual Life Insurance Plan

Now available with new & improved additional features

Get Early RoP³ benefit & higher accumulation rate for death benefit!

Protect your family's future and leave a lasting legacy!

Retire smart, with guaranteed* regular income and manage inflation with increasing pension!

NEW
HDFC Life Smart Pension Plus
 A Non-Linked, Non-Participating Individual/Group Annuity Savings Plan

INCREASING PENSION

Secure your future and meet today's goals with an immediate income solution.

HDFC Life
sampoorna
jeevan
 With You, Through Life.

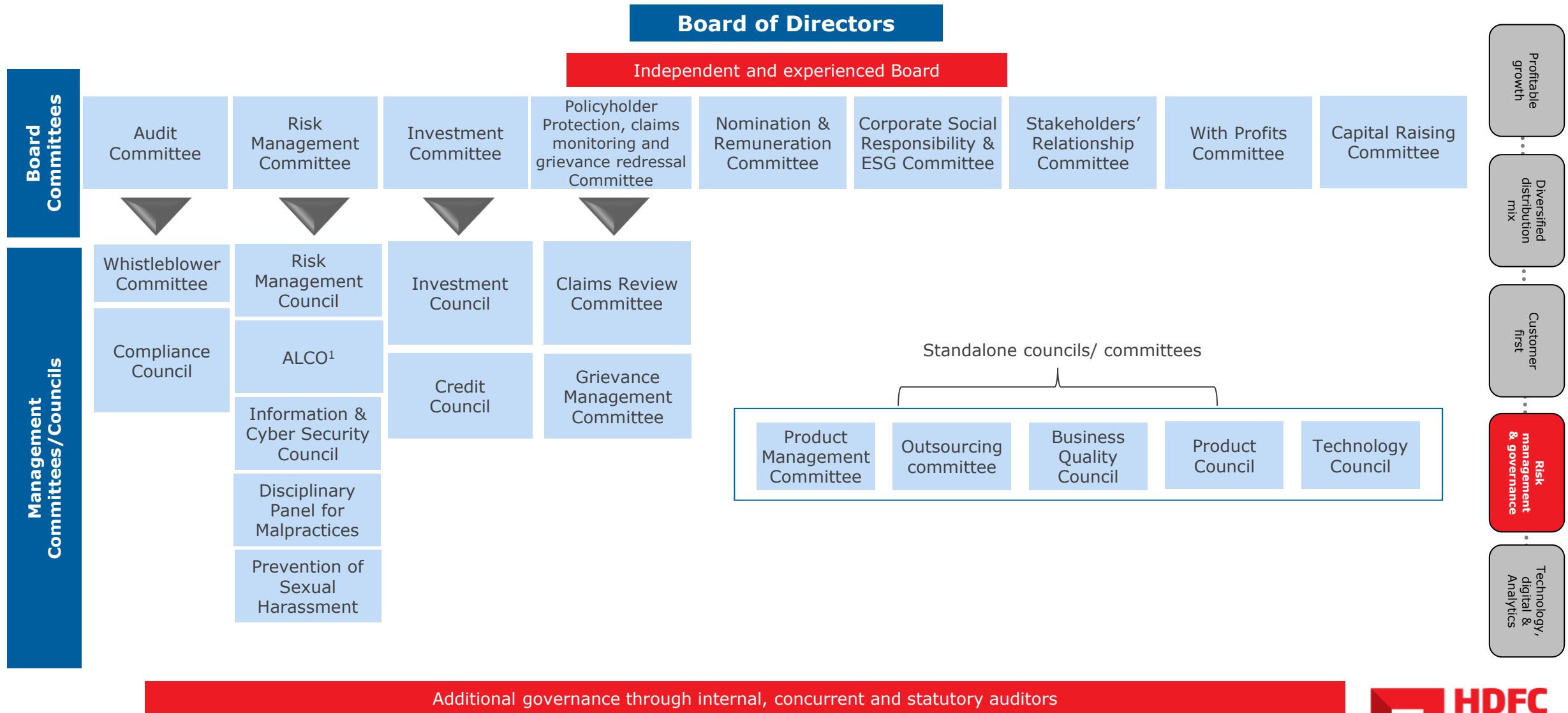
HDFC Life Sampoorna Jeevan
 A Non-Linked Participating Individual Life Insurance Savings Plan

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

Learn more about HDFC Life products

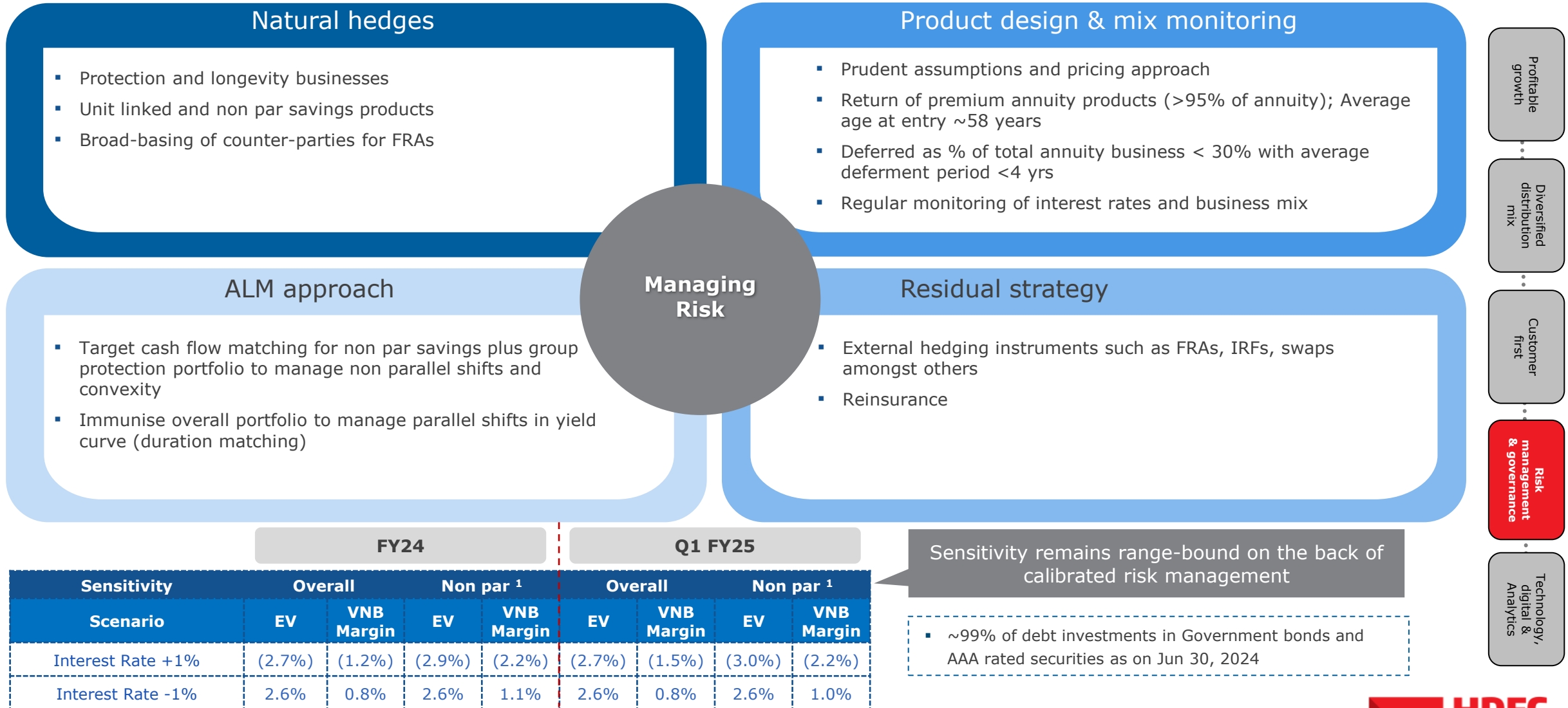


Risk management & board governance

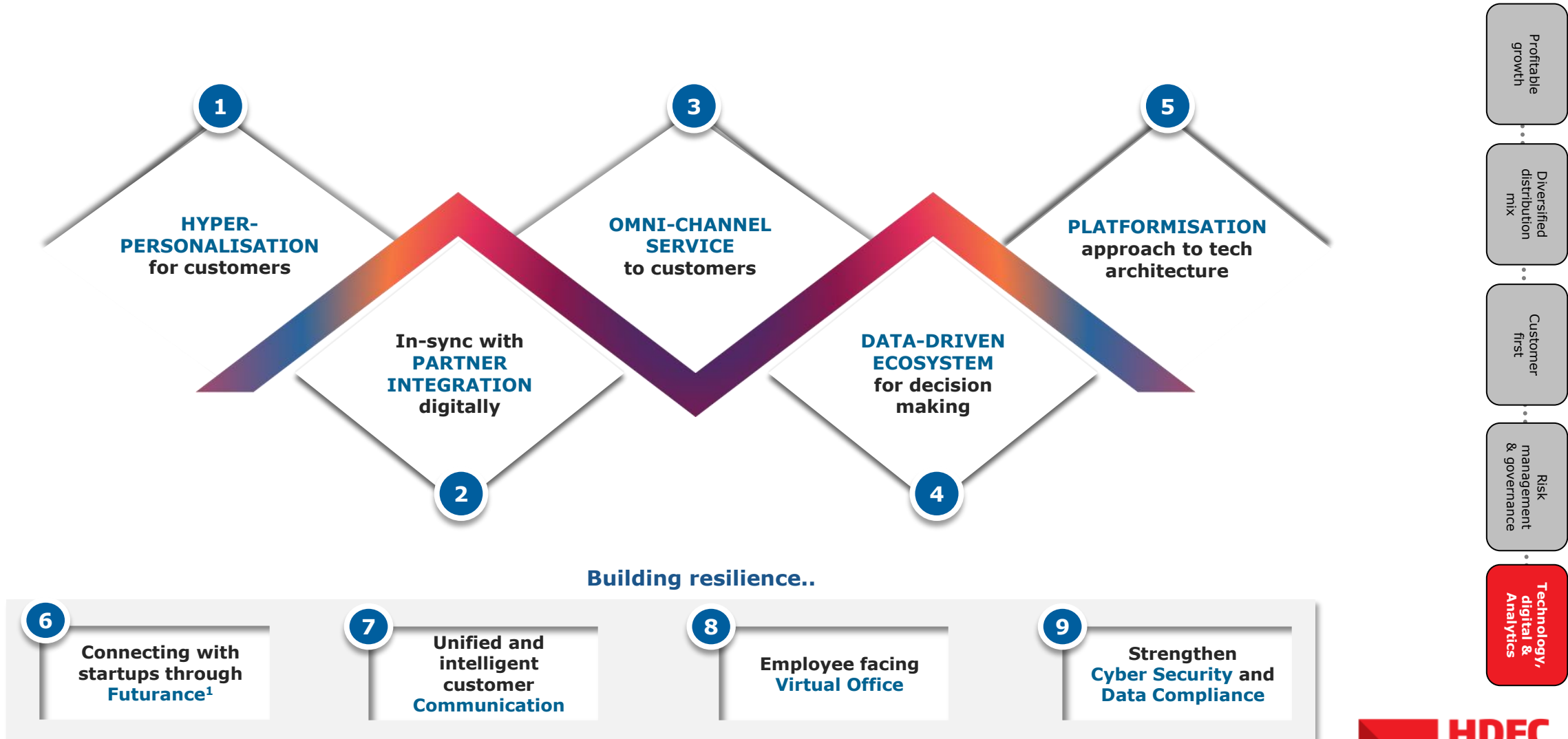


1. Asset Liability Management Council
2. The above list of committees is illustrative and not exhaustive

Financial risk management framework



Future ready organization: Leveraging technology, digital and analytics



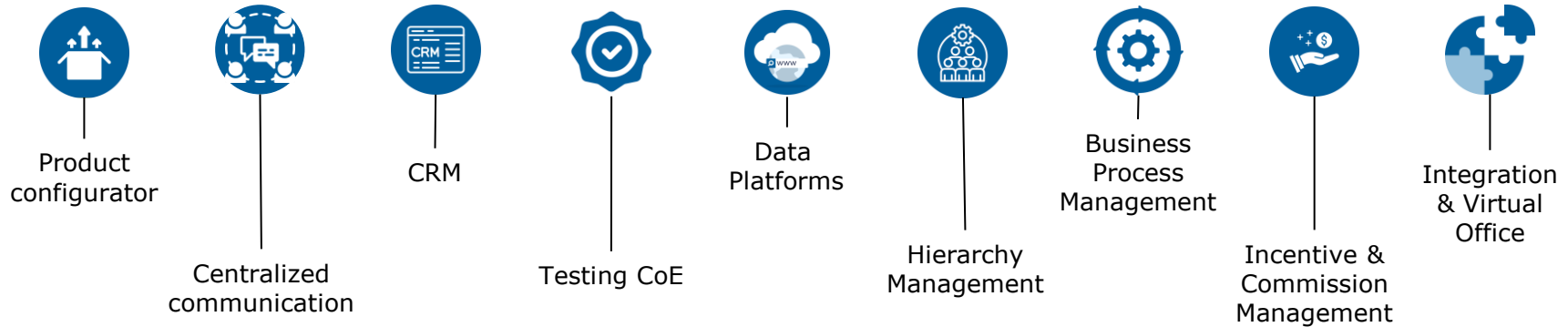
1. Futurance: A program to collaborate with startups for harnessing cutting-edge technology

Building next-gen of insurance platform: Project Inspire

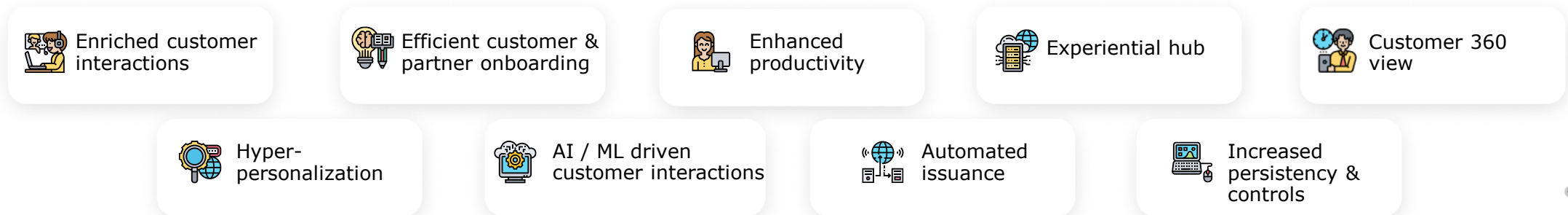
Future-ready digital transformation

Reimagining our systems and processes by investing in new technologies and capabilities

Envisioned tracks for transformation- moving towards execution



Business Enhancements



Project Inspire: Benefits of Incentive & Commission Management and Virtual Office

Incentive & Commission management

Overhauling our data architecture to make it more scalable and accurate in real-time

Pre-INSPIRE

- Limited customizable, **persona-based dashboards**
- Partial **incentives computation modules**- extending payout cycles
- Finite/ lean **system-driven analytics**



Post INSPIRE

- System-driven nudges** for improving sales effectiveness
- End-to-end **lifecycle management** of **compensation** with improved TATs
- Real time **performance analytics**

Virtual Office

Revamping and modernizing our business processes to stay ahead of the curve

Pre-INSPIRE

- Non-comprehensive integrations** between user interfaces and backend systems
- Inability for partners** to plug and play due to legacy methods in integration
- Rigid customer journeys**- slower go-to market



Post INSPIRE

- Enhanced employee and distributor experience** with self-serve enablement
- TAT¹ reduction** for partner onboarding and integration
- Re-configurable journeys** to address market demands- faster go-to market

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

Agenda

1

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Other Business Highlights

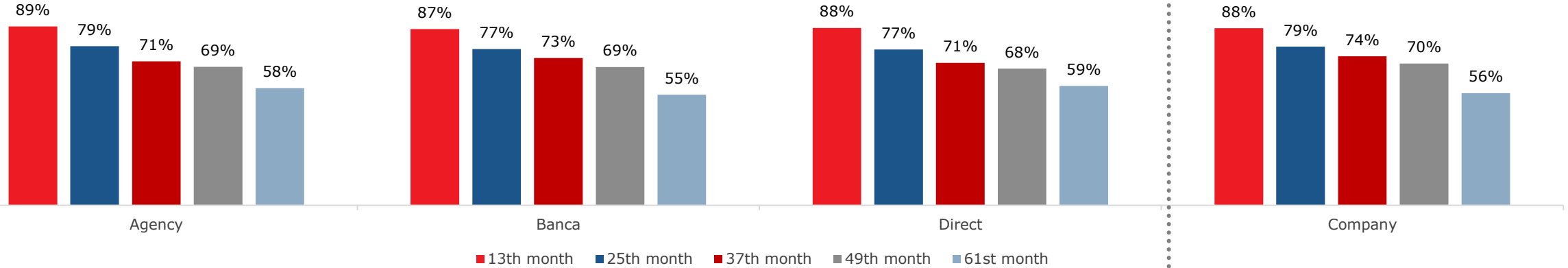
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Life insurance in India

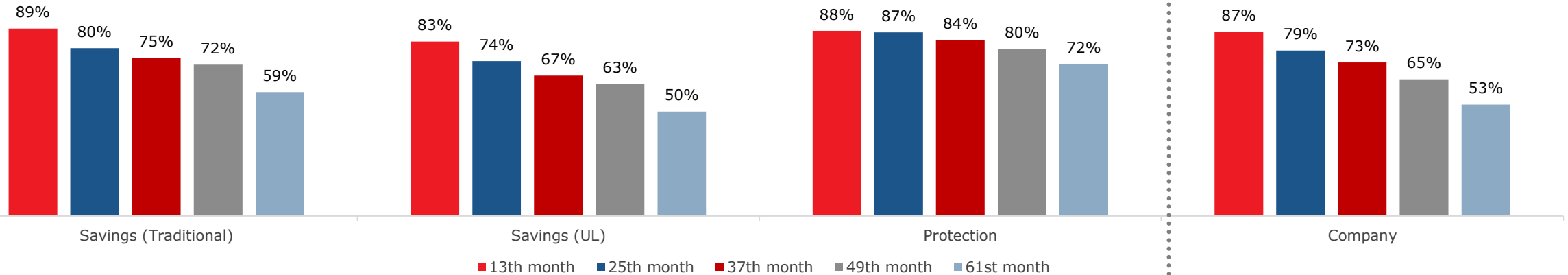


Persistency trends for HDFC Life

Across key channels

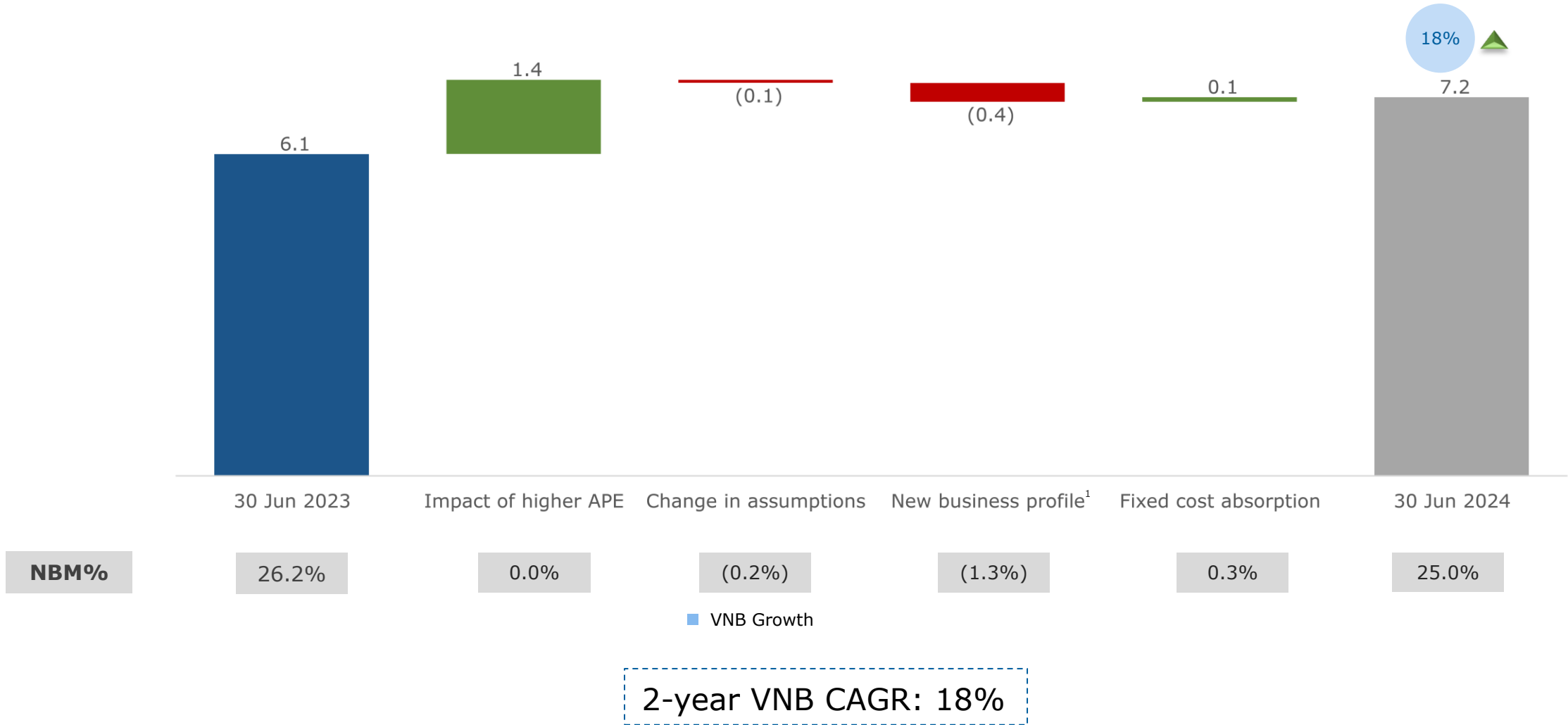


Across key segments



Steady VNB trajectory

Rs bn



Sensitivity analysis – FY24

| Analysis based on key metrics | Scenario | Change in VNB Margin ¹ | % Change in EV |
|----------------------------------|------------------|-----------------------------------|----------------|
| Change in | | | |
| Reference rate | Increase by 1% | -1.2% | -2.7% |
| | Decrease by 1% | 0.8% | 2.6% |
| Equity Market movement | Decrease by 10% | -0.2% | -1.5% |
| Persistency (Lapse rates) | Increase by 10% | -0.6% | -0.1% |
| | Decrease by 10% | 0.6% | 0.1% |
| Maintenance expenses | Increase by 10% | -0.6% | -0.9% |
| | Decrease by 10% | 0.6% | 0.9% |
| Acquisition Expenses | Increase by 10% | -3.2% | NA |
| | Decrease by 10% | 3.2% | NA |
| Mortality / Morbidity | Increase by 5% | -1.5% | -1.2% |
| | Decrease by 5% | 1.5% | 1.2% |
| Tax rate² | Increased to 25% | -5.1% | -9.3% |

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.

Summary of Milliman report on our ALM approach – FY23

| Scope of review | Portfolios reviewed |
|--|---|
| <ul style="list-style-type: none"> 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 | <ul style="list-style-type: none"> Portfolio 1: Savings and Protection – All non-single premium non-par savings contracts and group protection products Portfolio 2: All immediate and deferred annuities |

| Description | Stress scenarios tested | Net asset liability position |
|---|--|------------------------------|
| Interest rate scenarios | Parallel shifts/ shape changes in yield curve within +- 150 bps of March 31 st 2023 Gsec yield curve | Changes by < 5.5% |
| Interest rate + Demographic scenarios | Interest rate variation + changes in future persistency/ mortality experience | Changes by < 9% |
| 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

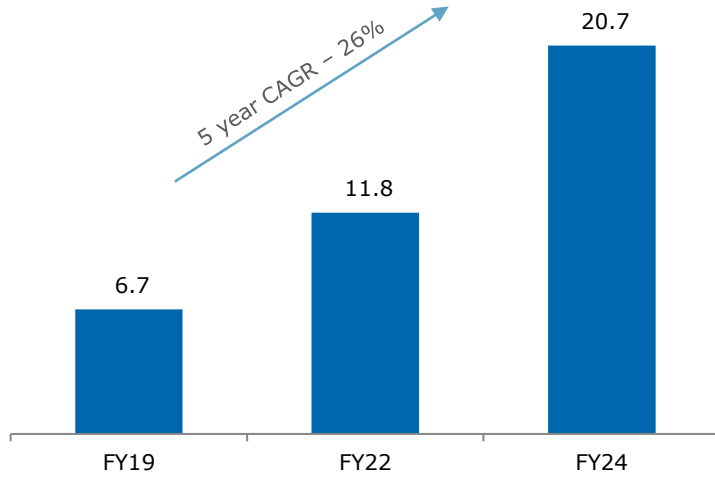
ALM strategy adopted for Portfolios 1 and 2 is appropriate to:

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

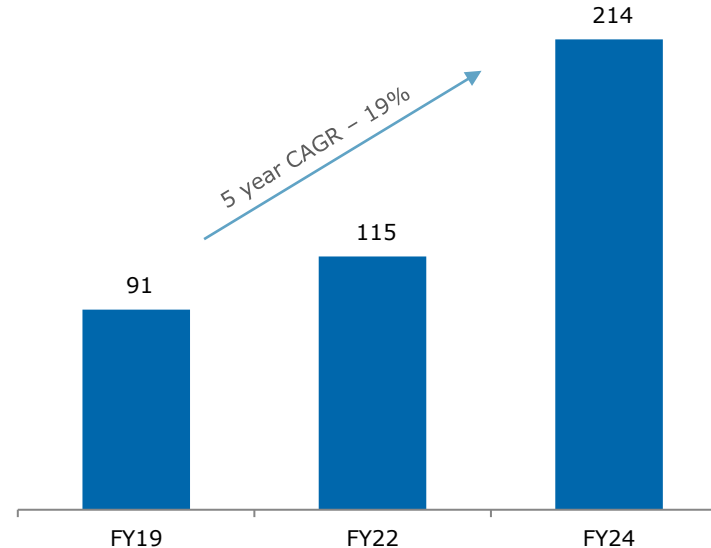
Agency – Scaling up for future growth

Driving sustainable growth through strategic investments

Agency APE (INR billion)



Number of Agents (000's)



Levers for future growth



On-boarding **high performing profiles** - retired govt servants & financial distributors



Higher proportion of **protection and annuity**



Conscious market segmentation **into focus and growth areas**



Deepening penetration in Tier 1 cities **through leadership** in high potential pin codes



Use **AI** to hyper **personalize** product **offerings**



Distribution Mix

| Fiscal Year | Distribution Mix (%) |
|-------------|----------------------|
| FY19 | 13% |
| FY22 | 14% |
| FY24 | 18% |



Fastest growing channel in last 5 years (**3x growth**)



Agency present in **486 tier 2/3 locations**



First ever M&A in India **life insurance** industry



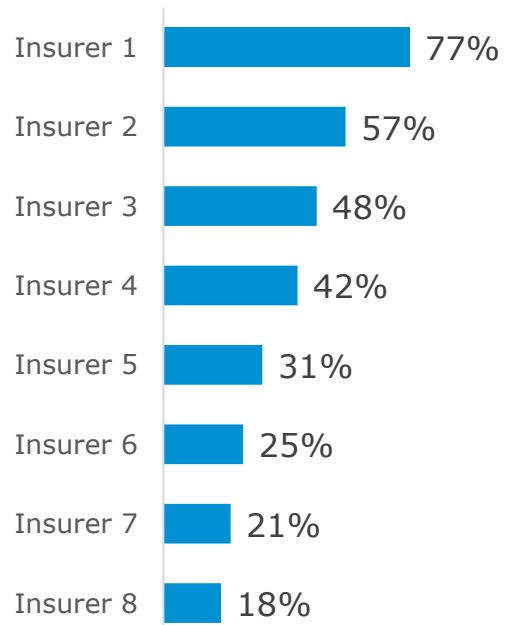
19%¹ increase in MDRT² agents

Focus on increasing awareness across tier 2/3 markets

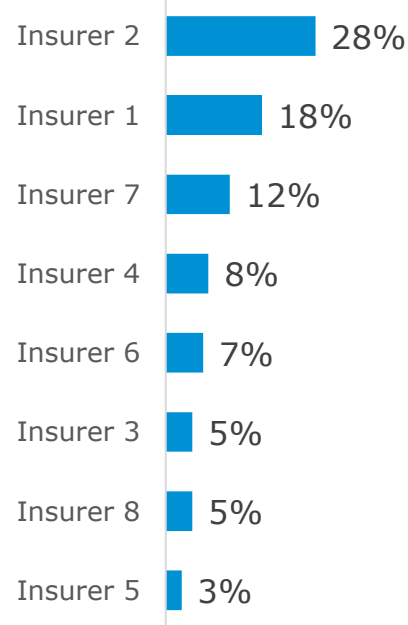
Spontaneous awareness (Private insurers)



Tier 1



Tier 2/3



Focus on category creation and deeper regional connect, supported by large campaigns:



New branch launch - Modular approach

- Announcements, hoardings, regional PR, vernacular collaterals



Educating the audience on category/product/brand

- Customer/Investor connect programs through training institutes, local media



Hyper-localization

- Regional and local festivals, PR
- Promotion through: schools, RWAs¹, traffic barricades



Content amplified through local influencers

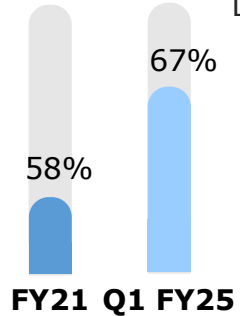
- Tapping the potential of 'social media influencers', to micro-target the audience

— Clearly evident that insurance awareness is far lower in tier 2/3 markets —

The tier 2/3 growth opportunity

Our focus is to deepen our presence in tier 2/3 markets

Contribution of tier 2/3 markets in HDFC Life's APE



On NOP basis, tier 2/3 markets contributed to 3/4th of the business in Q1 FY25



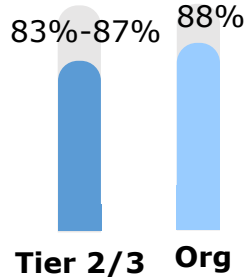
Amongst top 3 brands¹ for tier 2/3 customers



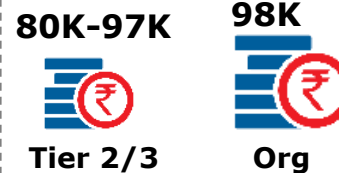
Higher focus on micro markets and increase penetration in tier 2/3 markets

While ensuring that quality of business is maintained

13M persistency closer to org



Tier 2/3 markets' ATS closer to org ATS



APE growth in tier 2/3 markets has outpaced company level growth



Faster NOP growth in tier 2/3 markets in Q1 FY25

And building capacity for future growth



36K+

Partner branches

590+

HDFC Life branches

350+

Partners comprising banks, NBFCs, MFIs, SFBs, brokers, new ecosystem partners



~80% of new agent addition in tier 2/3 markets



Expansion strategy complementary to banca partners' SURU expansion

ESG at a glance

The 5 Pillars of ESG

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

Environment

- Board approved **Environment and Climate Change Policy**
- Climate-related performance disclosed in accordance with the **TCFD** (Taskforce on Climate-related Financial Disclosures) recommendation
- Total Renewable Energy Consumption – **471.9 MWh**
- Recycled / disposed **5.3** tonnes of E-waste, **6.5** tonnes of paper waste and **0.1** tonnes of plastic waste
- GHG emissions (Scope I, II & III): **17,495.38 tCO2e**
- New policies issued in DEMAT format – **30%**

Social

- Wellness and Wellbeing Employee Resource Group (ERG) with **367** members and led by a senior sales leader, promotes employee well-being through weekly programmes on topics including fitness, sessions on parent-child relationships, mental health and women's health.
- Launched **Emotional & Mental Wellbeing Policy** complimenting the Health & Safety Policy, fostering a supportive workplace for employees and their family members
- Women in workforce: **26.9%**
- Average hours of training per FTE: **71.74**
- Employee Satisfaction Score: **85%**
- CSR contribution: **23.22 crore**
- No. of beneficiaries: **16.32 lakh**
- UN SDGs covered: **14 of 17**
- Customer Satisfaction (CSAT) Score: **90.9%**

Governance

- ESG governed by the Board **CSR & ESG Committee** and driven by the **ESG Management Committee** and cross functional teams
- **ESG Governance Committee** constituted under the investment team for integration of ESG factors in the fund management process and engagement with the investee companies
- **Responsible Investment (RI) & Stewardship Policy** for integrating ESG issues into investment decisions and engaging with the investee companies respectively
- **Asset classes covered under RI:** Equity and equity-related securities, Alternate Investment Funds (AIFs), Investment Trusts and Corporate Bonds
- Our '**Sustainable Equity Fund**' which provides a dedicated avenue for conscious investors grew by more than **50%** in FY 2023-24

Our MSCI ESG Rating was upgraded from '**BBB**' to '**A**' highlighting our strong ESG focus and commitment

HDFC Life won the '**Golden Peacock Award**' for Excellence in Corporate Governance 2023

Click here:

[HDFC Life Sustainability Factsheet](#)

[HDFC Life Q1 FY25 ESG Deck](#)

Financial and operational snapshot (1/2)

Rs bn.

| | Q1 FY25 | Q1 FY24 | Growth | FY24 | FY23 | FY22* |
|---|---------|---------|--------|---------|---------|---------|
| <i>New Business Premium (Incl. + Group)</i> | 64.0 | 58.7 | 9% | 296.3 | 290.9 | 241.5 |
| <i>Renewal Premium (Incl. + Group)</i> | 64.1 | 58.0 | 10% | 334.5 | 284.5 | 218.1 |
| Total Premium | 128.1 | 116.7 | 10% | 630.8 | 575.3 | 459.6 |
| Individual APE | 24.7 | 18.8 | 31% | 115.1 | 114.0 | 81.7 |
| Overall APE | 28.7 | 23.3 | 23% | 132.9 | 133.4 | 97.6 |
| Profit after Tax | 4.8 | 4.2 | 15% | 15.7 | 13.6 | 12.1 |
| - Policyholder Surplus | 2.6 | 2.1 | 23% | 6.7 | 5.9 | 4.4 |
| - Shareholder Surplus | 2.2 | 2.0 | 7% | 8.9 | 7.7 | 7.7 |
| Dividend Paid | - | - | N/A | 4.1 | 3.6 | 4.1 |
| Assets Under Management | 3,102.4 | 2,533.0 | 22% | 2,922.2 | 2,387.8 | 2,041.7 |
| Indian Embedded Value | 496.1 | 418.4 | 19% | 474.7 | 395.3 | 300.5 |
| Net Worth ⁽¹⁾ | 146.8 | 133.9 | 10% | 142.0 | 129.7 | 154.0 |
| NB (Individual and Group segment) lives insured (Mn.) | 13.9 | 16.4 | -15% | 66.0 | 68.5 | 54.1 |
| No. of Individual Policies (NB) sold (In '000s) | 253.1 | 206.9 | 22% | 1,166.0 | 1,054.1 | 915.1 |

1. Comprises share capital, share premium and accumulated profits/(losses)

*Numbers exclude Exide Life

Note: Numbers may not add up due to rounding off

Financial and operational snapshot (2/2)

| | Q1 FY25 | Q1 FY24 | FY24 | FY23 | FY22* |
|---|-----------------------------|--------------|--------------|--------------|--------------|
| Overall New Business Margins (post overrun) | 25.0% | 26.2% | 26.3% | 27.6% | 27.4% |
| Operating Return on EV | 15.5% | 16.0% | 17.5% | 19.7% | 16.6% |
| Total Expenses (OpEx + Commission) / Total Premium | 21.4% | 19.8% | 19.4% | 19.8% | 16.5% |
| Return on Equity | ⁽¹⁾ 13.2% | 12.6% | 11.5% | 11.9% | 10.1% |
| Solvency Ratio | ⁽²⁾ 186% | 200% | 187% | 203% | 176% |
| Persistency (13M / 61M) | 88%/56% | 87%/53% | 87%/53% | 87%/52% | 87%/54% |
| Individual WRP Market Share (%) | 17.1% | 16.4% | 15.4% | 16.5% | 14.8% |
| Business Mix (%) | | | | | |
| - Product (UL/Non par savings/Annuity/Non par protection/Par) | ⁽³⁾ 38/35/5/6/16 | 25/33/9/6/26 | 35/30/6/5/23 | 19/45/5/4/27 | 26/33/5/6/30 |
| - Indl Distribution (CA/Agency/Broker/Direct) | ⁽³⁾ 65/17/7/11 | 61/20/8/12 | 65/18/6/11 | 56/20/11/13 | 60/14/6/19 |
| - Total Distribution (CA/Agency/Broker/Direct/Group) | ⁽⁴⁾ 26/8/3/13/51 | 21/7/3/12/57 | 27/8/3/12/50 | 25/9/4/13/49 | 24/6/2/16/52 |
| - Share of protection business (Based on Indl APE) | 6.0% | 6.1% | 5.1% | 4.1% | 5.6% |
| - Share of protection business (Based on Overall APE) | 14.4% | 18.3% | 13.3% | 13.3% | 13.6% |
| - Share of protection business (Based on Overall NBP) | 31.9% | 36.7% | 32.1% | 29.0% | 24.0% |

1. Calculated using net profit and average net worth for the period (Net worth comprises Share capital, Share premium and Accumulated profits). Opening net worth for FY23 has been adjusted in line with the scheme of merger approved by the court

2. Excludes impact of proposed final dividend of Rs 4.3 bn, to be paid in Q2 FY25 (subject to shareholders' approval)

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

*Numbers exclude Exide Life



Consistent track record of maximising shareholder value

Rs bn

| | FY24 | FY23 | FY22 | FY21 | FY20 | FY19 | FY18 | FY17 | FY16 | FY 20-24 CAGR | FY 16-24 CAGR |
|-----------------------------|-------|-------|--------------------|-------|-------|-------|-------|-------|-------|---------------|---------------|
| Value of new business (VNB) | 35.0 | 36.7 | 26.8 | 21.9 | 19.2 | 15.4 | 12.8 | 9.2 | 7.4 | 16% | 21% |
| Operating variances | 1.5 | 1.6 | -4.9 ¹ | 0.8 | 1.5 | 1.4 | 2.0 | 2.1 | 3.1 | | |
| Embedded Value ² | 474.7 | 395.3 | 300.5 | 266.2 | 206.5 | 183.0 | 152.2 | 124.7 | 102.3 | 23% | 21% |
| Value in-force (VIF) | 329.4 | 267.5 | 211.9 | 176.3 | 134.6 | 124.3 | 103.6 | 83.3 | 69.5 | 25% | 21% |
| Operating ROEV ³ | 17.5% | 19.7% | 16.6% ¹ | 18.5% | 18.1% | 20.1% | 21.5% | 21.7% | 20.7% | | |



Healthy VNB accretion driven by strong top-line growth and margin expansion



Predictable outcomes over longer time frames



Steady ROEV across multiple time periods, reflecting sustainable performance



Significant value creation through consistent compounding of EV and VIF across multiple time periods



Experience in-line with assumptions, resulting in negligible operating variances



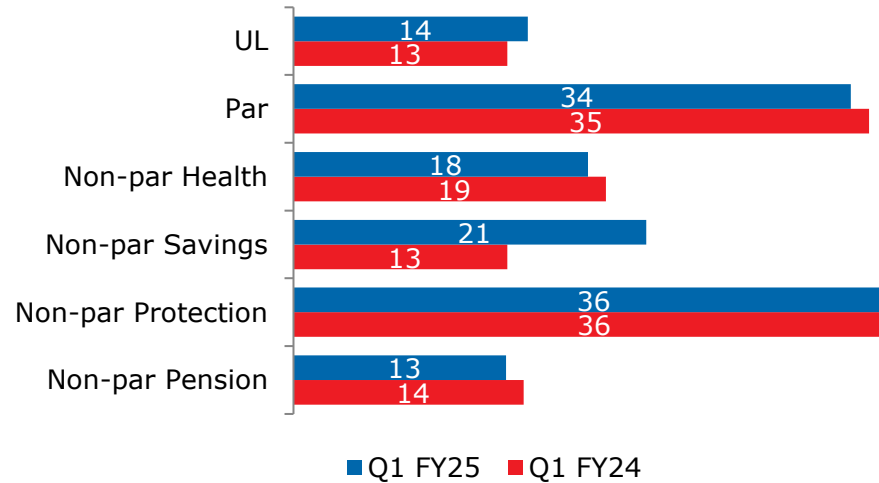
Strong focus on **balancing profitability and risk management**

1. FY22 operating variance includes excess mortality impact due to Covid-19
2. Closing EV for the respective fiscal year
3. Operating ROEV is calculated as annual EVOP (Embedded Value Operating Profit) to Opening EV

Segment wise average term and age¹

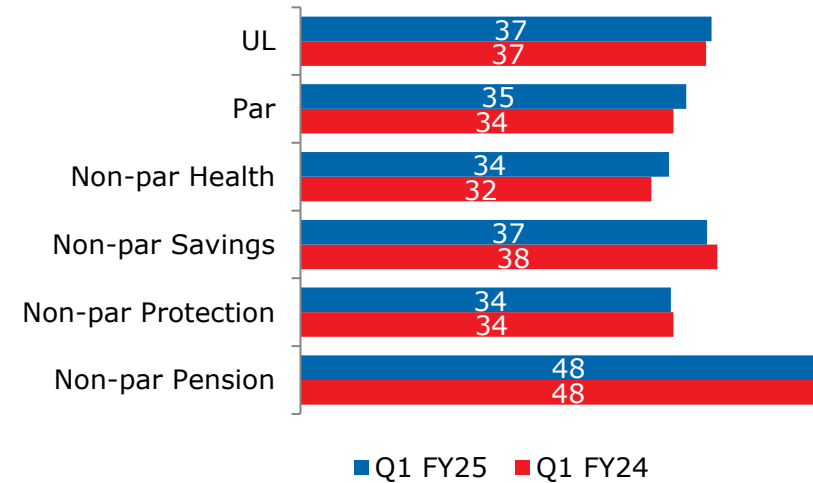
Average Policy Term (Yrs)

Q1 FY25: 23.5 (Q1 FY24: 22.8)



Average Customer Age (Yrs)

Q1 FY25: 36.4 (Q1 FY24: 36.0)



- Focus on long term insurance solutions, reflected in longer policy tenures
- Extensive product solutions catering customer needs across life cycles from young age to relatively older population

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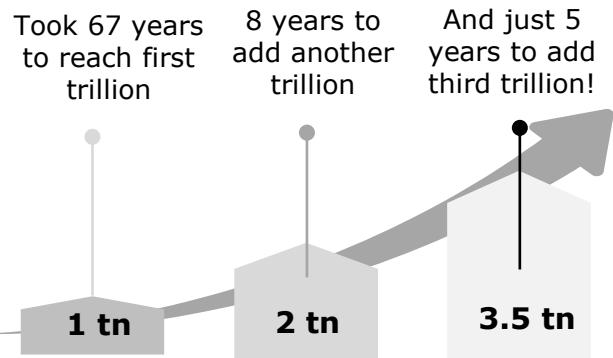
Life insurance in India



India – poised for sustainable growth

Fifth largest and fastest growing economy

India's GDP (in USD)¹



Demographic dividend- youngest economy¹

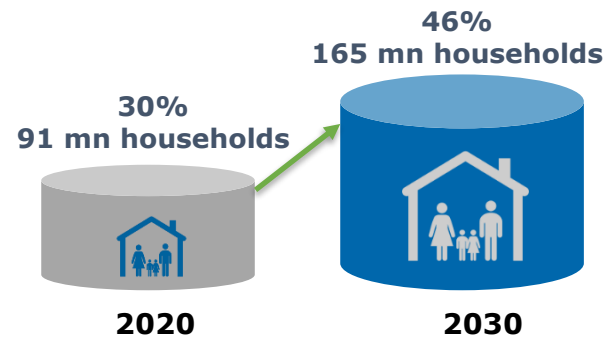


“At average age of 29 years, India to remain the youngest economy till 2070”

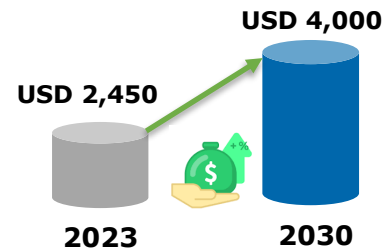
India surpassed FY24 growth expectations, growing by 8.2%. Expected to be third largest economy by 2030²

Rising affluence

India's middle income segment as % of all households³



India's per capita income



India's per capita income is likely to grow by nearly 70% by 2030⁴

Investment in physical and digital building blocks to further drive growth



1.45 lakh kms

- Total length of National Highways, an increase of 59% in past 9 years⁴
- 2nd largest road network after USA



134 bn

- Transactions worth Rs ~2 trn processed via UPI in FY24, relatively growth in tier 2 and 3



- Total PLI outlay of >\$26bn
- Capex distributed evenly across sectors and geographies⁵



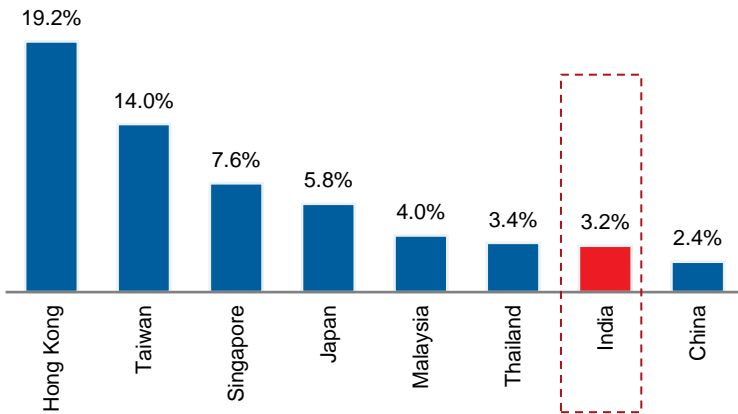
- GFCF⁶ to be >30% over the next 5 years⁵
- Bank credit to be 60% of GDP by FY30 from 50% currently⁵

The government will boost capital investment outlay by 33% to \$120bn in FY24

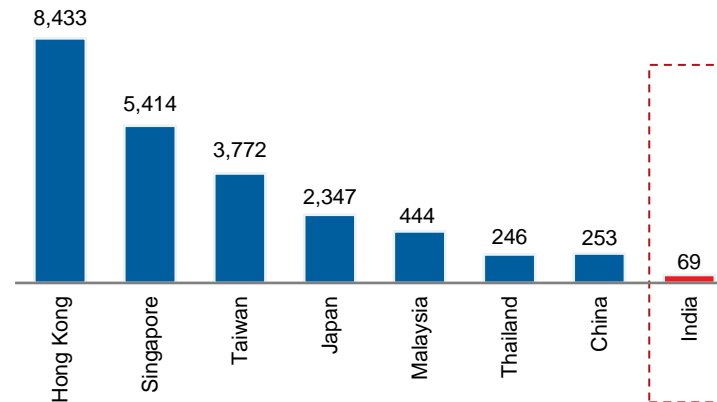
1. Invest India
2. MoSPI; S&P Global Market Intelligence
3. People Research on India's Consumer Economy (PRICE); average size of an household is 4.4 as in 2021
4. Standard Chartered Bank
5. CLSA, NDTV Profit
6. Gross Fixed Capital Formation

Growth opportunity: Under-penetration and favorable demographics

Life Insurance penetration¹ (FY 2022)

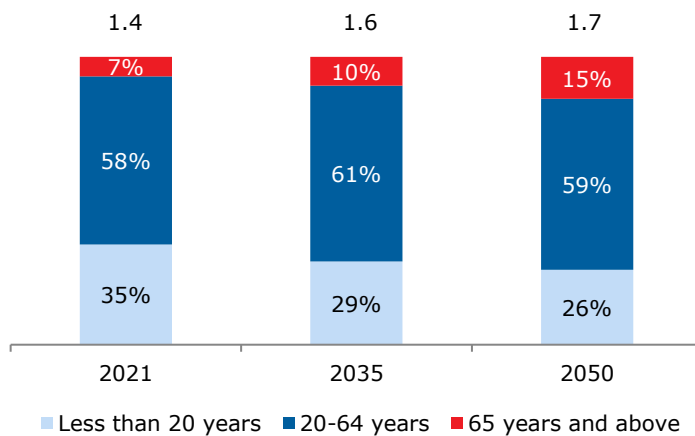


Life Insurance density US\$² (FY 2022)

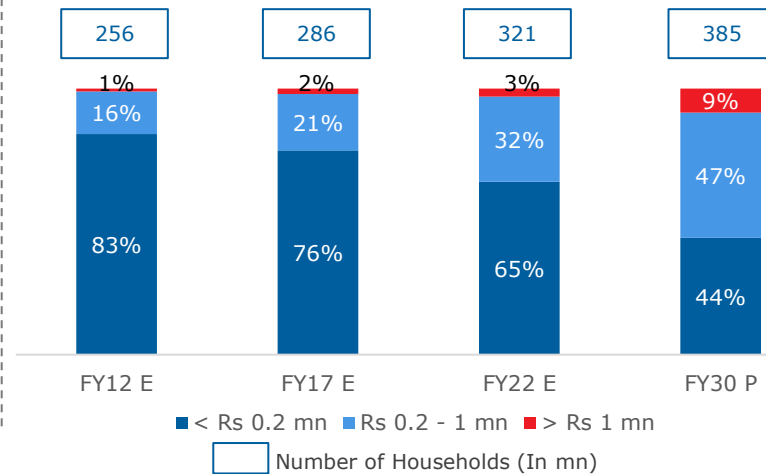


- India remains vastly under-insured, both in terms of penetration and density
- Huge opportunity to penetrate the underserved segments, with evolution of the life insurance distribution model

Population composition (bn)



Household distribution by income



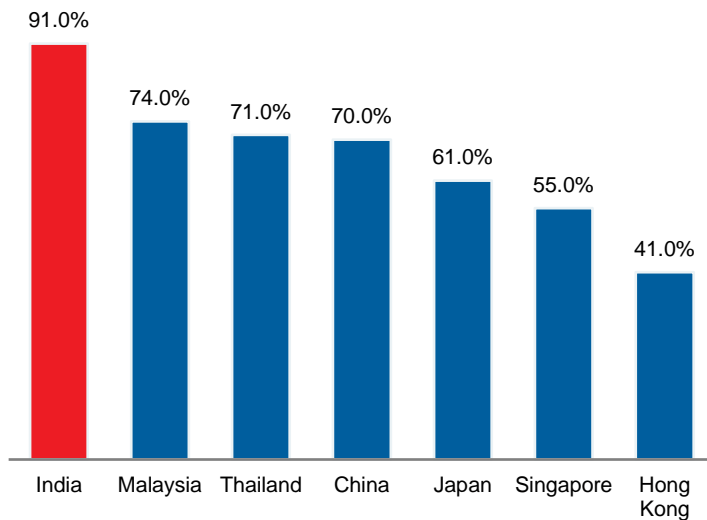
- India's insurable population estimated to be at ~1 bn by 2035
- Number of middle income households is expected to almost double to 181 mn between FY22 and FY30
 - High proportion of this increase is expected to come from semi-urban and rural areas

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 (2022), CRISIL "The big shift in financialization" report 2022

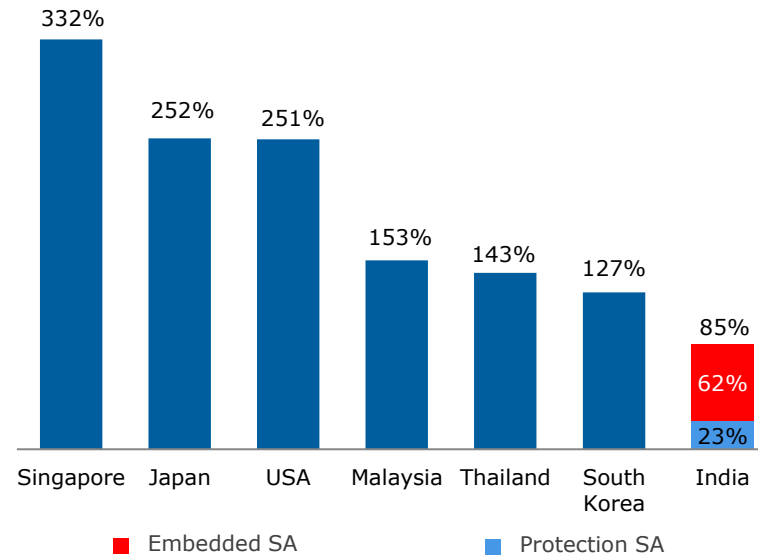
Low levels of penetration: Life protection

Protection gap (2019)¹



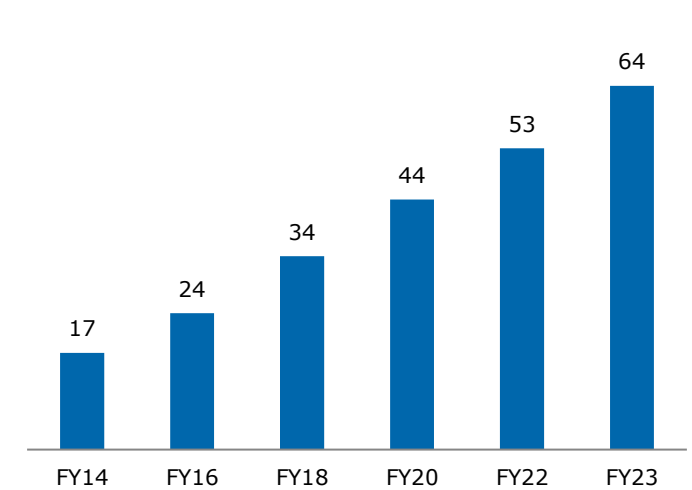
- India has the highest protection gap in the region
- Savings and life insurance coverage growth lagged economic and wage growth
- Protection gap growth rate to grow at ~4% per annum

Sum Assured as a % of GDP²



- 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 loans³ (Rs Tn.)

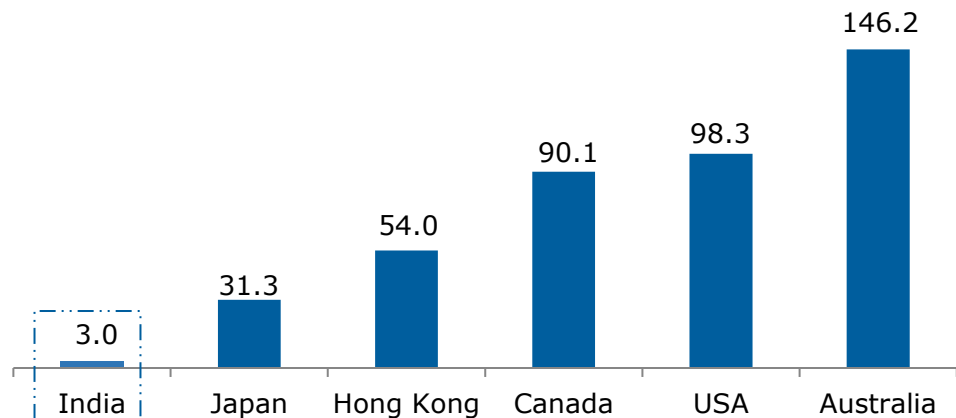


- Retail credit has grown at a CAGR of 16% over last 10 years
- Credit life need would be spurred by:
 - increasing retail indebtedness
 - Increasing attachment rates
 - Increasing value penetration,
 - Growing lines of business

1. Swiss Re. India's protection gap is as of CY22
 2. Jefferies "Composite Insurance License in India: Taking a Leaf from Global Experience" report 2022
 3. Kotak institutional equities

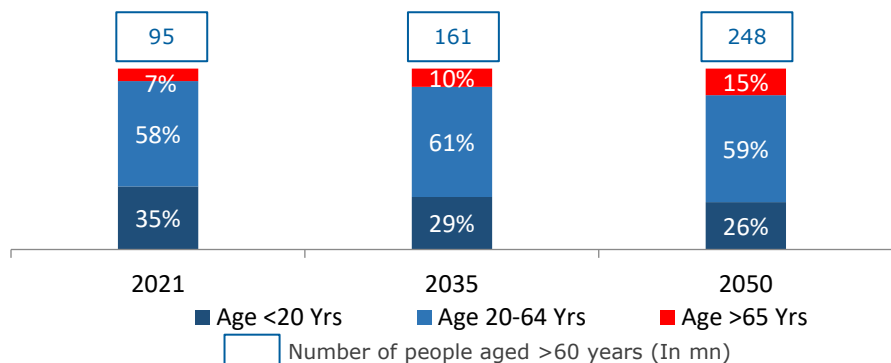
Macro opportunity: Retiral solutions

India's pension market is under-penetrated at 3%¹ of GDP

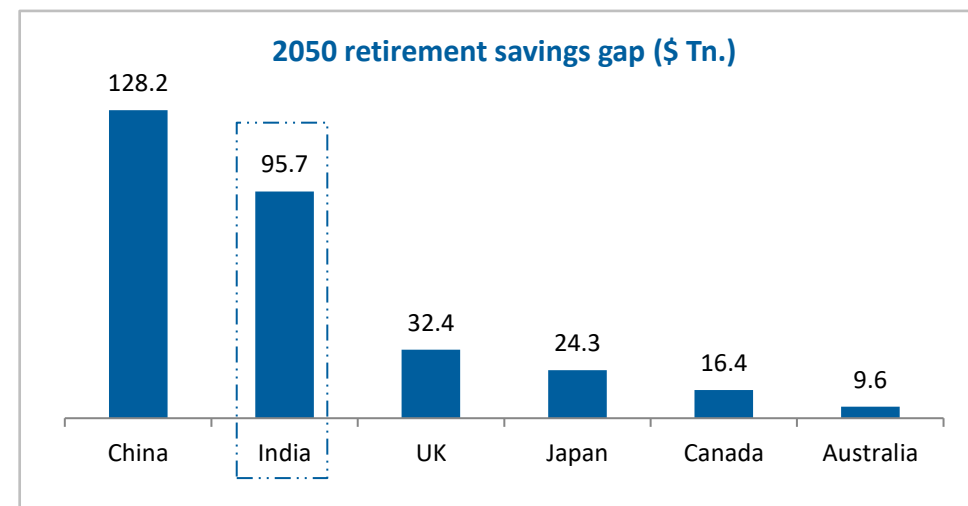


Elderly population is expected to increase 2.5x by 2050

Ageing population



India's retirement savings gap² to grow annually by 10% to reach ~\$96Tn in 2050

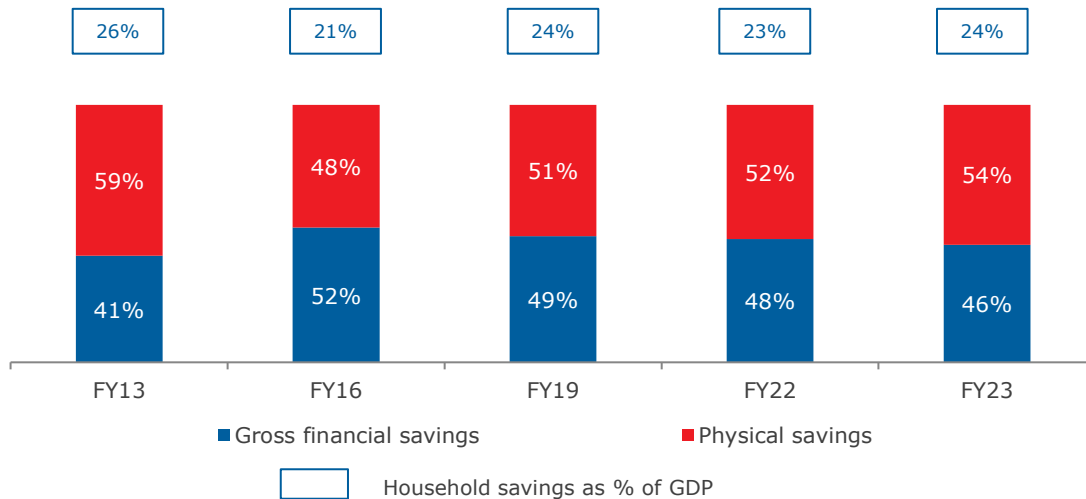


- Improvements in life expectancy will lead to an average post-retirement period of 20 years
- Average household size has decreased from 4.6 in 2001 to 3.9 in 2018
- Total Pension AUM is expected to grow to Rs 118 Tn by 2030 (about 1/4th accounted by NPS)
- Mandatory schemes to increase coverage for both unorganized and organized sectors

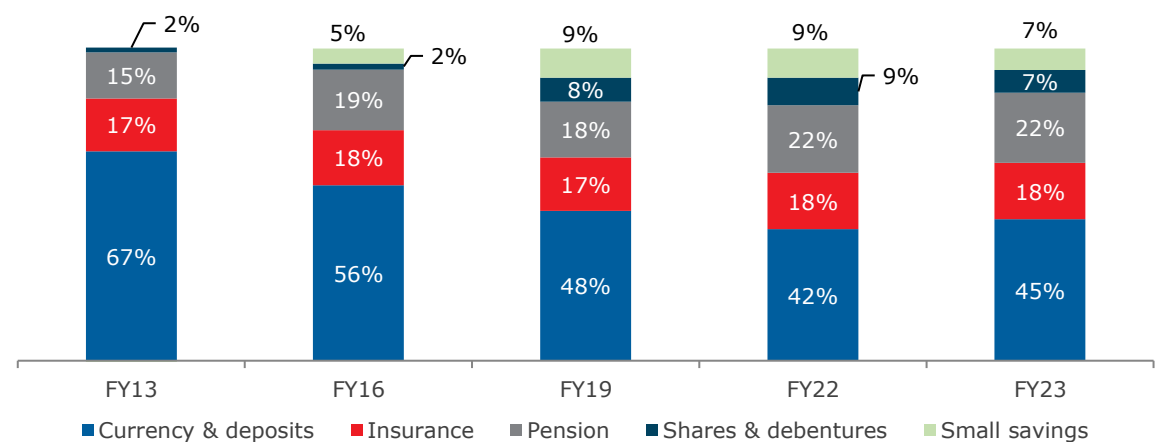
Source: Swiss Re: A Retirement lifeline (2023), OECD (2021), Milliman Asia Retirement Report 2017, Survey by NSSO, MoSPI, United Nations World Populations Prospects Report (2022)
 1. Comprising pension assets / funds
 2. Retirement savings gap = Desired retirement income (i.e. 70% of pre-retirement annual income) - Actual income (i.e. social security benefits + employer benefits + personal savings)

Life Insurance: A preferred savings instrument

Household savings composition



Financial savings mix

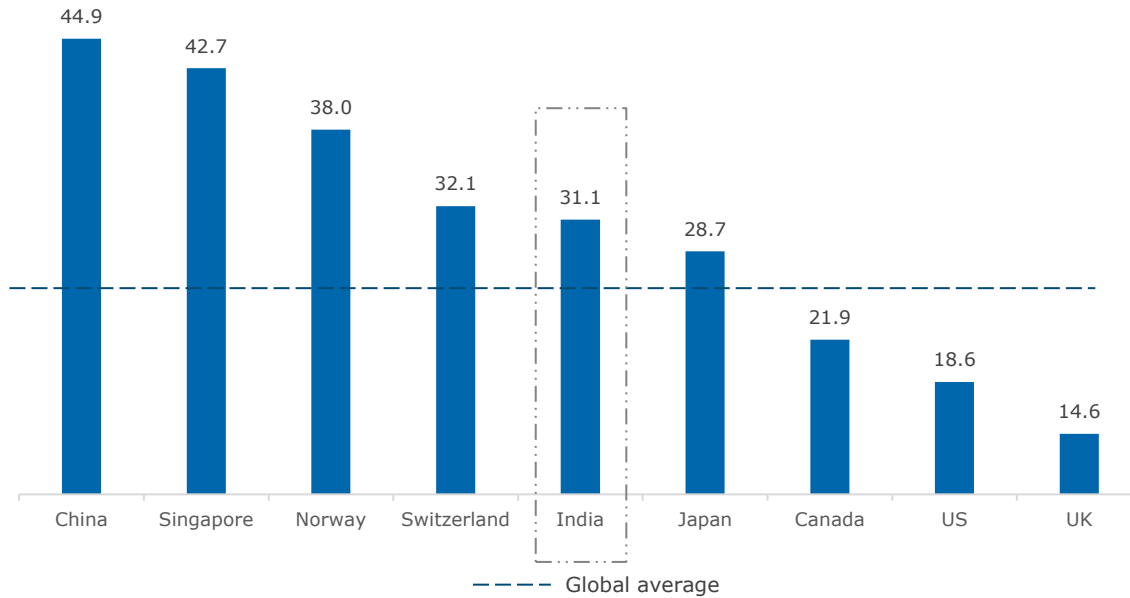


- Increasing preference towards financial savings with increasing financial literacy within the population
 - Within financial savings, allocations have shifted towards non-banks from banks
 - Pension & insurance have witnessed steady AUM growth over the last decade
- Various government initiatives to 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

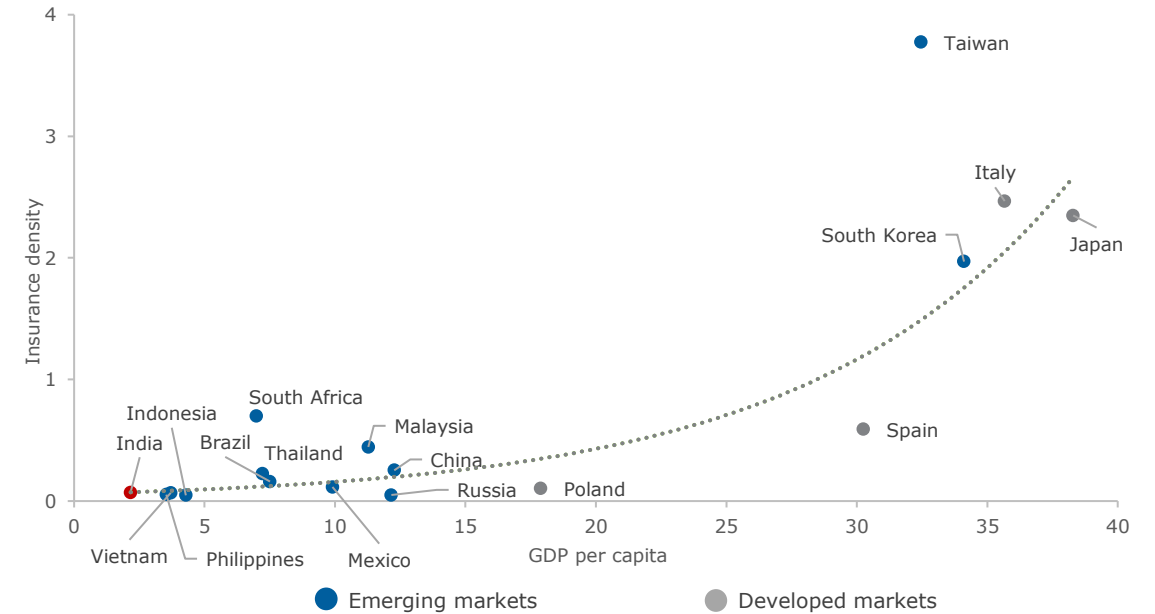
Source: Goldman Sachs: Changing contours of Indian household savings (May '24), Motilal Oswal Financial Savings Update Sep '23, RBI Annual Report, Invest India

Indian savings in the global context

India's gross savings is higher than global average¹



Insurance density is likely to rise with income levels²

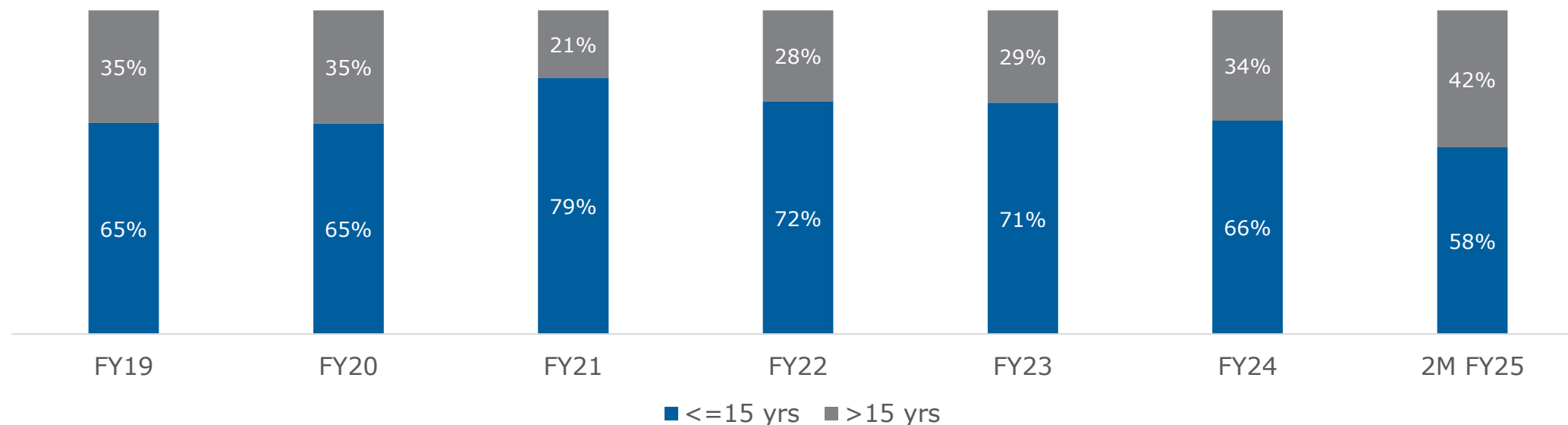


- Increase in financial literacy, financial inclusion and increase in digital infrastructure has accelerated financialization of Indian household savings
- As a result, allocations have shifted into retirement savings, capital markets and insurance
- Yet, there is scope for higher allocation of household savings towards insurance, given rising income levels

Government bond auctions

Government Bonds – Tenorwise Issuance

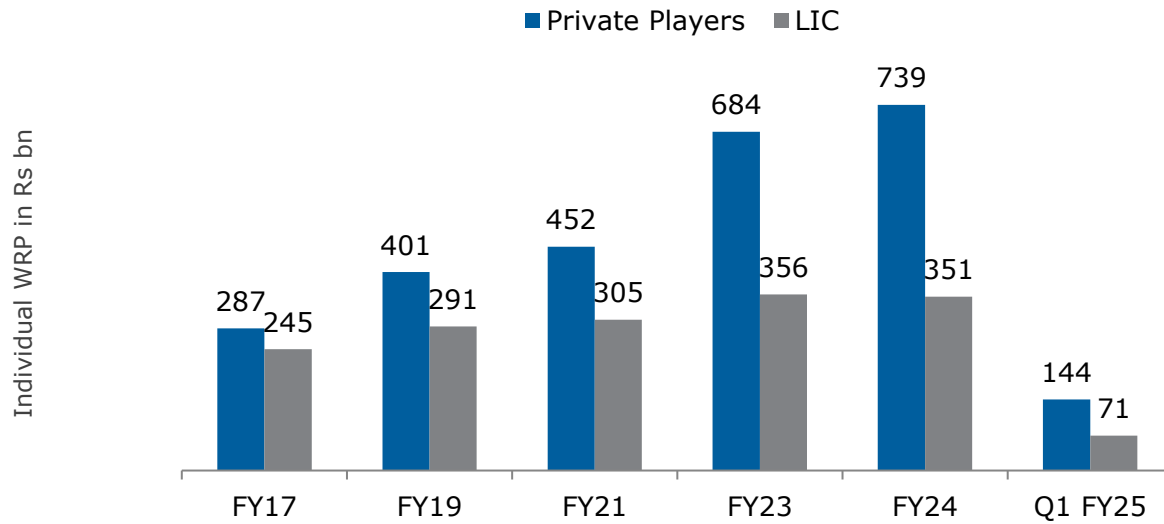
Rs cr



| | FY19 | FY20 | FY21 | FY22 | FY23 | FY24 | 2M FY25 |
|----------|----------|----------|-----------|-----------|-----------|-----------|----------|
| <=15 yrs | 3,82,941 | 4,44,000 | 10,01,835 | 8,48,000 | 10,04,000 | 9,28,000 | 1,34,000 |
| >15 yrs | 2,04,000 | 2,38,000 | 2,65,575 | 3,31,000 | 4,01,000 | 4,80,000 | 98,000 |
| Total | 5,86,941 | 6,82,000 | 12,67,410 | 11,79,000 | 14,05,000 | 14,08,000 | 2,32,000 |

- 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 FY25 is at Rs 14.1 trillion

Industry new business trends



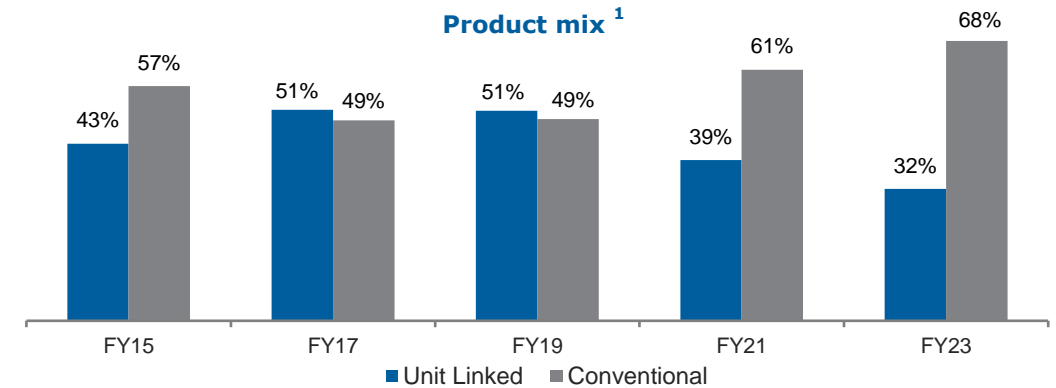
Private players Market share

| | | | | | |
|------|------|------|------|------|---------|
| FY17 | FY19 | FY21 | FY23 | FY24 | Q1 FY25 |
| 54% | 58% | 60% | 66% | 68% | 67% |

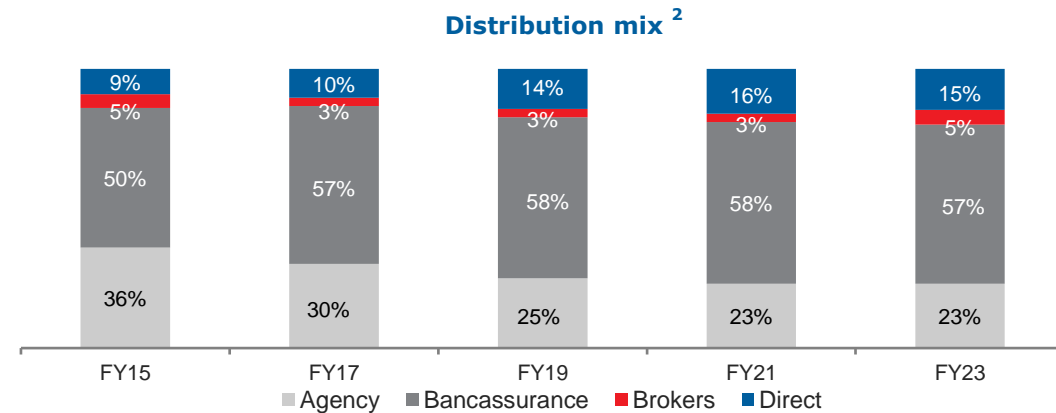
| Growth % | Private | LIC | Overall |
|----------|---------|-----|---------|
| FY17 | 26% | 15% | 21% |
| FY19 | 12% | 5% | 9% |
| FY21 | 8% | -3% | 3% |
| FY23 | 24% | 9% | 19% |
| FY24 | 8% | -1% | 5% |
| Q1 FY25 | 24% | 12% | 20% |

- 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

Product mix ¹



Distribution mix ²



- 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

Source: IRDAI and Life Insurance Council;
 1. Based on Overall WRP (Individual and Group) for all private players
 2. Based on Individual New business premia for all private players

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Thank You



FY24 Annual Report



FY24 ESG Report



Q1 FY25 ESG Deck



Sustainability Factsheet

