July 21, 2023

Ref. No: HDFC Life/CA/2023-24/39

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, 2023.

This is for your information and appropriate dissemination.

Thanking you,

For HDFC Life Insurance Company Limited

Narendra Gangan
General Counsel, Chief Compliance Officer & Company Secretary

Encl.: As above
Value of new business grew by 18% aided by robust premium (APE) growth of 13%; Overall market share (Individual WRP) expansion to 10.6%

- Private market share of 16.4% compared to 15.8% last year
- Retail protection APE up by 45%
- Strong PAT growth of 15% to Rs 415 crore
- 34% growth in number of lives covered; 73% growth in sum assured
- Indian Embedded Value at Rs 41,843 crore
- AUM crossed Rs 2.5 lakh crore in Q1 FY24
- Declared highest ever bonus of Rs 3,660 crore to more than 23 lakh policyholders

Mumbai, July 21, 2023: The Board of Directors of HDFC Life approved and adopted today the audited standalone and reviewed consolidated financial results for the quarter ended June 30, 2023. Below is the summary of our standalone results:

Commenting on the performance for the quarter ended June 30, 2023, Ms. Vibha Padalkar, MD & CEO said

“We are happy to report that the merger of HDFC Limited with HDFC Bank has been successfully completed and that we are now a subsidiary of HDFC Bank. HDFC Bank now holds 50.4% in HDFC Life. Our focus is on strengthening our partnership with HDFC Bank, enhancing collaboration, and maximizing customer engagement within our group.

We closed the quarter with a robust growth of 12% in individual WRP, which was 1.5x of private industry, despite coming off a strong March. Over the last 4 years, despite facing open architecture and intense competition from unlisted insurers, our market share has steadily increased from 12.5% in FY19 to 16.5% in FY23 in the private sector and 7.2% to 10.8% at an overall industry level.

We covered more than 2 lakh lives in retail policies and 1.6 cr lives overall in Q1FY24, a growth of 8% and 34% respectively, over Q1FY23. Retail sum assured recorded an increase of 55% and overall sum assured 73%, and our overall market share in Q1FY24 was 16.9%. We feel privileged to have led the way in helping bridge the protection gap in the country by being the market leader in terms of total sum assured.

Retail protection trends remain encouraging with YoY growth of 45% in Q1FY24. While the growth is accentuated by a favourable base, we do believe that the pickup in protection is sustainable and the growth is likely to be healthy for the year.

The board has recommended a dividend of Rs 1.90 per share aggregating to a pay-out of Rs. 408 crores subject to approval by our shareholders.
We are proud to be recognized as one of India’s top 10 best companies to work for by Great Place to Work. We are the only insurance company to receive this recognition, which is a testament to our unwavering commitment to creating a people-centric workplace.

While we remain optimistic about growth opportunities in the life insurance sector, our vision extends beyond just business growth. Following a customer centric approach, we remain steadfast in our mission to insure India and ensure financial security for families and individuals across the nation. We believe that widespread financial protection is a crucial aspect of economic growth, and we are enthusiastic about collaborating with our regulator to contribute meaningfully to this collective effort.”

**Key Financial Summary**

<table>
<thead>
<tr>
<th>Key Financial and Actuarial Metrics</th>
<th>Q1 FY24</th>
<th>Q1 FY23*</th>
<th>YoY</th>
<th>FY23*</th>
<th>FY22</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual APE</td>
<td>1,882</td>
<td>1,685</td>
<td>12%</td>
<td>11,401</td>
<td>8,168</td>
</tr>
<tr>
<td>Total APE</td>
<td>2,328</td>
<td>2,064</td>
<td>13%</td>
<td>13,336</td>
<td>9,758</td>
</tr>
<tr>
<td>New Business Premium (Indl + Group)</td>
<td>5,869</td>
<td>4,949</td>
<td>19%</td>
<td>29,085</td>
<td>24,155</td>
</tr>
<tr>
<td>Renewal Premium (Indl + Group)</td>
<td>5,804</td>
<td>5,100</td>
<td>14%</td>
<td>28,448</td>
<td>21,808</td>
</tr>
<tr>
<td>Total Premium</td>
<td>11,673</td>
<td>10,050</td>
<td>16%</td>
<td>57,533</td>
<td>45,963</td>
</tr>
<tr>
<td>Assets Under Management</td>
<td>2,53,301</td>
<td>2,13,405</td>
<td>19%</td>
<td>2,38,782</td>
<td>2,04,170</td>
</tr>
<tr>
<td>Profit After Tax</td>
<td>415</td>
<td>361</td>
<td>15%</td>
<td>1,360</td>
<td>1,208</td>
</tr>
<tr>
<td>Indian Embedded Value</td>
<td>41,843</td>
<td>32,471</td>
<td>29%</td>
<td>39,527</td>
<td>32,958</td>
</tr>
<tr>
<td>Value of new business</td>
<td>610</td>
<td>518 1</td>
<td>18%</td>
<td>3,674</td>
<td>2,675</td>
</tr>
<tr>
<td>Total Protection based on Total APE</td>
<td>427</td>
<td>353</td>
<td>21%</td>
<td>1,776</td>
<td>1,325</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Key Financial Ratios</th>
<th>Q1 FY24</th>
<th>Q1 FY23*</th>
<th>FY23*</th>
<th>FY22</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Business Margins</td>
<td>26.2%</td>
<td>25.1% 1</td>
<td>27.6%</td>
<td>27.4%</td>
</tr>
<tr>
<td>Operating Return on EV</td>
<td>16.0%</td>
<td>15.7%</td>
<td>19.7%</td>
<td>16.6%</td>
</tr>
<tr>
<td>Total Expenses / Total Premium</td>
<td>19.8%</td>
<td>19.6%</td>
<td>14.8%</td>
<td>12.3%</td>
</tr>
<tr>
<td>Solvency Ratio</td>
<td>200%</td>
<td>183%</td>
<td>203%</td>
<td>176%</td>
</tr>
<tr>
<td>13M / 61M Persistency</td>
<td>87%/53%</td>
<td>87%/52%</td>
<td>87%/52%</td>
<td>87%/54%</td>
</tr>
<tr>
<td>Market share</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Individual WRP</td>
<td>16.4%</td>
<td>15.8%</td>
<td>16.5%</td>
<td>14.8%</td>
</tr>
<tr>
<td>Overall new business premium</td>
<td>21.3%</td>
<td>19.7%</td>
<td>21.1%</td>
<td>21.0%</td>
</tr>
<tr>
<td>Product mix by Indl APE (UL / Non par savings /Annuity/ Protection / Par)</td>
<td>25/33/9/6/26</td>
<td>23/34/6/5/33</td>
<td>19/45/5/4/27</td>
<td>26/33/5/6/30</td>
</tr>
</tbody>
</table>
Distribution mix by Indl APE (Corp Agents/Agency/ Broker/ Direct)  

<table>
<thead>
<tr>
<th></th>
<th>61/20/8/12</th>
<th>52/19/8/21</th>
<th>56/20/11/13</th>
<th>60/14/6/19</th>
</tr>
</thead>
</table>

Notes: Percentages may not add up due to rounding off effect
1. VNB and NBM for the pre-merger entity (excl. Exide Life) in Q1 FY23 was Rs 510 Cr and 26.8% respectively
*Numbers are on a merged basis

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**

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 Bank Ltd, 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.
## Executive summary: Q1 FY24

### Revenue & Scale

<table>
<thead>
<tr>
<th></th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual WRP</td>
<td>12%</td>
</tr>
<tr>
<td>Market Share</td>
<td>16.4%</td>
</tr>
<tr>
<td>Renewal premium</td>
<td>Rs (Bn.) 58.0</td>
</tr>
<tr>
<td></td>
<td>Growth 14%</td>
</tr>
<tr>
<td>AUM</td>
<td>Rs (Bn.) 2,533</td>
</tr>
<tr>
<td></td>
<td>Growth 19%</td>
</tr>
<tr>
<td>IEV</td>
<td>Rs (Bn.) 418.4</td>
</tr>
<tr>
<td></td>
<td>EVOP 16.0%</td>
</tr>
</tbody>
</table>

### Profitability & Cost

<table>
<thead>
<tr>
<th></th>
<th>CY</th>
<th>PY</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Business Margin (NBM)</td>
<td>26.2%</td>
<td>25.1%</td>
</tr>
<tr>
<td>VNB</td>
<td>Rs (Bn.) 6.1</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Growth 18%</td>
<td></td>
</tr>
<tr>
<td>Profit After Tax (PAT)</td>
<td>Rs (Bn.) 4.2</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Growth 15%</td>
<td></td>
</tr>
<tr>
<td>Total exp. ratio²</td>
<td>CY</td>
<td>19.8%</td>
</tr>
<tr>
<td></td>
<td>PY</td>
<td>19.6%</td>
</tr>
</tbody>
</table>

### Customer & Capital

<table>
<thead>
<tr>
<th></th>
<th>CY</th>
</tr>
</thead>
<tbody>
<tr>
<td>13th month persistency</td>
<td>87%</td>
</tr>
<tr>
<td>Claim settlement ratio (FY23)</td>
<td>Overall 99.6%</td>
</tr>
<tr>
<td></td>
<td>Individual 98.7%</td>
</tr>
<tr>
<td>Complaints per 10K policies³</td>
<td>FY23 35</td>
</tr>
<tr>
<td></td>
<td>FY22 25</td>
</tr>
<tr>
<td>Solvency⁴</td>
<td>Jun’23 200%</td>
</tr>
<tr>
<td></td>
<td>Mar’23 203%</td>
</tr>
</tbody>
</table>

1. VNB and NBM for the pre-merger entity (excl. Exide Life) in Q1 FY23 was Rs 5.1 Bn and 26.8% respectively
2. Total Expense Ratio is calculated as total expenses (including commission) divided by total premium
3. Complaints data (excluding survival and death claims). Complaints per 10K policies on merged basis for FY22: 40
4. Excludes impact of proposed final dividend of Rs 4.1 bn, to be paid in Q2 FY24 (subject to shareholders’ approval)

Note: Q1 FY23 metrics across the presentation are on a merged basis and comparable to Q1 FY24 metrics
Agenda

1. Performance Snapshot
2. Business Overview
3. Other Business Highlights
4. Life insurance in India
Consistent, predictable, sustained performance

### Holistic growth

#### New business premium

<table>
<thead>
<tr>
<th></th>
<th>FY15</th>
<th>FY19</th>
<th>FY23</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rs bn</td>
<td>55</td>
<td>150</td>
<td>291</td>
</tr>
</tbody>
</table>

#### Renewal premium

<table>
<thead>
<tr>
<th></th>
<th>FY15</th>
<th>FY19</th>
<th>FY23</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rs bn</td>
<td>93</td>
<td>142</td>
<td>284</td>
</tr>
</tbody>
</table>

#### Protection new business

<table>
<thead>
<tr>
<th></th>
<th>FY15</th>
<th>FY19</th>
<th>FY23</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rs bn</td>
<td>6.6</td>
<td>40.4</td>
<td>84.4</td>
</tr>
</tbody>
</table>

#### Annuity new business

<table>
<thead>
<tr>
<th></th>
<th>FY15</th>
<th>FY19</th>
<th>FY23</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rs bn</td>
<td>3.2</td>
<td>25.9</td>
<td>57.7</td>
</tr>
</tbody>
</table>

#### AUM

<table>
<thead>
<tr>
<th></th>
<th>Mar 31, 2015</th>
<th>Mar 31, 2019</th>
<th>Mar 31, 2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rs bn</td>
<td>670</td>
<td>1,256</td>
<td>2,388</td>
</tr>
</tbody>
</table>

#### 13M persistency

<table>
<thead>
<tr>
<th></th>
<th>FY15</th>
<th>FY19</th>
<th>FY23</th>
</tr>
</thead>
<tbody>
<tr>
<td>%</td>
<td>73%</td>
<td>80%</td>
<td>87%</td>
</tr>
</tbody>
</table>

### Consistent track record over multiple periods

#### VNB

<table>
<thead>
<tr>
<th></th>
<th>FY17</th>
<th>FY18</th>
<th>FY19</th>
<th>FY21</th>
<th>FY22</th>
<th>FY23</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rs bn</td>
<td>9.2</td>
<td>12.8</td>
<td>15.4</td>
<td>21.9</td>
<td>26.8</td>
<td>36.7</td>
</tr>
</tbody>
</table>

#### Embedded Value

<table>
<thead>
<tr>
<th></th>
<th>FY17</th>
<th>FY18</th>
<th>FY19</th>
<th>FY21</th>
<th>FY22</th>
<th>FY23</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rs bn</td>
<td>125</td>
<td>152</td>
<td>183</td>
<td>266</td>
<td>330</td>
<td>395</td>
</tr>
</tbody>
</table>

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

**NBM¹**

<table>
<thead>
<tr>
<th></th>
<th>FY11</th>
<th>FY16</th>
<th>FY18</th>
<th>FY20</th>
<th>FY22</th>
<th>FY23</th>
</tr>
</thead>
<tbody>
<tr>
<td>NBM¹</td>
<td>10.0%</td>
<td>19.9%</td>
<td>23.2%</td>
<td>25.9%</td>
<td>27.4%</td>
<td>27.6%</td>
</tr>
<tr>
<td>Indl WRP² growth</td>
<td>18%</td>
<td>12%</td>
<td>31%</td>
<td>19%</td>
<td>16%</td>
<td>16%</td>
</tr>
<tr>
<td>Overall industry growth</td>
<td>-8%</td>
<td>8%</td>
<td>19%</td>
<td>6%</td>
<td>16%</td>
<td>19%</td>
</tr>
</tbody>
</table>

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

**Grew ~2 times industry between FY11-FY23 while sustaining profitability**
Consistently outpacing industry and gaining market share

<table>
<thead>
<tr>
<th>Year</th>
<th>Overall Industry Growth</th>
<th>Private Industry Growth</th>
<th>HDFC Life Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY19</td>
<td>6%</td>
<td>3%</td>
<td>12.5%</td>
</tr>
<tr>
<td>FY20</td>
<td>3%</td>
<td>8.1%</td>
<td>14.2%</td>
</tr>
<tr>
<td>FY21</td>
<td>16%</td>
<td>9.2%</td>
<td>15.5%</td>
</tr>
<tr>
<td>FY22</td>
<td>19%</td>
<td>10.1%</td>
<td>16.1%</td>
</tr>
<tr>
<td>FY23</td>
<td>19%</td>
<td>10.8%</td>
<td>16.5%</td>
</tr>
</tbody>
</table>

- Delivered strong performance across all metrics while increasing market share between FY19 and FY23
  - Overall market share gain of 1.5x from 7.2% in FY19 to 10.8% in FY23
- Consistently grew faster than overall and private industry between FY19 and FY23
  - Grown higher than private industry in Q1 FY24
- Continually ranked #1 in group business amongst private players over the last 5 years

1. Market share in terms of individual WRP
   Note: FY22 and FY23 individual WRP numbers are including Exide Life
Robust delivery across key metrics (1/2)

**Sustained performance**

<table>
<thead>
<tr>
<th></th>
<th>Q1 FY23</th>
<th>Q1 FY24</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pvt. mkt share</td>
<td>15.8%</td>
<td>16.4%</td>
</tr>
<tr>
<td>YoY growth</td>
<td>12%</td>
<td>9%</td>
</tr>
</tbody>
</table>

*Individual WRP* (in '000s)

<table>
<thead>
<tr>
<th></th>
<th>FY21</th>
<th>FY22</th>
<th>FY23</th>
<th>Q1 FY24</th>
</tr>
</thead>
<tbody>
<tr>
<td>YoY Growth</td>
<td>-19%</td>
<td>55%</td>
<td>46%</td>
<td>37%</td>
</tr>
</tbody>
</table>

*Individual NOP*

<table>
<thead>
<tr>
<th></th>
<th>FY21</th>
<th>FY22</th>
<th>FY23</th>
<th>Q1 FY24</th>
</tr>
</thead>
<tbody>
<tr>
<td>YoY Growth</td>
<td>19%</td>
<td>19%</td>
<td>13%</td>
<td>14%</td>
</tr>
</tbody>
</table>

**Balanced product mix**

<table>
<thead>
<tr>
<th></th>
<th>FY21</th>
<th>FY22</th>
<th>FY23</th>
<th>Q1 FY24</th>
</tr>
</thead>
<tbody>
<tr>
<td>YoY Growth</td>
<td>16.9%</td>
<td>19.0%</td>
<td>206.9%</td>
<td>19.6%</td>
</tr>
</tbody>
</table>

**Strong CP volumes on the back of higher disbursements**

<table>
<thead>
<tr>
<th></th>
<th>FY21</th>
<th>FY22</th>
<th>FY23</th>
<th>Q1 FY24</th>
</tr>
</thead>
<tbody>
<tr>
<td>YoY Growth</td>
<td>34.2%</td>
<td>53.0%</td>
<td>77.4%</td>
<td>19.6%</td>
</tr>
</tbody>
</table>

**Focus on diversified channel mix**

<table>
<thead>
<tr>
<th></th>
<th>FY21</th>
<th>FY22</th>
<th>FY23</th>
<th>Q1 FY24</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bancassurance</td>
<td>61%</td>
<td>60%</td>
<td>56%</td>
<td>61%</td>
</tr>
<tr>
<td>Direct</td>
<td>12%</td>
<td>19%</td>
<td>20%</td>
<td>8%</td>
</tr>
<tr>
<td>Agency</td>
<td>8%</td>
<td>13%</td>
<td>14%</td>
<td>20%</td>
</tr>
<tr>
<td>Brokers and others</td>
<td>9%</td>
<td>19%</td>
<td>19%</td>
<td>12%</td>
</tr>
</tbody>
</table>

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

Note: Q1 FY24 and Q1 FY23 growth numbers have been computed after factoring in Exide Life WRP in the prior period.
Robust delivery across key metrics (2/2)

**Stable Persistency**
- Q1 FY23: 87%, 52%
- Q1 FY24: 87%, 53%
- Focus on quality of business and providing superior customer experience

**Strong VNB growth along with steady margin expansion**
- Q1 FY23: 25.1%
- Q1 FY24: 26.2%
- Multiple pools of profitability contributing to VNB accretion
- VNB growth of 18% over Q1 FY23

**Strong growth in renewal premium**
- Q1 FY23: 51.0
- Q1 FY24: 58.0
- Backed by strong persistency and growing backbook

**Group assets under management of > Rs 3 tn**
- HDFC Life AUM: 301
- HDFC Pension AUM: 530
- HDFC Life Debt:Equity mix (Q1 FY24) – 68:32

1. VNB and NBM for the pre-merger entity (excl. Exide Life) in Q1 FY23 was Rs 5.1 Bn and 26.8% respectively
2. Group assets under management (AUM) includes AUM of HDFC Life and HDFC Pension (subsidiary)
Agenda

1. Performance Snapshot
2. Business Overview
3. Other Business Highlights
4. 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

### Profitable growth

#### Diversified distribution mix

#### Customer first

#### Risk management & governance

#### Technology, digital & Analytics

#### Note: Numbers may not add up due to rounding off
Emergence of Existing Business (EB) Surplus

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

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
Analysis of change in IEV

IEV As at Mar 31, 2023

395.3

- 7.9 Unwind
- 6.1 VNB
- 1.0 Operating variances
- 8.1 Economic variances
- 0.1 ESOPs

Rs bn

IEV As at Jun 30, 2023

418.4

- 283.8
- 134.7

- Adjusted Net worth (ANW)
- Value of in-force business (VIF)

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

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

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

<table>
<thead>
<tr>
<th>Proprietary 1</th>
<th>1.9L+ Agents</th>
</tr>
</thead>
<tbody>
<tr>
<td>483 Branches</td>
<td>48 Digital Branches 2</td>
</tr>
<tr>
<td><a href="http://www.hdfclife.com">www.hdfclife.com</a></td>
<td>HDFC Life App</td>
</tr>
</tbody>
</table>

Banks, NBFCs, SFBs and Other CAs

- HDFC BANK
- Saraswat Bank
- Ujjivan
- Axis Bank
- South Indian Bank
- AU Small Finance Bank
- Bandhan Bank
- Union Bank
- Equitas
- RBL Bank
- Stock Holding
- Bajaj Finance Limited
- DCB Bank
- Suryoday
- Muthoot Microfin
- HDFC Sales
- IIFL Home Loan
- Times Housing Finance
- Bajaj Capital
- ZeroDha
- Bluechip
- Motilal Oswal
- PhonePe
- ICICI Securities
- PolicyBazaar

Bancassurance

12% YoY increase in new agent licenses

Highest agent additions in last FY

~900 new HDFC Bank branches added in SURU locations in last 12 months

>70 banca partnerships

Focus on expansion in tier 2 and 3 markets

Best in class 13M persistency of >90%

Brokers and aggregators

1. Proprietary

Technology, digital & Analytics

Customer, risk & governance

Profitable growth
Diversified distribution mix growth strategy

**Agency**
- Segregating **Growth (tier 1)** and **Focus (tier 2/3)** markets
- Developing **micro market** strategy
- Focus on improving **agent productivity** across all 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
- **Tie-ups with partners** with stronger presence in non-metros and various other Small Finance Banks 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
### Product mix across key channels

<table>
<thead>
<tr>
<th>Segment</th>
<th>FY21</th>
<th>FY23</th>
<th>Q1 FY23</th>
<th>Q1 FY24</th>
</tr>
</thead>
<tbody>
<tr>
<td>UL</td>
<td>27%</td>
<td>24%</td>
<td>30%</td>
<td>32%</td>
</tr>
<tr>
<td>Par</td>
<td>37%</td>
<td>27%</td>
<td>30%</td>
<td>26%</td>
</tr>
<tr>
<td>Non par savings</td>
<td>30%</td>
<td>42%</td>
<td>33%</td>
<td>30%</td>
</tr>
<tr>
<td>Term</td>
<td>4%</td>
<td>3%</td>
<td>4%</td>
<td>5%</td>
</tr>
<tr>
<td>Annuity</td>
<td>2%</td>
<td>4%</td>
<td>3%</td>
<td>8%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Segment</th>
<th>FY21</th>
<th>FY23</th>
<th>Q1 FY23</th>
<th>Q1 FY24</th>
</tr>
</thead>
<tbody>
<tr>
<td>UL</td>
<td>10%</td>
<td>10%</td>
<td>12%</td>
<td>12%</td>
</tr>
<tr>
<td>Par</td>
<td>37%</td>
<td>33%</td>
<td>41%</td>
<td>32%</td>
</tr>
<tr>
<td>Non par savings</td>
<td>39%</td>
<td>49%</td>
<td>36%</td>
<td>44%</td>
</tr>
<tr>
<td>Term</td>
<td>11%</td>
<td>6%</td>
<td>8%</td>
<td>8%</td>
</tr>
<tr>
<td>Annuity</td>
<td>3%</td>
<td>3%</td>
<td>3%</td>
<td>5%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Segment</th>
<th>FY21</th>
<th>FY23</th>
<th>Q1 FY23</th>
<th>Q1 FY24</th>
</tr>
</thead>
<tbody>
<tr>
<td>UL</td>
<td>1%</td>
<td>1%</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>Par</td>
<td>53%</td>
<td>31%</td>
<td>59%</td>
<td>40%</td>
</tr>
<tr>
<td>Non par savings</td>
<td>42%</td>
<td>62%</td>
<td>32%</td>
<td>37%</td>
</tr>
<tr>
<td>Term</td>
<td>4%</td>
<td>5%</td>
<td>6%</td>
<td>14%</td>
</tr>
<tr>
<td>Annuity</td>
<td>0%</td>
<td>2%</td>
<td>2%</td>
<td>6%</td>
</tr>
</tbody>
</table>

### Table Details

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.

---

**Profitable growth**

**Diversified distribution mix**

**Customer First**

**Risk management & governance**

**Technology, digital & Analytics**
1. Asset Liability Management Council
2. The above list of committees is illustrative and not exhaustive
Financial risk management framework

Natural hedges
- Protection and longevity businesses
- Unit linked and non par savings products
- 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

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

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

Managing Risk

<table>
<thead>
<tr>
<th>Scenario</th>
<th>FY23 Overall</th>
<th>FY23 Non par</th>
<th>Q1 FY24 Overall</th>
<th>Q1 FY24 Non par</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>EV</td>
<td>VNB Margin</td>
<td>EV</td>
<td>VNB Margin</td>
</tr>
<tr>
<td>Interest Rate +1%</td>
<td>(2.4%)</td>
<td>(1.5%)</td>
<td>(2.2%)</td>
<td>(2.2%)</td>
</tr>
<tr>
<td>Interest Rate -1%</td>
<td>2.1%</td>
<td>0.7%</td>
<td>1.4%</td>
<td>0.9%</td>
</tr>
</tbody>
</table>

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

- Around 99% of debt investments in Government bonds and AAA rated securities as on June 30, 2023

1. Comprises Non par savings (incl annuity) plus protection
Aligned to make life simpler for customers

1. Accelerate JOURNEY SIMPLIFICATION across channels
   - Fast track PARTNER INTEGRATION

2. SERVICE SIMPLIFICATION for connect and personalization
   - DATA LABS ECOSYSTEM for decision making

3. PLATFORMS independent buying / servicing

4. Building resilience...
   - Connecting with startups through Futurance
   - Create a digital scalable efficient Architecture
   - Enable a hybrid Work From Home environment
   - Strengthen Cyber Security for post-Covid world

5. Profitable growth
   - Distribution
   - Customer first
   - Technology & Analytics

6. Strengthen Cyber Security for post-Covid world

---

1. Futurance: A program to collaborate with startups for harnessing cutting-edge technology
Instacheck: Easing customer journey by document collection and eligibility check at quote level itself

Improve customer experience and reduce the TATs by minimizing the requirements raised during UW process

At quote level, conducting
• Financial and medical eligibility- upfronting the requirements to reduce back and forth
• Integrating with third-party entities (account aggregators, CKYC, ITR portal) to fetch and upload the documents with minimal friction

Designed as open APIs to be integrated into any product/ journey and can be extended to partners too
Project Inspire: ‘Future Proofing’ HDFC Life

01  ‘Digitally-enabled’ Distribution

- Seamless onboarding of distribution partners and simplifying customer Journey
- Intermediary enablement
  ▪ For enriched customer interactions
- Data-driven intermediary recruitment

02  Improved customer-centricity

- Evolution from customer service to experience and engagement hub
  ▪ An immersive & experiential platform with 360 view of customer
- Customer service
  ▪ Use artificial intelligence/natural language processing for enhanced customer service

03  Operational efficiency

- Cross-sell, up-sell and persistence management
  ▪ Cognitive computing for positive nudges at pre-decision stage itself
- Straight through processing/over the counter sales percentage increase:
  ▪ Better data capabilities leading to faster underwriting
- AR/VR Enabled learning
  ▪ Simulation-based, on-demand and outcome oriented

04  Organizational agility

- Future-of-work ready
  ▪ Digital enablers to shorten time to market
- Agile operating model
  ▪ Improved governance mechanism with quicker turnaround times

Developing new set of capabilities to sustain our competitive advantage

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Developing new set of capabilities to sustain our competitive advantage
Agenda

1. Performance Snapshot
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4. Life insurance in India
Persistency trends for HDFC Life

Across key channels (%)

Agency

Banca

Direct

Company

Across key segments (%)

Savings (Traditional)

Savings (UL)

Protection

Company

13th month  25th month  37th month  49th month  61st month

Savings (Traditional)  88  81  75  64  56

Savings (UL)  82  71  65  65  49

Protection  92  87  82  76  74

Company  87  78  67  63  52

CY (Q1 FY24)

PY (Q1 FY23)
VNB and NBM walkthrough

### Including Exide Life in Q1 FY23 base

<table>
<thead>
<tr>
<th></th>
<th>Q1 FY23</th>
<th>Impact of higher APE</th>
<th>Change in assumptions</th>
<th>New Business Profile&lt;sup&gt;1&lt;/sup&gt;</th>
<th>Fixed cost absorption</th>
<th>Q1 FY24</th>
</tr>
</thead>
<tbody>
<tr>
<td>NBM%</td>
<td>25.1%</td>
<td>0.0%</td>
<td>0.1%</td>
<td>0.5%</td>
<td>0.5%</td>
<td>26.2%</td>
</tr>
</tbody>
</table>

### Excluding Exide Life in Q1 FY23 base

<table>
<thead>
<tr>
<th></th>
<th>Q1 FY23</th>
<th>Impact of higher APE</th>
<th>Change in assumptions</th>
<th>New Business Profile&lt;sup&gt;1&lt;/sup&gt;</th>
<th>Fixed cost absorption</th>
<th>Q1 FY24</th>
</tr>
</thead>
<tbody>
<tr>
<td>NBM%</td>
<td>26.8%</td>
<td>0.0%</td>
<td>0.1%</td>
<td>0.4%</td>
<td>-1.1%</td>
<td>26.2%</td>
</tr>
</tbody>
</table>

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

Note: VNB – Value of New Business; NBM – New Business Margin; Numbers may not add up due to rounding off.
## Sensitivity analysis – FY23

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

1. Post overrun total VNB for Individual and Group business
2. The tax rate is assumed to increase from 14.56% to 25% and hence all the currently taxed profits in policyholder/shareholder segments are taxed at a higher rate. It does not allow for the benefit of policyholder surplus being tax-exempt as was envisaged in the DTC Bill.
### Summary of Milliman report on our ALM approach – FY23

#### Scope of review

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

#### Portfolios reviewed

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

### Stress scenarios tested

<table>
<thead>
<tr>
<th>Description</th>
<th>Stress scenarios tested</th>
<th>Net asset liability position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest rate scenarios</td>
<td>Parallel shifts/ shape changes in yield curve within +/- 150 bps of March 31st 2023 Gsec yield curve</td>
<td>Changes by &lt; 5.5%</td>
</tr>
<tr>
<td>Interest rate + Demographic scenarios</td>
<td>Interest rate variation + changes in future persistency/mortality experience</td>
<td>Changes by &lt; 9%</td>
</tr>
<tr>
<td>100% persistency and low interest rates</td>
<td>100% persistency with interest rates falling to 4% p.a. for next 5 years, 2% p.a for years 6-10 and 0% thereafter</td>
<td>Still remains positive</td>
</tr>
</tbody>
</table>

### Opinion and conclusion

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

---

1. Opinion issued by Milliman Advisors LLP on ALM strategy (for non par business) based on FY23 disclosures
ESG at a glance

The 5 Pillars of ESG

1. Ethical Conduct & Governance
2. Responsible Investment
3. Diversity, Equity and Inclusion (DEI)
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
- Renewable energy consumption increased by ~55% (from 239.8 MWh in FY22 to 530.8 MWh in FY23)
- Increased focus on Circularity and Digitisation for ensuring Sustainable operations (For detailed disclosures and KPIs, refer to the Integrated Annual Report FY 2022-23)
- GHG emissions (Scope I, II & III): 14,994 tCO2e

Social
- Launched Employee Resource Groups (ERGs) - Women in insurance, Life of Pride and Happiness at work to create a more inclusive workplace
- Women in workforce: 26.3%
- Average hours of training per FTE: 60.2
- CSR contribution: 19.5 crore
- No. of beneficiaries: 11.45 lakh
- UN SDGs covered: 14 of 17
- Customer Satisfaction (CSAT) Score (weighted average of FY 2022-23): 90.7%
- Overall Claim Settlement Ratio: 99.7%

Governance
- ESG governed by the Board CSR & ESG Committee and driven by the ESG Management Committee and cross functional teams
- Responsible Investment (RI) Policy and framework for integrating ESG issues into investment decisions
- ESG Governance Committee constituted under the investment team for integration of ESG factors in the fund management process and engagement with the investee companies
- Asset classes covered under RI: Equity and equity-related securities, Alternate Investment Funds (AIFs), Investment Trusts, Corporate Bonds
- Materiality Assessment conducted as per GRI Universal Standard 2021
- Featured in the 'Leadership' category in the list of Indian Corporate Governance Scorecard

HDFC Life scored 79 percentile in the 2022 S&P Global Corporate Sustainability Assessment

Click here:
- HDFC Life ESG Report
- HDFC Life Sustainability Factsheet
## Financial and operational snapshot (1/2)

<table>
<thead>
<tr>
<th></th>
<th>Q1 FY24</th>
<th>Q1 FY23</th>
<th>Growth</th>
<th>FY23*</th>
<th>FY22</th>
<th>FY21</th>
<th>CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Business Premium (Indl. + Group)</td>
<td>58.7</td>
<td>49.5</td>
<td>19%</td>
<td>290.9</td>
<td>241.5</td>
<td>201.1</td>
<td>19%</td>
</tr>
<tr>
<td>Renewal Premium (Indl. + Group)</td>
<td>58.0</td>
<td>51.0</td>
<td>14%</td>
<td>284.5</td>
<td>218.1</td>
<td>184.8</td>
<td>23%</td>
</tr>
<tr>
<td>Total Premium</td>
<td>116.7</td>
<td>100.5</td>
<td>16%</td>
<td>575.3</td>
<td>459.6</td>
<td>385.8</td>
<td>21%</td>
</tr>
<tr>
<td>Individual APE</td>
<td>18.8</td>
<td>16.9</td>
<td>12%</td>
<td>114.0</td>
<td>81.7</td>
<td>71.2</td>
<td>23%</td>
</tr>
<tr>
<td>Overall APE</td>
<td>23.3</td>
<td>20.6</td>
<td>13%</td>
<td>133.4</td>
<td>97.6</td>
<td>83.7</td>
<td>22%</td>
</tr>
<tr>
<td>Profit after Tax</td>
<td>4.2</td>
<td>3.6</td>
<td>15%</td>
<td>13.6</td>
<td>12.1</td>
<td>13.6</td>
<td>2%</td>
</tr>
<tr>
<td>- Policyholder Surplus</td>
<td>2.1</td>
<td>2.4</td>
<td>-12%</td>
<td>5.9</td>
<td>4.4</td>
<td>7.3</td>
<td>-18%</td>
</tr>
<tr>
<td>- Shareholder Surplus</td>
<td>2.0</td>
<td>1.2</td>
<td>72%</td>
<td>7.7</td>
<td>7.7</td>
<td>6.3</td>
<td>55%</td>
</tr>
<tr>
<td>Dividend Paid</td>
<td>-(1)</td>
<td>3.6</td>
<td>NA</td>
<td>3.6</td>
<td>4.1</td>
<td>-</td>
<td>NA</td>
</tr>
<tr>
<td>Assets Under Management</td>
<td>2,533.0</td>
<td>2,134.1</td>
<td>19%</td>
<td>2,387.8</td>
<td>2,041.7</td>
<td>1,738.4</td>
<td>23%</td>
</tr>
<tr>
<td>Indian Embedded Value</td>
<td>418.4</td>
<td>324.7</td>
<td>29%</td>
<td>395.3</td>
<td>329.6</td>
<td>266.2</td>
<td>24%</td>
</tr>
<tr>
<td>Net Worth</td>
<td>133.9</td>
<td>99.5</td>
<td>35%</td>
<td>129.7</td>
<td>154.0</td>
<td>84.3</td>
<td>23%</td>
</tr>
<tr>
<td>NB (Individual and Group segment) lives insured (Mn.)</td>
<td>16.4</td>
<td>12.2</td>
<td>34%</td>
<td>68.5</td>
<td>54.1</td>
<td>39.8</td>
<td>4%</td>
</tr>
<tr>
<td>No. of Individual Policies (NB) sold (In 000s)</td>
<td>206.9</td>
<td>190.6</td>
<td>9%</td>
<td>1,054.1</td>
<td>915.1</td>
<td>982.0</td>
<td>6%</td>
</tr>
</tbody>
</table>

1. Excludes impact of proposed final dividend of Rs 4.1 bn, to be paid in Q2 FY24 (subject to shareholders’ approval)
2. Comprises share capital, share premium and accumulated profits/(losses)
* FY23 numbers are on a merged basis, hence prior years are not comparable
Financial and operational snapshot (2/2)

<table>
<thead>
<tr>
<th>Q1 FY24</th>
<th>Q1 FY23</th>
<th>FY23*</th>
<th>FY22</th>
<th>FY21</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall New Business Margins (post overrun)</td>
<td>26.2%</td>
<td>25.1%</td>
<td>27.6%</td>
<td>27.4%</td>
</tr>
<tr>
<td>Operating Return on EV</td>
<td>16.0%</td>
<td>15.7%</td>
<td>19.7%</td>
<td>16.6%</td>
</tr>
<tr>
<td>Total Expenses (OpEx + Commission) / Total Premium</td>
<td>19.8%</td>
<td>19.6%</td>
<td>19.8%</td>
<td>16.5%</td>
</tr>
<tr>
<td>Return on Equity</td>
<td>12.6%</td>
<td>14.1%</td>
<td>11.9%</td>
<td>10.1%</td>
</tr>
<tr>
<td>Solvency Ratio</td>
<td>200%</td>
<td>183%</td>
<td>203%</td>
<td>176%</td>
</tr>
<tr>
<td>Persistency (13M / 61M)</td>
<td>87%/53%</td>
<td>87%/52%</td>
<td>87%/52%</td>
<td>87%/54%</td>
</tr>
<tr>
<td>Individual WRP Market Share (%)</td>
<td>16.4%</td>
<td>15.8%</td>
<td>16.5%</td>
<td>14.8%</td>
</tr>
</tbody>
</table>

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

2. Based on individual APE. UL: Unit Linked, Trad: Traditional, Par: Participating & CA: Corporate Agents. Percentages are rounded off

3. Based on total new business premium including group. Percentages are rounded off

* FY23 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)**
   - Q1FY24: 22.8 (Q1FY23: 23.2)

2. **Average Customer Age excluding annuity (Yrs)**
   - Q1FY24: 36.0 (Q1FY23: 35.5)

- **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)
Growth opportunity: Under-penetration and favorable demographics

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

**Life Insurance penetration**

- India (FY 2022): 3.2%
- China: 2.4%
- Others: Higher

**Life Insurance density US$**

- India (FY 2022): 2.4%
- Others: Higher

**Population composition (bn)**

- India: 2021: 1.4bn, 2035: 1.6bn, 2050: 1.7bn
- Density: 19.2% in 2021, 16.1% in 2035, 14.0% in 2050

**Household distribution by income**

- FY12 E: < Rs 0.2 mn: 256, Rs 0.2 - 1 mn: 286, > Rs 1 mn: 321
- FY17 E: < Rs 0.2 mn: 16%, Rs 0.2 - 1 mn: 21%, > Rs 1 mn: 32%
- FY22 E: < Rs 0.2 mn: 83%, Rs 0.2 - 1 mn: 76%, > Rs 1 mn: 65%
- FY30 P: < Rs 0.2 mn: 47%, Rs 0.2 - 1 mn: 44%, > Rs 1 mn: 47%

- 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

Low levels of penetration: Life protection

- 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

- 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

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
Macro opportunity: Retirement solutions

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

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

Elderly population is expected to increase 2.5x by 2050

![Life expectancy at age 60](chart)

- 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

### Ageing Population

<table>
<thead>
<tr>
<th>Year</th>
<th>Age &lt;20 Yrs</th>
<th>Age 20-64 Yrs</th>
<th>Age &gt;65 Yrs</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>95 7%</td>
<td>161 58%</td>
<td>71 35%</td>
</tr>
<tr>
<td>2035</td>
<td>151 10%</td>
<td>248 61%</td>
<td>48 29%</td>
</tr>
<tr>
<td>2050</td>
<td>248 15%</td>
<td>348 59%</td>
<td>26 16%</td>
</tr>
</tbody>
</table>

Number of people aged >60 years (In mn)


* Comprising pension assets / funds
Government bond auctions

Government Bonds – Tenorwise Issuance

<table>
<thead>
<tr>
<th>Tenor</th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
<th>FY19</th>
<th>FY20</th>
<th>FY21</th>
<th>FY22</th>
<th>FY23</th>
<th>Q1FY24</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;=15 yrs</td>
<td>3,66,500</td>
<td>3,73,525</td>
<td>4,97,579</td>
<td>3,82,941</td>
<td>4,44,000</td>
<td>10,01,835</td>
<td>8,48,000</td>
<td>10,04,000</td>
<td>3,19,000</td>
</tr>
<tr>
<td>&gt;15 yrs</td>
<td>2,25,000</td>
<td>1,54,520</td>
<td>1,80,529</td>
<td>2,04,000</td>
<td>2,38,000</td>
<td>2,65,575</td>
<td>3,31,000</td>
<td>4,01,000</td>
<td>1,61,000</td>
</tr>
<tr>
<td>Total</td>
<td>5,91,500</td>
<td>5,28,045</td>
<td>6,78,108</td>
<td>5,86,941</td>
<td>6,82,000</td>
<td>12,67,410</td>
<td>11,79,000</td>
<td>14,05,000</td>
<td>4,80,000</td>
</tr>
</tbody>
</table>

- 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
Industry new business trends

- Private sector remained at higher market share than LIC FY16 onwards
- Amongst private insurers, insurers with a strong bancassurance platform continue to gain market share

Source: IRDAI and Life Insurance Council;
1. Based on Overall WRP (Individual and Group)
2. Based on Individual New business premia for all private players
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: RBI, CSO, MOSPI, CRISIL, India Ratings
Reasons for buying insurance – Tax as a reason has declined

**Top reasons to buy life insurance**

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

**Customer behaviour / trend**

- **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 less than 1/5th to ~1/4th within ULIP business in the last 3 years (despite tax being applicable in that category in the last 2 years)

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