

October 15, 2024

Ref. No: HDFC Life/CA/2024-25/96

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 – Financial Results H1 FY25

Please find enclosed herewith a copy of press release along with investor presentation on the financial results for the quarter and half-year ended September 30, 2024.

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

PRESS RELEASE - PERFORMANCE FOR HALF YEAR ENDED SEPTEMBER 30, 2024

BSE Code: 540777

NSE Code: HDFCLIFE

HDFC Life achieves overall market share of 11.0%; Value of new business grows by 17.4% aided by robust new business premium (individual APE) growth of 31%

Mumbai, 15th October, 2024 –The Board of Directors of HDFC Life approved and adopted the reviewed standalone and consolidated financial results for half year ended September 30, 2024. The Company delivered healthy performance across all metrics, maintaining positive momentum.

Performance Highlights:

- **Topline Growth:** Delivered strong new business premium (individual APE) growth of 31%, supported by a 22% increase in number of policies sold and a balanced product mix
- **Market Share:** Private sector market share (individual WRP) expanded by 60 bps to 16.3%. Overall market share touched a new peak of 11%
- **Value of New Business (VNB)** grew by 17.4% to ₹ 1,656 crore, reflecting focus on writing profitable business
- **Assets under Management (AUM):** AUM stood at ₹3.25 lakh crore as on 30th September 2024, an increase of 23% in H1 FY25
- **Persistency:** 13th and 61st month persistency ratios improved to 88% and 60% respectively, marking a material increase of 120 basis points and 730 basis points respectively versus the previous year, underscoring the company's ability to engage with and retain customers
- **Embedded Value (EV)** crossed the ₹ 50,000 crore milestone during the quarter, with 16.0% operating return on EV, showcasing sustained long-term value creation for both policyholders and shareholders
- **Profit After Tax (PAT)** of ₹ 911 crore was achieved in H1 FY25, clocking a steady growth of 15% year-on-year
- **Solvency Ratio** stood at 181%, comfortably above the regulatory threshold of 150%. Post the subordinated debt raise of Rs 1,000 crore on 9th October 2024, solvency stood at 192%.
- **HDFC Pension Fund Management** is HDFC Life's wholly-owned subsidiary and India's largest private pension fund manager. It achieved a significant milestone in H1 FY25, by crossing ₹1 lakh crore in Assets under Management
- **Employee Focus:** We were recognised for our inclusivity and employee-friendly policies, being awarded the Best Companies for Women in India 2024 in the BFSI sector and Exemplar of Inclusion (Most Inclusive Companies India 2024) by Avtar & Seramount

CEO's Statement:

Vibha Padalkar, Managing Director and CEO of HDFC Life, commented: "The private sector and overall industry continued its strong momentum in Q2, growing in H1FY25 by 24% and 21% respectively on an individual weighted received premium basis. We have outperformed the private sector by growing at 28% during this period and 19% on a 2 year CAGR basis. We registered an increase of 22% in the number of policies, which was significantly ahead of the private sector growth of 13%. We experienced secular growth trends across Tier 1, Tier 2 and Tier 3 geographies.

On the regulatory front, we have successfully relaunched more than 40 top products contributing to about 95% of the business, in alignment with revised regulations as on October 1, 2024 and we plan to relaunch other products during the course of the quarter. We are thankful to the regulator in allowing us an additional time of three months for transitioning to the new product regulations.

Furthermore, we are happy to inform that HDFC Life continues to be recognised for its commitment to sustainability and responsible governance. HDFC Life's S&P Global ESG score saw an improvement of over 20% versus last year and we continue to be rated well amongst regional insurers. Our MSCI ESG Rating has also been upgraded to 'A'.

We remain focused on driving sustainable growth and strengthening our leadership across key segments. We will continue to invest in customer-centric innovations to ensure we meet evolving needs and remain resilient in a dynamic market. We are confident in our ability to deliver long-term value for our stakeholders, whilst adapting to the evolving market landscape with agility and resilience."

Key Financial Summary

Rs Crore	H1 FY25	H1 FY24	YoY
Key Financial and Actuarial Metrics			
Individual APE	5,864	4,478	31%
Total APE	6,724	5,373	25%
New Business Premium (Indl + Group)	14,497	12,970	12%
Renewal Premium (Indl + Group)	15,242	13,643	12%
Total Premium	29,738	26,613	12%
Assets Under Management	3,24,942	2,64,870	23%
Profit After Tax	911	792	15%
Indian Embedded Value	52,114	42,908	21%
Value of new business	1,656	1,411	17%

	H1 FY25	H1 FY24
Key Financial Ratios		
New Business Margins	24.6%	26.2%
Operating Return on EV	16.0%	16.4%

Total Expenses / Total Premium	21.1%	19.7%
Solvency Ratio	181%	194%
13M / 61M Persistency	88%/60%	86%/53%
Individual WRP market share (Overall)	11.0%	10.3%
Product mix by Indl APE (UL / Non par savings / Annuity/ Protection / Par)	36/38/5/6/15	28/28/8/6/30
Distribution mix by Indl APE (Corp Agents/ Agency/ Broker/ Direct)	65/17/7/11	65/18/7/11

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 – H1 FY25



Executive summary: H1 FY25

Revenue & Scale

	Individual APE	Rs. Bn	58.6
		Growth	31%

	Renewal premium	Rs (Bn.)	152
		Growth	12%

	AUM	Rs (Bn.)	3,249.4
		Growth	23%

	IEV	Rs (Bn.)	521.1
		EVOP	16.0%

Profitability & Cost

	Value of New Business (VNB)	Rs (Bn.)	16.6
		Growth	17%

	New Business Margin (NBM)	CY	24.6%
		PY	26.2%

	Profit After Tax (PAT)	Rs (Bn.)	9.1
		Growth	15%

	Total exp. ratio ¹	CY	21.1%
		PY	19.7%

Customer & Capital

	13 th month persistency	CY	88%
		PY	86%

	Claim settlement ratio (FY24)	Overall	99.7%
		Individual	99.5%

	Complaints per 10K policies ²	FY24	28
		FY23	35

	Solvency	Sep '24 ³	181%
		Jun '24	186%

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

2. Complaints data (excluding survival and death claims)

3. Solvency would be ~ 192% after factoring sub-debt of Rs 10 bn raised in Oct'24

Agenda

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Performance Snapshot

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Business Overview

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Other Business Highlights

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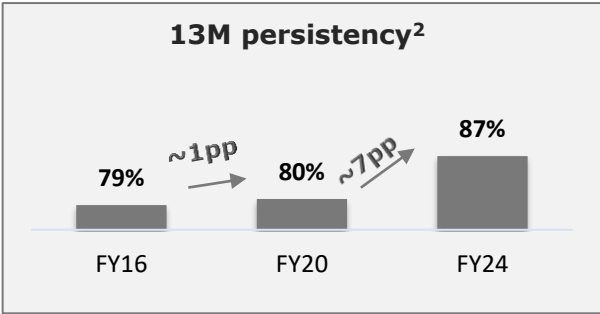
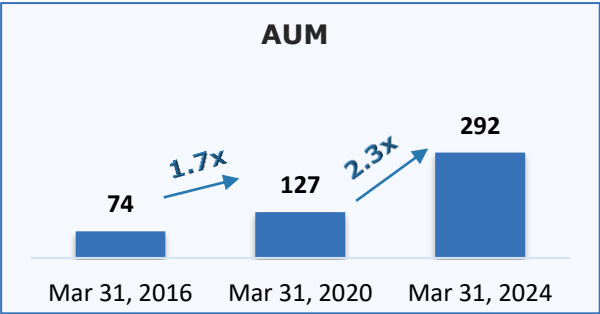
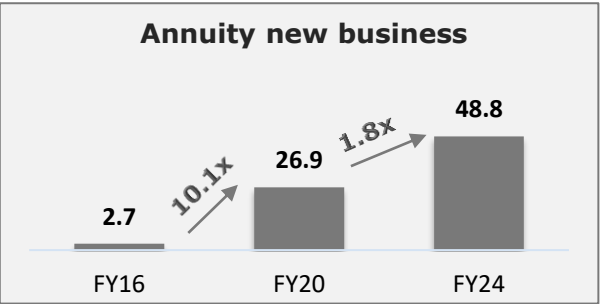
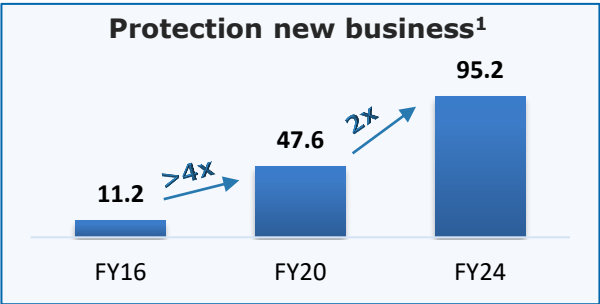
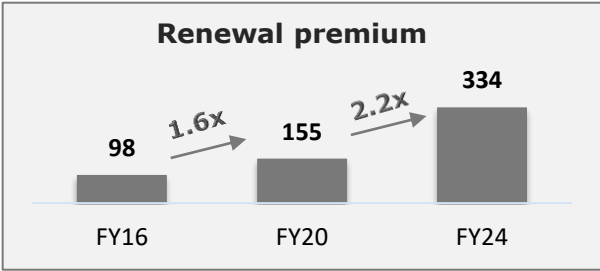
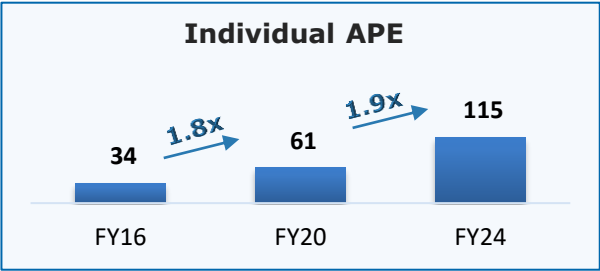
Life insurance in India



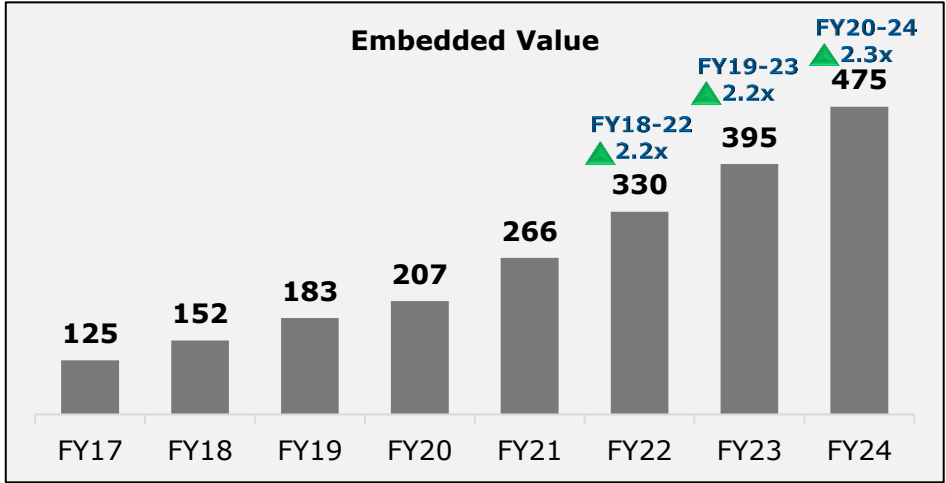
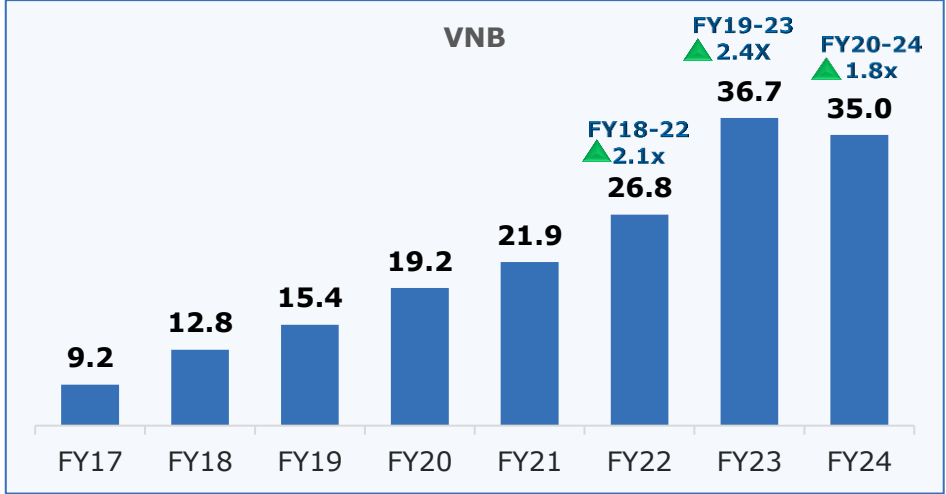
Consistent, predictable, sustained performance

Rs bn

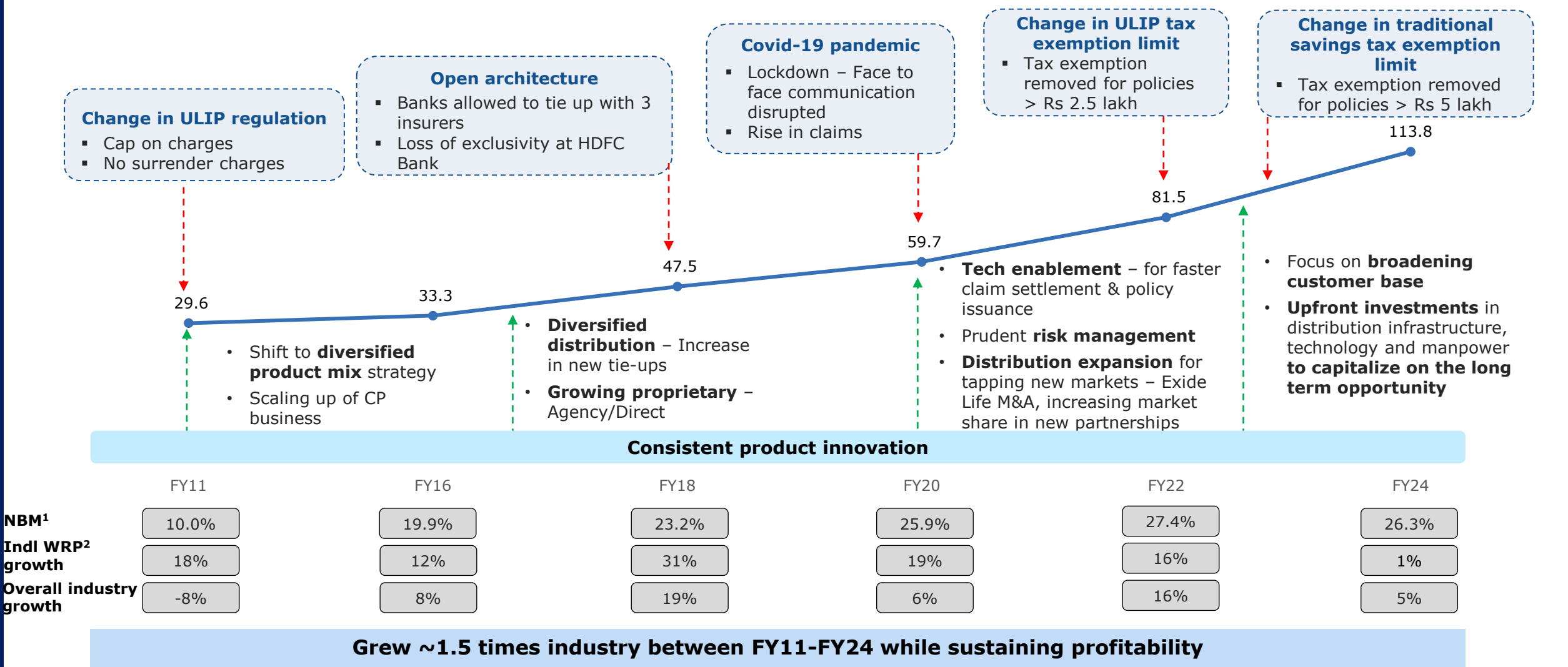
Holistic growth



Consistent track record over multiple periods



Consistent performance across business cycles

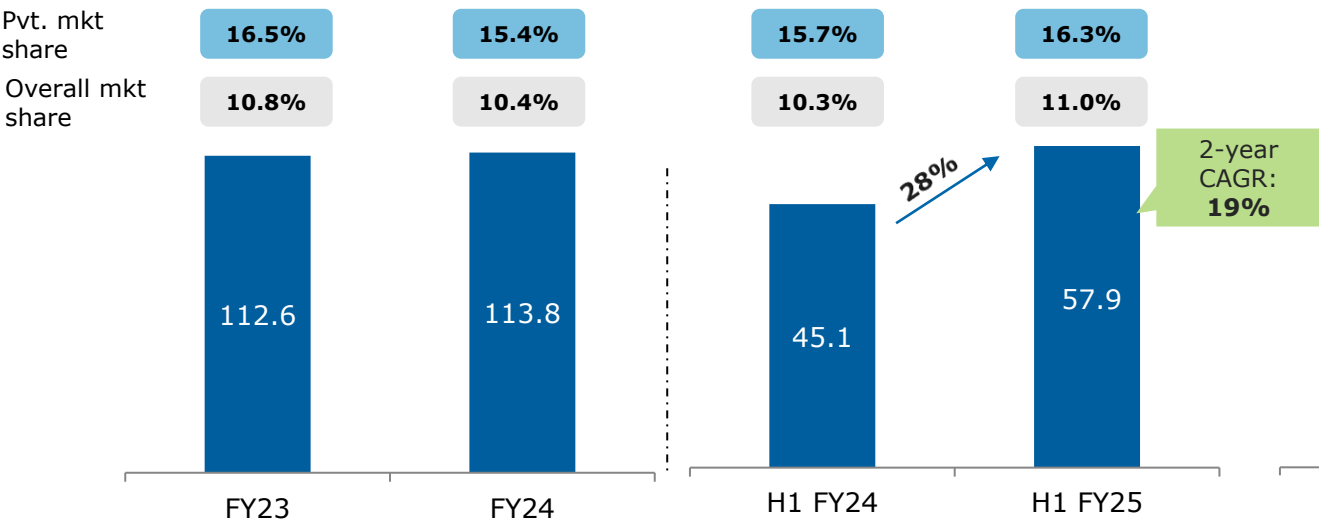


Note: Indl WRP in Rs bn
1. New Business Margin
2. WRP: Weighted Received Premium

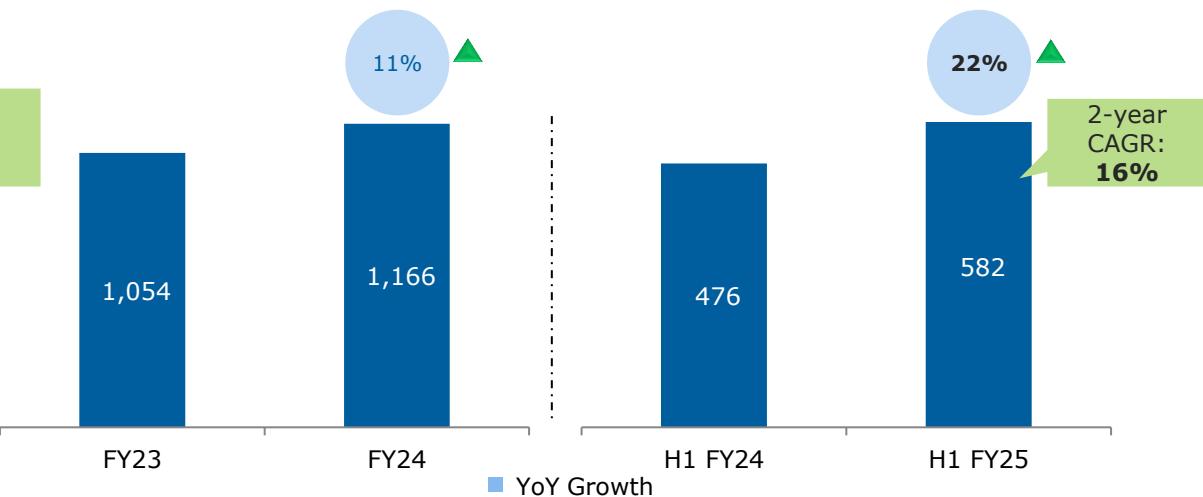


Robust delivery across key metrics (1/2)

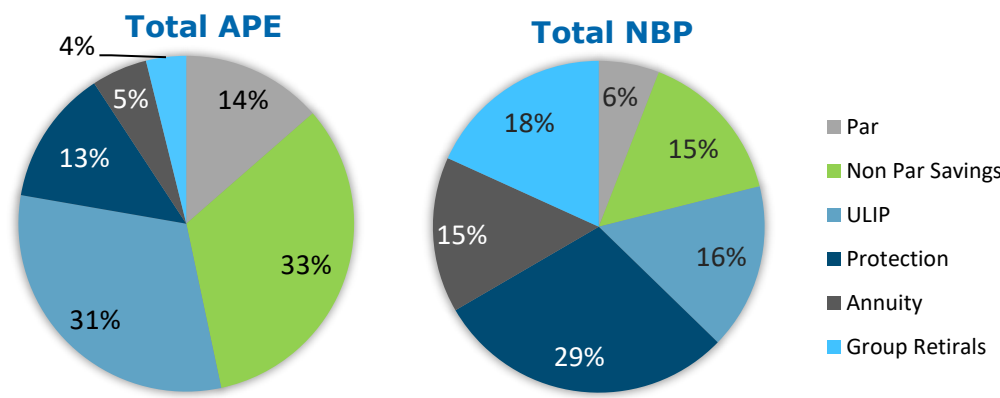
Strong individual WRP growth



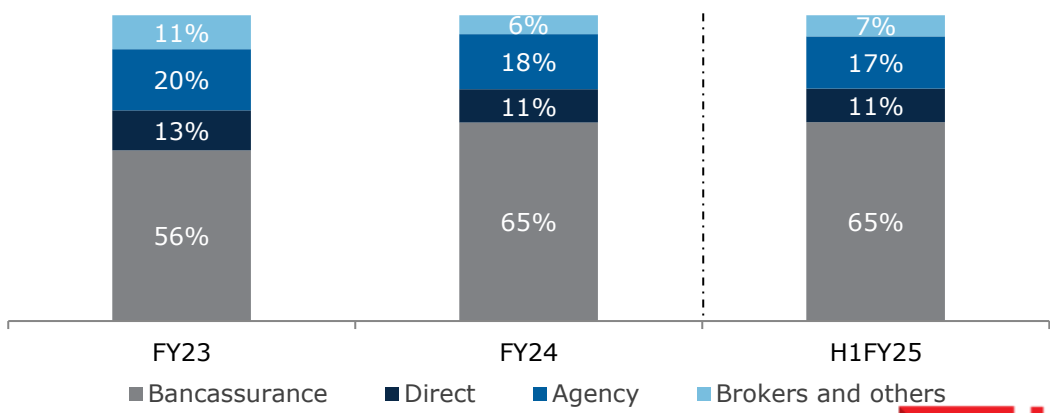
Focus on increasing customer base (NOPs in 000's)



Balanced product mix

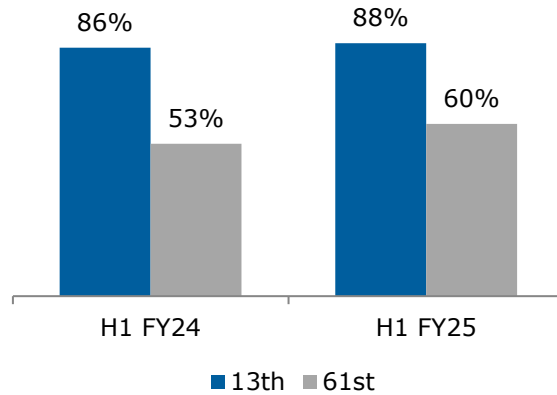


Focus on diversified channel mix¹



Robust delivery across key metrics (2/2)

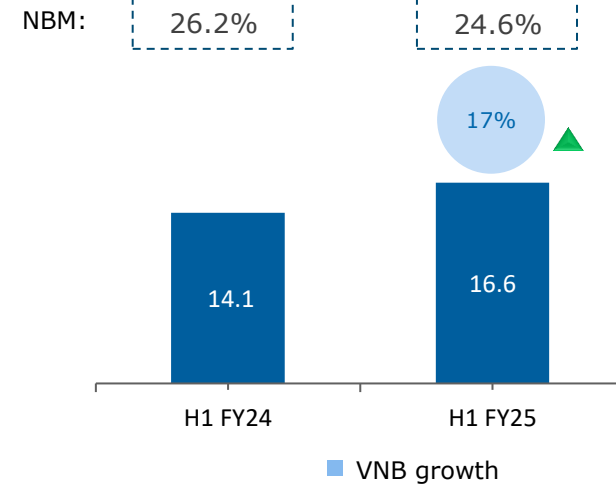
Stable Persistency



- Focus on quality of business and providing superior customer experience

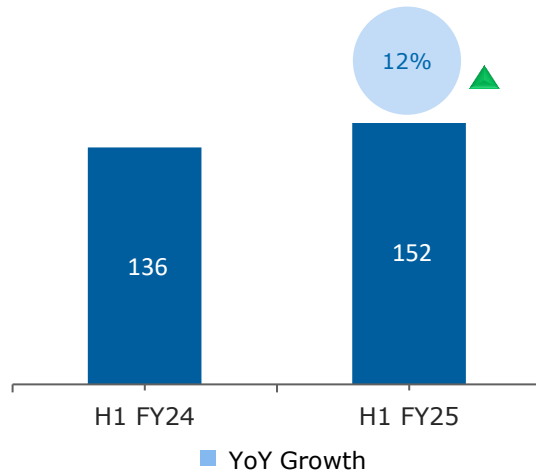
Healthy VNB growth

Rs bn



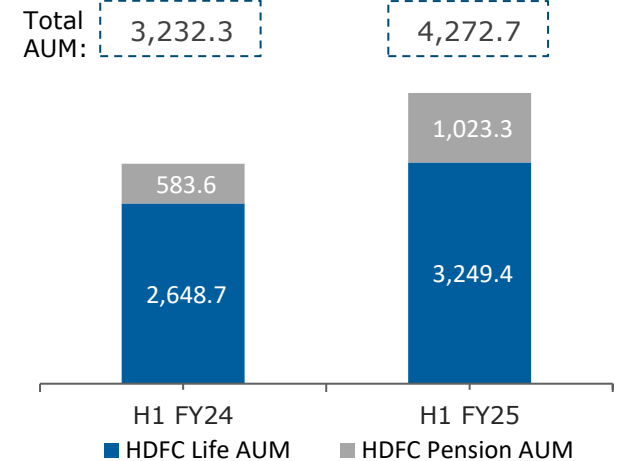
- Multiple pools of profitability contributing to VNB accretion
- 2-year CAGR: 13%

Steady growth in renewal premium



- Backed by strong persistency and growing backbook

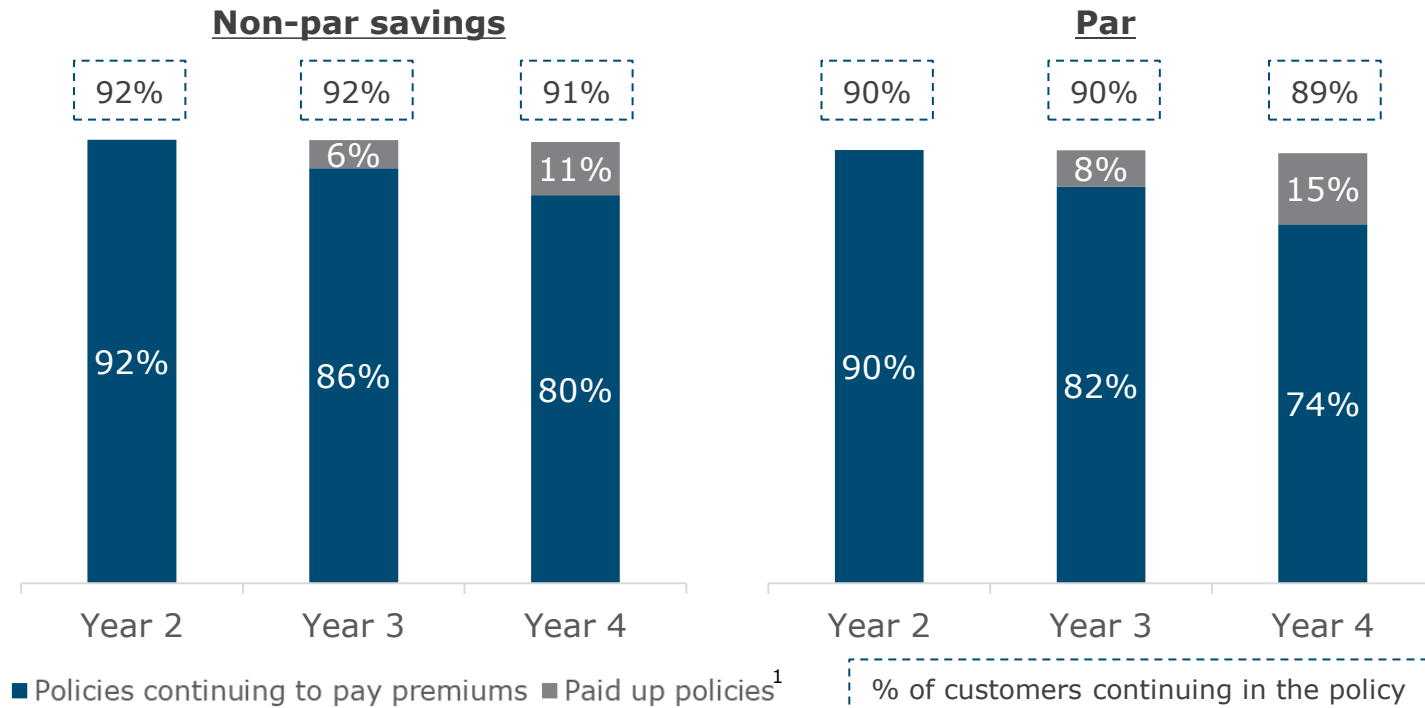
Group assets under management > Rs 4.0 tn¹



- HDFC Life Debt:Equity mix (H1 FY25): 65:35
- HDFC Pension's AUM crossed Rs 1.0 tn

Delivering customer value with a balanced approach

Negligible surrenders in traditional policies²



- 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

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

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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



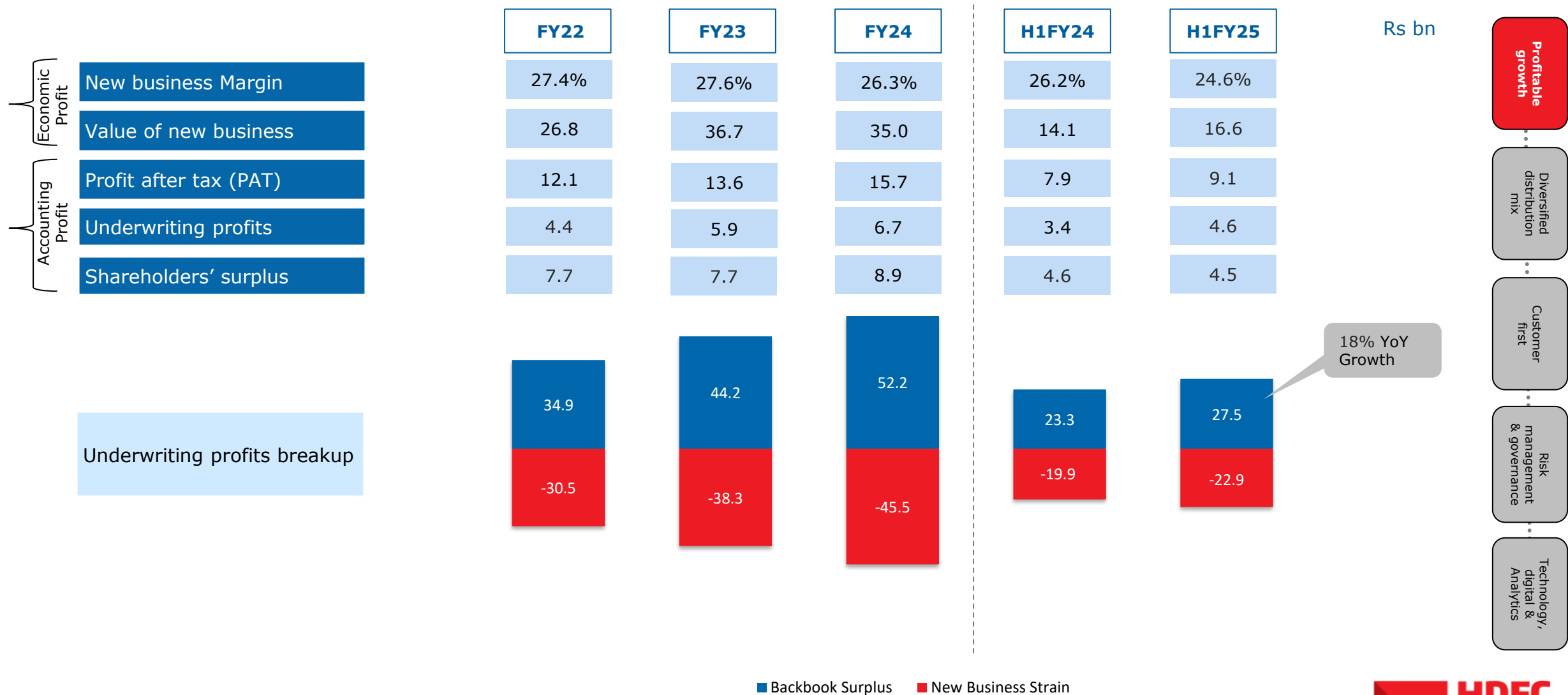
Risk management & board governance

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

5

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

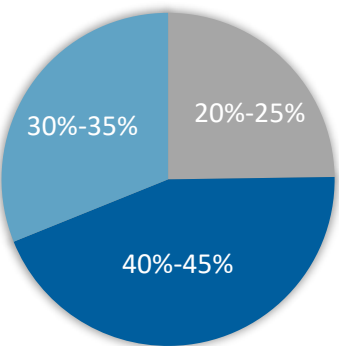
Focus on profitable growth



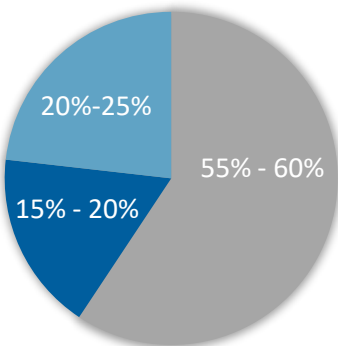
Emergence of Existing Business (EB) Surplus

Profit Emergence

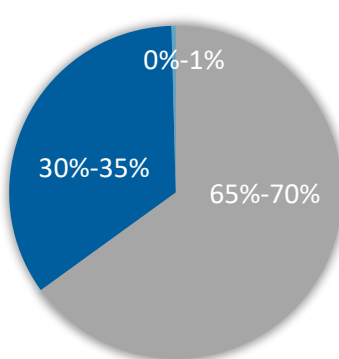
Traditional Savings
(Longer Tenure)



Protection
(Ind+Grp)



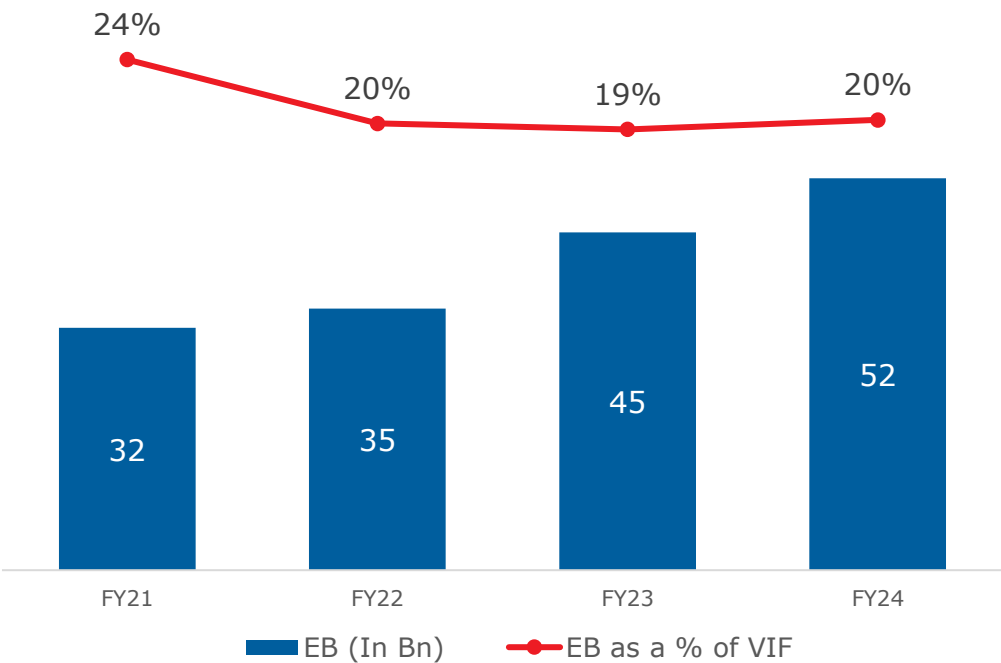
ULIP



■ 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

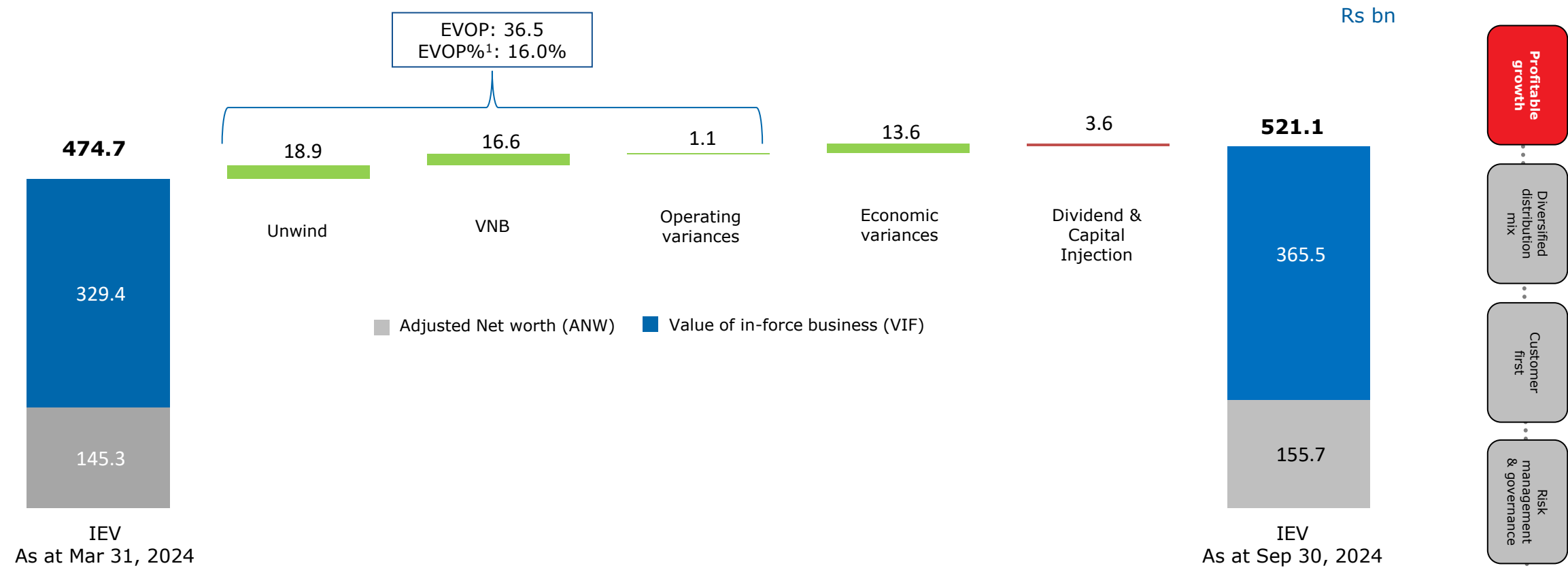
EB Surplus emergence as a % of VIF



- 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



Analysis of change in IEV



- VIF grew by 24% on a YoY basis
- 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 mix

Agency: segmented geographical growth



~2.5 lakh agents - top three agency force amongst private life insurers

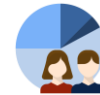


Segregating Focus (tier 1) and Growth (tier 2,3) markets with a micro market strategy



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



Continue to strengthen partnership network

Direct/Digital: leveraging analytics



600 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

Profitable growth

Diversified distribution mix

Customer first

Risk management & governance

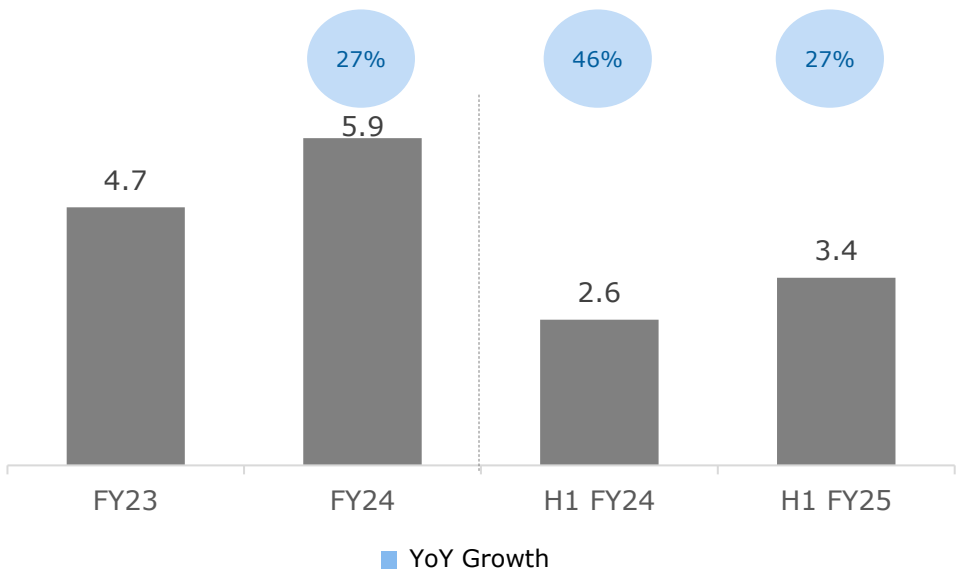
Technology, digital & Analytics



Increasing contribution from mortality and longevity products

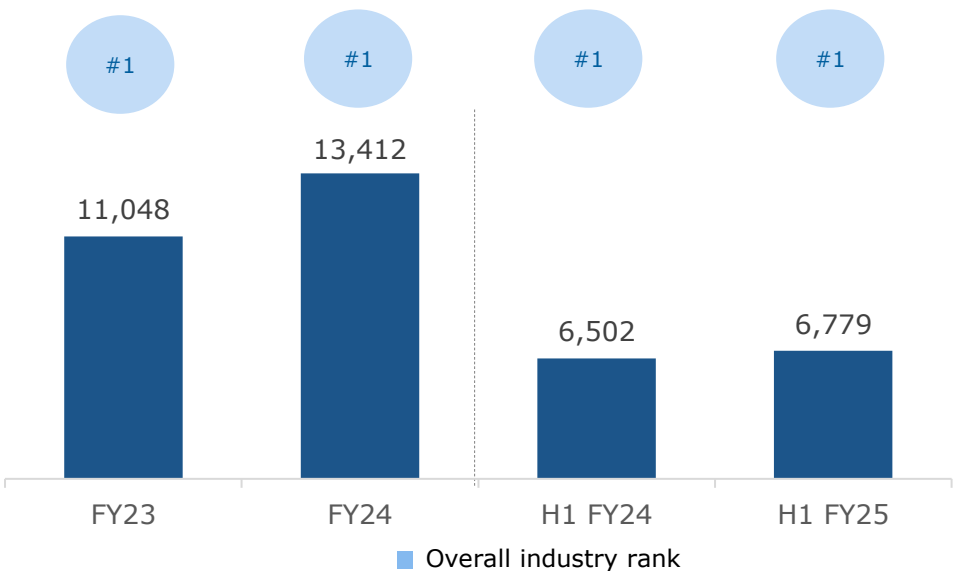
Robust retail protection growth

Rs Bn.

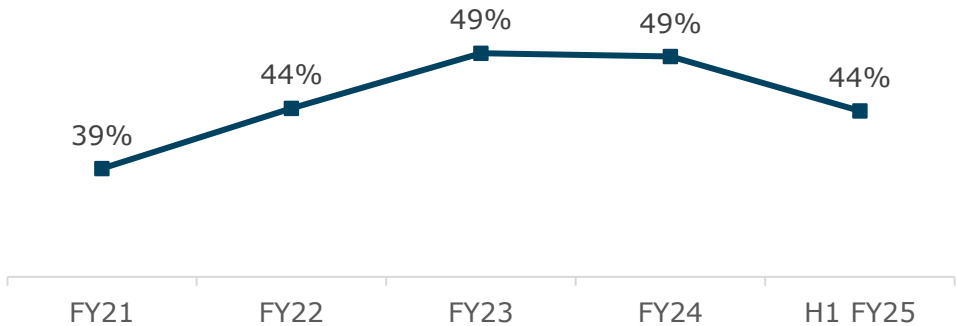


Continue to maintain leadership in overall sum assured

Rs Bn.



Protection and Annuity as % of total NBP



- Offering embedded protection solutions based on customer orientation
- Protection and annuity contribute 44% of new business premium
- Maintained #1 in overall sum assured
- Covered ~26 million lives in H1 FY25



Product mix across key channels¹

Banca	Segment	FY23	FY24	H1 FY24	H1 FY25
	UL	24%	40%	33%	40%
	Par	27%	22%	29%	13%
	Non par savings	42%	30%	27%	41%
	Term	3%	4%	4%	4%
	Annuity	4%	5%	6%	3%

Direct ²	Segment	FY23	FY24	H1 FY24	H1 FY25
	UL	27%	42%	34%	26%
	Par	13%	10%	12%	16%
	Non par savings	35%	22%	23%	23%
	Term	5%	5%	6%	5%
	Annuity	20%	20%	26%	30%

Company	Segment	FY23	FY24	H1 FY24	H1 FY25
	UL	19%	35%	28%	36%
	Par	27%	23%	30%	15%
	Non par savings	45%	30%	28%	38%
	Term	4%	5%	6%	6%
	Annuity	5%	6%	8%	5%

Agency	Segment	FY23	FY24	H1 FY24	H1 FY25
	UL	10%	26%	17%	25%
	Par	33%	29%	34%	22%
	Non par savings	49%	33%	36%	40%
	Term	6%	7%	8%	10%
	Annuity	3%	4%	5%	4%

Brokers	Segment	FY23	FY24	H1 FY24	H1 FY25
	UL	1%	6%	3%	12%
	Par	31%	41%	46%	30%
	Non par savings	62%	35%	31%	42%
	Term	5%	14%	16%	14%
	Annuity	2%	3%	4%	2%

Protection		FY23	FY24	H1 FY24	H1 FY25
	Based on Total APE	13%	13%	17%	13%
	Based on NBP	29%	32%	35%	29%

Annuity		FY23	FY24	H1 FY24	H1 FY25
	Based on Total APE	6%	6%	8%	5%
	Based on NBP	20%	16%	18%	15%

Profitable growth

Diversified distribution mix

Customer first

Risk management & governance

Technology, digital & Analytics

Key product innovations across categories

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



Learn more about HDFC Life products



Profitable growth

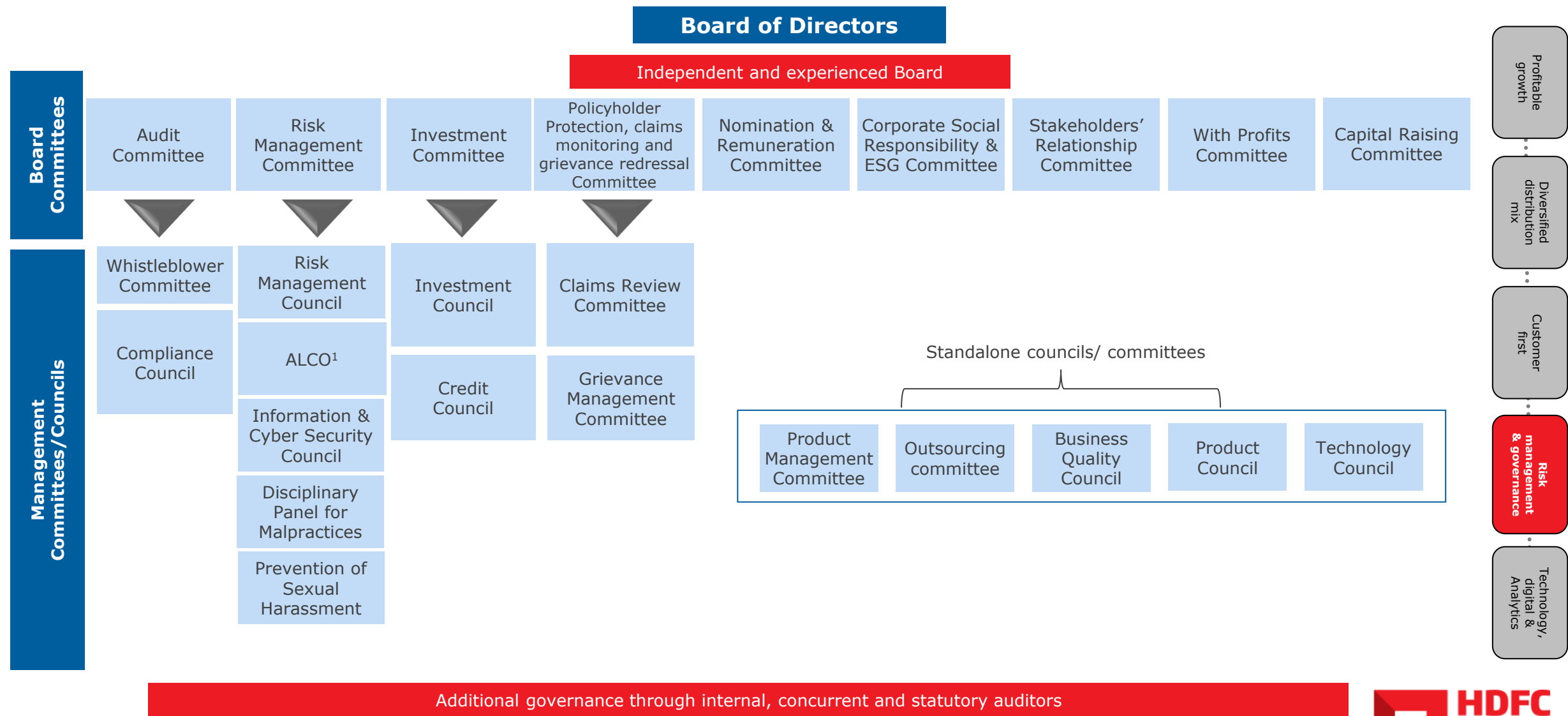
Diversified distribution mix

Customer first

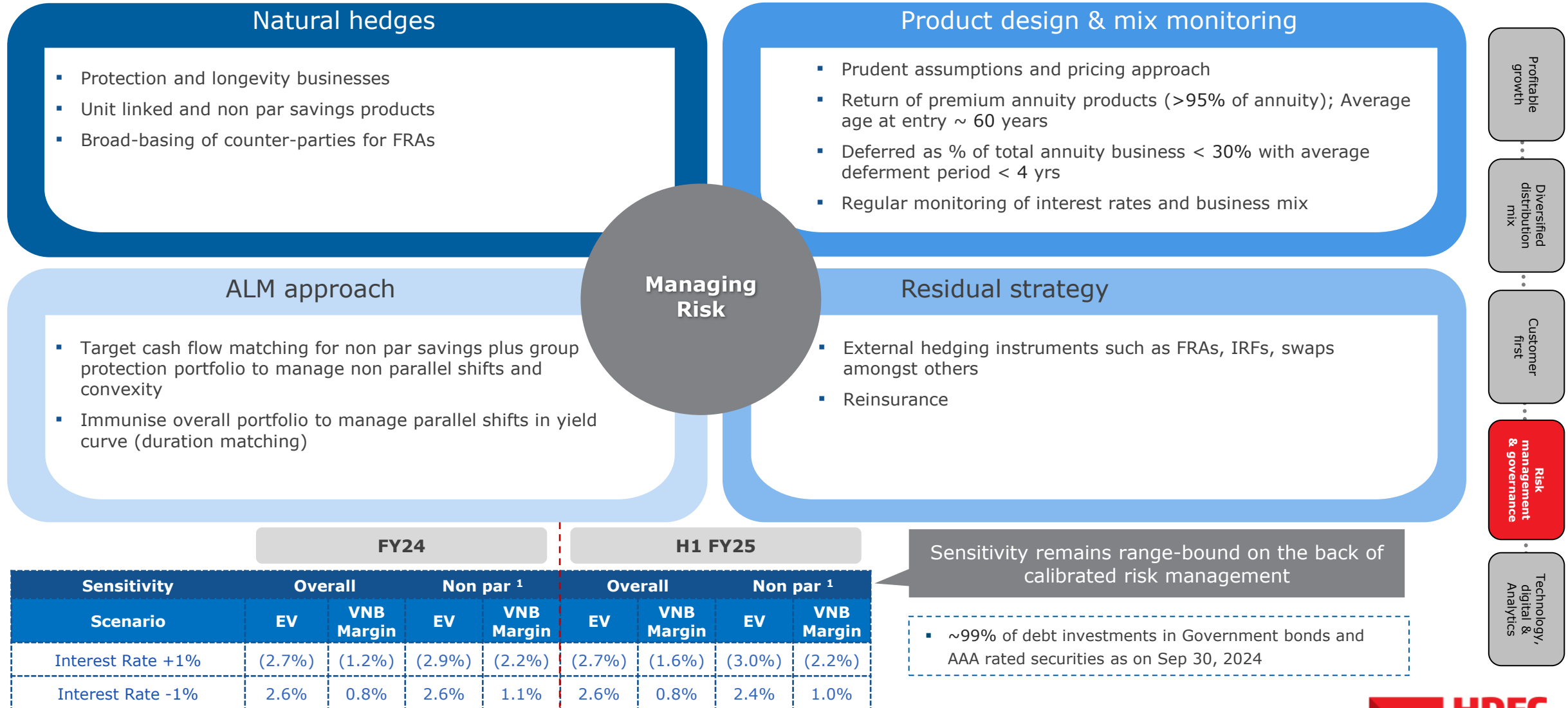
Risk management & governance

Technology, digital & Analytics

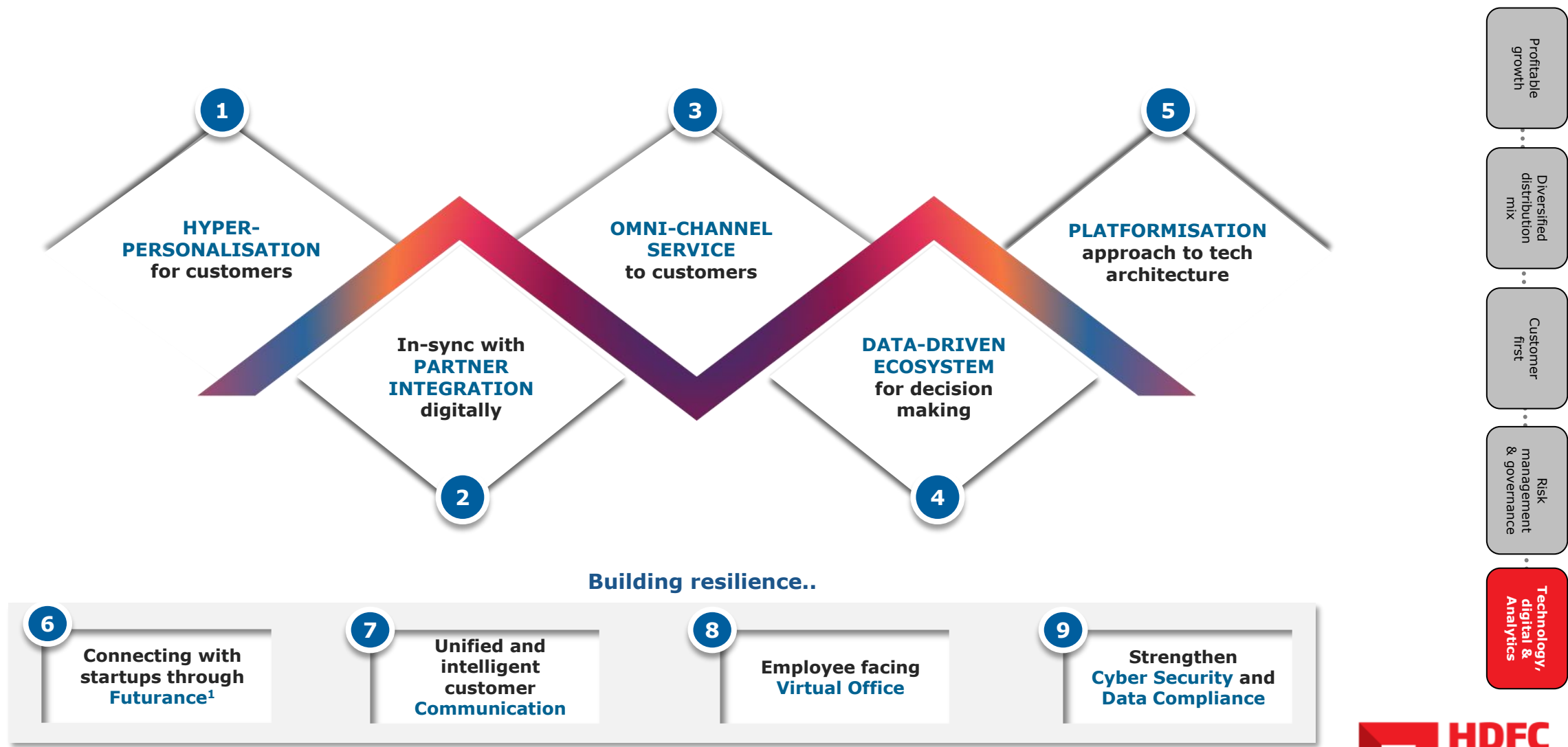
Risk management & board governance



Financial risk management framework



Future ready organization: Leveraging technology, digital and analytics



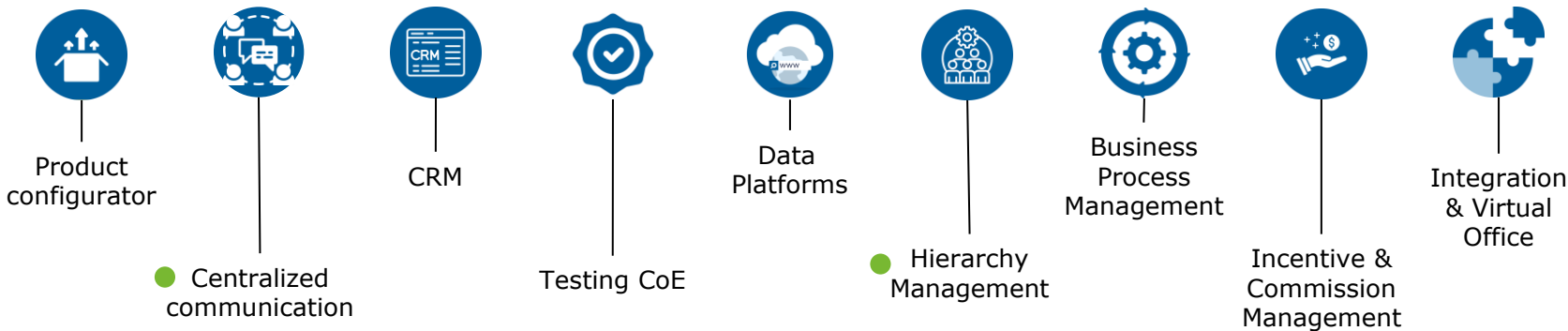
1. Futurance: A program to collaborate with startups for harnessing cutting-edge technology

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



Key milestones achieved



- Details shared in subsequent slides
- ✓ Key milestones completed and deployed
- ✓ Key milestones ready to be deployed



Project Inspire: Centralized Communication & Hierarchy Management

Centralized Communication

Integrated architecture to drive efficiencies and reduce time to market

Pre-INSPIRE



Longer time to market from template creation to data integration

Manual process, and multiple disjointed communication systems

Lack of a single source to store and trigger communication, coupled with the absence of configurable **business rules**

No personalization, intelligent analytics due to lack of integration

Post INSPIRE



Reduced time to market

Cost and process efficiencies improvement by ~35% due to error free trigger and automated business rules

Template rationalization through reusable components by 20%

Single platform to ingest and trigger communication

Pre defined rules of engagement **to restrict duplicate communications** in a day

Hierarchy Management

Hierarchy mapping from single source

Pre-INSPIRE



Hierarchy update with a lag

Manual intervention required for preparing **distributor summary** and escalation module

Multiple portals for transactions - Channel credits, Commissions and Servicing

Multiple systems for hierarchy i.e. Life Asia, Seibel CRM, EDW & Excel files for MIS

Post INSPIRE



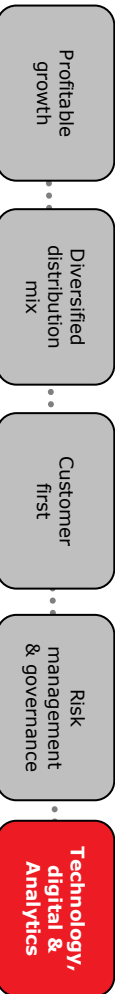
Real time hierarchy update resulting in higher accuracy in MIS

Defined distributor workflows

All hierarchy transactions from **a single portal**

Manage all complex hierarchies and provide audit trail

Single source of truth for all functions hierarchy and mapping to HDFC Life employees



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Other Business Highlights

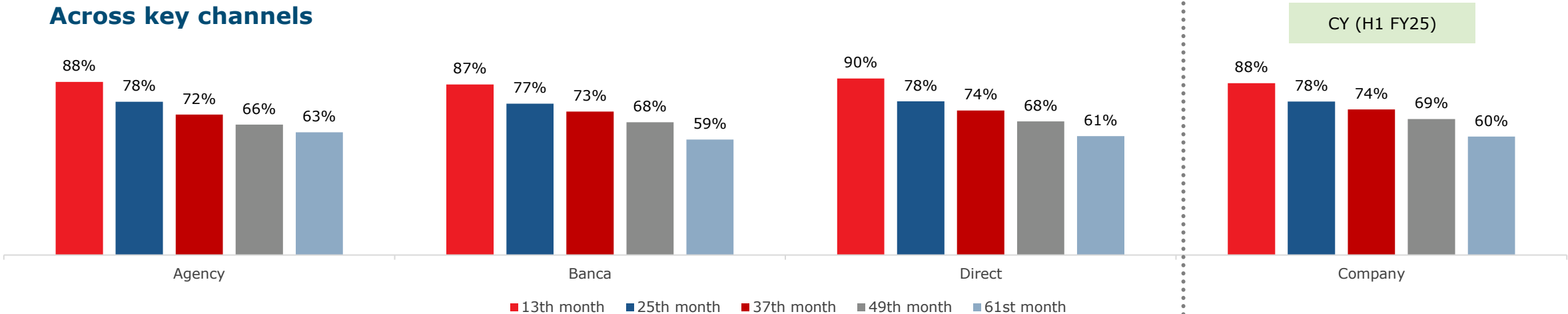
4

Life insurance in India

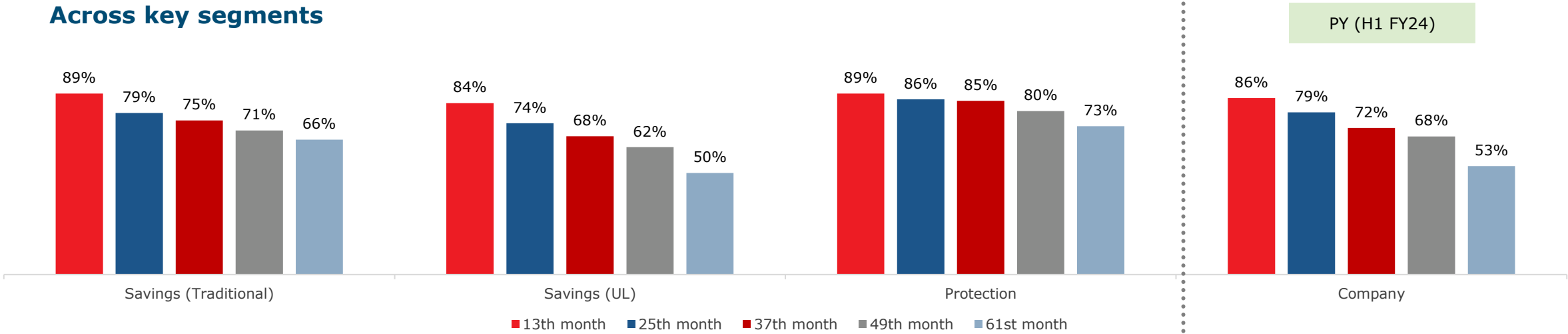


Persistency trends for HDFC Life

Across key channels

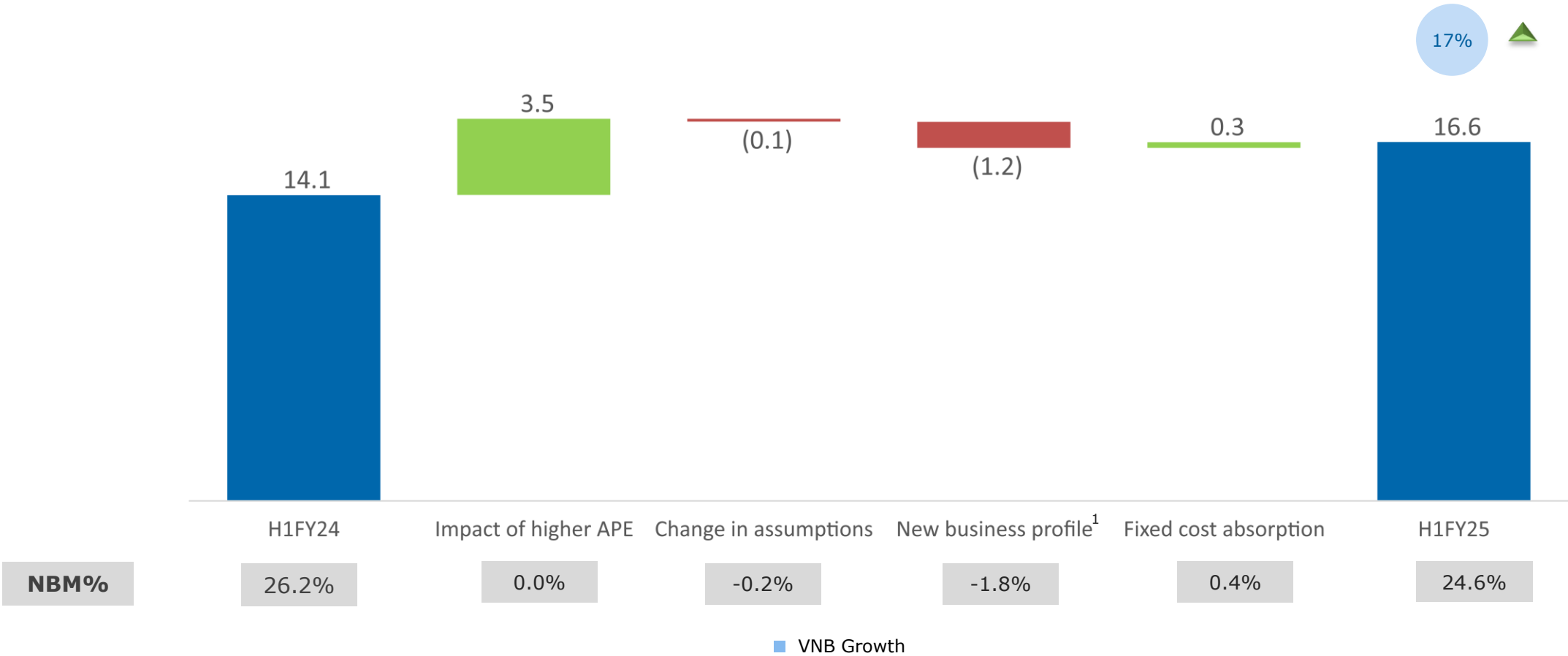


Across key segments



Steady VNB trajectory

Rs bn



Note: Numbers may not add up due to rounding off
1. Reflects the impact of difference in mix of segment/distribution channel/tenure/age/sum assured multiple, amongst others

Sensitivity analysis – H1 FY25

Analysis based on key metrics	Scenario	Change in VNB Margin ¹	% Change in EV
Change in			
Reference rate	Increase by 1%	-1.6%	-2.7%
	Decrease by 1%	0.8%	2.6%
Equity Market movement	Decrease by 10%	-0.1%	-1.5%
Persistency (Lapse rates)	Increase by 10%	-0.9%	-0.1%
	Decrease by 10%	0.9%	0.1%
Maintenance expenses	Increase by 10%	-0.7%	-0.9%
	Decrease by 10%	0.7%	0.9%
Acquisition Expenses	Increase by 10%	-2.8%	NA
	Decrease by 10%	2.8%	NA
Mortality / Morbidity	Increase by 5%	-1.3%	-1.1%
	Decrease by 5%	1.3%	1.1%
Tax rate²	Increased to 25%	-4.9%	-9.5%

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
- Assess appropriateness of ALM strategy to manage interest rate risk in non-par savings business - Review sensitivity of value of assets and liabilities to changes in assumptions	- Portfolio 1: Savings and Protection – All non-single premium non-par savings contracts and group protection products - Portfolio 2: All immediate and deferred annuities

Description	Stress scenarios tested	Net asset liability position
Interest rate scenarios	Parallel shifts/ shape changes in yield curve within +- 150 bps of March 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:

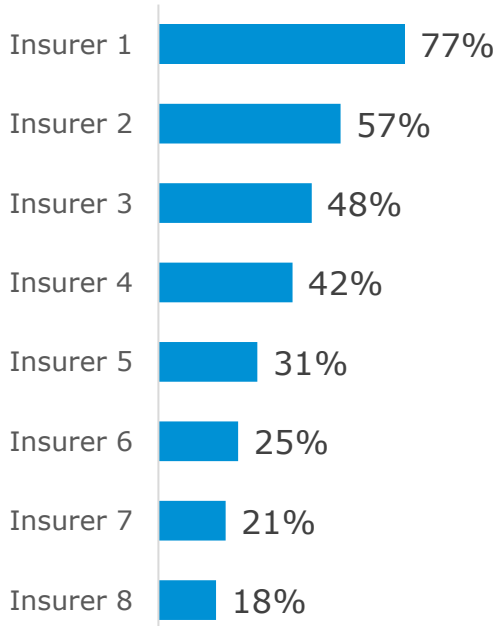
- **meet policyholder liability cash flows**
- **protect net asset-liability position thereby limiting impact on shareholder value**

Focus on increasing awareness across tier 2/3 markets

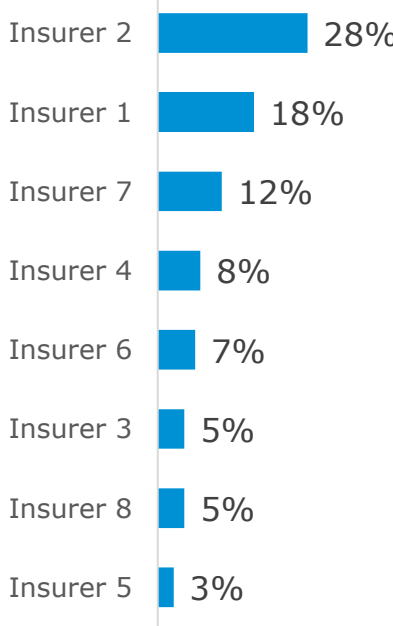
Spontaneous awareness (Private insurers)



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

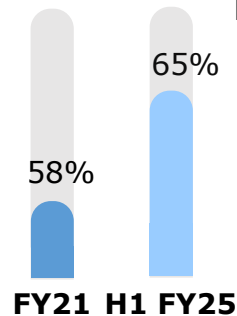
- Tapping the potential of 'social media influencers', to micro-target the audience

— 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 H1 FY25



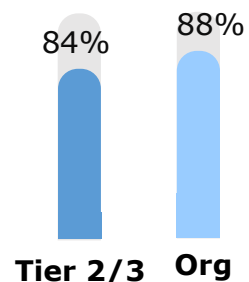
Amongst top 3 brands¹ for tier 2/3 customers



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 H1 FY25

And building capacity for future growth



40K+

Partner branches

600

HDFC Life branches

300+

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	Environment	Social	Governance
Ethical Conduct & Governance Responsible Investment Diversity, Equity and Inclusion (DE&I) Holistic Living Sustainable Operations	- 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 - Total Water Consumption – 4,62,793.28 kL - 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% Reasonable Assurance conducted for BRSR Core Indicators	Insurance awareness campaigns; customer communication in vernacular languages Micro insurance products for financial inclusion - 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%	- 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 - Prepared and submitted 1st mandatory UN-PRI Report for FY24 - Information Security systems and processes are ISO 27001 certified - Business Continuity Practices, guided by the principles of ISO 22301

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

India's **Best Workplaces for Women 2024** by Great Place to Work

Click here:

[HDFC Life ESG Report](#)

[HDFC Life Sustainability Factsheet](#)

[HDFC Life Integrated Annual Report](#)



Financial and operational snapshot (1/2)

Rs bn.

	H1 FY25	H1 FY24	Growth	FY24	FY23	FY22*
<i>New Business Premium (Indl. + Group)</i>	145.0	129.7	12%	296.3	290.9	241.5
<i>Renewal Premium (Indl. + Group)</i>	152.4	136.4	12%	334.5	284.5	218.1
Total Premium	297.4	266.1	12%	630.8	575.3	459.6
Individual APE	58.6	44.8	31%	115.1	114.0	81.7
Overall APE	67.2	53.7	25%	132.9	133.4	97.6
Profit after Tax	9.1	7.9	15%	15.7	13.6	12.1
- Policyholder Surplus	4.6	3.4	36%	6.7	5.9	4.4
- Shareholder Surplus	4.5	4.6	-1%	8.9	7.7	7.7
Dividend Paid	4.3	4.1	5%	4.1	3.6	4.1
Assets Under Management	3,249.4	2,648.7	23%	2,922.2	2,387.8	2,041.7
Indian Embedded Value	521.1	429.1	21%	474.7	395.3	300.5
Net Worth ⁽¹⁾	147.5	133.8	10%	142.0	129.7	154.0
NB (Individual and Group segment) lives insured (Mn.)	25.9	33.2	-22%	66.0	68.5	54.1
No. of Individual Policies (NB) sold (In '000s)	582.3	476.2	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)

	H1 FY25	H1 FY24	FY24	FY23	FY22*
Overall New Business Margins (post overrun)	24.6%	26.2%	26.3%	27.6%	27.4%
Operating Return on EV	16.0%	16.4%	17.5%	19.7%	16.6%
Total Expenses (OpEx + Commission) / Total Premium	21.1%	19.7%	19.4%	19.8%	16.5%
Return on Equity ⁽¹⁾	12.6%	12.0%	11.5%	11.9%	10.1%
Solvency Ratio	181%	194%	187%	203%	176%
Persistency (13M / 61M)	88%/60%	86%/53%	87%/53%	87%/52%	87%/54%
Individual WRP Market Share (%)	16.3%	15.7%	15.4%	16.5%	14.8%
Business Mix (%)					
- Product (UL/Non par savings/Annuity/Non par protection/Par)	⁽²⁾ 36/38/5/6/15	28/28/8/6/30	35/30/6/5/23	19/45/5/4/27	26/33/5/6/30
- Indl Distribution (CA/Agency/Broker/Direct)	⁽²⁾ 65/17/7/11	65/18/7/11	65/18/6/11	56/20/11/13	60/14/6/19
- Total Distribution (CA/Agency/Broker/Direct/Group)	⁽³⁾ 28/8/3/12/49	25/8/3/11/54	27/8/3/12/50	25/9/4/13/49	24/6/2/16/52
- Share of protection business (Based on Indl APE)	5.7%	5.9%	5.1%	4.1%	5.6%
- Share of protection business (Based on Overall APE)	12.9%	16.6%	13.3%	13.3%	13.6%
- Share of protection business (Based on Overall NBP)	29.2%	35.3%	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. 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

*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



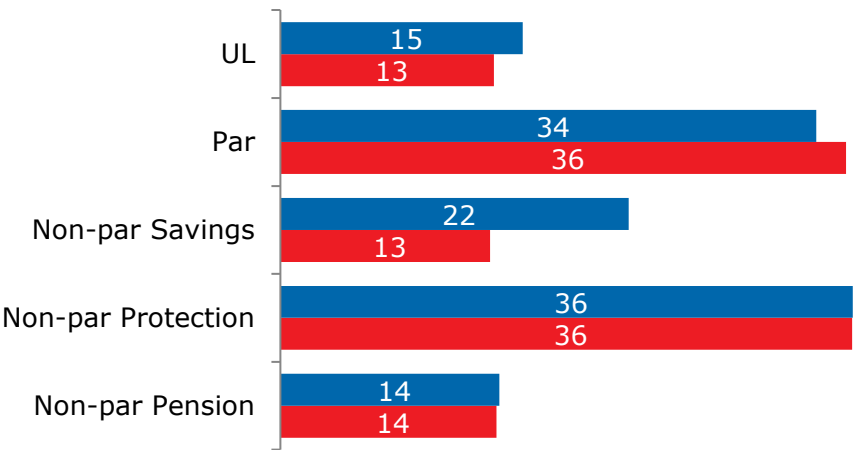
Strong focus on **balancing profitability and risk management**

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

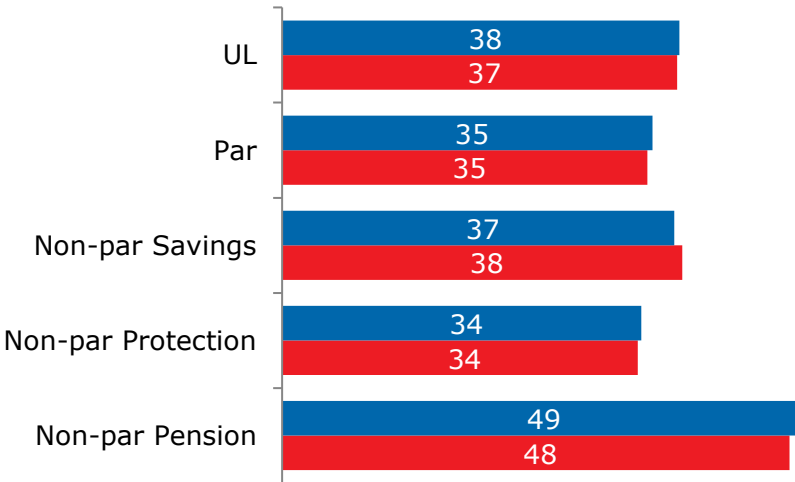
Average Policy Term (Yrs)

H1 FY25: 24.0 (H1 FY24: 23.4)



Average Customer Age (Yrs)

H1 FY25: 36.4 (H1 FY24: 36.1)



- 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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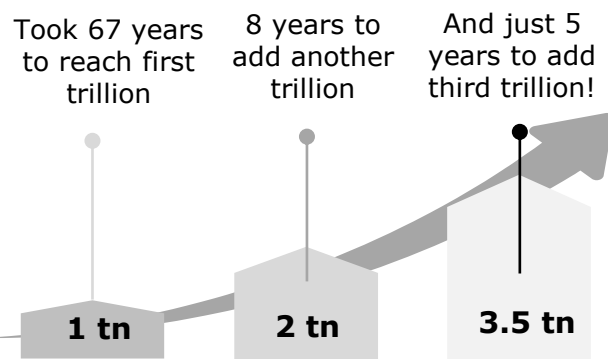
Life insurance in India



India – poised for sustainable growth

Fifth largest and fastest growing economy

India's GDP (in USD)¹



Demographic dividend- youngest economy¹

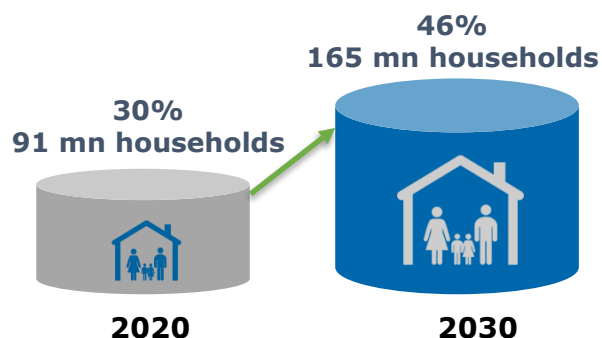


"At average age of 29 years, India to remain the youngest economy till 2070"

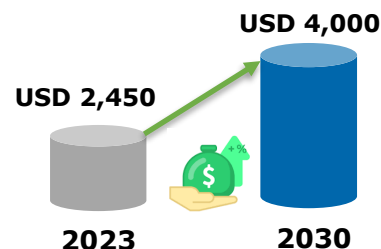
India surpassed FY24 growth expectations, growing by 8.2%. Expected to be third largest economy by 2030²

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



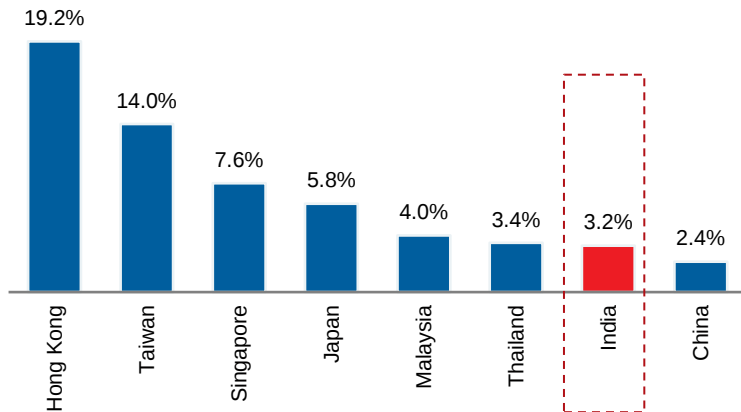
- GFCF⁶ to be >30% over the next 5 years⁵
- Bank credit to be 60% of GDP by FY30 from 50% currently⁵

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

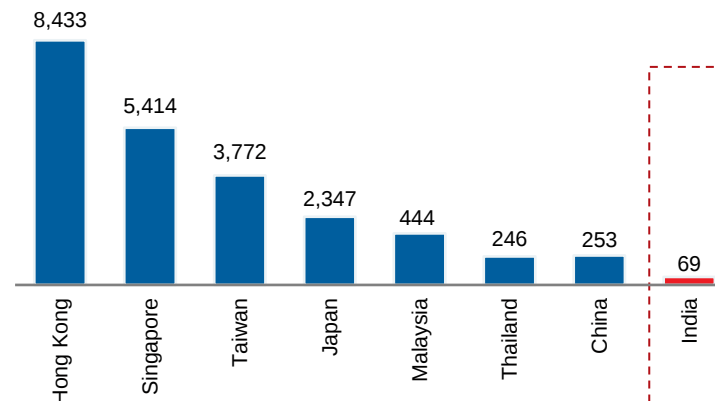
1. Invest India
 2. MoSPI; S&P Global Market Intelligence
 3. People Research on India's Consumer Economy (PRICE); average size of an household is 4.4 as in 2021
 4. Standard Chartered Bank
 5. CLSA, NDTV Profit
 6. Gross Fixed Capital Formation

Growth opportunity: Under-penetration and favorable demographics

Life Insurance penetration¹ (CY 2022)

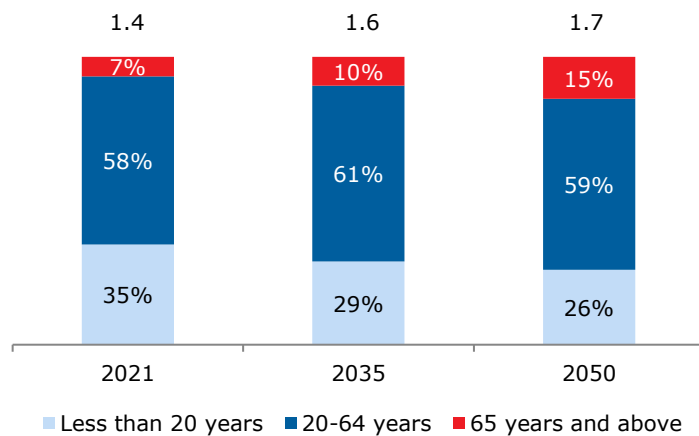


Life Insurance density US\$² (CY 2022)

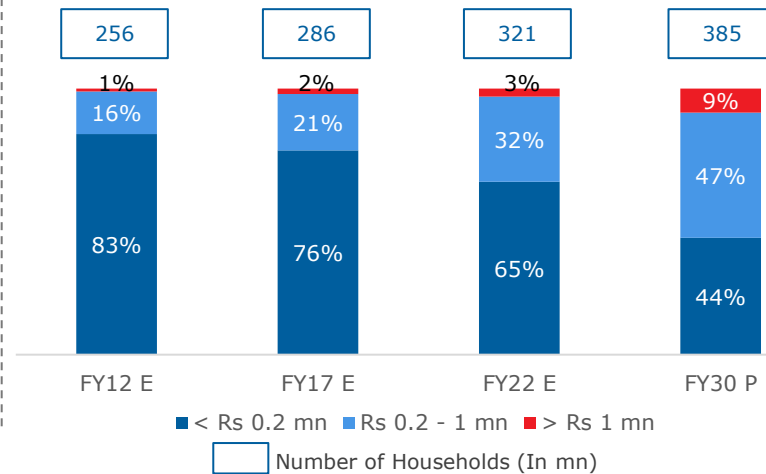


- India remains vastly under-insured, both in terms of penetration and density
- Huge opportunity to penetrate the underserved segments, with evolution of the life insurance distribution model

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

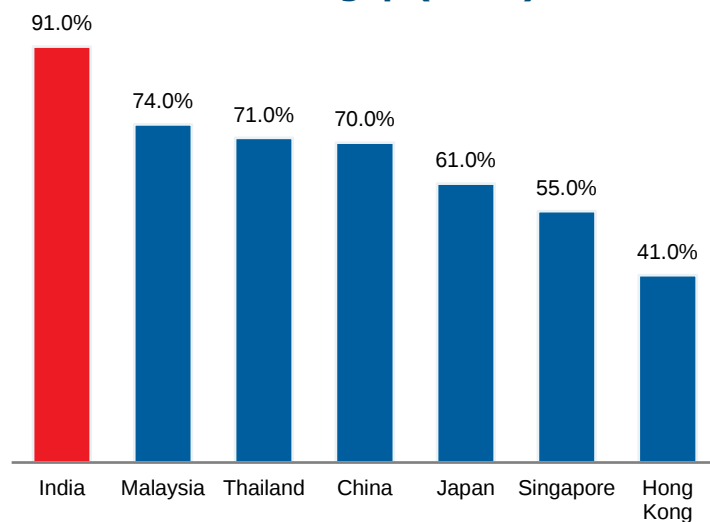
1. Penetration as measured by premiums as % of GDP,

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

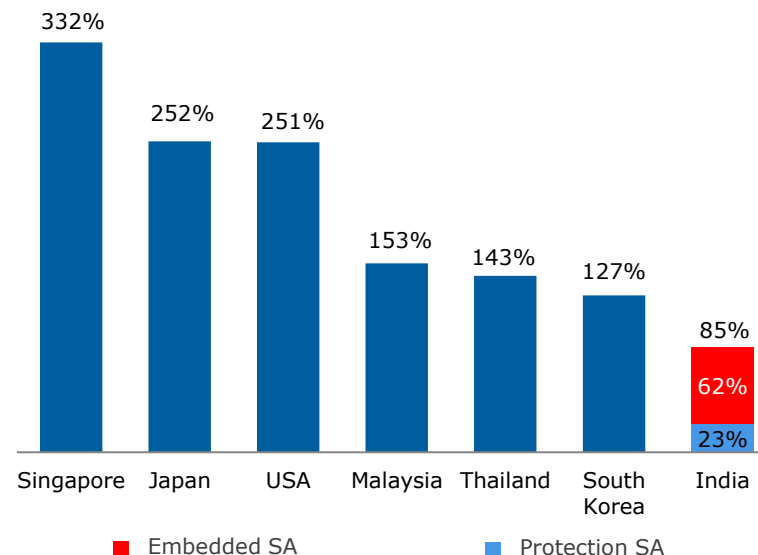
Low levels of penetration: Life protection

Protection gap (2019)¹



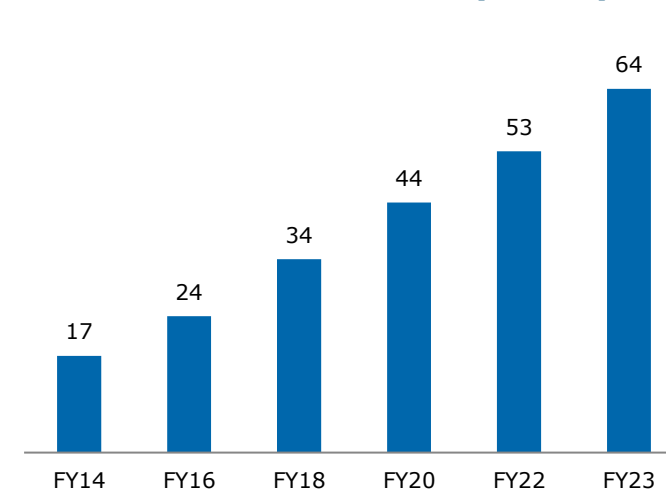
- India has the highest protection gap in the region
- Savings and life insurance coverage growth lagged economic and wage growth
- Protection gap growth rate to grow at ~4% per annum

Sum Assured as a % of GDP ²



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

Trend of retail 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

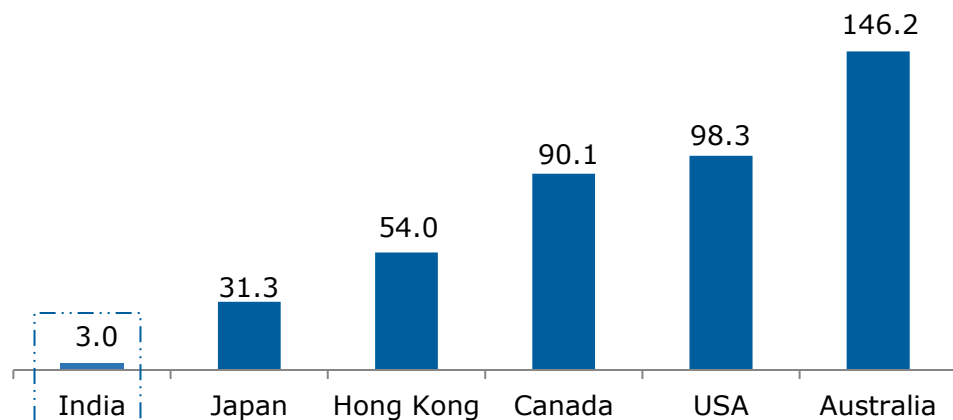
1. Swiss Re. India's protection gap is as of CY22

2. Jefferies "Composite Insurance License in India: Taking a Leaf from Global Experience" report 2022

3. Kotak institutional equities

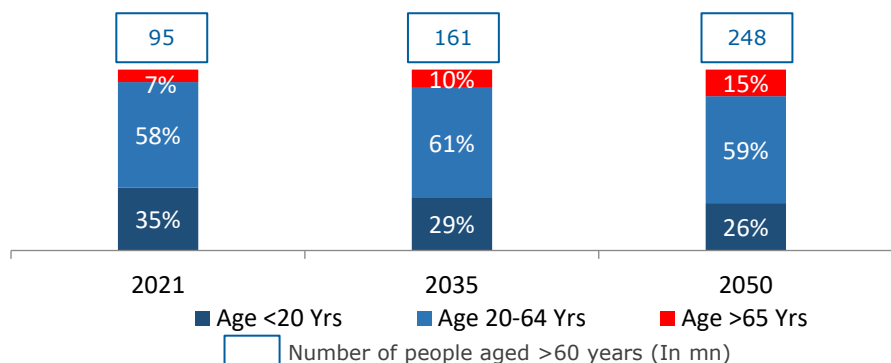
Macro opportunity: Retiral solutions

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

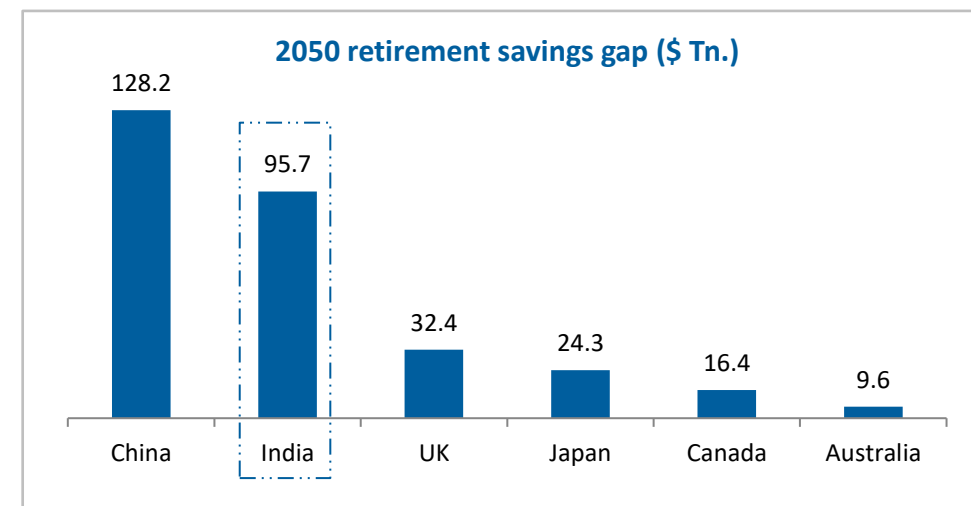


Elderly population is expected to increase 2.5x by 2050

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

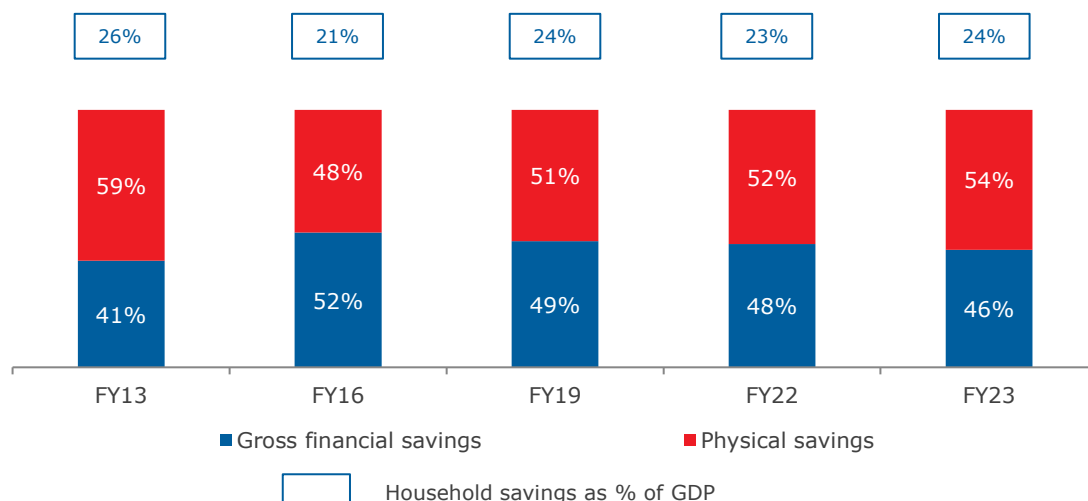
Source: Swiss Re: A Retirement lifeline (2023), OECD (2021), Milliman Asia Retirement Report 2017, Survey by NSSO, MoSPI, United Nations World Populations Prospects Report (2022)

1. Comprising pension assets / funds

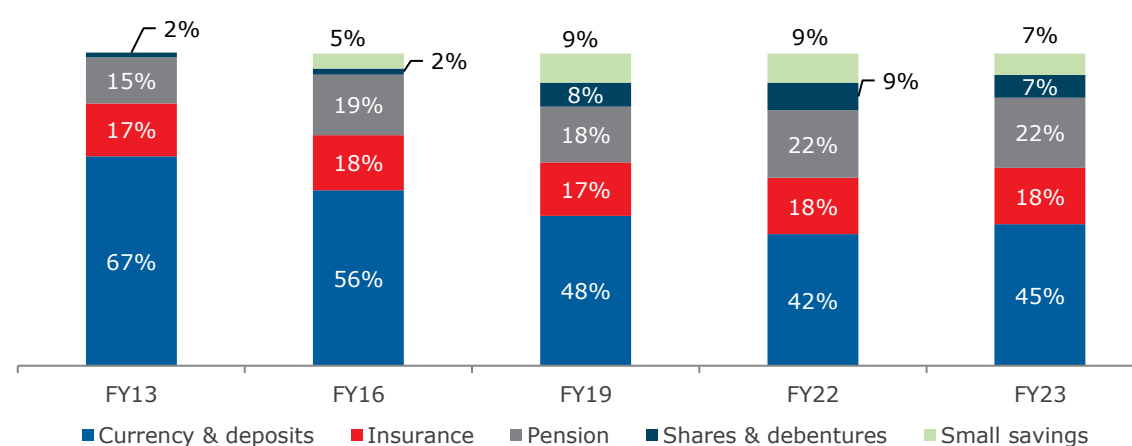
2. Retirement savings gap = Desired retirement income (i.e. 70% of pre-retirement annual income) - Actual income (i.e. social security benefits + employer benefits + personal savings)

Life Insurance: A preferred savings instrument

Household savings composition



Financial savings mix

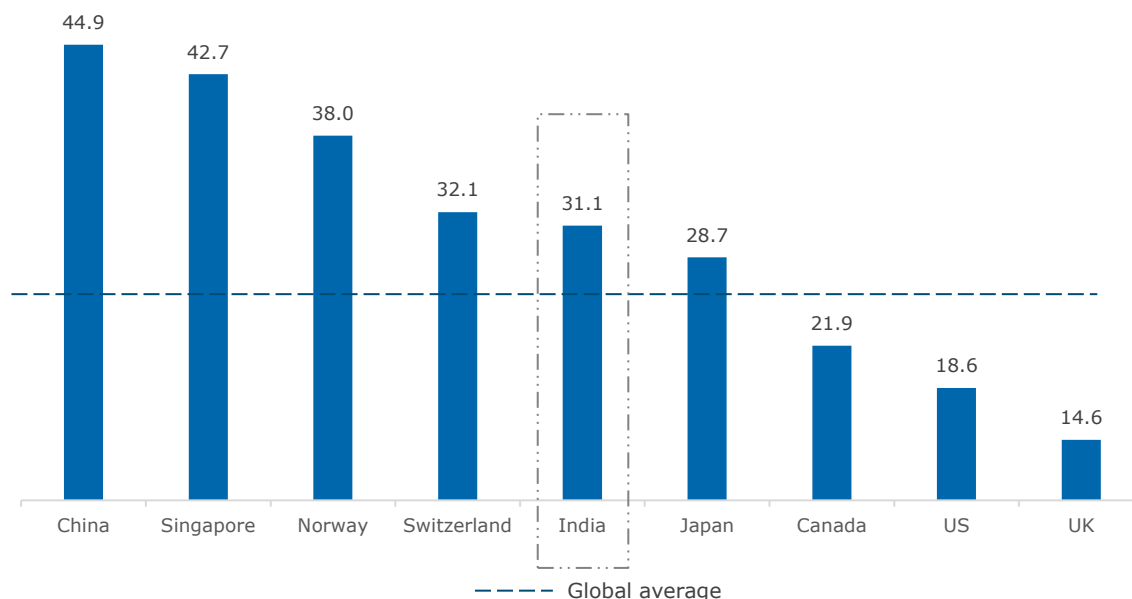


- Increasing preference towards financial savings with increasing financial literacy within the population
 - Within financial savings, allocations have shifted towards non-banks from banks
 - Pension & insurance have witnessed steady AUM growth over the last decade
- Various government initiatives to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

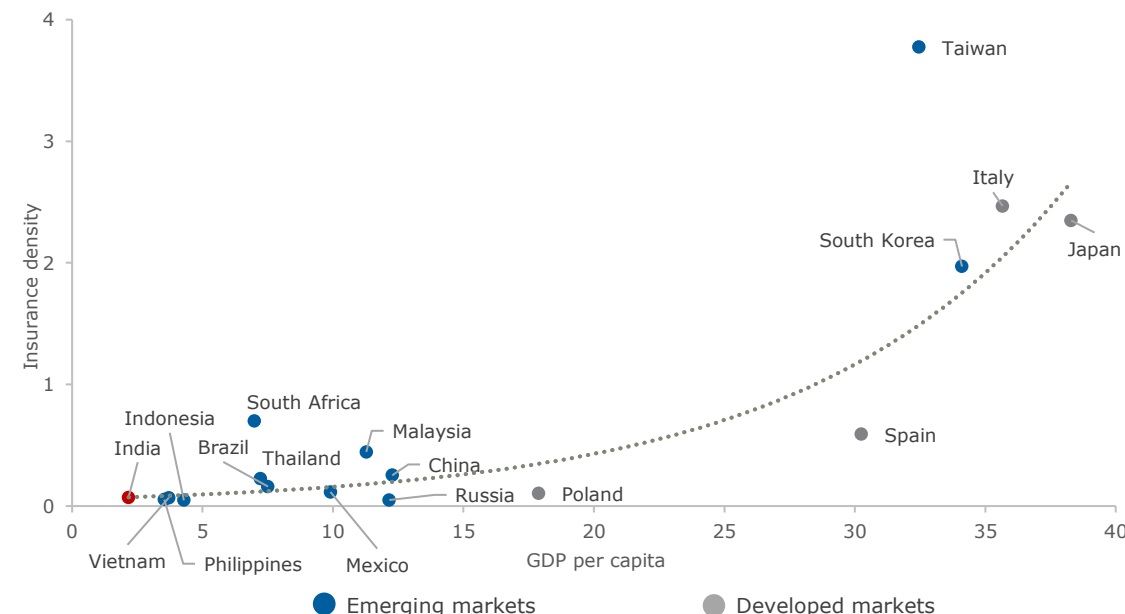
Source: Goldman Sachs: Changing contours of Indian household savings (May '24), Motilal Oswal Financial Savings Update Sep '23, RBI Annual Report, Invest India

Indian savings in the global context

India's gross savings is higher than global average¹



Insurance density is likely to rise with income levels²

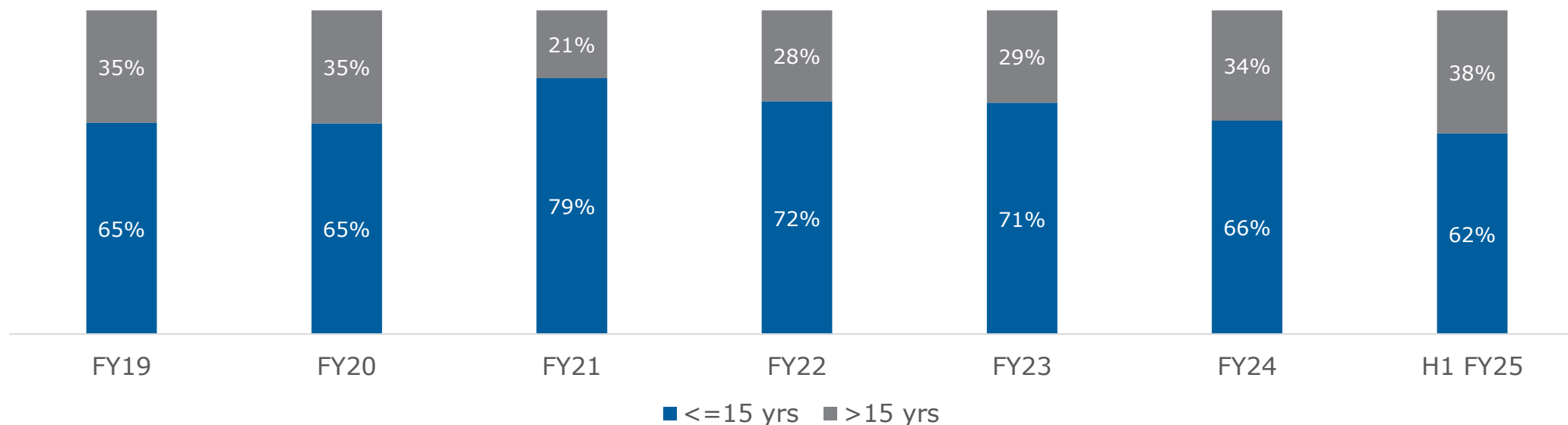


- Increase in financial literacy, financial inclusion and increase in digital infrastructure has accelerated financialization of Indian household savings
- As a result, allocations have shifted into retirement savings, capital markets and insurance
- Yet, there is scope for higher allocation of household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

Government bond auctions

Government Bonds – Tenorwise Issuance

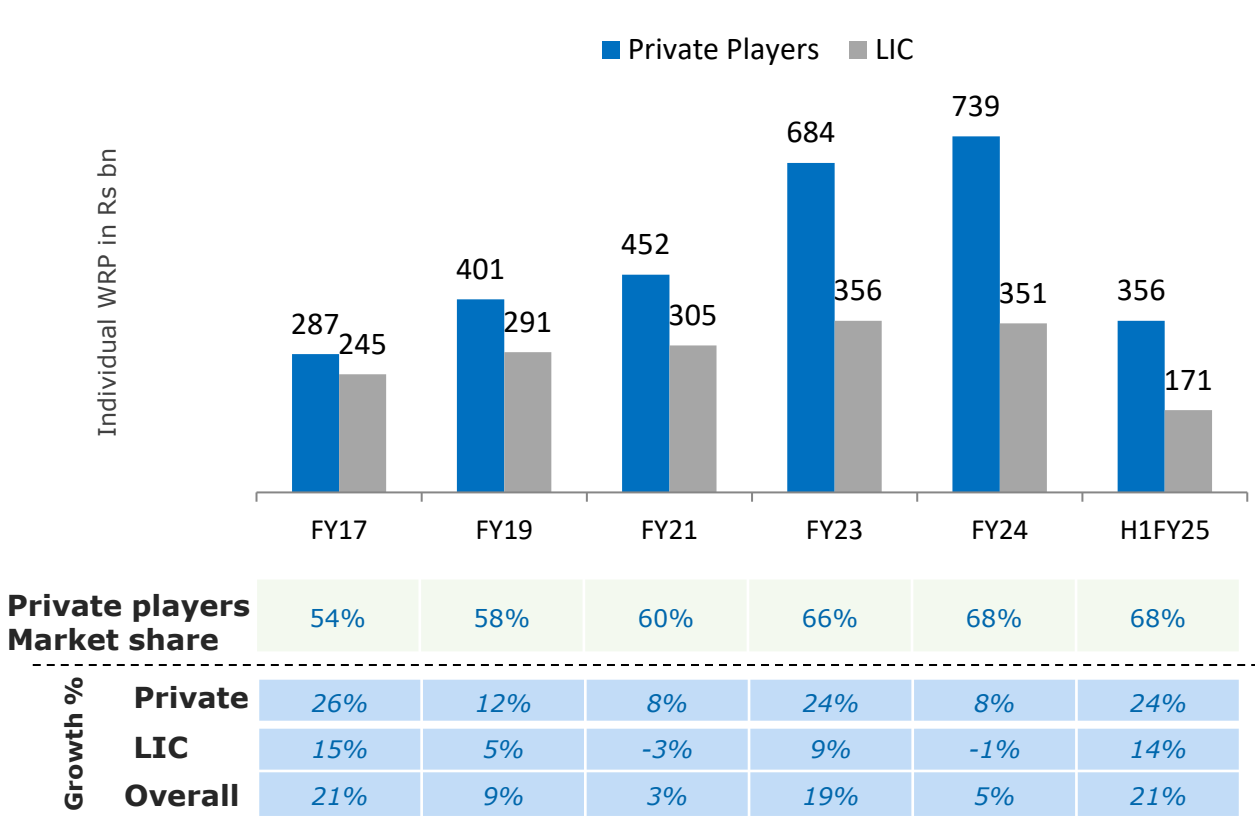
Rs cr



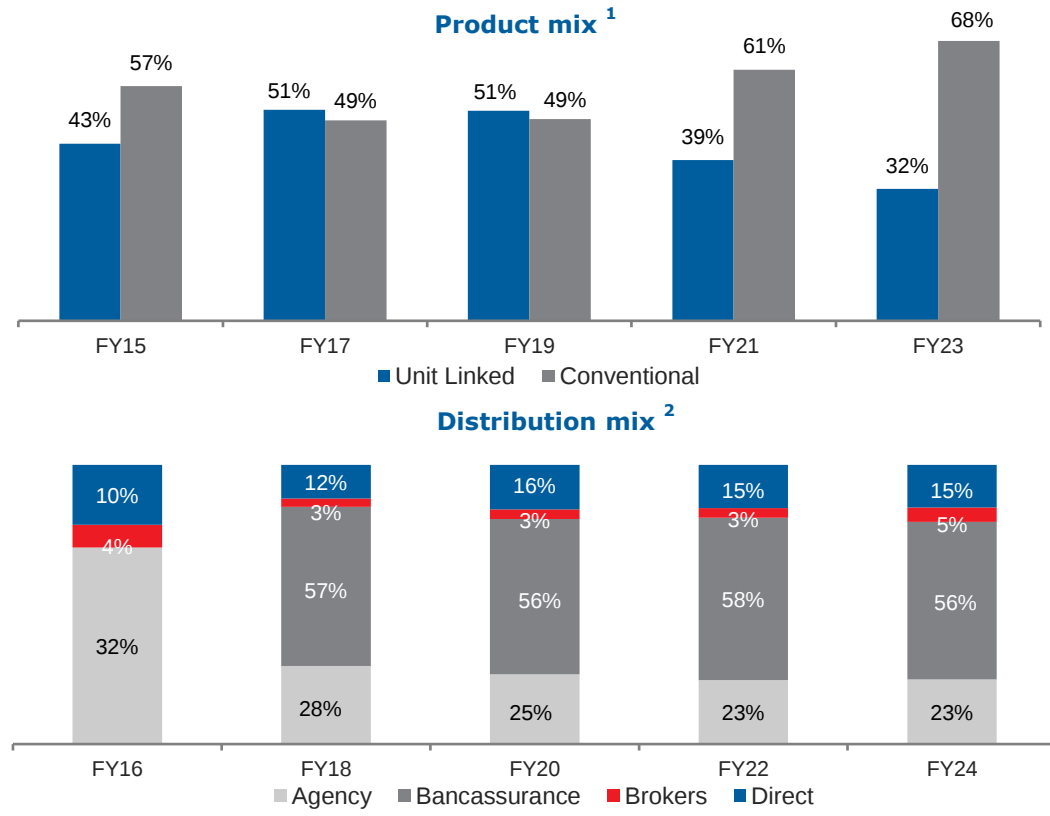
	FY19	FY20	FY21	FY22	FY23	FY24	H1 FY25
<=15 yrs	3,82,941	4,44,000	10,01,835	8,48,000	10,04,000	9,28,000	5,88,000
>15 yrs	2,04,000	2,38,000	2,65,575	3,31,000	4,01,000	4,80,000	3,56,000
Total	5,86,941	6,82,000	12,67,410	11,79,000	14,05,000	14,08,000	9,44,000

- 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 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 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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FY24 Annual Report



FY24 ESG Report



H1 FY25 ESG Deck



Sustainability Factsheet

