Investor Presentation – FY24

HDFC Life

Sar utha ke jiyo!

Executive summary: FY24

Revenue & Scale

Individual APE	Rs. Bn	115.1
	Growth[1]	1%
	2-year CAGR	14%
Renewal premium	Rs (Bn.)	334.5
	Growth	18%
AUM	Rs (Bn.)	2,922
	Growth	22%
IEV	Rs (Bn.)	474.7
	EVOP	17.5%

Profitability & Cost

Value of New Business (VNB)	Rs (Bn.)	35.0
	Growth	-5%
	2-year CAGR	14%
New Business Margin (NBM)	CY	26.3%
	PY	27.6%
Profit After Tax (PAT)	Rs (Bn.)	15.7
	Growth	15%
Total exp. ratio[2]	CY	19.4%
	PY	19.8%

Customer & Capital

13th month persistency	CY	87%
	PY	87%
Claim settlement ratio (FY24)	Overall	99.7%
	Individual	99.5%
Complaints per 10K policies[3]	FY24	28
	FY23	35
Solvency	Mar'24	187%
	Dec'23	190%

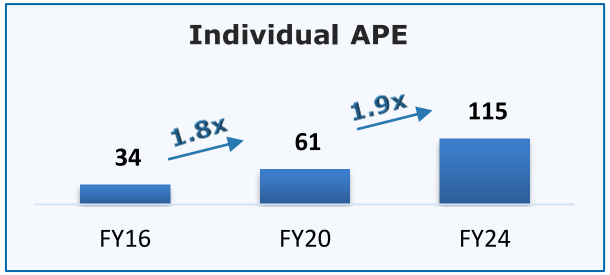
1. Normalized growth (excluding Rs. 10 Bn of FY23 business which was one-off due to Union Budget changes) for FY24 is 11%
2. Total Expense Ratio is calculated as total expenses (including commission) divided by total premium
3. Complaints data (excluding survival and death claims)

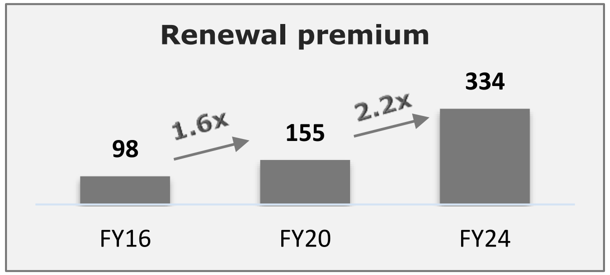
Agenda

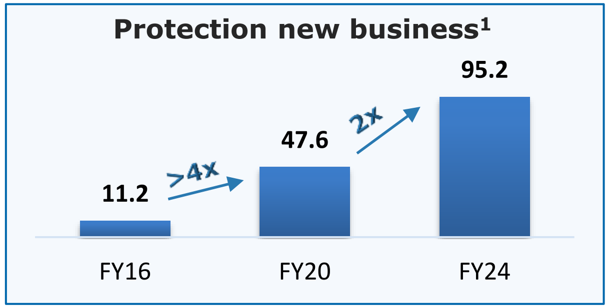
Consistent, predictable, sustained performance

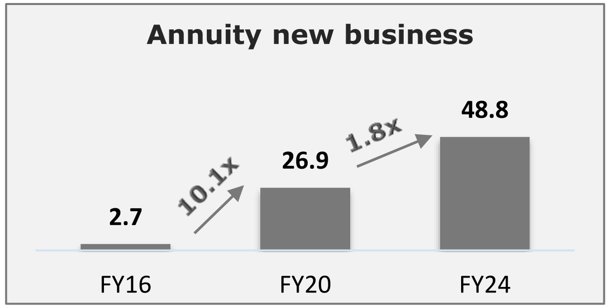
Rs bn

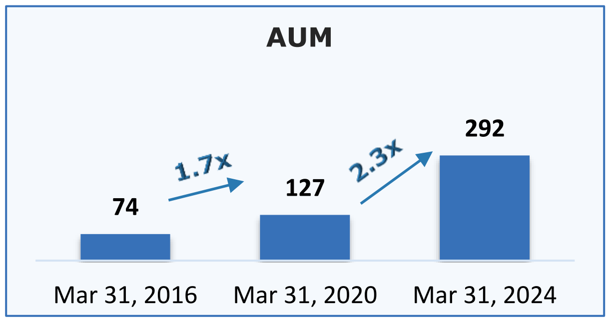
Holistic growth

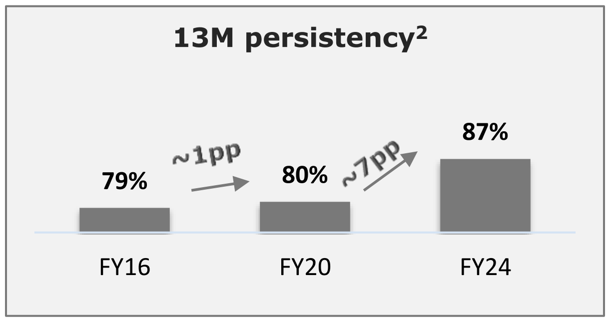




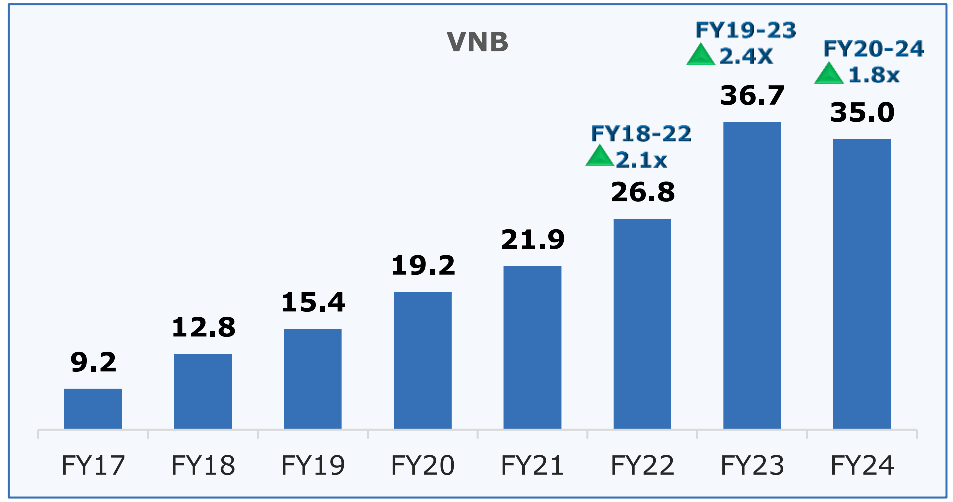


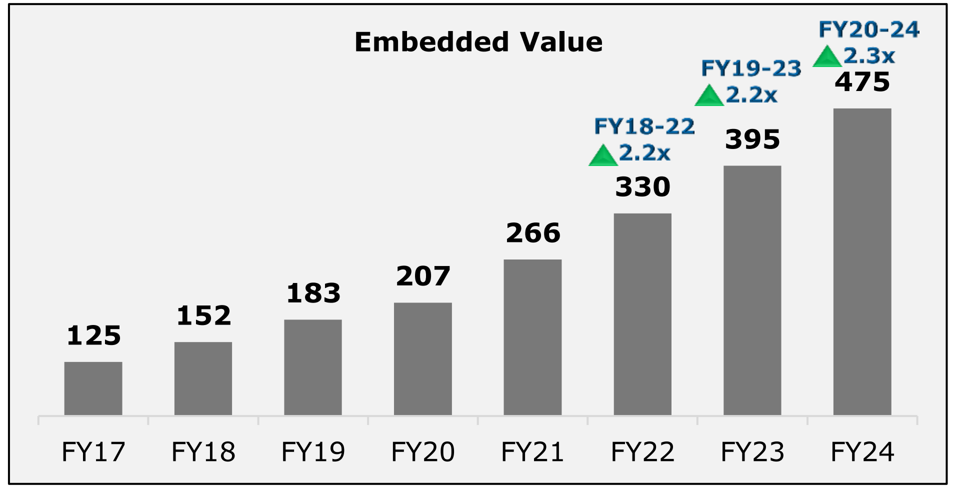






Consistent track record over multiple periods





1. Based on Overall NBP
2. Excluding single premium

Consistent performance across business cycles

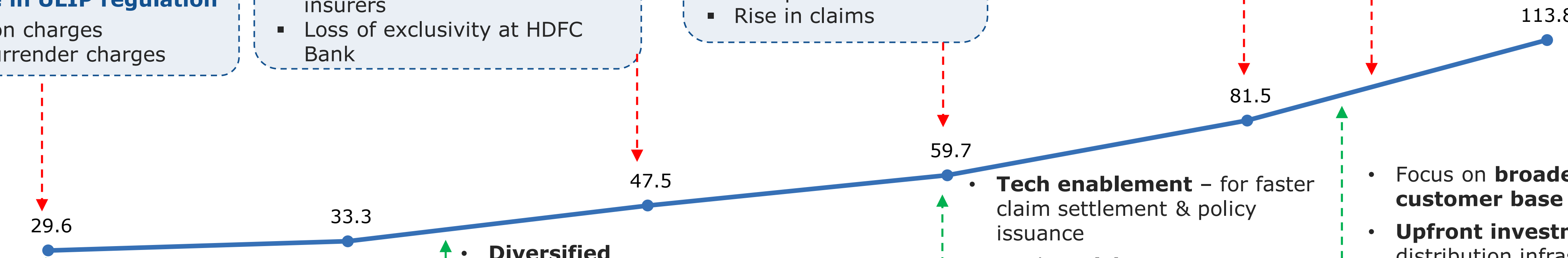
Change in ULIP regulation
- Cap on charges
- No surrender charges

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

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

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

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



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

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

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

- Focus on **broadening customer base**
- **Upfront investments** in distribution infrastructure, technology and manpower **to capitalize on the long term opportunity**

Consistent product innovation

	FY11	FY16	FY18	FY20	FY22	FY24[3]
NBM[1]	10.0%	19.9%	23.2%	25.9%	27.4%	26.3%
Indl WRP[2] growth	18%	12%	31%	19%	16%	10%
Overall industry growth	-8%	8%	19%	6%	16%	9%

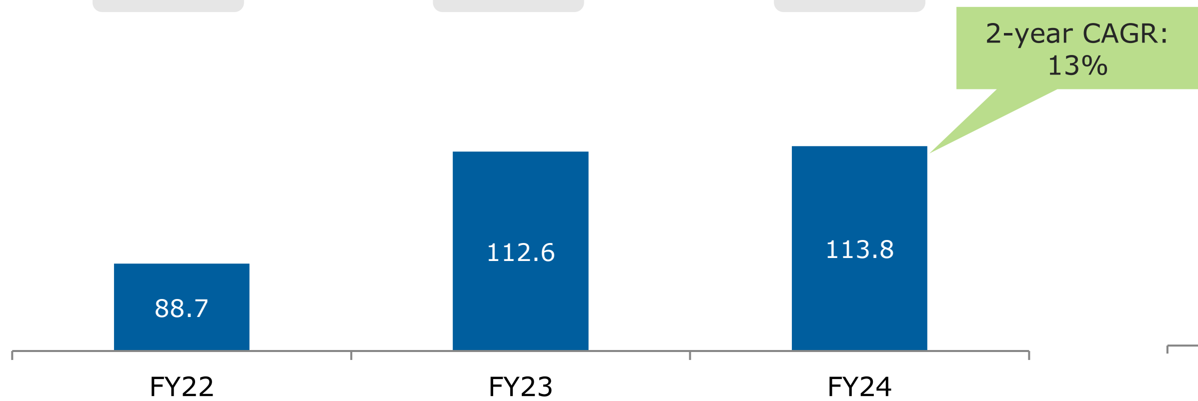
Grew ~2 times industry between FY11-FY24 while sustaining profitability

Note: Indl WRP in Rs bn
1. New Business Margin
2. WRP: Weighted Received Premium
3. Indl WRP and overall industry growth based on 11MFY24 industry numbers

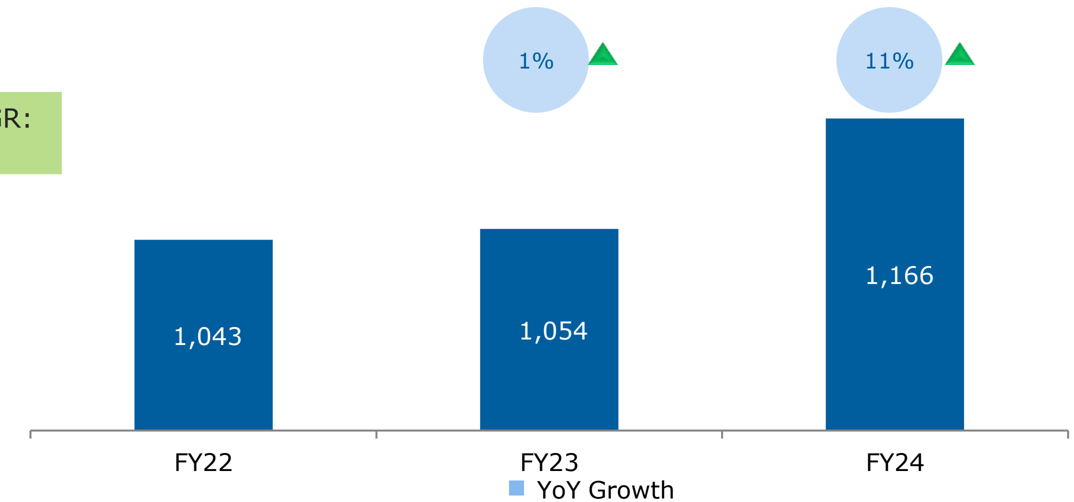
Robust delivery across key metrics (1/2)

Steady individual WRP growth despite headwinds[1]

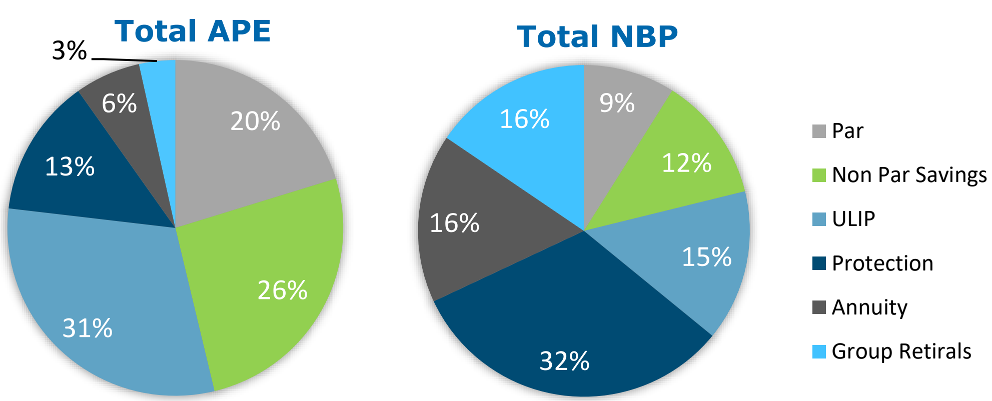
	FY22	FY23	FY24
Pvt. mkt share[3]	16.1%	16.5%	15.4%
Overall mkt share[3]	10.1%	10.8%	10.4%



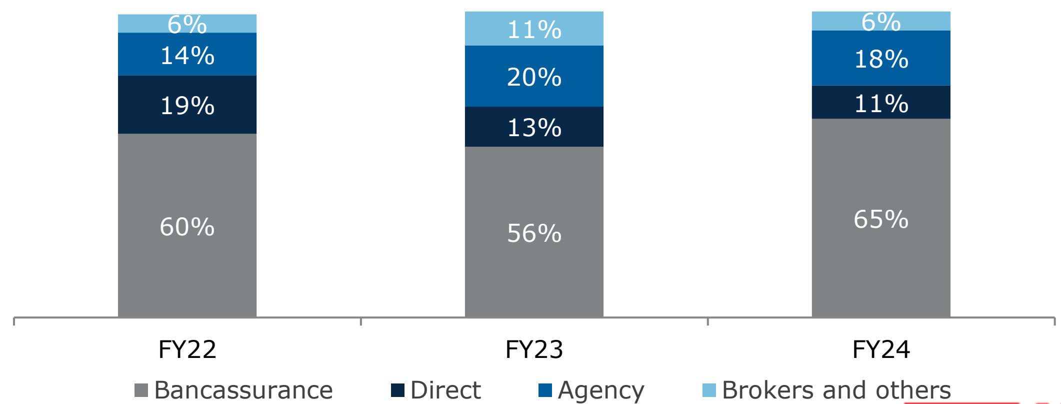
Focus on increasing customer base (NOPs)[1]



Balanced product mix



Focus on diversified channel mix[2]

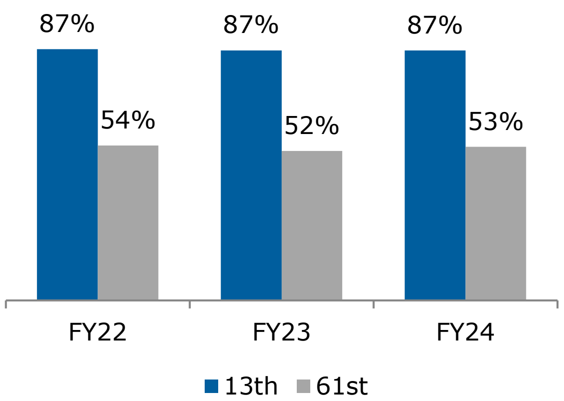


1. FY22 includes Exide Life
2. Based on Individual APE
3. Based on 11MFY24 industry numbers

Robust delivery across key metrics (2/2)

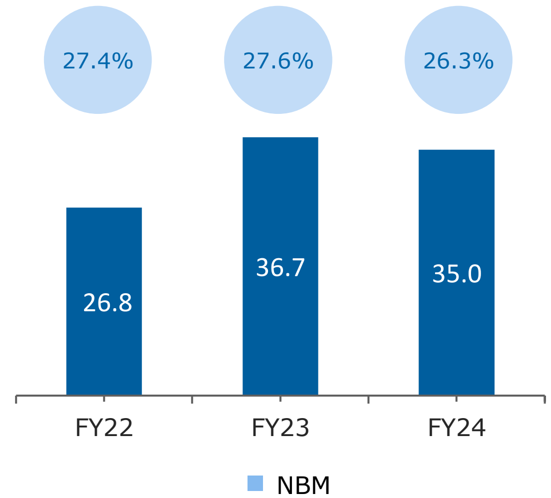
Rs bn

Stable Persistency



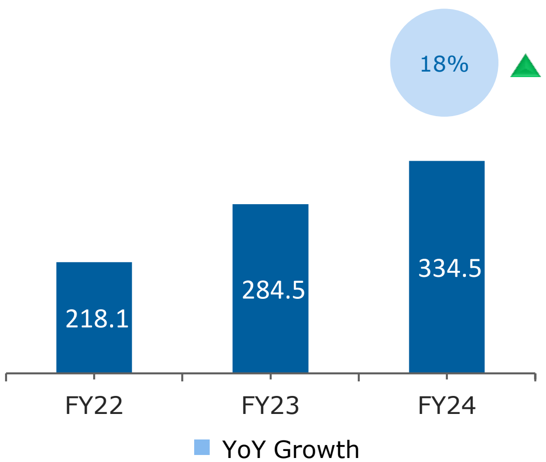
- Focus on quality of business and providing superior customer experience

Sustained VNB growth (2-year VNB CAGR) despite headwinds



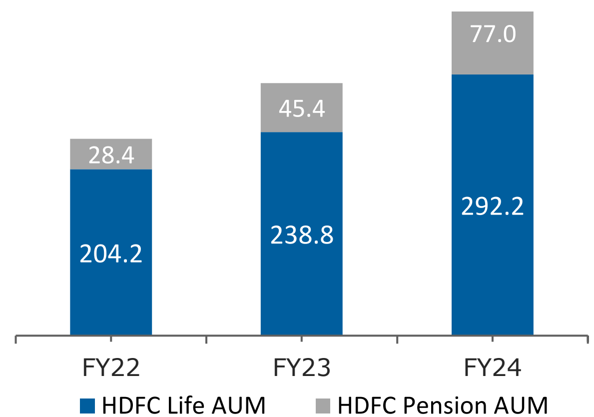
- Multiple pools of profitability contributing to VNB accretion
- 2-year VNB CAGR: 14%

Strong growth in renewal premium



- Backed by strong persistency and growing backbook

Group assets under management > Rs 3.5 tn[1]



- HDFC Life Debt:Equity mix (FY24): 67:33

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

Agenda

1. Performance Snapshot
2. **Business Overview**
3. Other Business Highlights
4. Our approach to ESG
5. 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**

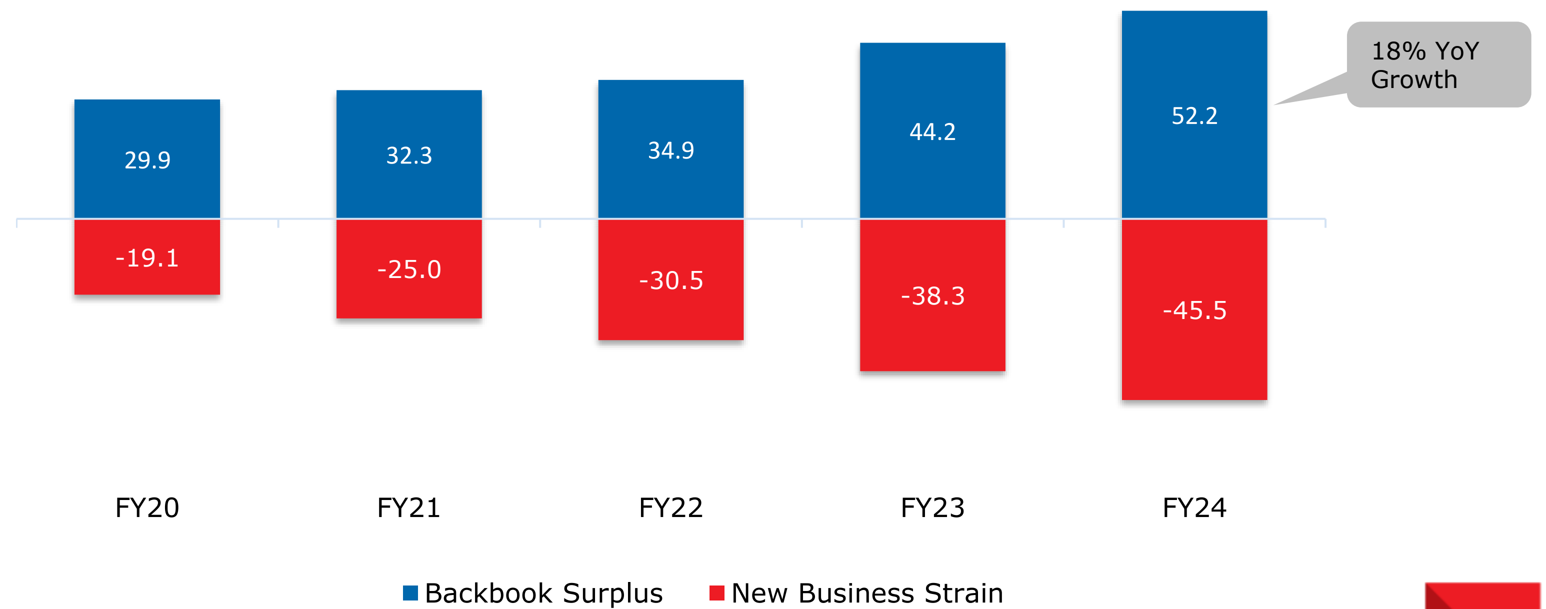
HDFC Life

Focus on profitable growth

Rs bn

		FY20	FY21	FY22	FY23	FY24
Economic Profit	New business Margin	25.9%	26.1%	27.4%	27.6%	26.3%
	Value of new business	19.2	21.9	26.8	36.7	35.0
Accounting Profit	Profit after tax (PAT)	13.0	13.6	12.1	13.6	15.7
	Underwriting profits	10.9	7.3	4.4	5.9	6.7
	Shareholders' surplus	2.1	6.3	7.7	7.7	8.9

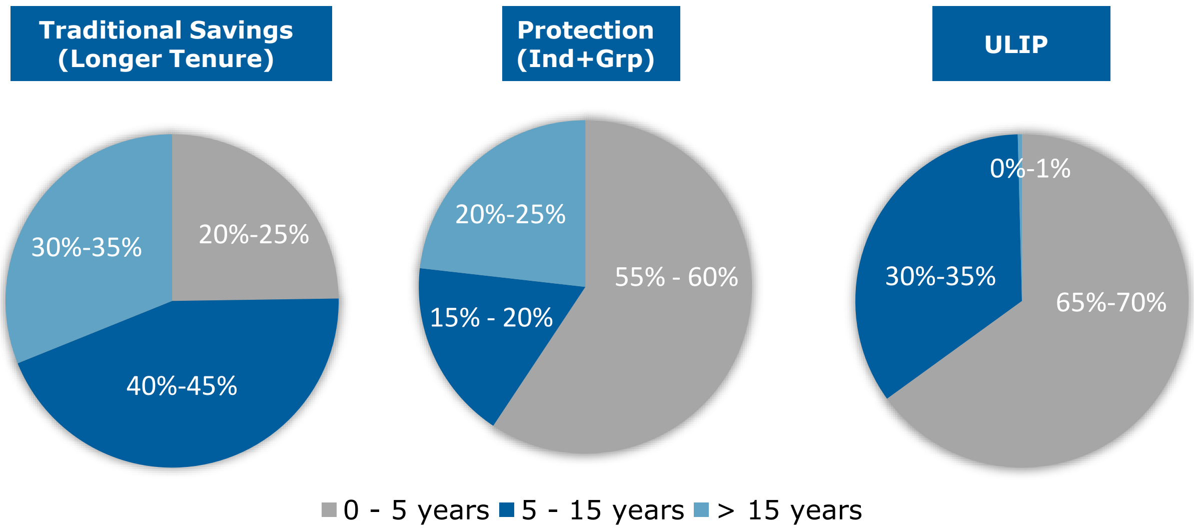
Underwriting profits breakup



Note: Numbers may not add up due to rounding off

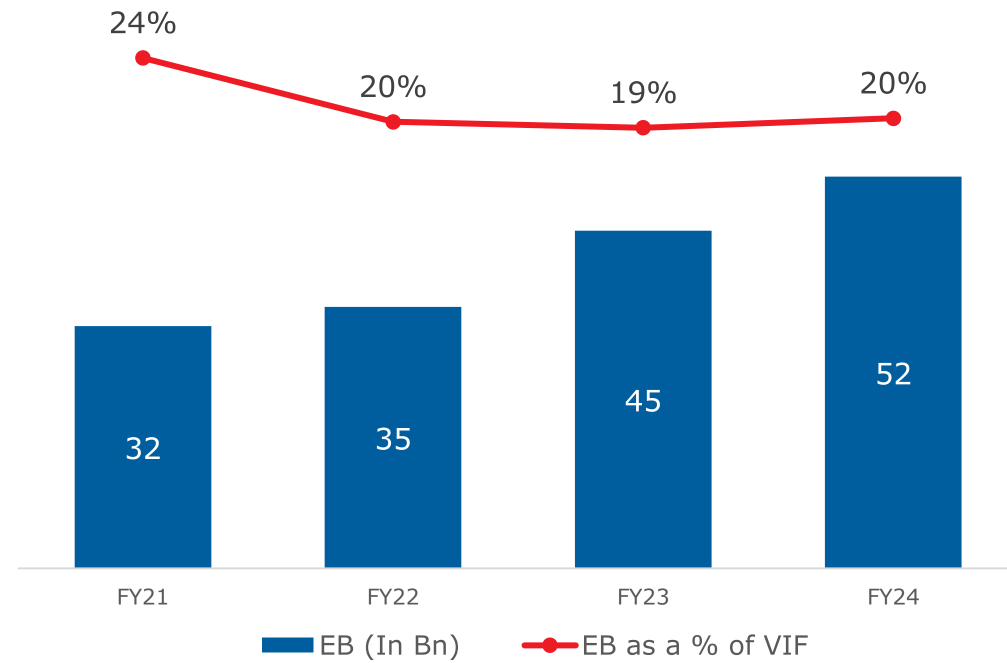
Emergence of Existing Business (EB) Surplus

Profit Emergence



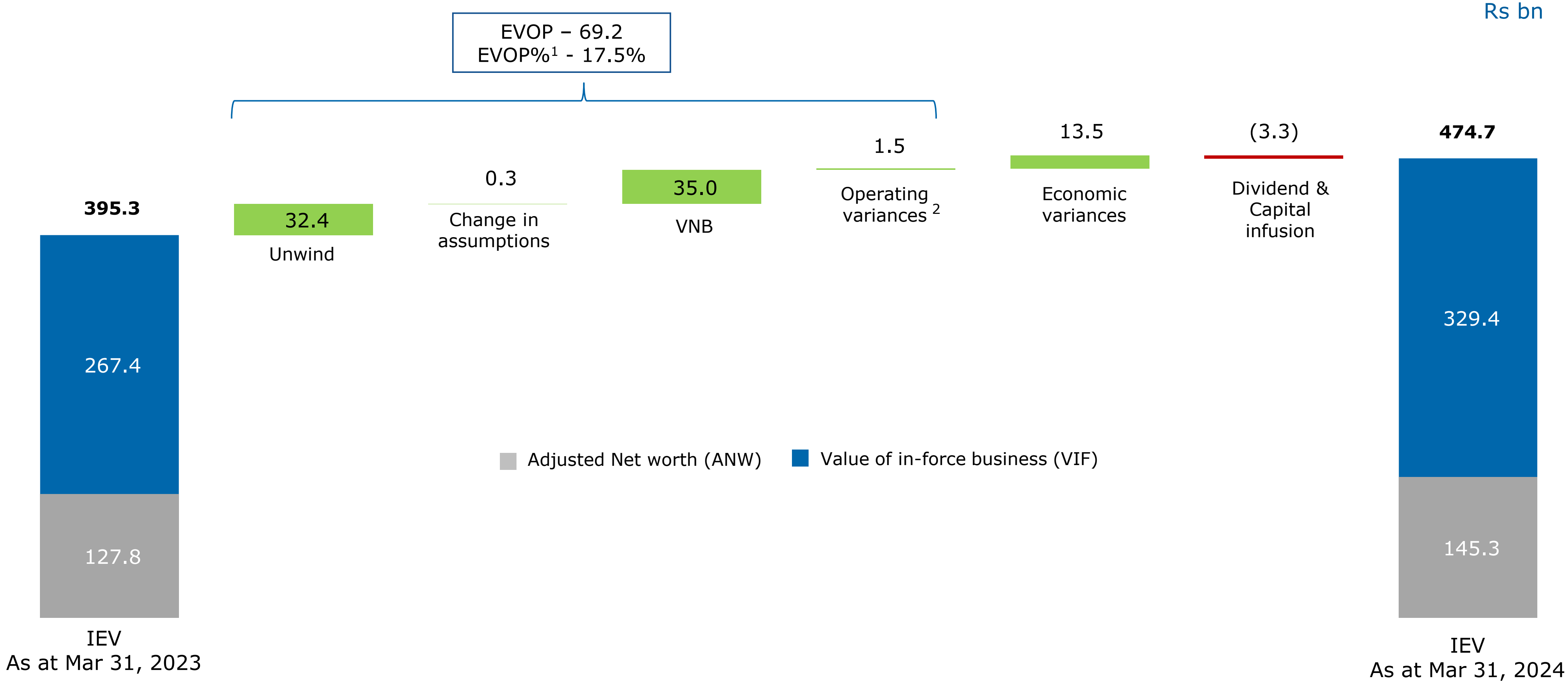
- Shift in product profile to longer term savings over last 3-4 years
- Profit emergence is higher for longer tenure products, albeit over a longer time frame
    - ~ 3/4th of profits emerge after 5 years

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



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

Note: HDFC Life EV reviewed by Milliman Advisors LLP

1. *EVOP% calculated as annualised EVOP (Embedded Value Operating Profit) to Opening EV*
2. *Operating Variance split as on March 31, 2024: Mortality variance: 0.2, Persistency variance and others: 0.8, Expenses: 0.4*

Diversified distribution mix

Agency – segmented geographical growth

2.14 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

Partnerships – bespoke solutions

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

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

Strong momentum in protection across partners

Direct/Digital – leveraging analytics

535 physical branches

Leveraging analytics for cross-sell and up-sell

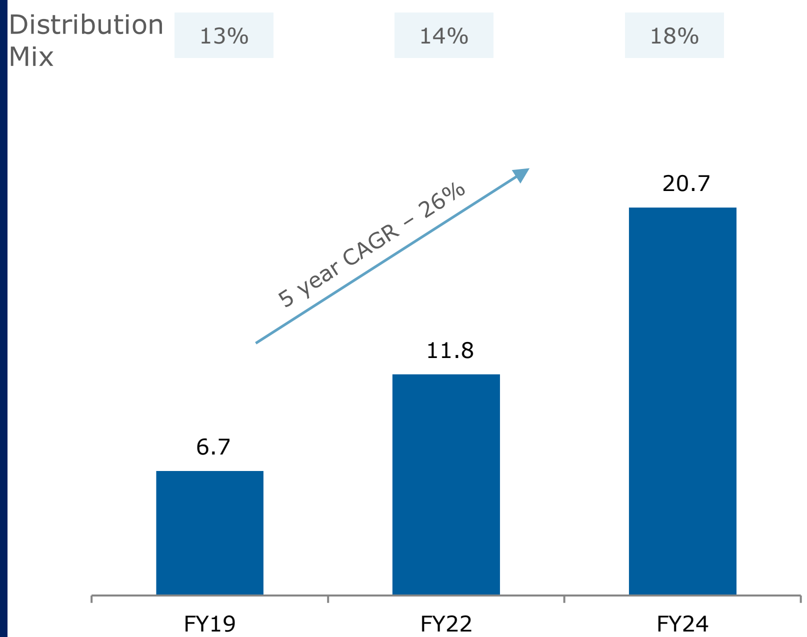
Simplifying and personalizing journeys to offer better customer experience to attract younger customers

HDFC Life

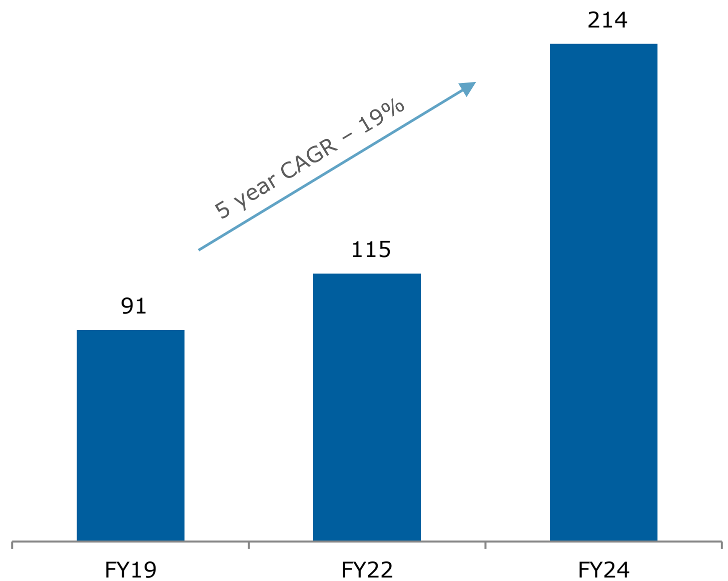
Agency – Scaling up for future growth

Driving sustainable growth through strategic investments

Agency APE (INR billion)



Number of Agents (000's)



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

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

Agency present in **448 tier 2/3 locations**

19%[1] increase in MDRT[2] agents

Levers for future growth

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

Higher proportion of **protection and annuity**

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

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

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

Profitable growth

Diversified distribution mix

Customer first

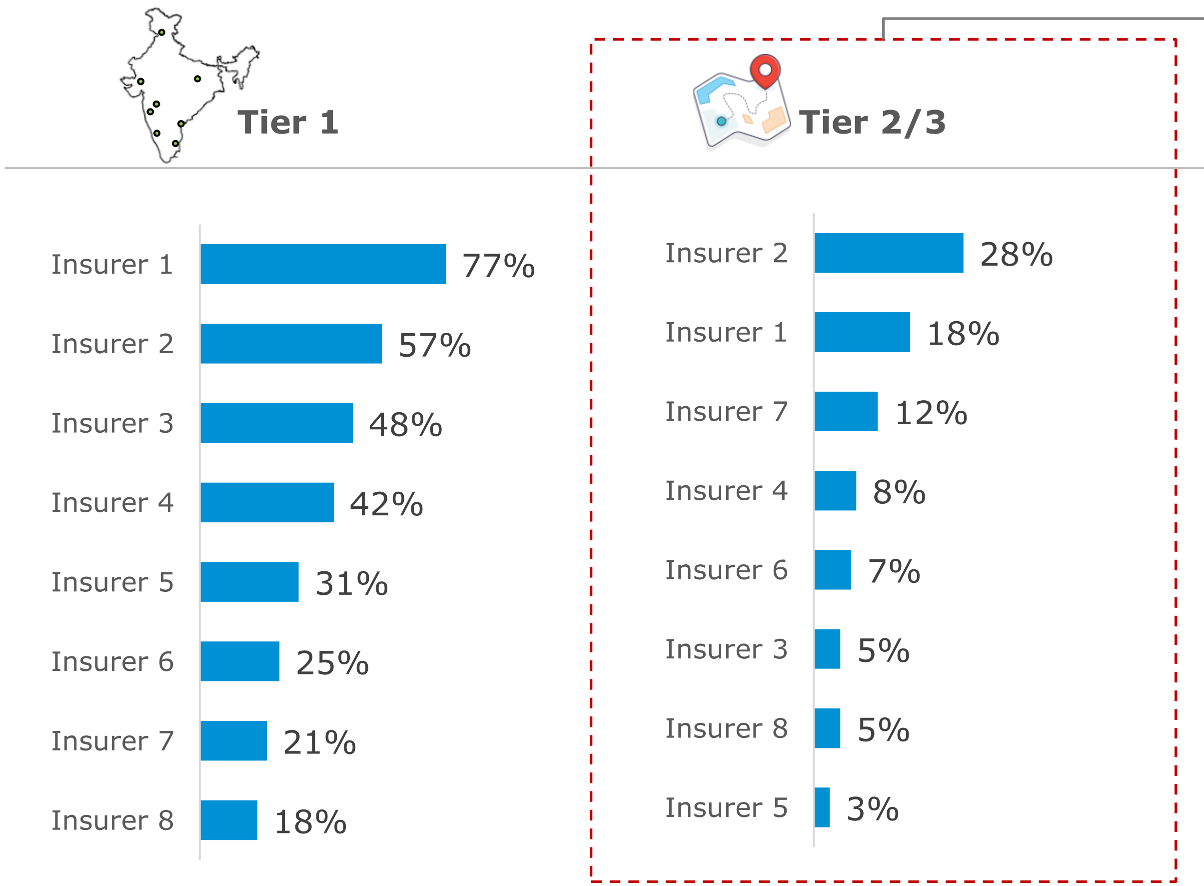
Risk management & governance

Technology, digital & Analytics

1. *Based on CY24*
2. *Million Dollar Round Table*

Focus on increasing awareness across tier 2/3 markets

Spontaneous awareness (Private insurers)



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

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

New branch launch - Modular approach

- Announcements, hoardings, regional PR, vernacular collaterals

Hyper-localization

- Regional and local festivals, PR
- Promotion through: schools, RWAs[1], traffic barricades

Educating the audience on category/product /brand

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

Content amplified through local influencers

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

Profitable growth

Diversified distribution mix

Customer first

Risk management & governance

Technology, digital & Analytics

HDFC Life

Source: Kantar's 2023 Syndicated Brand Track
1. Resident Welfare Association

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

58%
65%
FY21
FY24

On NOP basis, tier 2/3 markets contributed to 3/4th of the business in FY24

Amongst top 3 brands[1] 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

82-86%
87%
Tier 2/3
Org

Tier 2/3 markets' ATS closer to org ATS

85K
99K
Tier 2/3
Org

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

Faster NOP growth in tier 2/3 markets in FY24

And building capacity for future growth

36,000+
Partner branches

500+
HDFC Life branches

350+
Partners comprising banks, NBFCs, MFIs, SFBs, brokers, new ecosystem partners

~90% of new branches opened in tier 2/3 markets

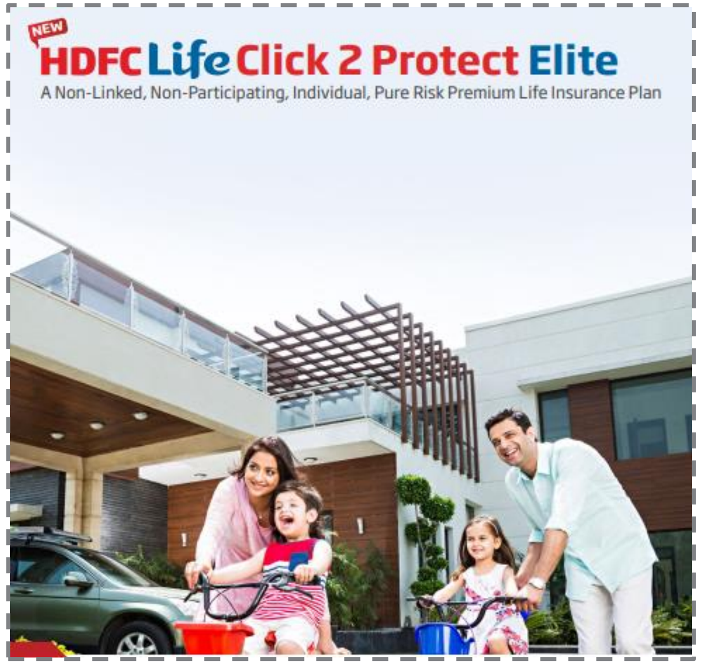
75% of new agent addition in tier 2/3 markets

Expansion strategy complementary to banca partners' SURU expansion

1. *Study by Ipsos*

HDFC Life

Key product innovations across categories in FY24



Learn more about HDFC Life products

Profitable growth

Diversified distribution mix

Customer first

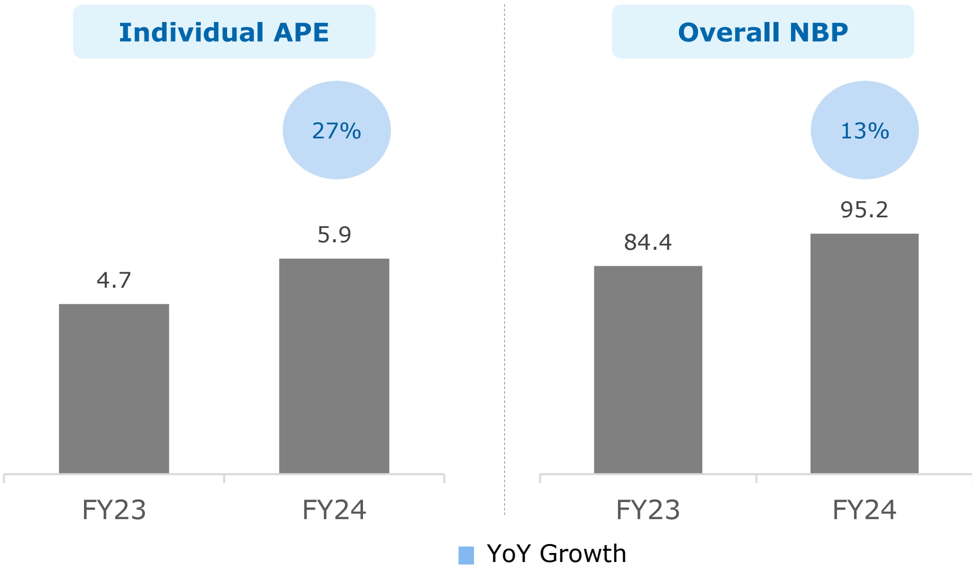
Risk management & governance

Technology, digital & Analytics

Increasing contribution from mortality and longevity products

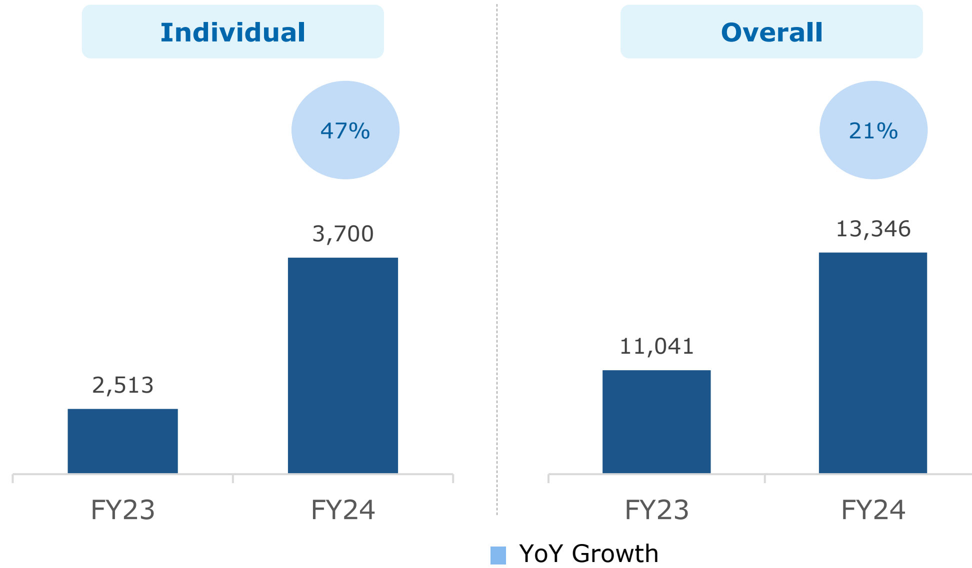
Robust protection growth

Rs Bn.

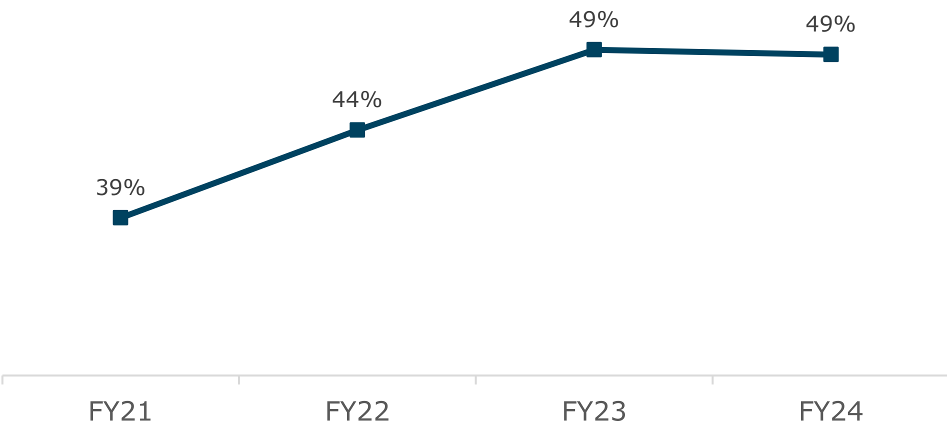


Continue to maintain leadership in overall sum assured

Rs Bn.



Protection and Annuity as % of total NBP



- Offering embedded protection solutions based on customer orientation
- Protection and annuity contribute ~50% of NBP
- Maintained #1 in overall sum assured[1]
- Covered >66 million lives in FY24
- 13M persistency[2] ~90% over last 3 years

1. *Based on 11MFY24*
2. *Retail protection persistency*

Product mix across key channels[1]

Banca

Segment	FY21	FY22	FY23	FY24
UL	27%	29%	24%	40%
Par	37%	33%	27%	22%
Non par savings	30%	33%	42%	30%
Term	4%	4%	3%	4%
Annuity	2%	2%	4%	5%

Agency

Segment	FY21	FY22	FY23	FY24
UL	10%	16%	10%	26%
Par	37%	33%	33%	29%
Non par savings	39%	39%	49%	33%
Term	11%	10%	6%	7%
Annuity	3%	3%	3%	4%

Direct[2]

UL	33%	33%	27%	42%
Par	10%	10%	13%	10%
Non par savings	22%	28%	35%	22%
Term	15%	9%	5%	5%
Annuity	20%	20%	20%	20%

Brokers

UL	1%	1%	1%	6%
Par	53%	44%	31%	41%
Non par savings	42%	42%	62%	35%
Term	4%	11%	5%	14%
Annuity	0%	1%	2%	3%

Company

Segment	FY21	FY22	FY23	FY24
UL	24%	26%	19%	35%
Par	34%	30%	27%	23%
Non par savings	31%	33%	45%	30%
Term	7%	6%	4%	5%
Annuity	5%	5%	5%	6%

Protection

	FY21	FY22	FY23	FY24
Based on Total APE	13%	14%	13%	13%
Based on NBP	20%	24%	29%	32%

Annuity

	FY21	FY22	FY23	FY24
Based on Total APE	5%	5%	6%	6%
Based on NBP	20%	20%	20%	16%

1. Based on Individual APE, Term includes health business. Percentages are rounded off
2. Includes business sourced through web aggregators for previous years

Risk management & board governance

Board of Directors

Independent and experienced Board

Board Committees

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

Management Committees/Councils

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

Standalone councils

Business and Innovation

- Product Council
- Technology Council
- Business Quality Council

Additional governance through internal, concurrent and statutory auditors

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

HDFC Life

Financial risk management framework

Natural hedges

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

Product design & mix monitoring

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

Managing Risk

ALM approach

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

Residual strategy

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

	FY23				FY24			
Sensitivity	**Overall**		**Non par [1]**		**Overall**		**Non par [1]**	
Scenario	**EV**	**VNB Margin**	**EV**	**VNB Margin**	**EV**	**VNB Margin**	**EV**	**VNB Margin**
Interest Rate +1%	(2.4%)	(1.5%)	(2.2%)	(2.2%)	(2.7%)	(1.2%)	(2.9%)	(2.2%)
Interest Rate -1%	2.1%	0.7%	1.4%	0.9%	2.6%	0.8%	2.6%	1.1%

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

- ~99% of debt investments in Government bonds and AAA rated securities as on Mar 31, 2024

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

HDFC Life

1. Comprises Non par savings (incl annuity) plus protection

Future ready organization: Leveraging technology, digital and analytics

1. **HYPER-PERSONALISATION** for customers
2. In-sync with **PARTNER INTEGRATION** digitally
3. **OMNI-CHANNEL SERVICE** to customers
4. **DATA-DRIVEN ECOSYSTEM** for decision making
5. **PLATFORMISATION** approach to tech architecture

Building resilience..

6. Connecting with startups through **Futurance**[1]
7. Unified and intelligent customer **Communication**
8. Employee facing **Virtual Office**
9. Strengthen **Cyber Security** and **Data Compliance**

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

- ● Product configurator
- Centralized communication
- ● CRM
- Testing CoE
- ● Data Platforms
- Hierarchy Management
- ● Business Process Management
- Incentive & Commission Management
- Integration & Virtual Office

Business Enhancements

- Enriched customer interactions
- Efficient customer & partner onboarding
- Enhanced productivity
- Experiential hub
- Customer 360 view
- Hyper-personalization
- AI / ML driven customer interactions
- Automated issuance
- Increased persistency & controls

● Details shared in subsequent slides

HDFC Life

Project Inspire: Benefits of Product Configurator & CRM

Product Configurator

Industry-first innovation to significantly reduce time & effort to bring new products to the market

Pre-INSPIRE

- **High cost** of product development
- **Longer** implementation **timelines**
- **Limited differentiation**, commoditized product

Post INSPIRE

- Improved resource optimization & **cost reduction**
- Increased **speed-to-market**
- **Personalization** to differentiate our offering

Customer Relationship Management

Providing customers an omni-channel experience enabled across all touchpoints

Pre-INSPIRE

- No customer 360˚ view - **Untapped customer service potential**
- **Manual interventions** for missing CRM workflows-
- Non-intelligent, **bot-dependent servicing**

Post INSPIRE

- **Customer one-view** in real time for interactive customer engagement
- **Real-time status update** of service requests with segmented servicing
- **AI enabled** nudges & responses

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

Project Inspire: Benefits of Unified Data Platform & Business Process Management

Unified Data Platform

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

Pre-INSPIRE

- **Multiple data sources**- limited data analytics accuracy
- **Repeated** unique information **entries** by customer across touchpoints
- **Scalability challenges** with increasing data volumes

Post INSPIRE

- Information **accuracy** and **real-time** status updates facilitating data-driven decisions
- Enabling **pre-filled** journeys
- **Easy handling** of increasing data volumes

Business Process Management

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

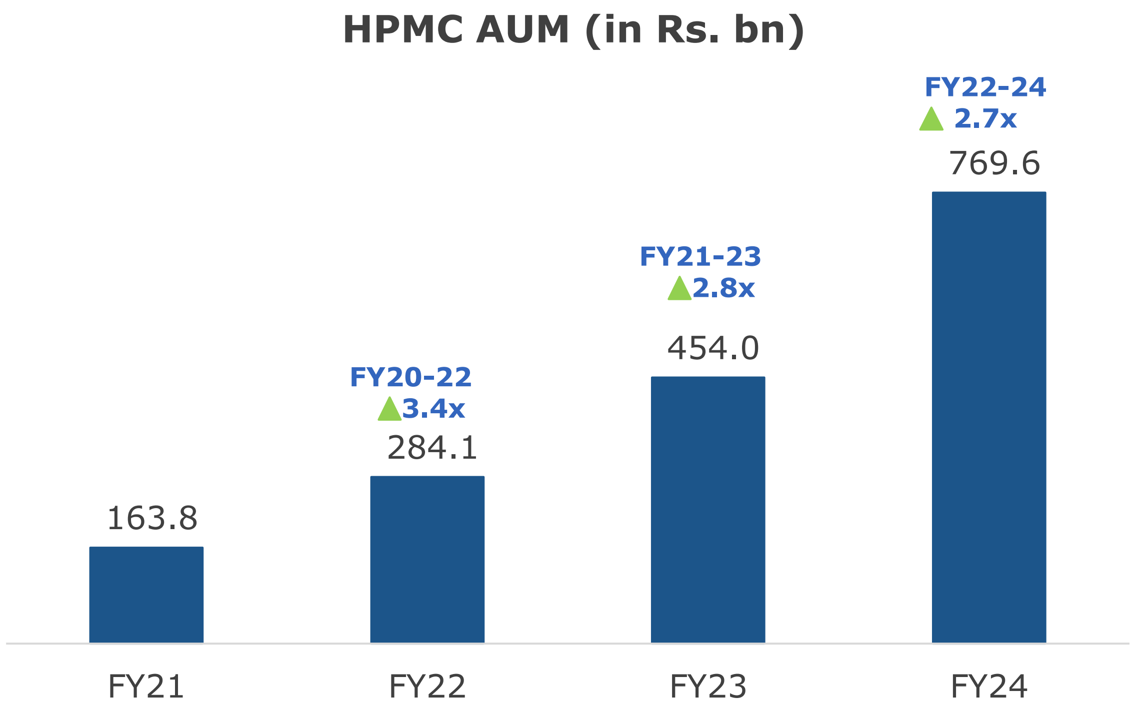
Pre-INSPIRE

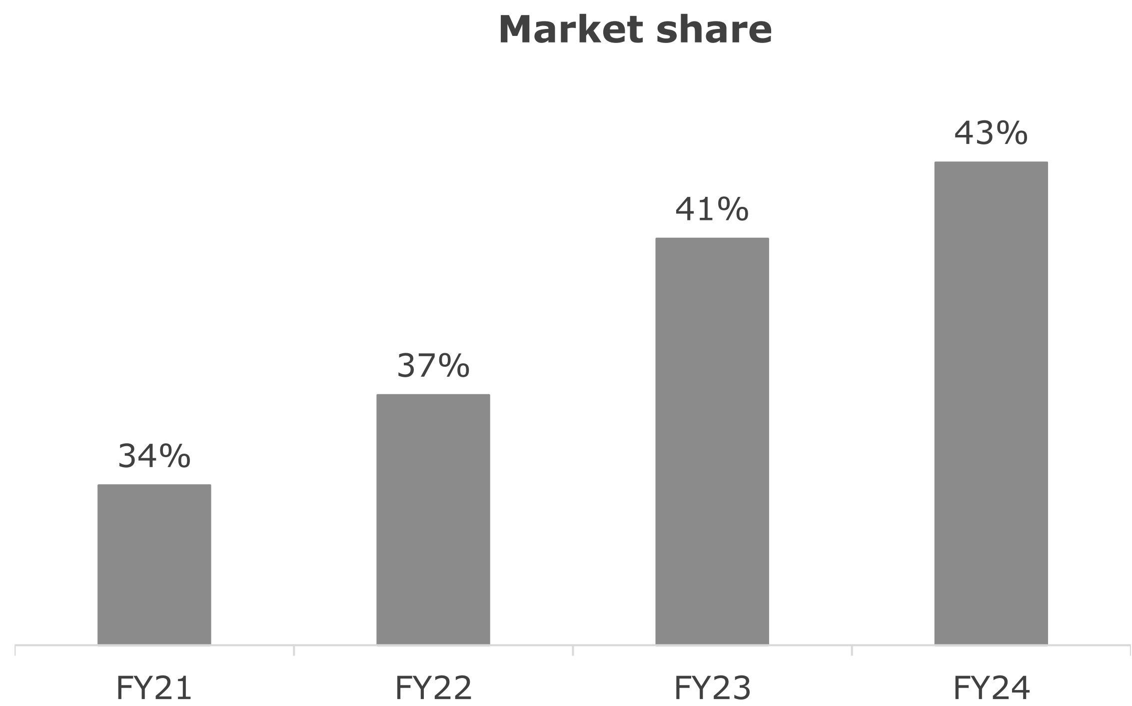
- **More than 10 apps** to perform daily activities- from prospecting to policy issuance
- **Limited digital enablement** for sales management practices
- **Higher TATs and costs** due to manual touchpoints in UW

Post INSPIRE

- **One platform** access for all daily activities- individual dashboards with real-time data
- **Personalized nudges** to improve upsell, renewals and issuance TATs
- **Zero touch underwriting** - increasing efficiency

HDFC Pension Management Company

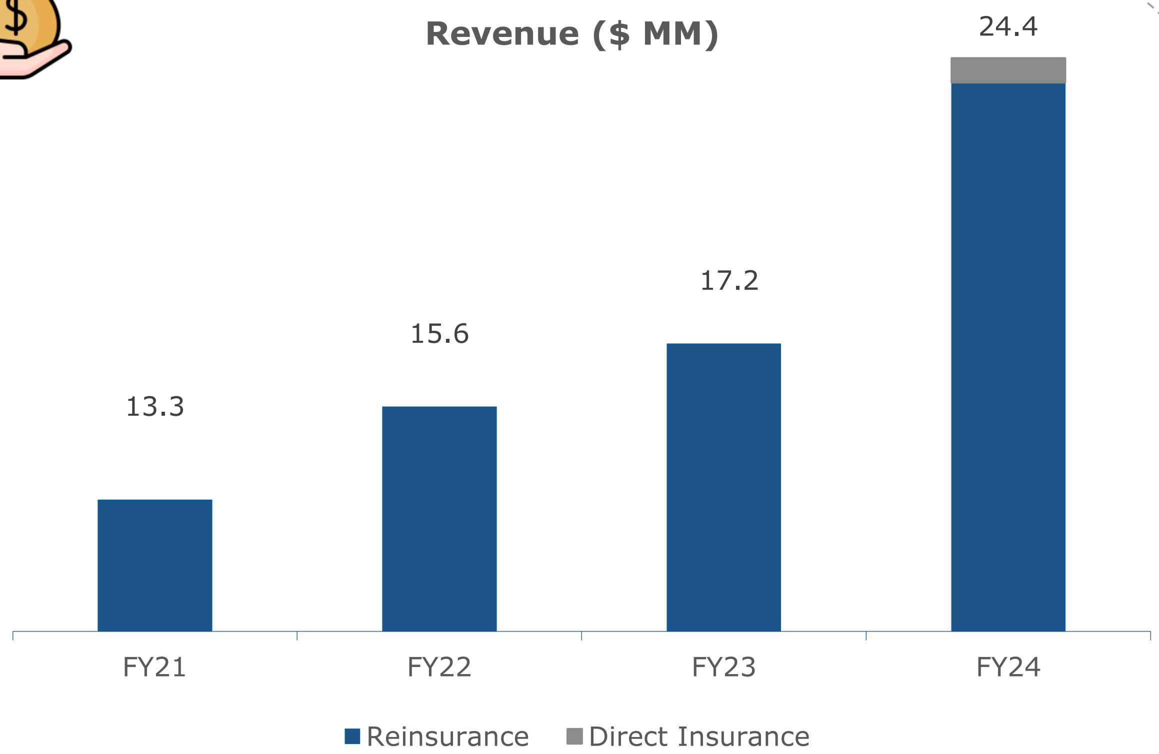




- HDFC Pension continues to be the largest Pension Fund Manager growing faster than industry in Retail and Corporate NPS AUM segment
- HDFC Pension POP is the 2nd largest POP in terms of corporate NPS[1] business & corporates empanelled
- In FY24, we have added more than 80K POP subscribers clocking a growth of more than 30%

1. Excluding POP employees

HDFC International Life and Re Company Limited



Learn more about our multi-currency life and health insurance solutions

Positive operating performance

- Reinsurance business' GWP grew by 38% YoY in FY24; Growing at a 5 year CAGR of 42%
- Favourable mortality and morbidity experience
- Array of US dollar denominated innovative life and health insurance plans launched from GIFT City to cater to the NRI diaspora

Robust financial position

- Capital adequacy ratio remains well above risk limits
- Disciplined approach to management expenses

- Included an additional line of business i.e. Direct insurance in FY 2024

HDFC Life

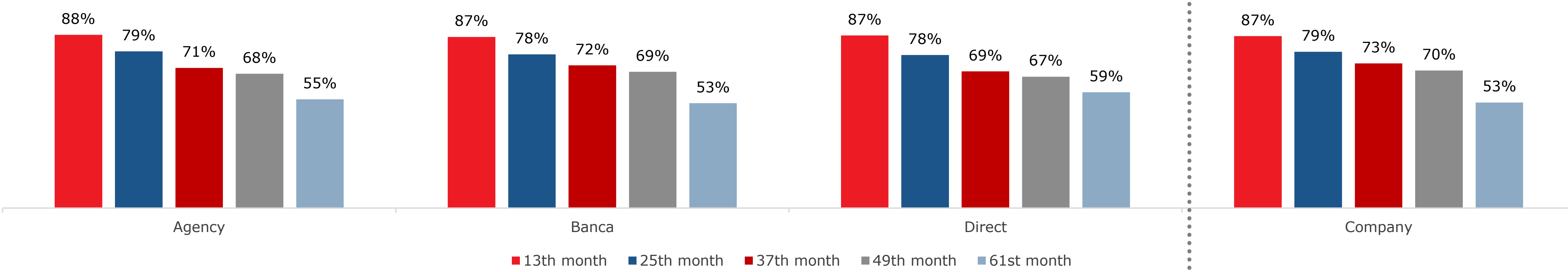
Agenda

1. Performance Snapshot
2. Business Overview
3. **Other Business Highlights**
4. Our approach to ESG
5. Life insurance in India

Persistency trends for HDFC Life

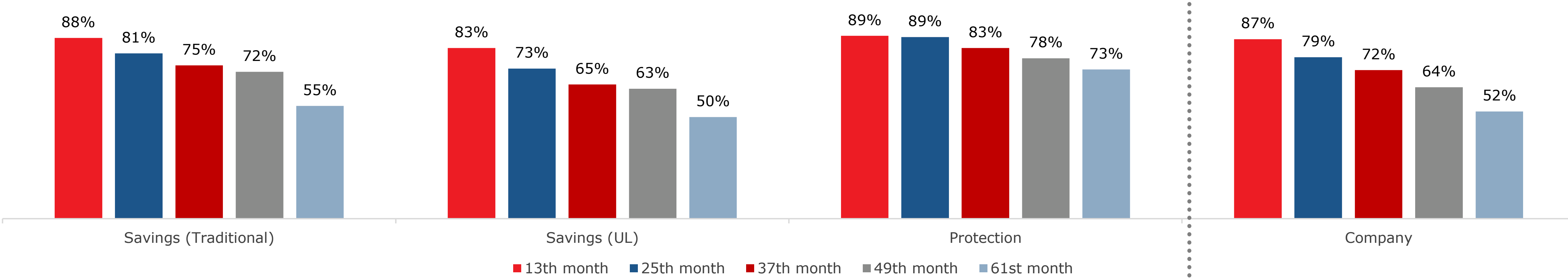
Across key channels

CY (FY24)



Across key segments

PY (FY23)



Steady VNB trajectory

Rs bn

NBM%	27.6%	0.0%	(0.2%)	(0.4%)	(0.7%)	26.3%

VNB Growth

2-year VNB CAGR: 14%

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 – FY24

Analysis based on key metrics	Scenario	Change in VNB Margin [1]	% Change in EV
Change in			
Reference rate	Increase by 1%	-1.2%	-2.7%
	Decrease by 1%	0.8%	2.6%
Equity Market movement	Decrease by 10%	-0.2%	-1.5%
Persistency (Lapse rates)	Increase by 10%	-0.6%	-0.1%
	Decrease by 10%	0.6%	0.1%
Maintenance expenses	Increase by 10%	-0.6%	-0.9%
	Decrease by 10%	0.6%	0.9%
Acquisition Expenses	Increase by 10%	-3.2%	NA
	Decrease by 10%	3.2%	NA
Mortality / Morbidity	Increase by 5%	-1.5%	-1.2%
	Decrease by 5%	1.5%	1.2%
Tax rate[2]	Increased to 25%	-5.1%	-9.3%

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

Summary of Milliman report on our ALM approach – FY23

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

Description	Stress scenarios tested	Net asset liability position
Interest rate scenarios	Parallel shifts/ shape changes in yield curve within +- 150 bps of March 31st 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**

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

HDFC Life

Financial and operational snapshot (1/2)

Rs bn.

	FY24	FY23	FY22*	FY21*
New Business Premium (Indl. + Group)	*296.3*	*290.9*	*241.5*	*201.1*
Renewal Premium (Indl. + Group)	*334.5*	*284.5*	*218.1*	*184.8*
Total Premium	630.8	575.3	459.6	385.8
Individual APE	115.1	114.0	81.7	71.2
Overall APE	132.9	133.4	97.6	83.7
Profit after Tax	15.7	13.6	12.1	13.6
- Policyholder Surplus	6.7	*5.9*	*4.4*	*7.3*
- Shareholder Surplus	8.9	*7.7*	*7.7*	*6.3*
Dividend Paid	4.1	3.6	4.1	-
Assets Under Management	2,922.2	2,387.8	2,041.7	1,738.4
Indian Embedded Value	474.7	395.3	300.5	266.2
Net Worth (1)	142.0	129.7	154.0	84.3
NB (Individual and Group segment) lives insured (Mn.)	66.0	68.5	54.1	39.8
No. of Individual Policies (NB) sold (In '000s)	1,166.0	1,054.1	915.1	982.0

1. Comprises share capital, share premium and accumulated profits/(losses)
**Numbers exclude Exide Life*

HDFC Life

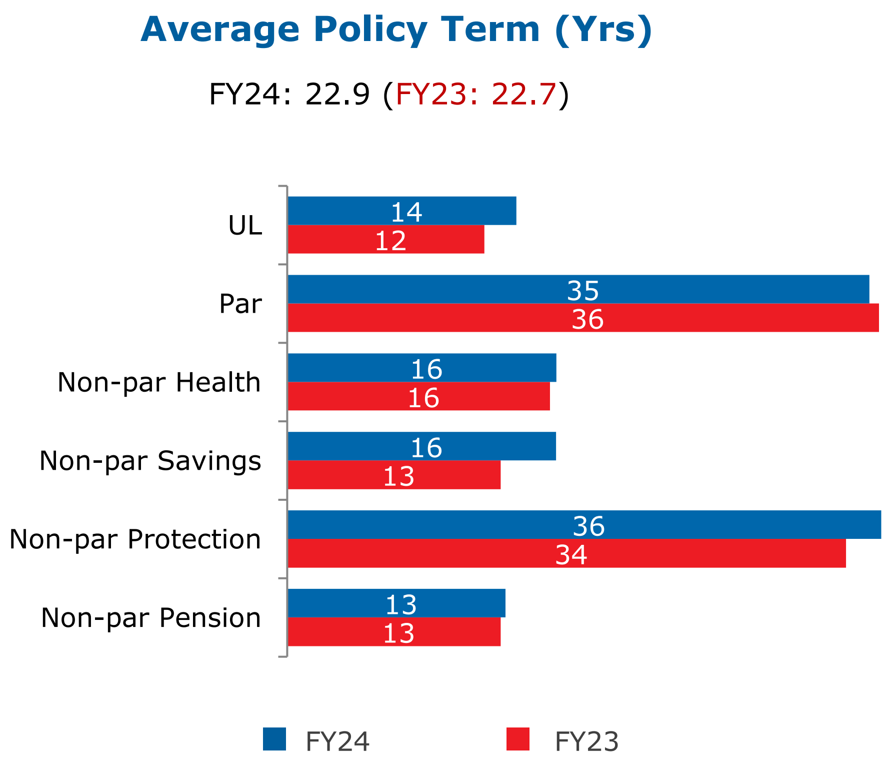
Financial and operational snapshot (2/2)

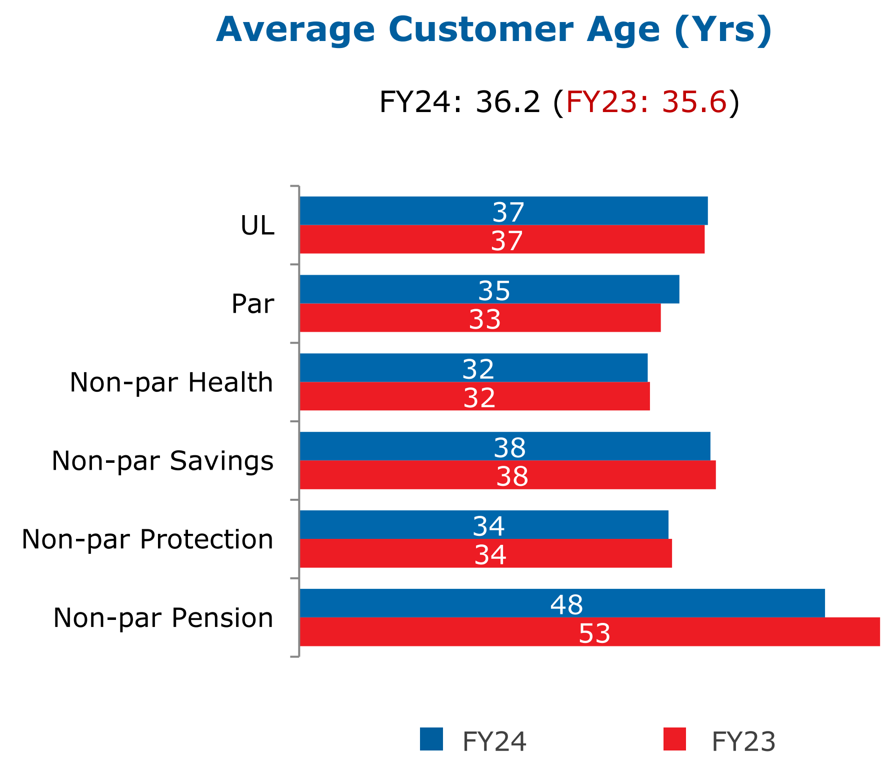
		FY24	FY23	FY22*	FY21*
Overall New Business Margins (post overrun)		26.3%	27.6%	27.4%	26.1%
Operating Return on EV		17.5%	19.7%	16.6%	18.5%
Total Expenses (OpEx + Commission) / Total Premium		19.4%	19.8%	16.5%	16.4%
Return on Equity	(1)	11.5%	11.9%	10.1%	17.6%
Solvency Ratio		187%	203%	176%	201%
Persistency (13M / 61M)		87%/53%	87%/52%	87%/54%	85%/49%
Individual WRP Market Share[4] (%)		15.4%	16.5%	14.8%	15.5%
Business Mix (%)					
- Product (UL/Non par savings/Annuity/Non par protection/Par)	(2)	35/30/6/5/23	19/45/5/4/27	26/33/5/6/30	24/31/5/7/34
- Indl Distribution (CA/Agency/Broker/Direct)	(2)	65/18/6/11	56/20/11/13	60/14/6/19	61/13/7/19
- Total Distribution (CA/Agency/Broker/Direct/Group)	(3)	27/8/3/12/50	25/9/4/13/49	24/6/2/16/52	25/6/2/17/50
- Share of protection business (Based on Indl APE)		5.1%	4.1%	5.6%	6.8%
- Share of protection business (Based on Overall APE)		13.3%	13.3%	13.6%	12.8%
- Share of protection business (Based on NBP)		32.1%	29.0%	24.0%	19.6%

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
4. Based on 11MFY24
**Numbers exclude Exide Life*

HDFC Life

Segment wise average term and age[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

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

Agenda

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ESG at a Glance

5 Pillars of ESG

Ethical Conduct & Governance

Responsible Investment

Diversity, Equity and Inclusion (DE&I)

Holistic Living

Sustainable Operations

Ethical Conduct & Governance

Leadership Oversight on ESG

- ESG governed by the Board **CSR & ESG Committee** and driven by the **ESG Management Committee** and cross functional teams
- Performance Management based on the principles of **Balanced Scorecard**; covers the Organization's performance on financial, market / customer, people, **sustainability** and operational aspects

Corporate Governance

Board Composition

- **Six** Independent Directors
- **Two** Non-Executive Non-Independent Directors

Board Diversity

- **Two** women Directors on Board

Remuneration Policy

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

Risk Management

- Risk oversight by Senior Management & Board of Directors vide **Risk Management Council** and **Risk Management Committee** respectively
- Modes of Risk Awareness: Trainings, E-mailers, Seminars, Conferences, Quizzes and Special awareness Drives
- Business Continuity Management (**BCM**): Recovery plan for critical business activities in place
- Enterprise Risk Management (**ERM**) framework:
  - 'Three Lines of Defence approach'
  - Reviewed and approved by the Board
- ESG risks including Climate change, etc. included under **Emerging risks** category of the ERM Framework
- **Materiality Assessment** conducted as per GRI Universal Standards 2021

Information / Cybersecurity

- Risk oversight by Board **Risk Management Committee** and risks reporting done on a quarterly basis
- Modes of Risk Awareness:
  - Annual mandatory training for all employees
  - Security workshops and case study discussions
  - Specially curated programs and sessions for senior leadership
  - Monthly awareness mailers
  - Security posters and leaflets
  - Phishing Simulation Campaigns
- Dedicated helpdesk and email id's for reporting on the breaches
- Information security controls modelled in line with:
  - **ISO 27001** standards
  - IRDAI mandated cyber security guidelines

Policies & Frameworks

- Anti-bribery & Anti-corruption Policy
- Anti Money Laundering (AML) Policy
- Board Diversity Policy
- Code of Conduct
- Corporate Governance Policy
- Data Privacy Policy
- Investor Grievance Policy
- Responsible Investment (RI) Policy
- Stewardship Policy
- Tax Policy
- Whistleblower Policy
- Corporate Social Responsibility (CSR) Policy
- Diversity, Equity and Inclusion (DEI) Policy
- Human Rights Policy
- Policy for Prevention and Redressal of Sexual Harassment (PRSH)
- Supplier Code of Conduct
- Health & Safety Policy
- Environment and Climate Change Policy

Responsible Investment

RI – Policy, Framework & Governance structure

Policy objective

To generate optimal risk adjusted returns over the long term through consideration of environmental, social and governance factors in investment decisions

Framework

- **RI** and **Stewardship policy** in place
- Major asset classes covered by RI Policy:
  - **Equity and equity related securities**
  - **Alternate Investment Funds (AIFs)**
  - **Investment Trusts**
  - **Corporate Bonds**
  - **Government Securities**
- Subscribed to **external ESG rating provider** for top 250 companies by AUM
- **Head of Research** ensures that ESG is incorporated into overall Research and Investment process
- ESG issues covered **in voting process**

Governance structure

A **ESG Governance Committee** at the investment team level comprises of Chief Investment Officer, Head of Fixed Income, Head of Research, Fund Manager of ESG Fund and dedicated ESG research analyst

Responsible Investing Products

Sustainable Equity Fund

The fund seeks to generate returns from investing in companies with high ESG standards and commensurate score, create value for all stakeholders with lower risks & generate sustainable long-term returns

Exclusion criteria

- Companies engaged in the business of tobacco, alcohol, controversial weapons and gambling are excluded from the Sustainable Equity Fund
- Exclusion criteria aligned with the exclusion policy followed by Nifty 100 ESG Index

Responsible Investment Stewardship

- Became signatory to **United Nations – supported Principles for Responsible Investment (UN-PRI)**
- Prepared and Submitted 1st UN-PRI report (voluntary) for FY 2022-23

PRI Principles for Responsible Investment

HDFC Life

Diversity, Equity & Inclusion and Employee Engagement

DEI – Policies & Programs

- **'Celebrate You'** programme ingrains DEI philosophy across policies, communication, leadership development and workforce culture
- **Employee Resource Groups** (ERGs) to create a more inclusive workplace
  - Women in Insurance
  - Life of Pride
  - Happiness at work
  - Wellness & Wellbeing
- **Promoting diverse talent pool** (work profiles for second career women, specially - abled)
  - Punarāgaman
  - #MyJobMyRules
  - Shakti – Acid attack survivors hiring initative
- Official **DEI page** on our website highlighting various initiatives
- **Gender transition surgery** covered under mediclaim policy
- Launched **Emotional and Mental Well-being** Policy
- **Gender neutral** dress code and mediclaim policy
- **Adoption policy:** Use of terms like primary and secondary caregiver instead of using terms like parents, mother/father, man/woman

Employee Engagement

- **Emotional and well being assistance** program for employees and their families
- **Doctor on Call:** Unlimited free consultation
- **E-Sparsh**: Online query & grievance platform
- **Family integration programs:** Launched 'Bring your parents to work' initiative
- **Platform for employee engagement:**
  - CEO Speaks
  - HDFC Life Got Talent
  - E-appreciation cards
- **Leadership and expert sessions** to create awareness on various topics of inclusion

Talent Management / Retention

- Launched **Leadership Edge** for mid-management
- Special programs for campus hires
- **Career microsite** & job portal
- **Leadership pathways** for senior management
- **STRIDE** program for HI-PO employees
- **Managers Transformation League:** Leadership development program for middle management
- **New Manager Boot Camp:** Leadership development program for First Time Managers
- **Long term incentive plans** in the form of ESOPs and cash to attract, retain and motivate good talent
- **Elaborate succession planning** for Key Managerial Personnel and critical senior roles

Awards & Recognition

- **Great Place to Work recognition** - India's Best Workplaces for Building a Culture of Innovation by All 2024
- **ET Best Organization for Women 2024**
- **Top 100 Best Companies for Women 2023 & Exemplar of Inclusion 2023 by Avtar & Seramount**
- **Brandon Hall Excellence Awards 2023** – Gold award for 'Best Blended Learning Program'

Training & Development

- **Career coaching** and development interventions; woman mentoring
- **Mobile learning** app for self-paced learning
- Training for all including employees, contractors, channel partners / Virtual product training
- **Skill Up**: A curated online training programs from reputed universities
- Launched Skillshots – AI based learning

Attracting Talent

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

Key Performance Indicators

- **Employee Satisfaction Score:** 85%
- **Women Representation:** 26.9%
- **Average hours of training per hour per employee:** 71.35

Holistic Living: Delivering superior customer experience

Customer Centricity

Journey simplification – frictionless sales and service

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

Online claim processing for eligible customers via EasyClaims platform

Document simplification & elimination

OCR: Enabling digital document submission and verification

Straight through processing of maturity payouts for verified accounts

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

Cognitive bots – policy queries answered within 2-3 clicks

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

Contactless services- new normal

Digital Life Certificate for collecting survival proof from senior citizens

Contactless branches by leveraging face recognition technology

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

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

Customer Satisfaction Score (weighted average of FY 23-24) – **91%**

Ranked no. 1 in the industry wide Customer Experience NPS study by Kantar

1. *OCR: Optical Character Recognition*

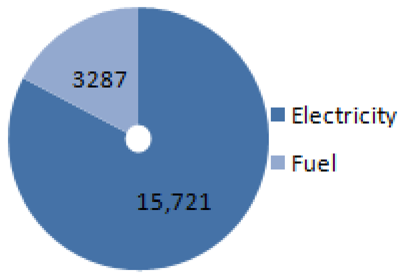
Sustainable Operations & Climate Strategy

Policies & Frameworks

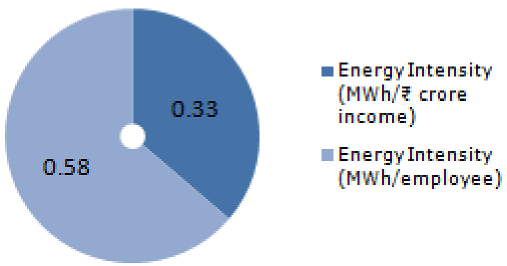
- Boar approved Environment & Climate Change Policy, serving as a guideline for understanding and managing our environmental and climate risks, impacts and opportunities
- Climate-related performance disclosed in accordance with the **TCFD** (Taskforce on Climate-related Financial Disclosures) framework
- GHG inventorization conducted as per **Greenhouse Gas Protocol, Corporate Accounting and Reporting Standard** (revised edition)

Climate Impact

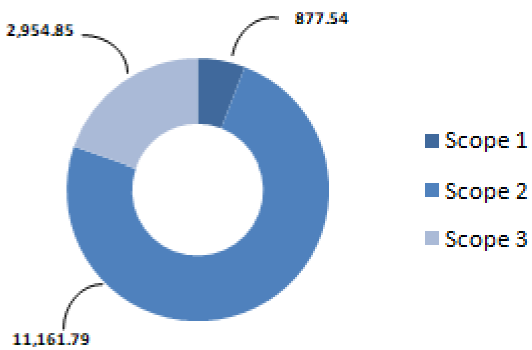
Total Energy Consumption (MWh)



Energy Intensity Ratios



GHG emissions (t CO2 e)



Performance Overview

- **Reducing Carbon Footprint**
  - Planted **81,700** saplings and developed **6** Miyawaki city forests (home to over 52 species) under various CSR initiatives
  - Installed **80.9 kWp** solar panels in 2 schools and 11 government hospitals, capable of generating over **one lakh** units annually and off-setting **89.9 MTCO2e** as part of CSR initiative
  - Procured **FSC** (Forest Stewardship Council) certified eco-friendly paper made from wheat straw (agro waste) to reduce consumption of virgin paper
- **Waste Management & Circularity**
  - Recycled / Disposed **5.7** tonnes of E-waste, **6.5** tonnes of Paper waste and **0.1** tonnes of Plastic waste[1]
- **Energy and Water**
  - Purchased **~437.1 MWh** of electricity produced from renewable sources (wind energy) [1]
  - Installed **28** new water purifiers till date (31st Mar'23) to replace bottled drinking water
  - **Water Body Rejuvenation:** Restored 4 water bodies in Maharashtra and Delhi-NCR covering 34 acres of area as part of CSR initiative, which will to increase in water holding capacity, groundwater recharge and improvement in the ecology
- **Digitization**
  - Issued policies in Demat format - Demat accounts for **30%** new insurance policies; encouraging policyholders to opt for Demat or online copies of their policy documents[1]

Numbers are as of FY23 unless mentioned otherwise
1. As of FY24

Agenda

India – poised for sustainable growth

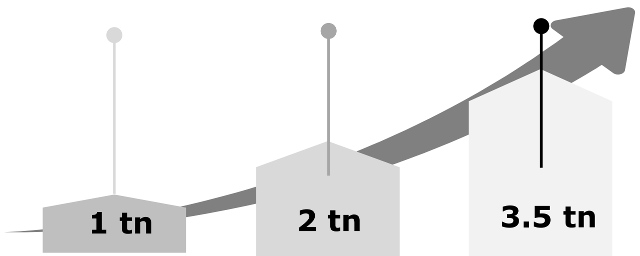
Fifth largest and fastest growing economy

India's GDP (in USD)[1]

Took 67 years to reach first trillion

8 years to add another trillion

And just 5 years to add third trillion!



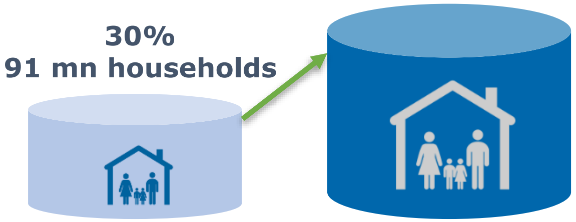
Demographic dividend- youngest economy[1]

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

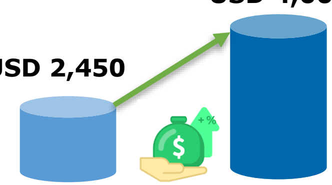
India surpassed Q3 growth expectations, growing by 8.4%. Expected to be third largest economy by 2030[2]

Rising affluence

India's middle income segment as % of all households[3]



India's per capita income



India's per capita income is likely to grow by nearly 70% by 2030[4]

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 years[4]
- 2nd largest road network after USA

UPI UNIFIED PAYMENTS INTERFACE

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 geographies[5]

- GFCF[6] to be >30% over the next 5 years[5]
- Bank credit to be 60% of GDP by FY30 from 50% currently[5]

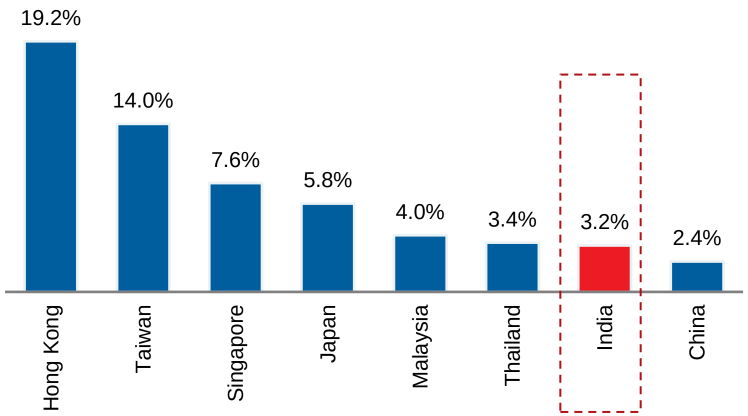
The government will boost capital investment outlay by 33% to $120bn in FY24

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*

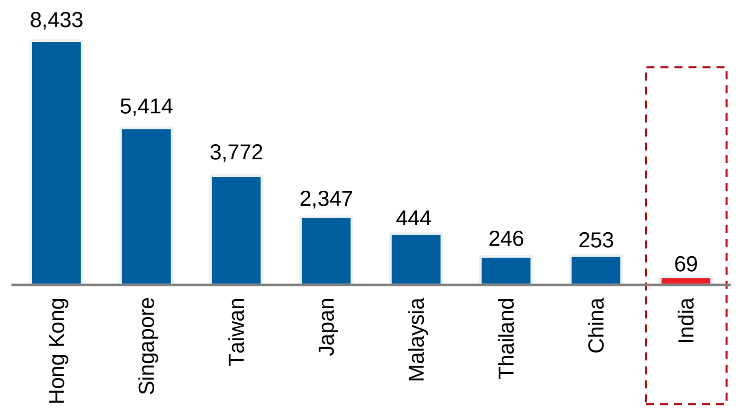
HDFC Life

Growth opportunity: Under-penetration and favorable demographics

Life Insurance penetration[1] (FY 2022)

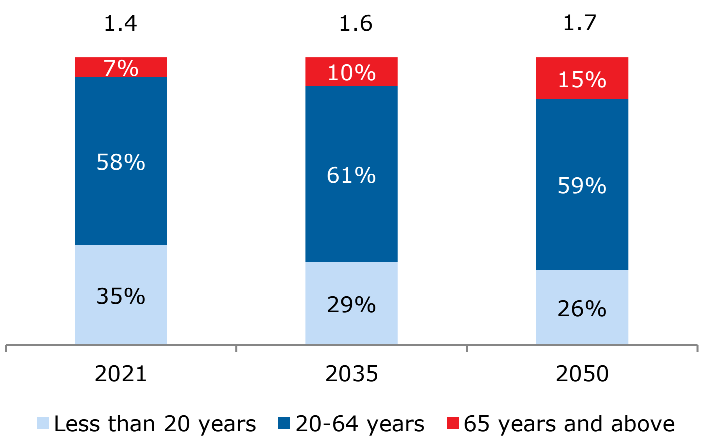


Life Insurance density US$ [2] (FY 2022)

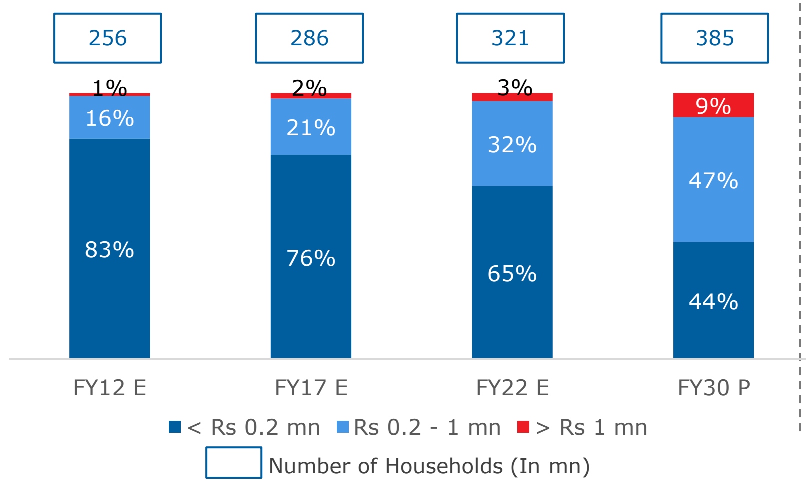


- India remains vastly under-insured, both in terms of penetration and density
- Huge opportunity to penetrate the underserviced segments, with evolution of the life insurance distribution model

Population composition (bn)



Household distribution by income



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

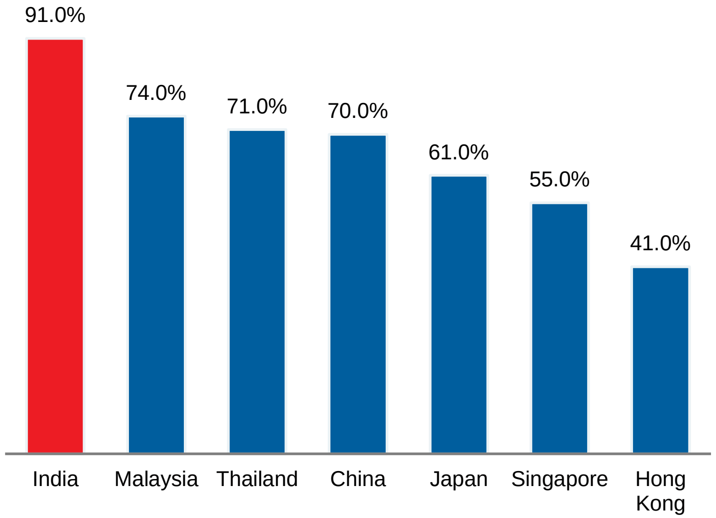
1. Penetration as measured by premiums as % of GDP,

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

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

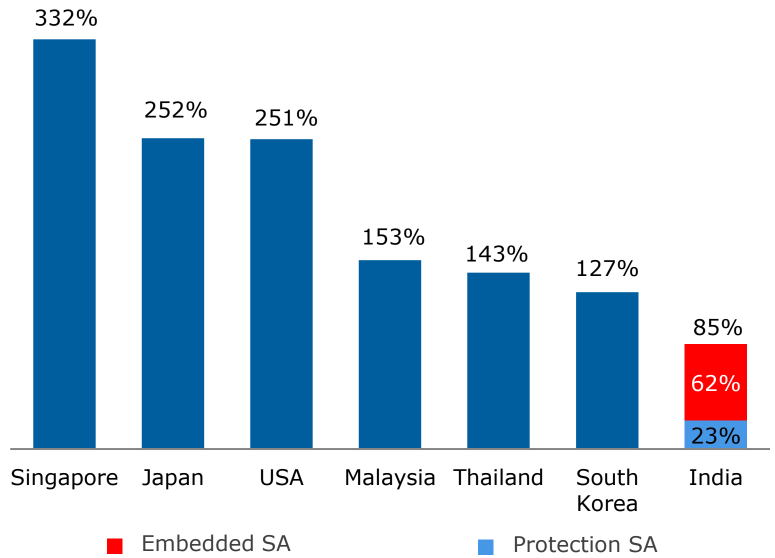
Low levels of penetration: Life protection

Protection gap (2019)[1]



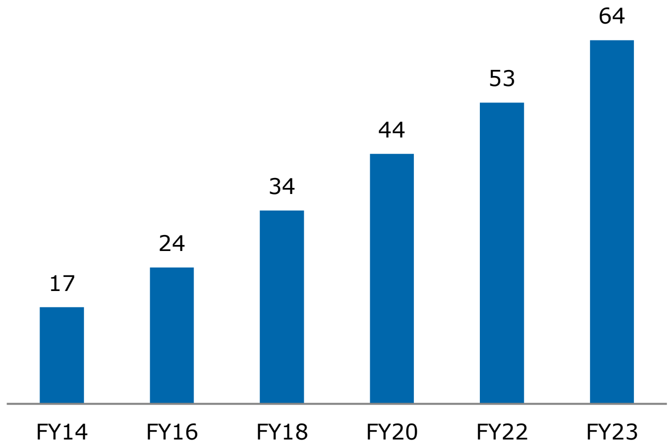
- India has the highest protection gap in the region
- Savings and life insurance coverage growth lagged economic and wage growth
- Protection gap growth rate to grow at ~4% per annum

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 loans [3] (Rs Tn.)

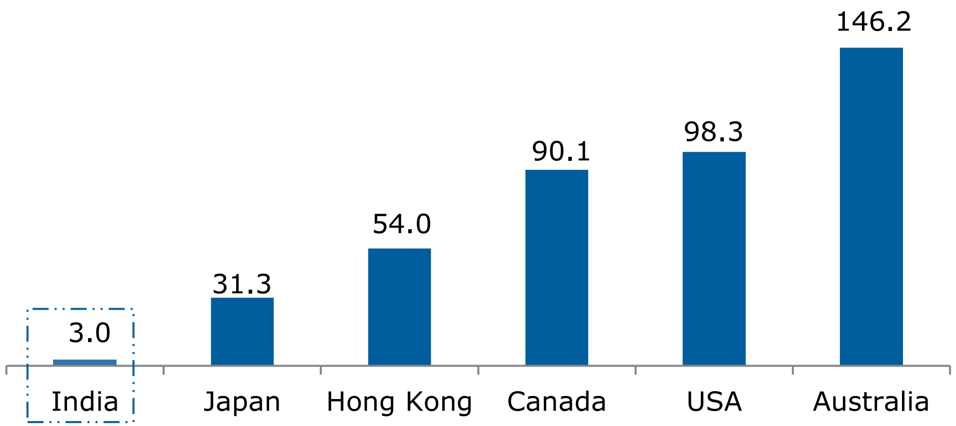


- Retail credit has grown at a CAGR of 16% over last 10 years
- Credit life need would be spurred by:
  - increasing retail indebtedness
  - Increasing attachment rates
  - Increasing value penetration,
  - Growing lines of business

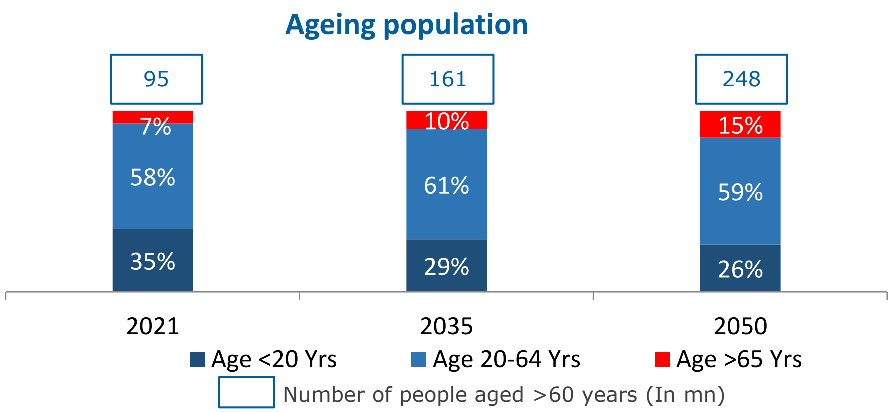
1. Swiss Re. India's protection gap is as of CY22
2. Jefferies "Composite Insurance License in India: Taking a Leaf from Global Experience" report 2022
3. Kotak institutional equities

Macro opportunity: Retiral solutions

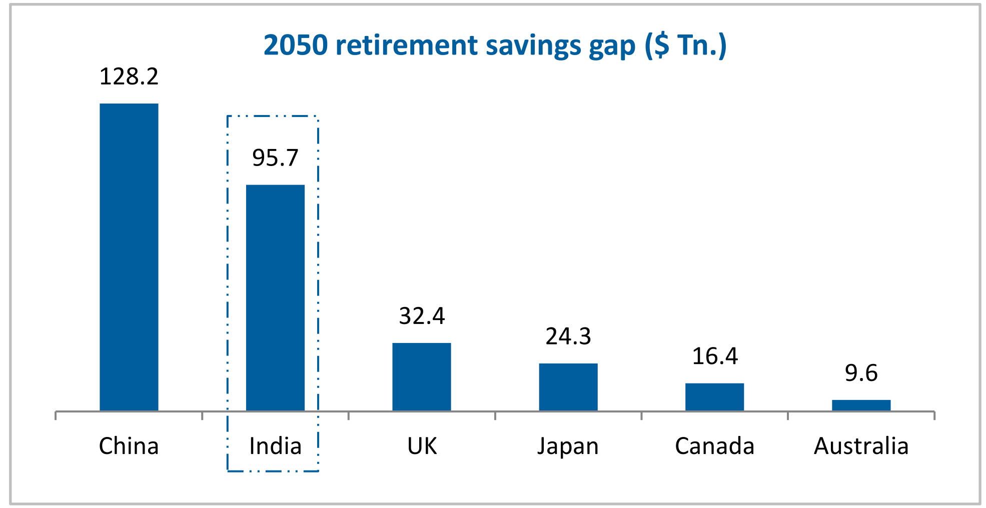
India's pension market is under-penetrated at 3%[1] of GDP



Elderly population is expected to increase 2.5x by 2050



India's retirement savings gap[2] to grow annually by 10% to reach ~$96Tn in 2050



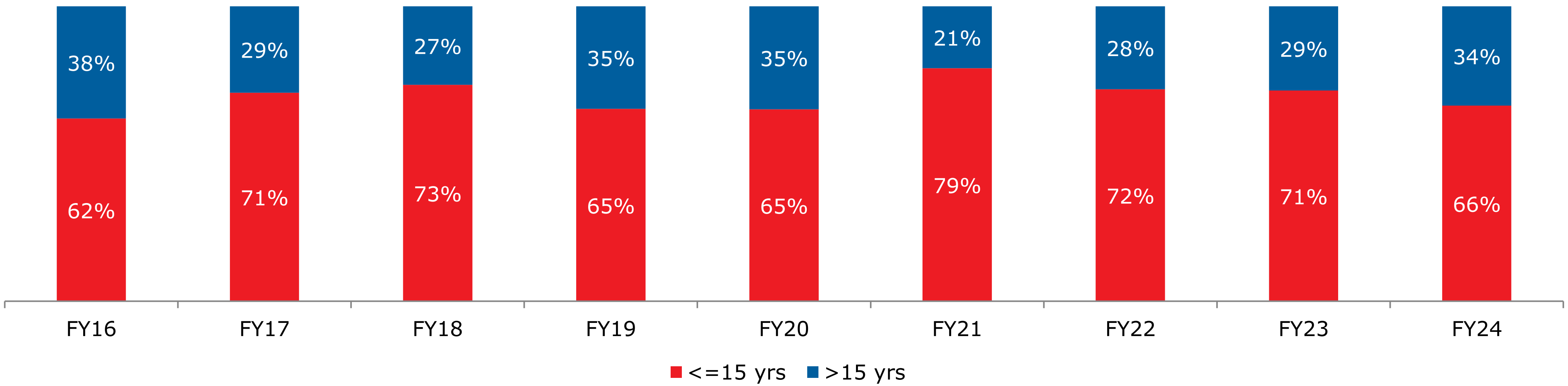
- Improvements in life expectancy will lead to an average post-retirement period of 20 years
- Average household size has decreased from 4.6 in 2001 to 3.9 in 2018
- Total Pension AUM is expected to grow to Rs 118 Tn by 2030 (about 1/4th accounted by NPS)
- Mandatory schemes to increase coverage for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

Government bond auctions

Government Bonds – Tenorwise Issuance

Rs cr

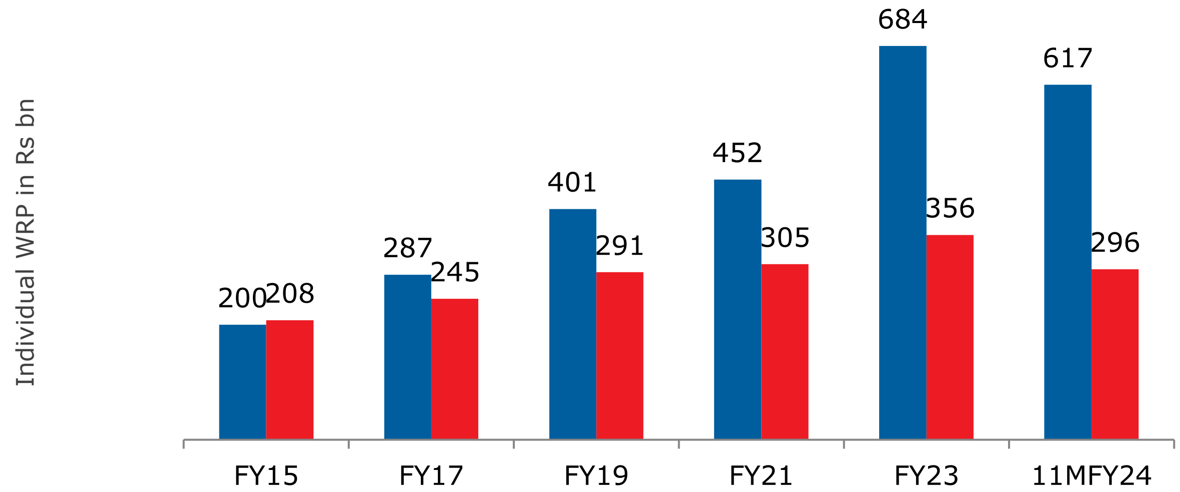


	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24
<=15 yrs	3,66,500	3,73,525	4,97,579	3,82,941	4,44,000	10,01,835	8,48,000	10,04,000	9,28,000
>15 yrs	2,25,000	1,54,520	1,80,529	2,04,000	2,38,000	2,65,575	3,31,000	4,01,000	4,80,000
Total	5,91,500	5,28,045	6,78,108	5,86,941	6,82,000	12,67,410	11,79,000	14,05,000	14,08,000

- 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

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

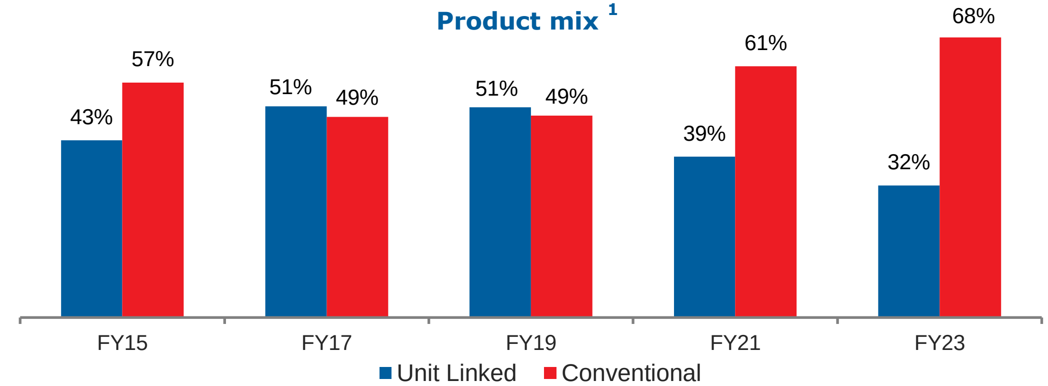
Industry new business trends



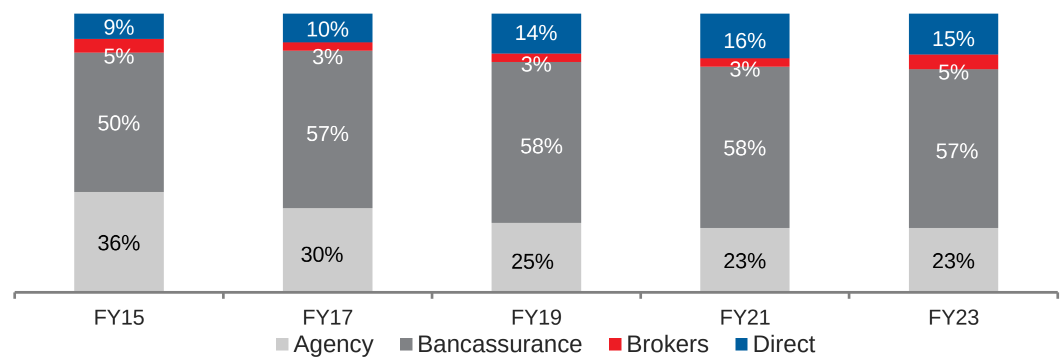
		FY15	FY17	FY19	FY21	FY23	11MFY24
Private players Market share		49%	54%	58%	60%	66%	68%
Growth %	**Private**	*16%*	*26%*	*12%*	*8%*	*24%*	*13%*
	LIC	*-27%*	*15%*	*5%*	*-3%*	*9%*	*2%*
	Overall	*-11%*	*21%*	*9%*	*3%*	*19%*	*9%*

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

Product mix [1]



Distribution mix [2]



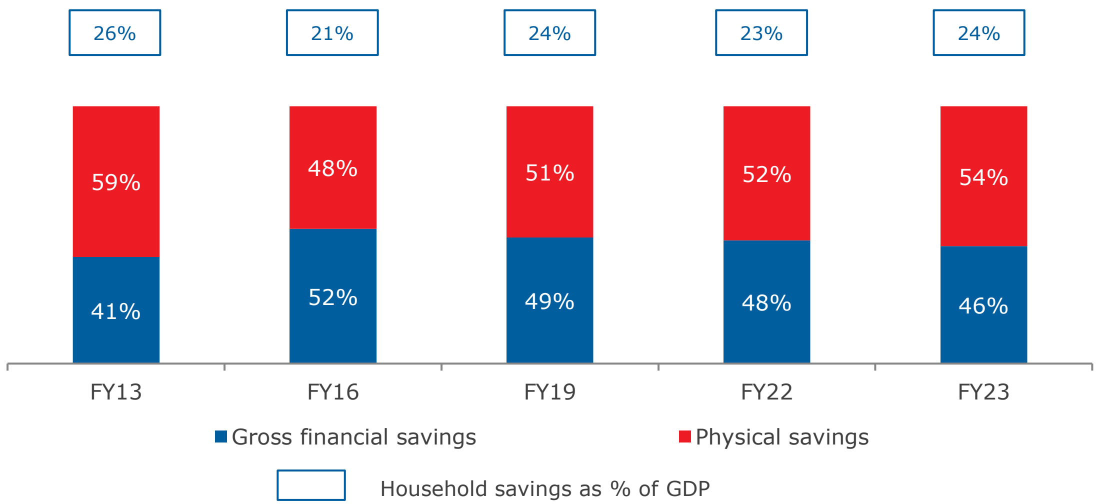
- Product mix has recently moved towards conventional business for the private players with high focus on non-par savings, protection
- Banca sourced business continues to dominate the channel mix on the back of increasing reach of banks along with increase in share of direct channel

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

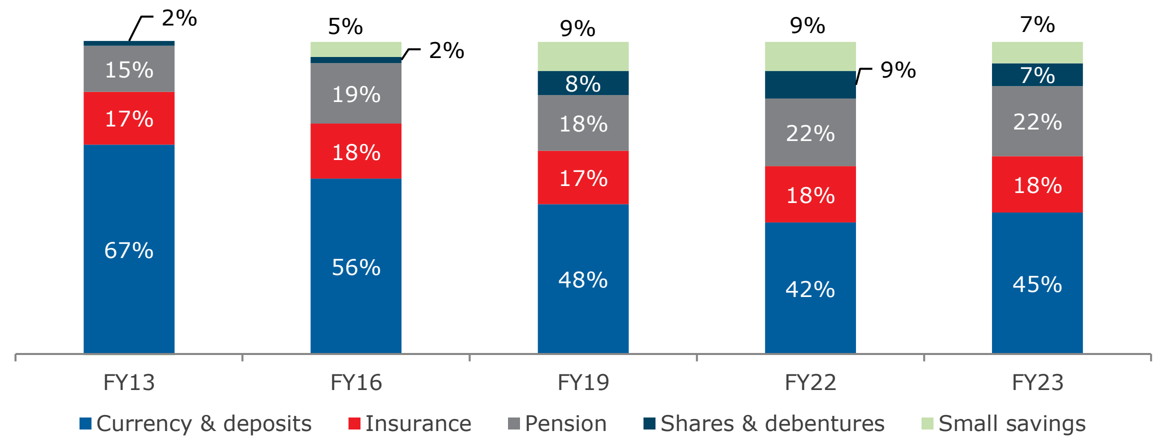
HDFC Life

Life Insurance: A preferred savings instrument

Household savings composition



Financial savings mix



- 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: Motilal Oswal Financial Savings Update Sep '23, RBI Annual Report, Invest India

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FY23 Annual Report

FY23 ESG Report

FY24 ESG Deck

Sustainability Factsheet

23 YEARS
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