

PRESS RELEASE - PERFORMANCE FOR THE FISCAL YEAR ENDED MARCH 31, 2022

BSE Code: 540777

NSE Code: HDFCLIFE

Sustained performance: 22% growth in VNB, NBM at 27.4%

Other Key Highlights:

- **Individual WRP growth of 16% resulting in industry market share expansion by 10 bps to 9.3%**
 - **47% growth in protection new business premium; 24% growth in annuity business**
 - **19.0% Operating RoEV (pre-EMR); Consolidated EV at Rs 32,958 crore**
 - **AUM crossed Rs 2 trillion mark, clocking 17% yoy growth**
 - **PAT at Rs 1,208 crore; Proposed Final Dividend of Rs 1.70 per share**
-

Mumbai, April 26, 2022: The Board of Directors of HDFC Life approved and adopted today the audited standalone and reviewed consolidated financial results for the year ended March 31, 2022. Below is the summary of our standalone results:

Commenting on the FY22 performance, Ms. Vibha Padalkar, MD & CEO said “We clocked a growth of 16% in individual WRP in FY22 with a market share of 14.8% and 9.3% in the private and overall sector respectively. We continue to deliver consistent all-round performance and be ranked amongst the top three life insurers in the industry. Despite very trying times during the 2 year pandemic, our 2 year CAGR of 17% was almost 2 times industry growth of 9%. Overall protection grew by 24% in terms of APE and 47% in terms of new business premium. This was largely led by a 55% growth in credit life new business premium, on the back of higher disbursements. On the retirement side, our annuity business recorded 24% growth vis-à-vis industry growth of 3%. Annuities now contribute over a fifth of our new business premiums, with us almost doubling our business in the last 3 years.

All channels continued to perform well, with bancassurance growing by 13% this year and 21% based on 2 year CAGR. Proprietary distribution, which includes our agency, direct and online channels, grew by 18% this year and 11% based on 2 year CAGR, based on individual APE. Our agency channel grew by 26%. The channel added more than 40,000 agents in FY22, which is the second highest amongst private players. Moreover, we are focusing on building a women Financial Consultant model which we believe would give us higher activation, retention and productivity.

We covered 54 million lives in FY22, registering an increase of 36% over FY21. We settled close to 3.9 lakh claims during FY22. Gross and net claims were at Rs 5,804 crore and Rs 4,328 crore respectively for FY22. As on 31st March 2022, we carry reserves of Rs 55 crore into FY23 as a prudent measure towards Covid.

New business margin for FY22 was 27.4%, vs 26.1% for FY21. Further, we delivered a value of new business for FY22 of Rs 2,675 crore, 22% higher than FY21. Our VNB has grown at a 24% CAGR over the past 5 years and has almost tripled in the last 5 years. Our Embedded Value, as on March 31, 2022, was Rs. 30,048 cr. We

have been able to almost double our EV in the last 4 years. Operating return on EV, after factoring excess mortality reserve or EMR created during FY22, was at 16.6% and without EMR at 19.0% as against 18.5% for FY21. PAT for FY22 was at Rs 1,208 crore, a decline of 11% vs FY21 due to higher mortality reserve created during the year. Post wave 2, our PAT in Q3 and Q4 improved steadily, with PAT for Q4 registering a 12% YoY growth. The Board has recommended a dividend of Rs. 1.70 per share, translating to a payout of about 30% of our PAT, in line with our dividend payout ratio of FY21 and earlier. Solvency as on March 31, 2022, stood at 176%, post the cash payout of Rs. 726 cr. to Exide Industries, as part-consideration for the acquisition of Exide Life. In order to further strengthen solvency to fuel growth, we will continue evaluating raising capital through a mix of equity and debt.

Our subsidiary, Exide Life recorded a healthy growth of 22% based on individual WRP in FY22, well-above the overall industry growth of 16%. Its Embedded value as on March 31, 2022, was Rs 2,910 cr. The merger process has been initiated with NCLT and is expected to be completed in the second half of this financial year. Our endeavour is to be able to remain margin neutral at the merged company level by the end of FY23 and resume margin expansion thereafter.

On the ESG front, we have signed up for the UN-supported Principles for Responsible Investment (PRI), joining a network of more than 4,800 organisations around the world that have publicly demonstrated their commitment to responsible investment.

On the regulatory front, our new IRDAI Chairman, Shri Debashish Panda, whilst unveiling his vision of Independent India being an Insured India, has constituted working groups of life insurers to help drive 7 important themes. With this first of its kind initiative gathering pace, we are very optimistic of the prospects for our sector.”

Key Financial Summary

Rs crore	FY22	FY21	YoY
Key Financial and Actuarial Metrics			
Individual APE	8,168	7,121	15%
Total APE	9,758	8,372	17%
New Business Premium (Indl + Group)	24,155	20,107	20%
Renewal Premium (Indl + Group)	21,808	18,477	18%
Total Premium	45,963	38,583	19%
Assets Under Management	2,04,170	1,73,839	17%
Networth (1)	15,401	8,430	83%
Profit After Tax	1,208	1,360	-11%
Indian Embedded Value (2)	30,048	26,617	13%
Value of new business	2,675	2,185	22%
Protection based on Total APE	1,325	1,070	24%

	FY22	FY21
Key Financial Ratios		
New Business Margins	27.4%	26.1%
Pre-EMR Operating Return on EV (3)	19.0%	18.5%
Post-EMR Operating Return on EV (3)	16.6%	
Operating Expenses / Total Premium	12.3%	12.0%
Solvency Ratio	176%	201%
13M / 61M Persistency (4)	92%/58%	90%/53%
13M / 61M Persistency (5)	87%/54%	85%/49%
Product mix by Indl APE (UL / Non par savings / Annuity/ Non par protection / Par) (6)	26/33/5/6/30	24/31/5/7/34
Distribution mix by Indl APE (Corp Agents/ Agency/ Broker/ Direct) (6)	60/14/6/19	61/13/7/19

Notes:

1. Networth comprises Share capital, Share premium and Accumulated profits, and includes Rs 5,961 crore of share capital issued to Exide Industries for acquisition of Exide Life
2. Including Rs 726 crore cash payout for Exide Life acquisition and excluding Exide Life's embedded value
3. EMR: Excess Mortality Reserve (additional reserve created for excess mortality during Covid)
4. Persistency ratios are calculated based on original premium, for Individual business, including single premium
5. Limited pay/regular premium persistency calculated based on IRDAI's recent circular, excluding single premium and fully paid policies
6. Percentages may not add up due to rounding off effect

Other key highlights for the year ending March 31, 2022:

- **Overall Market Share:** Amongst top 2 in terms of Overall New Business and individual new business segment in private sector with market share at 21.0% and 14.8% respectively; Ranked #1 within group new business segment in private sector with market share of 27.9%
- **Product Portfolio:** Continue to maintain a balanced product mix with share of participating savings, non participating savings, ULIPs, protection and annuity accounted for 30%, 33%, 26%, 6% and 5% of Individual APE respectively
- **Distribution Mix:** Diversified distribution mix is evidenced by wide access to our customers with nearly 300 partners and 1 lakh+ agents as on March 31, 2022, further supplemented by 372 branches spread across the country

- **Assets Under Management:** AUM of over Rs 2 lakh crore (Debt: Equity mix 63:37); over 98% of debt investments in G-Secs and AAA bonds

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 2021, the first monthly instalment received would be reflected as First year premiums for 2020-21 and the remaining 11 instalments due in the first policy year would be reflected as first year premiums in 2021-22, when received
- **New business received premium** - The sum of first year premium and single premium, reflecting the total premiums received from the new business written
- **Operating expense** - It includes all expenses that are incurred for the purposes of sourcing new business and expenses incurred for policy servicing (which are known as maintenance costs) including shareholders' expenses. It does not include commission
- **Operating expense ratio** - Ratio of operating expense (including shareholders' expenses) to total premium
- **Operating return on EV** - Operating Return on EV is the ratio of EVOP (Embedded Value Operating Profit) for any given period to the EV at the beginning of that period
- **Persistency** - The proportion of business renewed from the business underwritten. The ratio is measured in terms of number of policies and premiums underwritten
- **Premium less benefits payouts** - The difference between total premium received and benefits paid (gross of reinsurance)
- **Renewal premium** - Regular recurring premiums received after the first policy year
- **Solvency ratio** - Ratio of available solvency margin to required solvency margin
- **Total premium** - Total received premiums during the year including first year, single and renewal premiums for individual and group business

- **Weighted received premium (WRP)** - The sum of first year premium received during the year and 10% of single premiums including top-up premiums

About HDFC Life

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

Established in 2000, HDFC Life is a leading 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. As on March 31, 2022, the Company had 39 individual and 13 group products in its portfolio, along with 7 optional rider benefits, 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 372 branches and additional distribution touch-points through several new tie-ups and partnerships. The count of our partnerships is nearly 300, comprising traditional partners such as NBFCs, MFIs and SFBs, and including new-ecosystem partners. The Company has a strong base of financial consultants.

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

Disclaimer

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

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

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