

PRESS RELEASE - PERFORMANCE FOR THE HALF YEAR ENDED SEPTEMBER 30, 2022

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Exide Life merger completed in less than 14 months; continued healthy performance across all key metrics – NBM: 27.6%, Operating ROEV: 17.7%, PAT growth: 18% (pre-merger basis)

Other Key Highlights for the merged company in H1:

- **Maintained top 3 ranking amongst life insurers; Private market share of 16.1%**
 - **Strong growth in Protection on the back of 66% growth in credit protect business**
 - **44% growth in Annuity APE**
 - **NBM expansion for both, HDFC Life (pre-merger) and acquired business**
 - **19% growth in PAT to Rs. 686 crore**
 - **Solvency ratio at 210% on the back of equity capital infusion**
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Mumbai, October 21, 2022: The Board of Directors of HDFC Life approved and adopted today the audited standalone and reviewed consolidated financial results for the half year ended September 30, 2022. Below is the summary of our standalone results:

Commenting on the H1 FY23 performance, Ms. Vibha Padalkar, MD & CEO said “As you may be aware, our subsidiary Exide Life merged with HDFC Life on October 14th, pursuant to the receipt of the final approval from IRDAI. The entire transaction – right from the announcement of the deal in September 2021 followed by the acquisition in January 2022 and the eventual merger – was completed in less than 14 months. I would like to thank our regulator – IRDAI and all other authorities involved in the M&A for their encouragement, support and timely approvals.

I would also like to take this opportunity to congratulate Suresh Badami, currently our Executive Director & Chief Distribution Officer, on his elevation to Deputy Managing Director. We look forward to continue building an industry-leading and customer-centric franchise.

On the business front, we continued to maintain a steady growth trajectory, growing by 11% in terms of total APE in H1 FY23 on a pre-merger basis i.e. excluding Exide Life. We have grown in line with the industry and faster than listed peers this quarter which also led to market share improvement from 14.6% in Q1 to 15.0% in Q2 on a pre-merger basis. We have maintained our market leadership position as a top three life insurer across individual and group businesses. Market share in terms of individual WRP for the merged entity i.e. including Exide Life stands at 16.1% amongst private players and 10.2% within overall industry.

New business margin for H1 is 27.6%, up from 26.4% in H1 FY22, on a pre-merger basis. There has been margin expansion for both the existing business i.e. pre-merger and the acquired Exide Life business in H1 FY23. We are close to achieving our aspiration of maintaining FY22-margin neutrality for the combined entity,

having delivered 26.2% NBM, compared to 26.4% in H1 FY22. The value of new business has grown by 16% on a pre-merger basis and is at Rs. 1,258 Crore for H1.

Our pre-merger embedded value as on Sep 30, 2022, is 33,015 Crore, with an operating return on embedded value of 17.7% for H1 FY23. The embedded value of the merged entity is 36,016 Crore. Profit after tax on pre-merger basis stood at Rs. 682 Crore, a YoY increase of 18% during H1 FY23. This was aided by strong growth of 35% in existing business surplus.

We continue to be excited about the growth prospects of the industry, on the back of renewed support and encouragement from the regulator. We are enthused by the regulator's vision of significantly improving the global ranking of Indian life insurance from its current no. 10 position to no. 6 and look forward to being a meaningful contributor in this journey."

Key Financial Summary

Rs Crore	H1 FY23 (Pre-merger)	H1 FY22	YoY	FY22	H1 FY23 (Post-merger)
Key Financial and Actuarial Metrics					
Individual APE	3,789	3,427	11%	8,168	4,111
Total APE	4,549	4,112	11%	9,758	4,914
New Business Premium (Indl + Group)	10,923	10,363	5%	24,155	11,325
Renewal Premium (Indl + Group)	10,800	8,924	21%	21,808	12,007
Total Premium	21,723	19,287	13%	45,963	23,332
Assets Under Management	2,04,392	1,91,212	7%	2,04,170	2,24,901
Profit After Tax	682	577	18%	1,208	686
Indian Embedded Value	33,015	28,703	15%	30,048	36,016
Value of new business	1,258	1,086	16%	2,675	1,288
Protection based on Total APE	706	571	24%	1,325	768

	H1 FY23 (Pre-merger)	H1 FY22	FY22	H1 FY23 (Post-merger)
Key Financial Ratios				
New Business Margins	27.6%	26.4%	27.4%	26.2%
Operating Return on EV	17.7%	16.1%	16.6%	NA
Operating Expenses / Total Premium	14.3%	12.0%	12.3%	14.7%
Solvency Ratio	210%	190%	176%	210%
13M / 61M Persistency (1)	88%/54%	86%/52%	87%/54%	87%/51%
Market share				

Individual WRP	14.8%	16.2%	14.8%	16.1%
Overall new business premium	19.1%	22.3%	21.0%	19.8%
Product mix by Indl APE (UL / Non par savings / Annuity/ Protection / Par) (2)	23/37/7/4/29	26/32/5/7/30	26/33/5/6/30	21/37/6/4/31
Distribution mix by Indl APE (Corp Agents/ Agency/ Broker/ Direct) (2)	61/15/7/17	60/13/6/21	60/14/6/19	57/18/8/17

Notes:

1. Limited pay/regular premium persistency calculated based on IRDAI's recent circular, excluding single premium and fully paid policies
2. 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 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

ANNEXURE I, PRESS NOTE:

HDFC Life to elevate Suresh Badami as Deputy Managing Director

Mumbai, October 21, 2022: HDFC Life, one of India's leading life insurers, at its board meeting held today, announced that it would elevate Suresh Badami to the role of Deputy Managing Director. The appointment, effective today, has been approved by HDFC Life's NRC and the Board of Directors, and the said appointment is subject to approval of Shareholders and Regulators, as applicable.

Suresh has a rich and diverse experience of 27+ years in sales and business, across varied industries, including 18+years in Banking and Financial services. He has been associated with HDFC Life since October 2013 and has led multiple strategic initiatives within HDFC Life and its subsidiaries. He closely supervised the Exide Life merger within HDFC Life. He continues to play an active role in helping grow the wholly-owned subsidiary, HDFC International Life and Re Company Limited, in Dubai and is a member of their Board of Directors.

Commenting on the development, Vibha Padalkar, MD & CEO of HDFC Life, said, "I am pleased to announce the elevation of Suresh from Executive Director & Chief Distribution Officer to the role of the Deputy Managing Director. Suresh will continue to lead our focus on profitable growth and expansion, while steering the business and ensuring smooth transition of Exide Life's merger with HDFC Life. The company will continue to focus on reducing the protection gap in the country while helping build a more robust, profitable and customer centric organisation."

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, listed, long-term life insurance solutions provider in India, offering a range of individual and group insurance solutions that meet various customer needs such as Protection, Pension, Savings, Investment, Annuity and Health. The Company has more than 60 products (including individual and group products) and optional riders in its portfolio, catering to a diverse range of customer needs.

HDFC Life continues to benefit from its increased presence across the country, having a wide reach with branches and additional distribution touch-points through several new tie-ups and partnerships. The count of distribution partnerships is over 300, comprising banks, NBFCs, MFIs, SFBs, brokers, new ecosystem partners amongst others. The Company has a strong base of financial consultants.

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

Disclaimer

Except for the historical information contained herein, statements in this release which contain words or phrases such as 'will', 'would', 'indicating', 'expected to' etc., and similar expressions or variations of such expressions may constitute 'forward-looking statements'. These forward-looking statements involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. These risks and uncertainties include, but are not limited to our ability to successfully implement our strategy, our growth and expansion in business, the impact of any acquisitions, technological implementation and changes, the actual growth in demand for insurance products and services, investment income, cashflow projections, our exposure to market risks, policies and actions of regulatory authorities; impact of competition; experience with regard to mortality and morbidity trends, lapse rates and policy renewal rates; the impact of changes in capital, solvency or accounting standards, tax and other legislations and regulations in the jurisdictions as well as other risks detailed in the reports filed by HDFC 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

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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.