

PRESS RELEASE - PERFORMANCE FOR THE NINE MONTHS ENDED DECEMBER 31, 2022

BSE Code: 540777

NSE Code: HDFCLIFE

Consistent delivery across all key metrics – Private market share: 15.8%, VNB growth: 22%, PAT growth: 18%

- **Faster than industry growth in Q3**
 - **Strong growth in protection on the back of 52% growth in credit protect business**
 - **68% growth in Annuity APE**
 - **Operating ROEV at 17.5%**
 - **18% growth in PAT to Rs. 1,001 crore**
-

Mumbai, January 20, 2023: The Board of Directors of HDFC Life approved and adopted today the audited standalone and reviewed consolidated financial results for the nine month ended December 31, 2022. Below is the summary of our standalone results:

Commenting on the 9M FY23 performance, Ms. Vibha Padalkar, MD & CEO said “While globally, headwinds persist from an economic perspective, India appears to be relatively better positioned. Insurance as a sector continues to be a beneficiary of a relatively robust economy, stable savings trends and favourable regulatory regime. Against this backdrop, we continue to maintain a steady growth trajectory. In Q3, we grew by 17% in terms of Individual WRP, which is ahead of industry growth. On a YTD basis, we grew by 13% leading to a market share of 15.8% amongst private insurers. Despite intense competition, we have consistently been ranked amongst the top 3 life insurers across individual and group businesses.

We maintained market leadership in credit life by delivering strong growth of 52%, across nearly 300 partnerships. Whilst growth in retail protection remained tepid on a YoY basis, we saw sequential growth of 13% in Q3. With a combination of data analytics, insights into customer profiles and calibrated risk retention, overall protection APE grew by over 20% in 9M FY23 and we expect individual protection to continue picking up in the coming quarters.

On the retirement front, we have steadily gained market share in the annuity business. Our annuity business in 9M FY23 grew by 22% on received premium basis compared to a 1% growth for the industry.

Our distribution network has been growing with time, as we build newer, long-lasting partnerships. This quarter, we are pleased to announce our corporate agency partnership with AU Small Finance Bank. Our agency channel continued to grow faster clocking more than 2x company level growth in individual APE in 9M FY23. The share of the channel has increased from 14% to almost 18% in the merged entity.

We are happy to share that the post-merger integration and synergy realisation from the combined business is progressing as per plan. This has been demonstrated by achievement of margin neutrality during this period. The newly added distribution partners now have access to HDFC Life’s products and digital capabilities.

Our subsidiary HDFC Pension Management Company's AUM doubled in less than 17 months to reach the Rs 40,000 Cr milestone on 2nd January, 2023. For 9MFY23, HDFC Pension has a market share of 40%, up from 37% last year, with AUM growing by 63%.

We are pleased to announce that our subsidiary HDFC International has been granted the Certificate of Registration to set up a branch in GIFT City by the relevant regulator. The branch will commence business and operations on receiving other statutory licenses and approvals.

We remain enthused with the growth potential of the sector and are committed to increasing insurance penetration in a meaningful way."

Key Financial Summary

Rs Crore	9M FY23*	9M FY22	FY22	FY21
Key Financial and Actuarial Metrics				
Individual APE	6,874	5,577	8,168	7,121
Total APE	8,174	6,709	9,758	8,372
New Business Premium (Indl + Group)	18,713	17,075	24,155	20,107
Renewal Premium (Indl + Group)	19,194	14,467	21,808	18,477
Total Premium	37,907	31,542	45,963	38,583
Assets Under Management	2,33,839	1,94,738	2,04,170	1,73,839
Profit After Tax	1,001	850	1,208	1,360
Indian Embedded Value	37,702	29,543	30,048	26,617
Value of new business	2,163	1,780	2,675	2,185
Protection based on Total APE	1,207	923	1,325	1,070

	9M FY23*	9M FY22	FY22	FY21
Key Financial Ratios				
New Business Margins	26.5%	26.5%	27.4%	26.1%
Operating Return on EV	17.5%	16.2%	16.6%	18.5%
Operating Expenses / Total Premium	14.7%	12.2%	12.3%	12.0%
Solvency Ratio	209%	190%	176%	201%
13M / 61M Persistency	87%/52%	87%/53%	87%/54%	85%/49%
Market share				
Individual WRP	15.8%	15.2%	14.8%	15.5%
Overall new business premium	20.3%	21.7%	21.0%	21.5%
Product mix by Indl APE (UL / Non par savings / Annuity/ Protection / Par)	21/39/6/4/29	26/33/5/6/30	26/33/5/6/30	24/31/5/7/34
Distribution mix by Indl APE (Corp Agents/ Agency/ Broker/ Direct)	59/18/9/15	61/14/6/19	60/14/6/19	61/13/7/19

Notes:

1. Limited pay/regular premium persistency
 2. Percentages may not add up due to rounding off effect
- * Current year numbers are on a merged basis, hence prior years are not comparable

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, 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 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.