PRESS RELEASE - PERFORMANCE FOR THE QUARTER ENDED JUNE 30, 2022

BSE Code: 540777 **NSE Code: HDFCLIFE**

Another quarter of steady growth – APE: 22%, VNB: 25%, PAT: 21%

Other Key Highlights:

- **22% growth in total APE; Maintained top 3 ranking amongst life insurers**
- **31% growth in Protection APE; 96% growth in group credit protect business**
- **New business margins increased to 26.8%; 25% growth in Value of New Business**
- **21% growth in PAT to Rs. 365 crore**

Mumbai, July 19, 2022: The Board of Directors of HDFC Life approved and adopted today the audited standalone and reviewed consolidated financial results for the quarter ended June 30, 2022. Below is the summary of our standalone results:

Commenting on the Q1 FY23 performance, Ms. Vibha Padalkar, MD & CEO said "We continue to maintain a consistent growth trajectory, growing by 22% in terms of APE in Q1 FY23. This has enabled us to maintain our market leadership as a 'Top 3 life insurer' across individual and group business.

Our product mix remains balanced, with non-par savings at 35%, participating products at 30%, ULIPs at 25%, individual protection at 5% and annuity at 6%, based on individual APE.

Our protection share based on APE improved from 15.7% last year to 16.9% during Q1 FY23. Our credit protect business has registered strong growth of 96%, on the back of rise in disbursements across most of our partners. We continue to look at overall protection growth across individual and group platforms in an agnostic manner.

On the retirement front, our annuity business has grown by 10% on received premium basis, compared to a 9% de-growth for the industry in the quarter. On APE basis, our annuity business has grown by 39%. The regular premium variant of our recently launched annuity product - Systematic Retirement Plan has been well received across channels. We have also launched a new product Systematic Pension Plan, which is a participating pension plan. This product adds to the existing suite of pension products being offered to customers.

Renewal premiums have grown by 19%, supported by improving persistency. Our 13th and 61st month persistency for limited and regular pay policies, is at 88% and 54% vs 86% and 51% in first quarter of previous year.

New business margin for Q1 was 26.8% up from 26.2% in Q1 of the previous year, on the back of profitable product mix and growth in protection business. The Profit after Tax for Q1 FY23 was Rs 365 crore, an increase of 21% over Q1 FY22. As highlighted in our last earnings call, we completed raising sub-debt worth Rs 350 crore during this quarter. Post the dividend payout of Rs. 1.70 per share, approved by our shareholders in the AGM, our solvency stands at 178%. In order to further strengthen solvency to fuel growth, we will continue to evaluate raising equity capital as needed.

We are delighted to share that our pension subsidiary, HDFC Pension, crossed the 30,000 crore AUM mark and has almost doubled its AUM in just 15 months. As on June 30, 2022, HDFC Pension had a market share of 38%, maintaining its leadership position as private Pension Fund Manager (PFM) in terms of NPS AUM.

HDFC International, our overseas subsidiary, has received an in-principle approval from International Financial Services Centres Authority - IFSCA to setup a “global in-house center” at GIFT City. This entity will pool and optimize all processing activities of our international business. This is an important step for us towards eventually setting up an IFSC Insurance Office (IIO) at GIFT city, which can cater to the overseas insurance needs of the Indian diaspora.

Exide Life witnessed strong growth of 34% based on Individual WRP and continues to enjoy a healthy product mix and growth across channels. The integration of Exide Life is on track. We have received the initial NCLT approval for triggering the merger process, including intimations to various regulatory authorities and related NOCs. Subsequent to receipt of the NOCs from various regulatory authorities, we can expect to receive the final NCLT approval. We expect to receive the final nod from IRDAI and be able to merge the subsidiary in the second half of FY23.

On the regulatory front, we have been in regular dialogue with IRDAI and working on charting a roadmap to deepen life insurance penetration in India and welcome the initiatives taken by the regulator in this direction.”

Key Financial Summary

Rs Crore	Q1 FY23	Q1 FY22	YoY	FY22	FY21
Key Financial and Actuarial Metrics					
Individual APE	1,548	1,306	18%	8,168	7,121
Total APE	1,904	1,561	22%	9,758	8,372
New Business Premium (Indl + Group)	4,776	3,767	27%	24,155	20,107
Renewal Premium (Indl + Group)	4,620	3,889	19%	21,808	18,477
Total Premium	9,396	7,656	23%	45,963	38,583
Assets Under Management	2,00,123	1,81,272	10%	2,04,170	1,73,839
Networth (1)	15,427	8,778	76%	15,401	8,430
Profit After Tax	365	302	21%	1,208	1,360
Indian Embedded Value (2)	29,709	27,331	9%	30,048	26,617
Value of new business	510	408	25%	2,675	2,185
Protection based on Total APE	322	246	31%	1,325	1,070

	Q1 FY23	Q1 FY22	FY22	FY21
Key Financial Ratios				
New Business Margins	26.8%	26.2%	27.4%	26.1%
Operating Return on EV	16.5%	14.4%	16.6%	18.5%
Operating Expenses / Total Premium	14.9%	12.5%	12.3%	12.0%
Solvency Ratio	178%	203%	176%	201%
13M / 61M Persistency (3)	88%/54%	86%/51%	87%/54%	85%/49%
Product mix by Indl APE (UL / Non par savings /Annuity/ Protection / Par) (4)	25/35/6/5/30	27/32/5/8/29	26/33/5/6/30	24/31/5/7/34
Distribution mix by Indl APE (Corp Agents/ Agency/ Broker/ Direct) (4)	56/16/7/22	56/15/6/23	60/14/6/19	61/13/7/19

Notes:

1. Networth comprises Share capital, Share premium and Accumulated profits. It includes Rs 5,961 crore of share capital issued to Exide Industries for acquisition of Exide Life as on Mar 31, 2022 and June 30, 2022
2. Excluding Exide Life's embedded value
3. Limited pay/regular premium persistency calculated based on IRDAI's recent circular, excluding single premium and fully paid policies
4. Percentages may not add up due to rounding off effect

Other key highlights for the year ending June 30, 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 19.0% and 14.6% respectively; Ranked #1 within group new business segment in private sector with market share of 22.2%

- ***Product portfolio:*** Continue to maintain a balanced product mix with share of participating savings, non-participating savings, ULIPs, protection and annuity accounting for 30%, 35%, 25%, 5% and 6% of individual APE respectively

- ***Distribution mix:*** Diversified distribution mix is evidenced by wide access to customers through over 300 distribution partners and 1.2 lakh+ agents as on June 30, 2022, further supplemented by 383 branches across the country

- ***Assets under management:*** AUM of over Rs 2 lakh crore (Debt: Equity mix 65:35); around 99% 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 abrdn (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 June 30, 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 383 branches and additional distribution touch-points through several new tie-ups and partnerships. The count of our 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 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.