



**PRESS RELEASE - PERFORMANCE FOR THE NINE MONTHS ENDED DEC 31, 2021**

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**NSE Code: HDFCLIFE**

## **Consistent and robust performance: 22% increase in APE; 26% growth in VNB**

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### **Other Key Highlights:**

- **Individual WRP 2-year CAGR at 14% vs. 5% for industry; 26% growth in new business premium**
  - **34% growth in protection APE; 39% growth in annuity business**
  - **New Business Margin expands to 26.5%; Operating RoEV at 18.6% (pre-EMR)**
  - **25% growth in proprietary distribution (Agency, Direct and Online); 35% growth in Agency based on individual APE**
  - **19% growth in renewal premium**
  - **AUM of Rs 1.95 lakh crore, clocking 18% yoy growth**
  - **Claims experience in line with expectation**
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**Mumbai, January 21, 2022:** The Board of Directors of HDFC Life approved and adopted today the audited standalone and reviewed consolidated financial results for the nine months ended December 31, 2021. Below is the summary of our standalone results:

Commenting on the current situation, Ms. Vibha Padalkar, MD & CEO said “It is quite heartening to note that India’s Covid vaccination coverage has crossed the 150 crore mark, with almost 90% of the eligible population receiving at least one dose. Further, the government has started vaccination drives for youngsters in the age group 15-18 years and the administration of booster doses to the vulnerable members of our society. These developments seem to have helped curtail the mortality impact of the more transmissible Omicron variant. Business sentiment remains positive and the high-frequency indicators suggest economic revival is on track. We are optimistic about the sustenance of business momentum in the months to come.”

Commenting on the Exide Life acquisition, Ms. Vibha Padalkar, MD & CEO said “We are happy to announce that effective January 1, 2022, Exide Life has become our fully wholly owned subsidiary as part of the overall merger process. We are thankful to our regulator, IRDAI, for their speedy approval. This first-of-its-kind transaction is a reflection of our intent to build a stronger India by providing a financial safety-net to more people. The integration process is underway and we expect to absorb the acquired business seamlessly, whilst maximising value unlock, over the next 18-24 months. We are happy to share that in the nine months ended December 31, Exide Life’s individual WRP grew 31%, comfortably higher than industry growth of 20%”

Commenting on the 9M FY22 performance, Ms. Vibha Padalkar, MD & CEO said “We continued to deliver consistent and robust growth of 21% in 9M FY22, resulting in a private market share of 15.2% in terms of Individual WRP. On a 2 year CAGR basis, we registered a growth of 14%, compared to a 5% growth for the overall life insurance industry, whilst maintaining a balanced and profitable product mix. On the claims front, we have honoured close to 3 lakh claims during 9M FY22. Gross and net claims were recorded at Rs. 4,657 crore and Rs. 3,406 crore, respectively. We have witnessed 19% growth in renewal premiums and further improvement in our 13<sup>th</sup> and 61<sup>st</sup> month persistency which now stands at 92% and 57% respectively vs. 89%

and 53% in 9M FY21. The 13<sup>th</sup> and 61<sup>st</sup> month persistency for limited and regular pay policies was 87% and 53% respectively for 9M FY22 vs. 83% and 47% in previous year. Our value of new business increased to Rs. 1,780 crore, registering a yoy growth of 26%. New business margin stands at 26.5% for 9M FY22, vs 25.6% in 9M FY21. All channels registered growth in double digits with proprietary distribution (Agency, Direct and Online channels) growing by 25% based on individual APE. We are also happy to announce that in Q3, we cemented our partnership with South Indian Bank. Our Agency channel witnessed robust growth in individual APE of 35%. The channel has licensed more than 28,000 agents during 9M FY22, an increase of 52% over the previous year. Our Profit after Tax stands at Rs. 850 crore for 9M FY22, which is 18% lower than last year, primarily due to elevated claims during the pandemic and reserving for excess mortality. Our Solvency as on December 31, 2021 stands at 190%.

We are also pleased to inform you that our wholly owned subsidiary, HDFC Pension, has crossed the milestone of Rs. 25,000 crore AUM, on January 5, 2022. The journey has been gaining momentum – with first Rs. 10,000 crore achieved in 7 years, to the next Rs. 10,000 crore in 14 months and the last Rs. 5,000 crore in just three months. The Company has a market share of 37%, as of December 31, 2021, making it the #1 private Pension Fund Manager (PFM) in terms of NPS AUM. In addition, NPS is a significant feeder into our annuity business, growing at a rapid pace.

Also, we are humbled to win the ‘Best Governed Company in the listed segment: Large category’ at the 21st Institute of Company Secretaries (ICSI) National Awards for Excellence in Corporate Governance.

We believe that the life insurance industry is poised to grow given the heightened awareness and importance of insurance as a financial protection tool.”

## Key Financial Summary

Rs.crore	9M FY22	9M FY21	YoY	FY21	FY20
<b>Key Financial and Actuarial Metrics</b>					
Individual APE	5,577	4,661	20%	7,121	6,145
Total APE	6,709	5,491	22%	8,372	7,407
New Business Premium (Indl + Group)	17,075	13,547	26%	20,107	17,239
Renewal Premium (Indl + Group)	14,467	12,126	19%	18,477	15,468
Total Premium	31,542	25,673	23%	38,583	32,707
Assets Under Management	1,94,738	1,65,623	18%	1,73,839	1,27,226
Networth (1)	9,054	8,089	12%	8,430	6,992
Profit After Tax	850	1,042	-18%	1,360	1,295
Indian Embedded Value	29,543	25,054	18%	26,617	20,650
Value of new business	1,780	1,408	26%	2,185	1,919
Protection based on Total APE	923	691	34%	1,070	1,270

	9M FY22	9M FY21	FY21	FY20
<b>Key Financial Ratios</b>				
New Business Margins	26.5%	25.6%	26.1%	25.9%
Pre-EMR Operating Return on EV (2)	18.6%	18.3%	18.5%	18.1%
Post-EMR Operating Return on EV (2)	16.2%			
Operating Expenses / Total Premium	12.2%	12.1%	12.0%	13.1%
Solvency Ratio	190%	202%	201%	184%
13M / 61M Persistency (3)	92%/57%	89%/53%	90%/53%	88%/54%
13M / 61M Persistency (4)	87%/53%	83%/47%	85%/49%	81%/44%
Product mix by Indl APE (UL / Non par savings / Annuity/ Non par protection / Par) (5)	26/33/5/6/30	23/30/5/7/35	24/31/5/7/34	28/41/4/8/19
Distribution mix by Indl APE (Corp Agents/ Agency/ Broker/ Direct) (5)	61/14/6/19	63/12/6/19	61/13/7/19	55/14/9/22

Notes:

1. Networth comprises Share capital, Share premium and Accumulated profits
2. EMR: Excess Mortality Reserve (additional reserve created for excess mortality during Covid)
3. Persistency ratios are calculated basis original premium, for Individual business, including single premium
4. Limited pay/regular premium persistency calculated based on IRDAI's recent circular, excluding single premium and fully paid policies
5. Percentages may not add up due to rounding off effect

**Other key highlights for the year ending December 31, 2021:**

- **Overall Market Share:** Ranked #1 in terms of Overall New Business Premium in private sector with market share at 21.7%; Private market share within group and individual new business segment of 28.3% and 15.2% respectively
- **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 over 300 partners and 1 lakh+ agents as on December 31, 2021, further supplemented by 372 branches spread across the country
- **Assets Under Management:** AUM of over Rs. 1.9 lakh crore (Debt: Equity mix 64:36); 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 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 December 31, 2021, 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 over 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](http://www.hdfclife.com). You may also connect with us on Facebook, Twitter, YouTube and LinkedIn.

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