

PRESS RELEASE - PERFORMANCE FOR THE NINE MONTHS ENDED DEC 31, 2019

BSE Code: 540777

NSE Code: HDFCLIFE

45% growth in Value of New Business, 31% in APE

Other Key Highlights:

- **31% growth in Individual WRP**
- **26.6% New Business Margin**
- **19.0% Operating return on Embedded Value**
- **32% growth in Protection APE**
- **8% growth in PAT with 27% growth in backbook surplus**

Mumbai, January 23, 2020: The Board of Directors of HDFC Life approved and adopted today the consolidated and standalone audited financial results for the nine months ended December 31, 2019. Below is the summary of our standalone results:

Commenting on the 9M FY20 performance, Ms. Vibha Padalkar, MD & CEO said “We continue to deliver consistently across all key metrics, whilst maintaining our focus on profitable growth. Product innovation remains a key focus area for us, with our newly launched product Sanchay Par Advantage being received well. Expanding and diversifying our distribution mix continues to be a vital component of our strategy. We have sustained growth momentum across our proprietary channels, coupled with steady performance across our corporate partners. Our market share basis Individual WRP has increased by 160 basis points to 14.3%. These factors have positioned us to harness the long term growth potential of the life insurance industry and provide a sustainable value proposition to our customers, partners and shareholders.”

Key Financial Summary

Rs Cr	9M FY20	9M FY19	YoY	FY19	FY18
Key Financial and Actuarial Metrics					
Individual APE	4,394	3,363	31%	5,204	4,887
Total APE	5,296	4,050	31%	6,260	5,532
New Business Premium (Indl + Group)	12,150	9,940	22%	14,971	11,350
Renewal Premium (Indl + Group)	9,942	8,920	11%	14,215	12,215
Total Premium	22,092	18,860	17%	29,186	23,564
Assets Under Management	1,36,451	1,17,701	16%	1,25,552	1,06,603
Networth (1)	6,670	5,690	17%	5,659	4,719
Profit After Tax	984	913	8%	1,277	1,109
Indian Embedded Value	20,841	17,397	20%	18,301	15,216
Value of new business	1,407	971	45%	1,537	1,282

Rs Cr	9M FY20	9M FY19	YoY	FY19	FY18
Protection based on APE	886	673	32%	1,045	624
Protection based on NBP	3,413	2,792	22%	4,042	2,942
Annuity based on NBP	1,839	1,675	10%	2,592	1,066

	9M FY20	9M FY19	FY19	FY18
Key Financial Ratios				
New Business Margins	26.6%	24.0%	24.6%	23.2%
Operating Return on EV (2)	19.0%	19.7%	20.1%	21.5%
Operating Expenses / Total Premium	13.8%	13.8%	13.2%	13.5%
Solvency Ratio	195%	191%	188%	192%
13M / 61M Persistency (3)	90%/55%	86%/50%	87%/52%	87%/51%
Product mix by Indl APE (UL / Non par savings / Non par protection / Par)	28/52/7/13	59/14/7/20	55/20/7/18	57/9/5/28
Distribution mix by Indl APE (Corp Agents/ Agency/ Broker/ Direct)	55/14/9/21	67/11/4/18	64/13/4/19	71/11/5/14

Notes:

1. Networth comprises Share capital, Share premium and Accumulated profits
2. During FY18, there was a one-time positive operating assumption change of positive Rs 1.4 bn based on review by an external actuary as part of the IPO process. Excluding this one-time adjustment, Operating return on EV would have been 20.4% for FY18
3. Persistency ratios (based on original premium). Group business, where persistency is measurable, has been included in the calculations

Other key highlights for the nine months ending December 31, 2019:

- **Private Market Share:** 31% growth in Individual WRP, enabling us to increase our market share by 160 basis points to 14.3%. We have maintained our leadership position within the group segment, growing by 25%, resulting in a market share of 28.6%.
- **New Business Lives:** Total number of lives insured grew by 29% to 4.5 Cr during 9M FY20.
- **Product Portfolio:** We have recorded growth across all product segments, whilst maintaining a balanced product mix. Our savings business which includes unit linked, par and non-par segments, grew by 32%. With an eye to tap the protection space further, our Protection APE has grown by 32% in 9M FY20 over the corresponding period last year, to Rs 886 Cr. Our protection share basis APE is 16.7% in 9M FY20.

- **Distribution Mix:** Our diversified distribution mix is evidenced by the wide access to our customers with 270 plus partners, including more than 40 new-ecosystem partners as on December 31, 2019. This is further supplemented by our 421 branches spread across the country.
- **Assets Under Management:** As on December 31, 2019, our AUM is Rs. 1.4 lakh Cr. (Debt:Equity mix - 63:37; 96% debt investments are in G-Secs and AAA bonds as on December 31, 2019).

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 2019, the first monthly instalment received would be reflected as First year premiums for 2018-19 and the remaining 11 instalments due in the first policy year would be reflected as first year premiums in 2019-20, 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 (formerly HDFC Standard Life Insurance Company Limited) ('HDFC Life' / 'Company') is a joint venture between HDFC Ltd., India's leading housing finance institution and Standard Life Aberdeen, 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, 2019, the Company had 42 individual and 11 group products in its portfolio, along with 8 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 421 branches and additional distribution touch-points through several new tie-ups and partnerships. The count of our partnerships is in excess of 270, comprising traditional partners such as NBFCs, MFIs and SFBs, and includes more than 40 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, cash flow 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.

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