

PRESS RELEASE - PERFORMANCE FOR THE NINE MONTHS ENDED DEC 31, 2020

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Market share expansion of 214 bps to 16.4%; NBM strong at 25.6%

Other Key Highlights:

- **8% Individual WRP growth compared to private industry de-growth of 6%**
- **25.6% New Business Margin on the back of growth and balanced product mix**
- **17% growth in Protection (Indl) and 42% growth in Annuity in APE terms**
- **22% growth in renewal premium with stable persistency**
- **PAT of Rs 1,042 Cr, with growth of 6%**
- **Solvency healthy at 202%**

Mumbai, Jan 22, 2021: 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, 2020. Below is the summary of our standalone results:

Commenting on the current situation, Ms. Vibha Padalkar, MD & CEO said “We are witnessing a lift in customer confidence, which is also reflected in the new business premium trends for both the individual as well as the group credit protect business. We continue to see a pickup in the savings business, accompanied by an increase in both the average ticket size as well as number of policies.”

Further, commenting on the 9MFY21 performance, Ms. Padalkar said “Our market share in terms of Individual WRP has increased by 214 basis points from 14.3% to 16.4%. We continue to witness sequential improvement in our new business margins, which stood at 25.6% for 9MFY21. Given that the vaccination drive has been initiated and the economic momentum on the ground seems sustained, we will strive for continued new business growth and an upward trajectory on New Business Margins whilst adhering to a conservative risk management approach.”

Key Financial Summary

Rs Cr	9M FY21	9M FY20	YoY	FY20	FY19
Key Financial and Actuarial Metrics					
Individual APE	4,661	4,394	6%	6,145	5,204
Total APE	5,491	5,296	4%	7,407	6,260
New Business Premium (Indl + Group)	13,547	12,150	11%	17,239	14,971
Renewal Premium (Indl + Group)	12,126	9,942	22%	15,468	14,215
Total Premium	25,673	22,092	16%	32,707	29,186
Assets Under Management	1,65,623	1,36,451	21%	1,27,226	1,25,552
Networth (1)	8,089	6,670	21%	6,992	5,659
Profit After Tax	1,042	984	6%	1,295	1,277

Indian Embedded Value	25,054	20,841	20%	20,650	18,301
Value of new business	1,408	1,407	0.1%	1,919	1,537
Protection based on Individual APE	345	295	17%	466	351
Protection based on Total APE	691	886	-22%	1,270	1,045

	9M FY21	9M FY20	FY20	FY19
Key Financial Ratios				
New Business Margins	25.6%	26.6%	25.9%	24.6%
Operating Return on EV	18.3%	19.0%	18.1%	20.1%
Operating Expenses / Total Premium	12.1%	13.7%	13.1%	13.1%
Solvency Ratio	202%	195%	184%	188%
13M / 61M Persistency (2)	89%/53%	87%/53%	88%/54%	84%/51%
Product mix by Indl APE (UL / Par / Non par savings / Term & Health / Annuity)	23/35/30/7/5	28/13/47/7/4	28/19/41/8/4	55/18/15/7/5
Distribution mix by Indl APE (Corp Agents/ Agency/ Direct/ Broker)	63/12/19/6	55/14/21/9	55/14/22/9	64/13/19/4

Notes:

1. Networth comprises Share capital, Share premium and Accumulated profits
2. Persistency ratios are calculated basis original premium, for Individual business

Other key highlights for the nine months ending December 31, 2020:

- **Private Market Share:** Ranking improved to #2 in terms of Individual WRP, with market share expanding by 214 bps from 14.3% to 16.4%. Our private market share within the group and overall new business segment stood at 27.3% and 22.3% respectively
- **Product Portfolio:** We continue to maintain a balanced product mix with share of participating savings, non-participating savings, ULIPs, protection and annuity accounting for 35%, 30%, 23%, 7% and 5% of Individual APE respectively. Our focus on the retiral segment resulted in 42% growth in annuity business
- **Distribution Mix:** Our diversified distribution mix is evidenced by the wide spectrum of 300+ partners, including more than 50 new-ecosystem partners. This is supplemented by 391 branches across the country
- **Assets Under Management:** As on December 31, 2020, our AUM was Rs. 1.7 lakh Cr. (Debt:Equity mix – 64:36); about 98% of debt investments were in G-Secs and AAA bonds as on December 31, 2020

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
- **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 listed life insurance entity promoted by 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, 2020, the Company had 37 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 presence across the country having a wide reach with 391 branches and additional distribution touch-points through several new tie-ups and partnerships. The count of our partnerships is in excess of 300, comprising traditional partners such as NBFCs, MFIs and SFBs, and includes more than 50 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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