

PRESS RELEASE - PERFORMANCE FOR THE YEAR ENDED JUN 30, 2020

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Market share grows by 100 bps to 18.5%; Strong NBM of 24.3%

Other Key Highlights:

- **50% growth in Individual Protection APE**
- **24% growth in renewal premium**
- **24.3% New Business Margin on the back of balanced product mix**
- **PAT of Rs 451 Crs, with growth of 6%**
- **Healthy Solvency at 190%**

Mumbai, July 21, 2020: 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, 2020. Below is the summary of our standalone results:

Commenting on the current situation, Ms. Vibha Padalkar, MD & CEO said “As the economy is coming to terms with the effects of the pandemic, we are increasingly witnessing encouraging on-ground trends. Business has started to pick up on a month-on-month basis and we are seeing higher traction, especially in the individual protection business. As the situation begins to normalise, we expect life insurance to emerge as an important avenue for both protection as well as long term savings, and consequently help attract a higher quantum of inflows from Indian households.”

Commenting on the Q1 FY21 performance, Ms. Vibha Padalkar, MD & CEO said “We continue to exhibit resilient performance even in the current scenario. Our market share in terms of Individual WRP has increased by 100 basis points from 17.5% to 18.5%. Our calibrated approach of maintaining a balanced product mix has again enabled us to manoeuvre through a turbulent environment and adapt faster than the overall market. We remain well positioned to provide a sustainable value proposition to our customers, partners and shareholders in these challenging times.”

Key Financial Summary

Rs Cr	Q1 FY21	Q1 FY20	YoY	FY20	FY19
Key Financial and Actuarial Metrics					
Individual APE	1,072	1,378	-22%	6,145	5,204
Total APE	1,198	1,710	-30%	7,407	6,260
New Business Premium (Incl + Group)	2,623	3,926	-33%	17,239	14,971
Renewal Premium (Incl + Group)	3,239	2,610	24%	15,468	14,215
Total Premium	5,863	6,536	-10%	32,707	29,186
Assets Under Management	139,975	1,29,581	8%	1,27,226	1,25,552
Networth (1)	7,448	6,084	22%	6,992	5,659

Profit After Tax	451	425	6%	1,295	1,277
Indian Embedded Value	22,580	19,230	17%	20,650	18,301
Value of new business	291	509	-43%	1,919	1,537
Protection based on Individual APE	113	75	50%	466	351
Protection based on APE	157	304	-48%	1,270	1,045

	Q1 FY21	Q1 FY20	FY20	FY19
Key Financial Ratios				
New Business Margins	24.3%	29.8%	25.9%	24.6%
Operating Return on EV	15.8%	19.9%	18.1%	20.1%
Operating Expenses / Total Premium	11.5%	13.4%	13.1%	13.1%
Solvency Ratio	190%	193%	184%	188%
13M / 61M Persistency (2)	87%/53%	85%/53%	88%/54%	87%/52%
Product mix by Indl APE (UL / Non par savings / Non par protection / Par)	27/33/11/30	26/63/5/6	28/45/8/19	55/20/7/18
Distribution mix by Indl APE (Corp Agents/ Agency/ Broker/ Direct)	59/12/5/24	56/15/9/20	55/14/9/22	64/13/4/19

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 year ending Jun 30, 2020:

- **Private Market Share:** Ranked #1 in terms of Individual WRP with market share expanding by 100 bps from 17.5% to 18.5%. Our share within the group and overall new business segment stood at 20.7% each
- **Product Portfolio:** We continue to maintain a balanced product mix with share of participating savings, non participating savings, ULIPs, protection and annuity accounted for 30%, 28%, 27%, 11% and 5% of Individual APE respectively. Our focus on the protection segment resulted in 50% growth in the individual protection segment
- **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 June 30, 2020. This is further supplemented by our 421 branches spread across the country
- **Assets Under Management:** As on June 30, 2020, our AUM was Rs. 1.4 lakh Cr. (Debt:Equity mix – 68:32); about 97% of debt investments were in G-Secs and AAA bonds as on June 30, 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
- **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 June 30, 2020, the Company had 36 individual and 12 group products in its portfolio, along with 6 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.

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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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