

**PRESS RELEASE - PERFORMANCE FOR THE YEAR ENDED MAR 31, 2020**

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## **25% growth in Value of New Business, 18% growth in APE**

### **Other Key Highlights:**

- **19% growth in Individual WRP**
- **170 bps increase in private market share to 14.2% (basis Individual WRP)**
- **25.9% New Business Margin**
- **18.1% Operating return on Embedded Value**
- **22% growth in Protection APE**
- **PAT at Rs 1,295 Crs with robust 17% growth in backbook surplus**

**Mumbai, April 27, 2020:** The Board of Directors of HDFC Life approved and adopted today the consolidated and standalone audited financial results for the year ended March 31, 2020. Below is the summary of our standalone results:

Commenting on the current situation, Ms. Vibha Padalkar, MD & CEO said “As a result of this pandemic, human lives have been disrupted and organizations around the world are witnessing challenging times. As a responsible corporate citizen, the safety and well-being of our employees, customers and partners and ensuring uninterrupted service to our customers are our foremost priorities. Our head-start as a digital insurer has helped facilitate this.”

Commenting on the FY20 performance, Ms. Vibha Padalkar, MD & CEO said “We continue to deliver growth higher than industry and register steady performance across all key metrics. We believe that insurance remains a multi-decade opportunity with significant potential. The opportunities across mortality, morbidity and longevity remain large in our country. Customer-centricity, product innovation, a diversified distribution network, and technological capabilities are key pillars of our strategy and enablers to provide a sustainable value proposition to our customers, partners and shareholders.”

### **Key Financial Summary**

<b>Rs Cr</b>	<b>FY20</b>	<b>FY19</b>	<b>YoY</b>
<b>Key Financial and Actuarial Metrics</b>			
Individual APE	6,145	5,204	18%
Total APE	7,407	6,260	18%
New Business Premium (Indl + Group)	17,239	14,971	15%
Renewal Premium (Indl + Group)	15,468	14,215	9%
<b>Total Premium</b>	<b>32,707</b>	<b>29,186</b>	<b>12%</b>
Assets Under Management	1,27,226	1,25,552	1%
Networth (1)	6,992	5,659	24%

Profit After Tax	1,295	1,277	1%
Indian Embedded Value	20,650	18,301	13%
Value of new business	1,919	1,537	25%

<b>Rs Cr</b>	<b>FY20</b>	<b>FY19</b>	<b>YoY</b>
Protection based on APE	1,270	1,045	22%
Protection based on NBP	4,762	4,042	18%

	<b>FY20</b>	<b>FY19</b>
<b>Key Financial Ratios</b>		
New Business Margins	25.9%	24.6%
Operating Return on EV	18.1%	20.1%
Operating Expenses / Total Premium	13.1%	13.1%
Solvency Ratio	184%	188%
13M / 61M Persistency (2)	88%/54%	84%/51%
Product mix by Indl APE (UL / Non par savings / Non par protection / Par)	28/45/8/19	55/20/7/18
Distribution mix by Indl APE (Corp Agents/ Agency/ Broker/ Direct)	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 March 31, 2020:**

- **Private Market Share:** Individual WRP grew by 19% leading to expansion of market share by 170 bps to 14.2%. We have maintained our leadership position within the group segment, growing by 20%, resulting in a market share of 29.0%.
- **New Business Lives:** Total number of insured lives increased to 6.1 Cr, growing by 19%.
- **Product Portfolio:** We continue to maintain a balanced product mix. Our savings business which includes unit linked, par and non-par segments, grew by 18%. With a focus on tapping the protection space further, our Protection APE increased to Rs 1,270 Cr., growing by 22% in FY20 over the corresponding period last year. Our protection share basis APE is 17.2% in 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 March 31, 2020. This is further supplemented by our 421 branches spread across the country.

- **Assets Under Management:** As on March 31, 2020, our AUM is Rs. 1.3 lakh Cr. (Debt:Equity mix - 71:29; more than 96% debt investments are in G-Secs and AAA bonds as on March 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 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 March 31, 2020, the Company had 37 individual and 11 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](http://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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