

PRESS RELEASE - PERFORMANCE FOR THE HALF YEAR ENDED SEP 30, 2019

BSE Code: 540777

NSE Code: HDFCLIFE

Strong growth of 57% in Value of New Business, 38% in APE

Other Key Highlights:

- **Ranked #1 in total new business premium**
- **Industry leading NBM of 27.5%**
- **Solid Operating return on EV of 19.6%**
- **Term APE growth of 43%**
- **Healthy PAT Growth of 10%**

Mumbai, October 23, 2019: The Board of Directors of HDFC Life approved and adopted today the consolidated and standalone audited financial results for the half year ended September 30, 2019. Below is the summary of our standalone results:

Commenting on the half year's solid performance, Ms. Vibha Padalkar, MD & CEO said "We have delivered strong performance across all key metrics and have continued to sustain our profitability. Despite a challenging macro-environment, we have grown by 35% on Individual WRP, compared to industry growth of 11%. This has enabled us to increase our market share by 220 basis points to 15.2%. Our diversified distribution mix is underpinned by the strong growth of our proprietary channels, coupled with steady performance across our corporate partners. We remain committed to tap the immense protection and retirals opportunity in India. We expect our continued product innovation and advancements in the use of technology to sustain our performance across business cycles. These factors put us in a good position to harness the long term growth potential of the life insurance industry and provide the best value proposition to our customers, partners and shareholders."

Key Financial Summary

Rs Cr	H1 FY20	H1 FY19	YoY	FY19	FY18
Key Financial and Actuarial Metrics					
Individual APE	2,865	2,096	37%	5,204	4,887
Total APE	3,473	2,514	38%	6,260	5,532
New Business Premium (Indl + Group)	7,914	6,287	26%	14,971	11,350
Renewal Premium (Indl + Group)	6,177	5,611	10%	14,215	12,215
Total Premium	14,091	11,898	18%	29,186	23,564
Assets Under Management	1,31,012	1,13,233	16%	1,25,552	1,06,603
Indian Embedded Value	20,124	16,378	23%	18,301	15,216
Networth (1)	6,396	5,409	18%	5,659	4,719
Value of new business	957	610	57%	1,537	1,282
Profit After Tax	733	667	10%	1,277	1,109

Rs Cr	H1 FY20	H1 FY19	YoY	FY19	FY18
Protection based on APE	580	407	43%	1,045	624
Protection based on NBP	2,225	1,802	23%	4,042	2,942
Annuity based on Indl APE	123	105	17%	261	107
Annuity based on NBP	1,223	1,036	18%	2,592	1,066

	H1 FY20	H1 FY19	FY19	FY18
Key Financial Ratios				
New Business Margins	27.5%	24.3%	24.6%	23.2%
Operating Return on EV (2)	19.6%	19.6%	20.1%	21.5%
Operating Expenses / Total Premium	14.1%	14.1%	13.2%	13.5%
Solvency Ratio	192%	193%	188%	192%
13M / 61M Persistency (3)	89%/54%	87%/50%	87%/52%	87%/51%
Product mix by Indl APE (UL / Non par savings / Non par protection / Par)	26/58/6/9	59/11/7/23	55/20/7/18	57/9/5/28
Distribution mix by Indl APE (Corp Agents/ Agency/ Broker/ Direct)	54/15/10/21	67/11/4/17	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 half year ending September 30, 2019:

- **Private Market Share:** We expanded our market share in the private sector to 15.2% based on Individual WRP, on the back of YoY growth of 35%. We continue to rank #1 amongst private players in total new business premium and group business (received premium) with market share of 22.4% and 28.9% respectively during H1 FY20.
- **New Business Lives and Sum Assured:** Total number of lives covered increased to 2.9 Crs in H1 FY20, growing by 33%. Overall new business sum assured also saw an increase of 68% to Rs 4.4 lakh Cr during the same period.
- **Product Portfolio:** A profitable product suite has always been one of the key pillars of our strategy with high focus on the protection and retirals space. Protection APE has increased to Rs 580 Cr during H1 FY20, from Rs 407 Cr in the corresponding period last year, representing a growth of

43%. Annuity APE was at Rs 123 Crs in H1 FY20, growing by 17% over H1 FY19. Protection and annuity businesses comprise 28% and 15% of total new business premium respectively.

- **Distribution Mix:** Our diversified distribution mix is demonstrated by the wide access to our customers with 270 plus partners, including more than 40 new-ecosystem partners as on September 30, 2019. This is further supplemented by our 421 branches spread across the country.
- **Assets Under Management:** We are one of the leading fund managers in India with an AUM of over Rs. 1.3 lakh Cr; the debt:equity mix as on September 30, 2019 is 63:37. Almost 96% of debt investments are in GSecs and AAA bonds as on September 30, 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 September 30, 2019, the Company had 40 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 with over 270 partners comprising NBFCs, MFIs, SFBs, etc and including 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.

None of Company or any of its directors, officers, employees, agents or advisers, or any of their respective affiliates, advisers or representatives, undertake to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise and none of them shall have any liability (in negligence or otherwise) for any loss howsoever arising from any use of this press release or its contents or otherwise arising in connection. Further, nothing in this press release should be construed as constituting legal, business, tax or financial advice or a recommendation regarding the securities. Although Company believes that such forward-looking statements are based on reasonable assumptions, it can give no assurance that such expectations will be met. You are cautioned not to place undue reliance on these forward-looking statements, which are based on current view of Company's management on future events. Forecasts and hypothetical examples are subject to uncertainty and contingencies outside Company's control. Past performance is not a reliable indication of future performance.

Before acting on any information you should consider the appropriateness of the information having regard to these matters, and in particular, you should seek independent financial advice.