

PRESS RELEASE - PERFORMANCE FOR THE HALF YEAR ENDED SEP 30, 2020

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Market share grows by 235 bps to 17.5%; NBM strong at 25.1%

Other Key Highlights:

- **38% growth in Individual Protection APE, with share improving from 6% to 9%**
- **22% growth in renewal premium**
- **25.1% New Business Margin on the back of growth and balanced product mix**
- **PAT of Rs 777 Cr, with growth of 6%**
- **Solvency healthy at 203%**

Mumbai, Oct 19, 2020: The Board of Directors of HDFC Life approved and adopted today the audited standalone and reviewed consolidated financial results for the half year ended September 30, 2020. Below is the summary of our standalone results:

Commenting on the current situation, Ms. Vibha Padalkar, MD & CEO said “While we remain sensitive about the health impact and loss of lives due to the pandemic and continue to focus on employee, customer and partner safety norms, opening up of the economy has led to a pickup in activity levels on the ground. This has also resulted in a marginal uplift in household income and spends. Insurance as a category has emerged stronger as a vehicle to protect one’s family and realise their long term financial goals. Customers are more active in decision making resulting in traction in the individual business.”

Commenting on the H1FY21 performance, Ms. Vibha Padalkar, MD & CEO said “Our market share in terms of Individual WRP has increased by 235 basis points from 15.2% to 17.5%. Our focus remains on our long term strategy of building a sustainable and profitable business and adding value to all key stakeholders. On the back of the improved economic momentum, we are optimistic about being able to sustain our performance across key metrics for the year.”

Key Financial Summary

| Rs Cr | H1 FY21 | H1 FY20 | YoY | FY20 | FY19 |
|--------------------------------------------|----------|----------|-----|----------|----------|
| Key Financial and Actuarial Metrics | | | | | |
| Individual APE | 2,834 | 2,865 | -1% | 6,145 | 5,204 |
| Total APE | 3,334 | 3,473 | -4% | 7,407 | 6,260 |
| New Business Premium (Indl + Group) | 8,496 | 7,914 | 7% | 17,239 | 14,971 |
| Renewal Premium (Indl + Group) | 7,549 | 6,177 | 22% | 15,468 | 14,215 |
| Total Premium | 16,045 | 14,091 | 14% | 32,707 | 29,186 |
| Assets Under Management | 1,50,622 | 1,31,012 | 15% | 1,27,226 | 1,25,552 |
| Networth (1) | 7,787 | 6,396 | 22% | 6,992 | 5,659 |
| Profit After Tax | 777 | 733 | 6% | 1,295 | 1,277 |

| | | | | | |
|------------------------------------|--------|--------|------|--------|--------|
| Indian Embedded Value | 23,332 | 20,124 | 16% | 20,650 | 18,301 |
| Value of new business | 838 | 957 | -12% | 1,919 | 1,537 |
| Protection based on Individual APE | 241 | 175 | 38% | 466 | 351 |
| Protection based on APE | 404 | 580 | -30% | 1,270 | 1,045 |

| | H1 FY21 | H1 FY20 | FY20 | FY19 |
|--------------------------------------------------------------------------------|--------------|-------------|--------------|--------------|
| Key Financial Ratios | | | | |
| New Business Margins | 25.1% | 27.5% | 25.9% | 24.6% |
| Operating Return on EV | 17.6% | 19.6% | 18.1% | 20.1% |
| Operating Expenses / Total Premium | 11.1% | 14.0% | 13.1% | 13.1% |
| Solvency Ratio | 203% | 192% | 184% | 188% |
| 13M / 61M Persistency (2) | 88%/53% | 86%/53% | 88%/54% | 84%/51% |
| Product mix by Indl APE (UL / Par / Non par savings / Term & Health / Annuity) | 23/33/30/9/5 | 26/9/54/6/4 | 28/19/41/8/4 | 55/18/15/7/5 |
| Distribution mix by Indl APE (Corp Agents/ Agency/ Broker/ Direct) | 60/13/6/21 | 54/15/10/21 | 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 half year ending September 30, 2020:

- **Private Market Share:** Ranked #2 in terms of Individual WRP with market share expanding by 235 bps from 15.2% to 17.5%. Our private market share within the group and overall new business segment stood at 27.4% and 23.3% 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 33%, 30%, 23%, 9% and 5% of Individual APE respectively. Our focus on the protection segment resulted in 38% growth in the individual segment
- **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 420 branches across the country
- **Assets Under Management:** As on September 30, 2020, our AUM was Rs. 1.5 lakh Cr. (Debt:Equity mix – 67:33); about 97% of debt investments were in G-Secs and AAA bonds as on September 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
- **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, 2020, the Company had 36 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 increased presence across the country having a wide reach with 420 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.

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



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