

**PRESS RELEASE - PERFORMANCE FOR THE HALF YEAR ENDED SEPTEMBER 30, 2021**

**BSE Code: 540777**

**NSE Code: HDFCLIFE**

**Sustained quality growth: 23% increase in APE; 30% growth in VNB**

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**Other Key Highlights:**

- **41% growth in protection APE; 47% growth in annuity business**
  - **New Business Margin expands to 26.4%; Operating RoEV at 18.4% (pre-EMR)**
  - **18% growth in renewal premium**
  - **AUM of Rs 1.9 lakh crore, implying 27% yoy growth**
  - **Claims experience has been in line with expectations**
  - **2-year CAGR at 12% basis individual WRP vs 5% for industry**
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**Mumbai, October 22, 2021:** 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, 2021. Below is the summary of our standalone results:

Commenting on the current situation, Ms. Vibha Padalkar, MD & CEO said “With the vaccination program going well, approximately 70% of the adult population has received at least one dose, and we are hopeful that the intensity of any subsequent covid wave will be muted. Consumer sentiment remains buoyant and we are optimistic about sustained increase in business in the coming few months.”

Commenting on the H1FY22 performance, Ms. Vibha Padalkar, MD & CEO said “Our business performance remains strong with 22% growth and private market share of 16.2% in terms of Individual WRP in H1 FY22. New business margin (NBM) expanded by 130 bps with NBM at 26.4% for H1 FY22, higher than 25.1% in H1 FY21. Value of New Business was Rs 1,086 crore, recording a robust growth of 30% over last year. Our Profit after Tax stands at Rs. 577 crore for H1 (26% lower than H1 FY21), on the back of higher claims reserving warranted by the second wave of the pandemic.

The product mix was balanced with non-par savings at 32%, participating products at 30% and ULIPs at 26% on APE basis. Annuity business registered healthy growth of 47% vis-à-vis H1 FY21, with annuities contributing about 24% of our new business premium. We view protection business in a holistic way. Protection APE including group recorded yoy increase of 41% for H1 and comprises 21% of our new business premium. We have a wide range of products in our portfolio, both on the retail and group side, to address varying customer needs through multiple distribution channels.

Further, on claims, we settled around 2,00,000 claims in H1 FY22. Gross and net claims amounted to Rs 3,640 crore and Rs 2,466 crore respectively. The overall experience has been in line with our projections and we carry an Excess Mortality Reserve (EMR) of Rs 204 crore into H2 FY22.

Our subsidiary, HDFC Pension, crossed the milestone of 20,000 crore AUM and registered 97% growth yoy. The pace of growth has accelerated significantly - it took us 7 years to achieve the first 10,000 crore mark and

only 14 months for the next 10,000 crores. HDFC Pension continues to be the #1 private Pension Fund Manager (PFM) in terms of NPS AUM with a market share of 36% as on 30th Sep, 2021.

We believe that the current environment is conducive for a robust growth of the life insurance sector as there is an increased awareness about life insurance as a financial protection tool.”

### Key Financial Summary

Rs Crore	H1 FY22	H1 FY21	YoY	FY21	FY20
<b>Key Financial and Actuarial Metrics</b>					
Individual APE	3,427	2,834	21%	7,121	6,145
Total APE	4,112	3,334	23%	8,372	7,407
New Business Premium (Indl + Group)	10,363	8,496	22%	20,107	17,239
Renewal Premium (Indl + Group)	8,924	7,549	18%	18,477	15,468
Total Premium	19,287	16,045	20%	38,583	32,707
Assets Under Management	1,91,212	1,50,622	27%	1,73,839	1,27,226
Networth (1)	8,690	7,787	12%	8,430	6,992
Profit After Tax	577	777	-26%	1,360	1,295
Indian Embedded Value	28,703	23,332	23%	26,617	20,650
Value of new business	1,086	838	30%	2,185	1,919
Protection based on Total APE	571	404	41%	1,070	1,270

	H1 FY22	H1 FY21	FY21	FY20
<b>Key Financial Ratios</b>				
New Business Margins	26.4%	25.1%	26.1%	25.9%
Pre-EMR Operating Return on EV (2)	18.4%	17.6%	18.5%	18.1%
Post-EMR Operating Return on EV (2)	16.1%			
Operating Expenses / Total Premium	12.0%	11.1%	12.0%	13.1%
Solvency Ratio	190%	203%	201%	184%
13M / 61M Persistency (3)	91%/56%	88%/53%	90%/53%	88%/54%
13M / 61M Persistency (4)	86%/52%	82%/47%	85%/49%	81%/44%
Product mix by Indl APE (UL / Non par savings / Annuity/ Non par protection / Par) (5)	26/32/5/7/30	23/30/5/9/33	24/31/5/7/34	28/41/4/8/19
Distribution mix by Indl APE (Corp Agents/ Agency/ Broker/ Direct) (5)	60/13/6/21	60/13/6/21	61/13/7/19	55/14/9/22

Notes:

1. Networth comprises Share capital, Share premium and Accumulated profits
2. EMR: Excess Mortality Reserve (additional reserve created for excess mortality during Covid)
3. Persistency ratios are calculated basis original premium, for Individual business, including single premium
4. Limited pay/regular premium persistency calculated based on IRDAI's recent circular, excluding single premium and fully paid policies
5. Percentages may not add up due to rounding off effect

**Other key highlights for the year ending September 30, 2021:**

- **Overall Market Share:** Ranked #1 in terms of Overall New Business Premium in private sector with market share at 22.3%; Private market share within group and individual new business segment of 28.1% and 16.2% respectively
- **Product Portfolio:** Continue to maintain a balanced product mix with share of participating savings, non participating savings, ULIPs, protection and annuity accounted for 30%, 32%, 26%, 7% and 5% of Individual APE respectively
- **Distribution Mix:** Diversified distribution mix is evidenced by wide access to our customers with over 300 partners and 1 lakh+ agents as on September 30, 2021,urther supplemented by 372 branches spread across the country
- **Assets Under Management:** AUM of Rs. 1.9 lakh Cr. (Debt: Equity mix 62:38); over 98% of debt investments in G-Secs and AAA bonds

**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 ('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, 2021, the Company had 38 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 372 branches and additional distribution touch-points through several new tie-ups and partnerships. The count of our partnerships is over 300, comprising traditional partners such as NBFCs, MFIs and SFBs, and including 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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