

PRESS RELEASE - PERFORMANCE FOR THE TWELVE MONTHS ENDED MAR 31, 2021

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26.1% New Business Margin; 17% Individual WRP growth for FY21, 40% for Q4

Key Highlights:

- **17% Individual WRP growth compared to 8% for private industry**
- **26.1% New Business Margin (NBM); 14% growth in Value of New Business (VNB)**
- **18.5% Embedded Value Operating Return (EVOP); EV at Rs. 26,617 crore**
- **PAT at Rs. 1,360 crore; Proposed Final Dividend of Rs. 2.02 per share**
- **Solvency at 201%**

Mumbai, Apr 26, 2021: The Board of Directors of HDFC Life approved and adopted the audited standalone and reviewed consolidated financial results for the year ended March 31, 2021. Below is the summary of our standalone results:

HDFC Life recorded robust growth of 17% in terms of Individual Weighted Received Premium (WRP) during FY21, on a base of 19% growth in FY20. In comparison, the private industry grew by 8% on a base of 5% growth in FY20. HDFC Life sold about 9.8 lakh new individual policies registering a YoY growth of 10%. The Value of New Business (VNB) increased by 14% to Rs. 2,185 crore on the back of consistent growth, balanced product mix and cost efficiencies, thereby translating to New Business Margin of 26.1%. HDFC Life's 13th and 25th persistency, stands at 90% and 81% respectively, up from 88% and 76% in the previous year.

Commenting on the company's performance and current situation, Ms. Vibha Padalkar, MD & CEO said, "In what has been uncertain times for humanity, we remain sensitive about the health impact and loss of lives due to the pandemic and continue to prioritise employee, customer and partner safety.

We are working closely with all our partners and re-insurers to ensure timely service and claim resolution. Over the course of the year, we have settled over 2.9 lakh death claims resulting in payouts in excess of Rs. 3,000 cr. Based on our actual experience in FY21 and after factoring in aspects such as latest mortality trends across business and customer segments and geographic spread of Covid 2.0, we have provided for a Covid reserve of Rs. 165 cr. for FY22. We will continue to review the adequacy of this reserve through the course of FY22. Despite logistical challenges through the year, we have insured close to 40 million lives in FY21. Our focus on our employees has been recognised and has helped us feature as a "Great Place to Work" amongst India's Top 30 Best Workplaces in BFSI.

Despite the challenges posed by the pandemic, we have been able to showcase resilient performance in FY21. Our market share in terms of Individual WRP has increased by 130 basis points from 14.2% in FY20 to 15.5% in FY21. We witnessed an upswing in the Savings business on a sequential basis, as more and more customers continued to evaluate investing in bundled solutions to secure both their financial needs as well as protect

their loved ones. We have been able to address various customer needs through our innovative product suite, whilst maintaining a sharp focus on risk management across all lines of business.

Given the resurgence of Covid and the looming uncertainty around economic and market momentum, we will continue to maintain a cautiously optimistic stance for FY22 and evaluate our approach dynamically. We will strive for consistent new business growth and an upward trajectory on New Business Margins, whilst adhering to a conservative risk management approach. The current pandemic has led to higher awareness around the need for protection and the inadequacy of current insurance coverage. Life insurance has surely emerged as a prominent theme to protect one's family whilst securing long-term financial goals. To this effect, we take cognizance of our responsibility as an insurer and we extend our sincere gratitude to all our employees and partners, who have stood by us in these tough times and helped us achieve our objective of being one of the most trusted insurers of choice. We also thank our regulator, IRDAI for issuing several enabling notifications, without which our business might have struggled."

Key Financial Summary

Rs Cr	FY21	FY20	YoY
Key Financial and Actuarial Metrics			
Individual APE	7,121	6,145	16%
Total APE	8,372	7,407	13%
New Business Premium (Indl + Group)	20,107	17,239	17%
Renewal Premium (Indl + Group)	18,477	15,468	19%
Total Premium	38,583	32,707	18%
Assets Under Management	1,73,839	1,27,226	37%
Networth (1)	8,430	6,992	21%
Profit After Tax	1,360	1,295	5%
Indian Embedded Value	26,617	20,650	29%
Value of new business	2,185	1,919	14%
Protection based on Individual APE	484	466	4%
Protection based on Total APE	1,070	1,270	-16%

	FY21	FY20
Key Financial Ratios		
New Business Margin (NBM)	26.1%	25.9%
Embedded Value Operating Return (EVOP)	18.5%	18.1%
Operating Expenses / Total Premium	12.0%	13.1%
Solvency Ratio	201%	184%
13M / 61M Persistency (2)	90%/53%	88%/54%

Product mix by Individual APE (UL / Par / Non par savings / Term & Health / Annuity)	(3)	24/34/31/7/5	28/19/41/8/4
Distribution mix by Individual APE (Corporate Agents/ Agency/ Direct/ Broker)	(3)	61/13/19/7	55/14/22/9

Notes:

1. Net worth comprises Share capital, Share premium and Accumulated profits
2. Persistency ratios are calculated based on original premium for Individual business
3. Numbers may not add up due to rounding off

Other key highlights for the twelve months ending March 31, 2021:

- **Private Market Share:** Our ranking improved to #2 in terms of Individual WRP and our market share expanded by 130 bps from 14.2% to 15.5%. Our private market share within the group and overall new business segment stood at 27.6% and 21.5% 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 34%, 31%, 24%, 7% and 5% of Individual APE respectively. Our focus on the retiral segment resulted in 46% growth in the Annuity business.
- **Distribution Mix:** Our diversified distribution comprises a wide spectrum of over 300 partners, including more than 50 new-ecosystem partners. This is supplemented by 390 branches across the country.
- **Assets Under Management:** As on March 31, 2021, our AUM was Rs. 1.74 lakh crore (Debt: Equity mix – 64:36); about 98% of Debt investments were in G-Secs and AAA bonds as on March 31, 2021

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 ('HDFC Life' / 'Company') is a listed life insurance entity promoted by 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, 2021, the Company had 36 individual and 12 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 presence across the country having a wide reach with 390 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 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.