

**PRESS RELEASE - PERFORMANCE FOR THE QUARTER ENDED JUNE 30, 2021**

**BSE Code: 540777**

**NSE Code: HDFCLIFE**

## **Steady performance: 30% APE growth; 40% growth in Value of New Business**

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### **Other Key Highlights:**

- **Ranked #2 in private sector, basis individual premium (market share of 17.8%)**
  - **26.2% New Business Margin on the back of growth and balanced product mix**
  - **Rs. 700 crore of excess mortality reserve created**
  - **20% growth in renewal premium**
  - **Solvency healthy at 203%**
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**Mumbai, July 19, 2021: The Board of Directors of HDFC Life approved and adopted today the audited standalone and reviewed consolidated financial results for the quarter ended June 30, 2021. Below is the summary of our standalone results:**

Commenting on the current situation, Ms. Vibha Padalkar, MD & CEO said “The pandemic has impacted lives across the world. For most organizations it has been a test of resilience and agility to adapt to the ever evolving situation. As a leading Life Insurance company, we are determined to help our customers and support our employees and other stakeholders during these trying times.”

Commenting on the Q1 FY22 performance, Ms. Vibha Padalkar, MD & CEO said “Against the backdrop of disruption in business on account of localised lockdowns, and surge in cases during the second wave, we recorded 22% growth and market share of 17.8% in private sector in terms of Individual WRP. We clocked 40% growth in terms of value of new business and we achieved a New Business Margin of 26.2% in Q1. Our product mix continues to remain balanced and our annuity business witnessed strong growth of 61% in this quarter. In comparison to Q1 of last fiscal, the Company clocked higher renewal collections, with 13th month persistency improving from 87% to 90%.

In the quarter gone by, we witnessed a steep rise in death claims, with peak claims in wave 2 at around 3-4 times of the peak claim volumes in the first wave. We paid over 70,000 claims in Q1. The gross and net claims provided for amounted to Rs. 1,598 crore and Rs. 956 crore respectively. Based on our current claims experience, we have set up an additional reserve of Rs. 700 crore to service the claims intimations expected to be received. Our endeavour is to promptly settle every bonafide claim. Our Profit after Tax stands at Rs. 302 crore (33% lower than Q1 FY21), on the back of higher claims reserving towards heightened claims intimation expected in Q2 and Q3. The strength of our balance sheet and back book surplus has enabled us to absorb the shock of heightened claims, whilst continuing to deliver growth.

With signs of the second wave receding, over the past month, we have seen a gradual pick-up in economic activity, across parts of the country. We see greater customer engagement and an increased interest in life insurance policies.”

## Key Financial Summary

Rs Crore	Q1 FY22	Q1 FY21	YoY	FY21	FY20
<b>Key Financial and Actuarial Metrics</b>					
Individual APE	1,306	1,072	22%	7,121	6,145
Total APE	1,561	1,198	30%	8,372	7,407
New Business Premium (Indl + Group)	3,767	2,623	44%	20,107	17,239
Renewal Premium (Indl + Group)	3,889	3,239	20%	18,477	15,468
Total Premium	7,656	5,863	31%	38,583	32,707
Assets Under Management	1,81,272	1,39,975	30%	1,73,839	1,27,226
Networth (1)	8,778	7,448	18%	8,430	6,992
Profit After Tax	302	451	-33%	1,360	1,295
Indian Embedded Value	27,331	22,580	21%	26,617	20,650
Value of new business	408	291	40%	2,185	1,919
Protection based on Individual APE	108	113	-4%	484	466
Protection based on Total APE	246	157	57%	1,070	1,270

	Q1 FY22	Q1 FY21	FY21	FY20
<b>Key Financial Ratios</b>				
New Business Margins	26.2%	24.3%	26.1%	25.9%
Pre-EMR Operating Return on EV (2)	16.5%	15.8%	18.5%	18.1%
Post-EMR Operating Return on EV (2)	14.4%			
Operating Expenses / Total Premium	12.5%	11.5%	12.0%	13.1%
Solvency Ratio	203%	190%	201%	184%
13M / 61M Persistency (3)	90%/53%	87%/53%	90%/53%	88%/54%
Product mix by Indl APE (UL / Non par savings / Annuity/ Non par protection / Par) (4)	27/32/5/8/29	27/28/5/11/30	24/31/5/7/34	28/41/4/8/19
Distribution mix by Indl APE (Corp Agents/ Agency/ Broker/ Direct) (4)	56/15/6/23	59/12/5/24	61/13/7/19	55/14/9/22

Notes:

1. Networth comprises Share capital, Share premium and Accumulated profits
2. EMR: Excess Mortality Reserve
3. Persistency ratios are calculated basis original premium, for Individual business
4. Percentages may not add up due to rounding off effect

### Other key highlights for the year ending June 30, 2021:

- **Overall Market Share:** Ranked #1 in terms of Overall New Business Premium in private sector with market share expanding by 160 bps from 20.7% to 22.3%. Our share within the group and individual new business segment stood at 25.9% and 17.8% respectively
- **Product Portfolio:** We continue to maintain a balanced product mix with share of participating savings, non participating savings, ULIPs, protection and annuity accounted for 29%, 32%, 27%, 8% and 5% of Individual APE respectively. Our focus on the protection segment resulted in 57% growth basis overall APE
- **Distribution Mix:** Our diversified distribution mix is evidenced by the wide access to our customers with nearly 300 partners and 1 lakh+ agents as on June 30, 2021. This is further supplemented by our 390 branches spread across the country
- **Assets Under Management:** As on June 30, 2021, our AUM was Rs. 1.8 lakh Cr. (Debt:Equity mix – 63:37); over 98% of debt investments were in G-Secs and AAA bonds as on June 30, 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
- **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 June 30, 2021, the Company had 37 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 390 branches and additional distribution touch-points through several new tie-ups and partnerships. The count of our partnerships is around 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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