

PRESS RELEASE

BSE Code: 540777

NSE Code: HDFCLIFE

Performance for the nine months ended December 31, 2018

Stellar NB premium growth of 41%
Protection APE growth of 66% to Rs 673 Crs
Robust PAT growth of 20% to Rs 913 Crs
Industry leading NBM of 24.0%
Strong Operating return on EV of 19.7%

Mumbai, January 22, 2019: The Board of Directors of HDFC Life approved and adopted today its consolidated and standalone audited financial results for the period ended December 31, 2018. Below is the summary of our standalone results:

Commenting on the quarter's solid performance, Ms. Vibha Padalkar, MD & CEO said "We continue to grow faster than the industry and sustain our leadership position on profitability. Our commitment towards diversification, both in terms of product mix and distribution, has helped us withstand macro as well as regulatory headwinds. We believe that our focus on the three tenets of protection viz. mortality, morbidity and longevity, coupled with our aspiration of being the leading digital life insurer in India, will enable us to make the most of the long term growth potential of the life insurance industry. We will continue to focus on profitable growth and providing the best value proposition to our partners, customers and shareholders."

Key Financial Summary

Rs Crs	9M FY19	9M FY18	YoY	FY18
Key Financial and Actuarial Metrics				
New Business Premium (Incl + Group)	9,940	7,065	41%	11,350
Renewal Premium (Incl + Group)	8,920	7,543	18%	12,215
Total Premium	18,860	14,608	29%	23,564
Total APE	4,050	3,506	16%	5,532
Group Premium (New Business)	4,962	3,575	39%	5,406
Profit After Tax	913	762	20%	1,109
Assets Under Management (AUM)	1,17,701	1,04,428	13%	1,06,603
Value of new business (VNB)	971	777	25%	1,282
Indian Embedded Value (IEV)	17,397	14,469	20%	15,216
Networth (1)	5,690	4,359	31%	4,719

	9M FY19	9M FY18	FY18
Key Financial Ratios			
Overall New Business Margins (post overrun)	24.0%	22.2%	23.2%
Operating Return on EV (2)	19.7%	20.4%	21.5%
Operating Expenses / Total Premium	13.8%	14.2%	13.5%
Return on Equity (3)	23.4%	24.9%	26.0%
Solvency Ratio	191%	191%	192%
13M / 61M Persistency (4)	86%/50%	86%/53%	87%/51%
Conservation Ratio (5)	85%	85%	85%
Business Mix (%)			
Product (UL / Non par savings / Non par protection / Par) (6)	59/14/7/20	59/8/5/27	57/9/5/28
Protection business share (basis APE) (7)	16.6%	11.6%	11.3%
Protection business share (basis NBP) (7)	28.1%	27.3%	25.9%
Indl Distribution (CA/Agency/Broker/Direct) (6)	67/11/4/17	70/11/5/14	71/11/5/14
Total Distribution (CA/Agency/Broker/Direct/Group) (8)	27/6/2/15/50	32/6/2/9/51	33/7/2/10/48

Notes:

1. Networth comprises Share capital, Share premium and Accumulated profits
 2. During 9M FY18, there was a one time 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 18.7% for 9M FY18
 3. Calculated using net profit and average networth for the respective period
 4. Persistency ratios (based on original premium) as per methodology specified in IRDA circular no. IRDA/ACT/CIR/MISC/035/01/2014 dated January 23, 2014. Group business, where persistency is measurable, has been included in the calculations
 5. Conservation ratio is based on individual business
 6. Based on individual APE. UL: Unit Linked, Trad: Traditional, Par: Participating & CA: Corporate Agents
 7. Previous year group numbers for FY17 have not been reclassified based on current year numbers
 8. On total new business premium, including business under group segment
- PS. Numbers may not add up due to rounding off

Other key highlights for the nine months ending December 31, 2018:

- **Private Market Share:** We maintained our leadership position in terms of total new business received premium with a market share of 21.0% in the private sector compared to 18.4% in the same period last year. Consistently ranked amongst the top 3 private players in individual and group segments with market share of 12.6% based on Individual WRP and 28.2% based on Group business (*on received premium*) during 9M FY19.

- **New Business Lives and Sum Assured:** Total number of lives insured grew by 71% to 3.48 Crs during 9M FY19. Overall new business sum assured also saw an increase of 27% to Rs 4,06,943 Crs during the same period.
- **Product Portfolio:** In line with our stated strategy, we continue to maintain a balanced product mix with focus on protection business. Protection APE has increased from Rs 407 Crs for 9M FY18 to Rs 673 Crs for 9M FY19, recording a robust increase of 66%. Protection business comprises a healthy 28.1% of total new business premium.
- **Distribution Mix:** The Company has a diversified distribution mix, backed by strong presence across the country through 413 HDFC Life offices, along with wide access to the branches of our 209 bancassurance and 37 non-traditional ecosystem partnerships as on December 31, 2018. Cross-selling to group customers formed 8.4% of the individual new business policies sold during 9M FY19.
- **Assets Under Management:** Amongst the leading fund managers in India with an AUM of more than Rs. 1,17,701 Cr; the debt:equity mix as on December 31, 2018 is 62:38. Over 96% of debt investments are in AAA rated and Government bonds as on December 31, 2018.

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. AUM includes investments disclosed in the Balance sheet under Schedule 8, 8A, 8B & loans in the nature of investments included in Schedule 9
- **Conservation ratio** - Ratio of current year renewal premiums to previous year's renewal premium and first year premium
- **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, and Health. As on December 31, 2018, the Company had 36 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 413 branches and additional distribution touch-points through several new tie-ups and partnerships comprising 209 bancassurance partners including NBFCs, MFIs, SFBs, etc and 37 partnerships within non-traditional ecosystems. 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.