

PRESS RELEASE

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Performance for the year ended March 31, 2019

Superior NB premium growth of 32%
Industry leading NBM of 24.6%
Stellar Operating return on EV of 20.1%
Solid PAT growth of 15% to Rs 1,277 Cr (18% to Rs 1,305 Cr*), ROE of 24.6%
Term & Annuity APE growth of 67% and 144% respectively

** Excluding one-time impact*

Mumbai, April 26, 2019: The Board of Directors of HDFC Life approved and adopted today the consolidated and standalone audited financial results for the period ended March 31, 2019. Below is the summary of our standalone results:

Commenting on the year's solid performance, Ms. Vibha Padalkar, MD & CEO said "We continue to record above industry level growth and maintain our leadership position on profitability. Our continued focus on diversifying our distribution mix and maintaining a balanced product mix is underpinned by the growth of our proprietary channels and our dominant presence across all product segments. We believe that our technological capability coupled with our focus on innovation puts us in a good position to maximize the tremendous potential of protection and retirals opportunities. This should help us sustain our robust performance across market cycles. In line with our stated strategy, we continue to focus on profitable growth and providing the best value proposition to our customers, partners and shareholders."

Key Financial Summary

| Rs Cr | FY19 | FY18 | YoY |
|--|---------------|---------------|------------|
| Key Financial and Actuarial Metrics | | | |
| New Business Premium (Indl + Group) | 14,971 | 11,350 | 32% |
| Renewal Premium (Indl + Group) | 14,215 | 12,215 | 15% |
| Total Premium | 29,186 | 23,564 | 24% |
| Total APE | 6,260 | 5,532 | 13% |
| Group Premium (New Business) | 7,327 | 5,406 | 36% |
| Profit After Tax | 1,277 | 1,109 | 15% |
| Profit After Tax (excluding one-time impact) | 1,305 | 1,109 | 18% |
| Assets Under Management (AUM) | 1,25,552 | 1,06,603 | 18% |
| Value of new business (VNB) | 1,537 | 1,282 | 20% |
| Indian Embedded Value (IEV) | 18,301 | 15,216 | 20% |
| Networth (1) | 5,659 | 4,719 | 20% |

| | | FY19 | FY18 |
|---|-----|--------------|--------------|
| Key Financial Ratios | | | |
| Overall New Business Margins (post overrun) | | 24.6% | 23.2% |
| Operating Return on EV | (2) | 20.1% | 21.5% |
| Operating Expenses / Total Premium | | 13.2% | 13.5% |
| Return on Equity | (3) | 24.6% | 26.0% |
| Solvency Ratio | | 188% | 192% |
| 13M / 61M Persistency | (4) | 87%/52% | 87%/51% |
| Product (UL / Non par savings / Non par protection / Par) | (5) | 55/20/7/18 | 57/9/5/28 |
| Protection business share (basis APE) | | 16.7% | 11.3% |
| Protection business share (basis NBP) | | 27.0% | 25.9% |
| Annuity business share (basis Indl APE) | | 5.0% | 2.2% |
| Annuity business share (basis NBP) | | 17.3% | 9.4% |
| Indl Distribution (CA/ Agency/ Broker/ Direct) | (5) | 64/13/4/19 | 71/11/5/14 |
| Total Distribution (CA/ Agency/ Broker/ Direct/ Group) | (6) | 26/7/2/16/49 | 33/7/2/10/48 |

Notes:

1. Networth comprises Share capital, Share premium and Accumulated profits
2. During 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 20.4% for 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. Based on individual APE. UL: Unit Linked, Par: Participating & CA: Corporate Agents
6. On total new business premium, including business under group segment

Other key highlights for the year ending March 31, 2019:

- **Private Market Share:** We continue to be the market leaders in terms of total new business received premium with a market share of 20.7% in the private sector compared to 19.1% in the same period last year. Consistently ranked amongst the top 3 private players in individual and group segments with market share of 12.5% based on Individual WRP and 28.4% based on Group business (*on received premium*) during FY19.
- **New Business Lives and Sum Assured:** Total number of lives insured increased to 5.1 Cr during FY19, registering a growth of 55% over last year. Overall new business sum assured also saw an increase of 28% to Rs 6,05,820 Cr during the same period.

- **Product Portfolio:** Maintaining a balanced product mix remains a key focus area for us, coupled with an emphasis on the protection business. Term protection APE has increased to Rs 1,045 Cr during FY19, compared to Rs 624 Cr for FY18, recording a solid growth of 67%. Annuity APE grew by over 140% to end at Rs 261 Cr for FY19. Protection and annuity businesses comprise a substantial 27% and 17% of total new business premium respectively.
- **Distribution Mix:** The Company has a well diversified distribution mix. It is backed by strong presence across the country through 412 HDFC Life offices, along with wide access to the branches of 266 partners, including 39 new-ecosystem partners as on March 31, 2019. Cross-selling to group customers formed 8.4% of the individual new business policies sold during FY19.
- **Assets Under Management:** We are one of the leading fund managers in India with an AUM of more than Rs. 1,25,000 Cr; the debt:equity mix as on March 31, 2019 is 62:38. Over 96% of debt investments are in AAA rated and Government bonds as on March 31, 2019.

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
- **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, Annuity and Health. As on March 31, 2019, the Company had 38 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 412 branches and additional distribution touch-points through several new tie-ups and partnerships of 266 partners comprising NBFCs, MFIs, SFBs, etc and including 39 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.

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