

PRESS RELEASE

BSE Code: 540777

NSE Code: HDFCLIFE

## Performance for the half year ended Sep 30, 2018

**Strong NB premium growth at 43%**  
**Robust PAT growth of 20% to ₹ 6.7 Bn**  
**Industry leading NBM of 24.3%**  
**Healthy Operating return on EV of 19.6%**

**Mumbai, Oct 23, 2018:** The Board of Directors of HDFC Life approved and adopted today its consolidated and standalone audited financial results for the period ended Sep 30, 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 whilst sustaining our leadership position on profitability. We have a proven track record of delivering consistent results across business cycles and the ability to comfortably weather changes at the macro, regulatory and market levels. We shall continue to pursue our strategy of harnessing newer pools of profitability as well as deliver the best value proposition to our partners, customers and shareholders."

### Key Financial Summary

₹ Bn	FY18	FY17	YoY	H1 FY19	H1 FY18	YoY
<b>Key Financial and Actuarial Metrics</b>						
New Business Premium (Indl + Group)	113.5	86.2	32%	62.9	44.0	43%
Renewal Premium (Indl + Group)	122.1	108.2	13%	56.1	47.4	18%
<b>Total Premium</b>	<b>235.6</b>	<b>194.5</b>	<b>21%</b>	<b>119.0</b>	<b>91.4</b>	<b>30%</b>
Individual APE	48.9	37.4	31%	21.0	18.5	13%
Total APE	55.3	41.9	32%	25.1	21.3	18%
Group Premium (New Business)	54.1	44.2	22%	32.0	23.4	36%
Profit After Tax	11.1	8.9	24%	6.7	5.5	20%
Assets Under Management (AUM)	1,066.0	917.4	16%	1,132.3	995.3	14%
Value of new business (VNB)	12.8	9.2	39%	6.1	4.8	28%
Indian Embedded Value (IEV)	152.2	124.7	22%	163.8	140.1	17%
Net Worth (1)	47.2	38.1	24%	54.1	44.3	22%

	FY18	FY17	H1 FY19	H1 FY18
<b>Key Financial Ratios</b>				
Overall New Business Margins (post overrun)	23.2%	22.0%	24.3%	22.4%
Operating Return on EV	21.5%	21.7%	19.6%	21.2%
Operating Expenses / Total Premium	13.5%	12.6%	14.1%	14.2%
Return on Equity (2)	26.0%	25.7%	26.4%	27.0%
Solvency Ratio	192%	192%	193%	201%
13M / 61M Persistency (3)	87%/51%	84%/59%	87%/50%	86%/55%
Conservation Ratio (4)	85%	82%	86%	85%
<b>Business Mix (%)</b>				
Product (UL / Non par savings / Non par protection / Par) (5)	57/9/5/28	52/9/4/35	59/11/7/23	58/8/5/29
Protection business share (basis APE) (6)	11.3%	7.8%	16.2%	11.8%
Protection business share (basis NBP) (6)	25.9%	21.8%	28.7%	26.4%
Indl Distribution (CA/Agency/Broker/Direct) (5)	71/11/5/14	72/12/5/11	67/11/4/17	69/10/6/14
Total Distribution (CA/Agency/Broker/Direct/Group) (7)	33/7/2/10/48	32/8/2/7/51	27/7/2/14/51	30/6/2/8/53

Notes:

1. Net worth comprises of Share capital, Share premium and Accumulated profits/(losses)
2. Calculated using net profit and average net worth for the respective period
3. Persistency ratios (based on original premium). Group business, where persistency is measurable, has been included in the calculations.
4. Conservation ratio is based on individual business
5. Based on individual APE. UL: Unit Linked, Trad: Traditional, Par: Participating & CA: Corporate Agents. Numbers may not add up due to rounding off
6. Previous year group numbers for FY17 have not been reclassified based on current year numbers
7. On total new business premium, including business under group segment. Numbers may not add up due to rounding off

**Other key highlights for the half year ending Sep 30, 2018:**

- **Private Market Share:** Maintained our leadership position in terms of total new business received premium with a market share of 21.2% in the private sector. Consistently ranked amongst the top 3 private players in individual and group segments with market share of 13.0% based on Individual WRP and 28.0% based on Group business (*on received premium*) during H1 FY19.
- **New Business Lives and Sum Assured:** Total number of lives (new business) insured increased by 84% to 21.6 mn during H1 FY19. Overall new business sum assured increased by 33% to ₹ 2.6 trillion during the same period;

- **Product Portfolio:** In line with stated strategy, continue to maintain a balanced product mix with focus on protection business. 28.0% of our individual policies sold during H1 FY19 were protection business policies (H1 FY18: 27.8%);
- **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 170 bancassurance and 31 non-traditional ecosystem partnerships as on Sep 30, 2018. Cross-selling to group customers formed 8.5% of the individual new business policies sold during H1 FY19.
- **Assets Under Management:** Amongst the leading fund managers in India with an AUM of Rs. 1.1 trillion; the debt:equity mix as on September 30, 2018 is 62:38. Over 96% of debt investments are in AAA rated and Government bonds as on Sep 30, 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 2018, the first monthly instalment received would be reflected as First year premiums for 2017-18 and the remaining 11 instalments due in the first policy year would be reflected as first year premiums in 2018-19, 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 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 Sep 30, 2018, the Company had 35 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 170 bancassurance partners including NBFCs, MFIs, SFBs, etc and 31 partnerships within non-traditional ecosystems. 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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*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.*

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