

**PRESS RELEASE**

**BSE Code: 540777**

**NSE Code: HDFCLIFE**

**Performance for the quarter ended Jun 30, 2018**

**Mumbai, Jul 20, 2018:** The Board of Directors of HDFC Life approved and adopted today its consolidated and standalone audited financial results for the period ended Jun 30, 2018. Below is the summary of our standalone results:

**Key Financial Summary**

` Bn	FY18	FY17	YoY	Q1 FY19	Q1 FY18	YoY
<b>Key Financial and Actuarial Metrics</b>						
New Business Premium (Indl + Group)	113.5	86.2	32%	26.8	16.5	62%
Renewal Premium (Indl + Group)	122.1	108.2	13%	23.8	20.5	16%
<b>Total Premium</b>	<b>235.6</b>	<b>194.5</b>	<b>21%</b>	<b>50.6</b>	<b>37.0</b>	<b>37%</b>
Individual APE	48.9	37.4	31%	8.4	7.3	15%
Total APE	55.3	41.9	32%	10.3	8.2	26%
Group Premium (New Business)	54.1	44.2	22%	14.4	8.6	67%
Premium Less Benefit Payouts (1)	104.7	94.8	10%	21.3	10.7	98%
IGAAP Profit After Tax	11.1	8.9	24%	3.8	3.2	20%
Assets Under Management (AUM)	1,066.0	917.4	16%	1,096.3	947.5	16%
Value of new business (VNB)	12.8	9.2	39%	2.5	1.7	43%
Indian Embedded Value (IEV)	152.2	124.7	22%	156.9	132.2	19%
Net Worth (2)	47.2	38.1	24%	51.1	41.3	24%

	FY18	FY17	Q1 FY19	Q1 FY18
<b>Key Financial Ratios</b>				
Overall New Business Margins (post overrun)	23.2%	22.0%	24.2%	20.5%
Operating Return on EV	21.5%	21.7%	18.4%	22.0%
Operating Expenses / Total Premium	13.5%	12.6%	14.4%	15.4%
Return on Equity (3)	26.0%	25.7%	31.0%	31.9%
Solvency Ratio	192%	192%	197%	198%
13M / 61M Persistency (4)	87%/51%	84%/59%	87%/50%	85%/57%

Conservation Ratio	(5)	85%	82%	87%	87%
<b>Business Mix (%)</b>					
Product (UL / Non par savings / Non par protection / Par)	(6)	57/9/5/28	52/9/4/35	54/11/8/28	57/8/5/31
Protection business share (basis APE)	(7)	11.3%	7.8%	18.2%	11.1%
Protection business share (basis NBP)	(7)	25.9%	21.8%	31.6%	33.4%
Indl Distribution (CA/Agency/Broker/Direct)		71/11/5/14	72/12/5/11	65/11/5/19	68/10/7/15
Total Distribution (CA/Agency/Broker/Direct/Group)	(8)	33/7/2/10/48	32/8/2/7/51	24/7/2/14/54	30/6/3/9/52

Notes:

1. Gross of reinsurance for both individual and group segment
2. Net worth comprises of Share capital (including share application money received, but pending allotment), Share premium and Accumulated profits/(losses)
3. Calculated using net profit and average net worth 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 excluding GST. UL: Unit Linked, Trad: Traditional, Par: Participating & CA: Corporate Agents. Percentages are rounded off
7. Previous year group numbers have not been reclassified based on current year numbers
8. On total new business premium, including business under group segment. Percentages are rounded off

**Snapshot for the quarter ending Jun 30, 2018:**

- **Private Market Share:** Consistently ranked amongst the top 3 private players in individual and group segments with market share of 13.3% based on Individual WRP and 30.1% based on Group business (*on received premium*) during Q1 FY19. Market share of 22.3% based on overall new business received premium during Q1 FY19;
- **Total Premium:** Registered strong growth of 37% to 50.6 Bn, aided by healthy new business growth of 62% and stable growth of 16% in renewal business;
- **Persistency Ratio:** The persistency ratios continue to trend strongly across most cohorts. While 13th month persistency increased to 87% (Q1 FY18: 85%), 61st month persistency was at 50% compared to 57% for the same quarter last year. The dip in 61<sup>st</sup> month persistency was specifically related to the impact of a specific cohort of business written in FY 13;
- **Assets Under Management:** Robust growth of 16% to 1,096.3 Bn, with underlying Debt: Equity mix of 61:39;
- **Embedded Value:** Embedded Value (*IEV methodology*) at 156.9 Bn as on Jun 30, 2018. Annualised Operating return on Embedded Value during the period was (*EVOP/Opening Embedded value*) 18.4%;
- **New Business Margins:** The value of new business (VNB) grew by 43% to 2.5 Bn. New business margins (post overrun) grew to 24.2% for the quarter ended Jun 30, 2018 versus 20.5% last year;

- **Profit After Tax (PAT):** PAT showcased strong growth of 20% to 3.8 Bn. Insurance profit (Policyholder surplus) comprised 81% of the total PAT for the quarter ended Jun 30, 2018;
- **Networth and Solvency ratio:** Networth increased by 24% to 51.1 Bn as at Jun 30, 2018. Maintained stable solvency ratio at 197%, versus 198% as on Jun 30, 2017;
- **Product Portfolio:** In line with stated strategy, continue to maintain a balanced product mix with ULIPs contributing 54%, Par 28% and Non par 19% of the Individual APE. Continued focus on protection business, thereby contributing 31.6% of total new business premium (Q1 FY18: 33.4%). 29.6% of our individual policies sold during Q1 FY19 were protection business policies (Q1 FY18: 28.9%);
- **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 163 bancassurance and 26 non-traditional ecosystem partnerships as on Jun 30, 2018. Cross-selling to group customers formed 7.7% of the individual new business policies sold during Q1 FY19. Overall 18 new partners were added during the quarter with an endeavour to diversify the distribution mix.

Commenting on the performance, Mr. Amitabh Chaudhry, MD & CEO, HDFC Life said “The Company has been a pioneer in establishing different pools of profitability through innovative products and diversified distribution. We continue to maintain a strong focus on technology, with the view to reimagine the entire customer journey thereby enhancing customer experience. We believe balanced product mix and focus on protection, coupled with the wider reach offered by our distribution partners, positions us well to maximize the long term growth potential of the insurance industry.

In line with our established brand name, the Board of Directors today approved the proposal for changing the corporate name of the Company from “HDFC Standard Life Insurance Company Limited” to “HDFC Life Insurance Company Limited”, subject to approval of the Shareholders and the relevant Statutory and Regulatory Authorities. Over the years, and post listing in particular, HDFC Life has established itself as one of the most valuable brands in the Indian insurance sector. This has been approved by our Board to align our registered corporate name with our brand name. HDFC Ltd. and Standard Life (Mauritius Holdings) 2006 Limited continue to be deeply involved with the Company as our promoters and held 51.6% and 29.3% stake in the Company respectively, as on June 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 Jun 30, 2018, the Company had 34 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 163 bancassurance partners including NBFCs, MFIs, SFBs, etc and 26 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.

## **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.*