October 23, 2018

Ref. No: HDFC Life/CA/2018-19/38

National Stock Exchange of India Limited
Exchange Plaza, Plot No C/1, Block G,
Bandra-Kurla Complex, Bandra-East,
Mumbai- 400 051

NSE Symbol: HDFCLIFE

Kind Attn.: Head - Listing

BSE Limited,
Sir PJ Towers,
Dalal Street,
Mumbai – 400 001

BSE Security Code: 540777

Kind Attn.: Sr. General Manager – DCS
Listing Department

Sub: Outcome of Board Meeting held on October 23, 2018

Dear Sir/Madam,

This is in furtherance to our letter dated September 28, 2018 intimating the date of the meeting of the Board of Directors for consideration of the Audited Standalone Financial Results of the Company for the quarter and half-year ended September 30, 2018.

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we wish to inform you that the Board of Directors of the Company at their meeting held today i.e. October 23, 2018, have approved the Audited Standalone Financial Results for the quarter and half-year ended September 30, 2018. A copy of the aforementioned results along with copies of the report issued by the Joint Statutory Auditors' thereon, and the press release issued in this regard are enclosed herewith.

Please note that the meeting commenced at 2:00 p.m. and concluded at 4.00 p.m.

Please also note that the window for trading in equity shares of the Company by its Directors and employees shall open from October 26, 2018.

HDFC STANDARD LIFE INSURANCE CO. LTD. MUMBAI

You are requested to take note of the above and arrange to bring it to the notice of all concerned

Thanking You,

For HDFC Standard Life Insurance Company Limited

Narendra Gangan
EVP, Company Secretary &
Head- Compliance & Legal

HDFC STANDARD LIFE INSURANCE CO. LTD. MUMBAI

Price Waterhouse Chartered Accountants LLP
Chartered Accountants
252, Veer Savarkar Marg,
Opp Shivaji Park,
Dadar (W), Mumbai 400028

G. M. Kapadia & Co.
Chartered Accountants
1007, Raheja Chambers,
213 Nariman Point,
Mumbai – 400021

Auditor's Report on Financial Results for the quarter and six months ended September 30, 2018 of HDFC Standard Life Insurance Company Limited

To The Board of Directors of
HDFC Standard Life Insurance Company Limited

1. We have audited the accompanying financial results of HDFC Standard Life Insurance Company Limited as at and for the quarter and six months ended September 30, 2018 being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and IRDA Circular reference: IRDAI/F&I/ REG/CIR/208/10/2016 dated 25th October 2016. ("Standalone financial results") which have been approved by the Board of Directors on October 23, 2018.

2. These financial results have been prepared on the basis of the interim condensed financial statements prepared in accordance with the measurement and recognition principles specified in paragraph 3 below, which is the responsibility of the Company's management. The management's responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation of the standalone financial results that is free from material misstatement, whether due to fraud or error.

3. Our responsibility is to express an opinion on these quarterly financial results and year to date financial results based on our audit of such interim condensed financial statements, which have been prepared by the Company's Management in accordance with the recognition and measurement principles laid down in Accounting Standard ('AS') 25, "Interim Financial Reporting", specified under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 issued thereunder, including the relevant provisions of the Insurance Act, 1938 (the "Insurance Act"), the Insurance Regulatory and Development Authority Act, 1999 (the "IRDA Act") and other accounting principles generally accepted in India, to the extent considered relevant and appropriate for the purpose of quarterly financial results and year to date financial results and which are not inconsistent with the accounting principles as prescribed in the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditors' Report of Insurance Companies) Regulations, 2002 (the "Regulations") and orders/directions/circulars issued by the Insurance Regulatory and Development Authority of India ("IRDAI") to the extent applicable.





4. We conducted our audit in accordance with the Standards on Auditing and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

5. In our opinion and to the best of our information and according to the explanations given to us these quarterly financial results as well as year to date financial results:

   I) are presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and IRDAI IRDA Circular reference: IRDAI/F&I/REG/CIR/208/10/2016 dated 25th October 2016 in this regard; and

   II) give a true and fair view of the net profit and other financial information for the quarter and six months ended September 30, 2018.

Other Matter

6. The actuarial valuation of liabilities for life policies in force is the responsibility of the Company's Appointed Actuary (the "Appointed Actuary"). The actuarial valuation of these liabilities for life policies in force and for policies in respect of which premium has been discontinued but liability exists as at September 30, 2018 has been duly certified by the Appointed Actuary and in his opinion, the assumptions for such valuation are in accordance with the guidelines and norms issued by the Insurance Regulatory and Development Authority of India ("IRDAI") and the Institute of Actuaries of India in concurrence with the Authority. We have relied upon the Appointed Actuary's certificate in this regard for forming our opinion on the valuation of liabilities for life policies in force and for policies in respect of which premium has been discontinued but liability exists, as contained in the interim condensed financial statements of the Company.

For Price Waterhouse Chartered Accountants LLP
Chartered Accountants
Firm Registration No.012754N/N500016

Sharmila A. Karve
Partner
Membership No. 043229

For G.M.Kapadia & Co.
Chartered Accountants
Firm Registration No.104767W

Rajen Ashar
Partner
Membership No. 048243

Place: Mumbai
Date: October 23, 2018

HDFC Standard Life Insurance Company Limited

Statement of Standalone Audited Results for the Quarter and six months ended September 30, 2018

(₹ in Lakhs)

Sr. No.	Particulars	Three Months ended / As at			Six Months ended As/ at		Year ended / As at
		September 30, 2018	June 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017	March 31, 2018
		(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
POLICYHOLDERS' A/C							
1	Gross premium income						
	(a) First Year Premium	120,644	81,243	109,538	201,887	180,050	473,846
	(b) Renewal Premium	323,083	238,006	268,551	561,089	473,739	1,221,480
	(c) Single Premium	240,325	186,521	165,569	426,846	260,241	661,115
2	Net premium income[1]	677,755	500,128	538,943	1,177,883	905,096	2,337,096
3	Income from investments (Net)[2]	109,024	179,674	250,608	288,699	527,828	859,463
4	Other income	2,850	4,592	2,712	7,442	7,833	11,182
5	Transfer of funds from Shareholders' A/c	410	1,352	501	1,762	742	15,665
6	**Total (2 to 5)**	**790,039**	**685,746**	**792,764**	**1,475,786**	**1,441,499**	**3,223,406**
7	Commission on						
	(a) First Year Premium	18,736	14,183	20,317	32,919	33,231	87,023
	(b) Renewal Premium	4,437	3,402	3,494	7,839	6,002	15,497
	(c) Single Premium	3,193	2,234	935	5,428	1,139	4,973
8	**Net Commission[3]**	**26,366**	**19,819**	**24,746**	**46,186**	**40,372**	**107,493**
9	Operating Expenses related to insurance business (a+b)						
	(a) Employees remuneration and welfare expenses	36,614	32,494	30,395	69,108	56,327	129,177
	(b) Other operating expenses*	57,962	39,964	41,490	97,926	71,935	186,753
10	**Expenses of Management (8+9)**	**120,942**	**92,277**	**96,631**	**213,220**	**168,634**	**423,423**
11	Provisions for doubtful debts (including bad debts written off)	-	-	-	-	-	-
12	Provisions for diminution in value of investments	6,335	1,015	(643)	7,350	(645)	(93)
13	Goods & Services Tax/Service Tax charge on linked charges	8,331	7,893	7,525	16,223	13,173	29,692
14	Provision for taxes	(361)	2,345	367	1,984	2,236	17,555
15	Benefits Paid[3] (Net)[1]	336,254	294,245	296,491	630,499	558,035	1,311,142
16	Change in actuarial liability	299,080	254,086	370,699	553,167	648,252	1,332,225
17	**Total (10+11+12+13+14+15+16)**	**770,581**	**651,861**	**771,070**	**1,422,443**	**1,389,685**	**3,113,944**
18	**Surplus/Deficit (6-17)**	**19,458**	**33,885**	**21,694**	**53,343**	**51,813**	**109,462**
19	**Appropriations**						
	(a) Transferred to Shareholders A/c	23,407	31,997	20,117	55,404	45,580	100,220
	(b) Funds for Future Appropriations	(3,949)	1,888	1,577	(2,061)	6,234	9,242
20	**Details of Surplus / Deficit**						
	(a) Interim bonus paid	629	666	282	1,294	768	2,313
	(b) Terminal bonus paid	10,019	4,869	4,818	14,888	8,706	19,341
	(c) Allocation of bonus to policyholders	-	-	-	-	-	70,835
	(d) Surplus shown in the Revenue Account	19,458	33,885	21,694	53,343	51,813	109,462
	Total Surplus	**30,106**	**39,420**	**26,794**	**69,525**	**61,287**	**201,951**
SHAREHOLDERS' A/C							
21	Transfer from Policyholders' Account	23,407	31,997	20,117	55,404	45,580	100,220
22	Total income under Shareholders' Account						
	(a) Investment Income	7,331	7,881	5,369	15,212	12,115	28,026
	(b) Other income	-	932	-	932	1,302	1,302
23	Expenses other than those related to insurance business	535	243	497	778	1,118	1,254
24	Transfer of funds to Policyholders' Account	410	1,352	501	1,762	742	15,665
25	Provisions for doubtful debts (including write off)	-	-	-	-	-	-
26	Provisions for diminution in value of investments[4]	161	33	(9)	194	(26)	(45)
27	**Profit before tax**	**29,632**	**39,182**	**24,497**	**68,814**	**57,163**	**112,674**
28	Provisions for tax	934	1,164	648	2,098	1,679	1,774
29	**Profit after tax and before Extraordinary items**	**28,698**	**38,018**	**23,849**	**66,716**	**55,484**	**110,900**
30	**Profit after tax and Extraordinary items**	28,698	38,018	23,849	66,716	55,484	110,900
31	**Dividend per share (₹) (Nominal value ₹ 10 per share)**						
	(a) Interim Dividend	-	-	-	-	-	1.36
	(b) Final Dividend	-	-	-	-	-	-
32	Profit carried to Balance Sheet[5]	306,081	277,383	216,834	306,081	216,834	239,365
33	Paid up equity share capital	201,391	201,252	200,555	201,391	200,555	201,174
34	Reserve & Surplus (excluding Revaluation Reserve)	339,103	309,283	242,045	339,103	242,045	270,640
35	Fair Value Change Account and Revaluation Reserve (Shareholders)	(146)	1,440	4,905	(146)	4,905	3,016
36	Total Assets:						
	(a) Investments:						
	- Shareholders'	443,749	412,957	371,692	443,749	371,692	407,033
	- Policyholders Fund excluding Linked Assests	5,105,258	4,795,644	3,968,622	5,105,258	3,968,622	4,534,714
	- Assets held to cover Linked Liabilities (Linked Assets)	5,774,283	5,754,764	5,613,089	5,774,283	5,613,089	5,718,539
	(b) Other Assets (Net of current liabilities and provisions)	(103,232)	(65,834)	(89,680)	(103,231)	(89,679)	(76,779)

*Details of Expenses contributing more than 10% of the expense of management are as below -

Advertisement and publicity	24,745	14,946	20,492	39,591	27,721	71,598
Business development expenses	13,651	8,363	5,955	22,014	15,484	49,140

Foot notes :

1 Net of reinsurance

2 Net of amortisation and losses (including capital gains)

3 Inclusive of interim and terminal bonus

4 Inclusive of provision for standard and non-standard assets

5 Represents accumulated surplus

Price Waterhouse Chartered Accountants LLP LLPIN AAC-5001 FRN 012754N/N500016 Mumbai

G. M. KAPADIA & CO. MUMBAI Chartered Accountants

HDFC Standard Life Insurance Company Limited
Standalone Balance Sheet as at September 30, 2018

(₹ in Lakhs)

Particulars	As at			
	September 30, 2018	June 30, 2018	March 31, 2018	September 30, 2017
	(Audited)	(Audited)	(Audited)	(Audited)
SOURCES OF FUNDS				
SHAREHOLDERS' FUNDS:				
Share Capital	201,391	201,252	201,174	200,555
Share application money received pending allotment of shares	451	38	89	103
Reserves and Surplus	339,103	309,283	270,640	242,045
Credit / (Debit) Fair Value Change Account	(146)	1,440	3,016	4,905
Sub-Total	**540,799**	**512,013**	**474,919**	**447,608**
BORROWINGS	-	-	-	-
POLICYHOLDERS' FUNDS:				
Credit / (Debit) Fair Value Change Account	81,766	83,157	62,202	56,710
Policy Liabilities	4,729,351	4,449,788	4,231,927	3,653,404
Insurance Reserve	-	-	-	-
Provision for Linked Liabilities	4,803,619	4,695,054	4,656,490	4,414,380
Add: Fair value change	682,162	772,908	803,329	879,477
Provision for Linked Liabilities	**5,485,781**	**5,467,962**	**5,459,819**	**5,293,857**
Funds for discontinued policies				
(i) Discontinued on account of non-payment of premium	287,493	285,851	257,588	317,797
(ii) Others	1,009	952	1,132	1,436
Total Provision for Linked & Discontinued Policyholders Liabilities	5,774,283	5,754,765	5,718,539	5,613,090
Sub-Total	**10,585,400**	**10,287,710**	**10,012,668**	**9,323,204**
Funds for Future Appropriations	93,859	97,808	95,920	92,912
TOTAL	**11,220,058**	**10,897,531**	**10,583,507**	**9,863,724**
APPLICATION OF FUNDS				
INVESTMENTS:				
Shareholders'	443,749	412,957	407,033	371,692
Policyholders'	5,105,258	4,795,644	4,534,714	3,968,622
Asset held to cover Linked Liabilities	5,774,283	5,754,764	5,718,539	5,613,089
LOANS	2,796	2,128	1,874	1,624
FIXED ASSETS	33,175	33,348	34,140	34,360
CURRENT ASSETS				
Cash and Bank Balances	52,905	33,218	110,847	27,883
Advances and Other Assets	283,584	234,340	240,998	197,466
Sub-Total (A)	**336,489**	**267,558**	**351,845**	**225,349**
CURRENT LIABILITIES	471,356	364,199	460,272	346,917
PROVISIONS	4,336	4,669	4,366	4,095
Sub-Total (B)	**475,692**	**368,868**	**464,638**	**351,012**
NET CURRENT ASSETS (C) = (A - B)	**(139,203)**	**(101,310)**	**(112,793)**	**(125,663)**
Miscellaneous Expenditure (to the extent not written off or adjusted)	-	-	-	-
Debit Balance in Profit and Loss Account (Shareholders' Account)	-	-	-	-
TOTAL	**11,220,058**	**10,897,531**	**10,583,507**	**9,863,724**
Contingent liabilities	122,291	114,784	82,756	98,584

Price Waterhouse Chartered Accountants LLP LLPIN AAC-5001 FRN 012754N/N500016 Mumbai

G. M. KAPADIA & CO. MUMBAI Chartered Accountants

MUMBAI

HDFC Standard Life Insurance Company Limited

Statement of Standalone Audited Results for the Quarter and six months ended September 30, 2018

(₹ in Lakhs)

Particulars	Three Months ended / As at			Six Months ended As / at		Year ended / As at
	September 30, 2018	June 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017	March 31, 2018
	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
Analytical Ratios:						
(i) Solvency Ratio	193%	197%	201%	193%	201%	192%
(ii) Expenses of Management Ratio	18%	18%	18%	18%	18%	18%
(iii) Policyholder's liabilities to shareholders' fund	1959.6%	2012.1%	2091.0%	1959.6%	2091.0%	2115.4%
(iv) Earnings per share (in ₹):						
a) Basic EPS before and after extraordinary items (net of tax expense) for the period (not annualized for three months)	1.43	1.89	1.19	3.31	2.77	5.53
b) Diluted EPS before and after extraordinary items (net of tax expense) for the period (not annualized for three months)	1.42	1.88	1.19	3.30	2.76	5.50
(v) NPA ratios: (for Policyholders' fund)						
a) Gross NPAs						
- Non Linked						
Par	Nil	Nil	Nil	Nil	Nil	Nil
Non Par	Nil	Nil	Nil	Nil	Nil	Nil
- Linked						
Non Par	Nil	Nil	Nil	Nil	Nil	Nil
Net NPAs						
- Non Linked						
Par	Nil	Nil	Nil	Nil	Nil	Nil
Non Par	Nil	Nil	Nil	Nil	Nil	Nil
- Linked						
Non Par	Nil	Nil	Nil	Nil	Nil	Nil
b) % of Gross NPAs						
- Non Linked						
Par	Nil	Nil	Nil	Nil	Nil	Nil
Non Par	Nil	Nil	Nil	Nil	Nil	Nil
- Linked						
Non Par	Nil	Nil	Nil	Nil	Nil	Nil
% of Net NPA						
- Non Linked						
Par	Nil	Nil	Nil	Nil	Nil	Nil
Non Par	Nil	Nil	Nil	Nil	Nil	Nil
- Linked						
Non Par	Nil	Nil	Nil	Nil	Nil	Nil
(vi) Yield on Investments (on Policyholders' fund)						
A. Without unrealised gains						
- Non Linked						
Par	1.7%	1.7%	2.8%	3.4%	5.1%	8.9%
Non Par	2.0%	2.0%	2.1%	4.0%	4.2%	8.4%
- Linked						
Non Par	1.8%	2.2%	2.2%	4.0%	4.8%	9.4%
B. With unrealised gains						
- Non Linked						
Par	0.9%	0.0%	1.8%	0.8%	4.6%	5.7%
Non Par	0.9%	-1.1%	1.5%	-0.2%	5.1%	5.8%
- Linked						
Non Par	0.0%	1.3%	2.6%	1.3%	6.0%	8.5%
(vii) NPA ratios: (for Shareholders' fund)						
a) Gross NPAs	Nil	Nil	Nil	Nil	Nil	Nil
Net NPAs	Nil	Nil	Nil	Nil	Nil	Nil
b) % of Gross NPAs	Nil	Nil	Nil	Nil	Nil	Nil
% of Net NPAs	Nil	Nil	Nil	Nil	Nil	Nil
(viii) Yield on Investments (on Shareholders' fund)						
A. Without unrealised gains	1.7%	1.9%	1.6%	3.6%	3.7%	8.2%
B. With unrealised gains	0.8%	-0.7%	1.6%	0.2%	4.3%	5.8%
(ix) Persistency Ratio						
13th month	84.8%	85.0%	86.2%	86.6%	85.5%	87.1%
25th month	80.6%	77.8%	74.0%	79.1%	76.6%	77.4%
37th month	69.8%	71.2%	68.2%	72.1%	67.0%	70.9%
49th month	65.4%	63.6%	60.6%	64.2%	60.2%	62.2%
61st month	52.4%	49.5%	50.5%	50.3%	55.5%	51.0%
(x) Conservation Ratio						
Participating life- Individual & group	88.1%	89.9%	87.8%	88.8%	89.1%	90.0%
Participating pension- Individual & group	84.9%	82.0%	103.0%	83.7%	99.0%	93.2%
Participating - Pension group variable	NA	NA	NA	NA	NA	NA
Non Participating life - Individual & group	93.6%	82.7%	82.8%	88.9%	86.1%	85.1%
Non Participating pension - Individual & Group	83.9%	93.7%	93.7%	87.2%	95.8%	92.3%
Non Participating - Life Group Variable	NA	NA	NA	NA	NA	NA
Non Participating - Pension group variable	NA	NA	NA	NA	NA	NA
Non Participating fund - Annuity	NA	NA	NA	NA	NA	NA
Non Participating fund - Individual & Group Health	48.9%	53.1%	95.1%	50.7%	85.1%	74.8%
Unit Linked - Individual life	82.7%	85.7%	77.6%	84.0%	79.2%	79.5%
Unit Linked - Individual pension	84.7%	81.1%	86.1%	83.2%	89.4%	86.3%
Unit Linked - Group life	NA	NA	NA	NA	NA	NA
Unit Linked - Group pension	NA	NA	NA	NA	NA	NA

Notes :

1. Analytical ratios have been calculated as per definition given in IRDAI Analytical ratios disclosure.
2. The investment made in Tata Sons, prior to its conversion into Private Ltd, continues to be considered as 'Admissible' for solvency.'
3. The persistency ratios are calculated in accordance with the IRDAI circular no. IRDA/ACT/CIR/MISC/035/01/2014 dated January 23, 2014 and hence are with a lag of one month.
4. Group business, where persistency is measurable, has been included in the calculations. Product exclusively sold in the Rural area, are excluded on the grounds of materiality.
5. The persistency ratios for the quarter ended September 30, 2018 have been calculated for the policies issued in the June to August period of the relevant years. E.g.: the 13th month persistency for the current quarter is calculated for the policies issued from June 2017 to August 2017. The persistency ratios for quarter ended June 30, 2018 and September 30, 2017 have been calculated in a similar manner.
6. The persistency ratios for the half year ended September 30, 2018 have been calculated for the policies issued in the September to August period of the relevant years. For eg: the 13th month persistency for half year is calculated for the policies issued from September 2016 to August 2017. The persistency ratios for the half year ended September 30, 2017 have been calculated in a similar manner.
7. The persistency ratios for the year ended March 31, 2018 have been calculated for the policies issued in the March to February period of the relevant years. E.g.: the 13th month persistency for the current year is calculated for the policies issued from March 2016 to February 2017.

Price Waterhouse Chartered Accountants LLP * Mumbai * FRN 012754N/N500016 LLPIN AAC-5001

MUMBAI Chartered Accountants

HDFC Standard Life Insurance Company Limited

Segment Reporting (Standalone) for the Quarter and six months ended September 30, 2018

(₹ in Lakhs)

Sr. No.	Particulars	Three Months ended / As at			Six Months ended As/ at		Year ended / As at
		September 30, 2018	June 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017	March 31, 2018
		(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
1	**Segment Income**						
A)	**Policyholders :**						
	Segment A - Participating - Individual & Group Life :						
	Net Premium	133,903	103,840	126,002	237,744	217,533	563,505
	Income from Investments[2]	37,130	40,787	61,021	77,917	107,514	194,231
	Transfer of Funds from shareholders' account	-	-	-	-	-	-
	Other Income	1,249	1,272	548	2,521	1,522	2,362
	Segment B - Participating - Individual & Group Pension :						
	Net Premium	4,975	3,485	5,432	8,460	9,294	23,117
	Income from Investments[2]	3,680	3,766	3,461	7,445	7,008	13,941
	Transfer of Funds from shareholders' account	-	-	-	-	-	352
	Other Income	28	26	30	54	45	74
	Segment C - Non Participating - Individual & Group Life :						
	Net Premium	143,258	118,168	92,707	261,425	166,926	425,930
	Income from Investments[2]	17,830	16,403	12,680	34,233	24,230	52,970
	Transfer of Funds from shareholders' account	-	-	-	-	-	13,500
	Other Income	116	127	123	243	201	325
	Segment D - Non Participating - Life Group Variable :						
	Net Premium	28,007	23,087	7,945	51,094	19,033	51,197
	Income from Investments[2]	3,724	3,409	2,479	7,133	4,808	10,206
	Transfer of Funds from shareholders' account	284	86	95	370	95	101
	Other Income	-	-	-	-	-	-
	Segment E - Non Participating - Individual & Group Pension :						
	Net Premium	20,948	15,139	20,086	36,087	24,393	65,678
	Income from Investments[2]	5,376	4,935	4,573	10,311	8,947	19,215
	Transfer of Funds from shareholders' account	-	-	(107)	-	-	-
	Other Income	10	9	19	19	28	63
	Segment F - Non Participating - Pension Group Variable :						
	Net Premium	19,194	9,975	26,271	29,170	33,452	67,018
	Income from Investments[2]	3,991	3,657	2,740	7,647	5,122	11,345
	Transfer of Funds from shareholders' account	449	942	512	1,392	647	457
	Other Income	-	-	-	-	-	-
	Segment G - Non Participating - Annuity :						
	Net Premium	62,667	40,895	14,547	103,562	21,896	106,554
	Income from Investments[2]	6,901	5,472	4,675	12,373	7,435	17,990
	Transfer of Funds from shareholders' account	-	-	-	-	-	-
	Other Income	30	25	19	55	26	70
	Segment H - Non Participating - Individual & Group Health :						
	Net Premium	2,245	3,075	2,324	5,320	3,913	9,150
	Income from Investments[2]	114	102	73	216	146	305
	Transfer of Funds from shareholders' account	(324)	324	-	-	-	1,255
	Other Income	8	10	7	18	12	30
	Segment I - Unit Linked - Individual Life :						
	Net Premium	228,470	157,683	179,643	386,153	311,482	829,478
	Income from Investments[2]	5,795	69,463	123,837	75,257	278,083	415,720
	Transfer of Funds from shareholders' account	-	-	-	-	-	-
	Other Income	1,404	3,118	1,929	4,522	5,944	8,172
	Segment J - Unit Linked - Individual Pension :						
	Net Premium	22,909	17,130	25,533	40,038	44,597	103,191
	Income from Investments[2]	12,324	28,976	25,131	41,300	59,898	89,506
	Transfer of Funds from shareholders' account	-	-	-	-	-	-
	Other Income	6	4	38	10	54	87
	Segment K - Unit Linked - Group Life :						
	Net Premium	9,702	4,935	35,124	14,637	46,455	81,200
	Income from Investments[2]	4,812	1,204	7,935	6,017	19,678	26,797
	Transfer of Funds from shareholders' account	-	-	-	-	-	-
	Other Income	-	-	-	-	-	-
	Segment L - Unit Linked - Group Pension :						
	Net Premium	1,477	2,717	3,329	4,194	6,124	11,079
	Income from Investments[2]	1,010	489	2,053	1,498	5,008	6,746
	Transfer of Funds from shareholders' account	-	-	-	-	-	-
	Other Income	-	-	-	-	-	-
B)	**Shareholders :**						
	Income from Investments[2]	7,170	7,848	5,378	15,018	12,141	28,067
	Other Income	-	932	-	932	1,302	1,302

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HDFC Standard Life Insurance Company Limited

Segment Reporting (Standalone) for the Quarter and six months ended September 30, 2018

(₹ in Lakhs)

Sr No.	Particulars	Three Months ended / As at			Six Months ended As/ at		Year ended / As at
		September 30, 2018	June 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017	March 31, 2018
		(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
2	**Segment Surplus/ Deficit (net of transfer from Shareholders' A/c) :**						
	Segment A - Participating - Individual & Group Life	(5,333)	341	716	(4,992)	4,564	11,187
	Segment B - Participating - Individual & Group Pension	1,385	1,547	861	2,932	1,670	7,979
	Segment C - Non Participating - Individual & Group Life	17,849	14,107	13,518	31,956	25,496	46,315
	Segment D - Non Participating - Life Group Variable	(284)	(86)	(134)	(370)	(95)	(101)
	Segment E - Non Participating - Individual & Group Pension	50	1,112	1,800	1,162	1,694	4,949
	Segment F - Non Participating - Pension Group Variable	(450)	(942)	(512)	(1,392)	(647)	(457)
	Segment G - Non Participating - Annuity	1,057	1,972	1,476	3,029	1,898	2,012
	Segment H - Non Participating - Individual & Group Health	885	(324)	745	561	979	1,427
	Segment I - Unit Linked - Individual Life	(1,222)	10,378	(1,278)	9,156	6,790	3,589
	Segment J - Unit Linked - Individual Pension	4,320	3,469	3,326	7,789	7,009	14,195
	Segment K - Unit Linked - Group Life	629	836	486	1,465	1,099	1,870
	Segment L - Unit Linked - Group Pension	163	123	189	286	614	831
	Total	**19,049**	**32,533**	**21,193**	**51,582**	**51,071**	**93,796**
	Shareholders	5,702	7,372	4,232	13,074	10,647	26,345
	Grand Total	**24,751**	**39,905**	**25,425**	**64,656**	**61,718**	**120,141**
3	**Segment Assets:**						
	Segment A - Participating - Individual & Group Life	2,670,069	2,591,717	2,221,047	2,670,069	2,221,047	2,490,433
	Segment B - Participating - Individual & Group Pension	247,143	241,595	222,160	247,143	222,160	233,775
	Segment C - Non Participating - Individual & Group Life	907,344	844,881	631,708	907,344	631,708	785,863
	Segment D - Non Participating - Life Group Variable	199,110	173,008	131,954	199,110	131,954	162,244
	Segment E - Non Participating - Individual & Group Pension	294,243	269,247	244,760	294,243	244,760	255,865
	Segment F - Non Participating - Pension Group Variable	199,999	191,892	150,242	199,999	150,242	183,605
	Segment G - Non Participating - Annuity	335,829	274,206	149,473	335,829	149,473	235,493
	Segment H - Non Participating - Individual & Group Health	5,187	5,245	3,059	5,187	3,059	4,329
	Segment I - Unit Linked - Individual Life	4,414,383	4,372,001	4,205,355	4,414,383	4,205,355	4,325,623
	Segment J - Unit Linked - Individual Pension	858,002	880,017	916,187	858,002	916,187	878,830
	Segment K - Unit Linked - Group Life	430,313	426,388	413,344	430,313	413,344	436,988
	Segment L - Unit Linked - Group Pension	89,688	90,105	97,416	89,688	97,416	92,807
	Total	**10,651,310**	**10,360,302**	**9,386,705**	**10,651,310**	**9,386,705**	**10,085,855**
	Shareholder	529,178	503,309	441,917	529,178	441,917	467,177
	Unallocated [3]	39,570	33,920	35,102	39,570	35,102	30,475
	Grand Total	**11,220,058**	**10,897,531**	**9,863,724**	**11,220,058**	**9,863,724**	**10,583,507**
4	**Segment Policy Liabilities[4] :**						
	Segment A - Participating - Individual & Group Life	2,603,081	2,528,316	2,189,871	2,603,081	2,189,871	2,448,310
	Segment B - Participating - Individual & Group Pension	232,544	227,219	213,577	232,544	213,577	222,961
	Segment C - Non Participating - Individual & Group Life	912,777	842,610	631,402	912,777	631,402	783,273
	Segment D - Non Participating - Life Group Variable	200,605	173,336	128,122	200,605	128,122	161,136
	Segment E - Non Participating - Individual & Group Pension	294,496	269,344	244,498	294,496	244,498	255,675
	Segment F - Non Participating - Pension Group Variable	201,413	192,263	149,479	201,413	149,479	182,479
	Segment G - Non Participating - Annuity	337,949	275,796	149,351	337,949	149,351	236,287
	Segment H - Non Participating - Individual & Group Health	5,284	5,210	2,859	5,284	2,859	4,294
	Segment I - Unit Linked - Individual Life	4,431,242	4,391,833	4,223,455	4,431,242	4,223,455	4,343,423
	Segment J - Unit Linked - Individual Pension	858,002	880,013	916,186	858,002	916,186	878,826
	Segment K - Unit Linked - Group Life	430,412	426,315	413,189	430,412	413,189	436,915
	Segment L - Unit Linked - Group Pension	89,688	90,105	97,416	89,688	97,416	92,807
	Total	**10,597,493**	**10,302,360**	**9,359,405**	**10,597,493**	**9,359,405**	**10,046,386**
	Shareholders	540,799	512,013	447,608	540,799	447,608	474,919
	Unallocated	-	-	-	-	-	-
	Grand Total	**11,138,292**	**10,814,373**	**9,807,013**	**11,138,292**	**9,807,013**	**10,521,305**

Note:

1. Segments include:

a. Linked Policies: (i) Life (ii) General Annuity and Pension (iii) Health (iv) Variable

b. Non-Linked

1. Non-Participating Policies: (i) Life (ii) General Annuity and Pension (iii) Health (iv) Variable
2. Participating Policies: (i) Life (ii) General Annuity and Pension (iii) Health (iv) Variable

c. Variable insurance shall be further segregated into Life and Pension

2. Net of provisions for diminution in value of investment
3. Unallocated row in the segmental assets above includes income tax deposited with tax authorities which is contested by the company and Advance Tax (net of provision for taxation). As per Accounting Standard 17, tax asset cannot be allocated across reporting segments.
4. Segment policy liabilities includes fund for future appropriations

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MUMBAI

HDFC Standard Life Insurance Company Limited

Other disclosures :

Status of Shareholders Complaints as on September 30, 2018

Sr No.	Particulars	Number of Complaints
1	Investor complaints pending at the begining of the quarter	Nil
2	Investor complaints received during the quarter ended September 30, 2018	5
3	Investor complaints disposed of during the quarter ended September 30, 2018	5
4	Investor complaints remaining unresolved as on September 30, 2018	Nil



Notes:

1. The above results of the company for the quarter and six months ended September 30, 2018 were reviewed by the Audit Committee and subsequently approved by the Board of Directors at its meeting held on October 23, 2018.

2. These financial results have been prepared in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, to the extent applicable, and IRDAI Circular IRDA/F&I/REG/CIR/208/10/2016 dated October 25, 2016 on publication of financial results for Life Insurance companies.

3. The figures for the quarter ended September 30, 2018 are the balancing figures between audited figures in respect of the six months ended September 30, 2018 and the published year-to-date figures for the first quarter of the current financial year, i.e. three months ended June 30, 2018.

4. In view of seasonality of industry, the results of interim period are not necessarily indicative of the results that may be expected of any other interim periods or for the full year.

5. The board of Directors at its meeting dated 20th July 2018, 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.

6. Ms Vibha Padalkar was appointed as Managing Director & Chief Executive Officer (MD & CEO) of the Company with effect from September 12, 2018. She will continue as Chief Financial Officer (CFO) of the Company for interim period till the appointment of new CFO. Hence, the financial results are signed in her capacity as MD, CEO & CFO of the Company.

7. The income from investments decreased from Rs 5,27,828 lakhs in half year ended September 30, 2017 to Rs 2,88,699 lakhs in half year ended September 30, 2018, primarily due to lower mark to market gains in the unit linked segment compared to previous period due to market movements. The investment return in the unit linked segment is directly passed on to the policyholders with corresponding changes in the reserves; with no direct impact to the surplus/profits for the relevant period.

8. During the quarter ended September 30, 2018, the Company has allotted 1,390,265 equity shares of face value of ₹ 10 each pursuant to exercise of employee stock options.

9. In accordance with the requirements of IRDAI Master Circular on "Preparation of Financial Statements and Filing Returns of Life Insurance Business" dated December 11, 2013, the Company will publish the financials on the company's website not later than November 7, 2018.

10. The above standalone financial results have been audited by joint statutory auditors of the Company.

11. Figures of the previous period have been regrouped wherever necessary, in order to make them comparable.

For and on behalf of the Board of Directors

Mumbai
October 23, 2018

Vibha Padalkar
Managing Director, CEO & CFO
(DIN: 01682810)

Price Waterhouse Chartered Accountants LLP
LLPIN AAC-5001
FRN 012754N/N500016
Mumbai

G. M. KAPADIA & CO.
MUMBAI
Chartered Accountants

MUMBAI

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
Key Financial and Actuarial Metrics						
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%
Total Premium	**235.6**	**194.5**	**21%**	**119.0**	**91.4**	**30%**
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
Key Financial Ratios					
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%
Business Mix (%)					
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. 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.

HDFC Life Insurance

Investor presentation – H1 FY19



HDFC Life

Agenda

A Performance Snapshot

Key Differentiators

Additional Business Information

India Life Insurance

Annexures

Company overview

Financial and Actuarial snapshot

Total premium	Total NB	VNB[1]	IEV[2]	AUM	PAT	13M Persistency[5]
Growth %	Growth %	NB margin (Post overrun)[1]	EVOP[3] %	Growth %	ROE[4]	61M Persistency[5]
Rs 119.0 bn	Rs 62.9 bn	Rs 6.1 bn	Rs 163.8 bn	Rs 1,132.3 bn	Rs 6.7 bn	87%
30%	43%	24.3%	19.6%	14%	26.4%	50%

Operational snapshot



21.6 mn

NB (Individual and Group segment) lives insured



Rs 2,618 bn

New business sum assured



18,500+

Employee headcount



170

Bancassurance partners



31

Non-traditional distribution partners



413

Offices[6]



15,000+

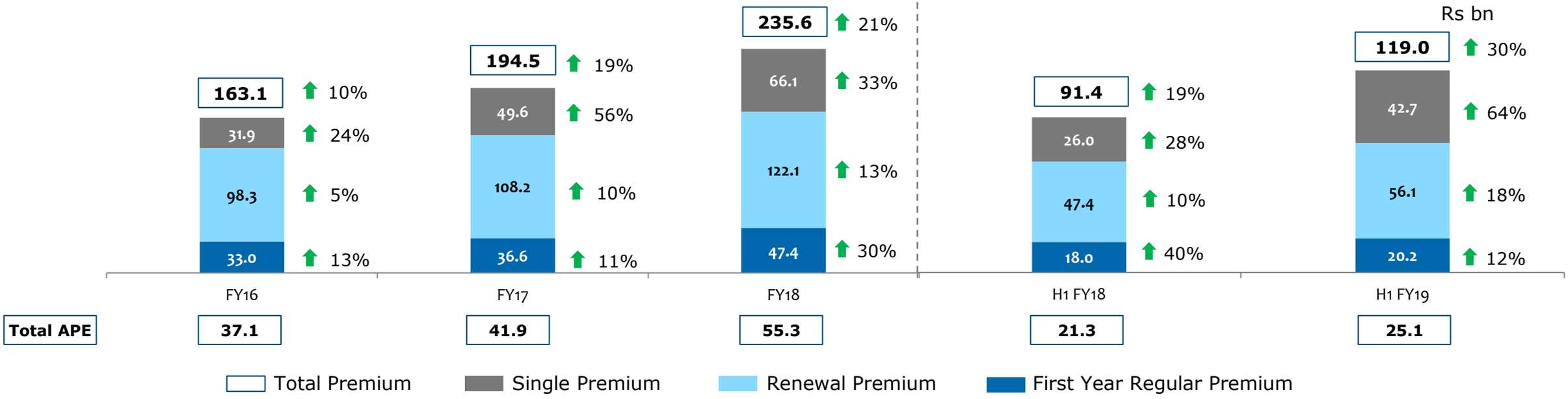
Partner branches[7]

Notes: [1] VNB: Value of New business; [2] IEV: Indian Embedded value; [3] Operating return on EV – Annualised EVOP (Embedded value operating profit)/Opening EV; [4] Calculated using net profit and average net worth for the period (Net worth comprises of Share capital, Share premium and Accumulated profits/(losses)); [5] Calculated as per IRDAI circular (based on original premium). Group business, where persistency is measurable, has been included in the calculations; [6] Including corporate office in Mumbai and 2 hub operations; [7] For top 15 bancassurance partners

PS: The numbers throughout the presentation are based on standalone financial results of the Company

Strong premium growth and market positioning

Consistent growth across premium categories

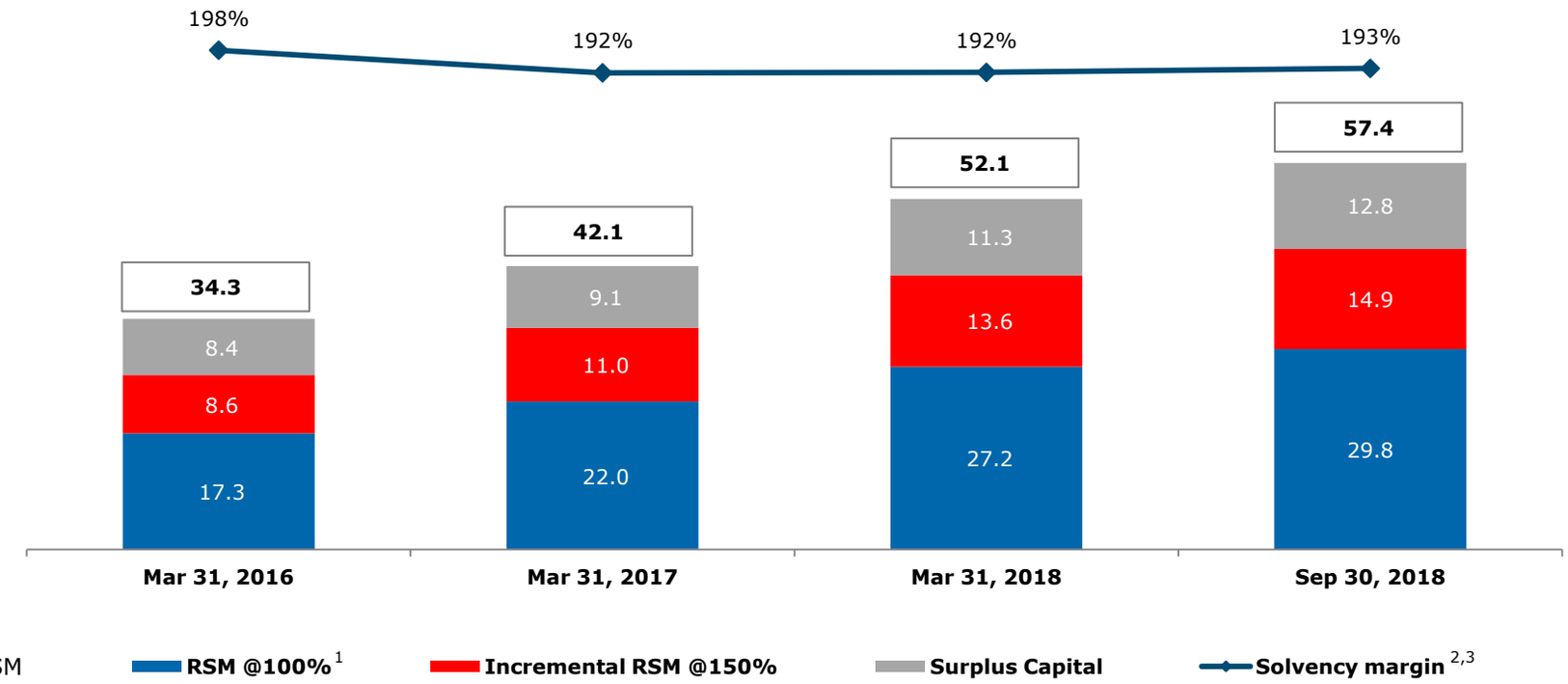


Private Market share / Ranking	FY16	FY17	FY18	H1 FY18	H1 FY19
Individual WRP	14.7% / 3	12.7% / 3	13.3% / 3	12.7% / 3	13.0%/ 3
Group premium	18.3% / 1	24.3% / 1	28.5% / 1	28.6% / 1	28.0%/ 1
Total new business received premium	15.8% / 3	17.2% / 2	19.1% / 1	18.5% / 1	21.2%/ 1

Stable capital position

Rs bn

Dividend paid	2.2	2.6	3.3	-
New business growth	18%	33%	32%	43%



- Internal accrual of surplus from backbook has supported the capital requirement for robust new business growth
- Track record of healthy dividend payouts
- No capital infused in last seven years *(except through issuance of ESOPs)*

Notes:
1. *RSM represents Required solvency margin*
2. *Investment in subsidiaries not considered in solvency margin.*
3. *No capital infusion required even if NB APE grows at CAGR of 50% in the next 3 years*

Financial and operational snapshot (1/2)

		FY16	FY17	FY18	CAGR	H1 FY18	H1 FY19	Growth
Key Metrics (Rs bn)								
New Business Premium (Indl+Group)		*64.9*	*86.2*	*113.5*	*32%*	*44.0*	*62.9*	*43%*
Renewal Premium (Indl+Group)		*98.3*	*108.2*	*122.1*	*11%*	*47.4*	*56.1*	*18%*
Total Premium		163.1	194.5	235.6	20%	91.4	119.0	30%
Individual APE		34.3	37.4	48.9	19%	18.5	21.0	13%
Group Premium (NB)		28.3	44.2	54.1	38%	23.4	32.0	36%
Profit after Tax		8.2	8.9	11.1	16%	5.5	6.7	20%
- Policyholder Surplus		*6.8*	*7.5*	*8.5*	*11%*	*4.5*	*5.4*	20%
- Shareholder Surplus		*1.4*	*1.4*	*2.6*	*38%*	*1.1*	*1.3*	23%
Dividend Paid	(1)	2.2	2.6	3.3	23%	NA	NA	NA
Assets Under Management		742.5	917.4	1,066.0	20%	995.3	1,132.3	14%
Indian Embedded Value	(2)	102.3	124.7	152.2	22%	140.1	163.8	17%
Net Worth	(3)	31.5	38.1	47.2	22%	44.3	54.1	22%
New Business Sum Assured	(4)	2,714.9	3,887.6	4,734.5	32%	1,965.5	2,618.2	33%
No. of Individual Policies (NB) sold (In 000s)	(5)	1,150.3	1,082.3	1,049.6	-4%	430.1	439.3	2%

Notes:

1. *Including dividend distribution tax (DDT)*
2. *Based on internal company analysis. IEV excluding investment variance has grown at a CAGR of 19% between FY16-18 and by 20% during H1 FY19 (on an annualised basis)*
3. *Comprises share capital, share premium and accumulated profits/(losses)*
4. *Comprises individual and group business*
5. *Including rural policies*
6. *Previous year group numbers have not been reclassified based on current year numbers for FY16 and FY17*

Financial and operational snapshot (2/2)

		FY16	FY17	FY18	H1 FY18	H1 FY19
Key Ratios						
Overall New Business Margins (post overrun)		19.9%	22.0%	23.2%	22.4%	24.3%
Operating Return on EV	(1)	20.7%	21.7%	21.5%	21.2%	19.6%
Operating Expenses / Total Premium		11.6%	12.6%	13.5%	14.2%	14.1%
Total Expenses (Opex + Commission) / Total Premium		15.9%	16.7%	18.0%	18.6%	18.0%
Return on Invested Capital	(2)	37.9%	41.0%	49.1%	49.9%	57.2%
Return on Equity	(3)	28.7%	25.7%	26.0%	27.0%	26.4%
Solvency Ratio		198%	192%	192%	201%	193%
Persistency (13M / 61M)	(4)	81%/50%	84%/59%	87%/51%	86%/55%	87%/50%
Indl Conservation Ratio		80%	82%	85%	85%	86%
Business Mix (%)						
- Product (UL/Non par savings/Non par protection/Par)	(5)	56/9/5/30	52/9/4/35	57/9/5/28	58/8/5/29	59/11/7/23
- Indl Distribution (CA/Agency/Broker/Direct)	(5)	75/12/4/9	72/12/5/11	71/11/5/14	69/10/6/14	67/11/4/17
- Total Distribution (CA/Agency/Broker/Direct/Group)	(6)	40/8/2/7/43	32/7/2/7/52	33/7/2/10/48	30/6/2/8/53	27/7/2/14/51
- Share of protection business (Basis APE)		7.3%	7.8%	11.3%	11.8%	16.2%
- Share of protection business (Basis NBP)		17.2%	21.8%	25.9%	26.4%	28.7%

Notes:

1. *During H1 FY18, there was a one time operating assumption change of positive Rs 1.4 bn based on review by Milliman as part of the IPO process. Excluding this one time adjustment, Operating return on EV would have been 18.7% for H1 FY18*
2. *Calculated using net profit and average share capital including share premium*
3. *Calculated using net profit and average net worth for the period (Net worth comprises of Share capital, Share premium and Accumulated profits/(losses))*
4. *Persistency ratios (based on original premium). Group business, where persistency is measurable, has been included in the calculations.*
5. *Based on individual APE. UL: Unit Linked, Trad: Traditional, Par: Participating & CA: Corporate Agents. Percentages are rounded off*
6. *Based on total new business premium including group. Percentages are rounded off*
7. *Previous year group numbers have not been reclassified based on current year numbers for FY16 and FY17*

Agenda

Performance Snapshot

B Key Differentiators

Additional Business Information

India Life Insurance

Annexures

Key Differentiators

1

Balanced distribution mix

Developing multiple channels of growth to drive contextual, need-based product distribution

2

Market-leading product innovation

Effective risk management driving product designs that cater to innate and latent customer needs, setting benchmarks in the life insurance industry

3

Focus on profitable growth

Leveraging emerging profit pools to achieve the fine balance between sales growth and profitability

4

Reimagining insurance

Market-leading digital capabilities to shape the insurance operating model of tomorrow

5

Quality of Board and management

Seasoned leadership guided by an independent and competent Board

Balanced distribution mix

Wide access through our 170 bancassurance and 31 non-traditional ecosystem partnerships provides us with well diversified distribution



Bancassurance

- Continue to ring-fence partnerships by providing superior value propositions
- Focused on forging new partnerships with PSU banks like Vijaya bank to gain access to incremental customer base
- HDFC group entities sourced 13% of total group business and 32% of total new business in H1 FY19
- 7 bancassurance partners added in Q2 FY19



Agency

- "Agency LIFE" program with focus on recruiting quality agents is underway; 75% of branches covered under the program
- The channel registered a growth of 26% YoY
- Agent activation increased by 17% in H1 FY19 with 37% increase in the number of agents as on 30th Sep



Alliance & Ecosystems

- High engagement with non-traditional partners across various eco-system verticals including fintech, education, e-commerce, transportation and health verticals
- Ability to customize insurance buying journeys that can embed seamlessly in partner journeys
- Tie-ups with most of the marquee insurance brokers



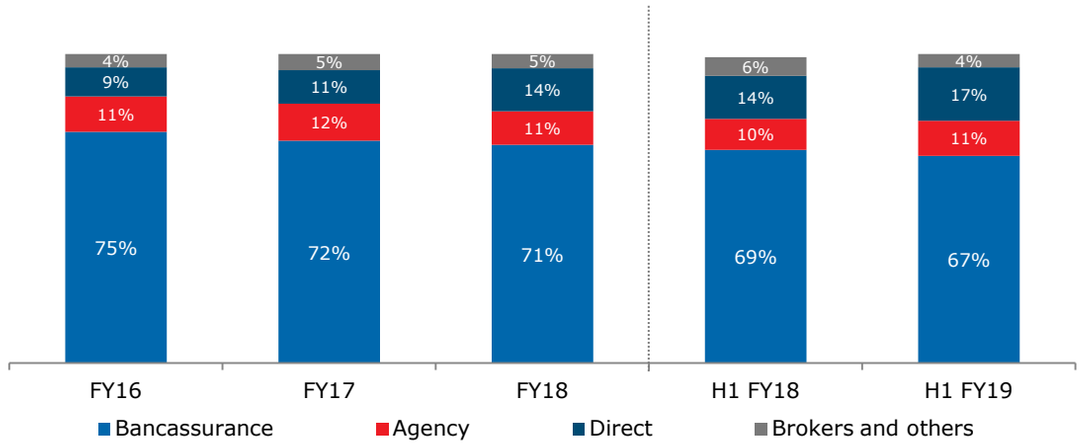
Direct (incl. Online)

- Enhanced focus on proprietary channels has resulted in 35% CAGR growth (FY14-18) in direct channel business over the last five years
- Online and digital sub-channel contributed 7% of the individual APE

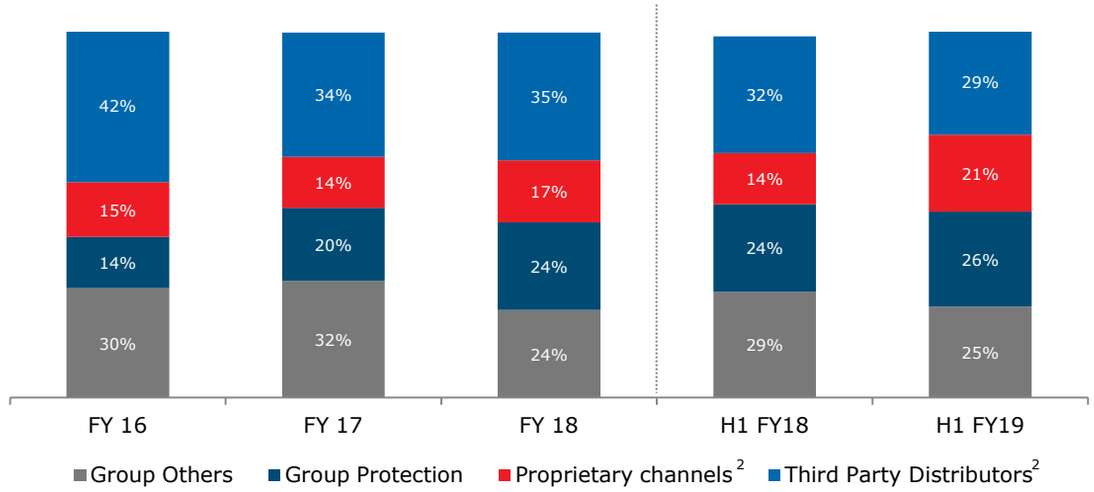
Note: All growth numbers are basis Individual APE

Constant endeavour to diversify distribution mix

Stable distribution mix (based on Individual APE)



Stable distribution mix (based on total NBP)



Select distribution partners

23 Banks

HDFC BANK – We understand your world; RBL BANK; Saraswat Bank; IDFC BANK; Vijaya Bank (NEW)

119 NBFCs
19 MFIs

Bajaj Finance Limited; pnb Housing Finance Limited; HDFC SALES; Indiabulls Housing Finance; Chola; Muthoot Finance; HDFC securities; Fullerton India (NEW)

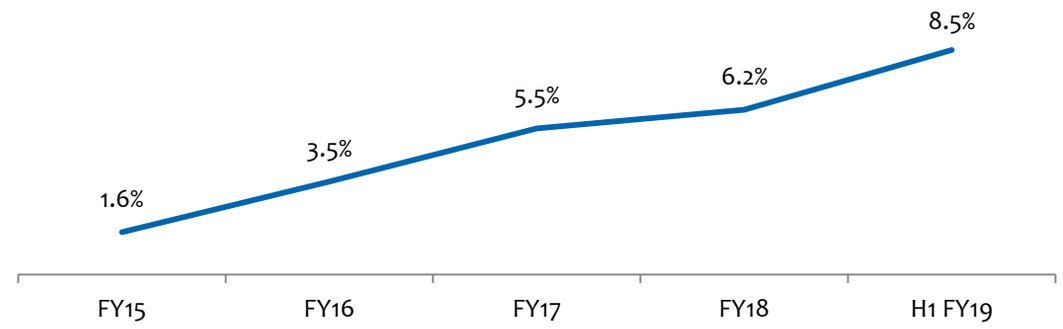
9 SFBs

equitas Small Finance Bank; SURYODAY A BANK OF SMILES; Capital Small Finance Bank

31 Ecosystems

Uber (NEW); Health Spring (NEW); JetPrivilege; ETMONEY; PAYBACK

Optimizing cross-sell opportunities[1]



Balanced distribution mix … Product innovation … Profitable growth … Reimagining insurance … Quality of Board and management

Note: 1. Calculated as Number of policies from existing group customers / Total number of individual new business policies
2. Third party distributors include bancassurance and broker; Proprietary channels include agency and direct

HDFC Life

Our continued protection focus

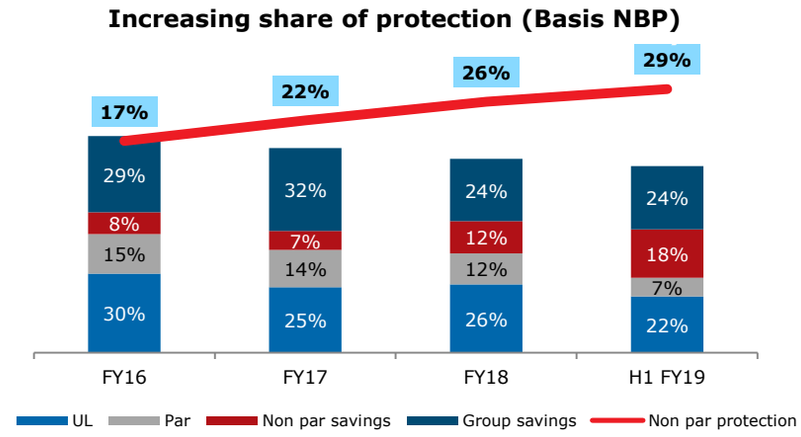
Mortality

Individual protection:

- Industry-first products meeting latent needs of customers
- Comprehensive protection at competitive prices

Group protection:

- Diversified portfolio across loan segments
- 201 distribution partners are testament to our strong reputation as preferred business partner
- Extensive manpower and support, with dedicated niche technology platforms offered to the partners

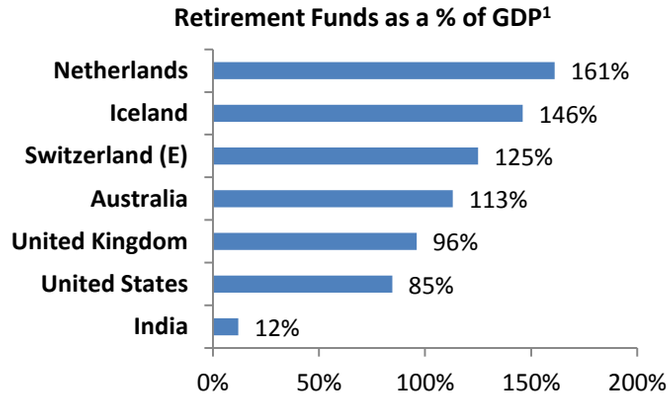


Morbidity

- High medical inflation coupled with increase in the incidence of lifestyle diseases leaves families with big financial exposures in case of illnesses
- Our health suite comprises defined benefit products across individual and group platforms life-health combination product propositions

Longevity

- Proportion of India's elderly population (> 65 yrs of age) will increase by ~50% to 120 Mn by 2030
- With competitive annuity rates, deferred annuity guaranteeing payouts for a life time, we are positioned well to attend to the retirement opportunity



Note: 1. OECD Study 2015

Expanding market through constant product innovation

Protection term insurance coverage for loans

HDFC Life Group Credit Protect

2011

2014

ULIP with minimal charges; only cost of protection and fund management

HDFC Life Click 2 Invest

Tiered-benefit product focused on cancer; cover from early stage

HDFC Life Cancer Care

2015

2017

Online protection product that covers death, disease and disability

HDFC Life Click 2 Protect 3D Plus

Assured annuity rates from a pre-determined date

HDFC Life Pension Guaranteed Plan

2018

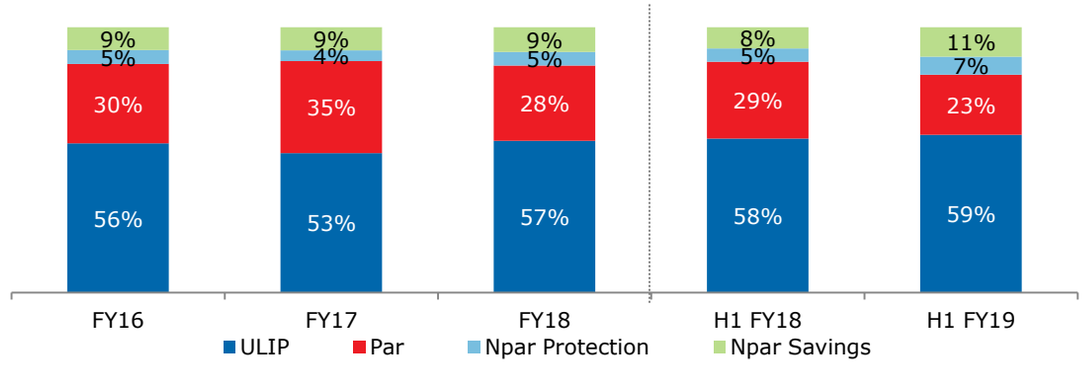
New Launch

Joint-life single-premium ULIP with low cost structure

HDFC Life Classic One

A Unit Linked Non Participating Single Premium Life Insurance Plan

Balanced product mix[1]



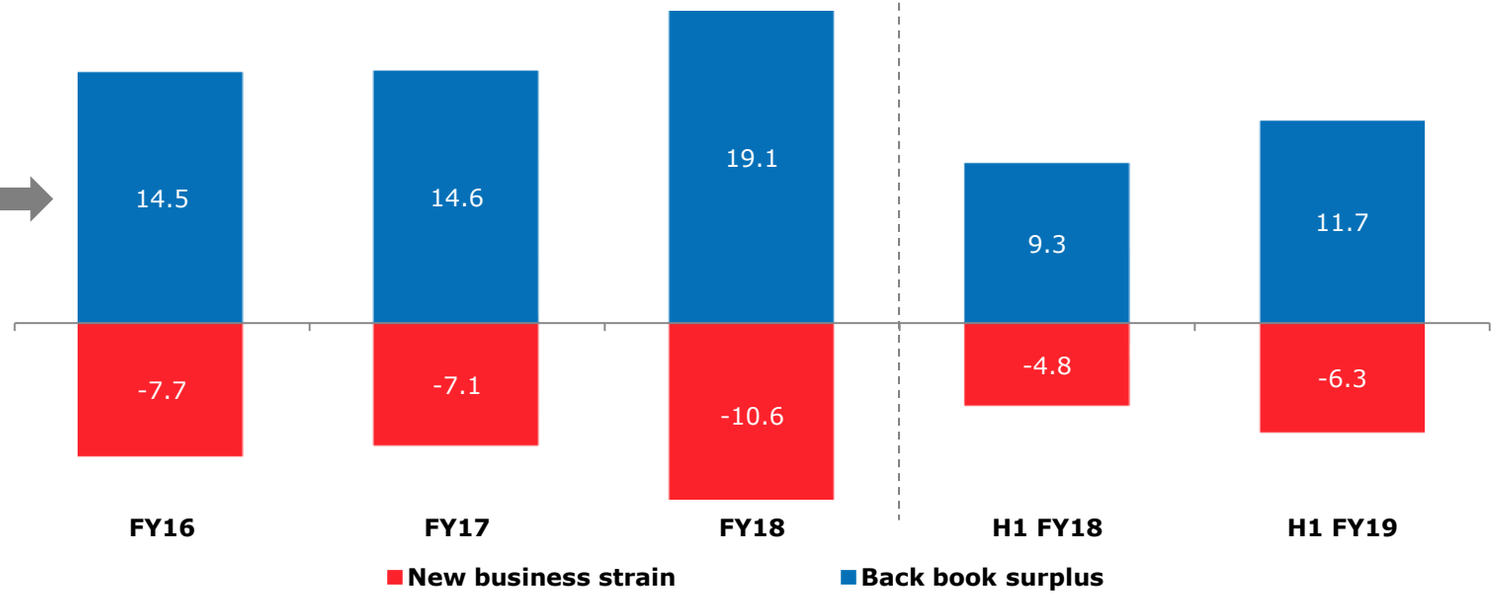
Note: 1. As a % of individual APE

Focus on profitable growth

Rs bn

	FY16	FY17	FY18	H1 FY18	H1 FY19
New business margins	19.9%	22.0%	23.2%	22.4%	24.3%
Profit after tax (PAT)	**8.2**	**8.9**	**11.1**	**5.5**	**6.7**
Shareholder's surplus	1.4	1.4	2.6	1.1	1.3
Underwriting profits	6.8	7.5	8.5	4.5	5.4

Underwriting profits breakup[1]



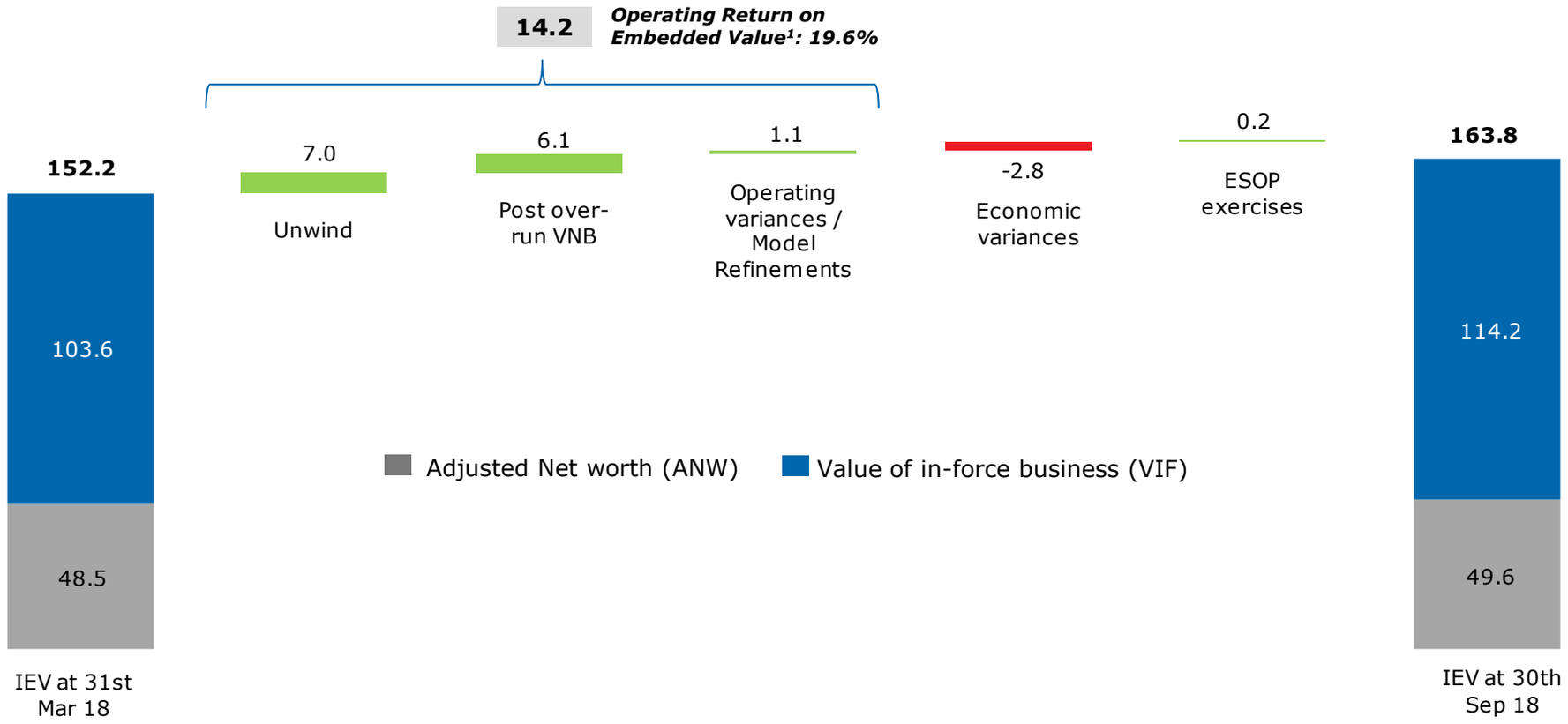
- Steady unwind of profits from the back book significantly higher than the new business strain caused by growth in business, resulting in healthy underwriting profits

Note:
1. *Based on internal Company analysis, numbers may not add up due to rounding off*

Analysis of change in IEV

Analysis of change in EV

(Rs bn)



- Continue to deliver healthy operating returns on EV
- Positive persistency, mortality and expense variances, reflecting favourable experience compared to assumptions

Note: 1. Operating Return on Embedded Value calculated as annualised EVOP (Embedded Value Operating Profit) to Opening EV

Reimagining insurance



Real-time fulfillment

- Faster processing through instant data flow, e-KYC integration
- Robotics-led optimization has led to efficient processes

- **97%** policy servicing requests fulfilled in less than 8 hours
- **127 processes** till date automated using Robotics leading to significant reduction in man-hours



Ensuring suitability

- Video-enabled confirmation of customer understanding (pre-issuance)
- Automated suitability matrix to mitigate mis-selling

- **~ 56% of verification** done through the video-based app
- Customer complaints **reduced by 24%** in H1 FY19



Capability to customize

- Pre-approved sum assured on partner website/ mobile apps
- Customized new business and renewal collection process

- **99.9%** applications submitted via digital medium
- **~78% of renewal** payments via online modes

Quality of Board and Management

Experienced senior management

Seasoned senior management team with rich experience in financial services enabled a seamless leadership transition

Track record of delivering consistent results across business cycles

Independent and illustrious Board

Active, well-informed and independent Board oversees how the management serves and protects the interests of all stakeholders

Encouragement from Board to calibrate business strategies to harness new pools of profitability

Key Governance forums

More than 25 governance forums run within the company

- Risk management
- Disciplinary Panel for Malpractices
- POSH
- Whistle-blower Committee
- Compliance Council
- Policyholder protection
- Claims Review
- Information and Cyber Security Council
- Product Council

Agenda

Performance Snapshot

Key Differentiators

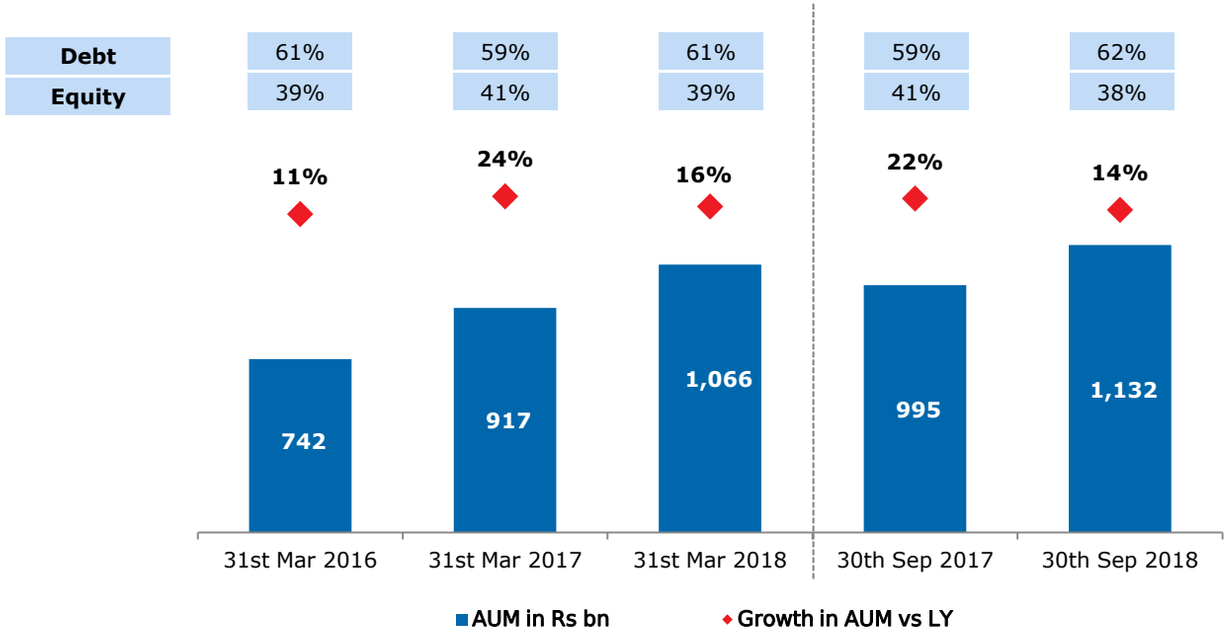
C Additional Business Information

India Life Insurance

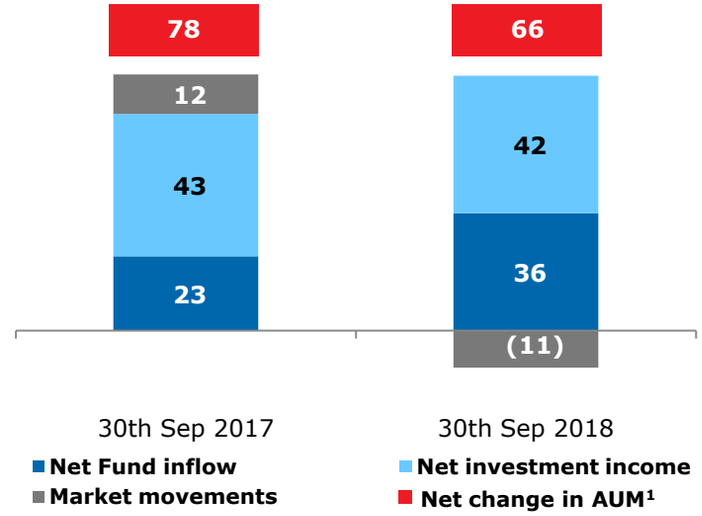
Annexures

Assets under management

Assets Under Management



Change in AUM for half year ended Rs bn



- Continue to rank amongst top 3 private players, in terms of assets under management[2]
- Over 96% of debt investments in AAA rated and Government bonds as on Sep 30, 2018
- Accretion to the AUM has been marginally impacted by the decline in the value of the investments due to volatile debt and equity markets

Notes:
1. *Calculated as difference from April to September*
2. *Based on Asset under Management as on Jun 30, 2018*

Product mix across key channels

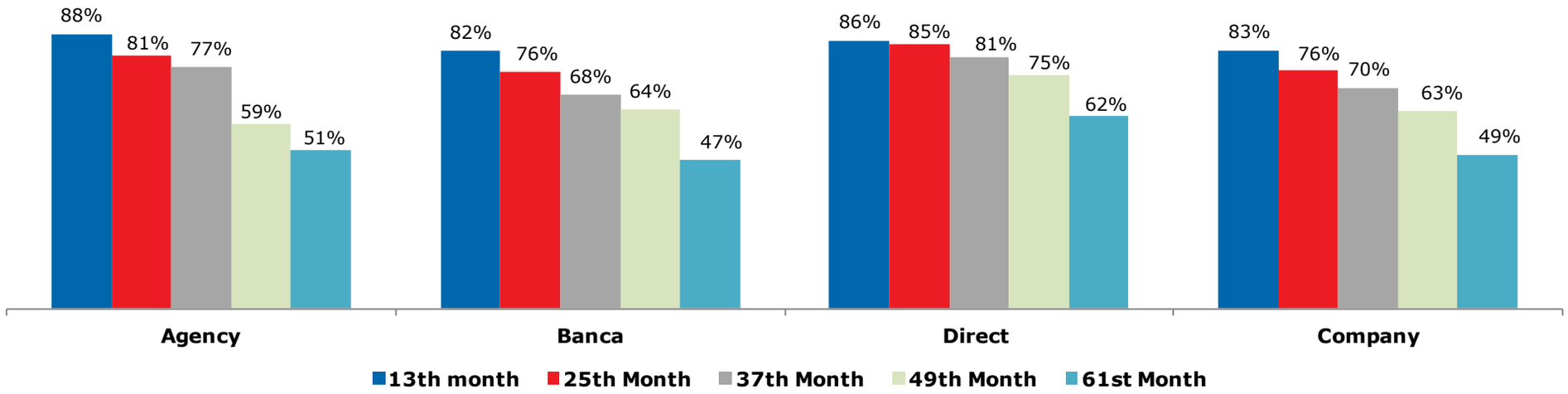
Channel summary[1]	Segment	FY16	FY17	FY18	H1 FY18	H1 FY19
Banca[2]	UL	66%	61%	64%	66%	72%
	Par	24%	30%	26%	25%	18%
	Non par protection	2%	1%	1%	1%	2%
	Non par others	9%	8%	9%	8%	8%
Agency	UL	25%	26%	33%	26%	23%
	Par	56%	57%	48%	54%	52%
	Non par protection	13%	11%	11%	13%	12%
	Non par others	6%	7%	8%	8%	12%
Direct	UL	45%	48%	54%	56%	47%
	Par	24%	22%	12%	12%	8%
	Non par protection	23%	18%	21%	22%	23%
	Non par others	8%	13%	13%	9%	22%
Company	UL	56%	52%	57%	58%	59%
	Par	30%	35%	28%	29%	23%
	Non par protection	5%	4%	5%	5%	7%
	Non par others	9%	9%	9%	8%	11%
Protection mix (Basis Indl + Group APE)		7%	8%	11%	12%	16%
Protection mix (Basis Indl + Group NBP)[3]		17%	22%	26%	26%	29%

Notes:

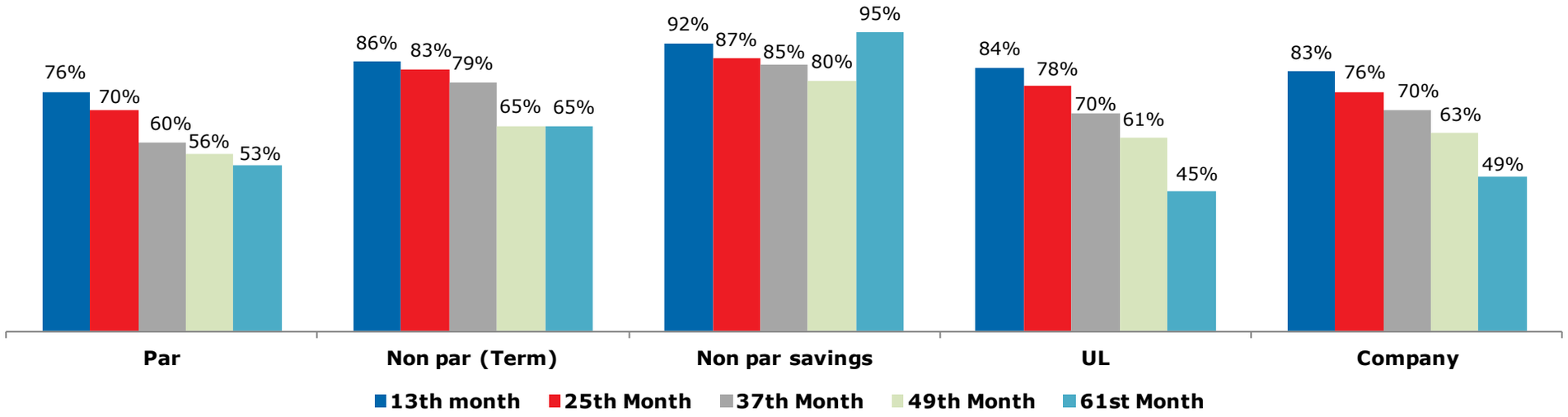
1. *Basis Individual APE*
2. *Includes banks and other corporate agents*
3. *Previous year group numbers have not been reclassified based on current year numbers*

Individual persistency for key channels and segments

Across key channels



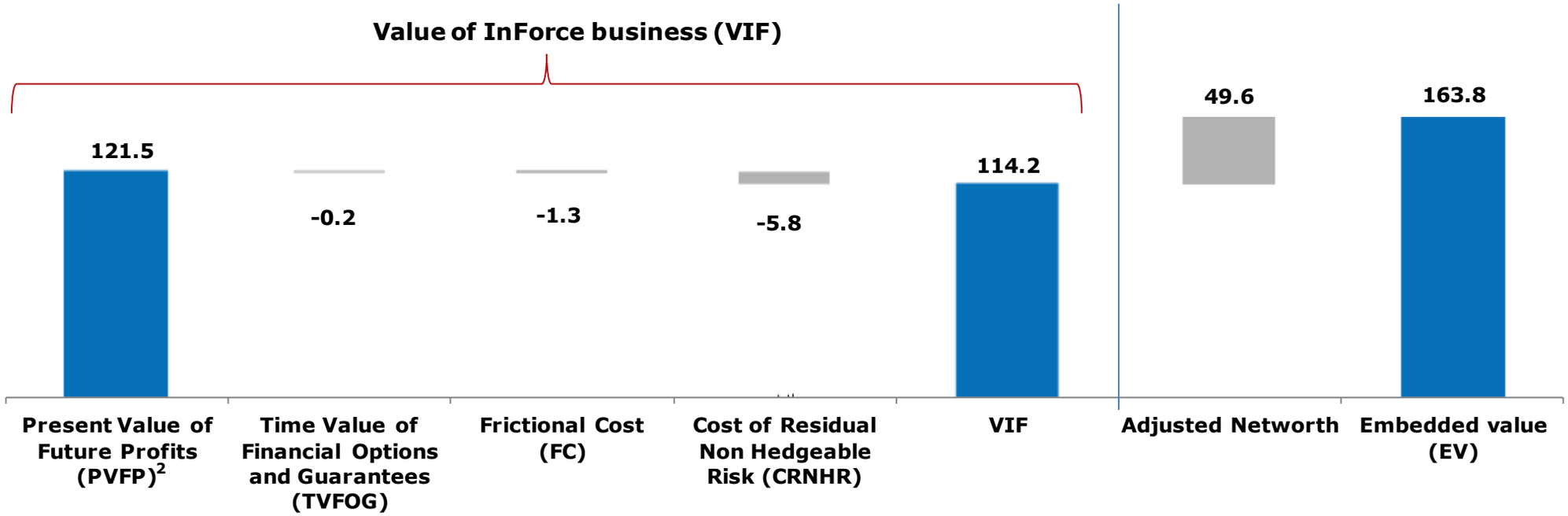
Across key segments



Note: 1. Calculated as per IRDAI circular (based on original premium) for period ended Sep 30, 2018 for individual business

Indian Embedded Value (IEV)[1]

Rs bn



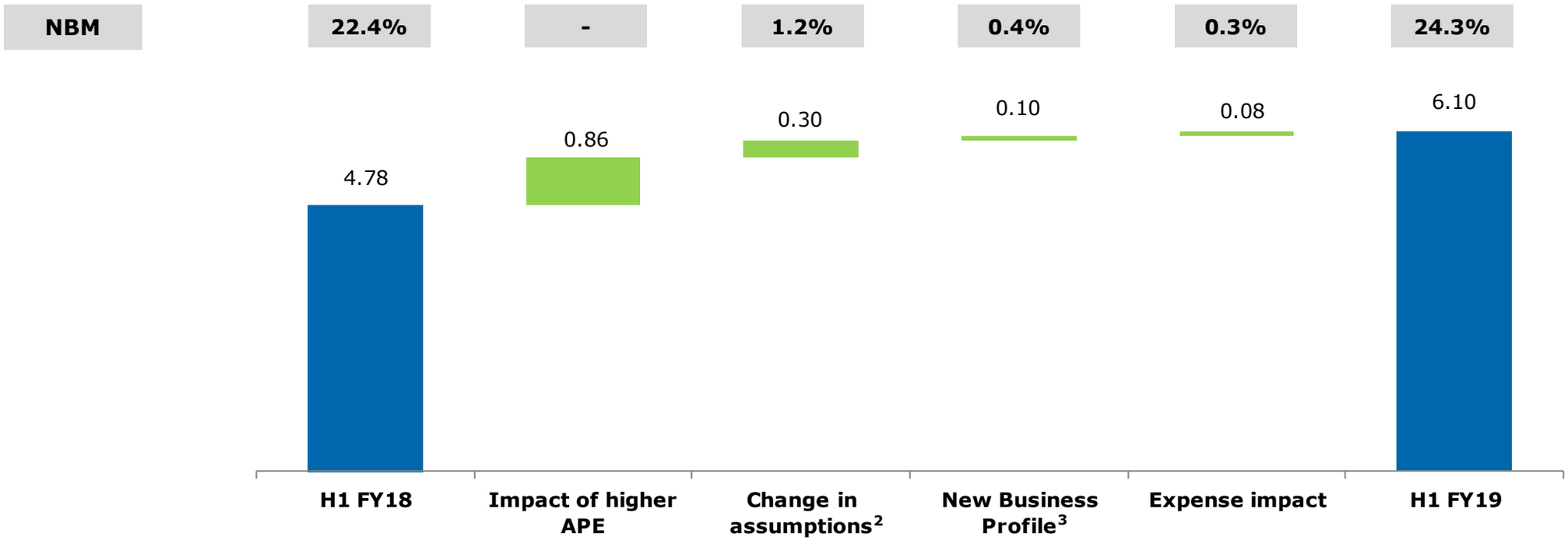
- Significant proportion of VIF at 70% of the total Embedded value
- TVFOG includes cost of guarantees for conventional participating and unit linked products

Notes:

1. *Based on internal analysis, detailed explanation of components provided in the Appendix to the presentation*
2. *PVFP pertains to Overall (Individual + Group) business*

Value of new business (VNB) and NBM walkthrough[1]

Rs bn



- Higher VNB driven by growth in new business and favourable product mix

Note:

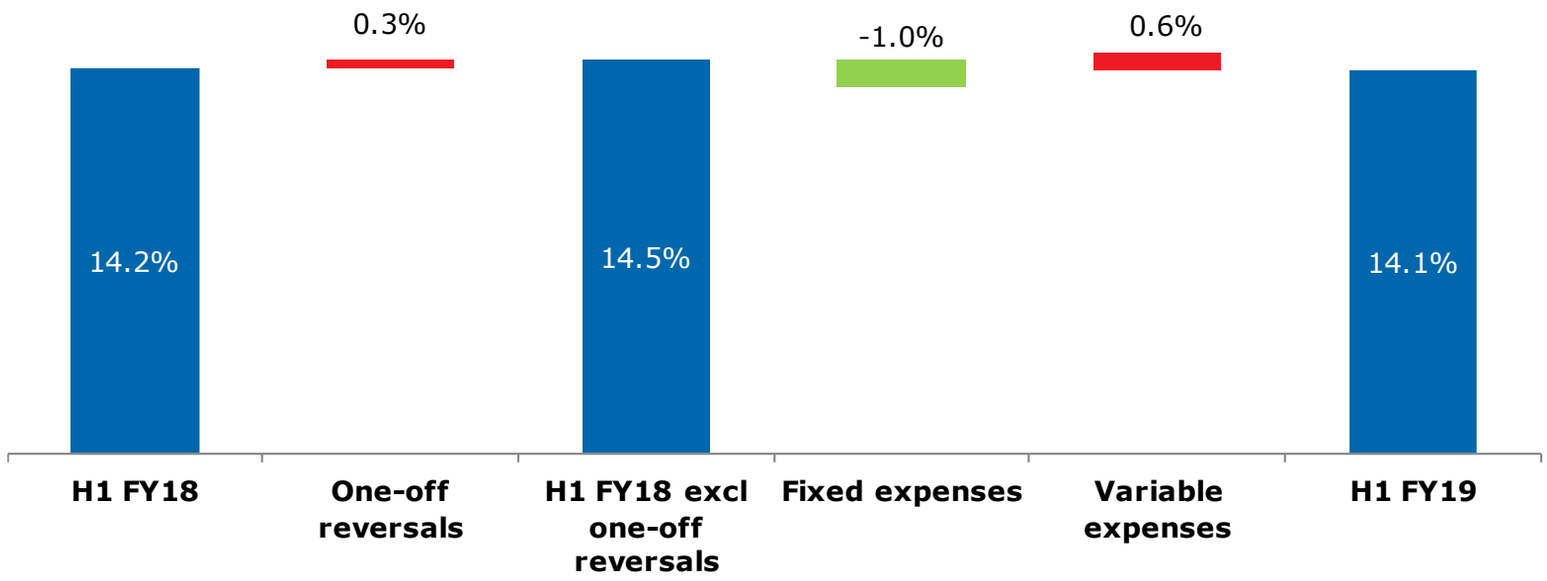
1. *Based on internal Company analysis*
2. *Impact of change in mainly persistency and mortality assumptions revised during annual review in March'18*
3. *Reflects the impact of difference in mix of segment/distribution channel/tenure/age/sum assured multiple etc*

Sensitivity analysis – H1 FY19

Analysis based on key metrics	Scenario	% Change in VNB[1]	Change in VNB Margin[1]	% Change in EV
Change in				
Reference rate	Increase by 1%	0.85%	0.21%	-2.00%
	Decrease by 1%	-2.30%	-0.56%	2.10%
Equity market movement	Decrease by 10%	-1.03%	-0.25%	-1.60%
Persistency (Lapse rates)	Increase by 10%	-3.47%	-0.84%	-1.60%
	Decrease by 10%	3.67%	0.89%	1.70%
Maintenance expenses	Increase by 10%	-2.19%	-0.53%	-0.60%
	Decrease by 10%	2.19%	0.53%	0.60%
Acquisition Expenses	Increase by 10%	-15.27%	-3.71%	NA
	Decrease by 10%	15.27%	3.71%	NA
Mortality / Morbidity	Increase by 5%	-5.99%	-1.46%	-0.90%
	Decrease by 5%	5.99%	1.46%	0.90%
Tax rate[2]	Increased to 25%	-13.96%	-3.39%	-6.40%

Notes:
1. *Post overrun total VNB for Individual and Group business*
2. *The tax rate is assumed to increase from 14.56% to 25% and hence all the currently taxed profits in policyholder/shareholder segments are taxed at a higher rate. It does not allow for the benefit of policyholder surplus being tax-exempt as was envisaged in the DTC Bill.*

Operating expense trend



- Continue to focus our efforts in improving efficiency and rationalising costs through our various internal initiatives
  - Vendor negotiations and branch cost rationalisation
  - Process improvements through implementation of AI and robotics
  - Leveraging technology and automation to improve efficiency

Notes:
1. *One-off reversals comprise of reversal of previous year provisions in H1 FY18 with regards to IPO / Merger costs*
2. *Fixed costs include employee, infrastructure, information technology costs and any other costs which are fixed in nature*
3. *Variable costs include stamp duty, medical fees, sales incentives, brand awareness, operations support and any other costs which are linked to business*

Performance of wholly-owned subsidiary[1] companies



HDFC Pension

- HDFC Pension market share grew from 21.4% in Mar'18 to 24.0% in Sep'18 amongst all Pension Fund Managers (PFM)
- HDFC Pension ranks #1 in Corporate subscribers base, #2 amongst all PFMs in Net Fund Flow, Retail subscriber base and AUM
- Total subscriber base is slightly over 272,000 as on 30th Sept 2018



HDFC International Life and Re

- HDFC International Life and Re Company, our Dubai based subsidiary continues to work with reputable cedants
- Revenue lines consist of reinsurance of individual life products and group life & credit schemes from GCC and MENA based ceding insurers
- HDFC International also recorded its second consecutive profitable quarter in Q2 FY19

Note: 1. Investment in subsidiaries not considered in solvency margin

Agenda

Performance Snapshot

Key Differentiators

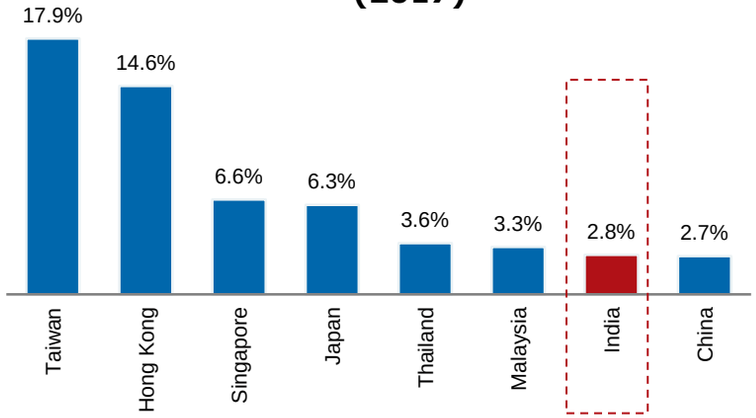
Additional Business Information

D India Life Insurance

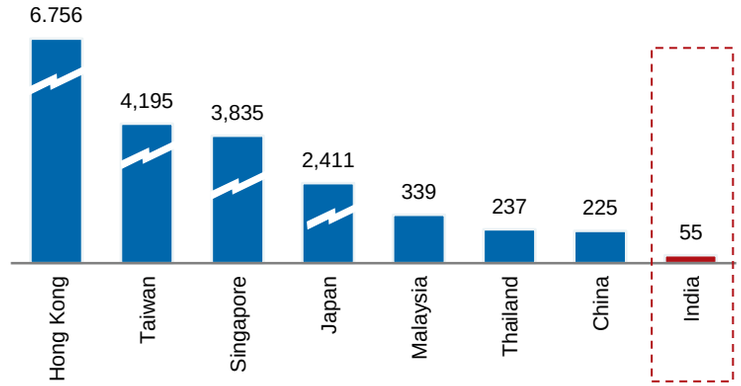
Annexures

Growth opportunity – Under-penetration vs global benchmarks

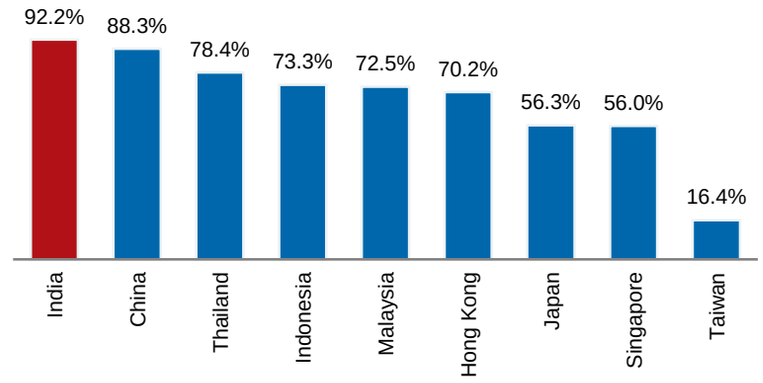
Life insurance penetration (2017)



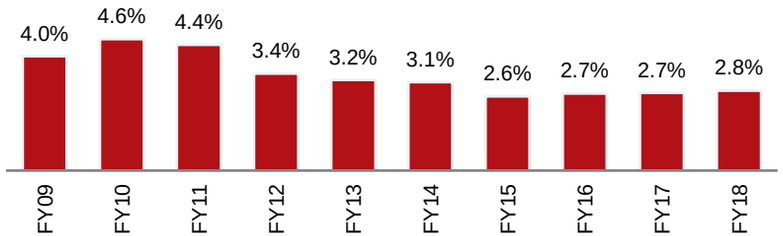
Life insurance density US$ (2017)



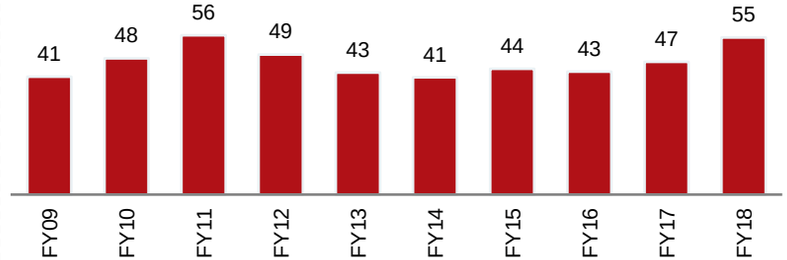
Protection gap (2014)



India life insurance penetration (FY09-18)



India life insurance density US$ (FY09-18)

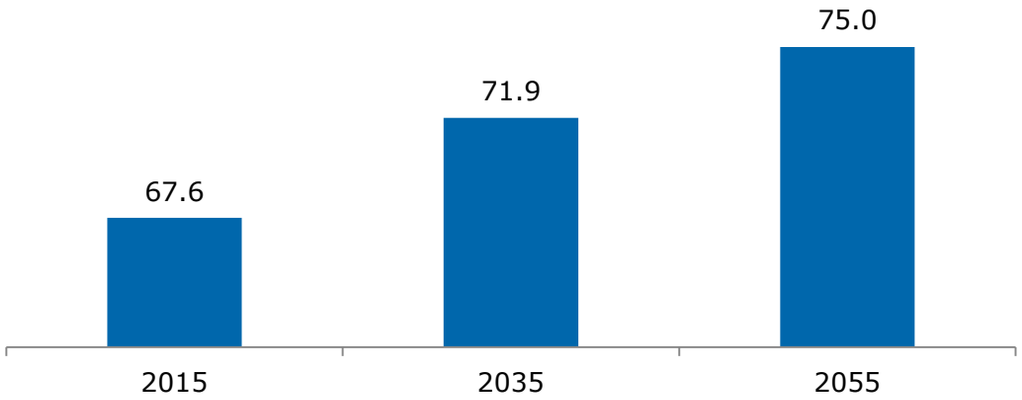


- India has the highest protection gap in the region, as growth in savings and life insurance coverage has lagged behind economic and wage growth
- Protection gap has increased over 4x in last 15 years with significantly low insurance penetration and density

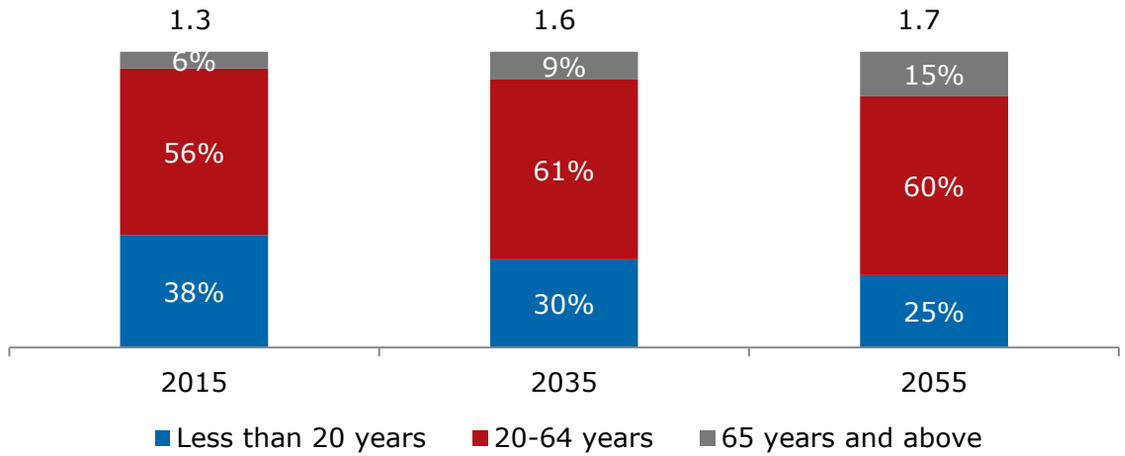
Note: Penetration as measured by premiums as % of GDP, Density defined as the ratio of premium underwritten in a given year to the total population
Source: Swiss Re (Based on respective financial year of the countries), MOSPI

Growth opportunity – Favourable demographics

Life expectancy (Years)[1]



Population composition (bn)[1]



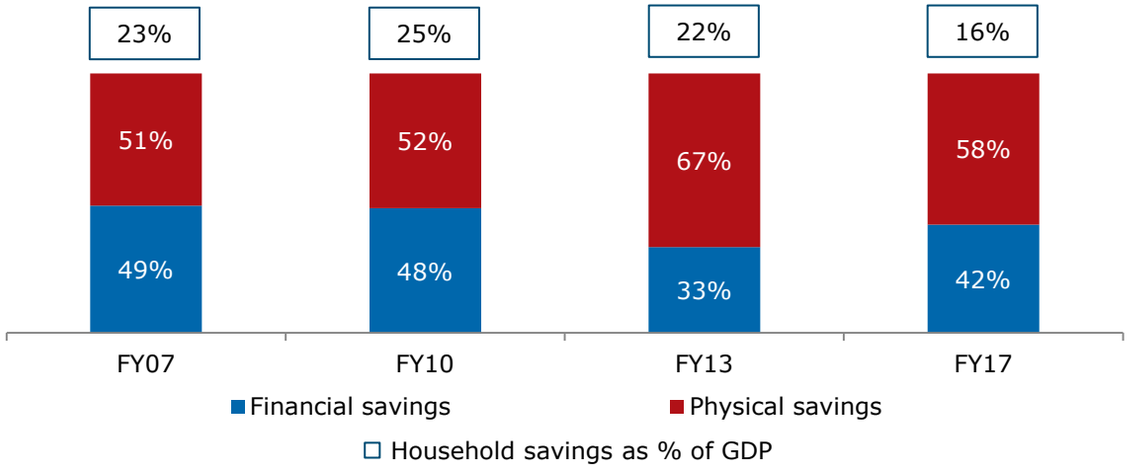
- India's insurable population is anticipated to touch 750 million by 2020
- India is currently one of the world's youngest nation, offering great opportunity for long term savings and investment plans
- Demand for retirement policies to rise with increasing life expectancy, declining birth-rates and proportion of India's elderly population expected to increase by almost 100% by 2035 (as compared to 2015)
- Emergence of nuclear families and increasing life expectancy to facilitate need for pension and protection based products

Source:

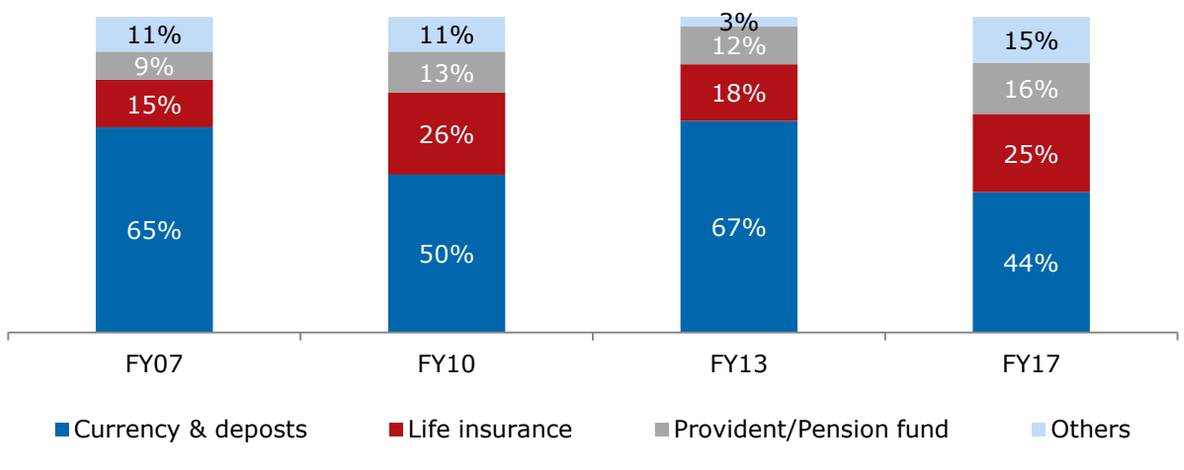
1. United Nations World Populations Prospects Report (2017)

Life insurance – A preferred savings instrument

Household savings composition



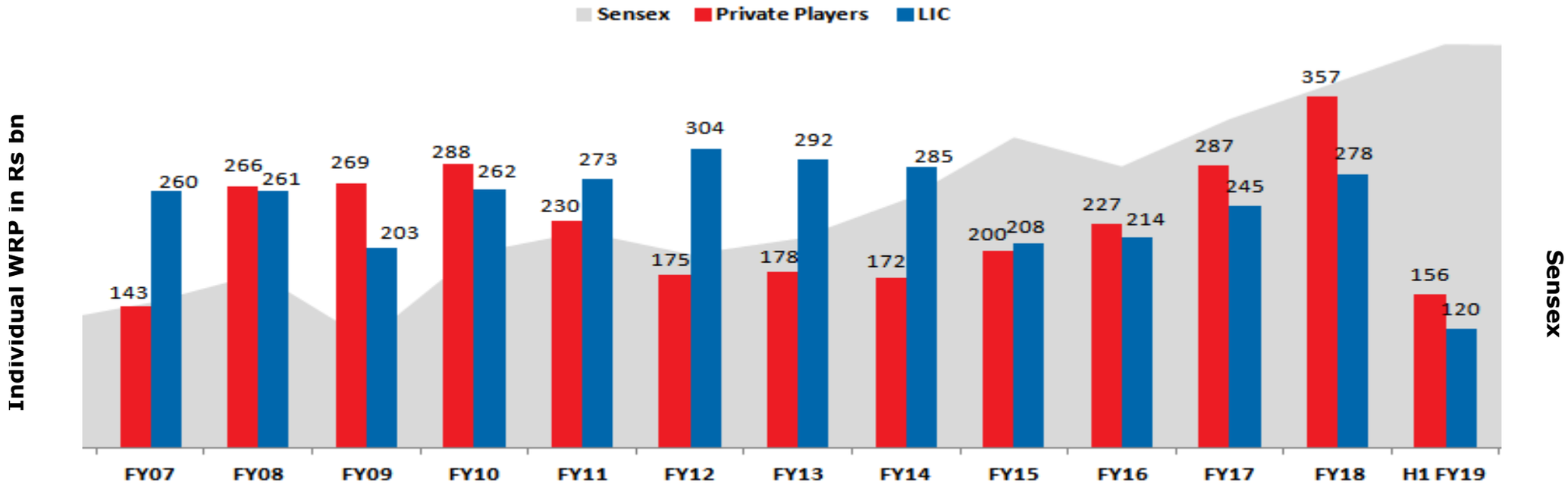
Financial savings mix



- Increasing preference towards financial savings with buoyant equity market returns, along with impact of demonetisation on physical assets return profile
- Increasing share of life insurance within financial assets, as it caters to long-term saving and protection needs
- Various government initiatives to promote financial inclusion:
  - Implementation of JAM trinity – around 329 mn new savings bank accounts opened till date
  - Launch of affordable PMJJBY and PMSBY social insurance schemes
  - Atal Pension Yojana promoting pension in unorganized sector
  - Set up of Small Finance Banks and Payment Banks to increase financial inclusion

Source: DBIE-RBI Statistics, RBI Annual Report, Economic Survey, CSO, www.pmjdy.gov.in

Industry new business[1] trends



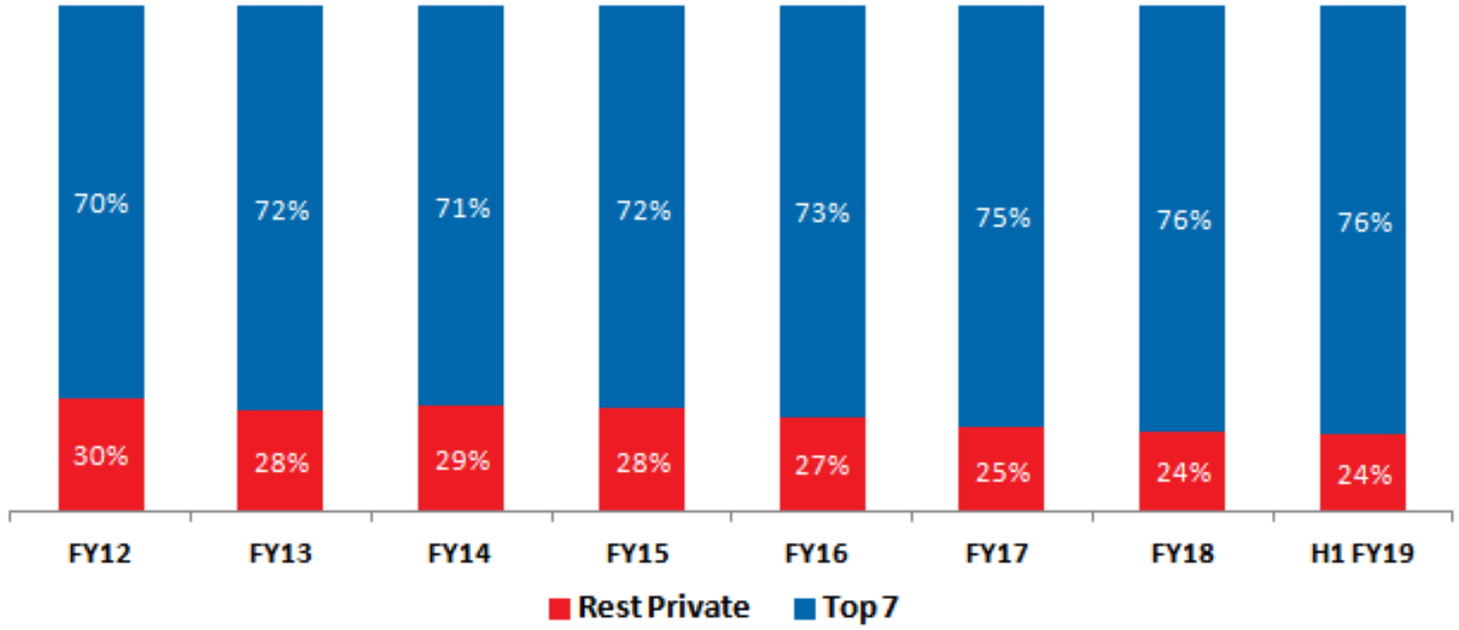
		FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	H1 FY19
Private players market share		35%	50%	57%	52%	46%	37%	38%	38%	49%	52%	54%	56%	56%
Growth %	**Private**	*99%*	*86%*	*1%*	*7%*	*-20%*	*-24%*	*2%*	*-3%*	*16%*	*14%*	*26%*	*24%*	*11%*
	LIC	*88%*	*0%*	*-22%*	*29%*	*4%*	*11%*	*-4%*	*-2%*	*-27%*	*3%*	*15%*	*13%*	*8%*
	Overall	*92%*	*31%*	*-10%*	*17%*	*-9%*	*-5%*	*-2%*	*-3%*	*-11%*	*8%*	*21%*	*19%*	*10%*

- Private sector gained higher market share than LIC for the first time in FY16, post FY11 regulatory changes
- Based on individual WRP private sector has outpaced LIC in last 3 years (FY16-18)

Note: 1.Basis Individual Weighted Received Premium (WRP)
Source: IRDAI and Life Insurance Council

Private industry – Market share trends

Top 7 private players vs other players



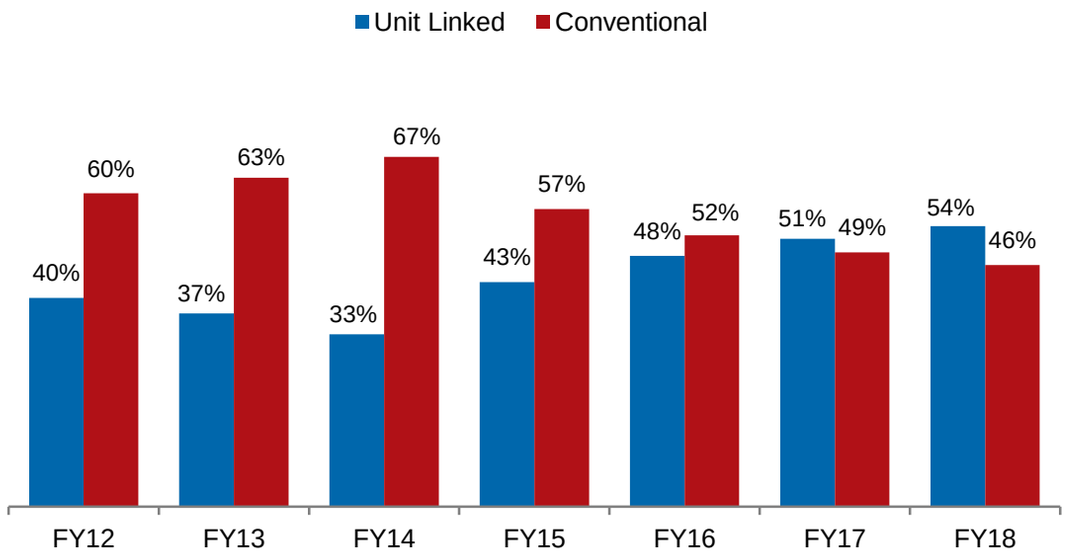
- Amongst private insurers, insurers with a strong bancassurance platform continue to dominate with increasing market share of the total private individual new business

Notes:

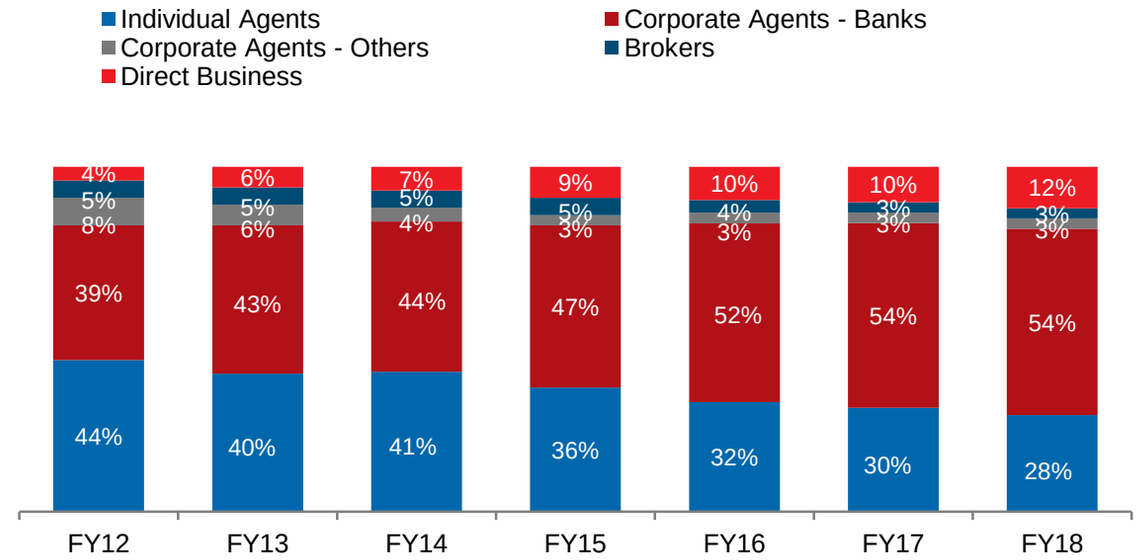
1. *Basis Individual Weighted Received Premium (WRP) as disclosed by IRDAI, Life Insurance Council*
2. *Top 7 players based on H1 FY19 business numbers, comprising of ICICI Pru, SBI Life, HDFC Life, Max Life, Birla Sun Life, Bajaj Allianz and Tata AIA*

Private industry – Product and distribution mix

Product mix[1]



Distribution mix[2]



- Reduced distributors' payout and high expense structure led many players to move to traditional products over last few years, however the focus is changing towards linked products with improved equity market performance and increase in share of Banca
- Increasing thrust on protection business to help improve the new business margins
- Banca sourced business has consistently increased on the back of increasing reach of banks while share of Agency has declined post regulatory changes in FY11

Notes:
1. Basis Overall WRP (Individual and Group);
2. Basis Individual New business premia
Source: IRDAI and Life Insurance Council

Annexures

Revenue and Profit & Loss A/c

Rs bn

Particulars	FY17	FY18	H1 FY18	H1 FY19
Gross Premium Income	194.4	235.6	91.4	119.0
Reinsurance (net)	(1.7)	(1.9)	(0.9)	(1.2)
Net Premium Income (A)	**192.7**	**233.7**	**90.5**	**117.8**
Income from Investments				
Policyholders	111.4	86.0	52.8	28.9
Shareholders	2.3	2.8	1.2	1.5
Total Income from Investments (B)	**113.7**	**88.8**	**54.0**	**30.4**
Other Income (C)	1.0	1.2	0.9	0.8
Total Income (D=A+B+C)	**307.4**	**323.7**	**145.4**	**149.0**
Expenses and Outflow				
Commission	7.9	10.8	4.0	4.6
Operating expenses	24.5	31.7	12.9	16.8
GST / Service tax on UL charges	2.2	3.0	1.3	1.6
Benefits Paid[1]	100.0	131.1	55.8	63.0
Provision for diminution in value of investments	0.0	(0.0)	(0.1)	0.8
Change in Valuation Reserves (net)	160.5	133.2	64.8	55.3
Change in funds for future appropriations	1.6	0.9	0.6	(0.2)
Provision for tax	1.7	1.9	0.4	0.4
Total Expenses and Outflow (E)	**298.5**	**312.6**	**139.9**	**142.3**
Profit after tax (D-E)	**8.9**	**11.1**	**5.5**	**6.7**

Note: 1. Benefits paid comprises of benefits paid (net), interim bonus and terminal bonuses paid

Balance Sheet

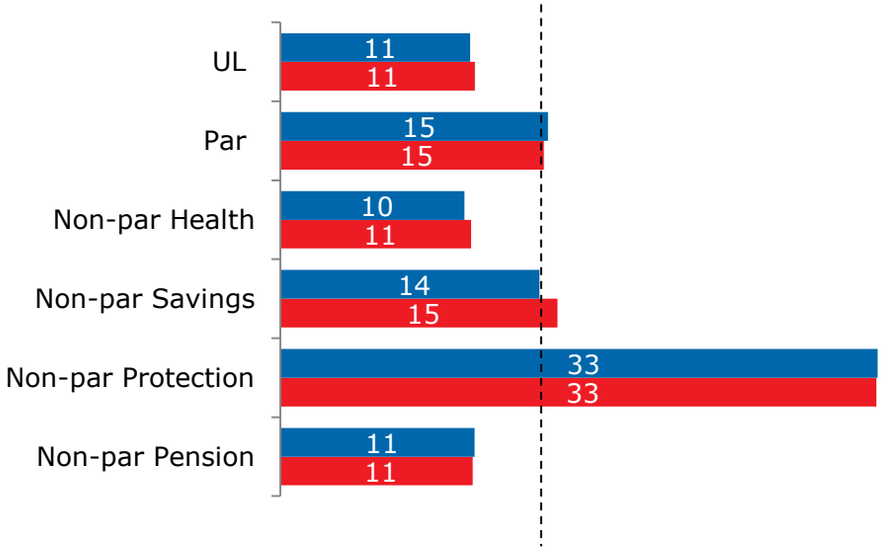
Rs bn

Particulars	31st Mar 2017	31st Mar 2018	30th Sep 2018
SOURCES OF FUNDS			
Capital invested (Share capital + Premium)	21.9	23.3	23.5
Reserves and Surplus	16.2	23.9	30.6
Credit / (Debit) Fair Value Change Account	0.3	0.3	(0.0)
Sub-Total	**38.4**	**47.5**	**54.1**
Policy Liabilities	323.8	423.2	472.9
Provision for Linked Liabilities	508.1	546.0	548.6
Funds for discontinued policies	29.9	25.9	28.8
Funds for Future Appropriations	8.7	9.6	9.4
Change in fair value account	4.0	6.2	8.2
Current Liabilities & Provisions	38.2	46.4	47.6
Total Liabilities	**951.1**	**1,104.8**	**1,169.6**
APPLICATION OF FUNDS			
Investments			
Shareholders	32.5	40.7	44.4
Policyholders' assets	346.9	453.5	510.5
Assets held to cover linked liabilities	538.0	571.8	577.4
Loans	0.5	0.2	0.3
Fixed Assets	3.5	3.4	3.4
Cash & Bank Balances	8.0	11.1	5.2
Advances & Other Assets	21.7	24.1	28.4
Total Assets	**951.1**	**1,104.8**	**1,169.6**

Segment wise average term and age[1]

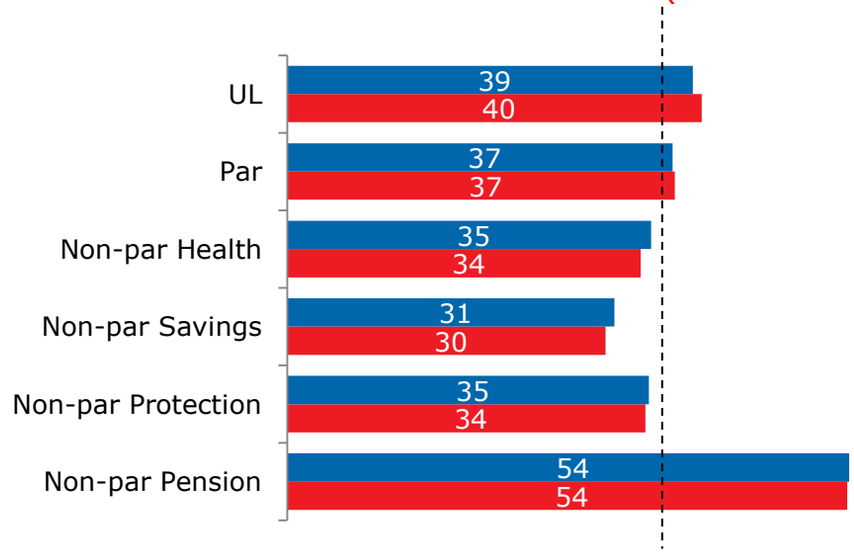
Average Policy Term (Yrs)

H1 FY19: 14.9 (H1 FY18: 14.5)



Average Customer Age (Yrs)

H1 FY19: 36.8 (H1 FY18: 37.2)



- Focus on long term insurance solutions, reflected in longer policy tenure
- Extensive product solutions catering customer needs across life cycles from young age to relatively older population

Note: 1. Basis individual new business policies (excluding annuity) sold in H1 FY19

Indian Embedded value: Methodology and Approach (1/2)

Overview

Indian Embedded Value (IEV) consists of:

- **Adjusted Net Worth (ANW),** consisting of:
  - Free surplus (FS);
  - Required capital (RC); and
- **Value of in-force covered business (VIF)**: Present value of the shareholders' interest in the earnings distributable from assets allocated to the covered business, after making sufficient allowance for the aggregate risks in the covered business.

Components of Adjusted Net Worth (ANW)

- **Free surplus (FS):** FS is the market value of any assets allocated to, but not required to support, the in-force covered business as at the valuation date. The FS has been determined as the adjusted net worth of the Company (being the net shareholders' funds adjusted to revalue assets to market value), less the RC as defined below.
- **Required capital (RC):** RC is the amount of assets attributed to the covered business over and above that required to back liabilities for the covered business. The distribution of this to shareholders is restricted. RC is set equal to the internal target level of capital equal to 170% of the factor-based regulatory solvency requirements, less the funds for future appropriations ("FFA") in the participating funds.

Embedded Value: Methodology and Approach (2/2)

Components of Value in-force covered business (VIF)

- **Present value of future profits (PVFP):** PVFP is the present value of projected distributable profits to shareholders arising from the in-force covered business determined by projecting the shareholder cash flows from the in-force covered business and the assets backing the associated liabilities.

- **Time Value of Financial Options and Guarantees (TVFOG):** TVFOG reflects the value of the additional cost to shareholders that may arise from the embedded financial options and guarantees attaching to the covered business in the event of future adverse market movements. The intrinsic value of such options and guarantees is reflected in the PVFP.

- **Frictional costs of required capital (FC):** FC represents the investment management expenses and taxation costs associated with holding the RC. VIF includes an allowance for FC of holding RC for the covered business. VIF also includes an allowance for FC in respect of the encumbered capital in the Company's holdings in its subsidiaries.

- **Cost of residual non-hedgeable risks (CRNHR):** CRNHR is an allowance for risks to shareholder value to the extent that these are not already allowed for in the TVFOG or the PVFP. In particular, the CRNHR makes allowance for:
  – asymmetries in the impact of the risks on shareholder value; and
  – risks that are not allowed for in the TVFOG or the PVFP.

  CRNHR has been determined using a cost of capital approach. CRNHR is the present value of the cost of capital charge levied on the projected capital in respect of the material risks identified.

Embedded Value: Economic assumptions[1]

Years	Forward rates %		Spot rates %	
	As at Sep 30, 2018	As at Sep 30, 2017	As at Sep 30, 2018	As at Sep 30, 2017
1	7.69	6.29	7.41	6.10
2	8.33	6.57	7.70	6.23
3	8.57	6.93	7.88	6.39
4	8.67	7.23	7.99	6.53
5	8.72	7.44	8.06	6.66
10	8.73	7.77	8.22	7.04
15	8.62	7.80	8.25	7.19
20	8.52	7.80	8.24	7.27
25	8.45	7.80	8.22	7.32
30+	8.41	7.80	8.20	7.35

Note: 1. Forward rates are annualised and Spot rates are continuous

Glossary

- **APE (Annualized Premium Equivalent)** - The sum of annualized first year regular premiums and 10% weighted single premiums and single premium top-ups
- **Conservation ratio -** Ratio of current year renewal premiums to previous year's renewal premium and first year premium
- **First year premiums** - Regular premiums received during the year for all modes of payments chosen by the customer which are still in the first year. For example, for a monthly mode policy sold in March 2018, the first instalment would fall into first year premiums for 2017-18 and the remaining 11 instalments in the first year would be first year premiums in 2018-19
- **New business received premium** - The sum of first year premium and single premium.
- **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
- **Renewal premiums** - Regular recurring premiums received after the first year
- **Solvency ratio** - Ratio of available solvency margin to required solvency margins
- **Total premiums** - 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 and 10% weighted single premiums and single premium top-ups
- **13th month persistency** - Percentage of contracts measured by premium, still in force, 13 months after they have been issued, based on reducing balance approach

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