HDFC Life

Sar utha ke jiyo!

PRESS RELEASE

Financial results for the nine months ended December 31, 2015

Mumbai, January 20, 2016: The Board of Directors of HDFC Life today approved and adopted its Audited Financial Results for the third quarter and nine months ended December 31, 2015.

Results Snapshot:

- *Healthy performance delivery across key metrics*
- *Consistently ranked amongst the top 3 private players in individual and group business*
- *IGAAP Profits of ₹589 Crs for the nine months ended December 31, 2015 – growth of 3%*
- *AUM of ₹71,575 Crs as on December 31, 2015 – growth of 13%*
- *Overall new business margins on loaded expenses at 23.7% for nine months ended December 31, 2015, (PY: 21.6%)*

Key Financial Summary

₹ Crs	Q3 FY16	Q3 FY15	YoY	9M FY16	9M FY15	YoY
New business premium	1,264	1,368	(8%)	3,889	3,438	13%
Renewal premium	2,316	2,254	3%	6,282	6,049	4%
Total premium	**3,581**	**3,622**	**(1%)**	**10,171**	**9,487**	**7%**
Operating expenses	467	373	25%	1,191	1,014	17%
IGAAP profit after taxes	174	120	45%	589	575	3%
Assets under management (AUM)	71,575	63,506	13%	71,575	63,506	13%
Net worth (1)	2,917	2,333	25%	2,917	2,333	25%
13 month persistency	75%	68%		77%	71%	
Conservation ratio (2)	77%	90%		80%	92%	
Solvency ratio	195%	187%		195%	187%	
Business mix (%)						
- Product (UL/Trad non par/Trad Par) (3)	54/14/32	66/17/17		59/15/26	58/19/23	
Individual distribution (CA/Agency/Broker/Direct) (4)	78/10/4/8	77/11/4/8		75/12/4/9	74/13/5/8	
HDFC Life branches (No.)	402	408		402	408	

Notes:

1. Net worth comprises of Share capital, Share premium and Accumulated profits/(losses)
2. Conservation ratio for individual business
3. Based on individual APE
4. UL: Unit Linked; CA: Corporate agents

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Summary results for the nine months ending December 31, 2015:

- **Market share:** Continue to be amongst the top 3 private players in individual and group business. Ended the period with a market share of 14.5% in Individual business (private industry) in terms of Weighted Received Premium (WRP); Group business market share at 16.3% ranking #1 amongst private players
- **Total premium:** Growth of 7% to ₹10,171 Crs, largely due to healthy growth in individual new business premium (10%) and group business (18%);
- **New Business Premium:** Individual new business premium grew by 10% (PY: 34%) and Group business witnessed robust growth of 18% (PY: 40%)
- **Operating expenses ratio:** Expense ratio at 11.7% (PY: 10.7%), which include ongoing investments in development of new distribution channels, technology and products;
- **New business margins**: Overall new business margins based on loaded expenses showcased healthy trajectory at 23.7% for nine months ended December 31, 2015 (PY 21.6%)
- **Persistency and Conservation ratio:** Persistent efforts in customer education, customer interaction avenues and a heightened focus on "need-based" selling helped in continued uptrend in 13 month persistency at 77% (PY 71%) and 61 month persistency at 37% (PY 35%). The conservation ratio is at long term stable levels of 80% (PY 92%). Previous year ratio was higher due to specific revival drive conducted for lapsed policies. Further, completion of premium paying term for limited pay product 'Crest' has also impacted the current year ratio;
- **Assets Under Management:** 13% growth to ₹71,575 Crs, with underlying Equity: Debt mix of 42:58 (PY- 48:52)
- **Balanced product portfolio:** Maintained a balanced product mix with ULIPs contributing 59% and Conventional products forming 41% of the APE (Annual Premium Equivalent) in the Individual business. Within the Conventional products segment, we continue to focus on pure protection which contributed 7% (PY: 6%). Overall Non-Participating products contributed 15% based of the individual APE (PY: 19%) with Participating products contributing 26% (PY 23%);
- **Diversified distribution mix:** Strong reach across the country with 402 HDFC Life offices serving 750 cities in India and a liaison office in Dubai. New channels continue to be the focus areas with online contributing 4% of the individual APE (PY 2%).

Announcing the Company's financial results, Mr. Amitabh Chaudhry, MD & CEO, HDFC Life, said, "We continue to focus on delivering steady performance on back of quality growth. Digital is a key area of focus for us and our endeavor is to keep innovating customer friendly products and investing in new avenues of distribution. We have delivered strong performance for the period, despite underlying macro and micro challenges and we expect the trend to continue. Our efforts continue to focus on leveraging technology and digital ecosystem across operations."

HDFC Life recently completed incorporation of its wholly-owned subsidiary in the Dubai International Financial Centre (DIFC) called the 'HDFC International Life and Re Company Limited' (HILRCL). HILRCL shall shortly commence its business operations, subject to completion of further regulatory formalities

and would be engaged in the business of offering reinsurance capacity to ceding insurers and may also foray into directly underwriting insurance contracts, subject to receipt of necessary approvals. It would initially offer reinsurance capacity in the UAE and subsequently expand to other jurisdictions, using either of the aforesaid business models.

The Company has won over 25 awards year to date across technology, strategy, digital solutions, financial reporting and brand value etc.

About HDFC Life

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. Customers have the added advantage of customizing plans, by adding optional benefits called riders, at a nominal price. As on December 31, 2015, the Company had 30 individual and 8 group products in its portfolio, along with 10 optional rider benefits catering to a diverse range of customer needs.

HDFC Life continues to benefit from having a wide reach with 402 HDFC Life offices in India and 8,000+ distributor touch-points. The Company has a strong base of Financial Consultants. The Company has also recently completed incorporation of its wholly owned subsidiary in Dubai to offer reinsurance services.

HDFC Life is a joint venture between HDFC Ltd., India's leading housing finance institution and Standard Life, a global long term investment savings player. Currently HDFC holds 70.65% and Standard Life holds 26.00% of equity in the joint venture, while the rest is held by others. On August 14, 2015 HDFC Ltd. has entered into a share sale agreement with Standard Life to sell a 9.00% stake in HDFC Life to the latter. The transaction is subject to receipt of regulatory approvals. Post the completion of the above transaction, HDFC will hold 61.65% stake in HDFC Life and Standard Life's stake will increase to 35.00%, with rest to be held by others.

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