



News release

October 25, 2016

1. Performance Review: Half year ended September 30, 2016

- 17.0% year on year growth in APE¹; protection APE increased by 132.7% and savings APE increased by 14.4%
- Overall market share of 12.4% and private market share of 24.2% based on RWRP²
- Value of New Business (VNB) at ₹ 2.44 billion; VNB margin increased from 8.0% for FY2016 to 9.4% for H1-FY2017
- Indian Embedded Value (IEV) at ₹ 148.38 billion
- 13th month persistency³ 82.1%⁴
- Cost to TWRP ratio⁵ at 17.1%
- Profit after tax (PAT) for H1-FY2017 stood at ₹ 8.24 billion
- Interim dividend of ₹ 1.75 per share including Special dividend of ₹ 0.65 per share

2. Operating Review:

(₹ in billion)

| ₹ billion | FY2015 | FY2016 | H1-FY2016 | H1-FY2017 | Growth YoY |
|-------------------------------------|----------|----------|-----------|--------------------|------------|
| APE ¹ | 47.44 | 51.70 | 22.34 | 26.13 | 17.0% |
| -Savings | 46.68 | 50.31 | 21.85 | 24.99 | 14.4% |
| -Protection | 0.76 | 1.39 | 0.49 | 1.14 | 132.7% |
| RWRP ² | 45.96 | 49.68 | 21.18 | 24.80 | 17.1% |
| 13th month persistency ³ | 79.0% | 82.4% | 81.0% | 82.1% ⁴ | NA |
| 49th month persistency ³ | 54.4% | 62.2% | 77.8% | 61.1% ⁴ | NA |
| Assets under management | 1,001.83 | 1,039.39 | 991.27 | 1,128.27 | 13.8% |
| Cost | 22.50 | 25.45 | 11.96 | 14.25 | 19.1% |
| Cost/ TWRP ⁵ | 15.4% | 14.5% | 16.7% | 17.1% | NA |
| Profit after tax (PAT) | 16.34 | 16.50 | 8.12 | 8.24 | 1.5% |

1. Annualized premium equivalent

2. Retail weighted received premium

3. As per IRDA circular dated January 23, 2014

4. For policies issued during September to August period of relevant year measured as on September 30, 2016.

5. Cost/ Total weighted received premium



- Value of New Business and Indian Embedded Value

| ₹ billion | FY2016 | H1-FY2017 |
|-----------------------------|-------------------|-------------------|
| Value of new business (VNB) | 4.12 ¹ | 2.44 ² |
| VNB Margin (%) | 8.0% ¹ | 9.4% ² |
| Indian Embedded Value (IEV) | 139.39 | 148.38 |

1. VNB and VNB margin based on actual cost

2. VNB and VNB margin based on management forecast of cost for FY2017

- **New business growth and market share**

ICICI Prudential Life registered a year on year growth of 17.1% in retail weighted received premium (RWRP) for H1-FY2017.

The Company has been consistent in retaining its market leadership position amongst private players. In H1-FY2017, the Company achieved a private market share¹ of 24.2% and overall market share of 12.4%.

- **Product mix**

The Company offers a range of products across protection, savings and investments category to meet the specific needs of the customer. During H1-FY2017, the protection business in terms of APE recorded a growth of 132.7% rising from ₹ 0.49 billion in H1-FY2016 to ₹ 1.14 billion in H1-FY2017.

- **Persistency**

The Company has strong focus on improving the quality of business and customer retention which is reflected in our best in class 13th month persistency ratios. Our 13th month persistency has improved from 81.0% for H1-FY2016 to 82.1% in H1-FY2017.

- **Cost efficiency**

The cost to TWRP ratio stood at 17.1% in H1-FY2017 compared to 16.7% in H1-FY2016. The marginal increase in cost ratio was due to increased emphasis on protection business and continued focus on building distribution.

- **Assets under management**

As at September 30, 2016, the total assets under management of the Company was ₹ 1,128.27 billion which makes it one of the largest fund managers in India. As at September 30, 2016 the Company has a debt-equity mix of 45%:55%. Over 90% of the debt investments are in AAA rated and government bonds.

- **Profitability**

The Company's profit after tax was ₹ 8.24 billion for the half year ended September 30, 2016 compared to ₹ 8.12 billion for the half year ended September 30, 2015.

¹ Retail weighted received premium basis; Source: IRDA



Value of New Business (VNB) for H1-FY2017 was ₹ 2.44 billion. The VNB margin increased from 8.0% in FY2016 to 9.4% in H1-FY2017 on account of increase in protection business.

- **Networth and capital position**

Company's networth was ₹ 58.37 billion as at September 30, 2016. The solvency ratio was 305.9% against regulatory requirement of 150%.

3. Review of financial performance:

Summary Standalone Revenue and Profit & Loss Account

(₹ in billion)

| Particulars | Three months ended | | | Six months ended | | Year Ended March 31, 2016 |
|--|--------------------|---------------|--------------------|--------------------|--------------------|---------------------------|
| | September 30, 2016 | June 30, 2016 | September 30, 2015 | September 30, 2016 | September 30, 2015 | |
| Premium earned | 54.69 | 35.60 | 52.05 | 90.29 | 83.19 | 191.64 |
| Premium on reinsurance ceded | (0.46) | (0.51) | (0.44) | (0.98) | (0.83) | (1.65) |
| Net premium earned | 54.23 | 35.09 | 51.61 | 89.31 | 82.36 | 189.99 |
| Investment income ¹ | 38.36 | 55.51 | (3.83) | 93.88 | (1.30) | 17.91 |
| Other income | 0.16 | 0.14 | 0.05 | 0.30 | 0.10 | 0.21 |
| Total income | 92.75 | 90.74 | 47.83 | 183.49 | 81.16 | 208.11 |
| Commission paid | 1.83 | 1.26 | 1.55 | 3.09 | 2.54 | 6.20 |
| Expenses ² | 6.59 | 6.53 | 5.84 | 13.12 | 11.03 | 22.71 |
| Tax on policyholders fund | 0.36 | - | 0.02 | 0.36 | 0.04 | 0.70 |
| Claims/benefits paid | 41.70 | 29.28 | 33.09 | 70.98 | 66.21 | 124.27 |
| Change in actuarial liability ³ | 37.92 | 49.34 | 3.06 | 87.26 | (7.21) | 36.51 |
| Total Outgo | 88.40 | 86.41 | 43.56 | 174.81 | 72.61 | 190.39 |
| Profit before tax | 4.35 | 4.33 | 4.27 | 8.68 | 8.55 | 17.72 |
| Tax charge | 0.16 | 0.28 | 0.12 | 0.44 | 0.43 | 1.22 |
| Profit after tax | 4.19 | 4.05 | 4.15 | 8.24 | 8.12 | 16.50 |

1. Net of provision for diminution in value of investments

2. Includes Provisions for doubtful debts (including write off) and service tax on linked charges

3. Includes movement in Funds for Future Appropriation



Profit after tax increased from ₹ 8.12 billion in H1-FY2016 to ₹ 8.24 billion in H1-FY2017 primarily due to increase in net premium earned with higher investment income and offset, in part, by increase in expenses and policyholder liabilities. The performance highlights for H1-FY2017 are given below:

- Net premium earned (gross premium less reinsurance premium) increased by 8.4% from ₹ 82.36 billion in H1-FY2016 to ₹ 89.31 billion in H1-FY2017. Retail renewal premium increased by 19.9% from ₹ 47.53 billion in H1-FY2016 to ₹ 56.99 billion in H1-FY2017. Retail new business premium increased by 21.7% from ₹ 22.89 billion in H1-FY2016 to ₹ 27.84 billion in H1-FY2017. Group premium decreased from ₹ 12.77 billion in H1-FY2016 to ₹ 5.46 billion in H1-FY2017.
- Total investment income for H1-FY2017 comprised ₹ 81.36 billion (H1-FY2016 - ₹ (12.21) billion) under the unit linked funds and ₹ 12.52 billion (H1-FY2016 - ₹ 10.91 billion) under the non-unit funds. Investment income under unit funds is offset by an equivalent change in policyholder liability and is profit neutral. Non unit investment income increased by 14.7 % from ₹ 10.91 billion in H1-FY2016 to ₹ 12.52 billion in H1-FY2017 primarily on account of increase in interest income which is backed by corresponding increase in interest earning assets.
- Commission expense increased by 21.4% from ₹ 2.54 billion in H1-FY2016 to ₹ 3.09 billion in H1-FY2017. New Business Commission has increased from ₹ 1.56 billion in H1-FY2016 to ₹ 1.94 billion in H1-FY2017. Renewal Commission has increased from ₹ 0.98 billion in H1-FY2016 to ₹ 1.15 billion in H1-FY2017. The increase in commission expense is broadly in line with increase in premium.
- Operating expenses increased by 18.9% from ₹ 11.03 billion in H1-FY2016 to ₹ 13.12 billion in H1-FY2017 in line with growth in retail business and reflects increased emphasis on protection business and continued focus on building distribution.
- Claims and benefit payouts increased by 7.2% from ₹ 66.21 billion in H1-FY2016 to ₹ 70.98 billion in H1-FY2017 primarily on account of increase in maturity claims from ₹ 2.15 billion in H1-FY2016 to ₹ 5.49 billion in H1-FY2017.
- Change in actuarial liability, including funds for future appropriation, increased from ₹ (7.21) billion in H1-FY2016 to ₹ 87.26 billion in H1-FY2017. Fund reserve, which represents liability carried on account of units held by unit linked policyholders, decreased by ₹ 16.70 billion in H1-FY2016 as compared to an increase of ₹ 66.49 billion in H1-FY2017. The increase in fund reserves is primarily due to a direct offset of an increase in investment income net of benefit outgo in the linked funds. Non-unit reserve increased by ₹ 9.66 billion in H1-FY2016 as compared to an increase of ₹ 20.98 billion in H1-FY2017 reflecting broadly the increase in premium and investment income net of benefit outgo.



- Provision for tax marginally increased from ₹ 0.43 billion in H1-FY2016 to ₹ 0.44 billion in H1-FY2017.

About ICICI Prudential life insurance

ICICI Prudential Life Insurance Company Ltd. (ICICI Prudential Life) is a joint venture between ICICI Bank Ltd., one of India's largest private sector banks, and Prudential Corporation Holdings Limited a leading international financial services group headquartered in United Kingdom.

ICICI Prudential Life was amongst the first private sector insurance companies to begin operations in December 2000. ICICI Prudential Life has maintained its leadership position on a retail weighted received premium basis (RWRP) among private life insurers. The Company offers products across the categories of Protection, Savings and Investments that fulfill the different life stage needs of customers

ICICI Prudential Life is the first private life insurance company to scale the Rs.1 trillion mark for AUM and as on September 30, 2016 had an AUM of ₹ 1,128.27 billion.

ICICI Prudential Life is the first insurance company in India to be listed on NSE and BSE.

Disclaimer

Except for the historical information contained herein, statements in this release which contain words or phrases such as 'will', '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, opportunities and growth potential to differ materially from those suggested by the forward-looking statements. These risks and uncertainties include, but are not limited to, the actual growth in demand for insurance and other financial products and services in the countries that we operate or where a material number of our customers reside, our ability to successfully implement our strategy, including our use of the Internet and other technology our exploration of merger and acquisition opportunities, our ability to integrate mergers or acquisitions into our operations and manage the risks associated with such acquisitions to achieve our strategic and financial objectives, our growth and expansion in domestic and overseas markets, technological changes, our ability to market new products, the outcome of any legal, tax or regulatory proceedings in India and in other jurisdictions we are or become a party to, the future impact of new accounting standards, our ability to implement our dividend policy, the impact of changes in insurance regulations and other regulatory changes in India and other jurisdictions on us. ICICI Prudential Life insurance undertakes no obligation to update forward-looking statements to reflect events or circumstances after the date thereof.

This release does not constitute an offer of securities.



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1 billion = 100 crore