

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

- New Business Premium increased by 30%
- Protection New Business Premium increased by 142%
- Unit linked New Business Premium increased by 15%
- Individual Rated Premium increased by 11%
- Profit after tax increased by 12% to ` 6.0 billion
- Value of New Business (VoNB) increased by 21.8%
- VoNB margin increased to 17.3% and on effective tax rate basis is at 19.2%
- Indian Embedded Value (IEV) increased by 10.1% to ` 199.1 billion

### Key measures of performance

(` in billion)

Particulars	H1 FY 2019	H1 FY 2018	YoY	FY 2018	FY 2017	YoY
<b>Revenue Parameters</b>						
New Business Premium (NBP)	55.7	42.9	29.9%	109.7	101.4	8.1%
Renewal Premium (RP)	68.7	49.6	38.6%	143.9	108.7	32.3%
<b>Gross Written Premium (GWP)</b>	<b>124.4</b>	<b>92.5</b>	<b>34.6%</b>	<b>253.5</b>	<b>210.2</b>	<b>20.6%</b>
Individual Rated Premium (IRP)	34.1	30.6	11.4%	77.9	59.4	31.2%
New Business Annualized Premium Equivalent (APE)	37.0	33.8	9.6%	85.4	67.3	26.9%
Total Protection NBP (Individual + Group)	5.9	2.4	141.7%	6.0	4.9	23.1%
Total Protection NBP Share	10.5%	5.6%	-	5.5%	4.8%	-
Private Market Share based on IRP <sup>1</sup>	21.9%	21.8%	-	21.8%	20.7%	-
NBP Channel mix (%) (Banca/ Agency / others)	61/21/18	66/25/9	-	62/25/13	53/22/25	-
<b>Financial Parameters</b>						
Profit after Tax (PAT)	6.0	5.4	12.2%	11.5	9.5	20.5%
Indian Embedded Value (IEV) <sup>2</sup>	199.1	180.8	10.1%	190.7	165.4	15.3%

Particulars	H1 FY 2019	H1 FY 2018	YoY	FY 2018	FY 2017	YoY
Value of New Business (VoNB)	6.4	5.3	21.8%	13.9	10.4	33.6%
New Business Margin (VoNB Margin)	17.3%	15.6%	-	16.2%	15.4%	-
Net Worth	70.9	61.8	14.7%	65.3	55.5	17.6%
Assets under Management (AuM)	1,261.7	1,050.7	20.1%	1,162.6	977.4	19.0%
<b>IEV and VoNB Margin using effective tax rate<sup>6</sup></b>						
Indian Embedded Value (IEV) <sup>2</sup>	211.7	NA	-	201.7	NA	-
Value of New Business (VoNB)	7.1	NA	-	15.7	NA	-
New Business Margin (VoNB Margin)	19.2%	NA	-	18.4%	NA	-
<b>Key Financial Ratios</b>						
Operating expense ratio <sup>3</sup>	7.8%	8.6%	-	6.8%	7.8%	-
Commission ratio	4.1%	4.7%	-	4.4%	3.7%	-
Total cost ratio <sup>4</sup>	12.0%	13.3%	-	11.2%	11.6%	-
Persistency Ratios (based on premium) <sup>5</sup>						
13 <sup>th</sup> month persistency	83.2%	81.3%	-	83.03%	81.07%	-
25 <sup>th</sup> month persistency	74.8%	74.5%	-	75.18%	73.86%	-
37 <sup>th</sup> month persistency	71.0%	67.8%	-	70.02%	67.36%	-
49 <sup>th</sup> month persistency	64.4%	63.1%	-	63.85%	62.46%	-
61 <sup>st</sup> month persistency	57.5%	62.1%	-	58.43%	67.18%	-
Solvency Ratio	2.21	2.09	-	2.06	2.04	-
Return on Equity (RoE)	17.8%	18.4%	-	19.0%	18.6%	-

1. Source: Life insurance council

2. Embedded Value and related numbers for FY17, FY18 and H1FY 19 have been reviewed by Independent Actuary. H1FY 18 numbers are based on management estimates

3. Operating expense ratio = Operating expenses / Gross Written Premium (GWP)

4. Total cost ratio = (Operating expenses + Commission + Provision for doubtful debt and bad debt written off) /GWP

5. The persistency ratios are calculated as per IRDA/ACT/CIR/MISC/035/01/2014 circular dated 23rd January 2014. Single Premium and Fully Paid-Up policies are considered in above calculation. Group Business where persistency is measurable is included. Persistency Ratios for the period ended September 30, 2018 and September 30, 2017 are 'Upto the Quarter' Persistency Ratios are calculated using policies issued in September to August period of the relevant years

6. Effective tax rate assumes that a proportion of the projected profits are tax exempt on account of tax deductions available on income from dividends and tax free bonds.

7. NA – Not available

N.B: Refer the section on definitions, abbreviations and explanatory notes

**The Board of Directors of SBI Life Insurance Company Limited approved and adopted its audited financial results for the half year ended September 30, 2018, following its meeting on Friday, October 19, 2018 in Mumbai. The disclosure of financial results submitted to exchanges is annexed to this release.**

### **Business growth and market share**

- New Business Premium (NBP) has increased by 29.9% from ` 42.9 billion in H1 FY 2018 to ` 55.7 billion in H1 FY 2019.
- Individual rated premium (IRP) has increased by 11.4% from ` 30.6 billion in H1 FY 2018 to ` 34.1 billion in H1 FY 2019.
- Individual New Business Premium has shown consistent growth and is increased by 11.6% from ` 33.3 billion in H1 FY 2018 to ` 37.2 billion in H1 FY 2019.
- Individual unit linked New Business Premium has increased by 15.0% from ` 23.8 billion in H1 FY 2018 to ` 27.4 billion in H1 FY 2019.
- The Company has registered growth in savings and protection business reflecting balanced product mix. Total protection new business premium has increased by 141.7% from ` 2.4 billion in H1 FY 2018 to ` 5.9 billion in H1 FY 2019. The share of total protection NBP (individual and group) has increased from 5.6% in H1 FY 2018 to 10.5% in H1 FY 2019.
- New Business APE increased by 9.6% in H1 FY 2019 to ` 37.0 billion from ` 33.8 billion for the same period last year.
- Robust growth in GWP of 34.6% to ` 124.4 billion in H1 FY 2019, due to strong growth in individual renewal premium by 42.0% to ` 63.62 billion and also due to increase in group single premium by 130.8% from ` 7.8 billion to ` 18.0 billion.

### **Cost Efficiency**

- Total Cost ratio has decreased to 12.0% in H1 FY 2019, from 13.3% in H1 FY 2018
  - Commission ratio has decreased to 4.1% in H1 FY 2019, from 4.7% in H1 FY 2018
  - Operating Expense ratio stood at 7.8% in H1 FY 2019 as against 8.6% in H1 FY 2018

### **Profitability**

- Value of New Business (VoNB) increased by 21.8% to ` 6.4 billion in H1 FY 2019
- VoNB margin increased by 170 bps from 15.6 % in H1 FY2018 to 17.3% in H1 FY 2019
- Value of New Business (VoNB) stood at ` 7.1 billion for H1 FY2019 (with effective tax rate)
- VoNB margin increased from 18.4 % for FY2018 to 19.2% for H1 FY2019 (with effective tax rate)
- PAT increased by 12.2% from ` 5.4 billion in H1 FY 2018 to ` 6.0 billion in H1 FY 2019

### **Persistency**

- Robust 13<sup>th</sup> month persistency of 83.2% in H1 FY2019 as compared to 81.3% in H1 FY 2018
- Strong growth in 37<sup>th</sup> month persistency ratio from 67.8% in H1 FY 2018 to 71.0% in H1 FY 2019

### **Assets under Management**

- AuM has grown by 20.1% from ` 1,050.7 billion as of September 30, 2017 to ` 1,261.7 billion as of September 30, 2018 with debt-equity mix of 77:23. 90% of the debt investments are in AAA and Sovereign instruments.

### **Net worth and capital position**

- The Company's net worth increased by 14.7% from ` 61.8 billion as at September 30, 2017 to ` 70.9 billion as at September 30, 2018.
- The solvency ratio as at September 30, 2018 was at 2.21 as against the regulatory requirement of 1.50.
- Return on Equity (RoE) of 17.8% in H1 FY 2019 as compared to 18.4% in H1 FY 2018.

### **Distribution network**

- The Company has strong distribution network of 169,662 trained insurance professional and widespread operations with 848 offices across country.
- The Company has diversified distribution network comprising of strong bancassurance channel, agency channel and others comprising of corporate agents, brokers, micro agents, common service centres, insurance marketing firms, web aggregators and direct business. NBP channel mix for H1 FY 2019 is bancassurance channel 61%, agency channel 21%, and other channels 18%.

### **Definitions, abbreviations and explanatory notes**

- **New Business Premium (NBP):** Insurance premium that is due in the first policy year of a life insurance contract or a single lump sum payment from the policyholder
- **New Business Annualized Premium Equivalent (APE):** The sum of annualized first year premiums on regular premium policies, and 10% of single premiums, written by the Company during the fiscal year from both retail and group customers

- **Individual Rated Premium (IRP):** New business premiums written by the Company under individual products and weighted at the rate of 10% for single premiums
- **Renewal Premium:** Life insurance premiums falling due in the years subsequent to the first year of the policy
- **Embedded Value:** The measure of the consolidated value of shareholders' interest in the covered life insurance business, which is all life insurance business written by the Company since inception and in-force as on the valuation date (including lapsed business which have the potential of getting revived). The Embedded Value of the Company has been determined on the basis of the Indian Embedded Value (IEV) Methodology calculated as per APS 10 set forth by the Institute of Actuaries of India (IAI)
- **Value of New Business (VoNB):** VoNB is the present value of expected future earnings from new policies written during a specified period and it reflects the additional value to shareholders expected to be generated through the activity of writing new policies during a specified period.
- **Value of New Business Margin / VoNB Margin:** VoNB Margin is the ratio of VoNB to New Business Annualized Premium Equivalent for a specified period and is a measure of the expected profitability of new business
- **Solvency Ratio:** Solvency ratio means ratio of the amount of Available Solvency Margin to the amount of Required Solvency Margin as specified in form-KT-3 of IRDAI Actuarial Report and Abstracts for Life Insurance Business Regulations
- **Net worth:** Net worth represents the shareholders' funds and is computed as sum of share capital and reserves including share premium, share application money and fair value change account net of debit balance in profit and loss account

### **About SBI Life Insurance**

SBI Life Insurance Company Limited ("SBI Life"/ "the Company"), established in 2001, is a joint venture between State Bank of India and BNP Paribas Cardif S.A. and is one of the leading life Insurance companies in India. SBI Life has an authorized capital of ` 20.0 billion and a paid up capital of ` 10.0 billion.

SBI Life offers a comprehensive range of life insurance and pension products at competitive prices, ensuring high standards of customer service and world class operating efficiency. The Company offers individual and group products which include savings and protection plans to address the insurance needs of diverse customer segments.

SBI Life has a multi-channel distribution network comprising of an expansive Bancassurance channel with SBI, which has an unrivalled strength of over 22,000 branches across the country. SBI Life also has a large and productive agent network comprising of 113,045 agents, as on September 30, 2018. The Company's other distribution channels include direct sales and sales through corporate agents, brokers, insurance marketing firms and other intermediaries. As on September 30, 2018, the Company has a widespread

network of 848 offices across the Country to address customer needs effectively and efficiently. The Company had an AuM of ` 1,261.7 billion as of September 30, 2018.

The Company is listed on National Stock Exchange (“NSE”) and The Bombay Stock Exchange (“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. SBI Life Insurance Company Limited 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)