

Max Financial Services Investor Release

Quarter ended June 2016

Disclaimer

This release is a compilation of financial and other information all of which has not been subjected to audit and is not a statutory release. This may also contain statements that are forward looking. These statements are based on current expectations and assumptions that are subject to risks and uncertainties. Actual results could differ materially from our expectations and assumptions. We do not undertake any responsibility to update any forward looking statements nor should this be constituted as a guidance of future performance.

- MFS Board approved the composite scheme of arrangement, the share exchange ratios and execution of definitive agreements, which inter alia contemplates
 - a) Merger of its subsidiary, Max Life Insurance Company Limited with itself (with a share exchange ratio of 1 share of the MFS for approx. 5 shares held in Max Life for shareholders other than the MFS);
 - b) Demerger of the life insurance undertaking of the MFS and merger of the said undertaking with HDFC Standard Life Insurance Company Limited (share exchange ratio of approx. 7 shares of HDFC Life for every 3 shares held in the MFS); and
 - c) Merger of the Company (holding the non-life insurance business) with Max India Limited (with a share exchange ratio of 1 share of Max India Limited for 500 shares held in the Company).

The proposed transaction shall be subject to receipt of all relevant shareholder, regulatory, corporate and third party approvals, if any.

Merger will transform the life insurance space in India and will create India's largest Private Life Insurer

- Combined premiums over Rs 25,000 Cr
- Market share among private life insurers 24%
- Profits of nearly Rs 1,300 Cr
- Assets under management of over Rs 1.1 Lac Cr
- Nearly 7 Million Customers
- Distribution strength of two of the India's largest banks, HDFC Bank & Axis Bank
- Combined strength of over 1.25 lakh agents
- Solvency surplus of Rs 2,600 Cr+
- Balanced product mix between UL & Traditional
- Delivers attractive value proposition for HDFC Life and Max Group shareholders, with significant operating leverage and synergies
- Policyholders to benefit from enhanced product portfolio and touch points

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Q1'FY17 Group revenue* at Rs 2,242 Cr, grows 17% y-o-y

2

Q1'FY17 Group PBT at Rs 138 Cr, grows 29% y-o-y

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Industry Overview

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Max Life Overview

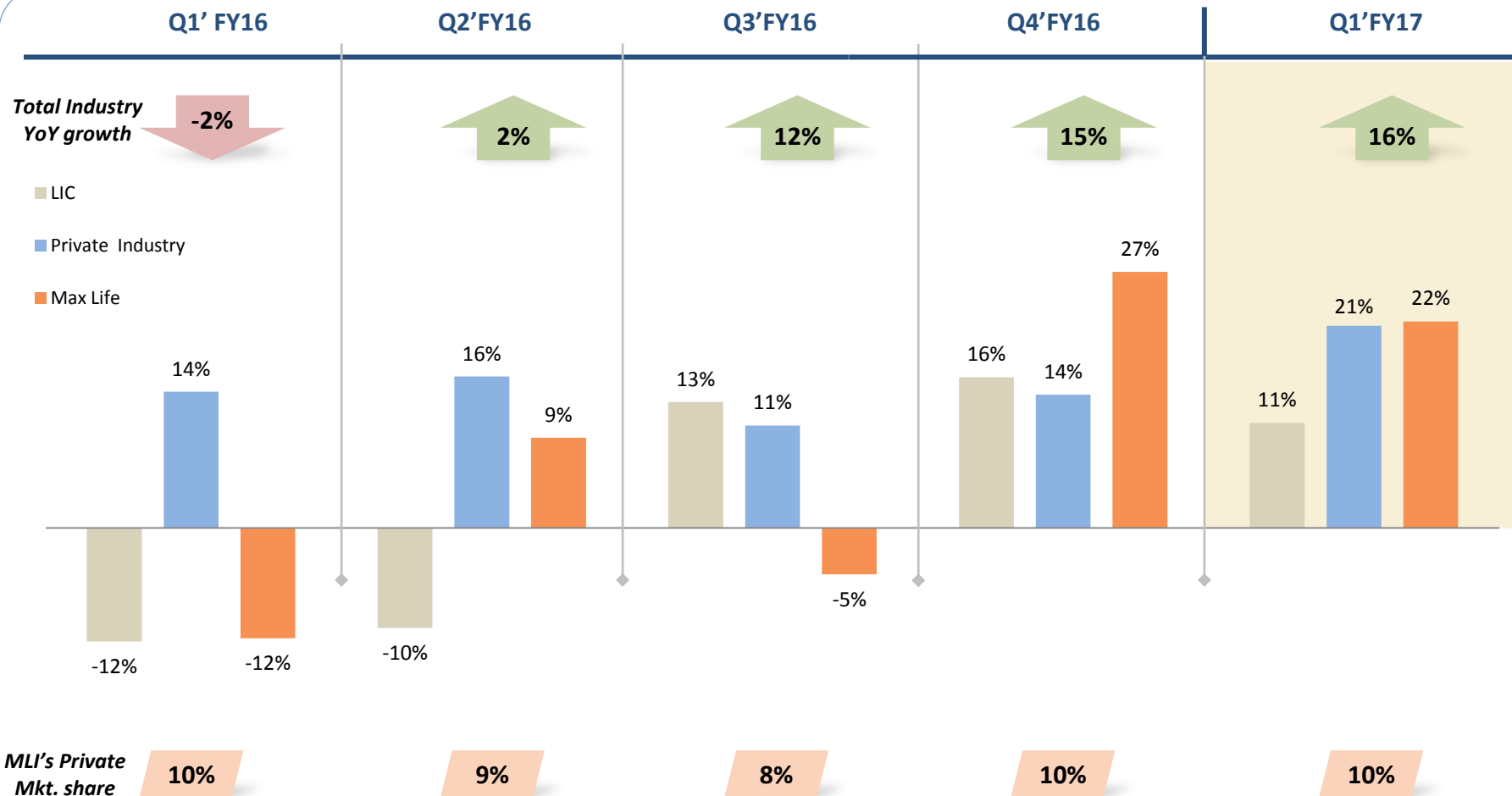
3

Financial Performance

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Awards and Accolades

YoY growth Individual Adjusted FYP (in Rs Cr)



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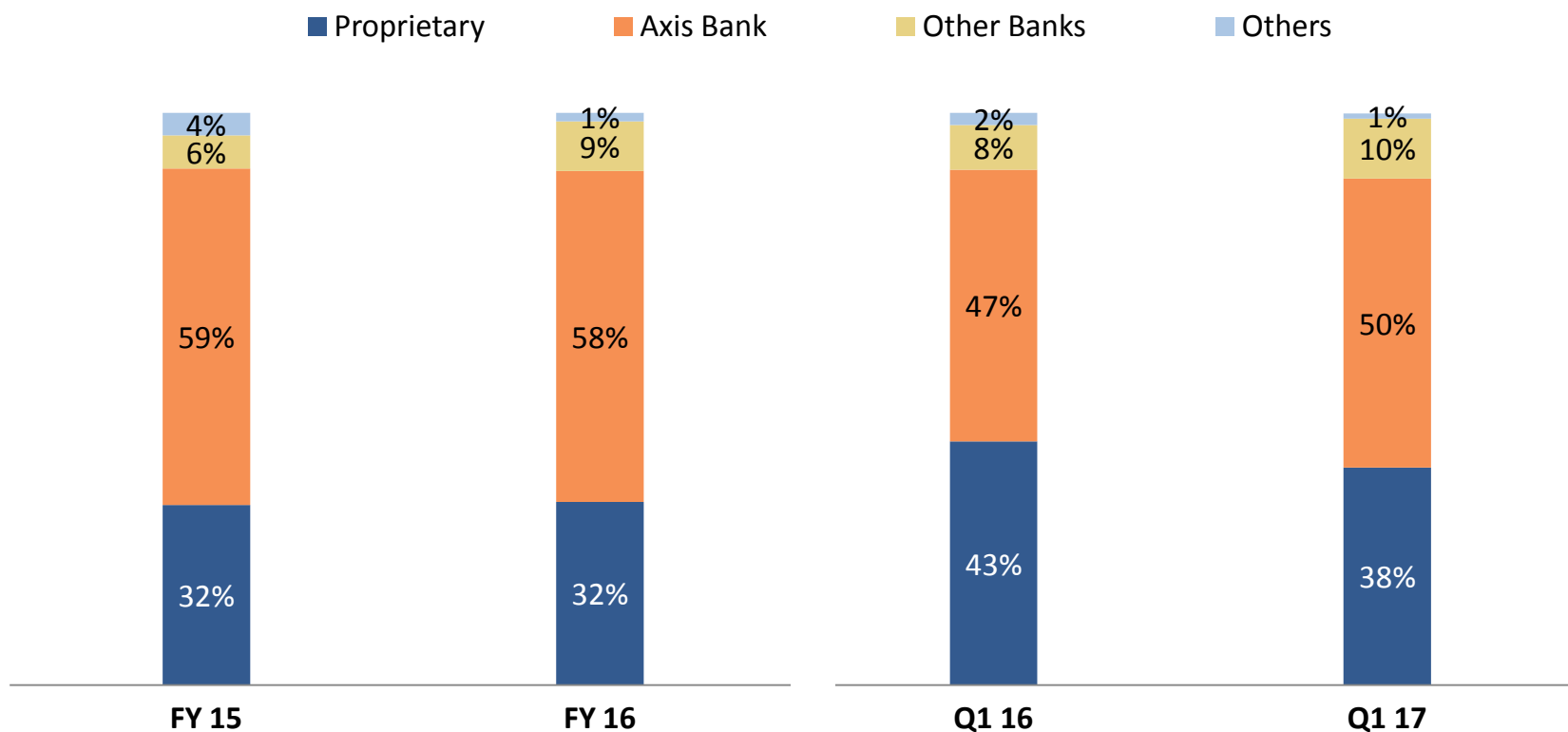
Financial Performance

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Awards and Accolades

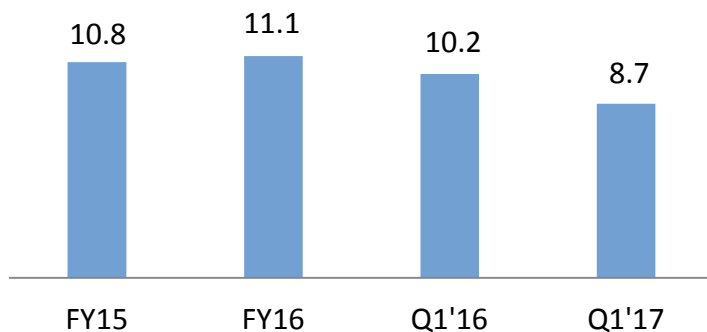
- 1 Comprehensive multi-channel distribution model with highly efficient and productive agency channel and strong Banca relationships
- 2 Balanced product mix with focus on long term saving and protection proposition
- 3 Superior customer outcomes and retention
- 4 Strong digital footprints
- 5 Superior financial performance with profitable growth

Supported by eminent Board, strong management team and robust governance framework

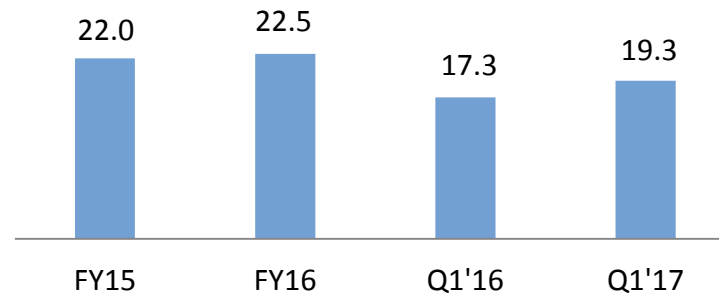


Highly efficient and productive agency channel with focus on quality of advice

Agent productivity (Rs '000 pm)

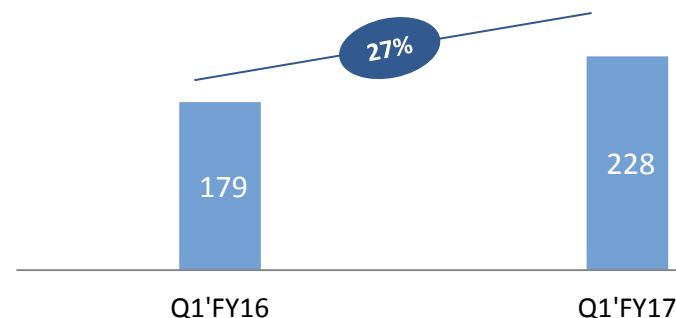
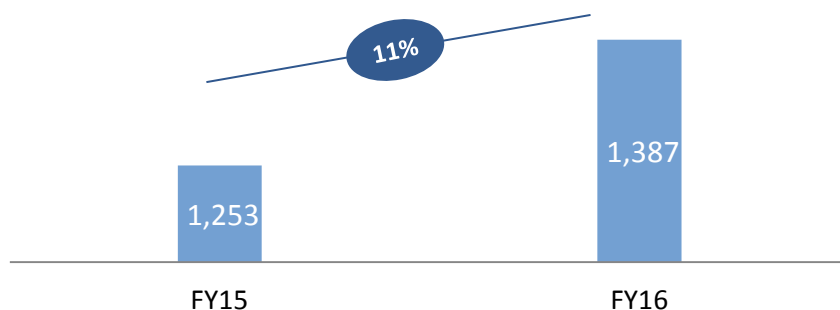


Branch productivity (Rs Lakhs pm)

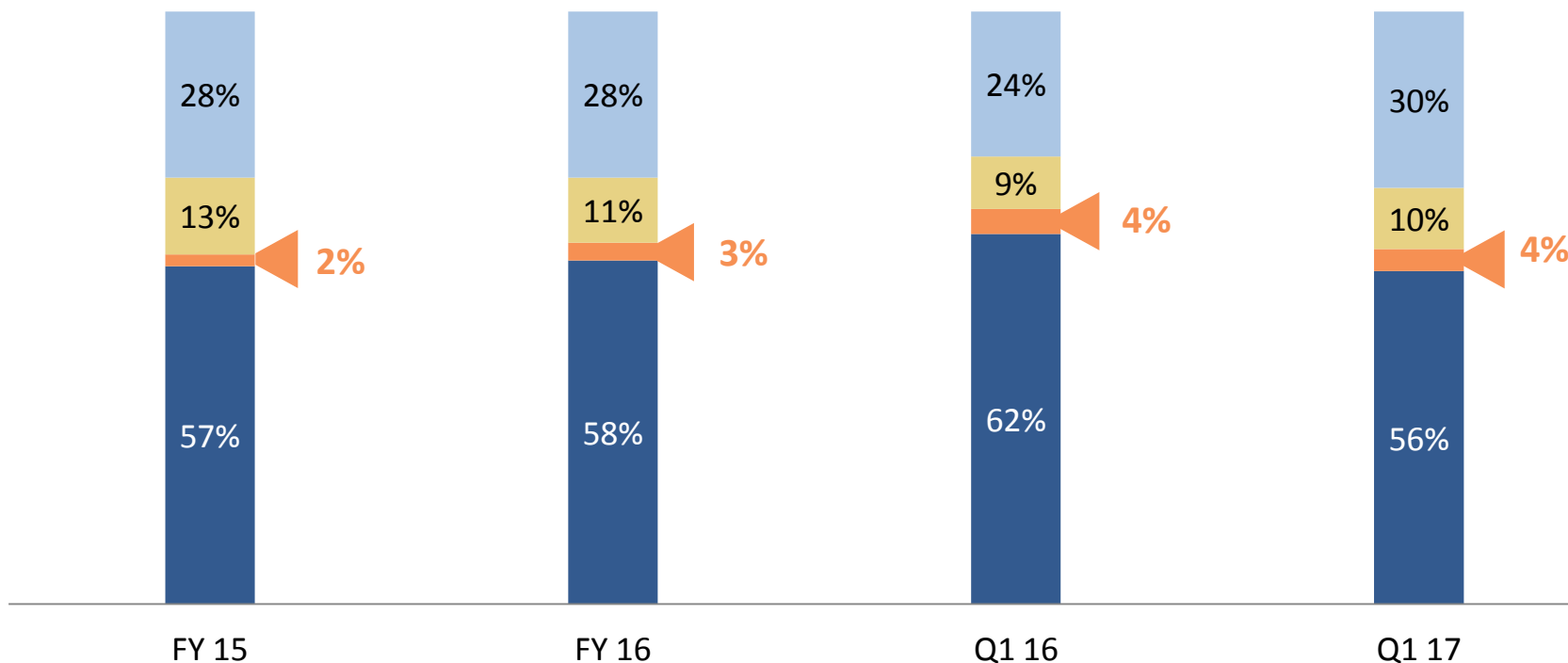


Strong Banca relationship with consistent growth

Ind. Adj. FYP (Rs. Cr)



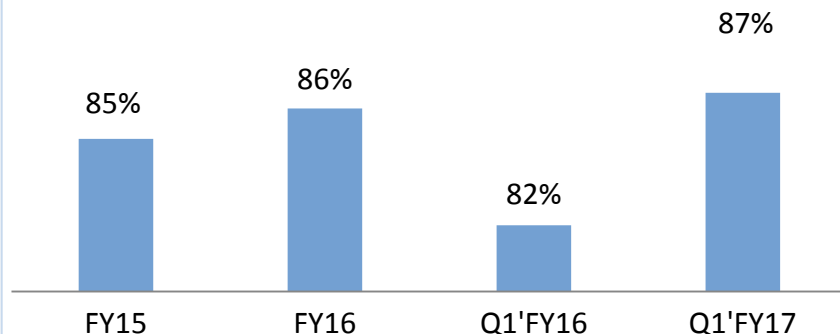
■ PAR ■ Non PAR- Protection ■ Non PAR- Savings ■ ULIP





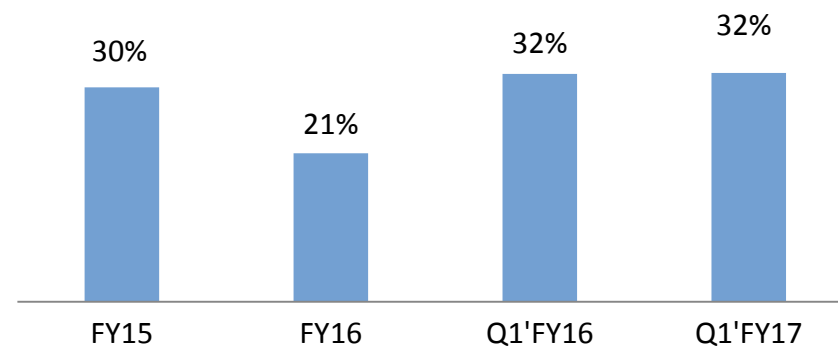
High quality business franchise

Conservation Ratio



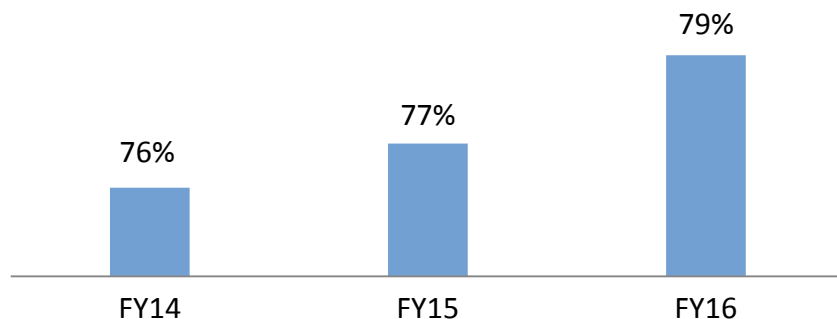
Improving retention capabilities

Surrender to GWP

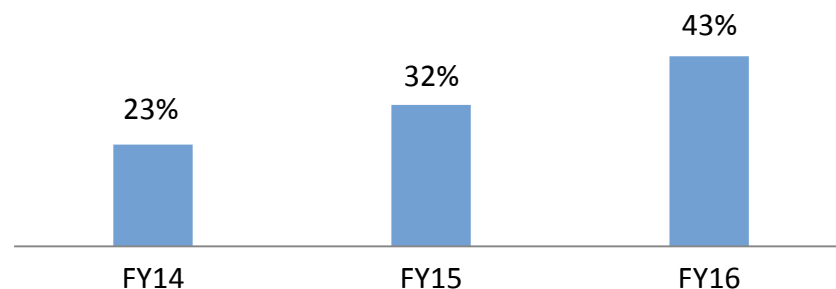


Continuous improvement in persistency*

13th month Persistency Ratio



61st month Persistency Ratio



Digital Marketing and E Commerce

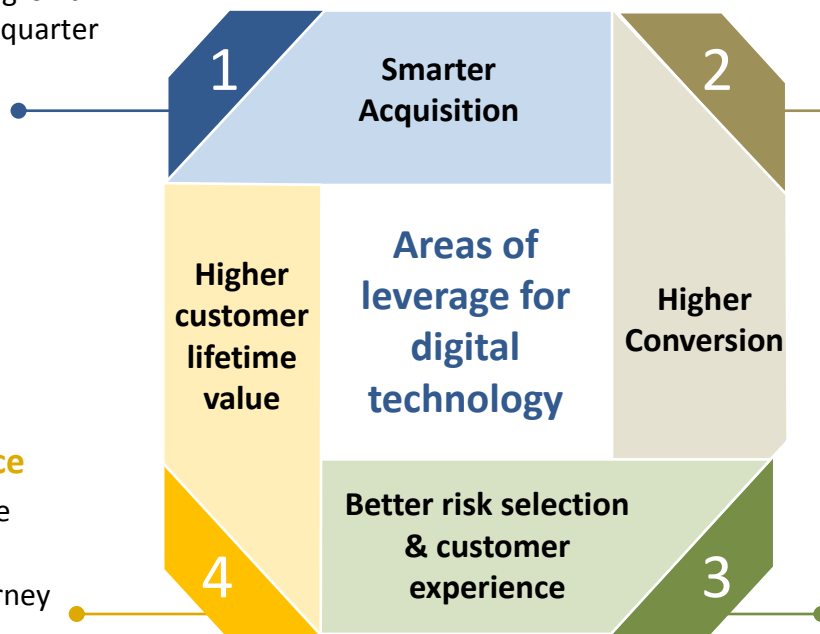
- E-commerce sales in Q1 grew by 32% YoY, which was 2X of industry growth and was the highest sales in a quarter

Seller Ecosystem

- Prospecting & solution generation tool gaining confidence of Agency teams
- Several other projects in “Rapid prototyping” mode to enable sales

Transforming Digital Interface

- Improved interface to enhance customer experience
- Personalization basis user journey coupled with analytics driven interactions



Re-imagining Fulfillment

- Seamless fulfillment journey across all distribution channels
- New format is modular, responsive and paperless with functionalities for digital identity and cashless payments

~45% of policies are fulfilled digitally and ~55% of renewals are managed digitally; all of this leads cost efficiency and faster turnaround time

Market Share 9.6% [9.5%]  4%	Individual Sales Rs 384 Cr [Rs 316 Cr]  22%	GWP Rs 1,746 Cr [Rs 1,531 Cr]  14%	AUM Rs 37,701 Cr [Rs 31,973 Cr]  18%
PBT Rs 155 Cr [Rs 118 Cr]  31%	Net Worth Rs 2,159 Cr [Rs 2,147 Cr]  1%	Share Capital 1919 [1919] 	Policyholder Expense Ratio 17.7% [19.8%]  207 bps
Sum Assured 3,27,172 Cr [2,30,460 Cr]  42%	Policies in force (Individual) 37,42,074 [36,57,000]  2%	Solvency Ratio 347% [427%]  Abs. 80%	Case Size 47,363 [34,944]  36%
No. of Employees 9,010 [8,069]  12%	No. of Agents 48,611 [43,183]  13%	Claim Settlement Ratio 93.7% [93.5%]  12 bps	Protection Mix 4% [4%] 

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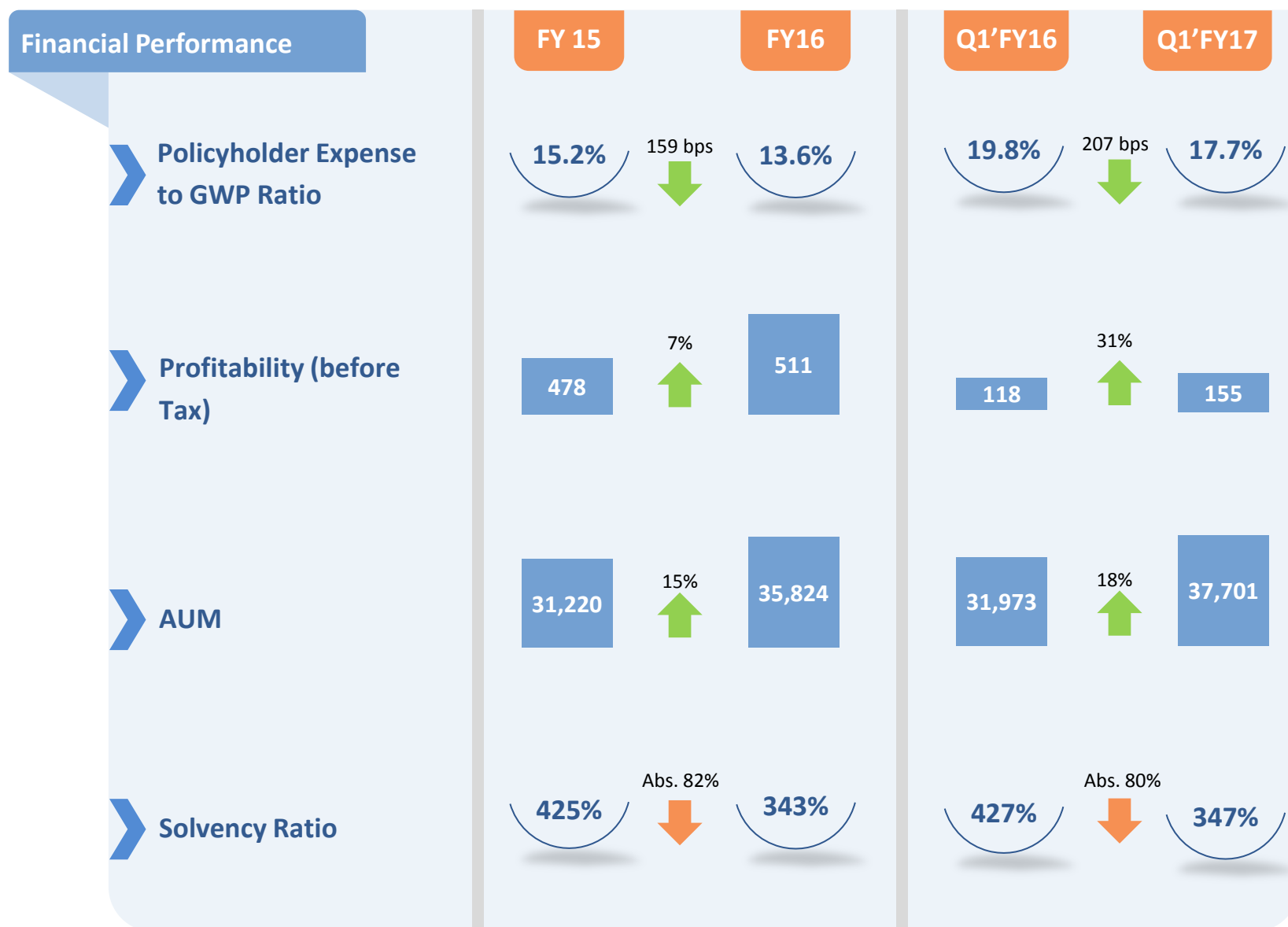
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Awards and Accolades

Financial Performance	FY 15		FY16	Q1'FY16		Q1'FY17
Individual Adj. FYP	1,948	8% ↑	2,103	316	22% ↑	384
New Business Premium	2,573	12% ↑	2,882	460	24% ↑	571
Renewal Premium	5,599	13% ↑	6,334	1,071	10% ↑	1,175
Gross Premium	8,172	13% ↑	9,216	1,531	14% ↑	1,746
Policyholder Expenses	1,241	1% ↑	1,254	303	2% ↑	310



Key Business Drivers	Unit	Quarter Ended		Y-o-Y Growth	Year Ended		Y-o-Y Growth
		June'16	June'15		Mar'16	Mar'15	
a) Individual Adjusted Premium (APE*)	Rs. Crore	384	316	22%	2,103	1,948	8%
b) Gross written premium income	Rs. Crore						
First year premium		382	316	21%	2,083	1,925	8%
Renewal premium		1,175	1,071	10%	6,334	5,599	13%
Single premium		189	144	31%	799	648	23%
Total		1,746	1,531	14%	9,216	8,172	13%
c) Shareholder Profit (Pre Tax)	Rs. Crore	155	118	31%	511	478	7%
d) Policy Holder Expense to Gross Premium (excl Service Tax)	%	17.7%	19.8%	207 bps	13.6%	15.2%	159 bps
e) Conservation ratio	%	86.5%	82.2%	430 bps	85.9%	84.9%	103 bps
f) Average case size (Agency)	Rs.	42,788	32,473	32%	36,746	34,006	8%
g) Case rate per agent per month	No.	0.20	0.31	(35%)	0.33	0.31	6%
h) Number of agents (Agency)	No.	48,611	43,183	13%	45,275	43,505	4%
i) Paid up Capital (incl Share Premium & Capital Reserve)	Rs. Crore				2,013	2,013	-
j) Individual Policies in force	No. Lacs				37.6	36.7	2%
k) Sum insured in force (Individual)	Rs. Crore				194,658	156,109	25%

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Awards and Accolades

1 Setting higher benchmark with every award

- Recognized as “Best BFSI Brand 2016” by Economic Times
- Ranked 46th amongst India's top 100 best companies to work for 2016; featured for the 5th consecutive year
- “India Insurance awards 2016” in the category of E-business leader, Agency Efficiency and Claim Service leader
- IMA’s “India CFO Award 2016” in the category of “Excellence in Cost Management”
- “Asia’s Most Admired Brand 2015-2016 “ in the Insurance category by White Page International, 2016
- Outlook money 2015 “Life Insurance Provider of The Year” award
- Recognized as “India's Most Trusted Brand”, 2015
- “IMC Ramkrishna Bajaj National Quality” award, 2015 in the services category
- ASQ World Conference, 2015 for quality impact story board and use of emerging technology
- “Celent Asia Insurer Asia” award for IT management best practices in developing analytics insights in 2015
- “Indian Insurance” award, 2015 for “Bancassurance Leader” award and “Agency Productivity” award
- “World Finance Best Life Insurance Company”, 2015, India
- 2nd consecutive award for “Best Insurance In House Legal Team of the year” at the “Legal Era”, 2014-15



2 “Industry First” trend setter

- First company to provide freelook period of 15 days to the customer
- First company to start toll free line for agent service
- First life insurance company in India to implement lean methodology of service excellence in service industry
- First Indian life insurance company to start service center at the regional level
- First life insurance company in India to be awarded ISO 9001:2008 certification



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