



Performance update

FY2018

April 24, 2018

Agenda

Indian life insurance

Company strategy and performance

Opportunity

Industry overview

Agenda



Indian life insurance

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Industry overview

Categories of products

Savings	
Linked	<ul style="list-style-type: none"> • Transparent • Choice of asset class • Low charges and minimal lapse risk for customers
Par	<ul style="list-style-type: none"> • Return upside through segment surplus¹ i.e. income net expense/reserve • High lapse risk for customers
Non-Par savings	<ul style="list-style-type: none"> • Guaranteed returns • High lapse risk for customers

Life cover 10 times annual premium similar across savings products

Protection	
Individual life/health	Pure mortality/morbidity risk cover
Credit cover	Pure mortality/morbidity cover to borrowers
Group life	Pure mortality cover for formal/informal groups

4 1. 90% of segment surplus belongs to customers



Saving products: persistency impact

- Significant loss for traditional saving product (Par and Non par) customers in case of discontinuance before the maturity date

Year of surrender	Total Premiums paid	Maximum surrender penalty	
		Unit Linked	Traditional
Year 1	100,000	14,000	100,000
Year 2	200,000	20,000	200,000
Year 3	300,000	27,000	210,000
Year 4	400,000	32,000	200,000
Year 5	500,000	Nil	250,000
Year 6	600,000	Nil	300,000
Year 7	700,000	Nil	350,000

Notes:

1. Unit linked surrender penalty includes average admin charges
2. Actual surrender penalty for non linked could be lower for certain products
3. Assuming policy term greater than 10 years



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Indian life insurance

▶ Company strategy and performance

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Strategy: Market share + profitable growth

Objective

Grow Value of New Business (VNB)

Focus on retail through multi-channel distribution

Customer centric products

Saving opportunity

Protection opportunity

Superior business quality to deliver enhanced customer and shareholder value

Technology as business enabler

FY2018: Key highlights

₹ bn	FY2015	FY2016	FY2017	FY2018	YOY growth	3 year CAGR
Value of New Business (VNB) ¹	2.70	4.12	6.66	12.86	93.1%	68.3%
VNB Margin ¹	5.7%	8.0%	10.1%	16.5%	-	-
APE ²	47.44	51.70	66.25	77.92	17.6%	18.0%
<i>Savings APE</i>	<i>46.68</i>	<i>50.31</i>	<i>63.64</i>	<i>73.45</i>	<i>15.4%</i>	<i>16.3%</i>
<i>Protection APE</i>	<i>0.76</i>	<i>1.39</i>	<i>2.60</i>	<i>4.46</i>	<i>71.5%</i>	<i>80.4%</i>
13 th month persistency ³ (excluding single premium)	78.2%	81.8%	84.7%	86.9% ⁴	-	-
Cost/TWRP (Savings LOB)	14.8%	13.8%	13.3%	11.8%	-	-

VNB growth driven by increase in savings and protection APE, improvement in persistency and cost ratios

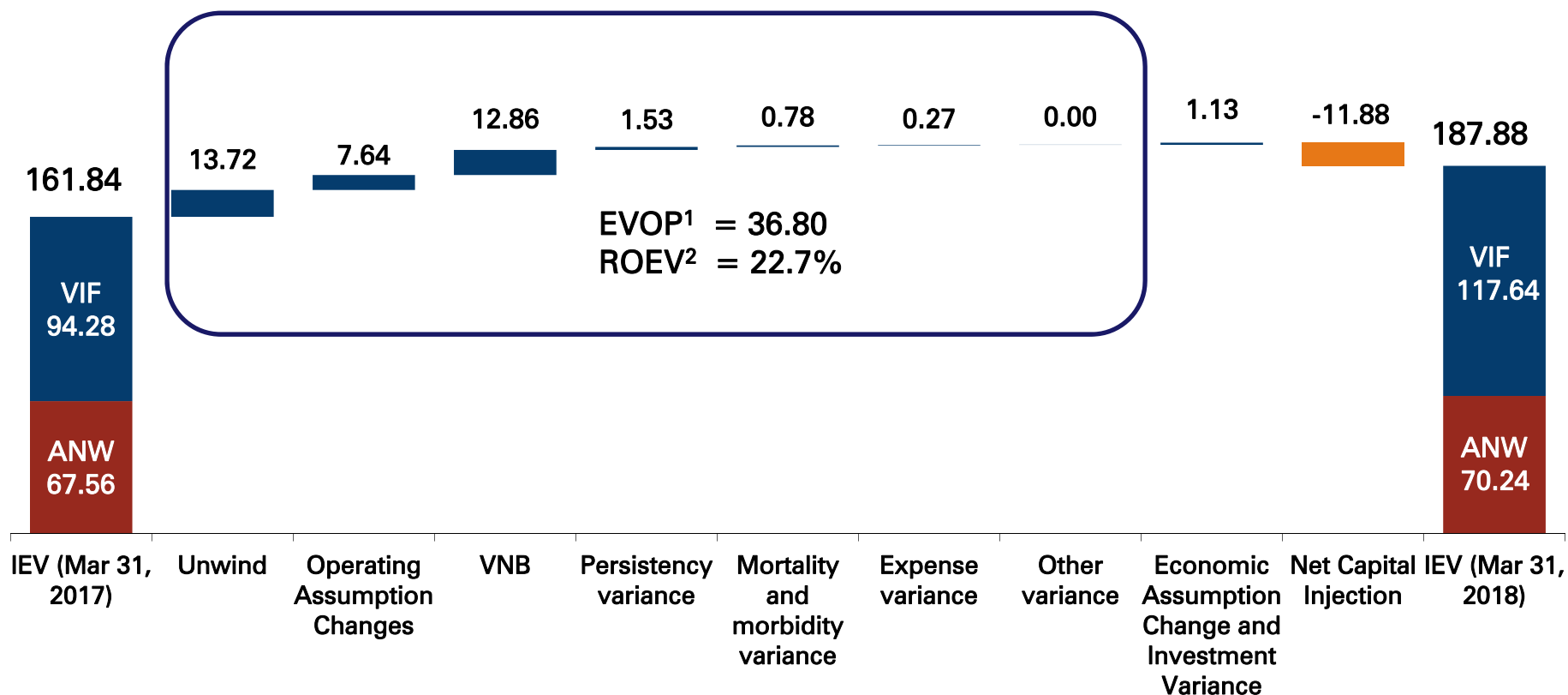
1. Based on actual cost
2. Annualized premium equivalent
3. As per IRDA circular dated January 23, 2014; excluding group and single premium policies
4. 11M-FY2018 persistency

Components may not add up to the totals due to rounding off



Analysis of movement in IEV (FY2018)

₹ bn



1. EVOP is the embedded value operating profit net of tax

2. ROEV is the return on embedded value net of tax

Embedded Value growth

₹ bn	FY2015	FY2016	FY2017	FY2018
Value of In force (VIF)	82.88	84.25	94.28	117.64
Adjusted Net worth	54.33	55.14	67.56	70.24
Embedded Value ¹	137.21	139.39	161.84	187.88
Return on Embedded Value (ROEV) ²	15.4%	16.2%	16.5%	22.7%
EV growth-pre dividend	24.8%	12.1%	20.6%	23.4%
EV growth-post dividend	16.5%	1.6%	16.1%	16.1%
VNB as % of opening EV ²	2.3%	3.0%	4.8%	7.9%
Operating assumption changes and variance as % of opening EV ²	3.2%	4.0%	2.9%	6.3%

1. As per Indian Embedded Value (IEV) method
2. Difference of FY2015 closing EV and FY2016 opening EV shown as operating assumption changes in FY2016

Focus on Retail

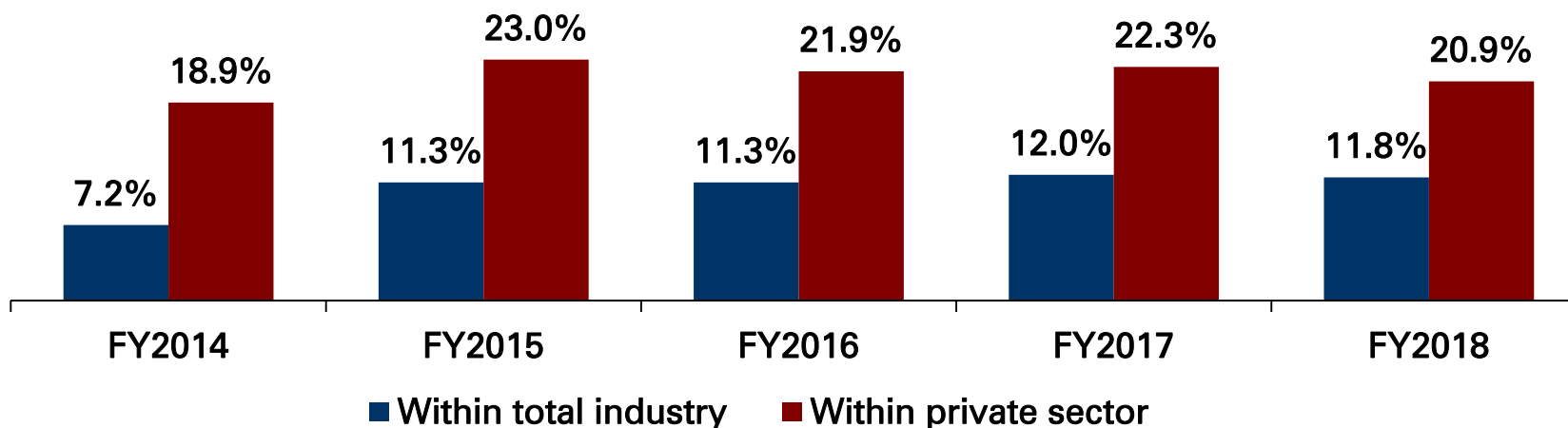
Focus on Retail

₹ bn	FY2017	FY2018	CAGR		
			1 year	3 year	5 year
Retail APE	65.18	75.78	16.3%	17.5%	17.4%
Group APE ¹	1.07	2.13	99.1%	47.8%	10.9%
Total APE	66.25	77.92	17.6%	18.0%	17.1%
Retail as % Total APE	98.4%	97.3%	-	-	-
Retail AUM	1,083.15	1,235.21	14.0%	12.9%	15.1%
% Total AUM	88.1%	88.5%	-	-	-



- End to end app for digital onboarding and servicing
- First financial institution to tie up with UIDAI; integration with PAN, bank partners, credit bureaus and payment gateways for superior onboarding
- Optical Character Recognition (OCR) for automated document management
- Real time processing of cases through robotics

Retail market share¹



RWRP (₹ bn)	FY2017	FY2018	CAGR		
			1 year	3 year	5 year
ICICI Pru	64.08	74.61	16.4%	17.5%	17.6%
Private Sector	287.00	356.68	24.3%	21.3%	14.9%
Industry	532.67	634.70	19.2%	15.9%	6.2%
Nominal GDP (₹ bn)	152,537	167,517	9.8%	10.3%	11.0%

Multi-channel distribution

₹ bn	FY2017	FY2018	CAGR		
			1 year	3 year	5 year
Bancassurance	37.72	40.75	8.0%	13.7%	21.5%
Agency	15.41	19.79	28.4%	19.6%	11.0%
Direct	7.98	10.54	32.1%	36.1%	31.6%
Corporate agents and brokers	4.07	4.70	15.5%	12.3%	2.0%
Group ¹	1.07	2.13	99.1%	47.8%	10.9%
Total APE	66.25	77.92	17.6%	18.0%	17.1%



- Strong technological integration with bank partners
- Paperless and online journey for agent enrollment, training and certification
- Use of Geo Tags for lead allocation in direct channels
- Modular, API based plug and play system architecture for new partner onboarding

1. Including group protection

Components may not add up to the totals due to rounding off

Customer centric products

Customer centric products

₹ bn	FY2017	FY2018	CAGR		
			1 year	3 year	5 year
Savings	63.64	73.45	15.4%	16.3%	16.3%
<i>ULIP</i>	55.69	63.81	14.6%	17.4%	28.4%
<i>Par</i>	6.38	8.46	32.6%	10.6%	35.5%
<i>Non par</i>	0.72	0.40	-44.4%	-0.8%	-50.5%
<i>Group</i>	0.86	0.78	-9.3%	8.5%	-4.5%
Protection ¹	2.60	4.46	71.5%	80.4%	42.1%
Total APE	66.25	77.92	17.6%	18.0%	17.1%

- Creating value for customers and shareholders through:
 - Higher persistency and cost efficiency for savings
 - Using technology for smooth onboarding and superior risk management for protection

1. Protection includes retail and group protection products

Components may not add up to the totals due to rounding off



Savings: persistency

		FY2014	FY2015	FY2016	FY2017	FY2018
13 th month persistency (excluding single premium) ¹	ULIP	70.3%	79.4%	82.6%	85.2%	86.8% ²
	Par	62.5%	74.4%	77.2%	82.8%	88.4% ²
Sensex returns		19%	25%	-9%	17%	11%

- Consistent improvement in persistency in last five years
- Improvement in both ULIP and Par categories
- Within ULIPs, similar persistency for polices across asset allocations

1. As per IRDA circular dated January 23, 2014; excluding group and single premium policies
 2. 11M-FY2018 persistency

Savings: cost efficiency

Savings LOB	FY2014	FY2015	FY2016	FY2017	FY2018
Cost/TWRP	18.4%	14.8%	13.8%	13.3%	11.8%
Cost / Average AUM	3.1%	2.5%	2.5%	2.6%	2.4%



- 64% of new business policies issued within 2 days in FY2018
- Technology and analytics for customer screening and pitching: one of the drivers for highest average premium in industry
- ~6% of existing client sold a new policy in FY2018

Protection



- Comprehensive suite of products to cover income protection, credit life and critical illness
- Term product with 34 critical illness riders
- Liability cover available on retail as well as group platform



- Use of analytics and real time connectivity with different eco- systems for automated underwriting based on risk profile
- Pioneers in Tele underwriting
- Convenience of medical tests at home

- 40.8% of total retail new business policies are protection
- New business sum assured has grown by 36.5% from ₹ 2,447.19¹ billion to ₹ 3,340.93 billion

1. Restated for revised definition of Group new business

**Superior business quality to deliver enhanced
customer and shareholder value**

Retail persistency (excluding single premium)¹

Month	FY2014	FY2015	FY2016	FY2017	11M-FY2018
13 th month	70.9%	78.2%	81.8%	84.7%	86.9%
25 th month	65.9%	65.1%	70.1%	73.0%	77.6%
37 th month	34.5%	61.6%	60.7%	65.5%	67.7%
49 th month	19.4%	30.0%	59.3%	58.3%	62.3%
61 st month	11.0%	13.9%	24.1%	53.8%	54.0%

Renewal premium

₹ bn	FY2017	FY2018	CAGR		
			1 year	3 year	5 year
Retail renewal premium	142.19	174.97	23.1%	22.3%	16.8%



- More than 250,000 premium payment centres across India
- First in the industry to implement eNACH: paperless method for authorizing recurring payments
- Premium payment options like Paytm, UPI, Bharat QR, Google Tez app and Airtel Payment Bank
- 60% of renewal premium receipted through electronic mediums¹

Superior customer service

	FY2014	FY2015	FY2016	FY2017	FY2018
13 th month persistency ¹ (excluding single premium)	70.9%	78.2%	81.8%	84.7%	86.9% ²
Claim Settlement Ratio ³	94.1%	93.8%	96.2%	96.9%	97.9%
Grievance Ratio ⁴	253	185	153	95	92



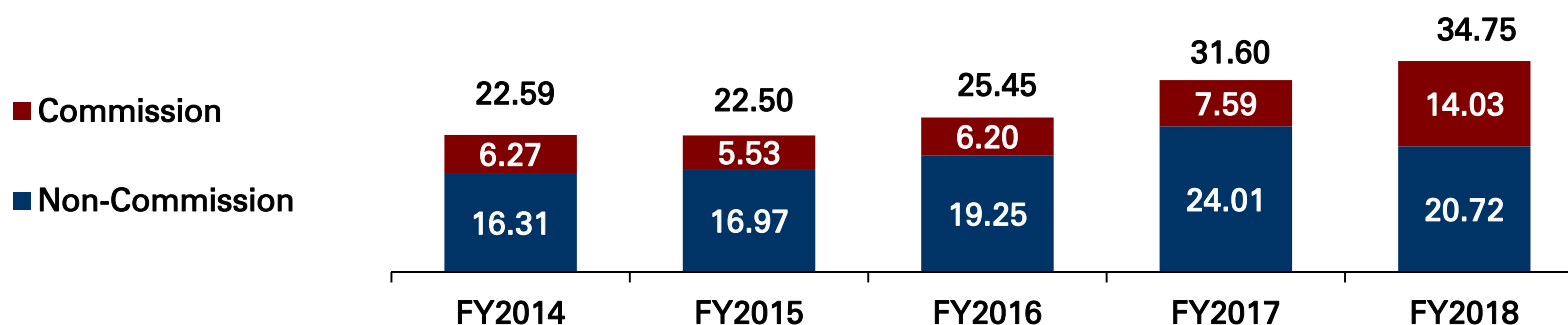
- Omni channel customer view across all service channels including distributors
- 72% service transactions are self service
- Online platform enabled for partners to service customers
- 96% of customer initiated payouts are processed electronically
- Claims TAT⁵ decreased from 6 days in FY2014 to 3 days in FY2018

1. As per IRDA circular dated January 23, 2014; excluding group and single premium policies
2. 11M-FY2018 persistency
3. Individual Death Claims
4. Number of grievances per 10,000 new business
5. Average turn around time for non-investigated claims from receipt of last requirement

Cost efficiency

	FY2014	FY2015	FY2016	FY2017	FY2018
Expense ratio (excl. comm) ¹	13.6%	11.6%	11.0%	11.4%	8.2%
Commission ratio ²	5.2%	3.8%	3.5%	3.6%	5.5%
Cost/TWRP	18.8%	15.4%	14.5%	15.1%	13.7%

₹ bn



- 93% of new business applications initiated through digital platform
- APE has grown at a CAGR of 16.5% from FY2012 to FY2018 compared to 3.1% CAGR of employee count
- Employee productivity³ has grown at a CAGR of 16.5% from ₹ 2.12 million in FY2012 to ₹ 5.30 million in FY2018

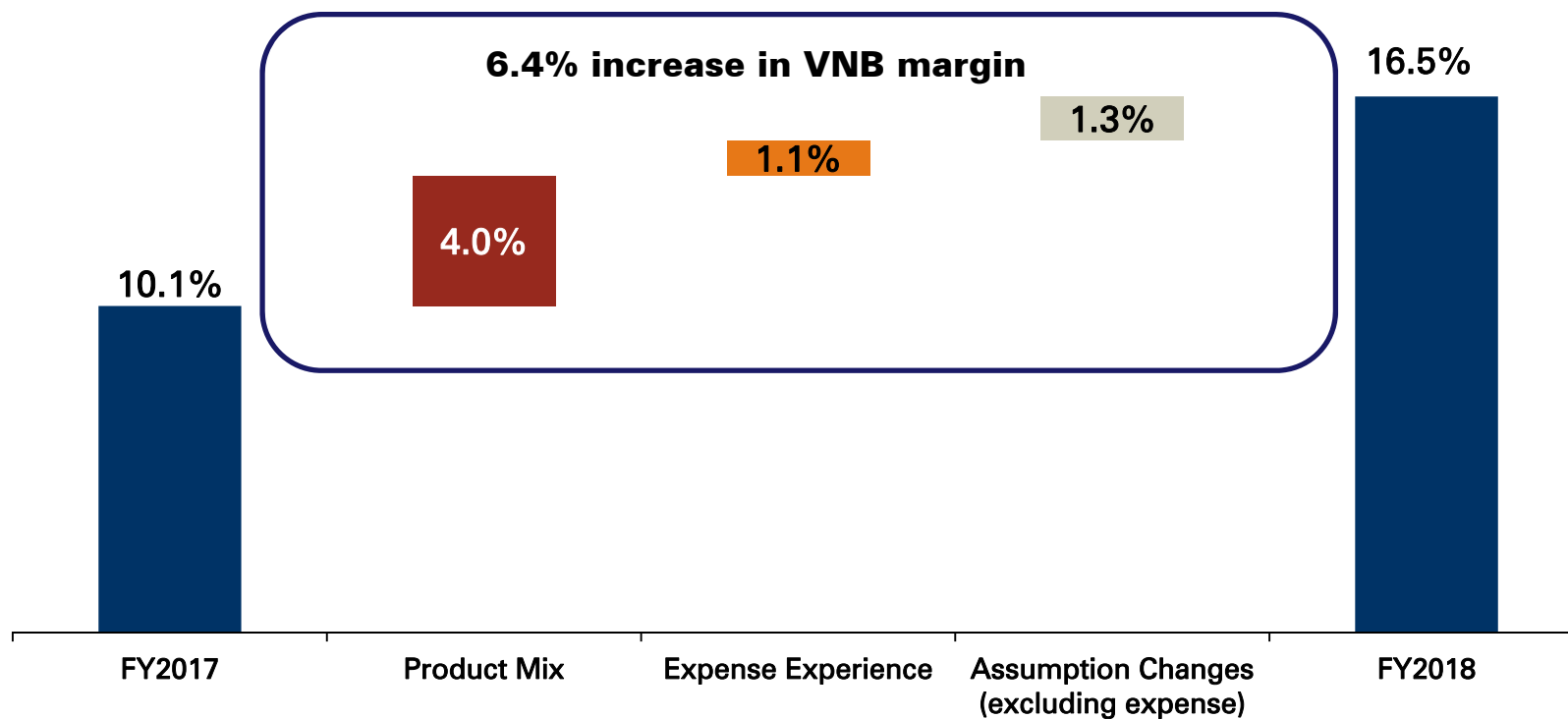
1. Expense ratio: All expenses (excl. commission) / Total premium - 90% of single premium)
2. Commission ratio: Commission / (Total premium - 90% of single premium)
3. RWRP/Average no. of employees during the period

Components may not add up to the total due to rounding off

Grow Value of New Business

Value of New Business (VNB)

₹ bn	FY2015	FY2016	FY2017	FY2018	CAGR	
					1 year	3 year
VNB ¹	2.70	4.12	6.66	12.86	93.1%	68.3%
VNB Margin ¹	5.7%	8.0%	10.1%	16.5%	-	-



1. Based on actual cost

Financial summary

Profit breakup

₹ bn	FY2015	FY2016	FY2017	FY2018
Non participating surplus	10.58	11.70	10.87	9.62
Participating surplus (Shareholders' share)	0.39	0.38	0.43	0.52
Shareholders' income (net of expenses)	4.88	5.64	6.55	7.06
Profit before tax	15.85	17.72	17.85	17.20
Tax	0.49	(1.21)	(1.03)	(1.00)
Profit after tax	16.34	16.50	16.82	16.20
New business premium (APE)	47.44	51.70	66.25	77.92
Savings APE	46.68	50.31	63.64	73.45
Protection APE	0.76	1.39	2.60	4.46

- Solvency ratio of 252% as on March 31, 2018
- Final dividend proposed for FY2018 ₹ 3.30 per share including special dividend of ₹ 1.1 per share¹
- Total dividend of ₹ 9.62 billion for FY2018 (excl. DDT)

Financial summary

₹ bn	FY2017	FY2018	CAGR		
			1 year	3 year	5 year
Retail new business premium	70.66	84.02	18.9%	19.4%	18.2%
Retail renewal premium	142.19	174.97	23.1%	22.3%	16.8%
Group premium	10.69	11.70	9.4%	13.4%	-8.7%
Total premium	223.54	270.69	21.1%	20.9%	14.9%
Assets under management (AUM)	1,229.19	1,395.32	13.5%	11.7%	13.5%

Summary

- Strong growth potential for both saving as well protection
- Focus on growing Value of New Business through
 - Customer centric products
 - Strong technology platform
 - Multi channel architecture
 - Superior business quality
- Low interest rate risk and credit risk
- Strong capital position

Agenda

Indian life insurance

Company strategy and performance

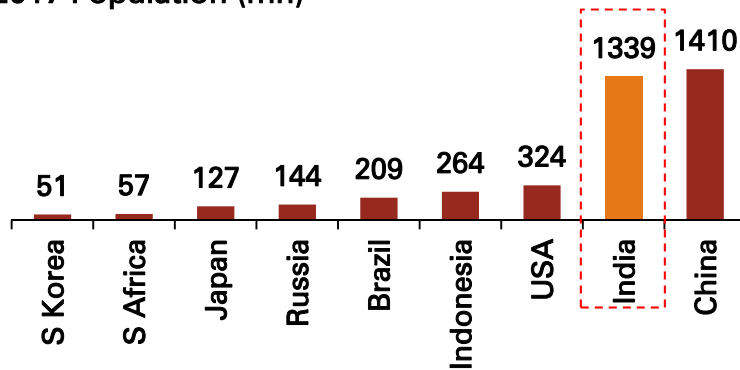
▶ Opportunity

Industry overview

Favourable demography

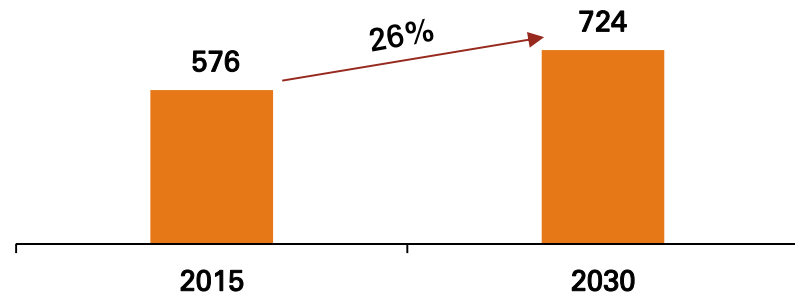
Large and Growing Population Base¹

2017 Population (mn)



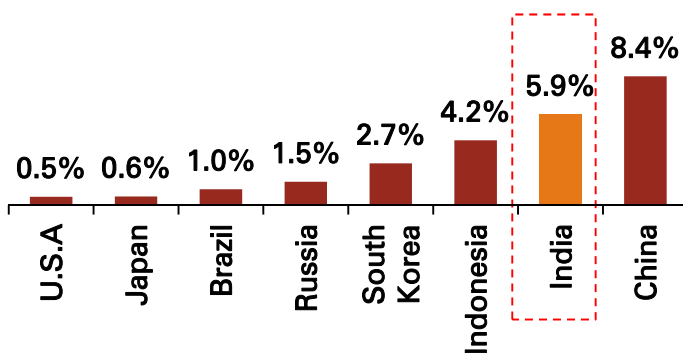
High Share of Working Population¹

Population of age 25-59 years: India (mn)

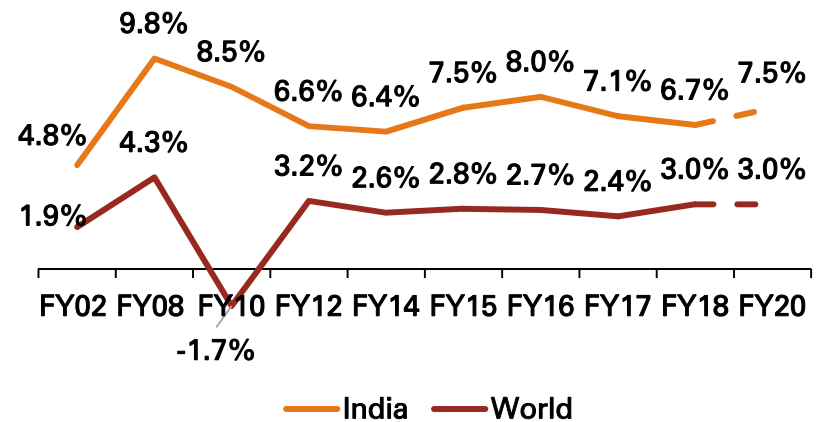


Rising Affluence²

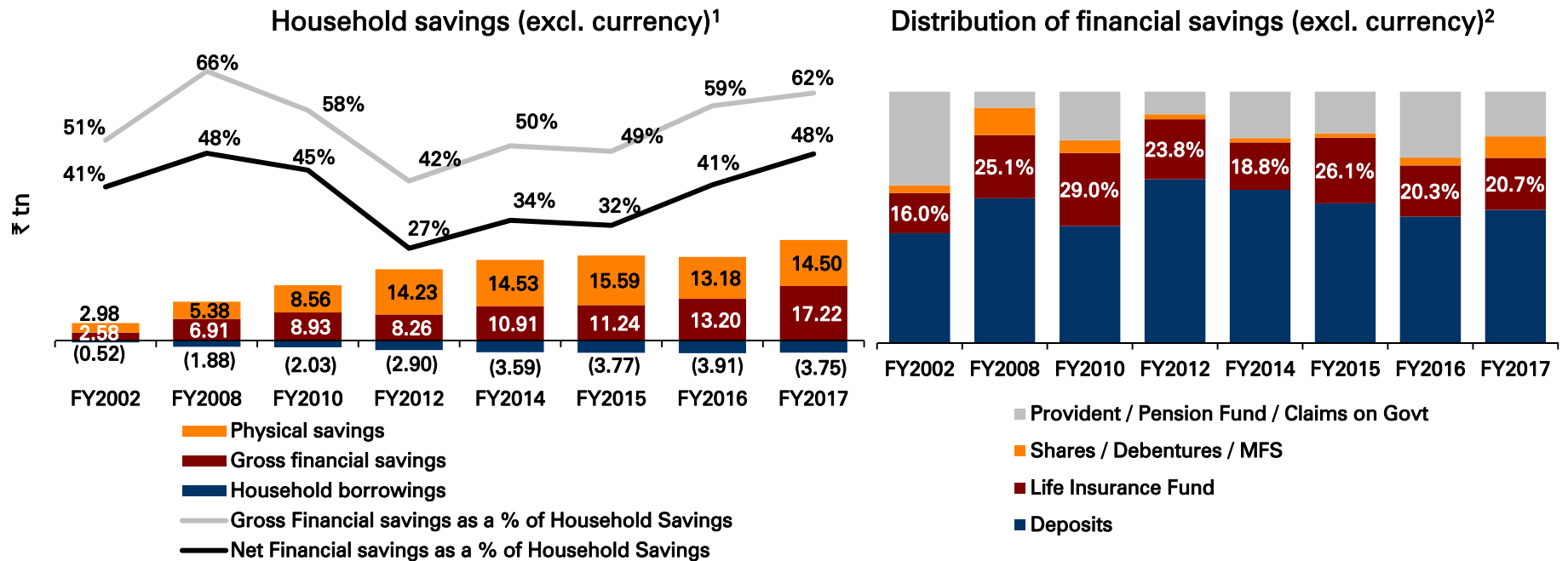
GDP per capita CAGR (FY2007-FY2017)



Driving GDP Growth²



Financialisation of savings: opportunity for insurance

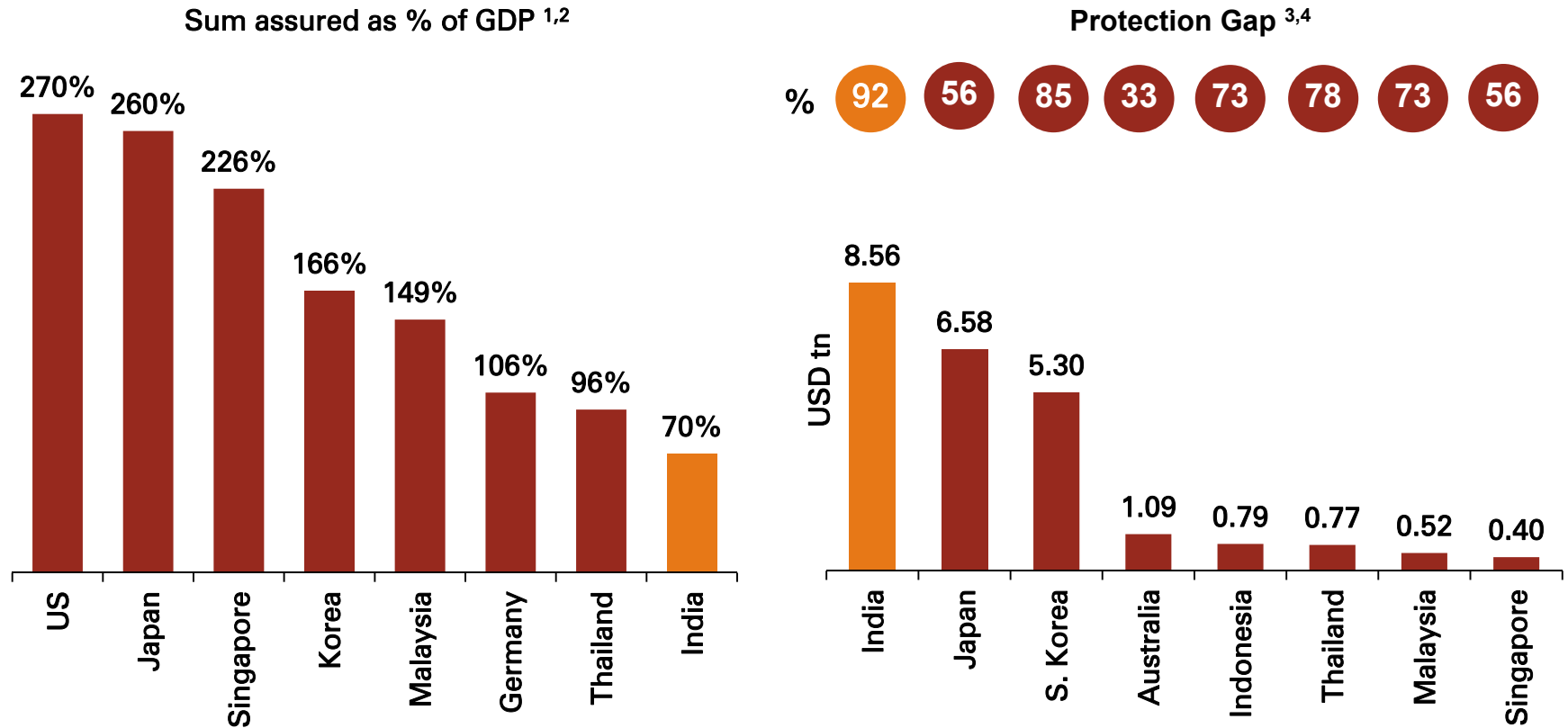


	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017
Life insurance premium ³ as % of GDP	3.3%	2.9%	2.8%	2.6%	2.7%	2.7%

- Financialisation of savings aided by Direct Benefit Transfer, RERA and GST

1. Source: RBI and CSO
 2. Source: RBI
 3. Total life insurance industry premium including renewal; Source: IRDAI

Protection opportunity: Income replacement



- Sum assured as % of GDP low compared to other countries
- Protection gap for India US \$ 8.56 trillion

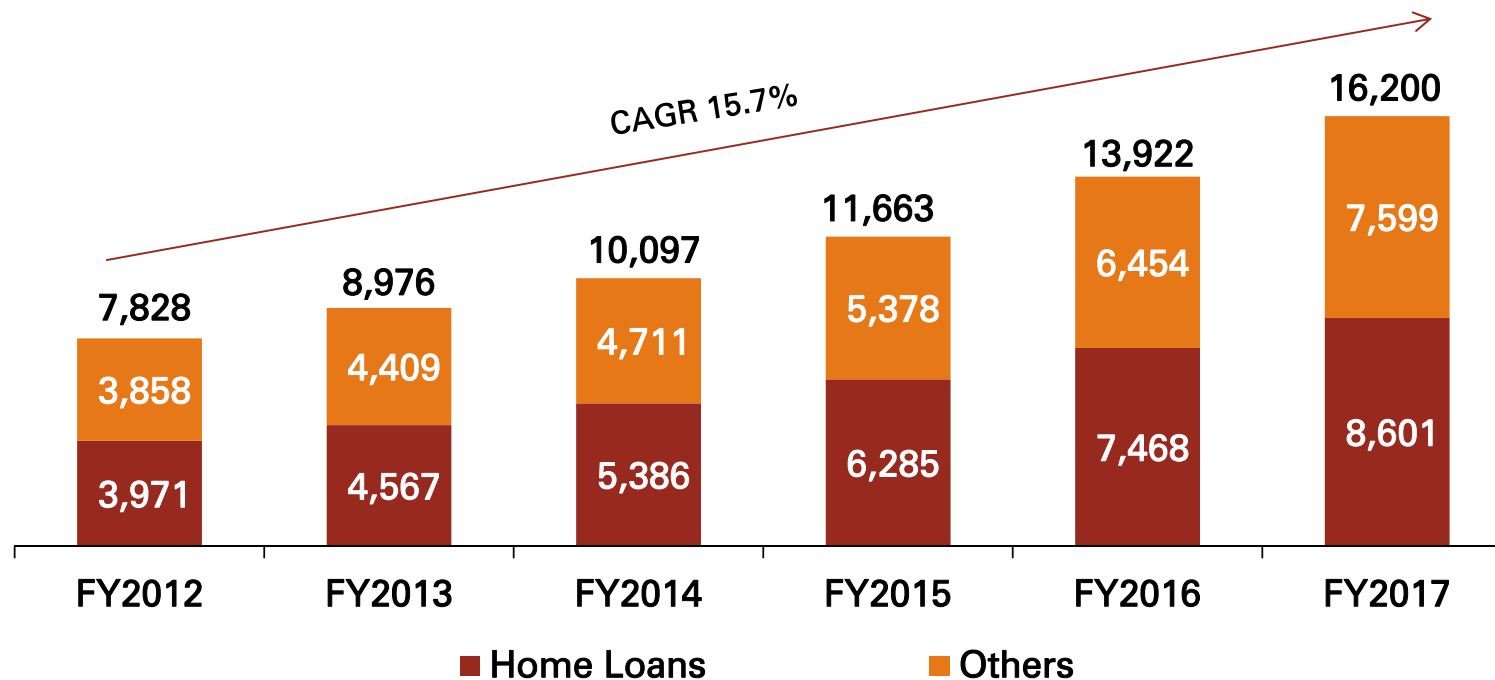
1. As of FY2017 for India and FY2015 for others
 2. Source: McKinsey analysis 2015 , CIRC Annual report 2015, Life Insurance Council, CSO
 3. Protection Gap (%): Ratio of protection lacking/protection needed
 4. Source: Swiss Re, Economic Research and Consulting 2015



Protection opportunity: Liability cover

₹ bn

Retail Credit



- Retail credit has been growing at a healthy pace
- Credit life is voluntary

Source: RBI

Components may not add up to the totals due to rounding off



Protection opportunity

Gross direct premium (₹ bn)	FY2007	FY2017	CAGR
Health	33.31	310.68	25.0%
Motor	110.80	517.13	16.7%
Motor Own Damage (OD)	77.39	251.40	12.5%
Motor Third Party (TP)	33.41	265.73	23.0%

- Protection premium ~ ₹ 100 bn for life insurance industry in FY2018

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▶ Industry overview

Evolution of life insurance industry in India

	FY2002		FY2010		FY2015		FY2017
New business premium ¹ (₹ bn)	116	21.5%	550	-5.8%	408	14.3%	532
Total premium (₹ bn)	501	23.2%	2,654	4.3%	3,281	12.9%	4,185
Penetration (as a % to GDP)	2.1%		4.1%		2.6%		2.7%
Assets under management (₹ bn)	2,304	24.0%	12,899	12.6%	23,361	13.0%	29,806
In-force sum assured ² (₹ bn)	11,812*	15.5%	37,505	15.8%	78,091	16.9%	106,699
In-force sum assured (as % to GDP)	50.1%		57.9%		62.7%		69.9%

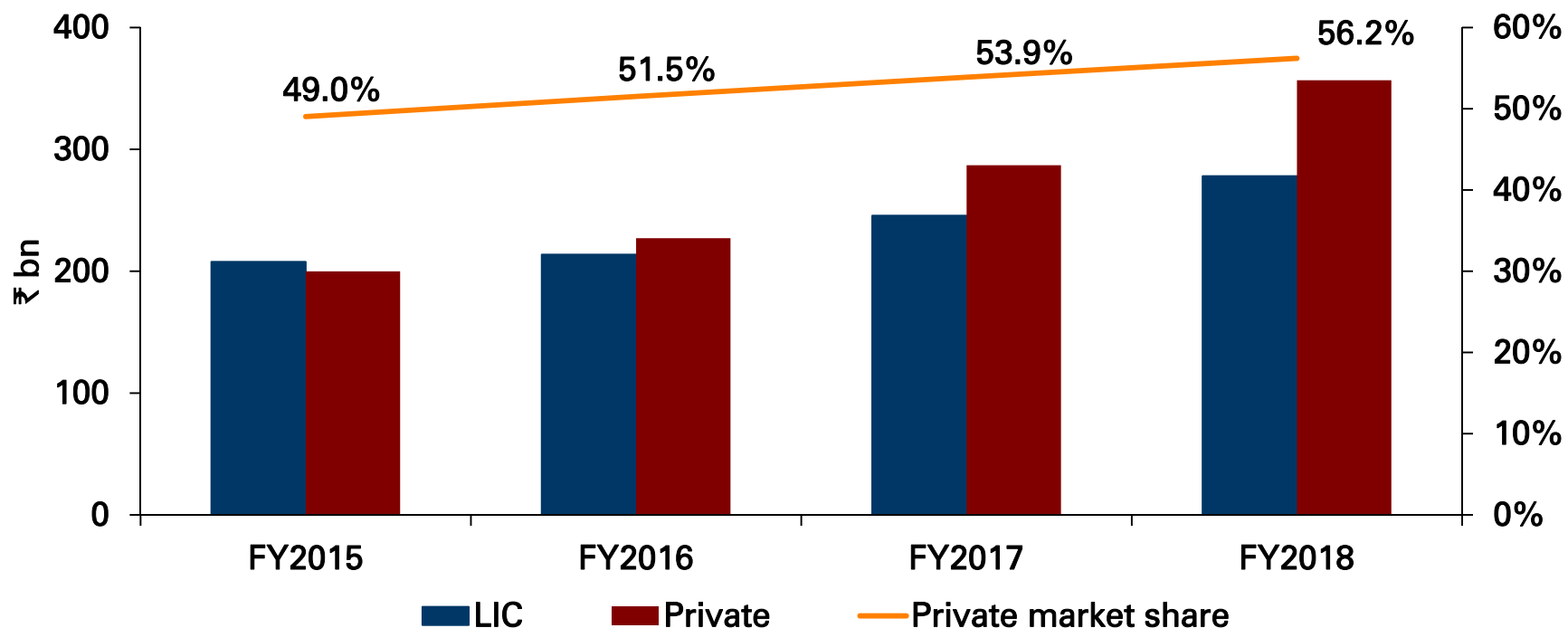
Industry is back to growth

1. Retail weighted received premium (RWRP)
 2. Individual and Group in-force sum assured
- Source: IRDAI, CSO, Life Insurance Council
* Company estimate



New business¹

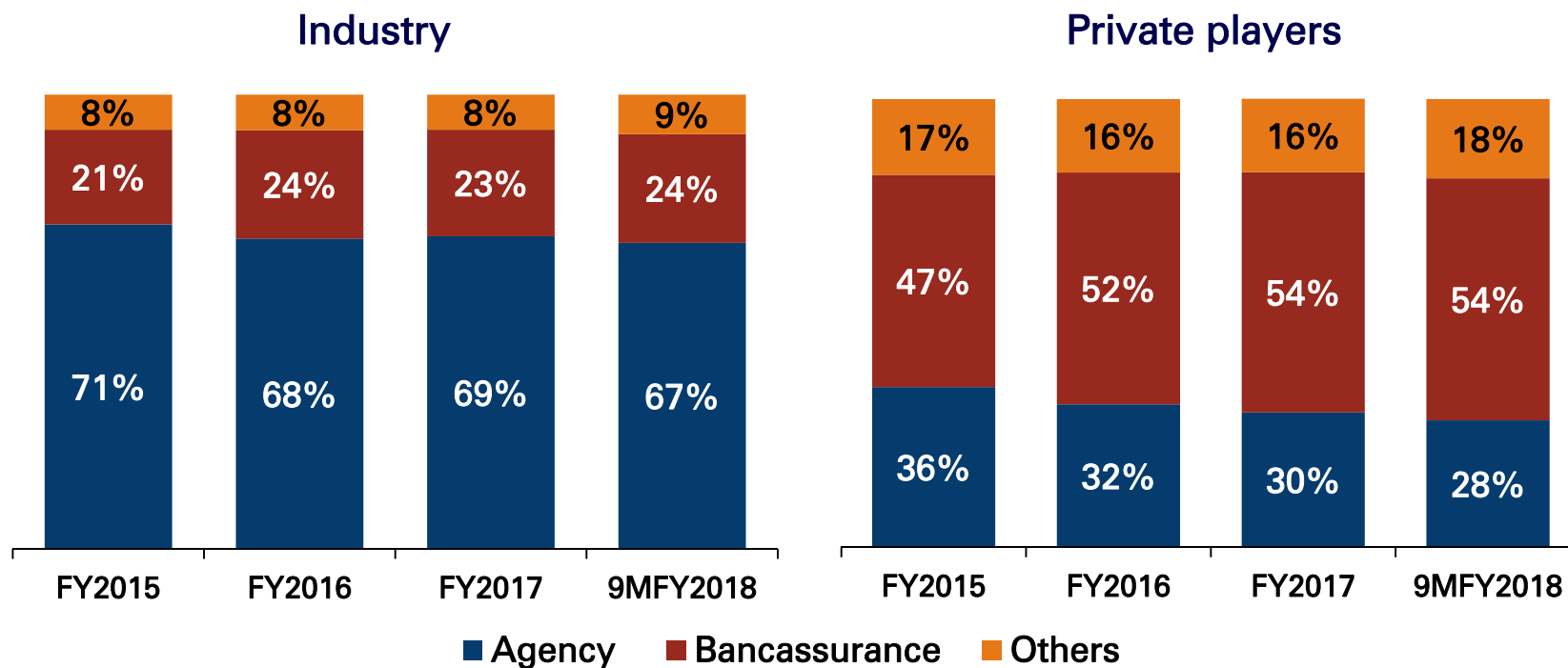
Growth	FY2015	FY2016	FY2017	FY2018
Private	15.9%	13.6%	26.4%	24.3%
LIC	-26.3%	2.9%	14.7%	13.2%
Industry	-10.3%	8.1%	20.7%	19.2%



1. Retail weighted new business premium
Source : Life Insurance Council



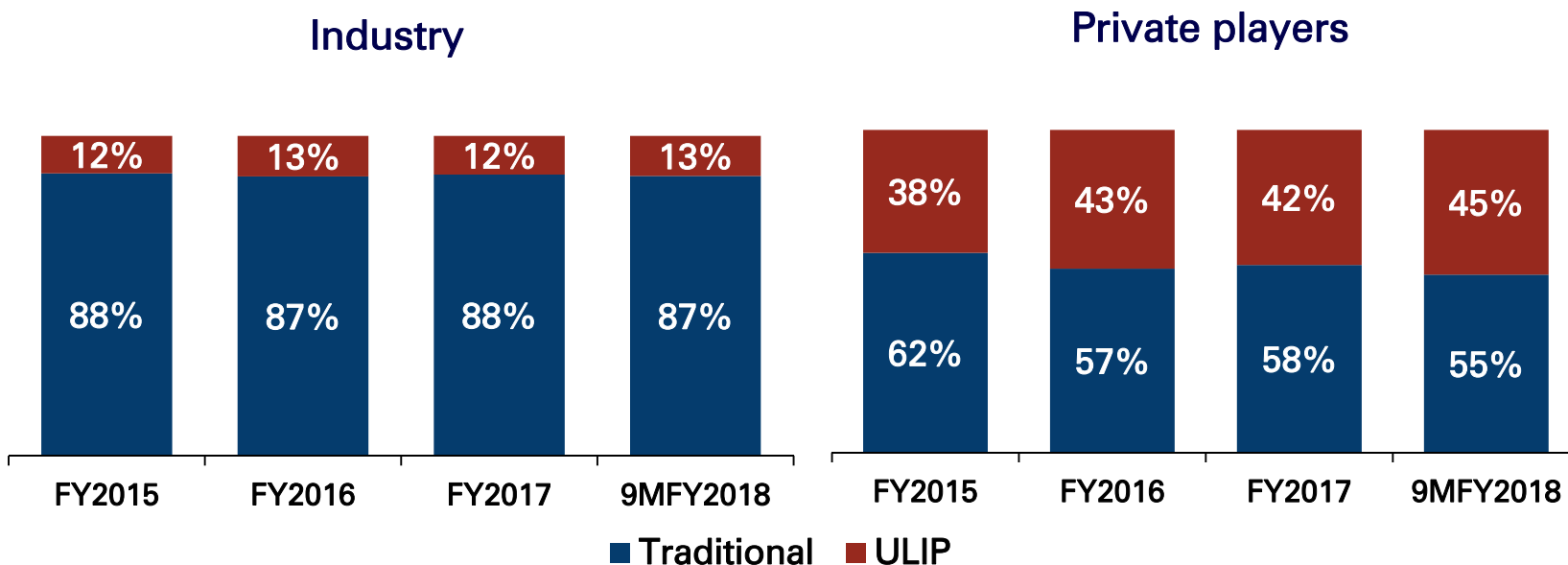
Channel mix¹



- Given a well developed banking sector, bancassurance has become largest channel for private players

1. Individual new business premium basis
Source: Life Insurance Council

Product mix¹



- Strong customer value proposition of ULIPs
 - Transparent and low charges
 - Lower discontinuance charges compared to other savings products
 - Choice and flexibility of asset allocation

Annexures

Revenue and P&L a/c

₹ bn	FY2015	FY2016	FY2017	FY2018
Premium earned	153.07	191.64	223.54	270.69
Premium on reinsurance ceded	(1.46)	(1.65)	(1.99)	(2.58)
Net premium earned	151.61	189.99	221.55	268.11
Investment income	192.51	17.91	156.35	119.96
Other income	0.18	0.21	0.88	0.75
Total income	344.30	208.11	378.78	388.82
Commission paid	5.53	6.20	7.59	14.03
Expenses	20.05	22.71	28.17	26.37
Tax on policyholders fund	0.50	0.70	0.79	1.20
Claims/benefits paid	122.57	124.27	149.98	172.81
Increase in actuarial liability ¹	179.80	36.51	174.40	157.21
Total Outgo	328.45	190.39	360.93	371.62
Profit before tax	15.85	17.72	17.85	17.20
Tax charge	(0.49)	1.22	1.03	1.00
Profit after tax	16.34	16.50	16.82	16.20

1. Including movement in non linked FFA

Components may not add up to the totals due to rounding off

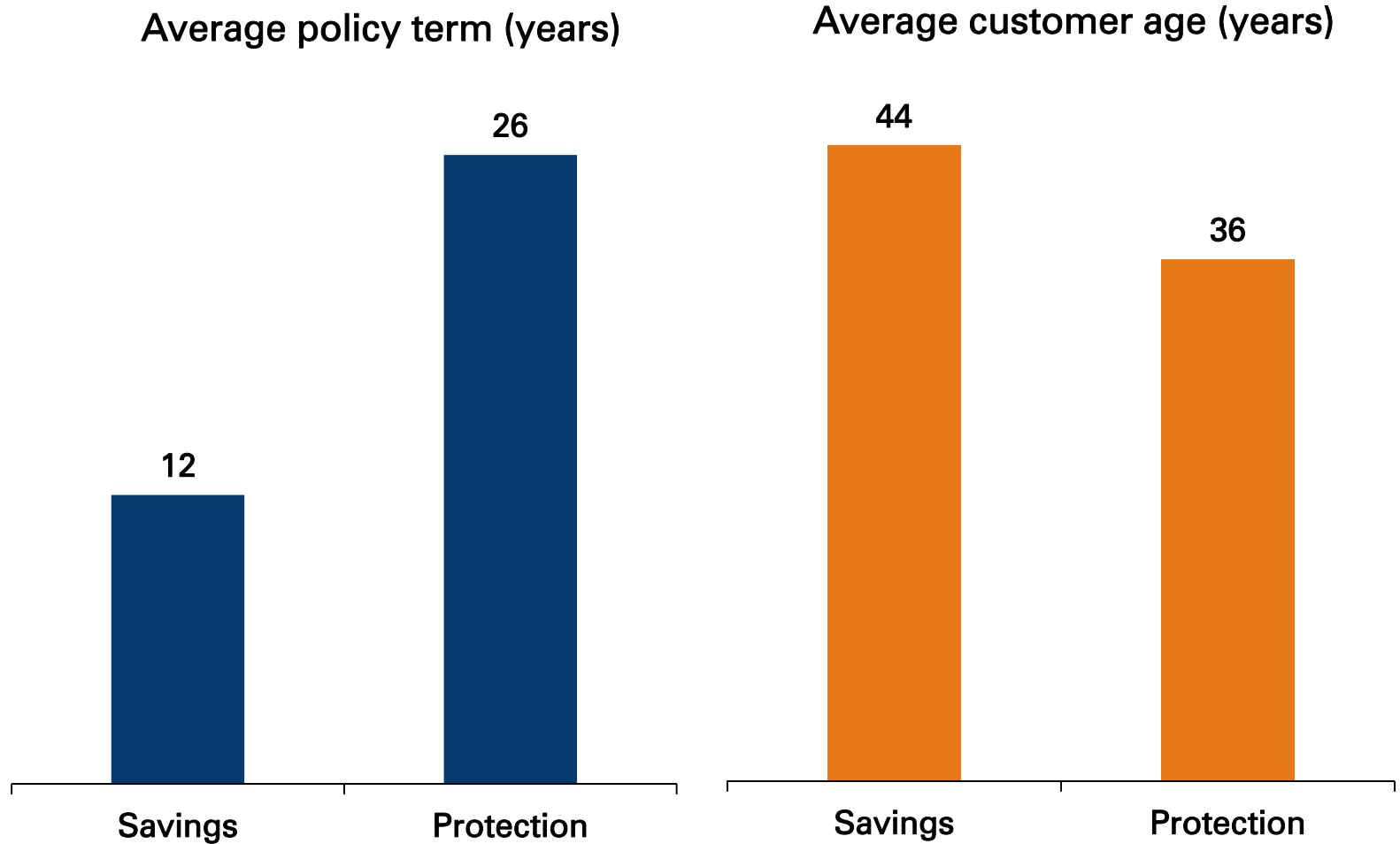
Balance sheet

₹ bn	Mar 31, 2015	Mar 31, 2016	Mar 31, 2017	Mar 31, 2018
Investments				
- Shareholders'	58.57	62.16	66.40	77.49
- Policyholders'	188.58	215.16	270.67	332.89
- Linked	747.78	752.96	878.78	975.02
Fixed assets	2.15	2.20	2.14	4.22
Cash & bank balances	2.55	2.00	2.14	2.04
Advances and other assets	12.53	13.19	27.29	26.55
Total assets	1,012.16	1,047.66	1,247.43	1,418.21
Shareholders' net worth				
- Equity capital	48.16	48.22	48.55	48.59
- Profit and loss account	0.48	2.51	12.68	16.96
- Fair value change	4.03	2.52	2.85	3.30
Policy liabilities	920.34	955.50	1,130.47	1,284.95
Policyholders' fair value change	12.32	10.29	18.47	21.17
Fund for future appropriation	5.27	6.62	6.04	8.78
Current liabilities & provisions	21.56	22.01	28.36	34.48
Total liabilities	1,012.16	1,047.66	1,247.43	1,418.21

Average APE by product categories

Average retail APE per policy (₹)	FY2015	FY2016	FY2017	FY2018
ULIP	129,087	149,777	169,701	180,746
Par	38,430	44,533	56,325	62,379
Non par	25,233	23,656	39,153	54,187
Protection	4,408	10,284	9,815	9,123
Total	73,047	87,194	92,735	90,620

Policy term and customer age¹



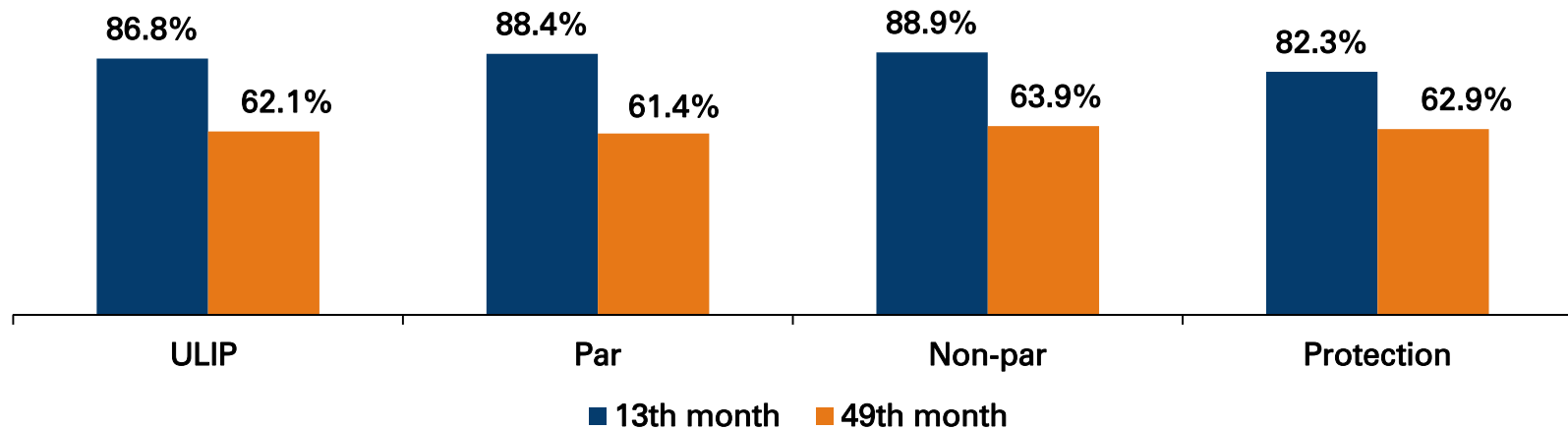
1. For FY2018; protection excludes credit life

Channel wise product mix¹

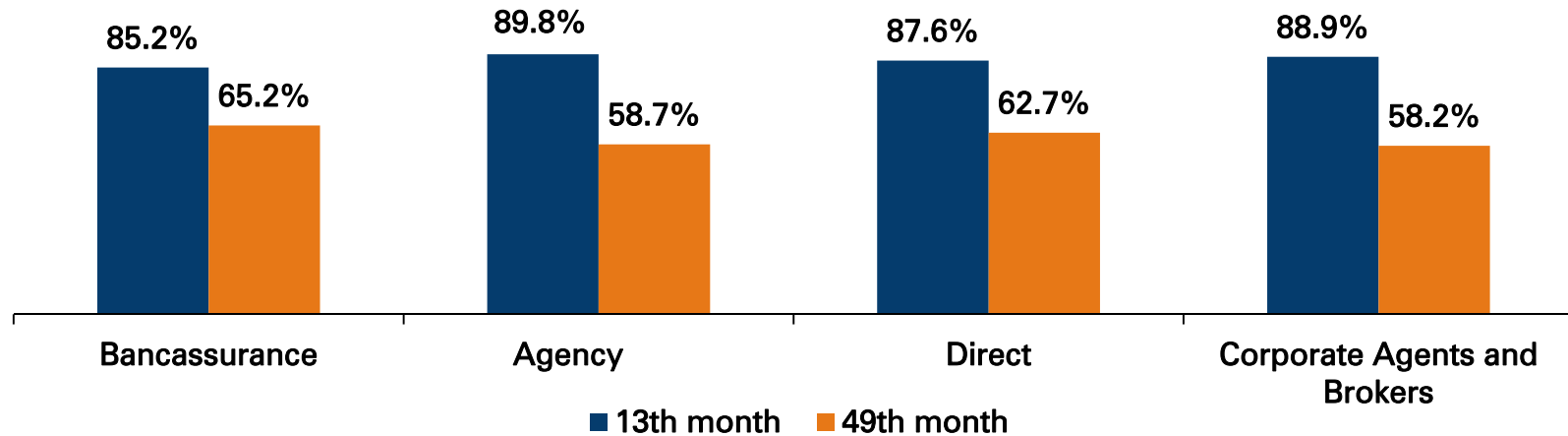
Channel Category	Product Category	FY2015	FY2016	FY2017	FY2018
Bancassurance	ULIP	88.4%	88.9%	92.1%	89.8%
	Par	10.0%	9.1%	5.3%	7.3%
	Non par	0.0%	0.0%	0.4%	0.1%
	Protection	1.5%	2.0%	2.2%	2.7%
	Total	100.0%	100.0%	100.0%	100.0%
Agency	ULIP	78.5%	76.4%	79.5%	81.8%
	Par	19.2%	19.6%	14.2%	13.5%
	Non par	1.0%	0.8%	2.0%	0.4%
	Protection	1.3%	3.2%	4.3%	4.3%
	Total	100.0%	100.0%	100.0%	100.0%
Direct	ULIP	90.5%	84.3%	85.3%	88.0%
	Par	2.8%	7.7%	5.0%	4.3%
	Non par	4.7%	3.6%	3.1%	2.4%
	Protection	2.0%	4.4%	6.5%	5.3%
	Total	100.0%	100.0%	100.0%	100.0%
Corporate Agents and Brokers	ULIP	62.0%	47.4%	46.5%	36.8%
	Par	34.4%	49.0%	44.1%	49.9%
	Non par	2.4%	0.5%	0.4%	0.5%
	Protection	1.2%	3.1%	9.0%	12.8%
	Total	100.0%	100.0%	100.0%	100.0%

Persistency excluding single premium¹

Persistency across Product Categories



Persistency across Channel Categories

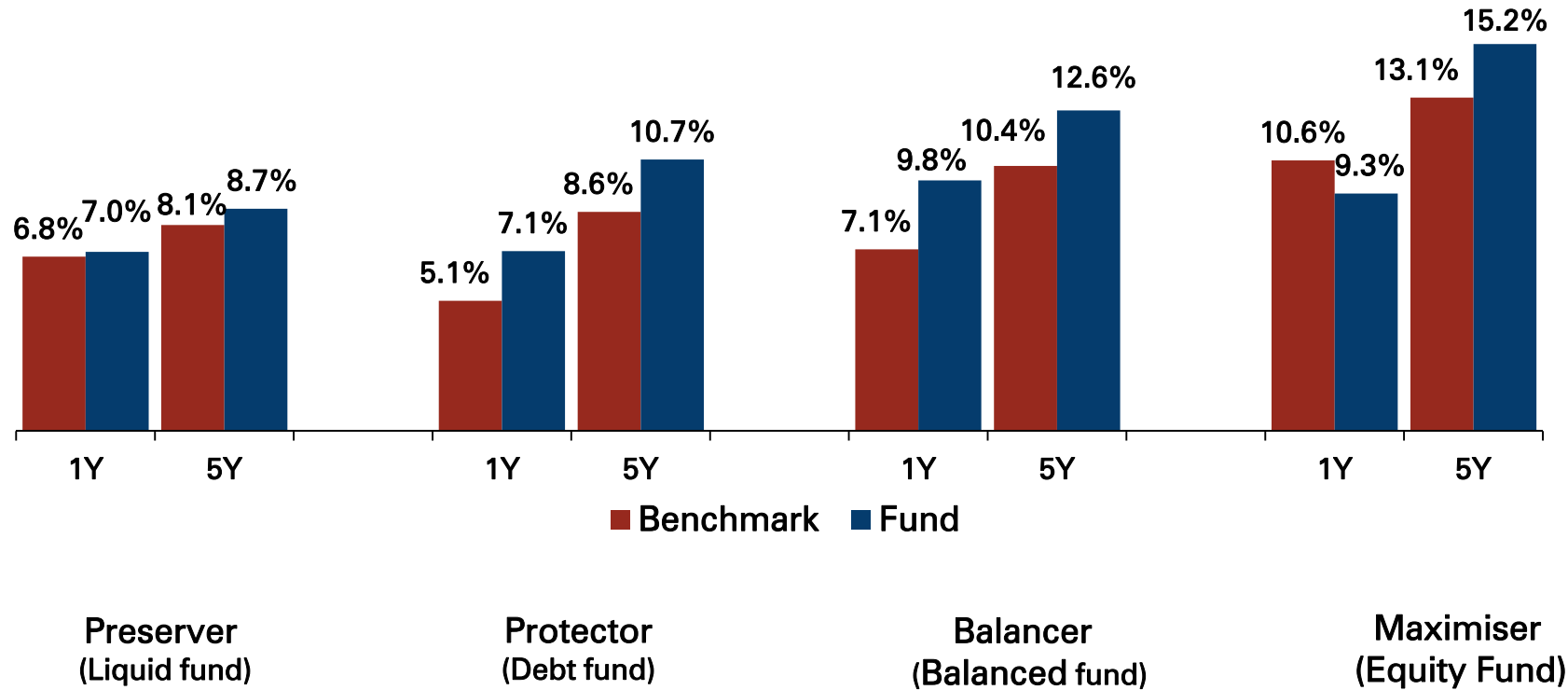


1. 11M-FY2018 persistency
As per IRDA circular dated January 23, 2014; excluding group and single premium policies

Retail persistency (including single premium)

Month	FY2014	FY2015	FY2016	FY2017	11M-FY2018
13 th month	71.5%	79.0%	82.4%	85.7%	87.8%
25 th month	68.4%	65.9%	71.2%	73.9%	78.8%
37 th month	57.3%	64.3%	61.6%	66.8%	68.9%
49 th month	20.3%	54.4%	62.2%	59.3%	63.6%
61 st month	12.7%	14.5%	46.0%	56.2%	54.8%

Fund performance



87.4% of linked portfolio outperformed benchmark indices since inception*

Embedded Value

Analysis of movement in EV¹

₹ bn	FY2015	FY2016	FY2017	FY2018
Opening EV	117.75	137.21 ²	139.39	161.84
Unwind	11.70	12.58	12.21	13.72
Value of New Business (VNB)	2.70	4.12	6.66	12.86
Operating assumption changes	1.60	1.04 ²	1.00	7.64
Persistency variance	2.12	2.01	0.99	1.53
Mortality and morbidity variance		0.79	0.98	0.78
Expense variance		0.59	0.35	0.27
Other variance		1.09	0.76	0.00
EVOP	18.12	22.23	22.95	36.80
Return on embedded value (ROEV)	15.4%	16.2%	16.5%	22.7%
Economic assumption change and investment variance	11.11	(5.64)	5.82	1.13
Net capital injection	(9.77)	(14.41)	(6.32)	(11.88)
Closing EV	137.21	139.39	161.84	187.88

1. As per Indian Embedded Value (IEV) method
2. Difference of FY2015 closing EV and FY2016 opening EV shown as operating assumption changes in FY2016

EV methodology ... (1/2)

- EV results prepared based on the Indian Embedded Value (IEV) methodology and principles as set out in Actuarial Practice Standard 10 (APS10) issued by the Institute of Actuaries of India (IAI)

EV methodology ... (2/2)

- EV consists of Adjusted Net Worth (ANW) and Value of in-force covered business (VIF)
 - ANW is market value of assets attributable to shareholders, consisting of
 - Required Capital
 - Free Surplus
 - Value of in-force covered business (VIF) is
 - Present value of future profits; adjusted for
 - Time value of financial options and guarantees;
 - Frictional costs of required capital; and
 - Cost of residual non-hedgeable risks

Components of ANW

- **Required capital (RC)**
 - The level of required capital is set equal to the amount required to be held to meet supervisory requirements
 - It is net of the funds for future appropriation (FFAs)
- **Free surplus (FS)**
 - Market value of any assets allocated to, but not required to support, the in-force covered business

Components of VIF ... (1/4)

- Present value of future profits (PVFP)
 - Present value of projected distributable profits to shareholders arising from in-force covered business
 - Projection carried out using 'best estimate' non-economic assumptions and market consistent economic assumptions
 - Distributable profits are determined by reference to statutory liabilities

Components of VIF ... (2/4)

- **Frictional Cost of required capital (FC)**
 - FCs represent investment management expenses and taxation costs associated with holding the Required capital
 - Investment costs reflected as an explicit reduction to the gross investment return

Components of VIF ... (3/4)

- Time value of financial options and guarantees (TVFOG)
 - TVFOG represents additional cost to shareholders that may arise from the embedded financial options and guarantees
 - Stochastic approach is adopted with methods and assumptions consistent with the underlying embedded value

Components of VIF ... (4/4)

- **Cost of residual non-hedgeable risk (CRNHR)**
 - CRNHR is an allowance for risks to shareholder value to the extent not already allowed for in the TVFOG or the PVFP
 - Allowance has been made for asymmetric risks of operational, catastrophe mortality / morbidity and mass lapsation risk
 - CRNHR determined using a cost-of-capital approach
 - Allowance has been made for diversification benefits among the non-hedgeable risks, other than the operational risk
 - 4% annual charge applied to capital required

Components of EV movement ... (1/2)

- **Operating assumption changes**
 - Impact of the update of non-economic assumptions both on best estimate and statutory bases to those adopted in the closing EV
- **Expected return on existing business (unwind)**
 - Expected investment income at opening reference rate on VIF and ANW
 - Expected excess 'real world' investment return over the opening reference rate on VIF and ANW
- **Value of new business**
 - Additional value to shareholders created through new business during the period

Components of EV movement ... (2/2)

- **Operating experience variance**
 - Captures impact of any deviation of actual experience from assumed in the opening EV during the inter-valuation period
- **Economic assumption changes and Investment variance**
 - Impact of the update of the reference rate yield curve, inflation and valuation economic assumptions from opening EV to closing EV
 - Captures the difference between the actual investment return and the expected 'real world' assumed return
- **Net capital injection**
 - Reflects any capital injected less any dividends paid out

Key assumptions underlying EV ... (1/2)

- **Discount rate and Fund earning rates**
 - Set equal to reference rates which is proxy for risk free rates
 - Reference rates derived on the basis of zero coupon yield curve published by the Clearing Corporation of India Limited
- **Expenses and commission**
 - Based on the Company's actual expenses during FY2017 with no anticipation for productivity gains or cost efficiencies
 - Commission rates are based on the actual commission payable to the distributors

Key assumptions underlying EV ... (2/2)

- **Mortality and morbidity**
 - Based on Company's experience with an allowance for future improvements in respect of annuities
- **Persistency**
 - Based on Company's experience
- **Taxation**
 - Taxation costs reflect the reduction in costs due to dividend income being tax exempt

Sensitivity analysis (FY2018)

Scenario	% change in EV	% change in VNB
Increase in 100 bps in the reference rates	(2.1)	(4.9)
Decrease in 100 bps in the reference rates	2.2	5.2
10% increase in the discontinuance rates	(1.3)	(8.6)
10% decrease in the discontinuance rates	1.4	9.1
10% increase in mortality/ morbidity rates	(1.0)	(5.4)
10% decrease in mortality/ morbidity rates	1.0	5.5
10% increase in acquisition expenses	Nil	(9.2)
10% decrease in acquisition expenses	Nil	9.2
10% increase in maintenance expenses	(1.0)	(3.5)
10% decrease in maintenance expenses	1.0	3.5
Tax rates increased to 25%	(4.6)	(7.9)

Economic assumptions underlying EV

Tenor (years)	Reference Rates		
	March 31, 2016	March 31, 2017	March 31, 2018
1	7.24%	6.35%	6.57%
5	8.22%	7.78%	8.21%
10	8.34%	8.02%	8.31%
15	8.40%	8.03%	8.11%
20	8.46%	8.03%	7.97%
25	8.50%	8.03%	7.91%
30	8.52%	8.03%	7.88%

CSR: making an impact



CSR: ICICI Foundation

ICICI academy of skills

- Network of 24 fully operational centres to provide sustainable livelihood opportunities to underprivileged youth
- Industry relevant vocational skill building programs (12 weeks) at no-cost basis
- Knowledge Partnerships with industry leaders; financial literacy & skills to adapt to an organized working environment
- 100% placement of the trained youth; 92,750 youth trained

ICICI digital villages

- Complete digitization of financial transactions and commercial activities
- Providing vocational training based on local needs and facilitating market linkage
- Provide access to credit facility to help villagers earn a sustainable livelihood
- 1,06,341 youth from 700 villages trained

CSR: Focus areas

Consumer awareness

- Consumer awareness and education campaign
- 98,390 eIA accounts opened
- 6755 registrations for health checkup

Education

- Catalysts for Social Action (Program Asha) & SOS Children's Villages of India to support underprivileged children with the objective of enhancing their development and rehabilitation outcomes

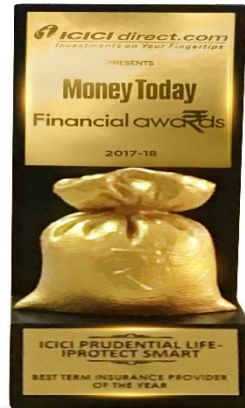
Sustainable livelihood

- World Wide Fund for Nature (WWF India), & Nature Conservation Foundation (NCF), supporting skilling of Western Himalayan communities on tourism, handicraft making.
- SPARC India: vocational training of over 160 differently abled women & youth

Healthcare

- Program with Tata Memorial Hospital (Mumbai & Kolkata) and Genesis Foundation for treatment of underprivileged children diagnosed with cancer and cardiac ailments
- Over 180 children supported on treatment

Awards and accolades 2017 & 2018



Winner of the Money Today Financial award 2017-18 for Best Term Insurance provider



Silver Shield for Excellence in Financial Reporting by Institute of Chartered Accounts of India (ICAI) for FY17 Annual Report



Ranked as the no. 1 brand in the "Top Riser" category as per BrandZ Top 50 Most Valuable Indian Brands 2017



Winner of the D&B – India's Leading BFSI Companies and Awards 2017 Life (Private Sector) category

Glossary

- **Annualized Premium Equivalent (APE)** - Annualized Premium Equivalent (APE) is the sum of annualized first year premiums on regular premium policies, and ten percent of single premiums, from both individual and group customers
- **Assets under management (AUM)** - AUM refers to the carrying value of investments managed by the company and includes loans against policies and net current assets pertaining to investments
- **Embedded Value (EV)** - Embedded Value (EV) represents the present value of shareholders' interests in the earnings distributable from the assets allocated to the business after sufficient allowance for the aggregate risks in the business
- **Embedded Value Operating Profit (EVOP)** - Embedded Value Operating Profit (EVOP) is a measure of the increase in the EV during any given period due to matters that can be influenced by management
- **Retail Weighted Received Premium (RWRP)** - Premiums actually received by the insurers under individual products and weighted at the rate of ten percent for single premiums
- **Total weighted received premium (TWRP)** - Measure of premiums received on both retail and group products and is the sum of first year and renewal premiums on regular premium policies and ten percent of single premiums received during any given period
- **Persistency Ratio** - Persistency ratio is the percentage of policies that have not lapsed and is expressed as 13th month, 49th month persistency etc. depicting the persistency level at 13th month (2nd year) and 49th month (5th year) respectively, after issuance of contract

Safe harbor

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 ICICI Bank Limited, our holding company, with the United States Securities and Exchange Commission. ICICI Prudential Life Insurance undertakes no obligation to update forward-looking statements to reflect events or circumstances after the date thereof.

Thank you