

GUARANTEED*
PENSION FUND
(*Conditions Apply)



Let the affection
of your loved ones
be felt at all times



SBI Life Insurance Performance update – FY 2018

Investor Presentation | April 2018

Performance update

Key performance metrics

Parameters	FY16	FY17	₹ in billion		
			FY18	Growth	3 year CAGR
Revenue Parameters					
New Business APE	50.5	67.3	85.4	27%	33%
Individual Rated Premium	42.8	59.4	77.9	31%	36%
Renewal Premium	87.2	108.7	143.9	32%	25%
Gross Written Premium	158.3	210.2	253.5	21%	25%
Financial Parameters					
Profit after tax	8.6	9.5	11.5	21%	12%
Indian Embedded Value (IEV) ¹	125.5	165.4	190.7	15%	-
Value of New Business ²	7.0	10.4	13.9	34%	-
New Business Margin ²	14.2%	15.4%	16.2%	5%	-

- Consistent growth in Individual Business Premium continues – Profitable growth for all the stakeholders
- The Embedded Value pre-dividend stands at ₹ 193.1 billion which is a growth of 17%

1. IEV has been reviewed by Independent Actuary

2. FY 16 numbers are calculated internally based on MCEV methodology

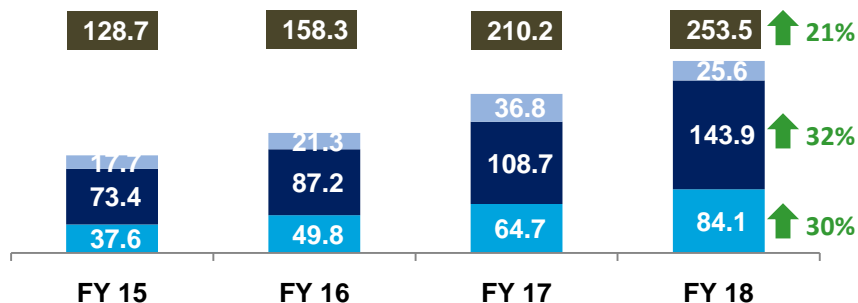
Numbers and Percentages are rounded off to nearest one decimal

Premium and market share

Focus on individual business

₹ in billion

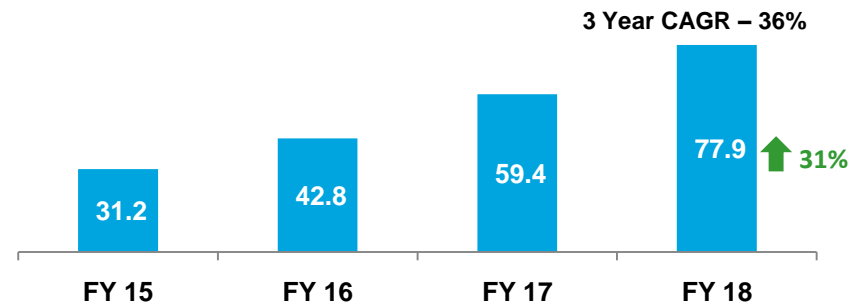
Gross Written Premium



■ Individual NBP ■ Renewal Premium ■ Group NBP

35% growth in individual renewal premium - ₹135.2 bn in FY 18

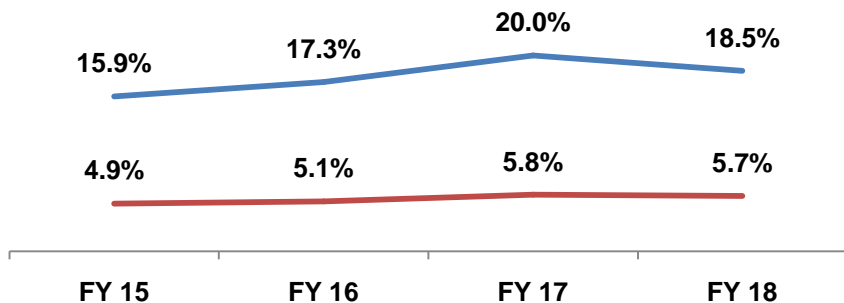
Individual rated Premium



Growth of 31% in regular individual business

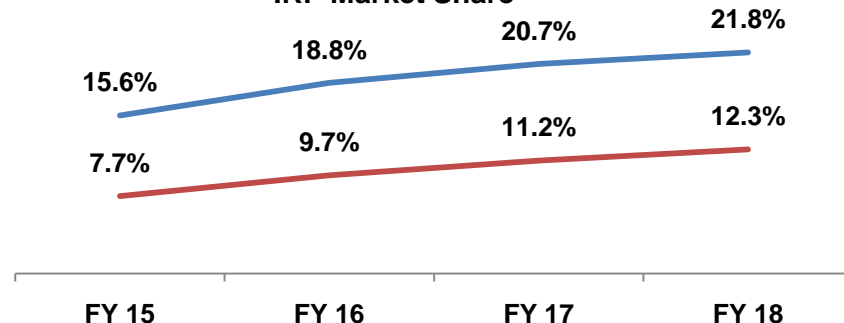
Growth in market share

NBP Market Share



— Private Market Share — Total Market Share

IRP Market Share



— Private Market Share — Total Market Share

Growth in IRP by 31% while the private industry has grown by 24% and total industry has grown by 19%

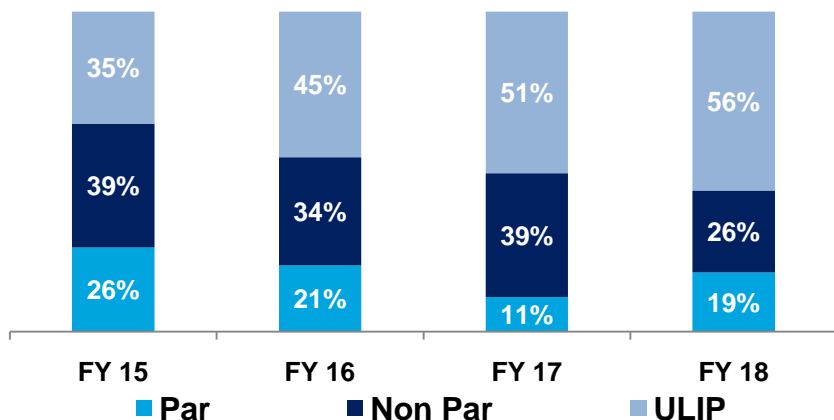
Components may not add up to total due to rounding-off

Product portfolio

Diversified product portfolio (%)

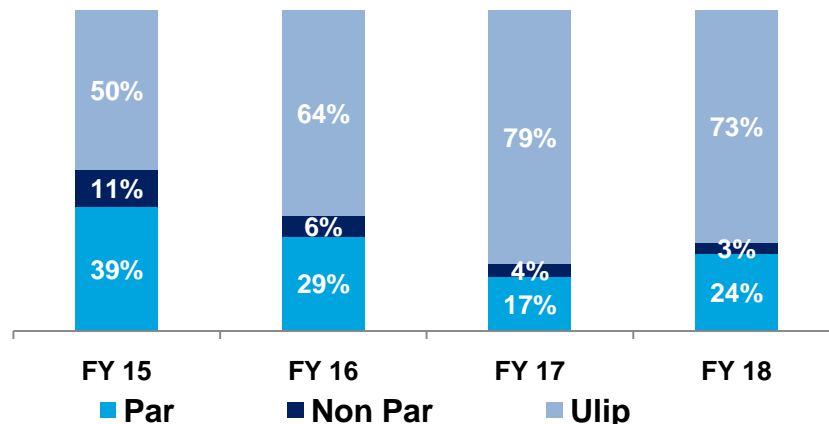
Product type – Total NBP

3 Year CAGR – 26%



Product type – Individual NBP

3 Year CAGR – 31%



Product Mix ¹	FY				Mix	Y-o-Y Growth	3 year CAGR
	15	16	17	18			
Individual Savings	36.1	48.3	63.7	83.5	76%	31%	32%
- Par	14.5	14.7	10.9	20.3	19%	86%	12%
- Non Par	2.8	1.7	1.7	2.1	2%	24%	(8%)
- ULIP	18.7	31.9	51.1	61.0	56%	19%	48%
Group Savings	14.9	16.5	32.8	20.2	18%	-38%	11%
Protection²	4.3	6.3	4.9	6.0	5%	23%	12%
Total NBP	55.3	71.1	101.4	109.7		8%	26%

- Strong and consistent growth in Individual Savings and Protection business reflecting balanced product mix
- Need based selling helps us to cater client's requirements

1. New business premium basis

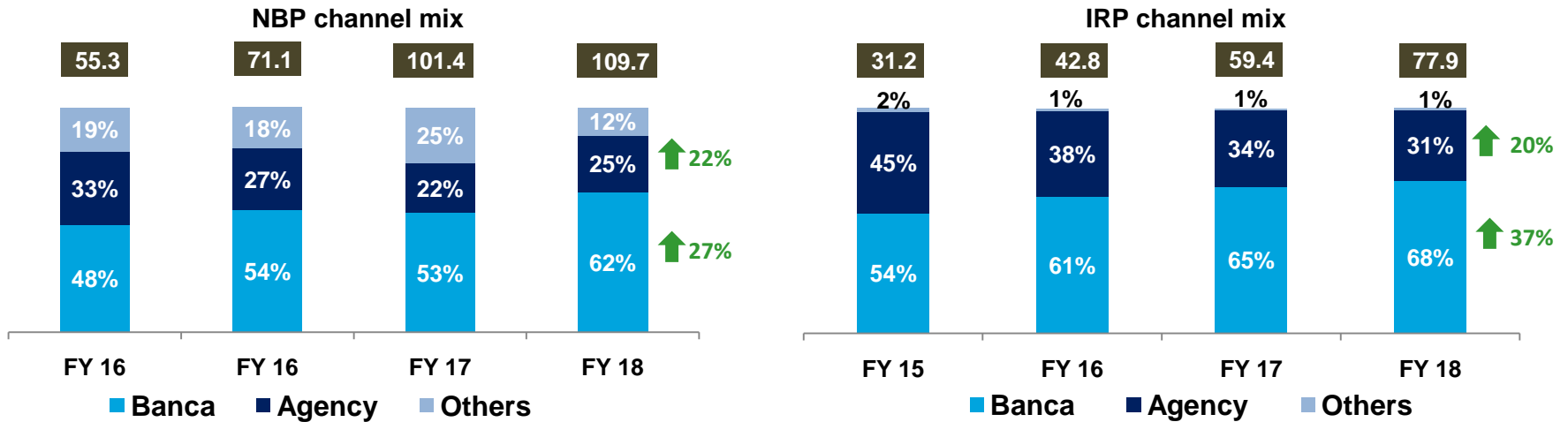
2. Includes Individual and Group products.

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

Channel mix¹

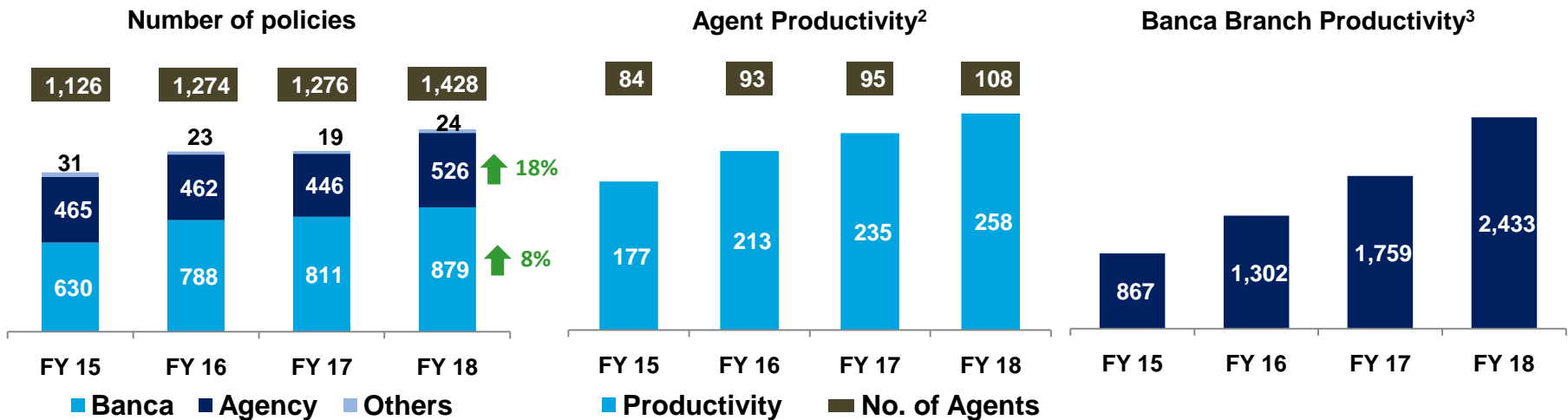
Multi-channel distribution

₹ in billion



Channel efficiency

in '000s



1. Others include Corporate Agents other than banks, Brokers and Direct channel

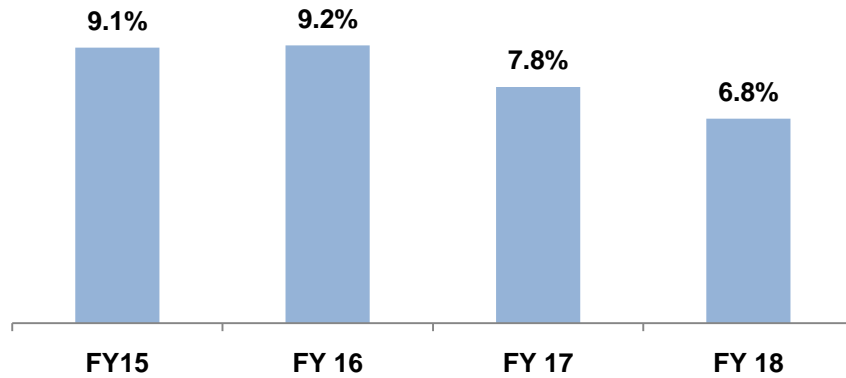
2. Agent Productivity is calculated as the Individual NBP of Agency Channel divided by the average number of agents

3. Banca branch productivity is calculated as the Individual NBP of Banca Channel divided by the average banca branches

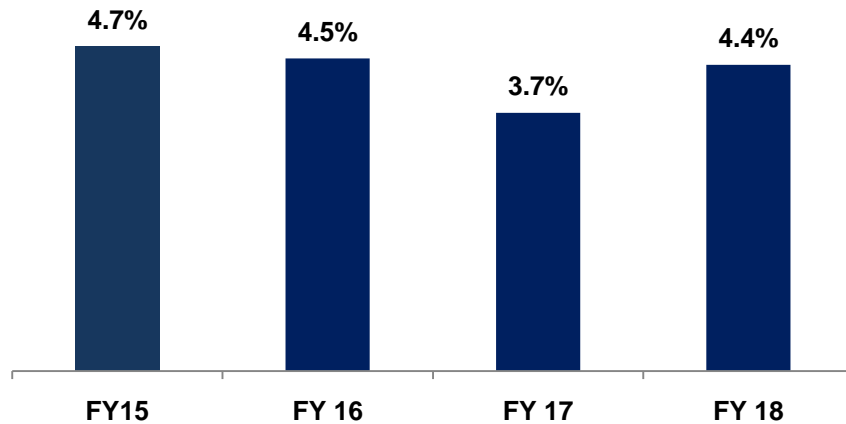
Components may not add up to total due to rounding-off

Cost efficiency

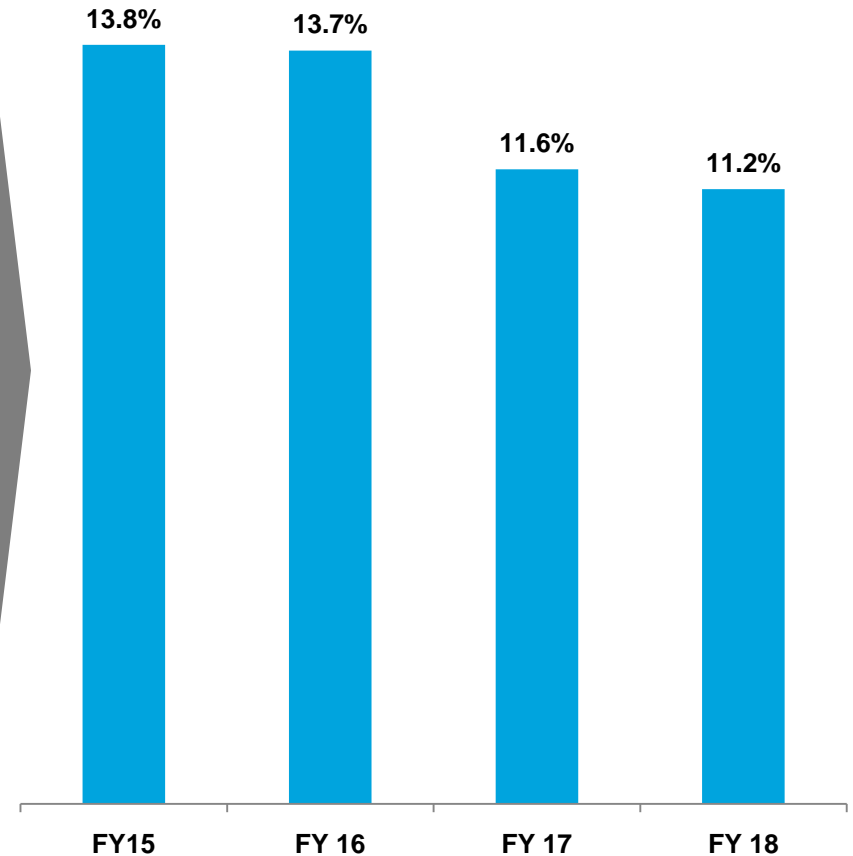
Operating expense (Opex) ratio¹



Commission ratio²



Total cost ratio³



Maintaining cost leadership through operational efficiency

1. Opex ratio is operating expenses (excluding commission) divided by Gross Written Premium

2. Commission ratio is commission expenses divided by Gross Written Premium

3. Total cost ratio is operating expenses including commission, provision for doubtful debts and bad debts written off divided by Gross Written Premium

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

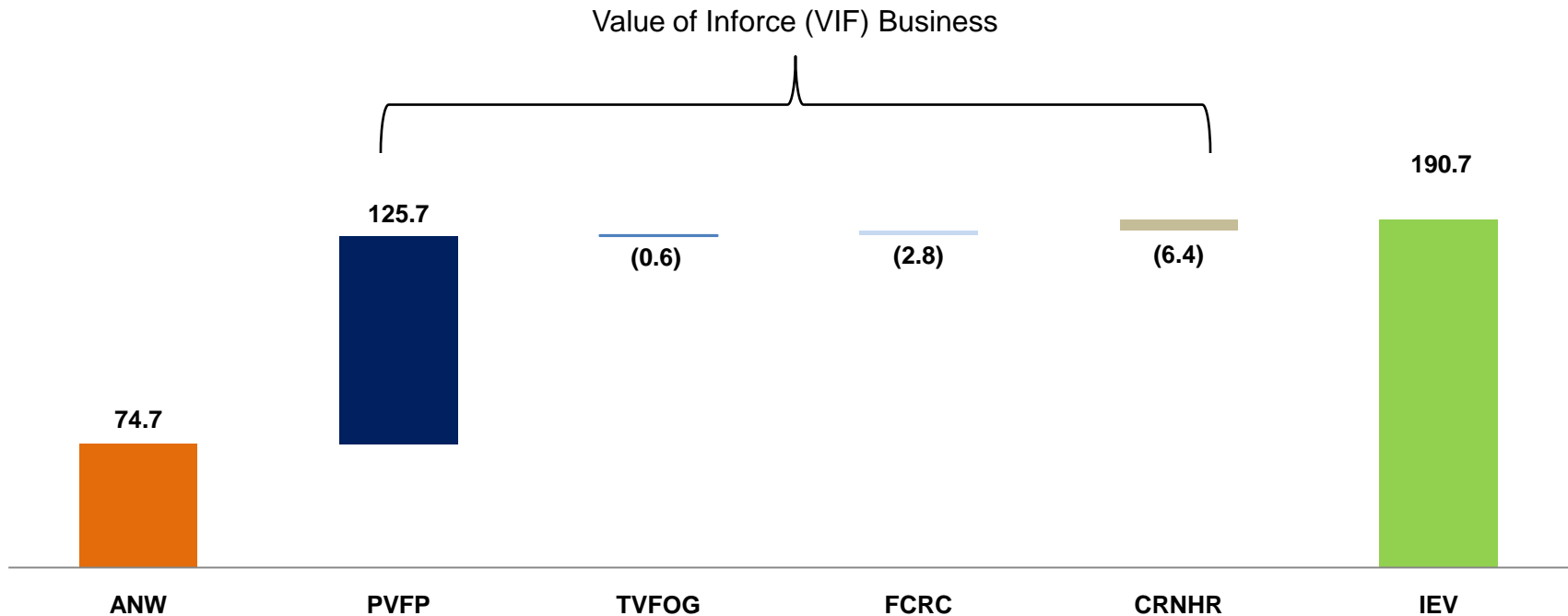
Components of Indian Embedded Value (IEV)

Indian Embedded Value (IEV)

₹ in billion

Embedded Value Operating Profit (EVOP): ₹ 29.5 billion

Operating Return on Embedded Value: 17.9%



1. The rate of income tax applied to the surplus is set at 14.56%
2. Tax deductions available by way of dividend income from equity etc. is not taken into consideration. Rate of taxation applied to individual pension business is zero
3. The Required Capital is taken at 180% of the Statutory RSM, which is the internally approved norm for the company

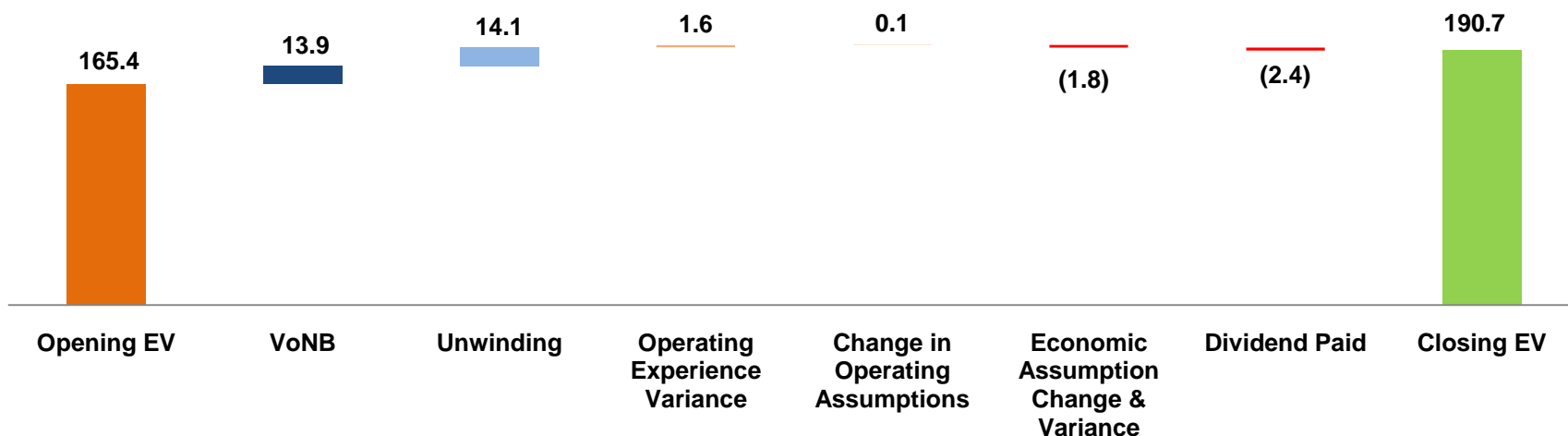
The IEV estimates as on 31st March 2018 have been carried out internally by SBI Life. The methodology, assumptions and the results have been reviewed by Willis Towers Watson Actuarial Advisory LLP. Components may not add up to total due to rounding-off

Analysis of movement in IEV

Indian Embedded Value (IEV)

₹ in billion

EV grown by 23% CAGR between FY 16 to FY 18



Improvement in persistency leading to favourable experience variance of ₹ 1.91 billion

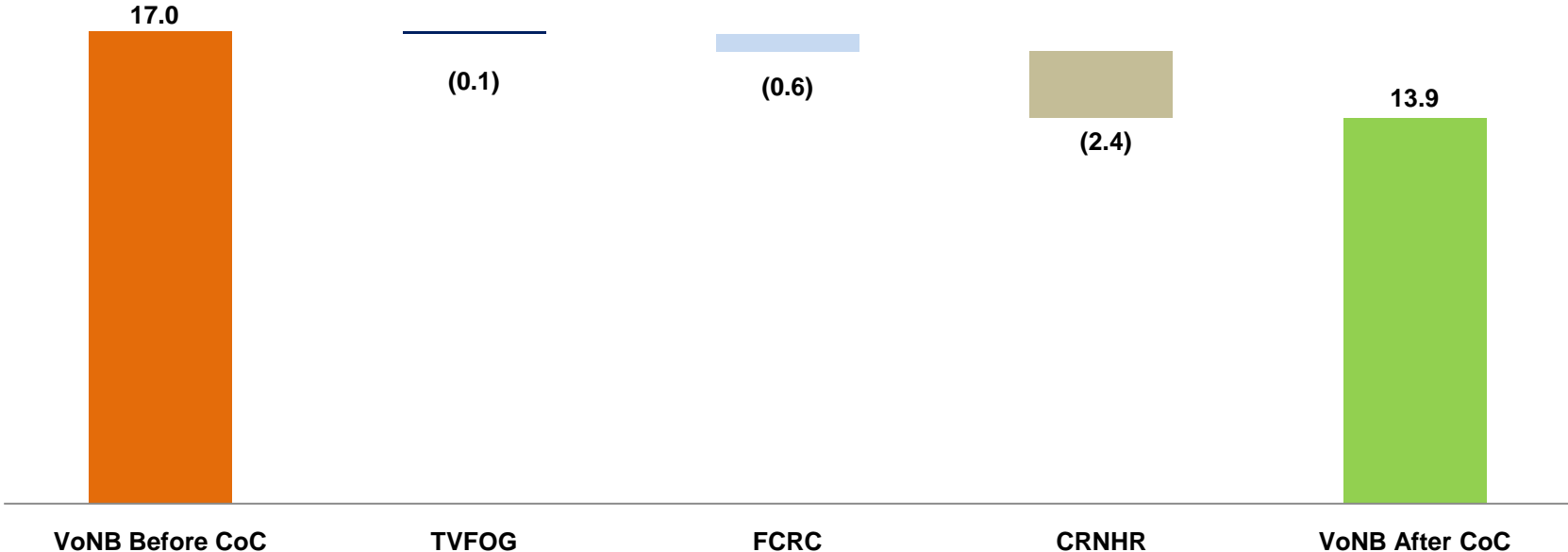
Components may not add up to total due to rounding-off

Components of Value of New Business (VoNB)

Value of New Business (VoNB)

₹ in billion

Robust VoNB growth of 34% from ₹ 10.4 billion to ₹ 13.9 billion



VoNB Margin increases to 16.2%

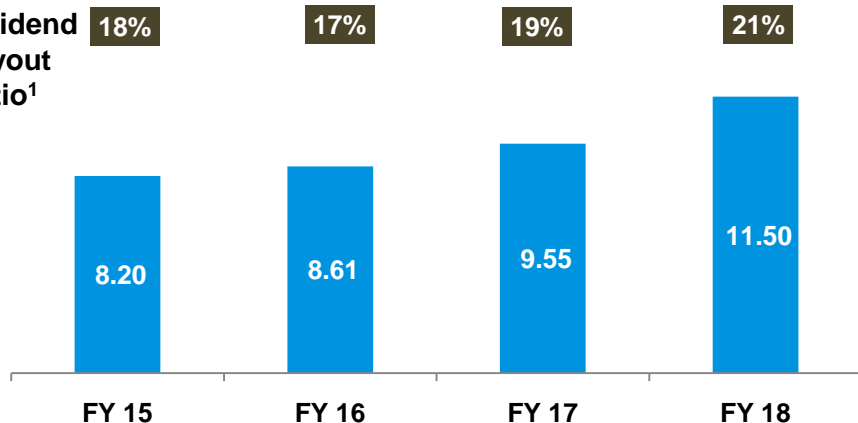
Components may not add up to total due to rounding-off

Profitability

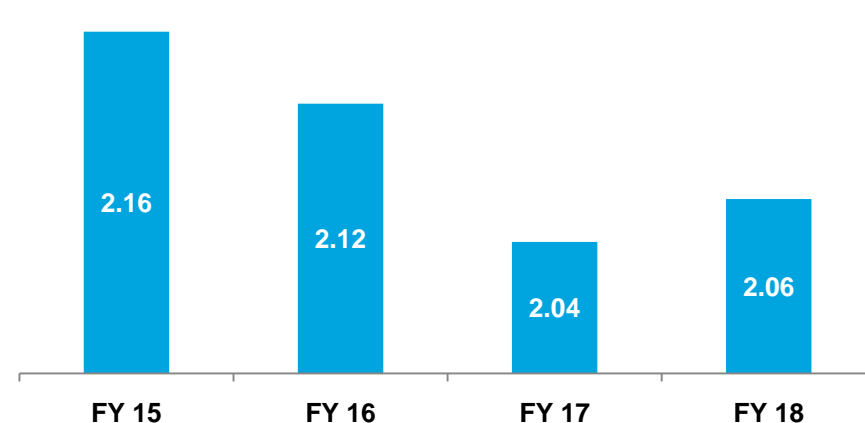
Increasing profit

₹ in billion

Dividend Payout Ratio¹



Strong Solvency

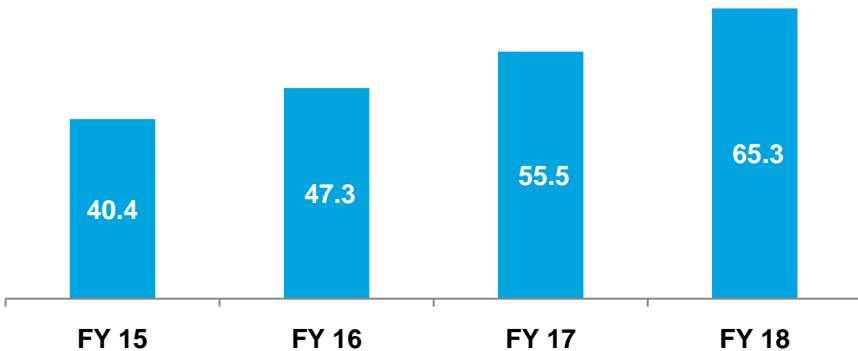


Robust growth in profit after tax with strong solvency despite consistent growth

Increasing network

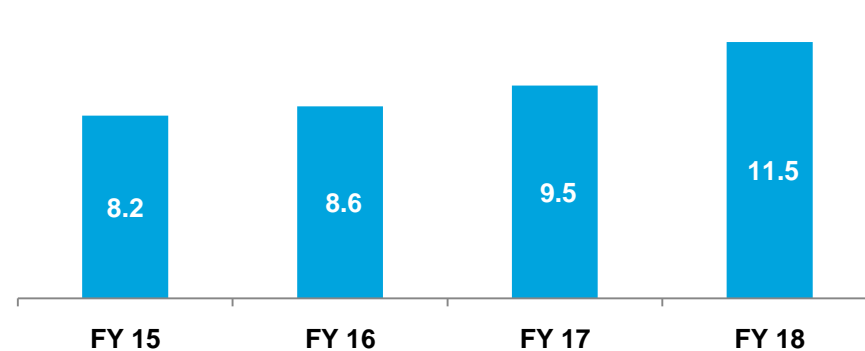
₹ in billion

RoE



Improving Earning per share

RoIC

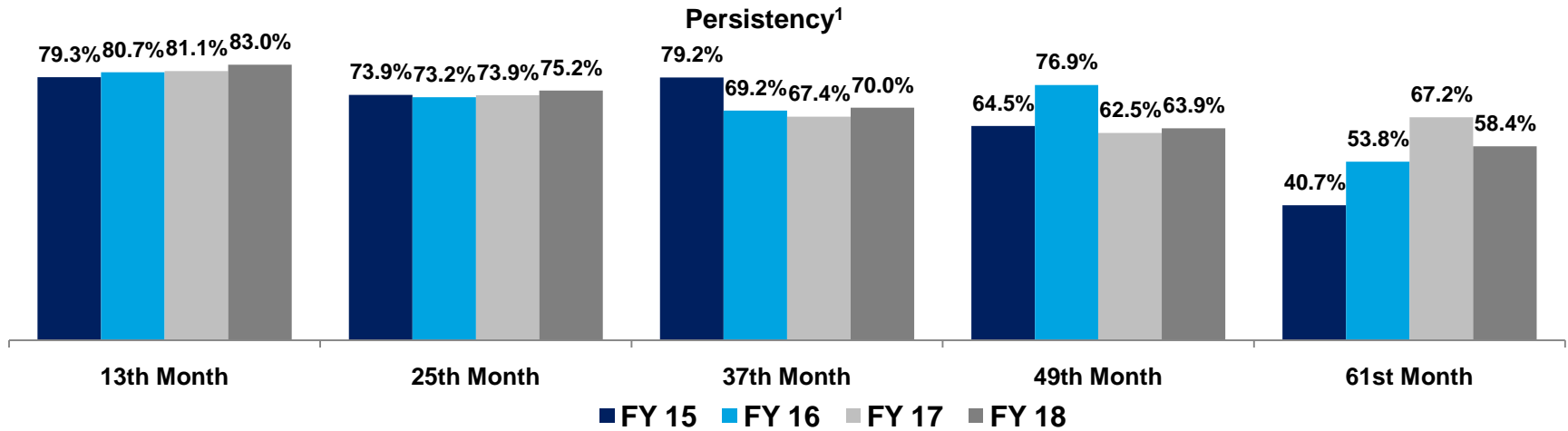


Improving network and EPS – adding value to shareholders'

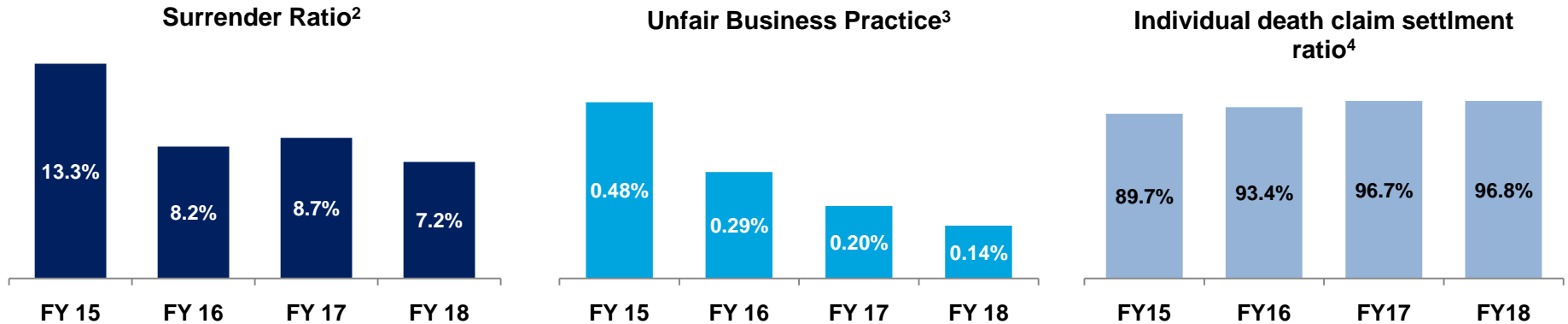
1. Dividend Payout Ratio is calculated as the dividend amount including dividend distribution tax divided by profit after tax

Customer retention and satisfaction

Customer retention through quality underwriting



Customer satisfaction metrics



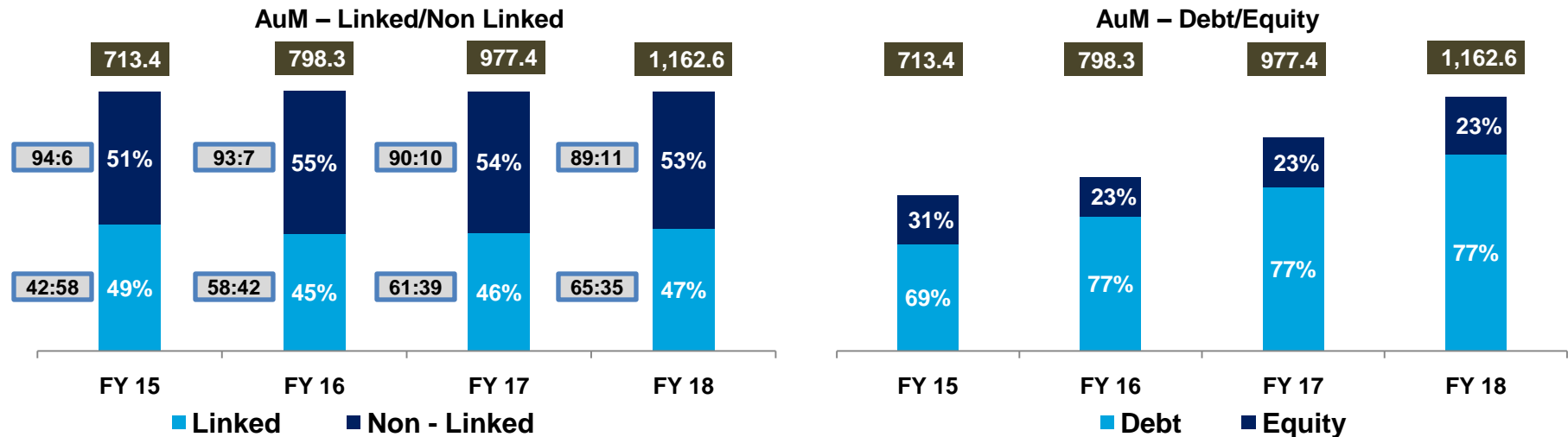
- Strong customer service ethos to promote ethical sales and ensure an improved overall customer experience
- Continuous customer engagement and awareness campaigns
- Overall Death Claim Settlement ratio of 98.4% for FY 18

1. The persistency ratios are calculated as per IRDAI circular dated 23rd January 2014. Single premium and fully paid-up policies are considered. Ratios are calculated based on premium. 2.Surrender ratio-individual linked products (Surrender/average AuM). 3. Number of grievances with respect to unfair business practice that are reported to the Company divided by policies issued by the Company in the same period . 4. Number of death claims settled/ (Claims outstanding at the beginning of the year + claims received during the year)

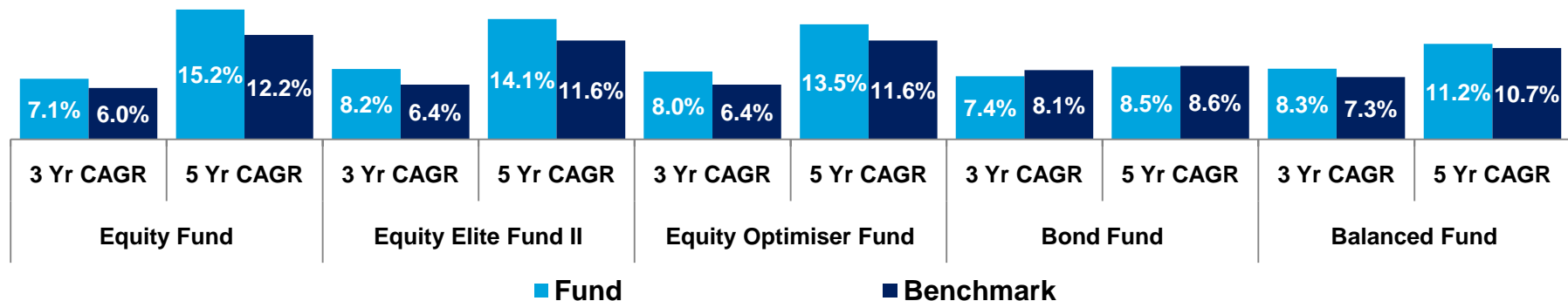
Assets under management¹

Assets under Management growth

₹ in billion



Investment performance¹



- AUM growth of 18% from FY 15 to FY 18
- More than 90% of the debt investments are in AAA and Sovereign instruments

1. As on March 31, 2018

Debt:Equity

Strategy

1

Leverage insurance industry growth through deeper penetration

- Number of lives covered ~ 23 millions
- Protection business increased by 23%
- New Business Sum Assured increased by 29% to ₹ 2,820 billion

2

Expansive distribution network

- Strong distribution network of 159,004 trained insurance professional (Agents/CIFs/ SPs)
- Number of CIFs increased by 25% to 49,527 and Agents increased by 14% to 108,261
- Widespread operation with 825 offices across country – Direct touch point for customers

3

Ensure profitable growth with balanced product mix

- Maintain cost leadership – Decrease in Opex ratio to 6.8%
- Focus on protection products enhancing customer as well as shareholder values
- Average Individual new business policy term of 12 years and average customer age of 39 years

4

Customer satisfaction and engagement

- Pre Issuance Welcome Call – to ensure customer is well educated about the policy features
- Grievances under 47 policies per 10,000 policies
- Average TAT for mortality claim settlement of 3.7 days

5

Digital Initiatives

- Automation and digitalization of sales processes to improve distribution and operational efficiencies – “Connect life”
- Robust IT infrastructure to deliver strong customer service and engagement – Easy Access, Geo mapping etc.
- 2,00,000 policies issued, 82,000 policies renewed and 65% of premium collection through online mode

All growth/drop numbers are with respect to FY18 over FY17

Corporate Social Responsibility

SBI Life's CSR philosophy

Child Education

Healthcare

Rural Development

Environment

Skill Development



**256 projects
undertaken**

**2.2 lakh+
lives
impacted**

Awards & Recognitions

Fintelekt®

- Won Private Sector Life Insurance Company of the Year (Large Category)
- Won Bancassurance Leader, Life Insurance (Large Companies Category)
- Won Data Analytics Initiative of the Year (Overall Award Across Life, General, Health) (Fintelekt Awards 2017)



Adjudged as one of the 'Most Trusted Brand, 2017' for the seventh consecutive year by the Economic Times Brand Equity – Nielson Survey

dun & bradstreet



Awarded 'India's Leading insurance Company – Life' (Private sector) at the Dun & Bradstreet BFSI Summit 2018'



- Won Skoch Resilient India Awards 2017 for
- Predictive Analytics and automation of renewal Management System
 - Integrated Death Claims Management System



Won the "Legal Era Risk Award 2017" under the "Most Innovative Risk Management Strategy" category for the year 2017



Won the Brand of the Year 2016-17 Award in the Insurance Category by WCRC

KANTAR IMRB

Ranked #1 (in a jointly held spot) in Customer loyalty in the Life Insurance Category in a survey conducted across more than 15 key cities in India, according to Kantar – IMRB Survey 2017



Stood 3rd in order of Merit for Excellence in HR Technology

DSCI Excellence Awards

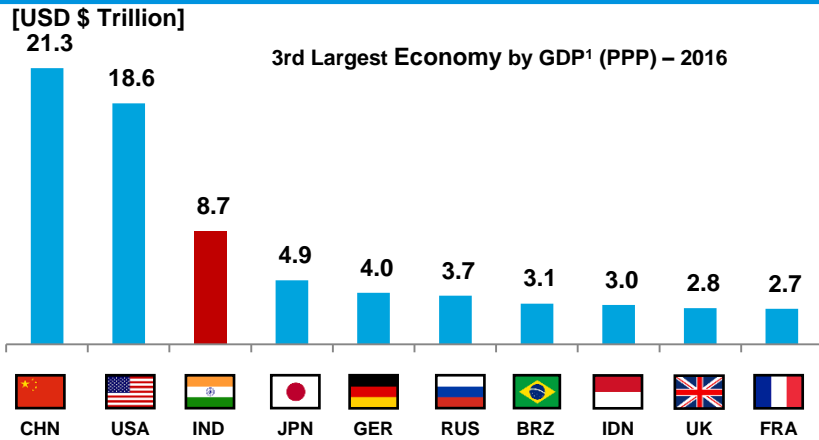
Won the "DSCI Excellence Awards 2017" under category "Best Practices for Insurance Sector" for the year 2017

Growth opportunity and industry overview

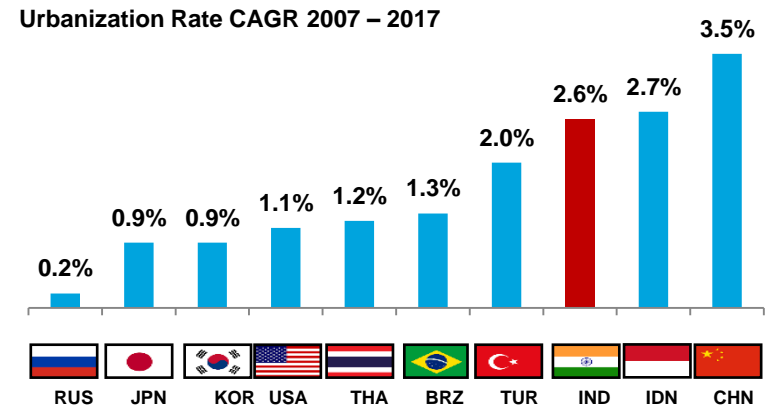
India Life Insurance - Structural Growth Drivers in Place

Strong Demographic Tailwinds Supporting India Growth Story

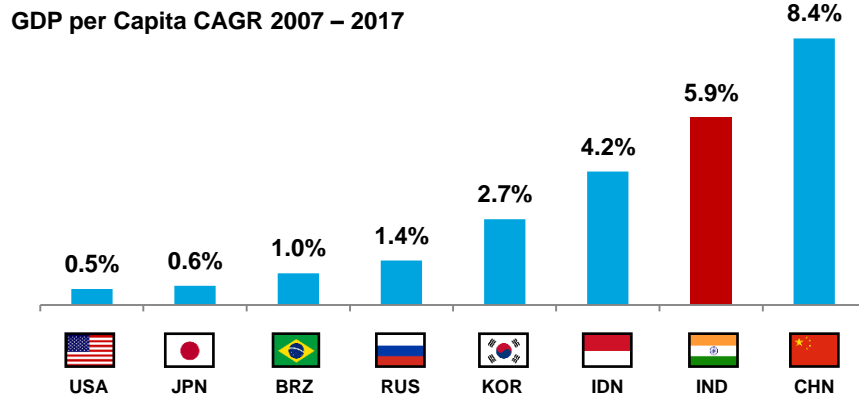
India : Fastest Growing Economy in the World



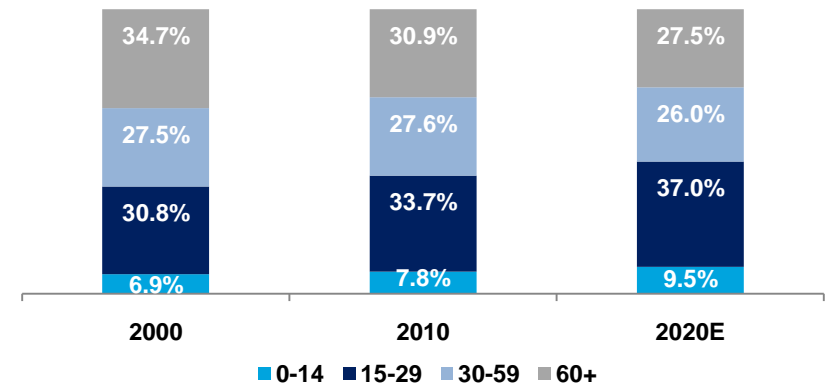
Rapid Urbanization³



Rising Affluence²



High Share of Working Population⁴



Combination of a high share of working population, rapid urbanisation & rising affluence to propel the growth of Indian life insurance sector

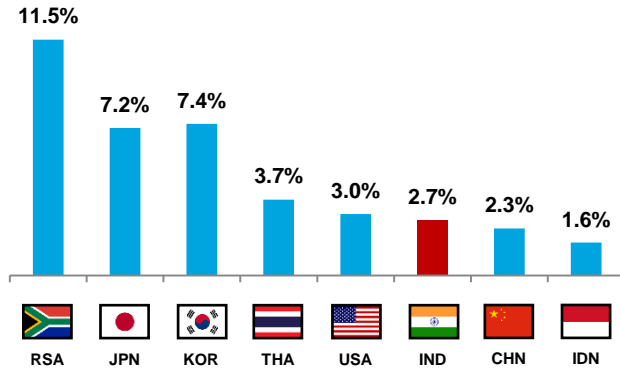
1. IMF
2. World Bank
3. EIU
4. United Nations Population Division

Life Insurance – Significant Under Penetration versus other Markets

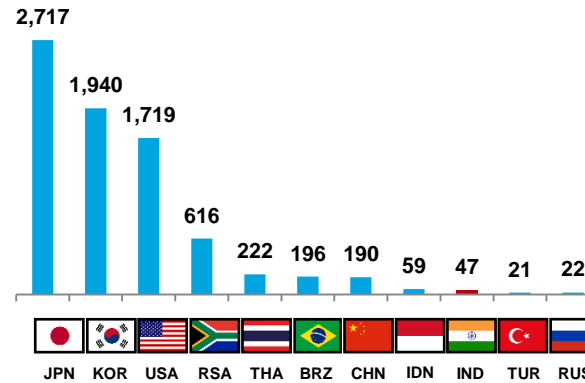
Share of Insurance in Savings expected to Rise

Underpenetrated Insurance Market¹

Premium as % of GDP – 2016



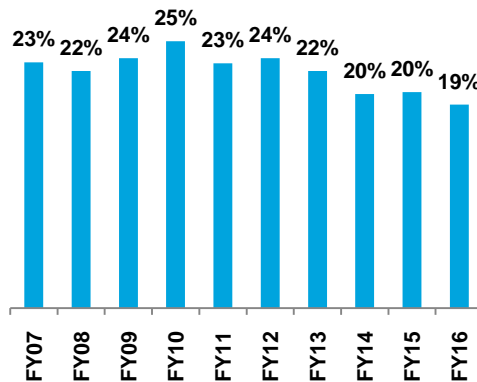
Life Insurance Density (Premium per Capita USD) – 2016



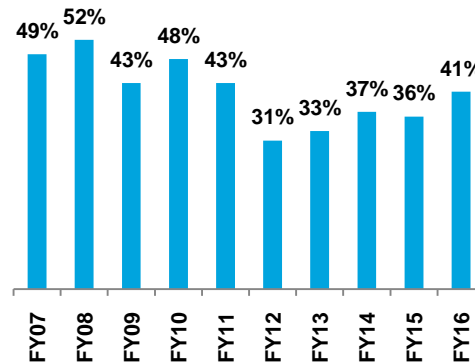
- 10th largest life insurance market worldwide and 5th largest in Asia with \$4.2tn in total premium business
- Total premium grew at CAGR of 17% between FY01 - FY17
- India continues to be under penetrated as compared to countries like Thailand and Korea

Financial Savings – Headed towards a Rebound²

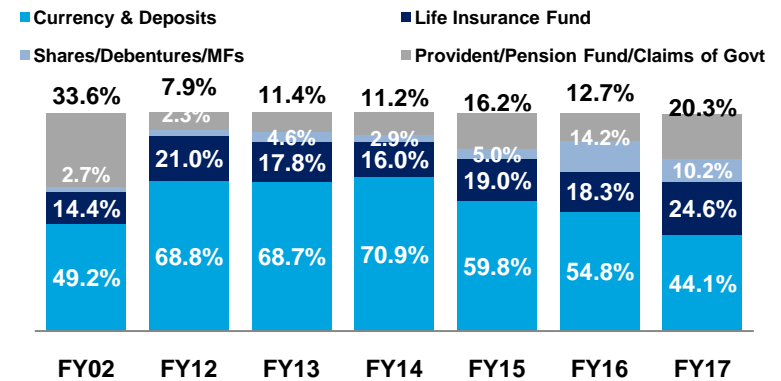
Household as a % of GDP



Financial Savings as a % of Household Savings



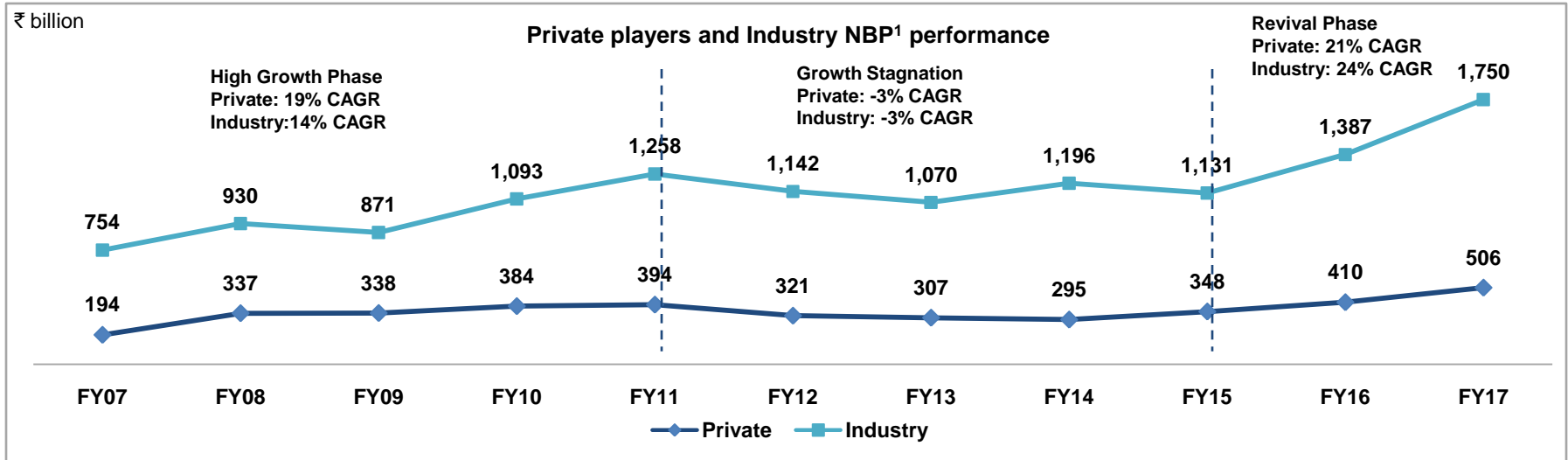
Rising share of Insurance in Financial Savings



1. Swiss Re, sigma No 3/2017

2. CSO, Reserve Bank of India, Handbook of Statistics on Indian Economy

Life insurance industry evolution in India



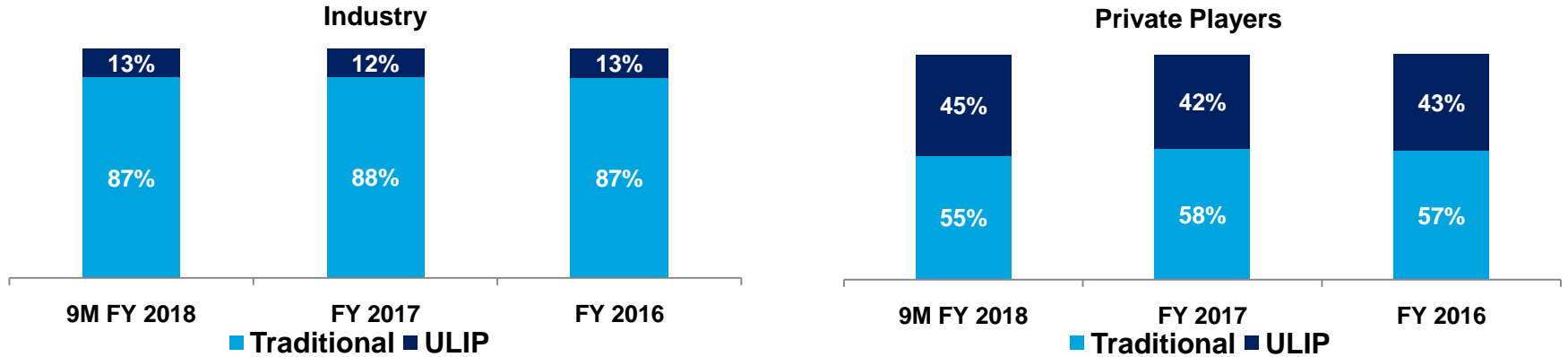
	FY 07	FY 11	FY 15	FY 17
No. of Private players	15	22	23	23
Total Industry Premium (₹ billion)	1,561	2,916	3,281	4,181
Penetration ² as % of GDP	4.1%	4.2%	2.6%	2.8%
Insurance Density ³ (USD)	33.2	55.7	44.0	48.7
Average individual policy ticket size – Total Industry (₹)	13,325	17,176	21,403	29,398
Average individual policy ticket size – Private Industry (₹)	21,374	27,411	39,394	50,772
No. of individual agents – Total Industry (lakhs)	19.93	26.39	20.68	20.88
No. of individual agents – Private Industry (lakhs)	8.90	13.02	9.04	9.57

Source: IRDAI, IMF, RBI, CSO

1. NBP – New Business Premium
2. Insurance Premium as % of GDP
3. Premium per capita

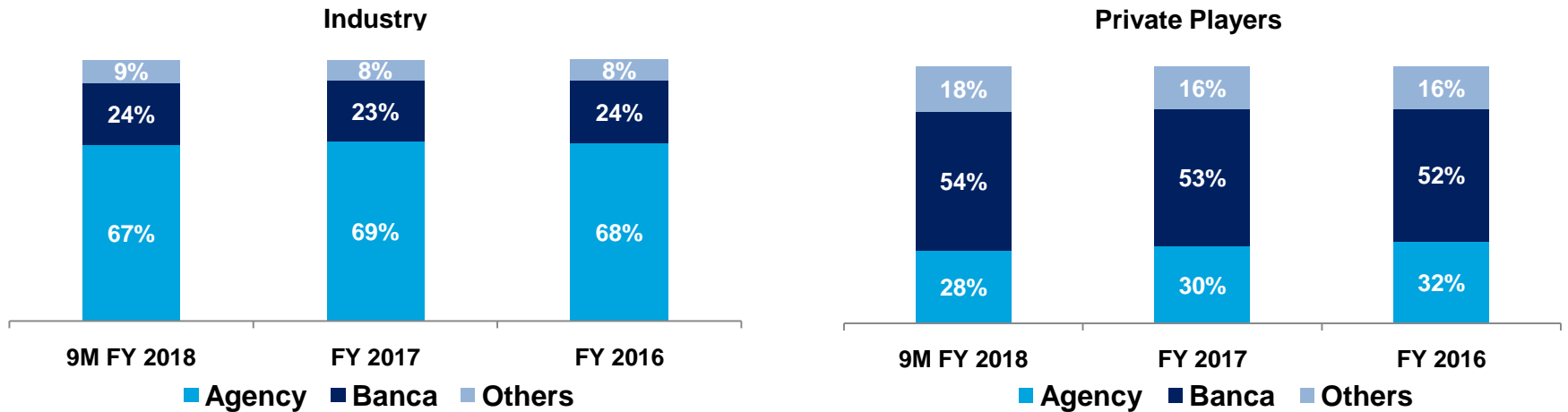
Product portfolio and Channel mix

Product portfolio¹



Higher ULIP contribution among private players, though traditional products forms the major share of new business

Channel mix²



Banca channel has continued to be the largest channel for private players year on year

1. New business premium basis

2. Individual new business premium basis

Source: Life Insurance Council, Public disclosures

Annexure

Revenue and Profit & Loss A/c

₹ in billion

Particulars	FY17	FY18
Premium earned	210.2	253.5
Premium on reinsurance ceded	(1.6)	(1.9)
Net premium earned	208.5	251.6
Investment income ¹	97.0	89.0
Other income	0.8	0.8
Total income (A)	306.3	341.4
Commission paid	7.8	11.2
Operating and other expenses ²	19.0	21.0
Provision for tax – policyholders ³	1.8	2.4
Claims/benefits paid (net) ³	95.5	117.1
Change in actuarial liability ⁴	172.4	177.9
Total expenses (B)	296.5	329.6
Profit before tax (A-B)	9.7	11.8
Provision for tax – shareholders ³	0.2	0.3
Profit after tax	9.5	11.5

1. Net of Provision for diminution in the value of investment and provision for standard assets

2. Includes provision for doubtful debts (including write off) and service tax/GST on charges

3. Inclusive of interim bonus and terminal bonus

4. Includes movement in fund for future appropriation

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

Balance Sheet

₹ in billion

Particulars	FY17	FY18
SOURCES OF FUNDS		
Share Capital	10.0	10.0
Reserves and Surplus	44.6	53.7
Credit/(Debit) Fair Value Change Account	0.9	1.5
Sub-Total	55.5	65.3
Credit/(Debit) Fair Value Change Account	7.8	9.4
Policy Liabilities	483.2	555.6
Provision for Linked Liabilities	388.6	495.6
Fair Value Change Account (Linked)	37.9	31.1
Funds for Discontinued Policies	19.3	22.7
Funds for Future Appropriation	-	1.9
Total Liabilities	992.3	1,181.6
APPLICATION OF FUNDS		
Investments		
-Shareholders	43.0	50.1
-Policyholders	469.6	544.9
-Assets held to cover Linked Liabilities	445.7	549.4
Loans	1.8	1.7
Fixed assets	5.4	5.8
Net Current Assets	26.8	29.7
Total Assets	992.3	1,181.6

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

Analysis of movement in IEV

₹ in billion

IEV Movement Analysis - Components	FY 18
Opening IEV	165.4
Expected return on existing business	
At Reference Rate	9.9
At expected real-world return in excess of reference rate	4.2
Operating Assumptions Change	0.1
VoNB added during the period	13.9
Operating Experience Variance - Persistency	1.9
Operating Experience Variance - Expenses	0.0
Operating Experience Variance - Mortality and Morbidity	(0.1)
Operating Experience Variance - Others	(0.3)
IEV Operating Earnings (EVOP)	29.5
Economic Assumption Changes and Investment Variances	(1.8)
IEV Total Earnings	27.7
Capital Contributions / Dividends paid out	(2.4)
Closing IEV	190.7

Growth of 15% in Embedded Value year on year

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

Sensitivity Analysis

Scenario	Change in EV%	Change in VoNB%
Reference Rate +100 bps	(4%)	1%
Reference Rate -100 bps	4%	(2%)
Decrease in Equity Value 10%	(1%)	-
Proportionate change in lapse rate +10%	(1%)	(7%)
Proportionate change in lapse rate -10%	1%	7%
Mortality / Morbidity +10%	(2%)	(8%)
Mortality / Morbidity -10%	2%	8%
Maintenance Expense +10%	(1%)	(2%)
Maintenance Expense -10%	1%	2%
Mass Lapse for ULIPs in the year after the surrender penalty period of 25% ¹	(2%)	(8%)
Mass Lapse for ULIPs in the year after the surrender penalty period of 50% ¹	(4%)	(19%)
Tax Rate Change to 25%	(9%)	(17%)

1. Mass lapse sensitivity (of 25% or 50%) for ULIP business is applied at the end of surrender penalty period as defined by APS 10, which is taken to be the beginning of 5th policy year for current generation of our ULIP products.

IEV Methodology and Approach (1/2)

Embedded Value is a measure of the consolidated value of shareholders' interest in the covered life insurance business. The embedded value has been determined by following a market consistent methodology, as per the requirements and principles set forth by the IAI within the APS10.

Components of Embedded Value:

IEV is calculated as the sum of Adjusted Net Worth (ANW) and Value of In-Force business (VIF).

ANW comprises Free Surplus (FS) and Required Capital (RC).

VIF consists of the following components:

- Present Value of Future Profits (PVFP) expected to emerge from the covered business;
- Less Frictional Cost of Capital (FCoC);
- Less Time Value of Financial Options and Guarantees (TVFOG);
- Less Cost of Residual Non-Hedgeable Risks (CRNHR).

Components of Adjusted Net Worth (ANW):

This is the value of all assets allocated to the covered business that are not required to back the liabilities of the covered business.

Free Surplus (FS): Free Surplus represents the market value of any assets in excess of liabilities and Required Capital which is potentially distributable to shareholders immediately. Free Surplus has been calculated as the excess of ANW over the Required Capital.

Required Capital (RC): Required Capital is the amount of assets attributed to the covered business over and above that required to back liabilities for the covered business. Required Capital has been set at 180% of the RSM, based on the Company's internal capital target. RSM has been projected by applying the solvency margin factors prescribed by the IRDAI appropriate to each line of business.

IEV Methodology and Approach (2/2)

Components of Value of Inforce (VIF) business:

Present Value of Future Profits (PVFP): PVFP represents the present value of future post taxation shareholder cash-flows projected to emerge from the in-force covered business and the assets backing liabilities of the in-force covered business. The PVFP incorporates an allowance for the intrinsic value of financial options and guarantees.

Frictional Cost of Capital (FCoC): Allowance is made for the impact of taxation on investment returns and for the impact of investment expenses (after tax) on the assets backing the projected Required Capital, together with an allowance for shareholders' fund expenses.

Time Value of Financial Options and Guarantees (TVFOG): Allowance is made for asymmetric impact on shareholder value due to any financial options and guarantees within the covered business.

Cost of Residual Non-Hedgeable Risks (CRNHR): A bottom-up assessment of risks has been undertaken to allow for the cost of residual non-hedgeable risks not already allowed for elsewhere. CRNHR has been estimated using a cost of capital approach.

Assumptions used for IEV Calculation:

The expense assumptions used in the IEV (Indian Embedded Value) estimation represent the unit costs arising out of actual experience of the FY 2017/18 and makes no allowance for any productivity gains/cost efficiencies beyond what is achieved up to the valuation date. Future expenses are assumed to increase at a rate of inflation of 5.5% p.a.

The Required Capital is taken at 180% of the Statutory RSM, which is the internally approved norm for the company.

The rate of income tax applied to the surplus is set at 14.56%. Tax deductions available by way of dividend income from equity etc. is not taken into consideration. Rate of taxation applied to individual pension business is zero.

The zero coupon government bond yield curve published by FIMMDA was used as the assumed reference rates.

Abbreviations

Term	Description	Term	Description
GWP	Gross Written Premium	Opex	Operating Expenses (excluding commission)
NBP	New Business Premium	PAT	Profit After Tax
APE	Annualized Premium Equivalent	CAGR	Compounded Annual Growth Rate
IRP	Individual Rated Premium	GDP	Gross Domestic Product
AuM	Assets Under Management	RoIC	Return on Invested Capital
Banca	Bancassurance	FY	Financial Year ending 31 st March
ULIP	Unit Linked Insurance Plan	INR (₹)	Indian Rupees
PAR	Participating	USD (\$)	United States' Currency
NON PAR	Non-Participating	ROE	Return on Equity
Traditional	Other than Unit Linked Insurance Plan	EPS	Earning per Share

Glossary

- **New Business APE:** The sum of annualized first year premiums on regular premium policies, and 10.00% of single premiums, written by the Company during the fiscal year from both retail and group customers
- **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
- **Individual Rated Premium (IRP):** New business premiums written by the Company under individual products and weighted at the rate of 10.00% for single premiums
- **Renewal Premium:** Life insurance premiums falling due in the years subsequent to the first year of the policy
- **Gross Written Premium (GWP):** The total premium written by the Company before deductions for reinsurance ceded
- **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):** Value of New Business 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
- **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
- **Bancassurance (Banca):** An arrangement entered into by a bank and an insurance company, through which the insurance company sells or markets its products to the bank's customer base
- **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

Disclaimer

Except for the historical information contained herein, statements in this presentation 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 State Bank of India, our holding company. We undertake no obligation to update forward-looking statements to reflect events or circumstances after the date thereof.

The assumptions, estimates and judgments used in the calculations are evaluated internally where applicable and have been externally reviewed. They represent the best estimate based on the company's experience and knowledge of relevant facts and circumstances. While the management believes that such assumptions, estimates and judgments to be reasonable; the actual experience could differ from those assumed whereby the results may be materially different from those shown herein.

Thank you