

January 31, 2018

SBIL/F&A-CS/NSE-BSE/1718/577

Assistant Vice President  
Listing Department  
National Stock Exchange of India  
Exchange Plaza,  
Plot No. C/1, G Block,  
Bandra-Kurla Complex,  
Bandra(East)  
Mumbai 400051

General Manager  
Listing Department  
BSE Limited  
Phiroze Jeebhoy Towers Dalal Street  
Mumbai 400001

Dear Sir / Madam,

**Subject: Intimation of Earnings call for analysts/investors**

This is in furtherance to our Letter dated January 28, 2018 on the captioned subject.

Please find enclosed the investor presentation for the result call held on January 30, 2018 to discuss the financial results of the Company for the quarter and nine months ended December 31, 2017.

The same has also been uploaded on the Company's website and can be accessed at <https://www.sbilife.co.in/en/about-us/investor-relations>

Thanking You,

Yours faithfully,



Aniket K Karandikar  
Company Secretary  
ACS No. 24107

Encl: A/a

***SECURE YOUR FAMILY***



***WHILE YOU LIVE  
FOR YOURSELF***



***SBI Life Insurance***  
***Performance update – 9M FY 2018***  
***Investor Presentation | January 2018***

# I. Performance update and focus areas

# Key performance update

Parameters	₹ in billion						
	Q3 FY18	Q3 FY17	Growth (%)	9M FY18	9M FY17	Growth (%)	FY 17
New Business APE	24.7	17.4	42%	58.5	42.0	39%	67.3
Individual Rated Premium	22.9	16.5	38%	53.5	37.2	44%	59.4
Renewal Premium	39.0	29.7	32%	88.6	66.8	33%	108.7
Gross Written Premium	68.2	52.6	29%	160.6	136.2	18%	210.2
Profit after tax	2.3	1.9	21%	7.7	6.2	24%	9.5
Value of New Business <sup>1</sup>	NA	NA	-	9.3	NA	-	10.4
New Business Margin <sup>1</sup>	NA	NA	-	16.0%	NA	-	15.4%
Earning per Share (in ₹)	2.3	1.9	-	7.7	6.2	-	9.5
Return on Equity <sup>2</sup>	14.6%	14.5%	-	17.1%	16.4%	-	18.6%
Solvency *	-	-	-	206%	209%	-	204%
Net - Worth*	-	-	-	64.4	53.4	21%	55.5

**Strong and consistent growth in Individual Business Premium continues – Profitable growth for all the stakeholders**

1. NA –VNB and VNB Margin is calculated on a quarterly basis starting from H1 FY 18.

2. Annualized for nine months and quarter

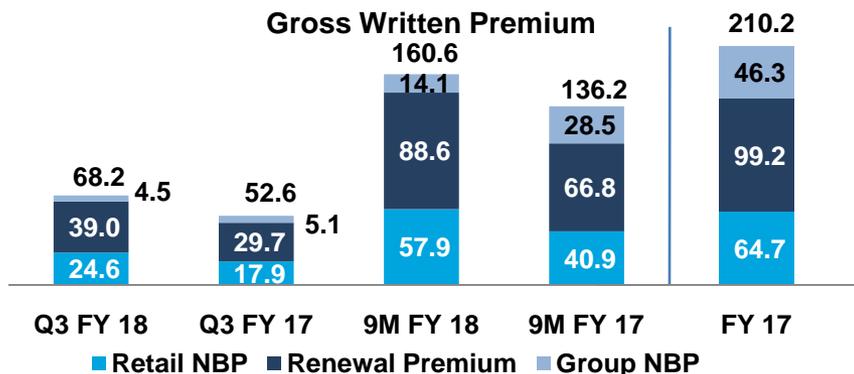
\*Calculated as on date only

Numbers and Percentages are rounded off to nearest one decimal

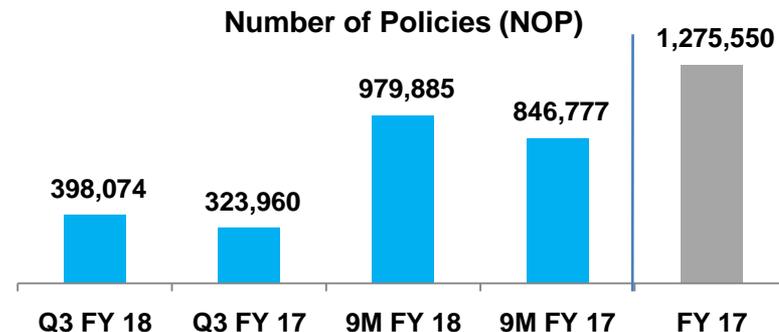
# Premium and market share

## Focus on retail business

₹ in billion

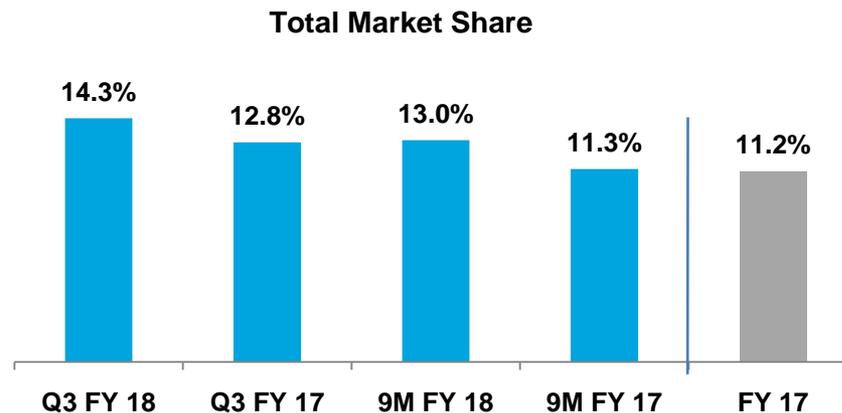
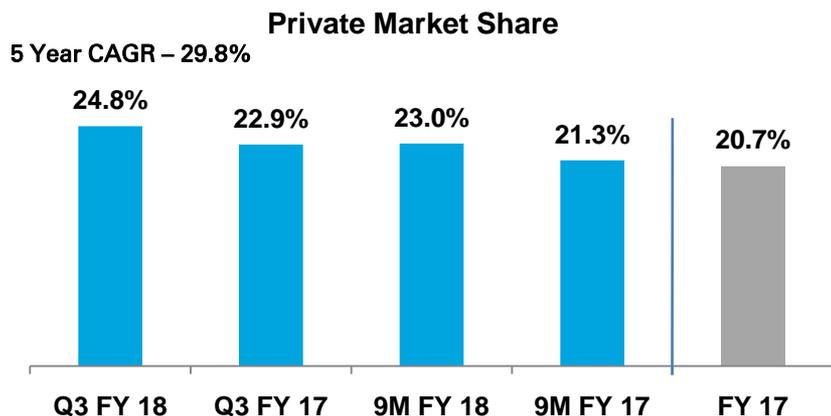


Retail growth - 41% in new business and 36% in renewal



- New Business policies has grown by 16%
- Leadership in NOP's reflects mass coverage, sales quality and strong market acceptance

## Growth in IRP market share



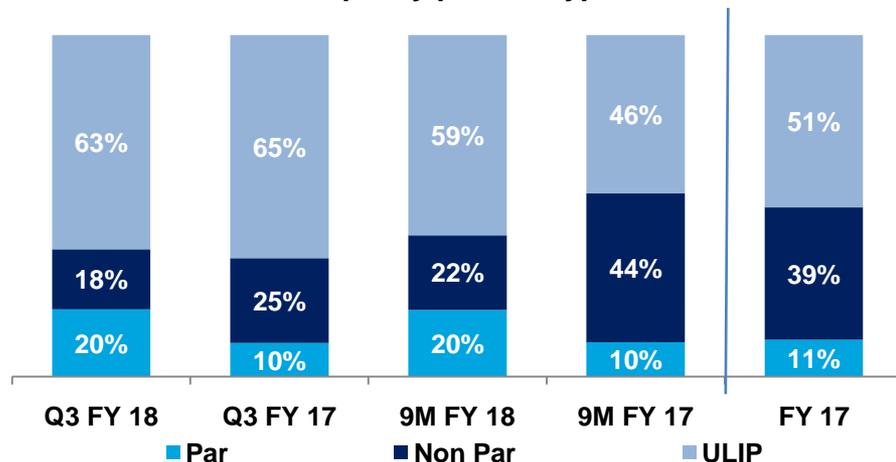
Growth in IRP by 44% while the private industry has grown by 33% and total industry has grown by 25%

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

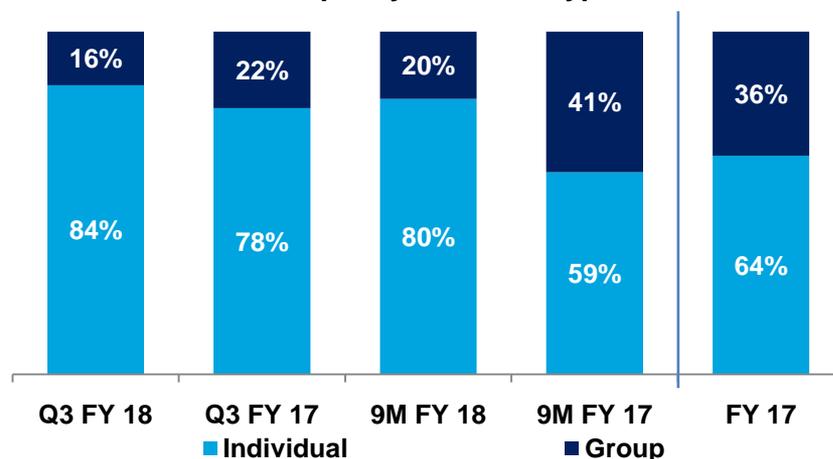
# Product portfolio

## Diversified product portfolio (%)

split by product type



split by customer type



Product Mix	Q3 FY18			9M FY18			FY17	
	Q3 FY18	Q3 FY17	Growth	9M FY18	9M FY17	Growth	FY17	
<b>Individual Savings</b>	24.4	17.6	39%	57.5	40.2	43%	63.7	
- Par	5.7	2.3	154%	14.1	7.0	102%	10.9	
- Non Par	0.6	0.4	45%	1.4	1.1	28%	1.7	
- ULIP	18.1	15.0	21%	42.0	32.1	31%	51.1	
<b>Group Savings</b>	3.2	4.2	(24%)	10.6	25.9	(59%)	32.8	
<b>Protection<sup>2</sup></b>	1.5	1.1	34%	3.9	3.3	18%	4.9	

₹ in billion

- 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

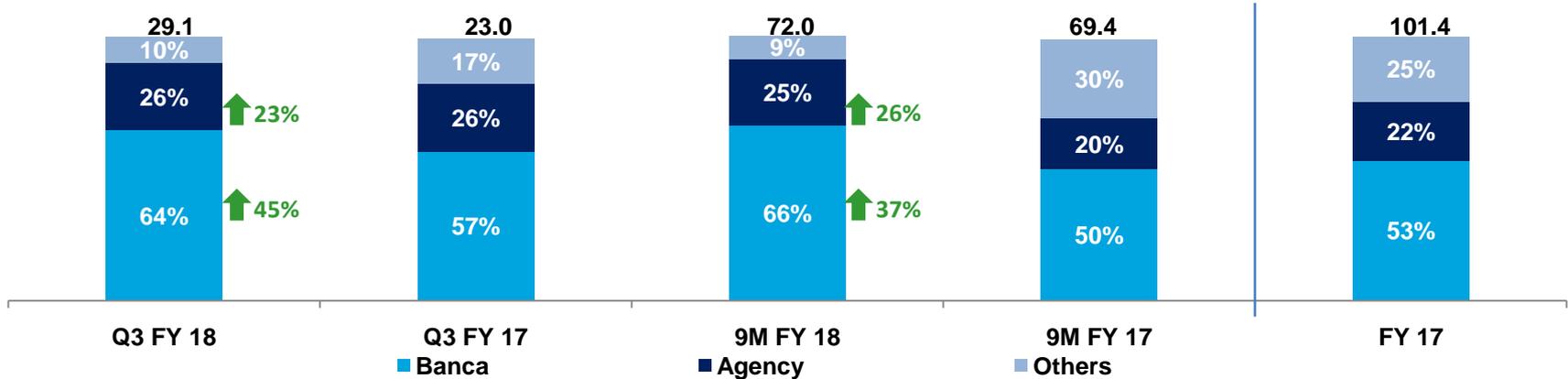
2. Includes Individual and Group products

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

# Channel mix

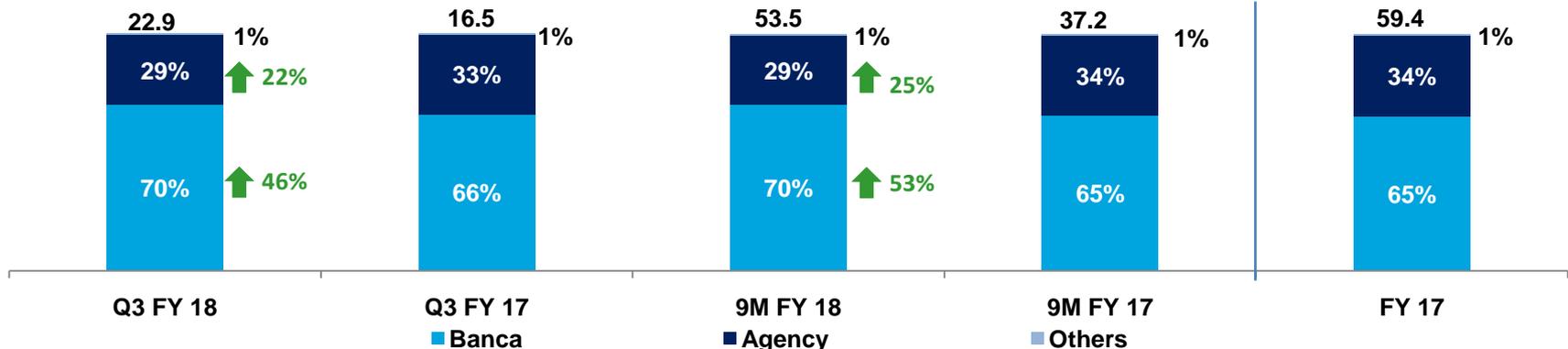
## New Business Premium channel mix

₹ in billion



- Agency and Banca are prominent channels providing well diversified distribution mix
- Others channel grew by 40% in terms of Individual NBP

## Individual Rated Premium channel mix



- Agent productivity has increased from ₹ 201,451 in 9M FY 17 to ₹ 234,753 per agent in 9M FY 18
- Average individual ticket size - Banca has increased from ₹ 48,071 in 9M FY 17 to ₹ 64,246 in 9M FY 18

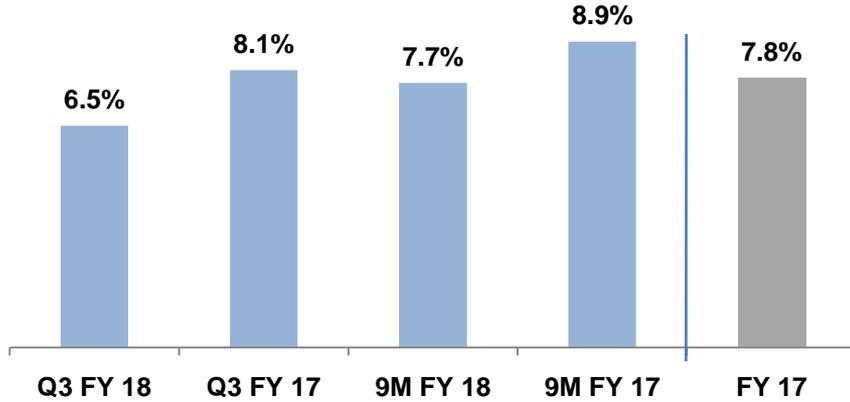
Others include Corporate Agents other than banks, Brokers and Direct channel

Agent Productivity is calculated as the Individual NBP of Agency Channel divided by the average number of agents (annualised)

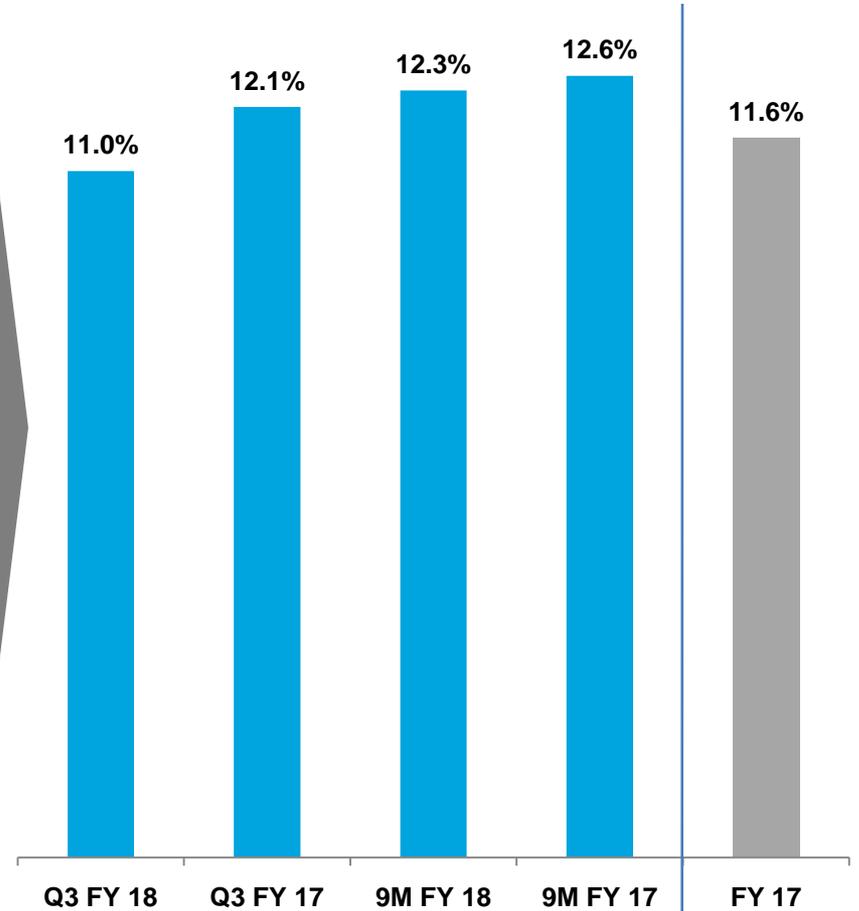
Components may not add up to total due to rounding-off

# Cost efficiency

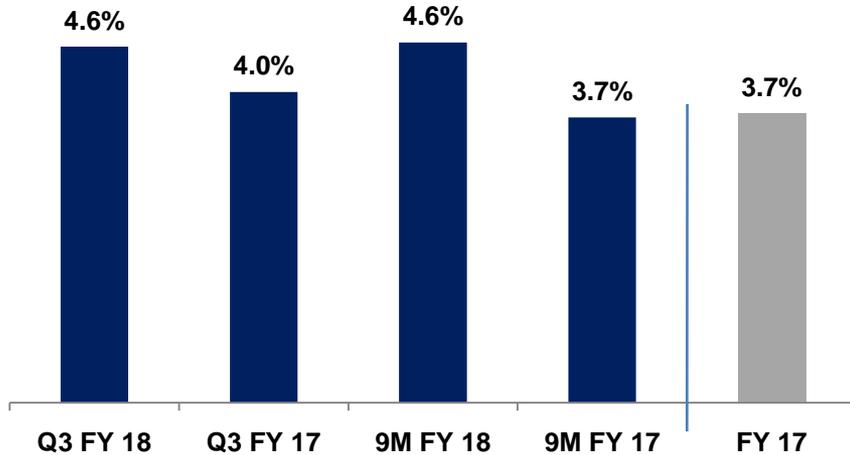
Operating expense (Opex) ratio<sup>1</sup>



Total cost ratio<sup>3</sup>



Commission ratio<sup>2</sup>

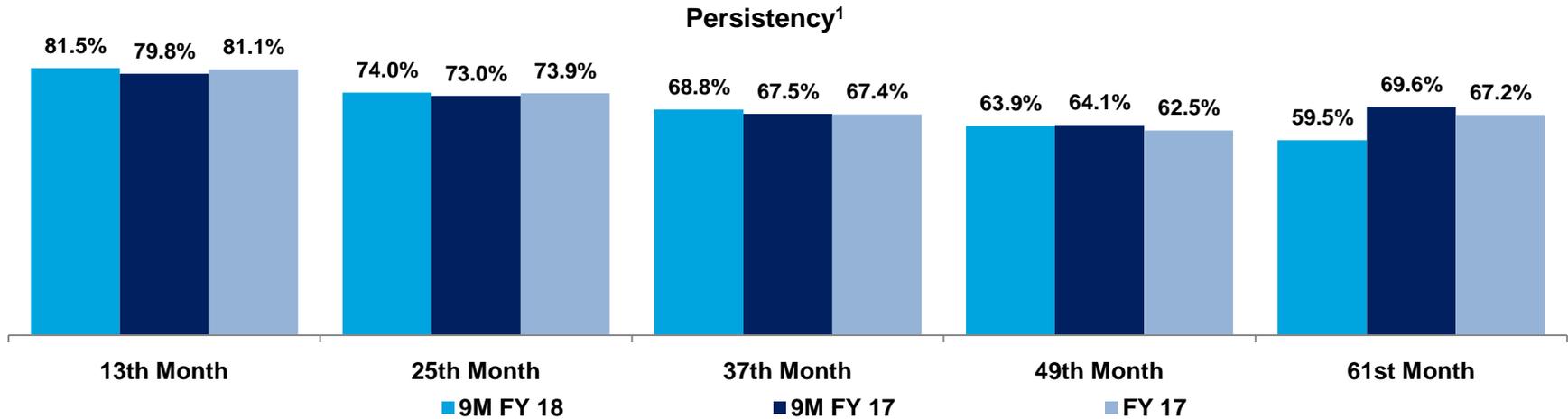


Maintaining cost leadership through operational efficiency

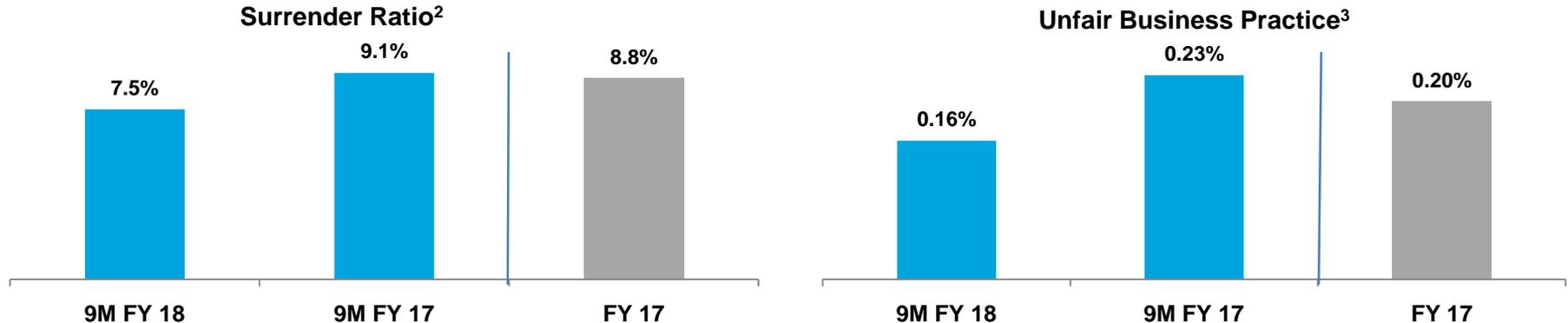
1. Opex ratio is operating expenses (excluding commission) divided by Gross Written Premium
2. Commission ratio is commission expenses divided by Gross Written Premium
3. Total cost ratio is operating expenses including commission, provision for doubtful debts and bad debts written off divided by Gross Written Premium

# 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

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. Annualized Surrender ratio-individual linked products (Surrender/average AuM)

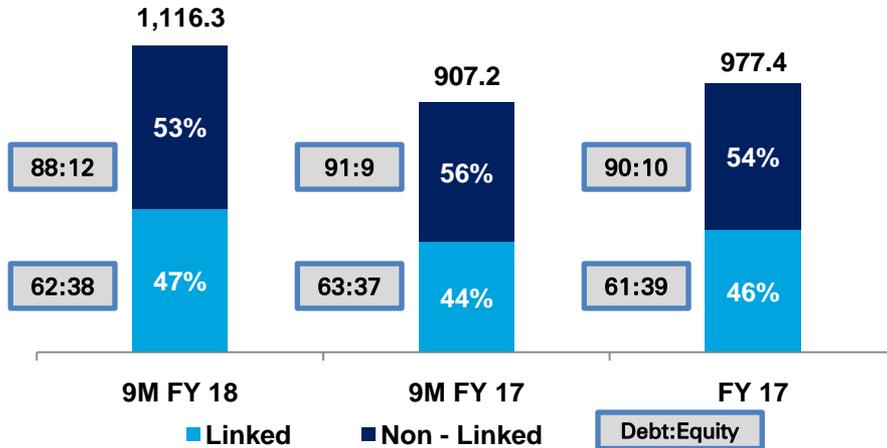
3. Number of grievances with respect to unfair business practice that are reported to the Company divided by policies issued by the Company in the same period .

# Assets under management<sup>1</sup>

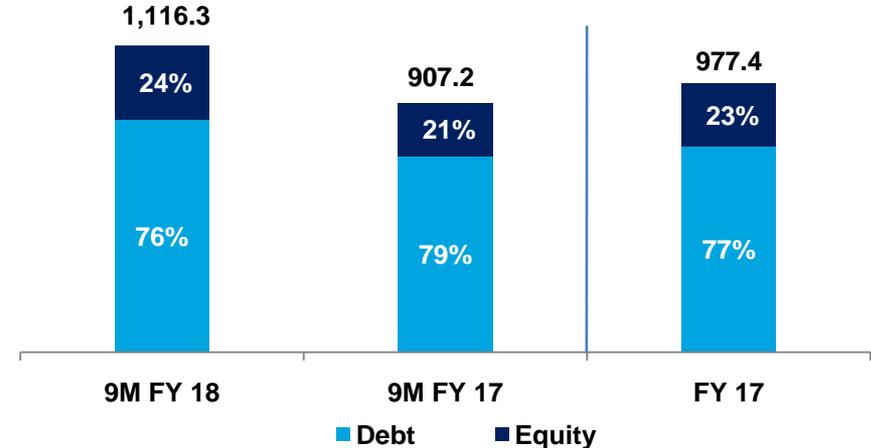
## Assets under Management growth

₹ in billion

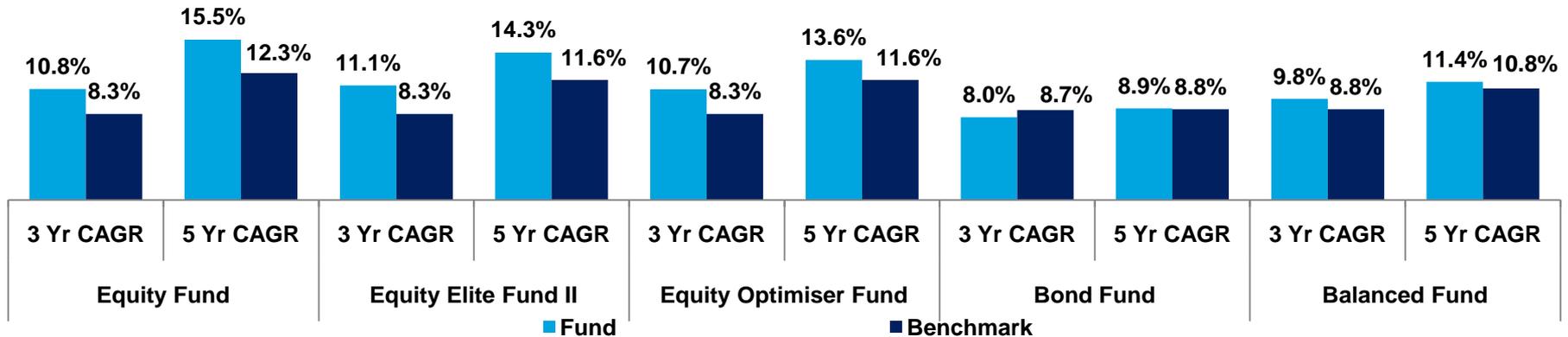
AuM – Linked/Non Linked



AuM – Debt/Equity



## Investment performance<sup>1</sup>



More than 90% of the debt investments are in AAA and Sovereign instruments

1. As on December 31, 2017

# Focus areas

## 1 Capitalize on insurance industry growth

- Number of lives covered ~ 23 millions
- Protection share increased by 18%
- Samporn Cancer Suraksha launched to cater underpenetrated health segment
- Product innovation to cater protection requirement – Poorna Suraksha and e-Shield

## 2 Expansive distribution network

- Strong distribution network of 1,44,832 trained insurance professional (Agents/CIFs/ SPs)
- Best in class agency productivity<sup>1</sup> - Increased from ₹201,451 to ₹ 234,753 per agent
- Number of CIFs increased by 23% to 46,129 and Agents increased by 9% to 98,647
- 33% Increase in number of corporate agency partners
- Widespread operation with 814 branches across country – Direct touch point for customers

## 3 Ensure profitable growth

- Maintain cost leadership – Decrease in Opex ratio from 8.9% to 7.7%
- Focus on ensuring profitability of our business maintaining diversified product portfolio
- Focus on protection products enhancing customer as well as shareholder values
- Average Individual new business policy term – 13 years

## 4 Customer satisfaction and engagement

- Pre Issuance Welcome Call – to ensure customer is well educated about the policy features
- Drop in Unfair trade practices complaints from 0.23% to 0.16%
- Grievances under 47 policies per 10,000 policies - 21% drop in policy related complaints
- 13m Persistency ratio<sup>2</sup> improved from 79.8% to 81.5% indicating customer retention

## 5 Digital Initiatives – Sourcing, Issuance and Servicing (SIS)

- Sales through digital platforms like website, mobiles apps, integrated digital platforms like “YONO”
- Automation and digitalization of sales processes to improve distribution and operational efficiencies – “Connect life”
- Leverage robust IT infrastructure to deliver strong customer service and engagement – Easy Access, Data Analytics, Geo mapping, automated underwriting

1. Agent Productivity is calculated as the Individual NBP of Agency Channel divided by the average number of agents (annualised)

2. 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

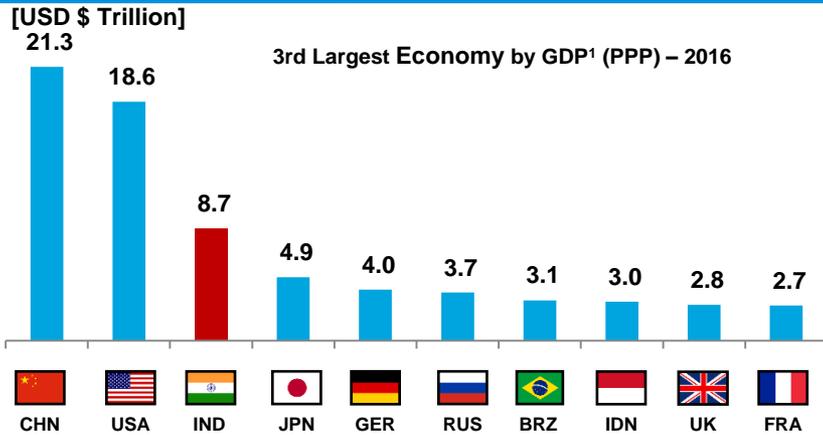
3. All growth/drop numbers are with respect to 9MFY18 over 9MFY17

## II. Growth opportunity and industry overview

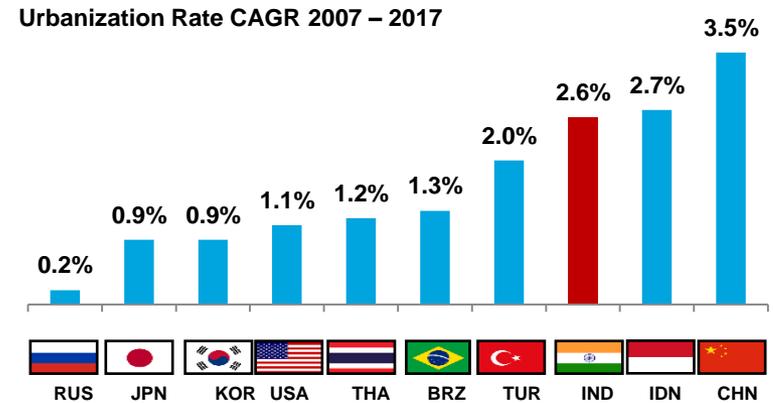
# India Life Insurance - Structural Growth Drivers in Place

## Strong Demographic Tailwinds Supporting India Growth Story

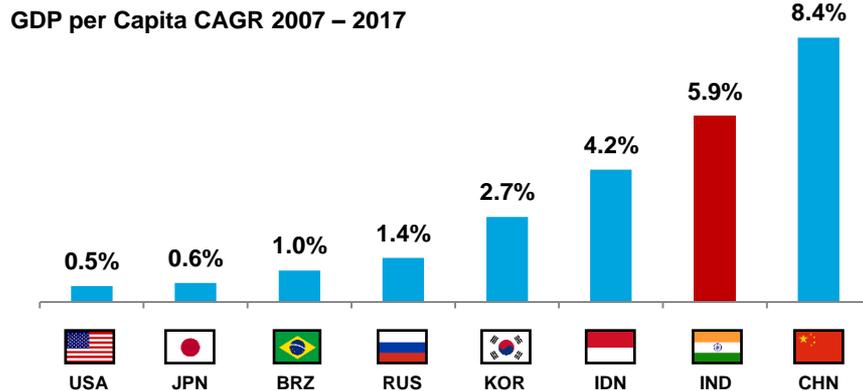
### India : Fastest Growing Economy in the World



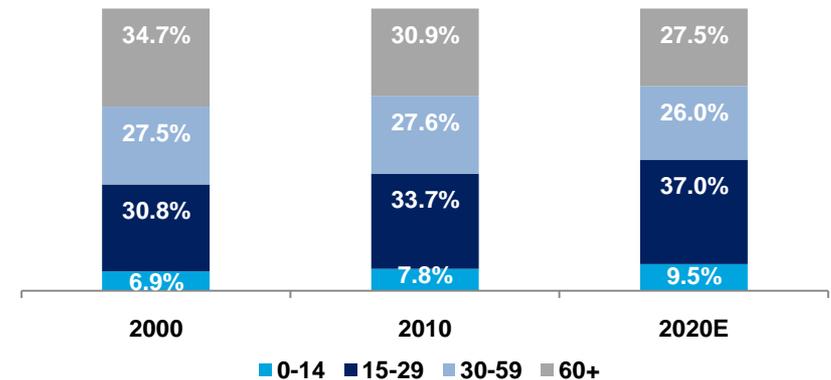
### Rapid Urbanization<sup>3</sup>



### Rising Affluence<sup>2</sup>



### High Share of Working Population<sup>4</sup>



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

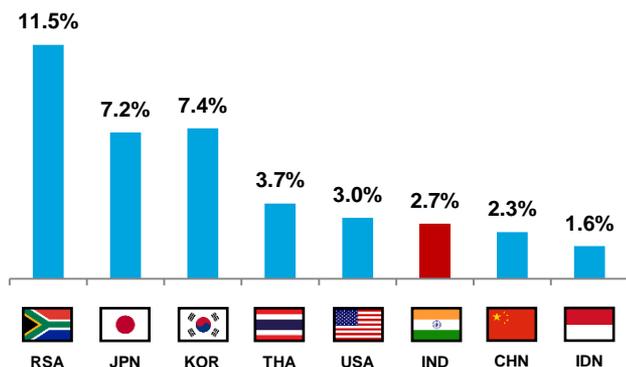
1. IMF  
 2. World Bank  
 3. EIU  
 4. United Nations Population Division

# Life Insurance – Significant Under Penetration versus other Markets

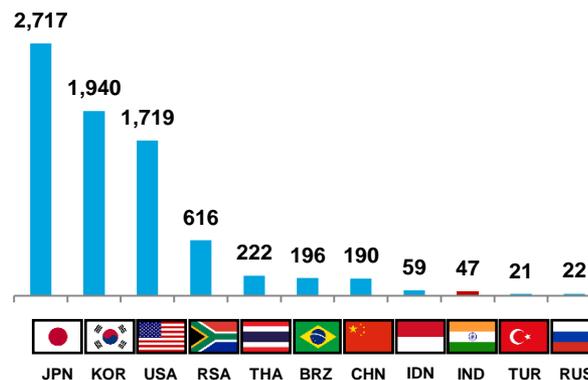
## Share of Insurance in Savings expected to Rise

### Underpenetrated Insurance Market<sup>1</sup>

Premium as % of GDP – 2016



Life Insurance Density (Premium per Capita USD) – 2016



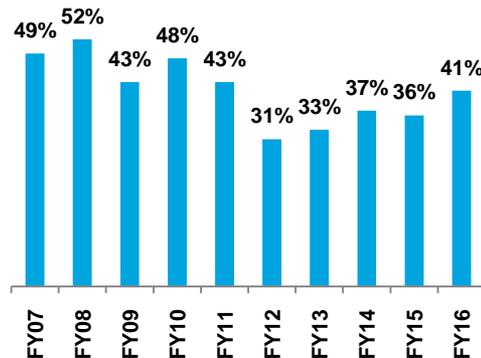
- 10<sup>th</sup> largest life insurance market worldwide and 5<sup>th</sup> largest in Asia with \$4.2tn in total premium business
- Total premium grew at CAGR of 17% between FY01 - FY17
- India continues to be under penetrated as compared to countries like Thailand and Korea

### Financial Savings – Headed towards a Rebound<sup>2</sup>

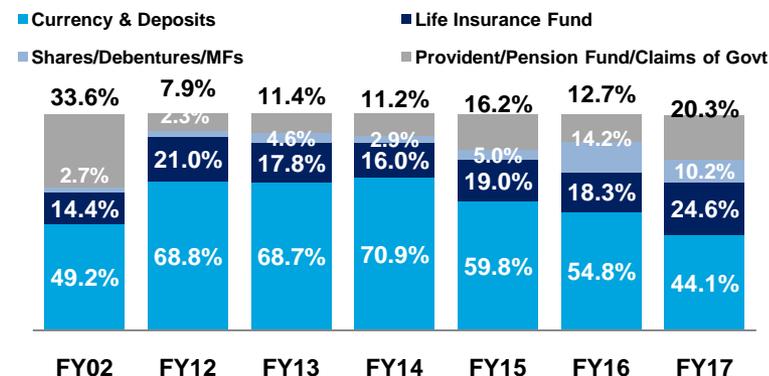
Household as a % of GDP



Financial Savings as a % of Household Savings



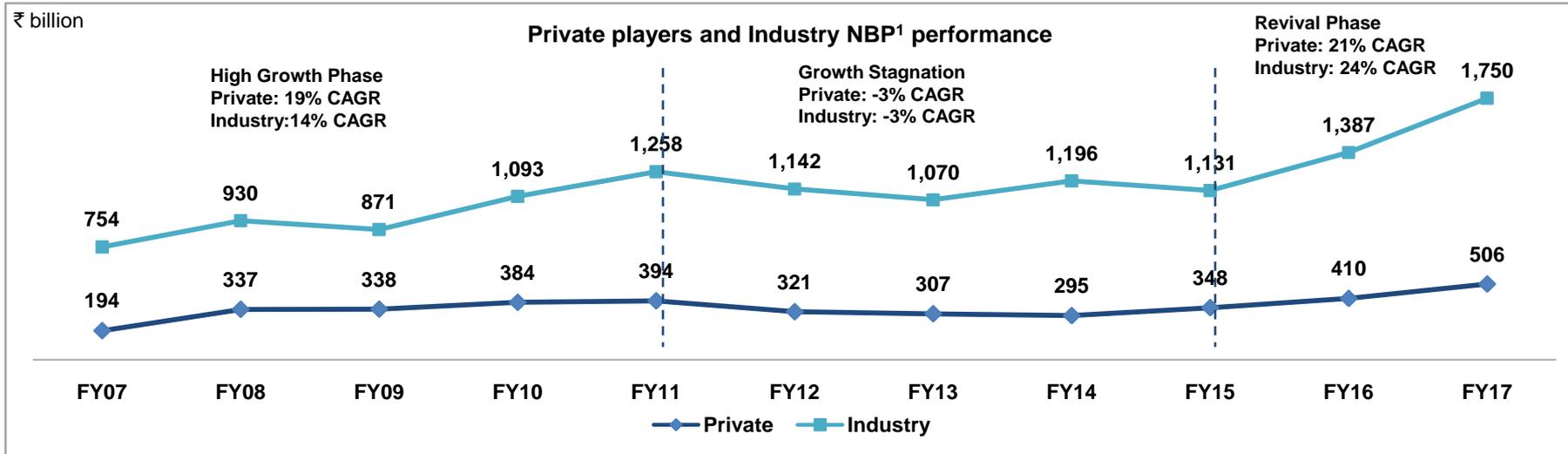
Rising share of Insurance in Financial Savings



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



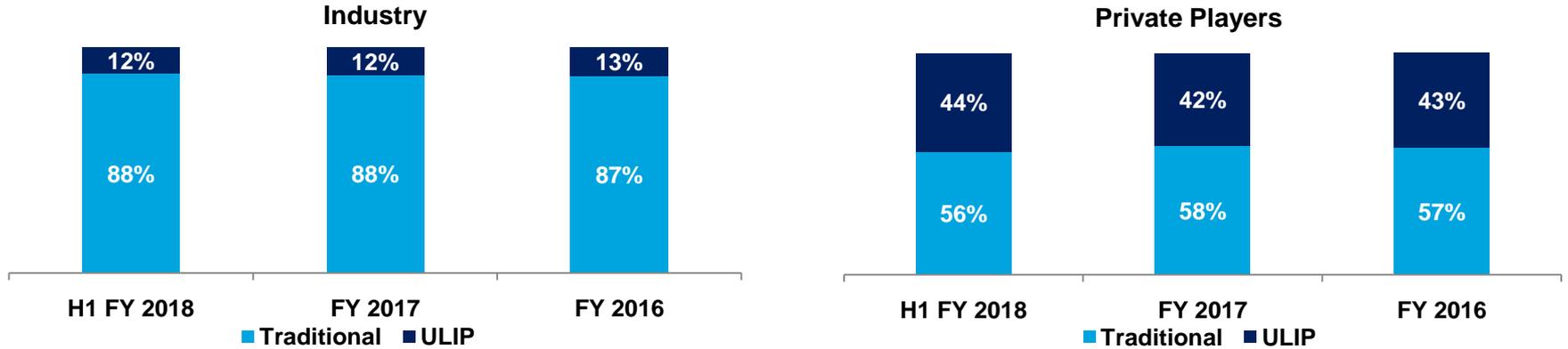
	FY 07	FY 11	FY 15	FY 17
No. of Private players	15	22	23	23
Total Industry Premium (₹ billion)	1,561	2,916	3,281	4,181
Penetration <sup>2</sup> as % of GDP	4.1%	4.2%	2.6%	2.8%
Insurance Density <sup>3</sup> (USD)	33.2	55.7	44.0	48.7
Average individual policy ticket size – Total Industry (₹)	13,325	17,176	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

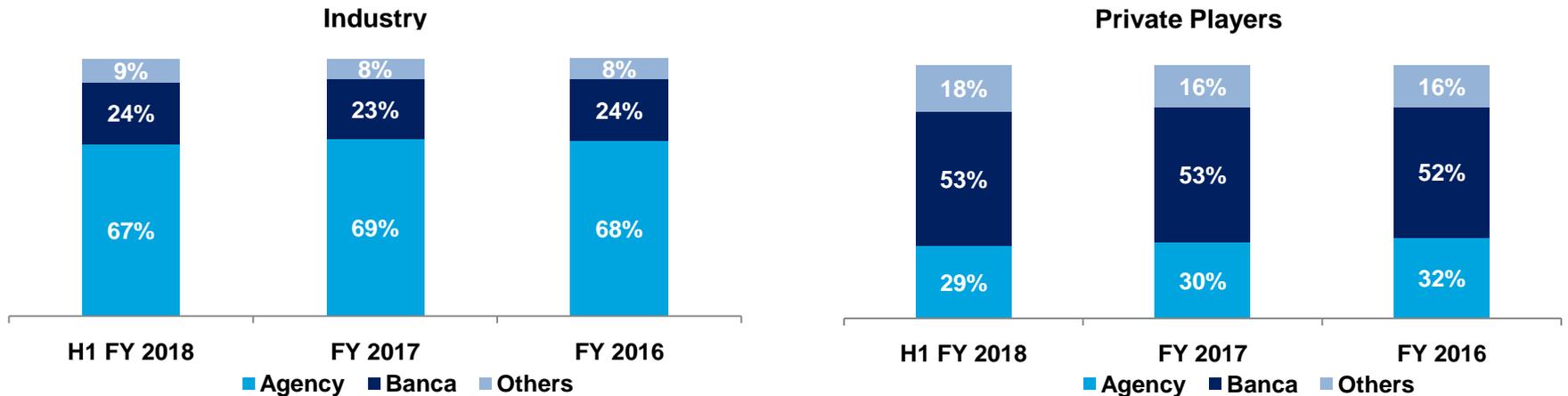
# Product portfolio and Channel mix

## Product portfolio<sup>1</sup>



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

## Channel mix<sup>2</sup>



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

1. New business premium basis

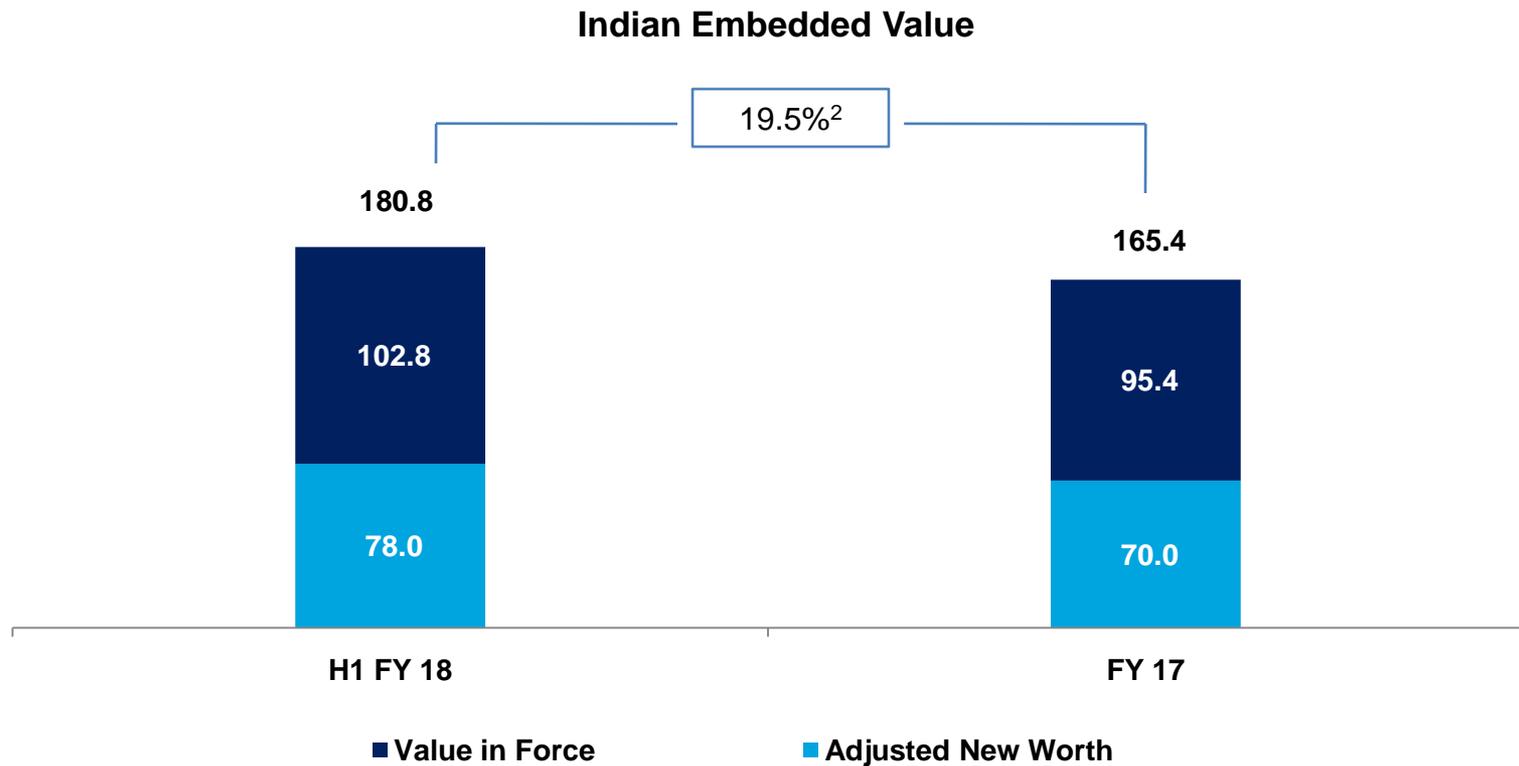
2. Individual new business premium basis

Source: Life Insurance Council, Public disclosures

## III. Annexure

# Indian embedded value (IEV)<sup>1</sup>

₹ in billion



Parameters	9M FY 18	H1 FY 18	FY 17
<b>Value of New Business (VNB)</b>	9.3	5.3	10.4
<b>VNB Margin as % of APE<sup>2</sup></b>	16.0%	15.6%	15.4%

1. IEV – Indian Embedded Value has been reviewed by Independent Actuary for FY 2017. H1 FY 2018 numbers are based on Management estimates

2. Annualized  
Components may not add up to total due to rounding-off

# Revenue and Profit & Loss A/c

₹ in billion

Particulars	Q3 FY 18	Q3 FY 17	9M FY18	9M FY17	FY17
Premium earned	68.2	52.6	160.6	136.2	210.2
Premium on reinsurance ceded	0.4	0.2	1.4	1.1	1.7
<b>Net premium earned</b>	<b>67.8</b>	<b>52.4</b>	<b>159.2</b>	<b>135.1</b>	<b>208.5</b>
Investment income <sup>1</sup>	29.2	8.0	80.7	62.6	97.0
Other income	0.2	0.2	0.6	0.5	0.8
<b>Total income (A)</b>	<b>97.2</b>	<b>60.6</b>	<b>240.5</b>	<b>198.2</b>	<b>306.3</b>
Commission paid	3.1	2.1	7.4	5.0	7.8
Operating and other expenses <sup>2</sup>	5.4	4.9	14.9	13.8	19.0
Provision for tax – policyholders <sup>3</sup>	0.3	0.2	1.9	1.5	1.8
Claims/benefits paid (net) <sup>3</sup>	29.1	19.6	82.1	68.8	95.5
Change in actuarial liability <sup>4</sup>	56.9	31.8	126.2	102.7	172.5
<b>Total expenses (B)</b>	<b>94.8</b>	<b>58.6</b>	<b>232.5</b>	<b>191.8</b>	<b>296.6</b>
<b>Profit before tax (A-B)</b>	<b>2.4</b>	<b>2.0</b>	<b>8.0</b>	<b>6.4</b>	<b>9.7</b>
Provision for tax – shareholders <sup>3</sup>	0.1	0.1	0.3	0.2	0.2
<b>Profit after tax</b>	<b>2.3</b>	<b>1.9</b>	<b>7.7</b>	<b>6.2</b>	<b>9.5</b>

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

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

3. Inclusive of interim bonus and terminal bonus

4. Includes movement in fund for future appropriation

# Balance Sheet

₹ in billion

Particulars	9M FY18	9M FY17	FY17
<b>SOURCES OF FUNDS</b>			
Share Capital	10.0	10.0	10.0
Reserves and Surplus	52.3	43.1	44.6
Credit/(Debit) Fair Value Change Account	2.0	0.3	0.9
<b>Sub-Total</b>	<b>64.3</b>	<b>53.4</b>	<b>55.5</b>
Credit/(Debit) Fair Value Change Account	12.2	3.4	7.8
Policy Liabilities	528.0	454.6	483.2
Provision for Linked Liabilities	455.7	359.1	388.6
Fair Value Change Account (Linked)	46.0	23.3	37.9
Funds for Discontinued Policies	22.7	19.5	19.3
Funds for Future Appropriation	2.9	2.6	-
<b>Total Liabilities</b>	<b>1,131.8</b>	<b>915.9</b>	<b>992.3</b>
<b>APPLICATION OF FUNDS</b>			
Investments			
-Shareholders	51.5	43.7	43.0
-Policyholders	522.2	440.5	469.6
-Assets held to cover Linked Liabilities	524.4	401.9	445.7
Loans	1.7	1.8	1.8
Fixed assets	5.5	5.3	5.4
Net Current Assets	26.5	22.7	26.8
<b>Total Assets</b>	<b>1,131.8</b>	<b>915.9</b>	<b>992.3</b>

# Abbreviations

Term	Description	Term	Description
<b>GWP</b>	Gross Written Premium	<b>Opex</b>	Operating Expenses (excluding commission)
<b>NBP</b>	New Business Premium	<b>PAT</b>	Profit After Tax
<b>APE</b>	Annualized Premium Equivalent	<b>CAGR</b>	Compounded Annual Growth Rate
<b>IRP</b>	Individual Rated Premium	<b>GDP</b>	Gross Domestic Product
<b>AuM</b>	Assets Under Management	<b>H1</b>	Six months ending 30 <sup>th</sup> September
<b>Banca</b>	Bancassurance	<b>FY</b>	Financial Year ending 31 <sup>st</sup> March
<b>ULIP</b>	Unit Linked Insurance Plan	<b>INR (₹)</b>	Indian Rupees
<b>PAR</b>	Participating	<b>USD (\$)</b>	United States' Currency
<b>NON PAR</b>	Non-Participating	<b>ROE</b>	Return on Equity
<b>Traditional</b>	Other than Unit Linked Insurance Plan	<b>EPS</b>	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 (VNB):** 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
- **VNB Margin:** VNB Margin is the ratio of VNB 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.*

**Thank you**