

November 01, 2017

SBIL/F&A-CS/BSE-NSE/1718/424

**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 October 26, 2017 on the captioned subject.

Please find enclosed the investor presentation for the H1 F.Y. 2017-18 held on October 31, 2017 to discuss the financial results of the Company for the half year ended September 30, 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

# Performance review – H1 FY 2018

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**Analyst Presentation**  
**October 31, 2017**

# Agenda

**Financial Performance and Strategy**

**Growth Opportunity**

**Industry Overview**

# Financial Performance and Strategy

# Key Highlights

₹ in million

Particulars	Q2 FY 18	Q2 FY 17	Growth (%)	H1 FY 18	H1 FY 17	Growth (%)	FY 17
<b>New Business APE</b>	20,928	15,644	34%	33,756	24,568	37%	67,273
<b>Individual Rated Premium (IRP)</b>	19,548	13,431	46%	30,644	20,690	48%	59,361
<b>Renewal Premium</b>	29,715	21,973	35%	49,596	37,147	34%	108,713
<b>Gross Written Premium (GWP)</b>	54,601	49,750	10%	92,481	83,583	11%	210,151
<b>Profit after tax (PAT)</b>	2,255	2,128	6%	5,389	4,282	26%	9,547
<b>Indian Embedded Value (IEV)<sup>1</sup></b>	NA	NA	-	180,821	NA	-	165,379
<b>Value of New Business (VNB)</b>	NA	NA	-	5,251	NA	-	10,368
<b>VNB Margin (%)</b>	NA	NA	-	15.6%	NA	-	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

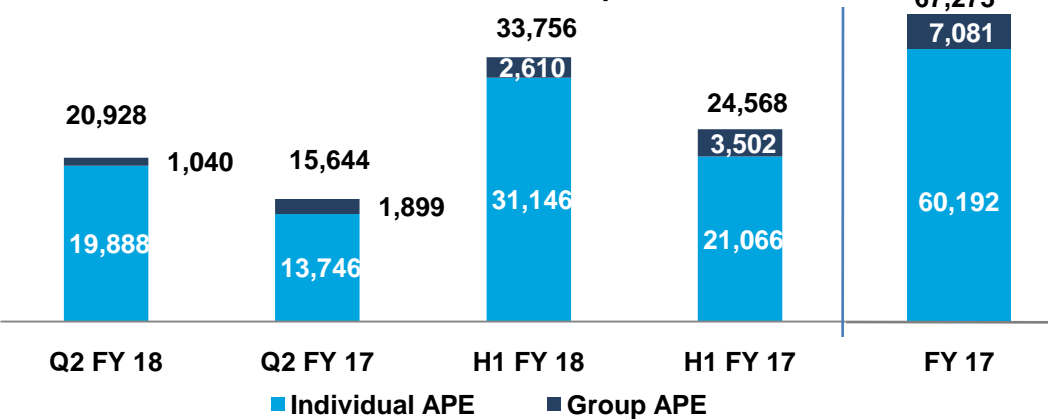
NA – IEV, VNB and VNB Margin is calculated on a half-yearly basis starting from H1 FY 18.

# Premiums

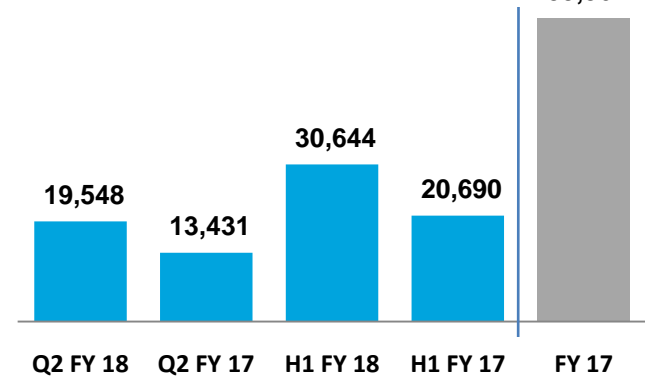
Focus on retail business

₹ in million

Annualized Premium Equivalent

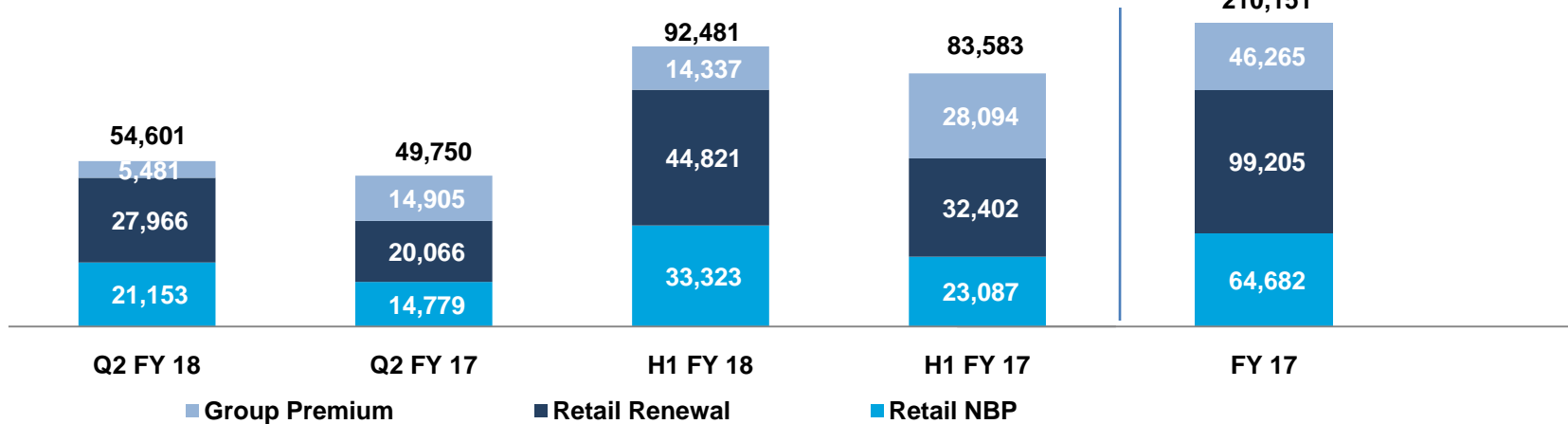


Individual Rated Premium



## Growth in top-line

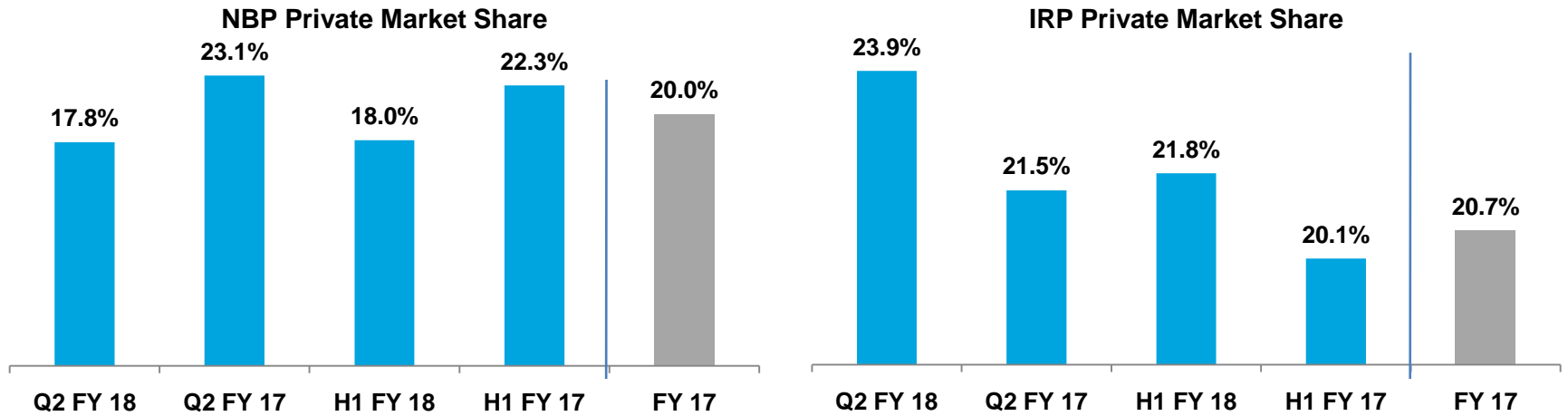
Gross Written Premium



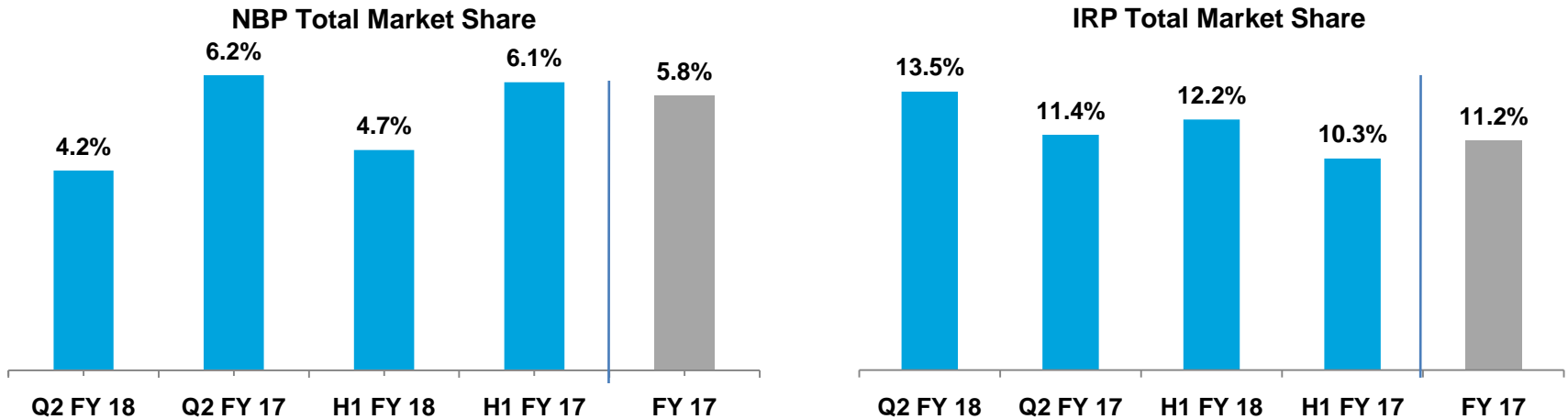
Components may not add up to total due to rounding-off

# Market share

## Private market share over the years (%)



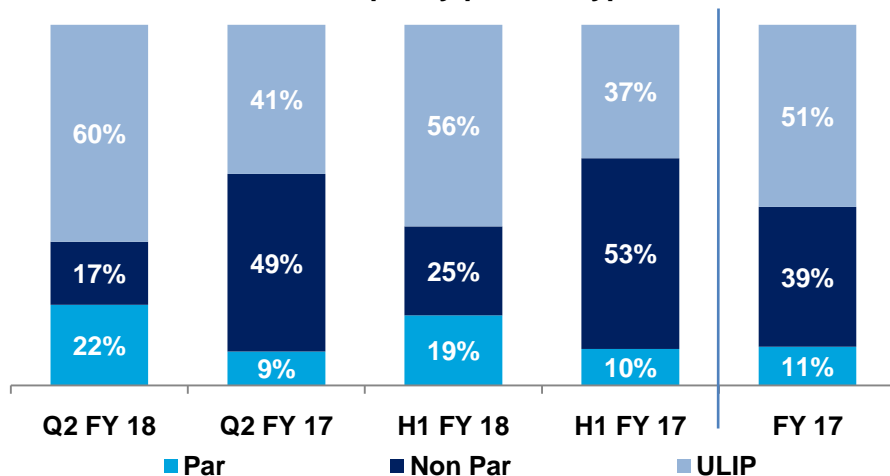
## Total market share over the years (%)



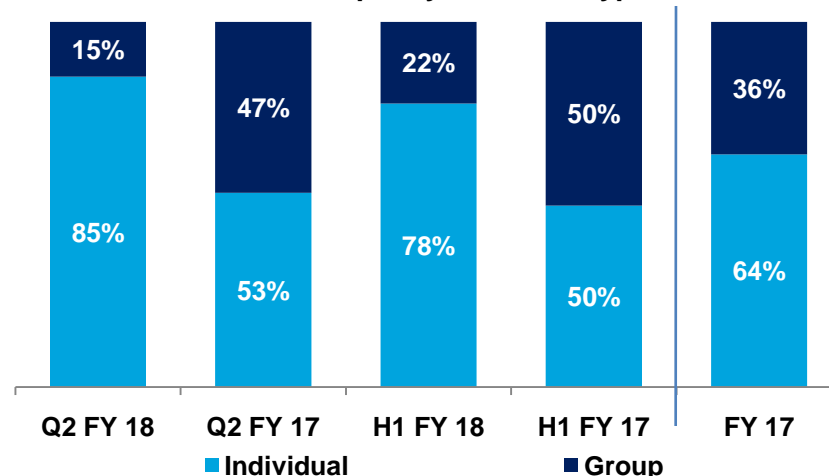
# Product portfolio

## Balanced product portfolio (%)

NBP split by product type



NBP split by customer type



₹ in million

Product Mix <sup>1</sup>	Q2 FY 18	Q2 FY 17	Growth	H1 FY 18	H1 FY 17	Growth	FY17
<b>Individual Savings</b>	<b>20,998</b>	<b>14,458</b>	<b>45%</b>	<b>33,037</b>	<b>22,553</b>	<b>46%</b>	<b>63,721</b>
- Par	5,572	2,617	113%	8,350	4,719	77%	10,924
- Non Par	527	408	29%	859	725	18%	1,718
- ULIP	14,899	11,433	30%	23,829	17,109	39%	51,080
<b>Group Savings</b>	<b>2,487</b>	<b>12,056</b>	<b>(79%)</b>	<b>7,426</b>	<b>21,675</b>	<b>(66%)</b>	<b>32,844</b>
<b>Protection<sup>2</sup></b>	<b>1,400</b>	<b>1,264</b>	<b>11%</b>	<b>2,422</b>	<b>2,208</b>	<b>10%</b>	<b>4,873</b>

1. New business premium basis

2. Includes Individual and Group products

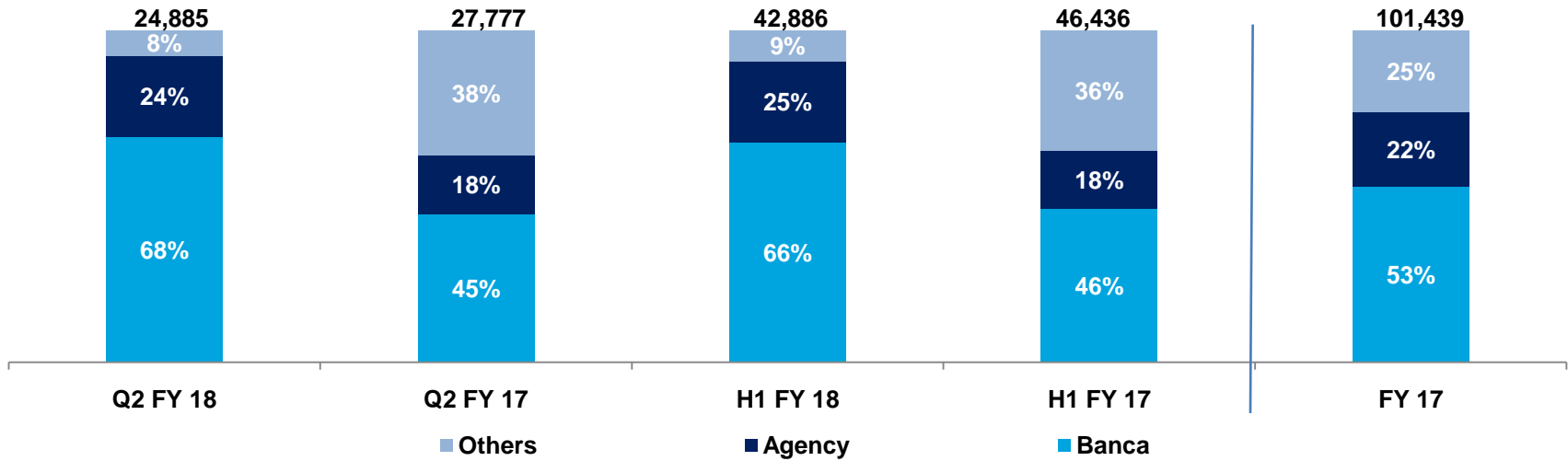
Components may not add up to total due to rounding-off



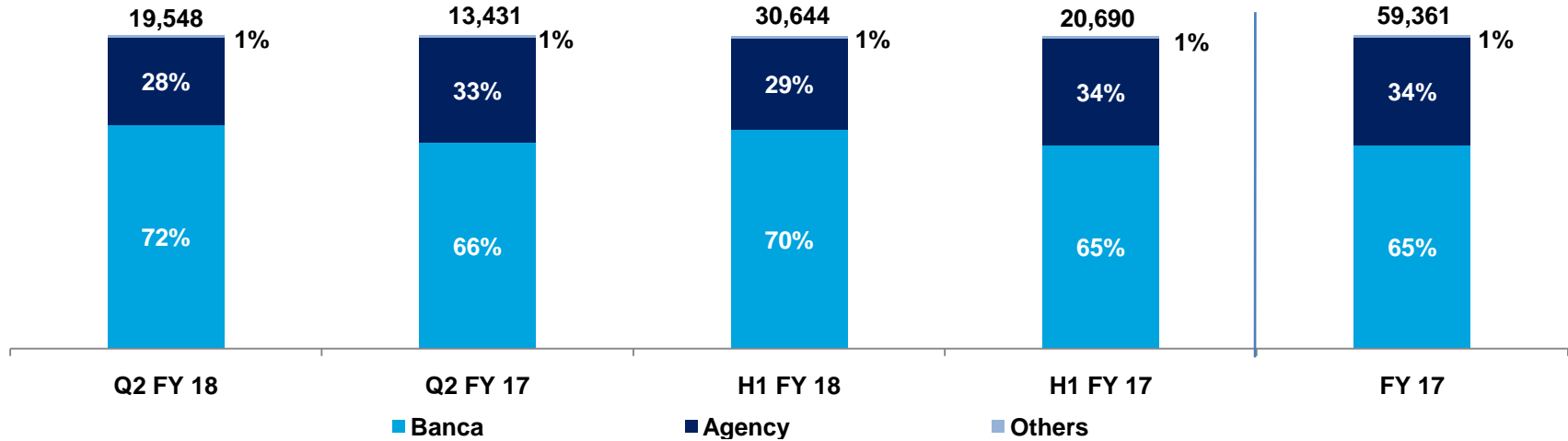
# Channel mix

## New Business Premium channel mix

₹ in million



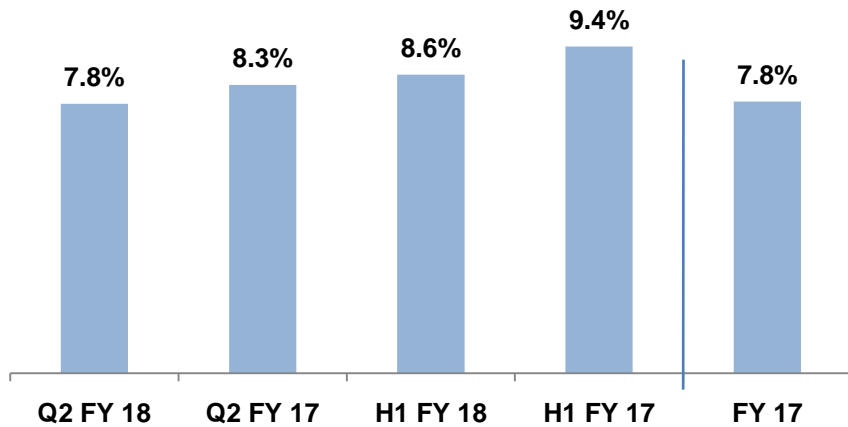
## Individual Rated Premium channel mix



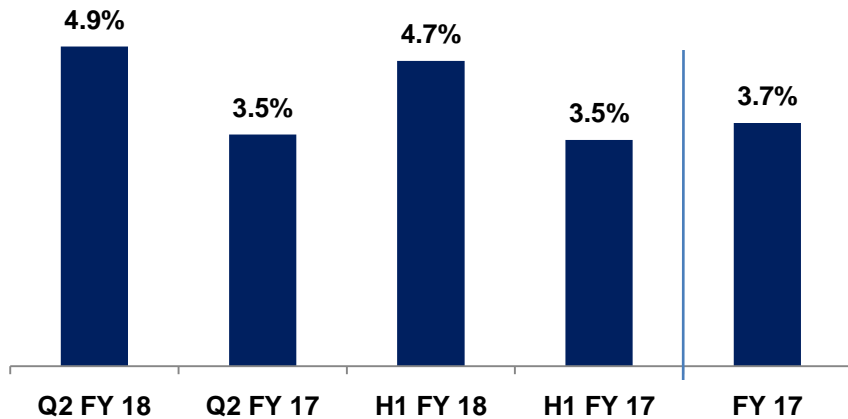
Others include Corporate Agents other than banks, Brokers and Direct channel

# Cost efficiency

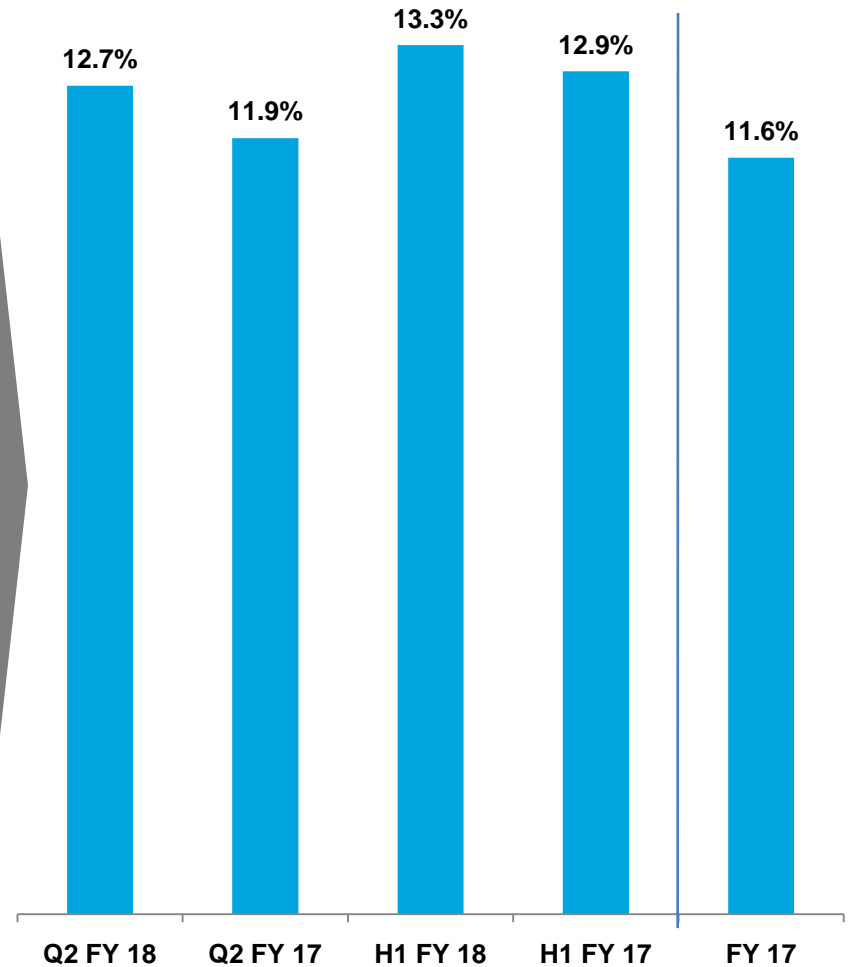
## Operating expense (Opex) ratio<sup>1</sup>



## Commission ratio<sup>2</sup>



## Total cost ratio<sup>3</sup>



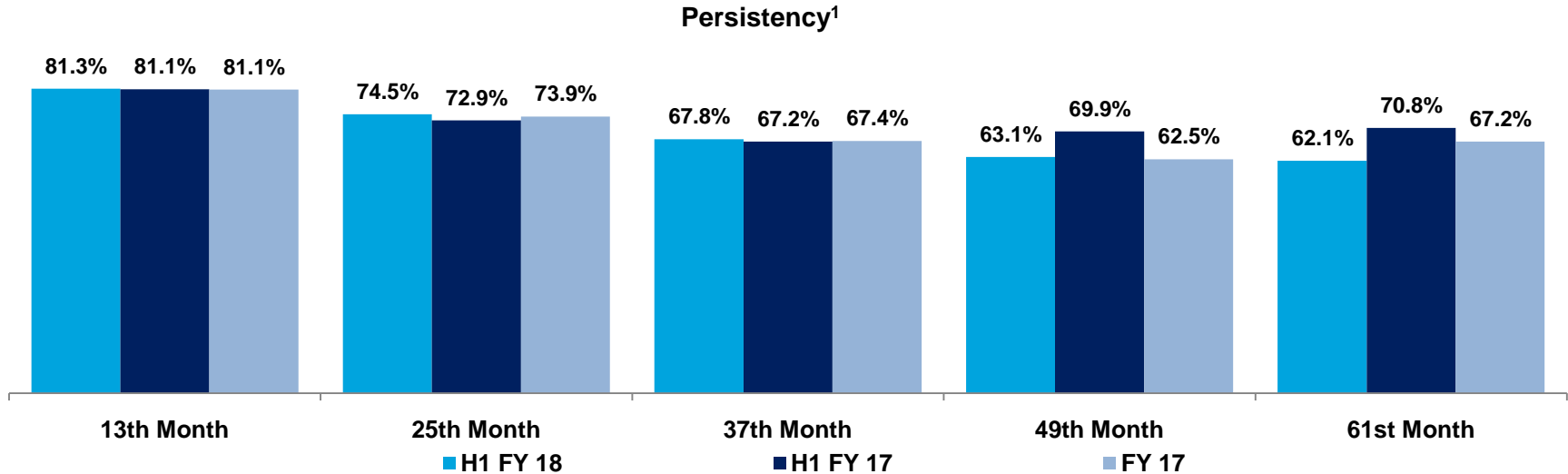
1. Opex ratio is operating expenses (excluding commission) divided by Gross Written Premium

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

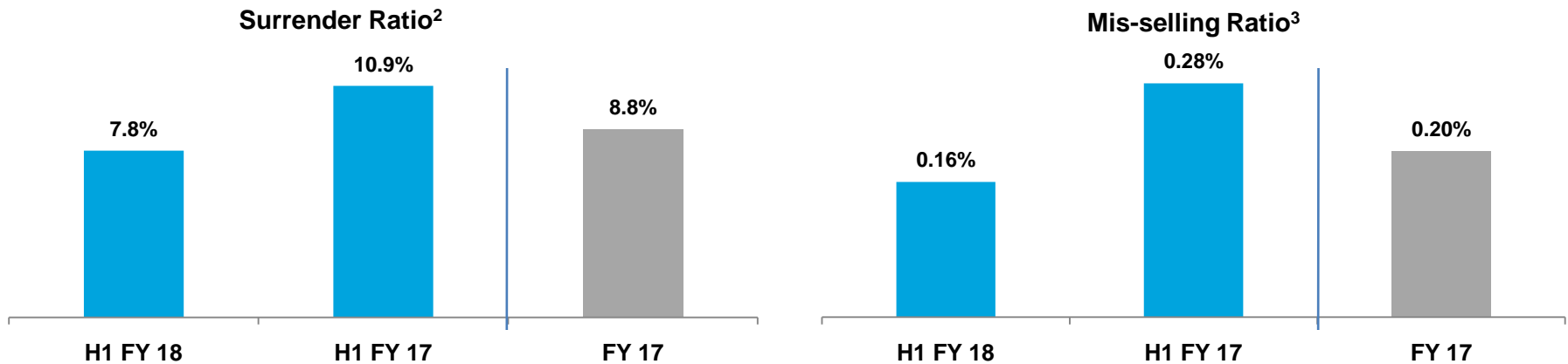
3. Total cost ratio is operating expenses including commission, provision for doubtful debts and bad debts written off divided by Gross Written Premium

# Customer retention and satisfaction

## Customer retention through quality underwriting



## Customer satisfaction metrics

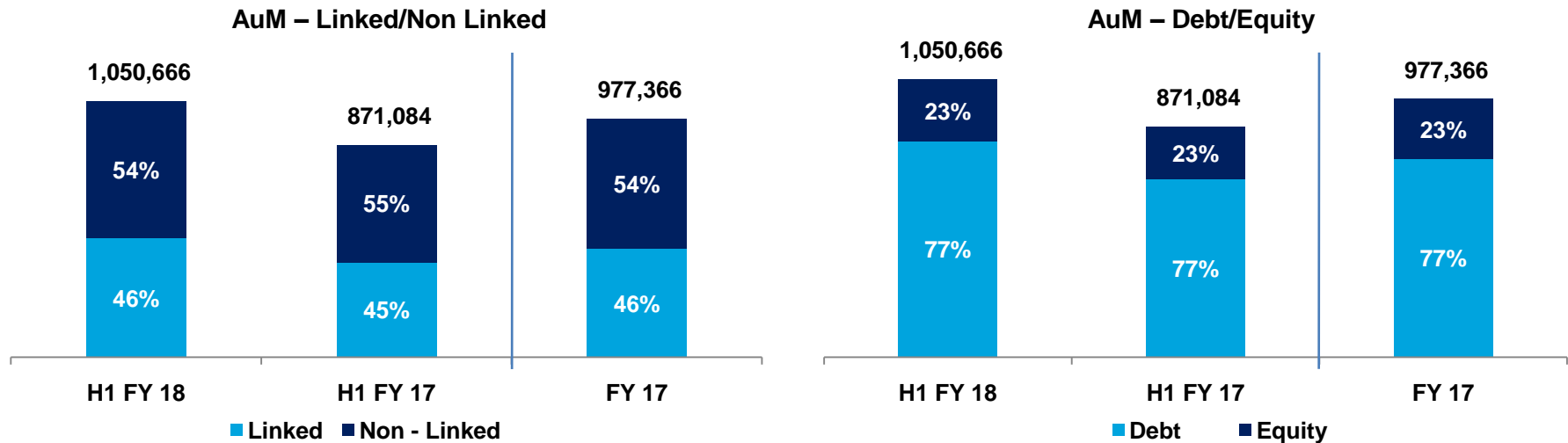


1. The persistency ratios are calculated as per IRDAI circular dated 23rd January 2014. Single premium and fully paid-up policies are considered. Ratios are calculated based on premium.

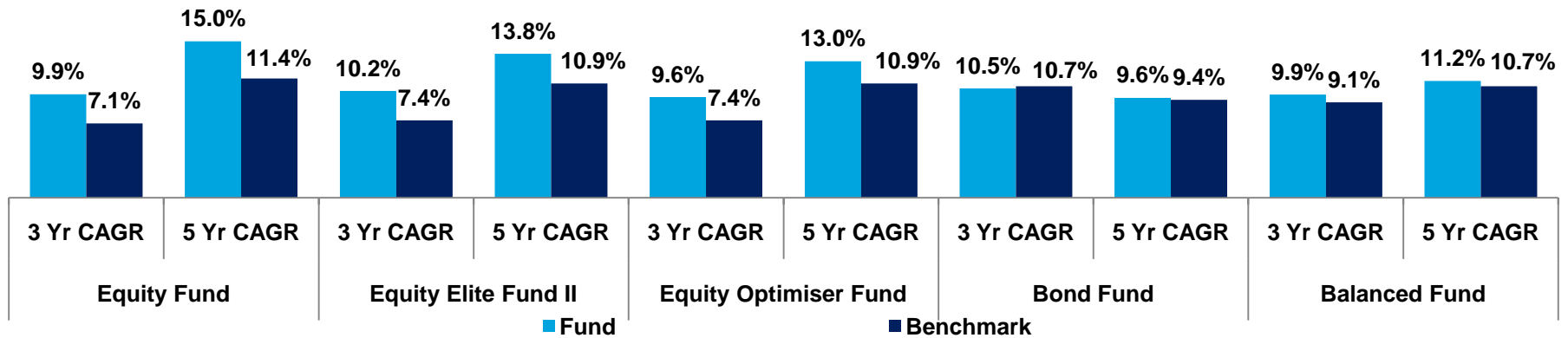
2. Annualized Surrender ratio-individual linked products (Surrender/average AuM)

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 growth



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

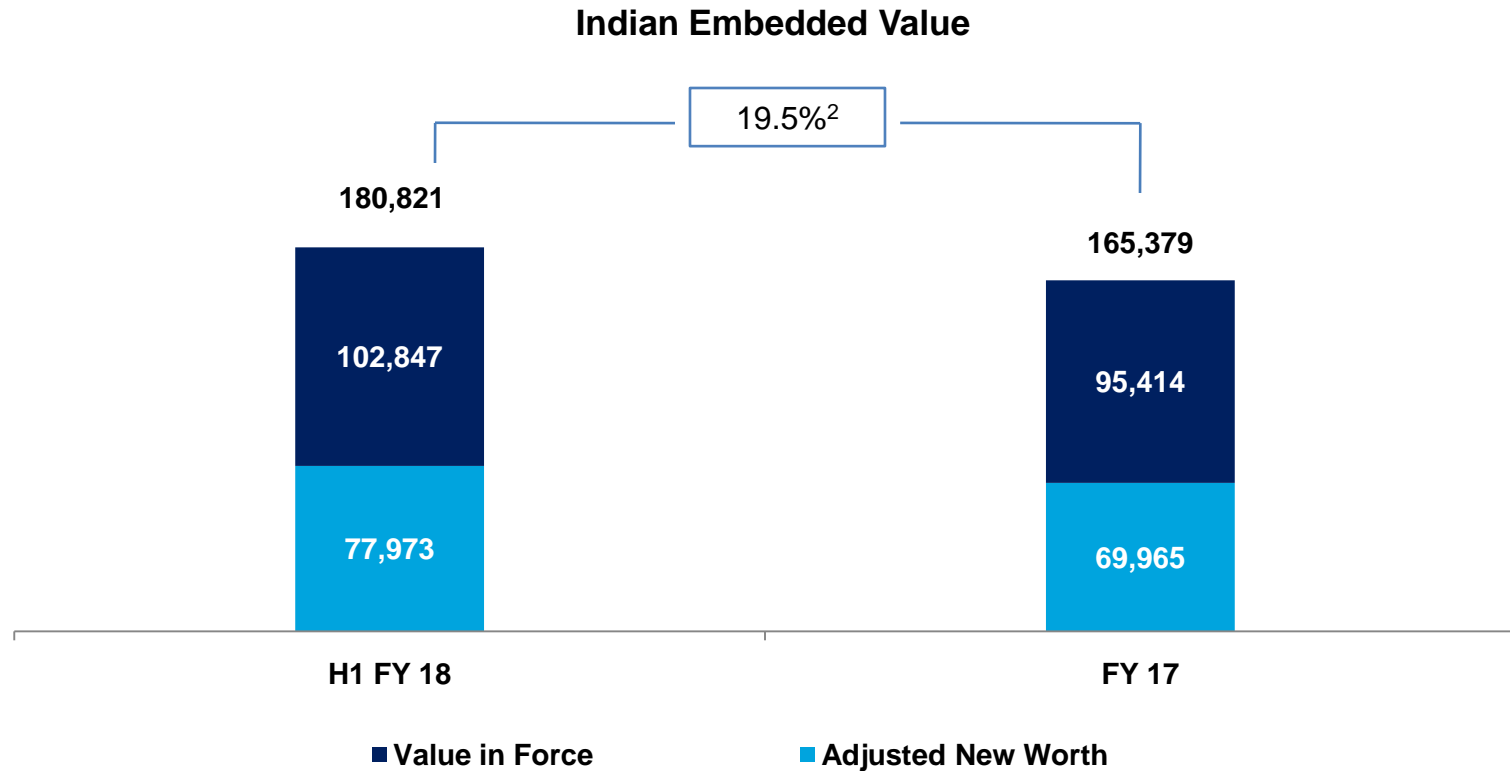


More than 90% of the debt investments is in AAA rated and sovereign instruments

1. As on September 30, 2017

# Indian Embedded Value (IEV)<sup>1</sup>

₹ in million



Parameters	H1 FY 18	FY 17
<b>Value of New Business (VNB)</b>	5,251	10,368
<b>VNB Margin as % of APE</b>	15.60%	15.40%

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

# Profitability and financial position

₹ in million (except percentages, EPS and solvency)

Particulars	Q2 FY 18	Q2 FY 17	Growth	H1 FY 18	H1 FY 17	Growth	FY 17
Profit After Tax (PAT)	2,255	2,128	6%	5,389	4,282	26%	9,547
Networth*	-	-	-	61,823	51,713	20%	55,521
Earning per Share (EPS)	2.25	2.13	-	5.39	4.28	-	9.55
Return on Equity (RoE) <sup>1</sup>	14.95%	16.79%	-	18.37%	17.29%	-	18.56%
Solvency Ratio*	-	-	-	2.09	2.14	-	2.04

1. Annualized for half year and quarter  
\* Calculated as on date

# Our strategy

1

Capitalize on insurance industry growth opportunities

- Focus on maintaining leadership position through increasing penetration and catering to untapped/ relatively under- penetrated markets
- Further geographically diversify through identifying regions with high business potential and expanding branch and agent network
- Plan to develop and introduce new individual products especially new protection products

2

Ensure profitable growth

- Focus on growing protection business including Credit Life protection business for loans coverage
- Further increase activation of branches under bancassurance network
- Focus on ensuring profitability of our business maintaining diversified product portfolio
- Maintain cost leadership
- Further improve persistency

3

Enhance brand equity and continue to focus on customer satisfaction

- Focus on strengthening our brand by augmenting customer relationships, maintaining stakeholder expectations and improving our customer service
- Focus on developing tailored products targeted at specific customer segments, with improved customer satisfaction

4

Leverage technology to improve operating efficiencies and support growth

- Leverage robust IT infrastructure to deliver strong customer service and help ensure business growth
- Develop skills of employees and distributors through ongoing e-learning and app based training programmes
- Leverage technology for optimizing sales processes, improve operational efficiencies through automation and digitization and improve efficiency of distribution channels

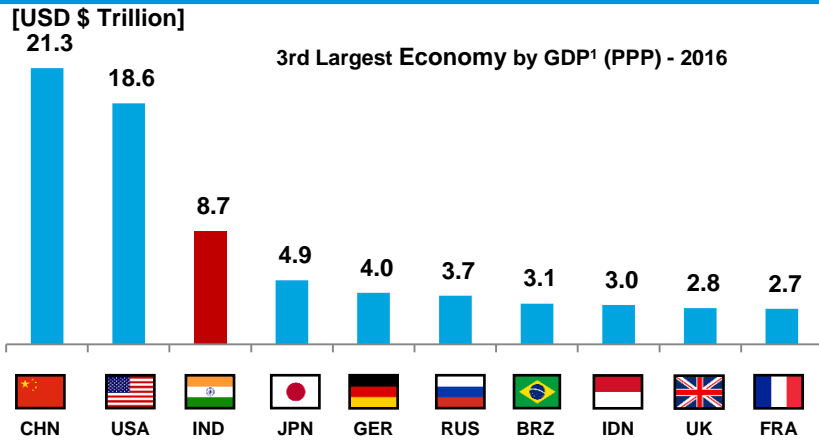
# Growth Opportunity



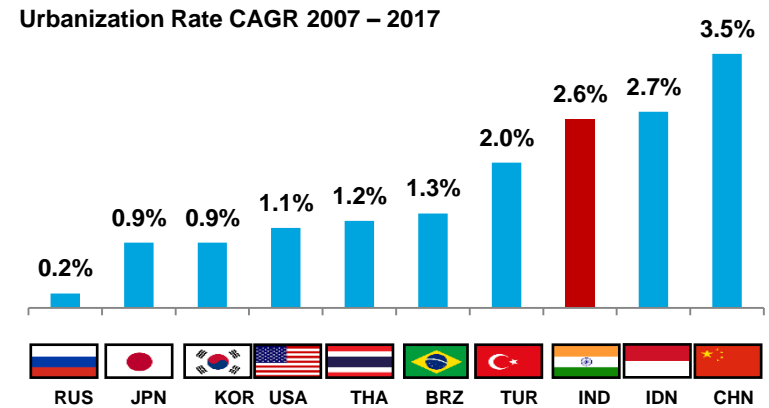
# India Life Insurance - Structural Growth Drivers in Place

## Strong Demographic Tailwinds Supporting India Growth Story

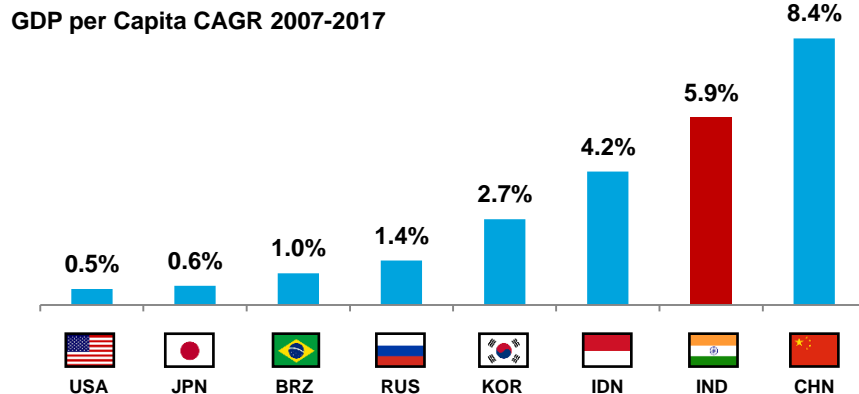
### India : Fastest Growing Economy in the World



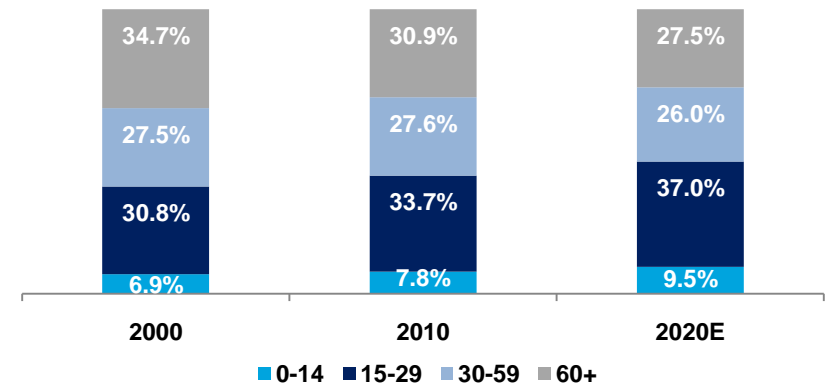
### Rapid Urbanization<sup>3</sup>



### 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

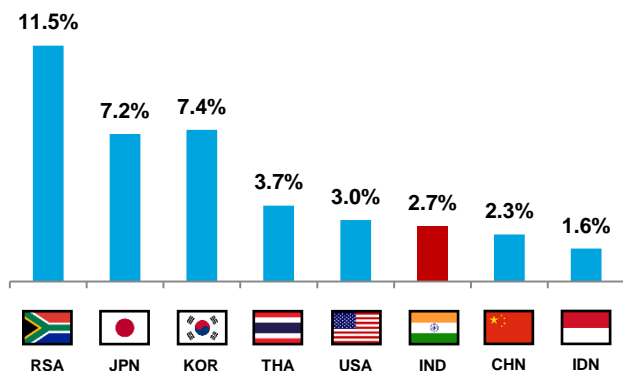
1. IMF  
 2. World Bank  
 3. EIU  
 4. United Nations Population Division

# Life Insurance – Significant Under Penetration versus other Markets

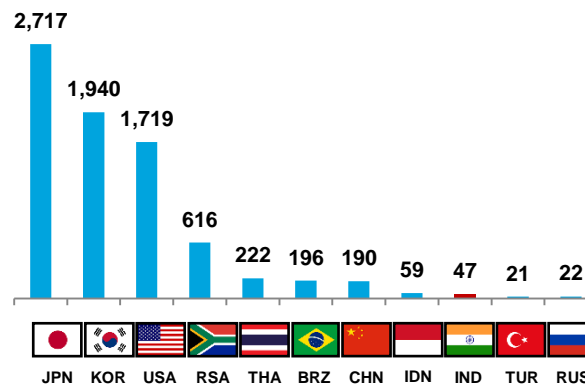
## Share of Insurance in Savings expected to Rise

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

Premium as % of GDP – 2016



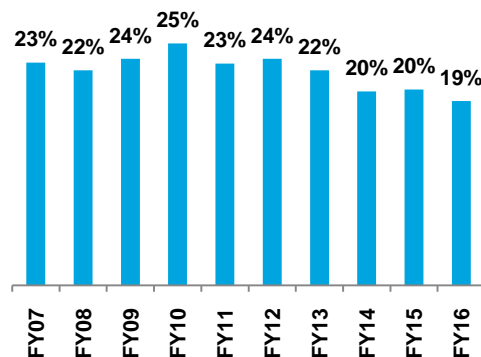
Life Insurance Density (Premium per Capita USD) - 2016



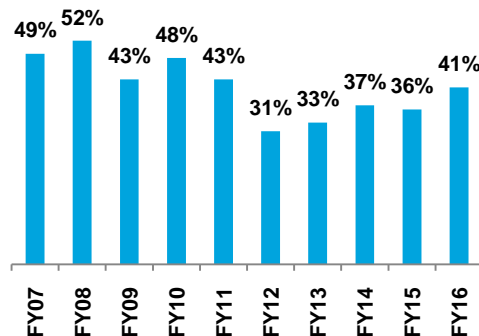
- 10<sup>th</sup> largest life insurance market worldwide and 5<sup>th</sup> largest in Asia with ₹4.2tn in total premium business
- Total premium grew at CAGR of 17% between FY01 - FY17
- India continues to be under penetrated as compared to countries like Thailand and Korea

### Financial Savings – Headed towards a Rebound

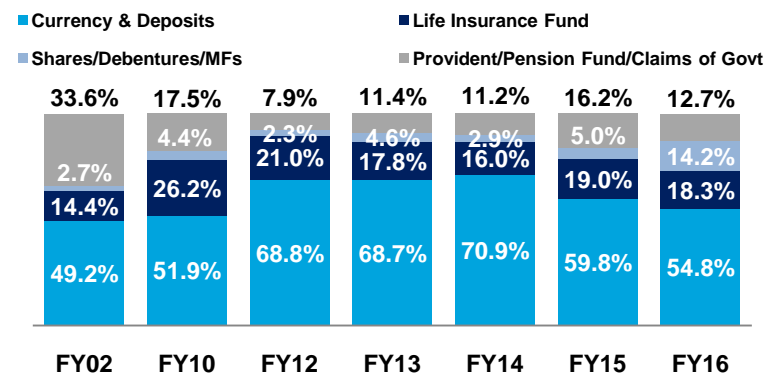
Household as a % of GDP<sup>2</sup>



Financial Savings as a % of Household Savings<sup>2</sup>



Rising share of Insurance in Financial Savings<sup>2</sup>



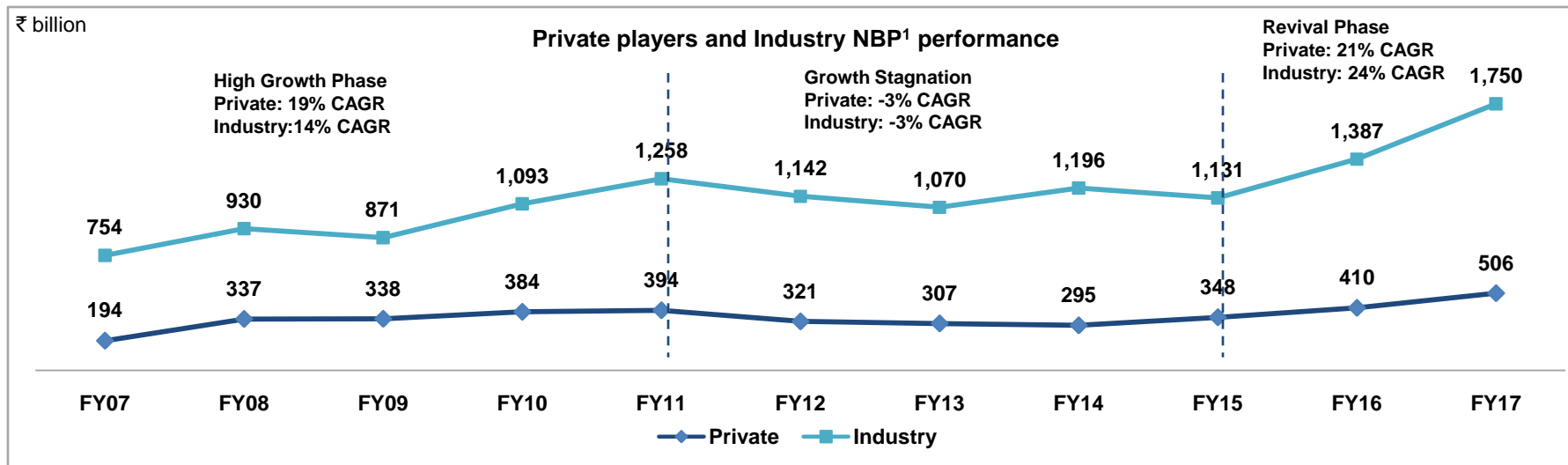
Significant potential for life insurance industry to grow to reach 26.2% peak Life Insurance share achieved in total financial savings mix from 18% in FY16

1. Swiss Re, sigma No 3/2017

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

# Industry Overview

# 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

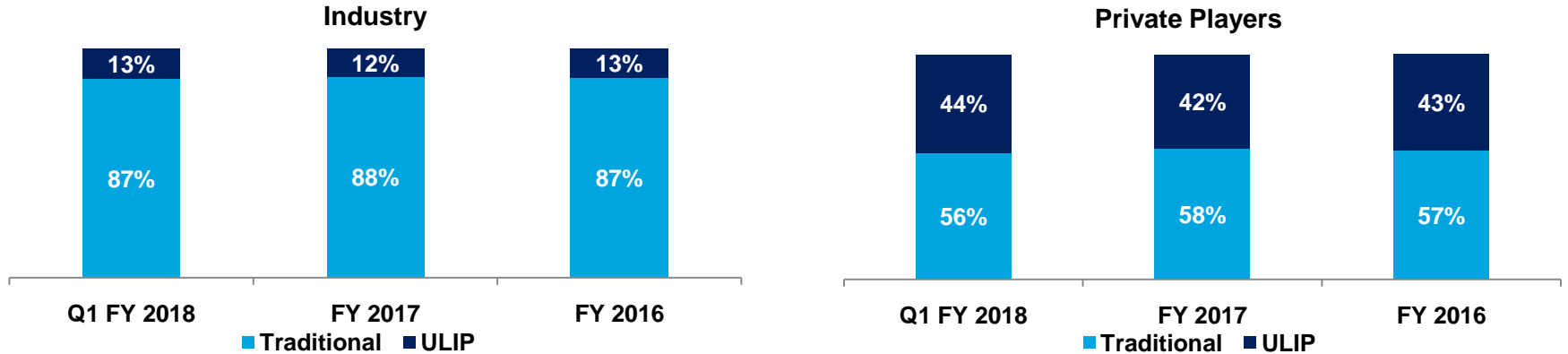
1. NBP – New Business Premium

2. Insurance Premium as % of GDP

3. Premium per capita

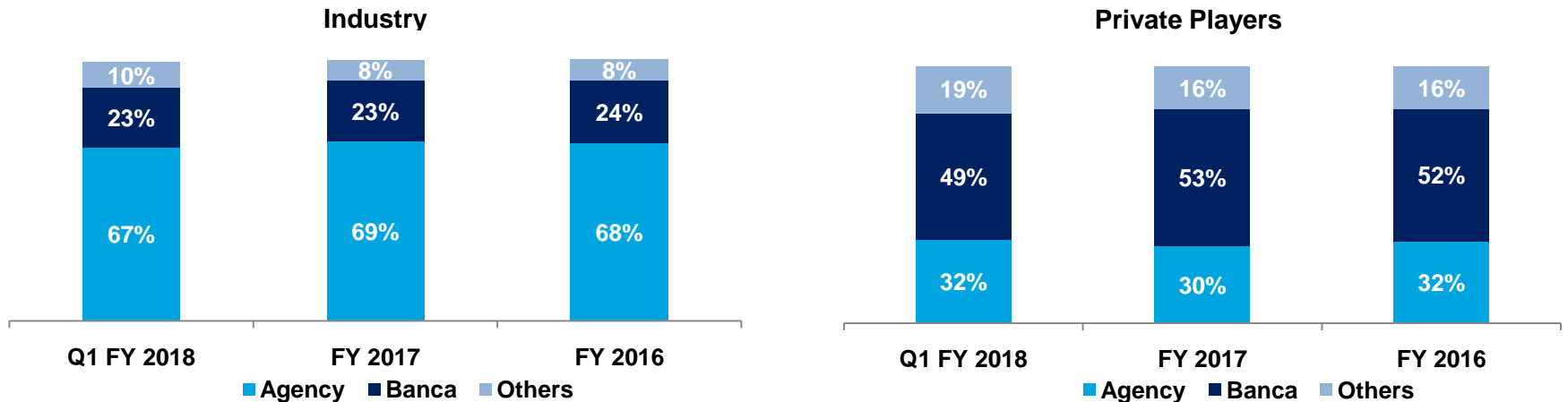
# Product portfolio and Channel mix

## 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

# Appendix

# 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. The Value of New Business and Indian Embedded Value results for the half year ended September 30, 2017, stated above are not audited nor have they been subjected to any external review. They are based on the assumptions and estimates of the internal management of the company. The assumptions, estimates and judgments used in the calculations are evaluated internally where applicable, and represent the best estimate based on the company's experience and knowledge of relevant facts and circumstances. While the management believes 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**