

**Protecting
Responsibilities.**

**Multiplying
Happiness.**

Performance Update – H1 FY20

Agenda

Performance update

Focus areas and initiatives

Industry overview

Annexure

Key Performance Indicators

Driving long term growth across all key metrics

₹ in billion

Growth in Revenue

New Business Premium

78.2

↑ 40% Y-o-Y

CAGR 35%

New Business APE

46.7

↑ 26% Y-o-Y

CAGR 18%

Renewal Premium

91.2

↑ 33% Y-o-Y

CAGR 36%

Gross Written Premium

169.4

↑ 36% Y-o-Y

CAGR 35%

Individual Rated Premium

41.8

↑ 22% Y-o-Y

CAGR 17%

Share of Protection and Annuity in NBP

18 %

↑ 554 bps

Profitability & Return

Value of New Business

9.4

↑ 33% Y-o-Y

New Business Margin

20.2%

↑ 100 bps

Indian Embedded Value

261.5

↑ 24% Y-o-Y

Wide Scale of Operations

Number of offices

923

↑ 75 Y-o-Y

Number of Employees

16,176

↑ 1,854 Y-o-Y

Number of Policies

7 lakhs +

↑ 13% Y-o-Y

Serving ~ 25 millions customers

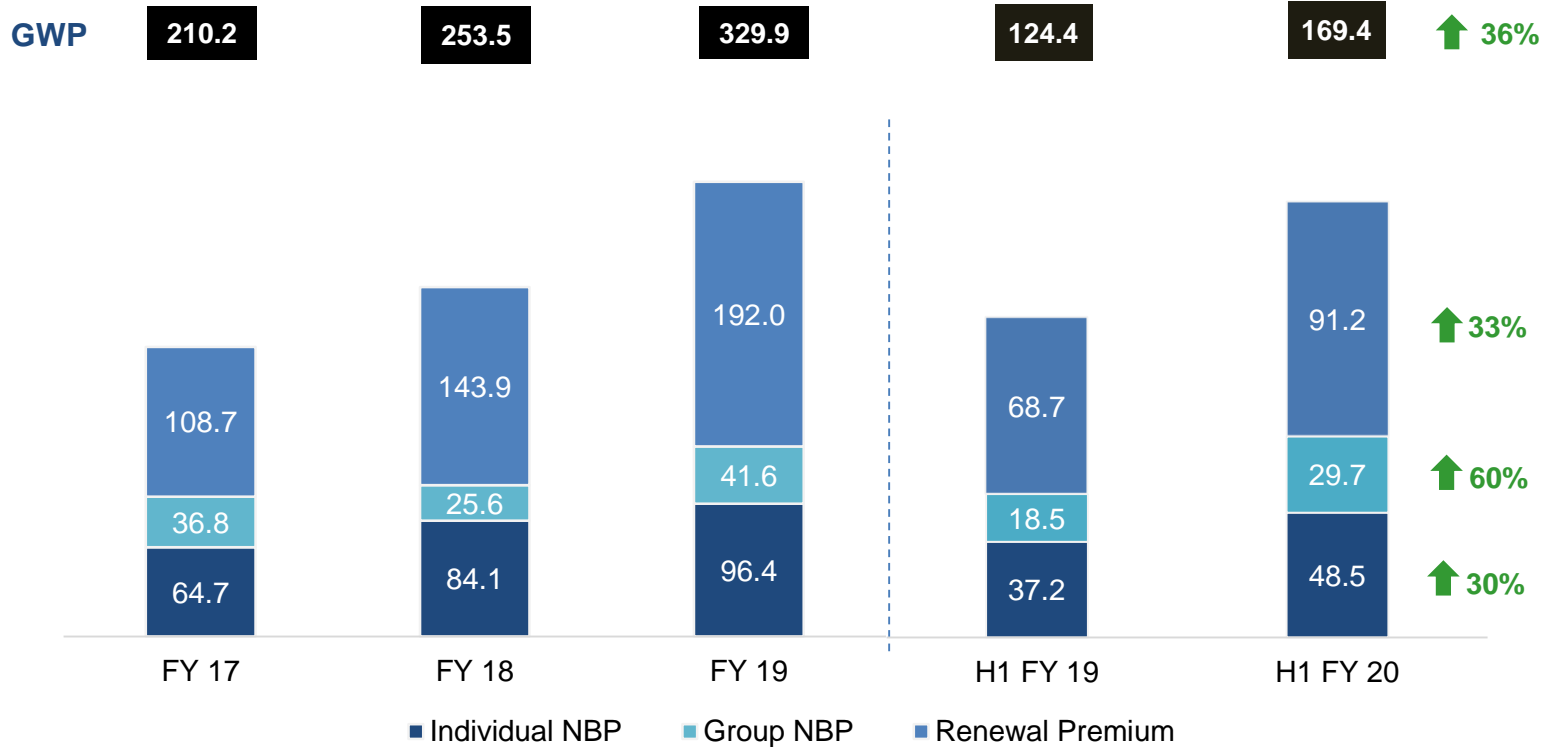
1. IEV, Value of New Business and Margin is based on effective tax rate. Effective tax rate assumes that a proportion of the projected profits are tax exempt on account of tax deductions available on income from dividends and tax free bonds. 2. IEV, VoNB and VoNB margin on actual tax rate basis is ₹ 246.9 billion, ₹ 8.5 billion & 18.1% respectively for H1 FY 20. The CAGR numbers are calculated for a period of 3 years from H1 FY 18 to H1 FY 20.

Numbers are rounded off to nearest one decimal.

Premium and market share

Maintained growth in new business premium backed by strong growth in renewal premium

₹ in billion



Focus on individual premium - regular premium grew by 21% & renewal premium by 36%

Growth in IRP by 22% while private industry has grown by 16% and industry has grown by 11%

Well diversified across geography - Top 3 states contributes < 26% of individual premium

Market Share - IRP

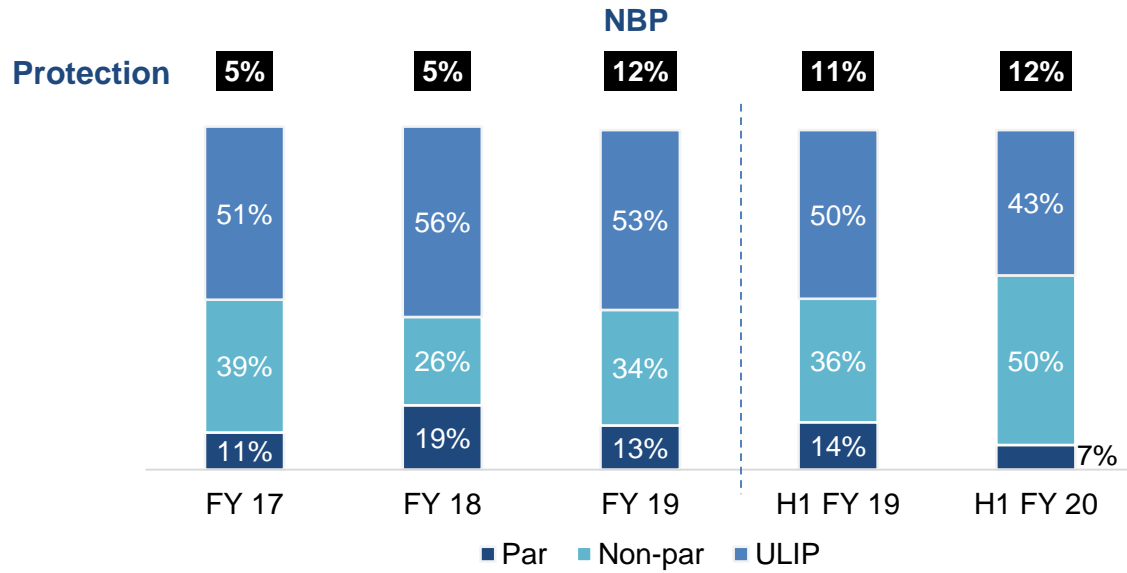
Year	Private	Industry
FY 17	20.7%	11.2%
FY 18	21.8%	12.3%
FY 19	22.3%	12.9%
H1 FY 19	21.9%	12.3%
H1 FY 20	23.1%	13.6%
	120 bps ↑	130 bps ↑

Market Share - NBP

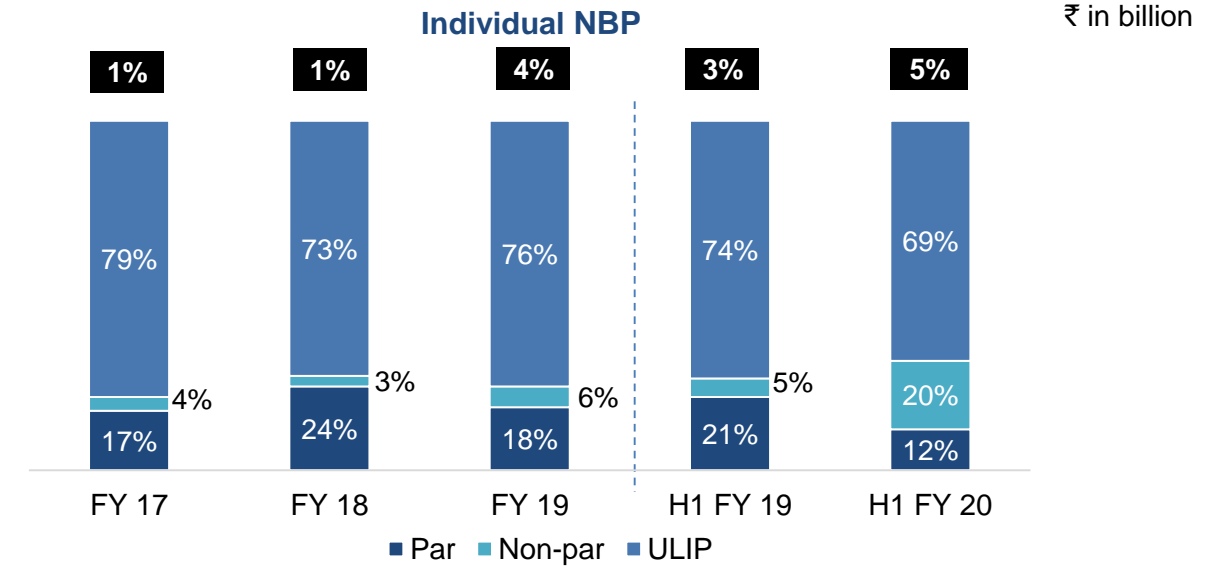
Year	Private	Industry
FY 17	20.0%	5.8%
FY 18	18.5%	5.7%
FY 19	19.0%	6.4%
H1 FY 19	18.8%	6.0%
H1 FY 20	21.8%	6.2%
	300 bps ↑	20 bps ↑

Product portfolio

Diversified product portfolio – Full suite of product offering catering to all customer segments



Share of protection increases to 12%



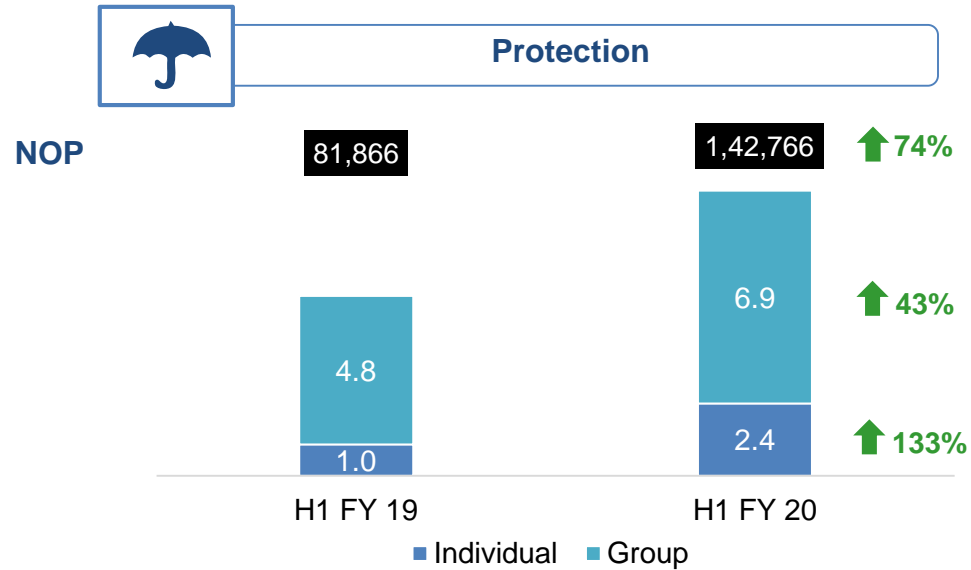
Share of annuity in individual NBP increases to 8%

Product Mix ¹	FY17	FY18	FY 19	H1 FY 19	H1 FY 20	Y-o-Y Growth	Mix (H1 FY 20)
Individual Savings	63.7	83.5	92.7	36.2	46.1	27%	59%
- Par	10.9	20.3	17.6	7.8	5.7	(27%)	7%
- Non Par	1.7	2.1	2.2	1.0	7.1	651%	9%
- ULIP	51.1	61.0	72.8	27.4	33.3	21%	43%
Group Savings	32.8	20.2	28.8	13.7	22.8	66%	29%
Protection	4.9	6.0	16.4	5.8	9.3	59%	12%
- Individual Protection	1	0.6	3.7	1.0	2.4	133%	3%
- Group Protection	3.9	5.4	12.7	4.8	6.9	43%	9%
Total NBP	101.4	109.7	137.9	55.7	78.2	40%	

1. New business premium basis
Components may not add up to total due to rounding-off

Tapping profitable opportunities

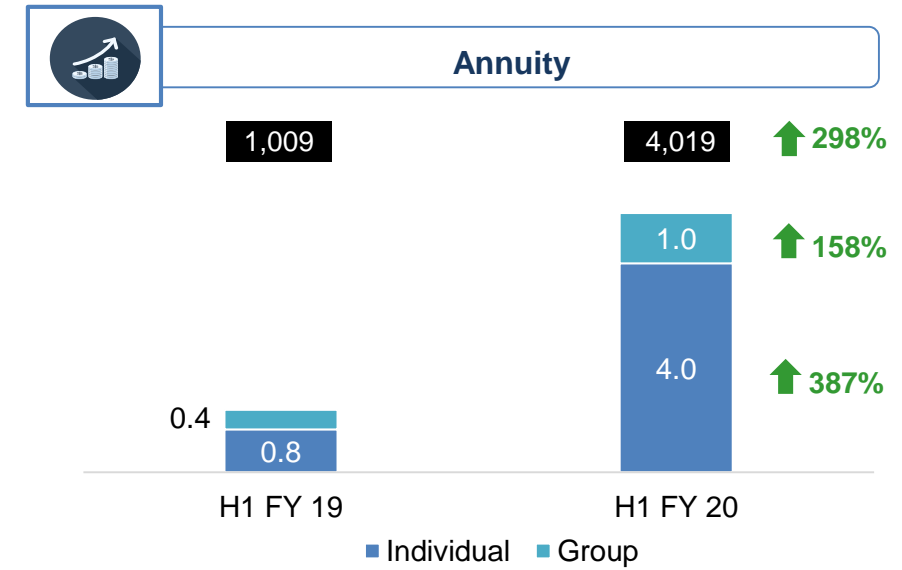
Focus on protection and annuity yielding results



Protection business increased by 59%

Sum Assured (Individual + Group)	1,708 Bn (827 Bn)
Ticket Size (Individual)	17K (12K)
Lives covered through YONO	55,000+

Credit Loan Portfolio – 69% Home Loan, 21% Personal Loan, 9% Educational Loan & 1% Vehicle Loan



Annuity business increased by 315%

Share of Annuity Business in Total NBP	6% (2%)
Pension and Annuity Corpus – one of the highest amongst private life insurers	141 Bn (101 Bn)

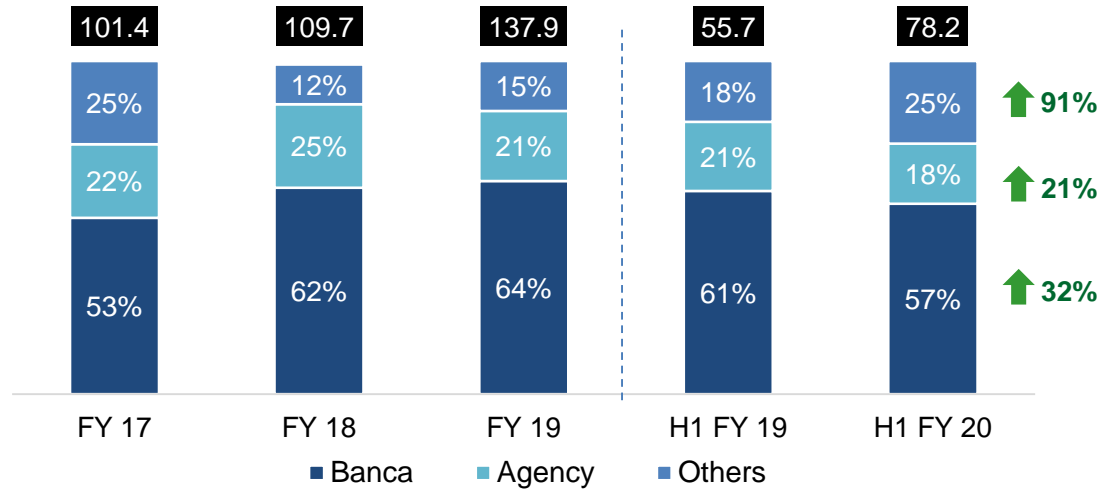
NPS Advantage - Mandatory annuitisation of 40% of the corpus under NPS provides opportunities

₹ in billion

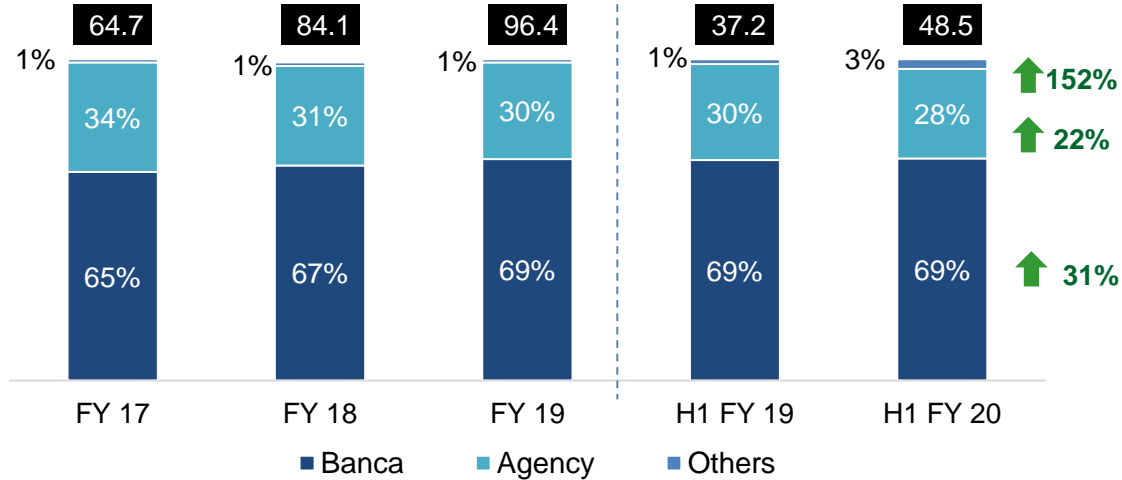
Distribution strength

Expanded reach with distinct competitive advantage

NBP



Individual NBP



Bancassurance

Productivity per branch ¹	30 lacs (23 lacs)
NBP – Protection Share	18% (15%)
NBP – Annuity Share	6% (1%)
Ticket Size ²	77k (67k)



Agency

Productivity per agent ¹	2.2 lacs (2 lacs)
NBP – Protection Share	2% (1%)
NBP – Annuity Share	4% (2%)
Ticket Size ²	55k (49k)



Others

No. of policies sold	19k (12k)
No of Protection policies sold	5K+
Share of Annuity in Total NBP	9% (6%)

₹ in billion

22,000+
SBI branches

121,600+
Individual agents

65
Corporate Agents

99
Brokers

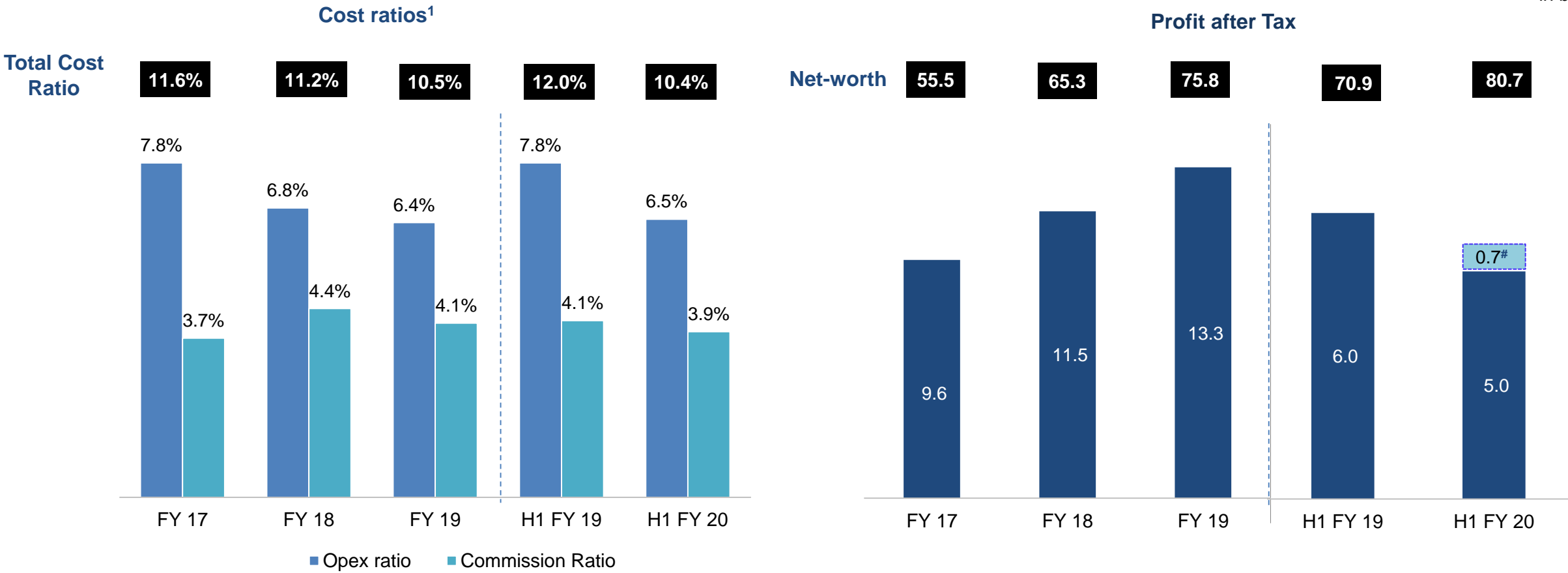
12,000+
branches



Cost efficiency and profitability

Low cost ratios and growing profitability

₹ in billion



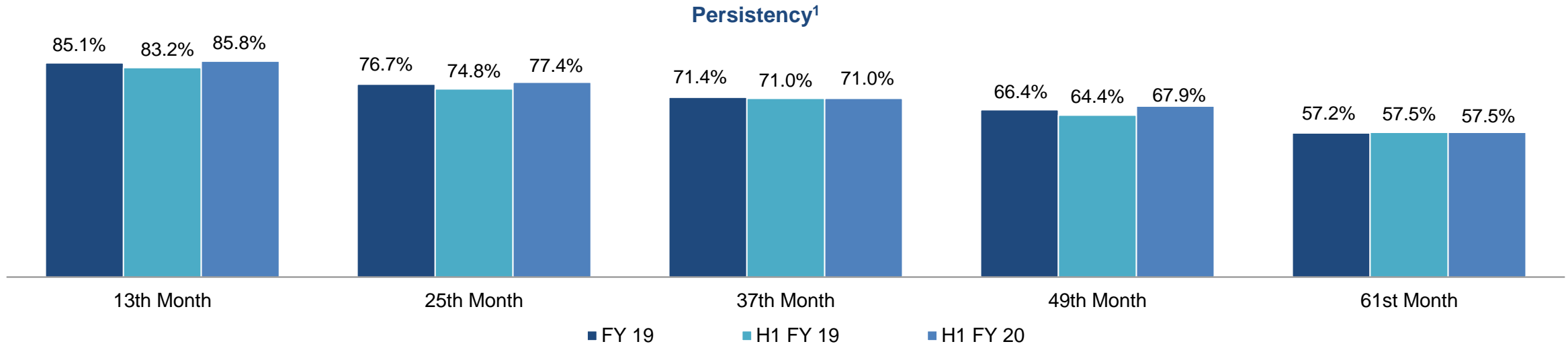
Healthy solvency ratio of 2.20 against regulatory mandate of 1.5

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

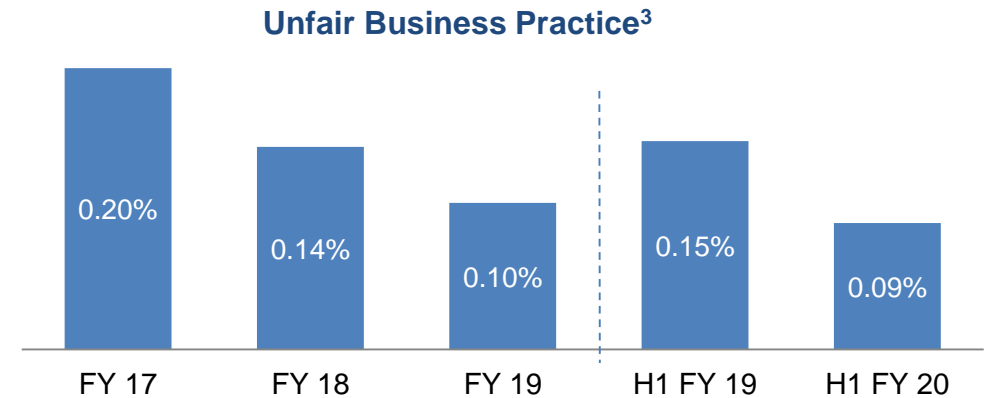
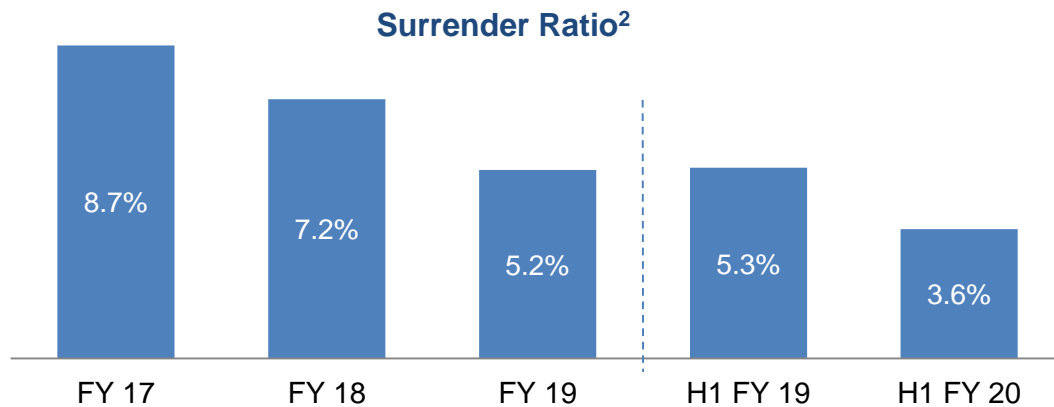
Impact of Rs 0.7 Bn of loss on provision for impairment in Bonds.
Components may not add up to total due to rounding-off.

Customer retention and satisfaction

Deeper relationship with customers through quality underwriting and strong sales ethos



Customer satisfaction metrics



Need based value proposition and strong customer engagement

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

The Persistency Ratios are calculated using policies issued in September to August period of the relevant years for H1 FY 19 and H1 FY 20.

The Persistency Ratios are calculated using policies issued in March to February period of the relevant years for FY 19.

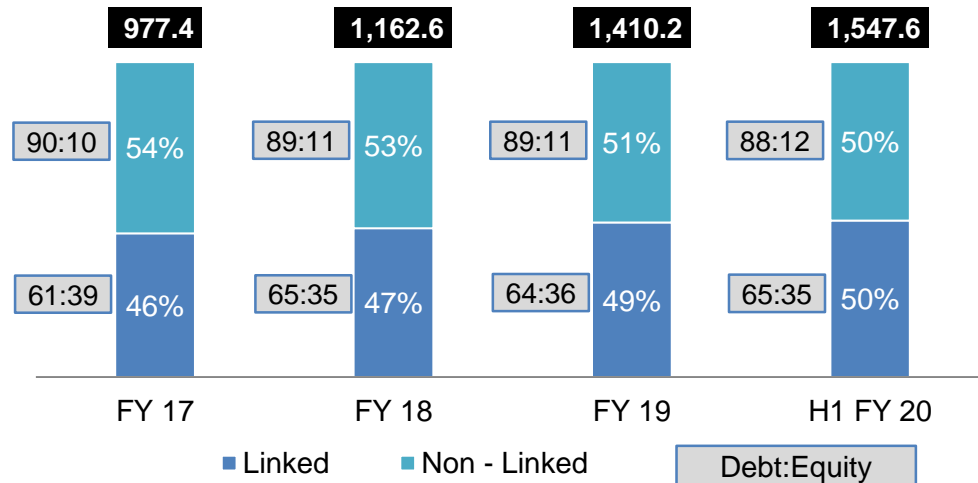
2. Surrender ratio-individual linked products (Surrender/average AuM).

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.

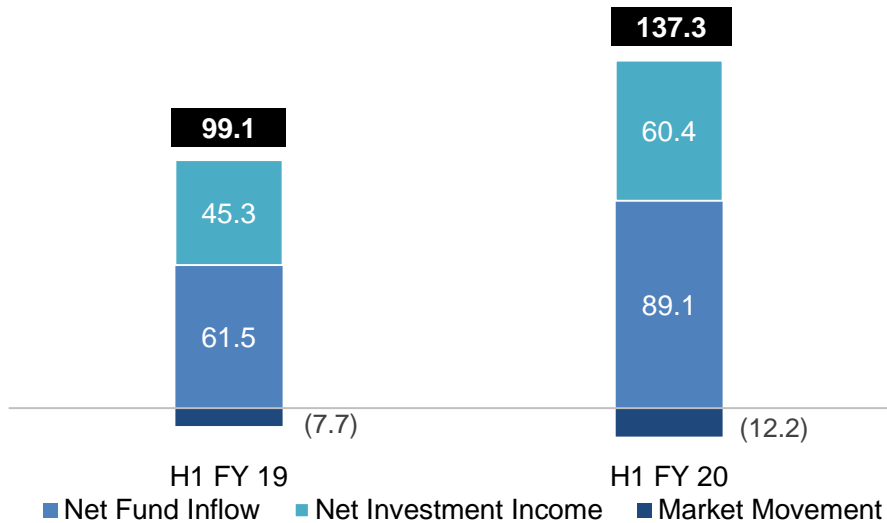
Asset under Management

Crossed 1.5 trillion mark during the quarter

AuM – Linked | Non Linked

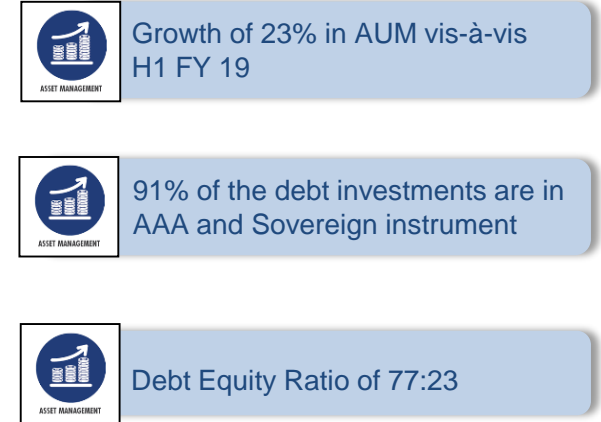
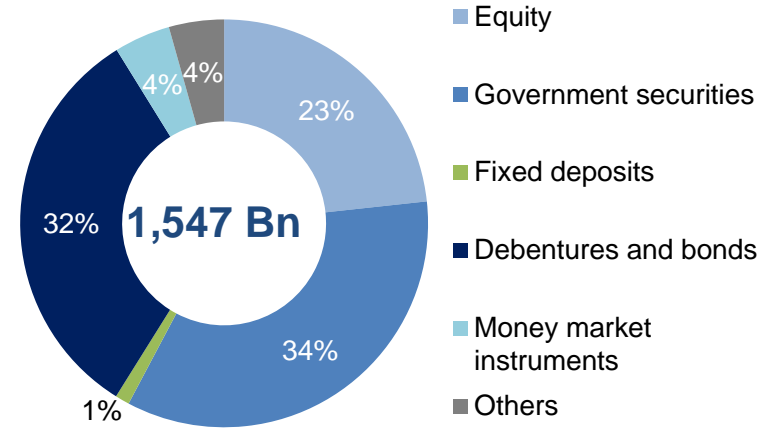


Change in AUM

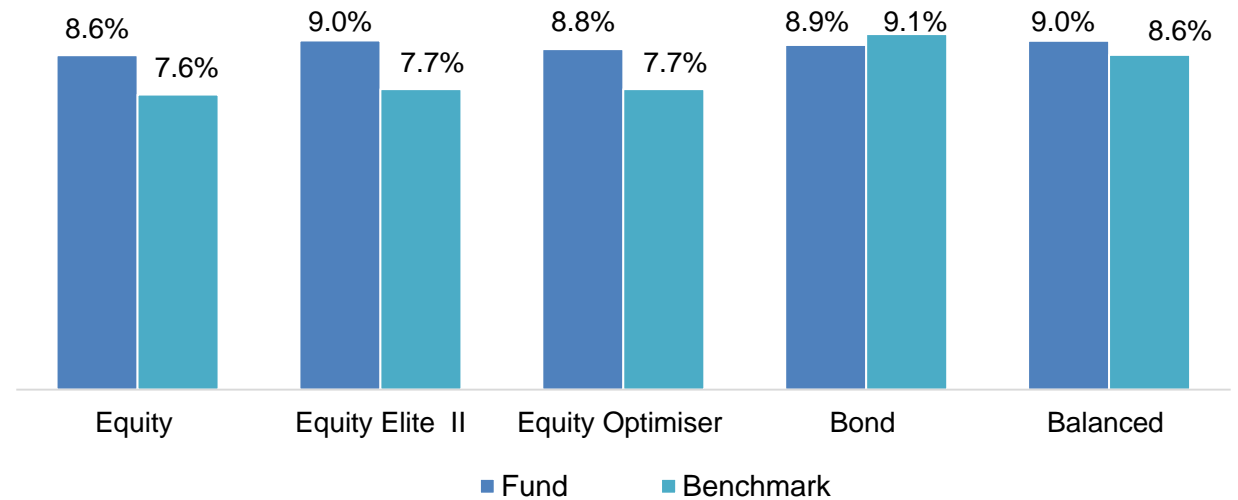


Composition of Asset under Management

₹ in billion



Investment performance¹



1. 5 year CAGR as on September 30, 2019
Components may not add up to total due to rounding-off.

Agenda

- I ► Performance update
- II ► Focus areas and initiatives**
- III ► Industry overview
- IV ► Annexure

Key Focus Areas

Geographical Spread

- Widespread network of distributors
- Continuous engagement and collaboration with new partners

Customer First Approach

- Customer engagement through multiple platforms
- Real time updates on customer engagement and use of analytics to understand customer preferences

Cost Effective

- One of the lowest Opex to GWP ratios in the industry
- Continuous renewals and improving persistency help in maintaining low costs

Digital Empowerment

- Continuously improve core processes through automation and artificial intelligence
- Paperless on-boarding & automated underwriting



34% offices in rural & semi urban areas

178,589 trained insurance personnel

Tied up with Repco Home Finance – 170+ touchpoints



704,807 Pre-issuance welcome calls

24K + Death Claims settled

Reduction in grievances from **40 to 33** per 10,000 policies

2.10 Mortality TAT



Automated underwriting - **35%** individual proposals

71% Renewal Premium - collected through Digital Mode

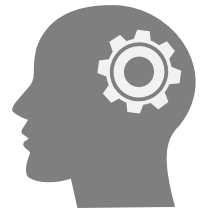
6 lacs+ Transactions handled through customer service portals



6.5% Opex Ratio (Cost Leadership)

96% of customers on boarded digitally resulting in cost savings

Digital Initiatives – Transforming customer experience



Digital Culture

Empowering Distributors



Tablet based application to sell policy - **1 lac+** active users



Digitization of proposal filling form - **7 lacs+** proposals



SAARTHI App – 360° overview of business performance & trends for partners



Smart Advisor App – Provides access to key business data to the advisors

Empowering Customers



Automation - **7 lac+** queries resolved through **chat-bot**
8 lac+ renewal premium reminders sent through **Whatsapp**



One stop platform for customers - **2 lac+** active users



5 lacs+ queries resolved by call centers



Multi-lingual & voice to text enabled website



Insta policies on **YONO app** – **55,206 lives** covered

Empowering Employees



Online tool for learning development of employees and distributors



Sales Daily activity planner for front line sales employees & integrated with lead management system

- **Drive productivity** – Distributors as well as employees
- **Integrating business operation** – improving efficiencies
- **Gap elimination** – better customer insights, predictive modelling
- **Improving customer experience** at all levels – information, transaction & servicing
- **Transforming** – products & risk assessment
- **Achieving scale** – simplifying processes
- **Leverage** – data analytics for long term value creation

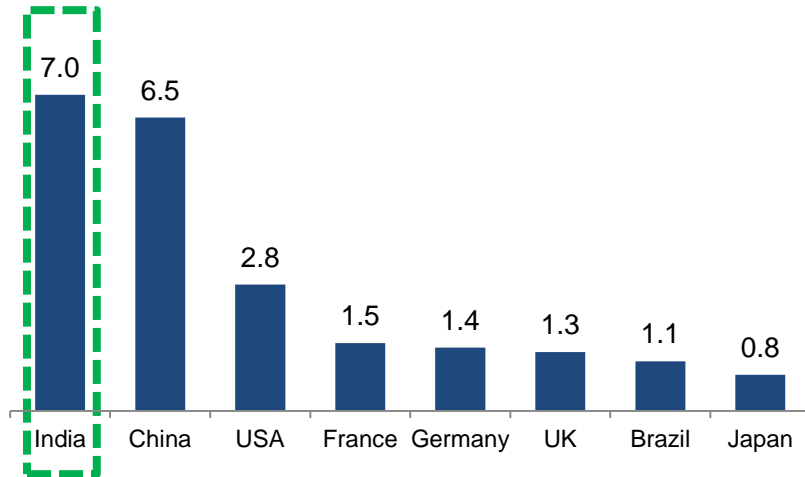
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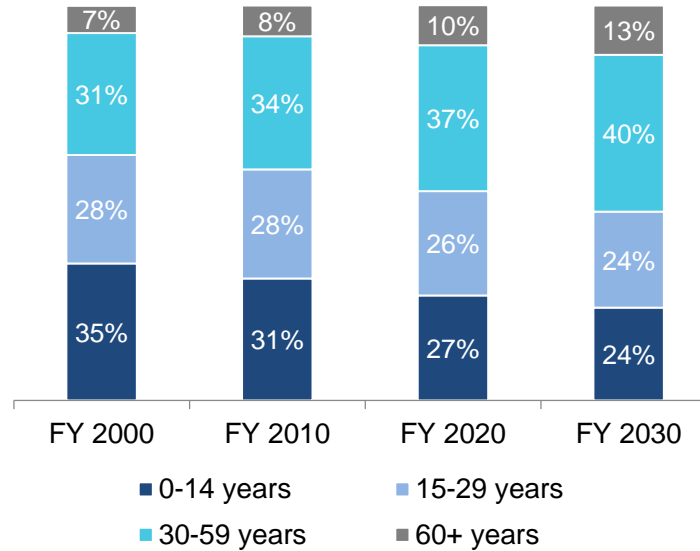
India Life Insurance - Structural Growth Drivers in Place

Strong Demographic Tailwinds Supporting India Growth Story

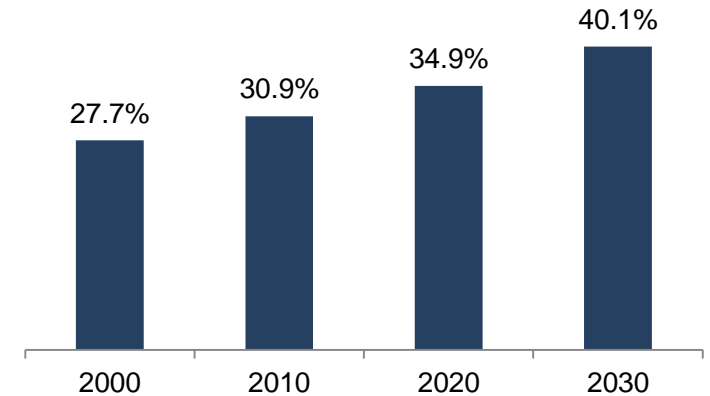
World GDP Growth¹ (2018 %)



Composition of Population²



Share of urban population³



Advantage India

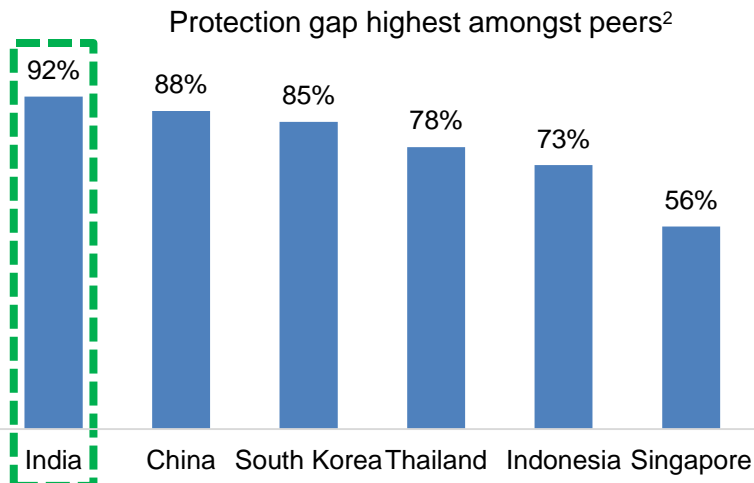
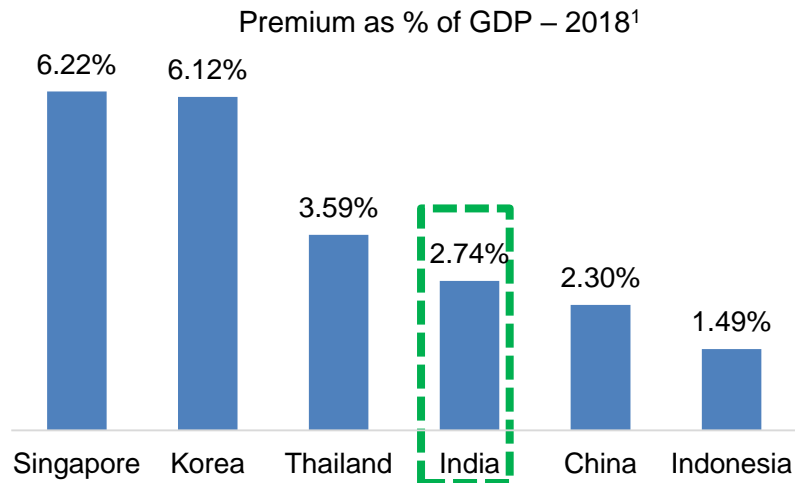
- 7th largest economy in the world in terms of GDP
- One of the highest young population nations with median age of 28 years
- Rising share of urbanisation – Growth in urban population at 2.4% CAGR between FY 15 and FY 20

Combination of a high share of working population, rapid urbanization, rising affluence and focus on financial inclusion to propel the growth of Indian life insurance sector

Life Insurance – Significant Under Penetration versus other Markets

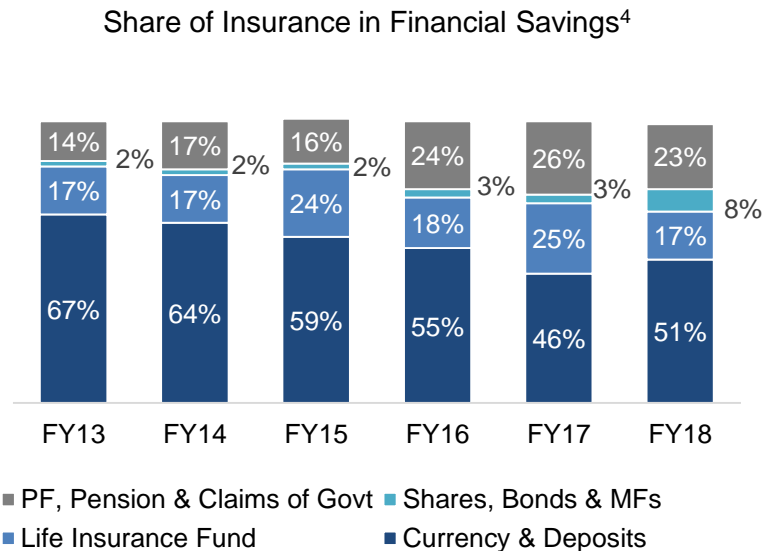
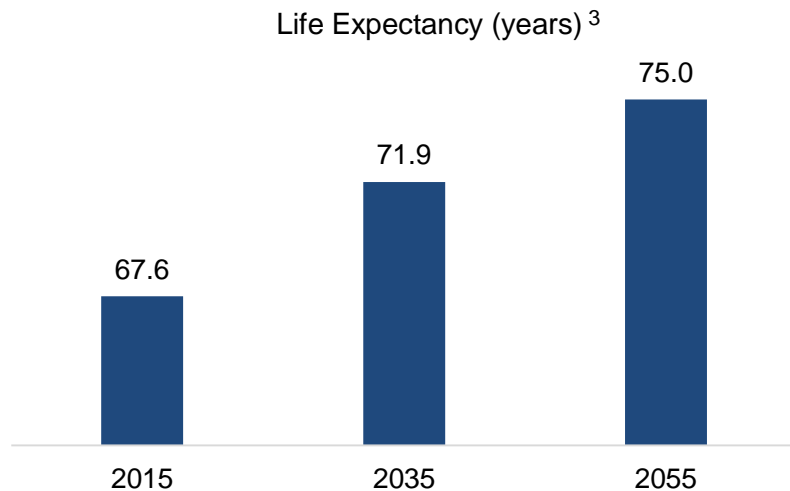
Share of Life Insurance in Savings expected to Rise

Underpenetrated Insurance Market



- 10th largest life insurance market worldwide and 5th largest in Asia with ₹ 4.6 trillion in total premium business.
- Total premium grew at CAGR of 17% between FY01– FY18.
- India continues to be under penetrated as compared to countries like Japan, Thailand and Korea.

Increasing Life Expectancy and Financial Savings



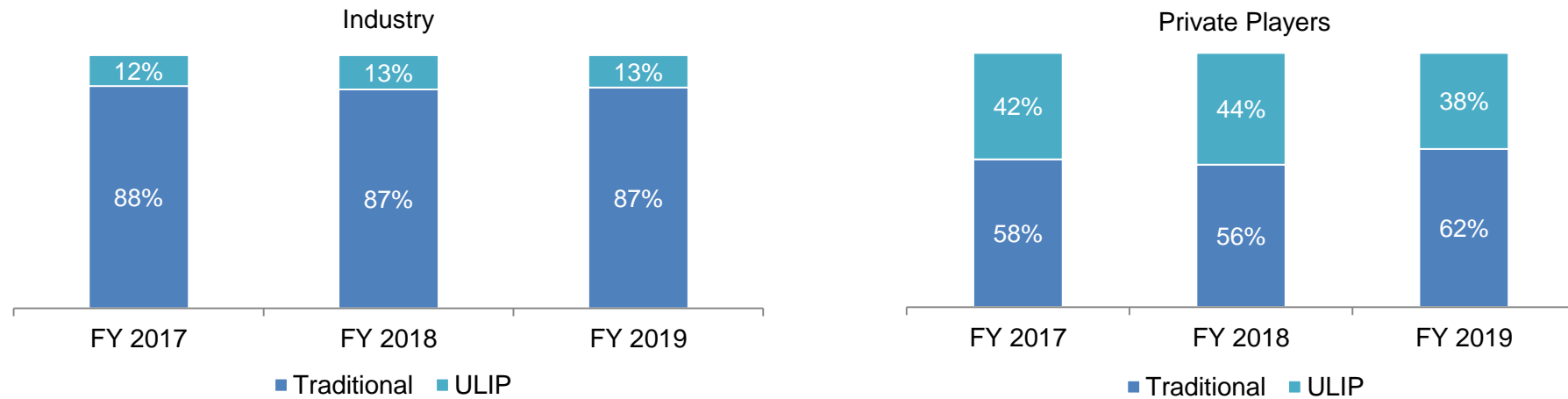
- Increase in share of insurance as a percentage of Financial Savings is expected to drive growth in life insurance sector.
- Also the demand for pension based products will increase with the rise in life expectancy.

1. Swiss Re, sigma No 3/2019
2. Swiss Re, Economic Research & Consulting "Mortality Protection Gap Asia-Pacific 2015"
3. UN World Population Report 2017.
4. CSO, Reserve Bank of India, Handbook of Statistics on Indian Economy

Industry Composition

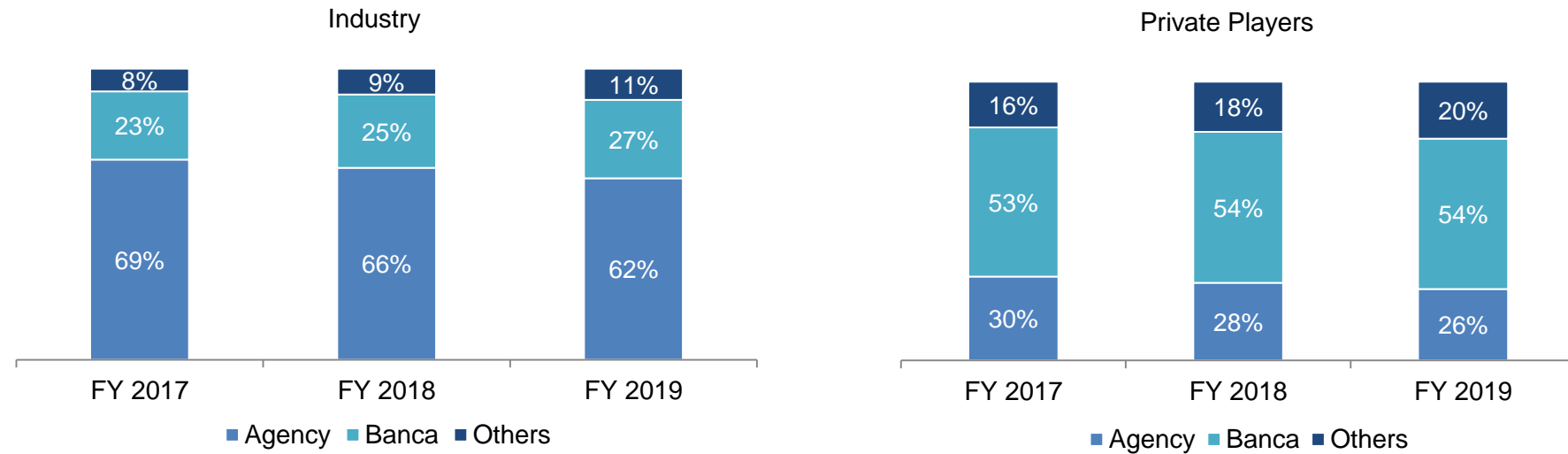
Product mix and Channel mix

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

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

Agenda



Performance update



Focus areas and initiatives



Industry overview



Annexure

Annualised Premium Equivalent (APE)

APE Product mix and Channel mix

₹ in billion

Product portfolio

Segment	FY17	FY18	FY 19	H1 FY 19	H1 FY 20	Y-o-Y Growth	Mix (H1 FY 20)
Individual Savings	59.4	78.5	87.2	33.6	40.3	20%	86%
- Par	11.2	20.9	18.1	8.0	5.7	(29%)	12%
- Non Par	0.5	0.7	0.4	0.2	3.7	1592%	8%
- ULIP	47.7	56.9	68.6	25.4	31.0	22%	66%
Individual Protection	0.8	0.6	3.7	1.0	2.3	128%	5%
Group Protection	3.4	4.0	2.9	1.0	1.8	77%	4%
Group Savings	3.7	2.4	3.2	1.4	2.3	64%	5%
Total APE	67.3	85.4	97.0	37.0	46.7	26%	

Channel mix

Channel	FY17	FY18	FY 19	H1 FY 19	H1 FY 20	Y-o-Y Growth	Mix (H1 FY 20)
Banca	40.4	55.9	64.8	24.6	30.6	24%	66%
Agency	20.9	25.6	27.7	10.6	12.6	19%	27%
Others	6.0	3.9	4.5	1.8	3.5	101%	8%
Total APE	67.3	85.4	97.0	37.0	46.7	26%	

Individual Annualised Premium Equivalent (APE)

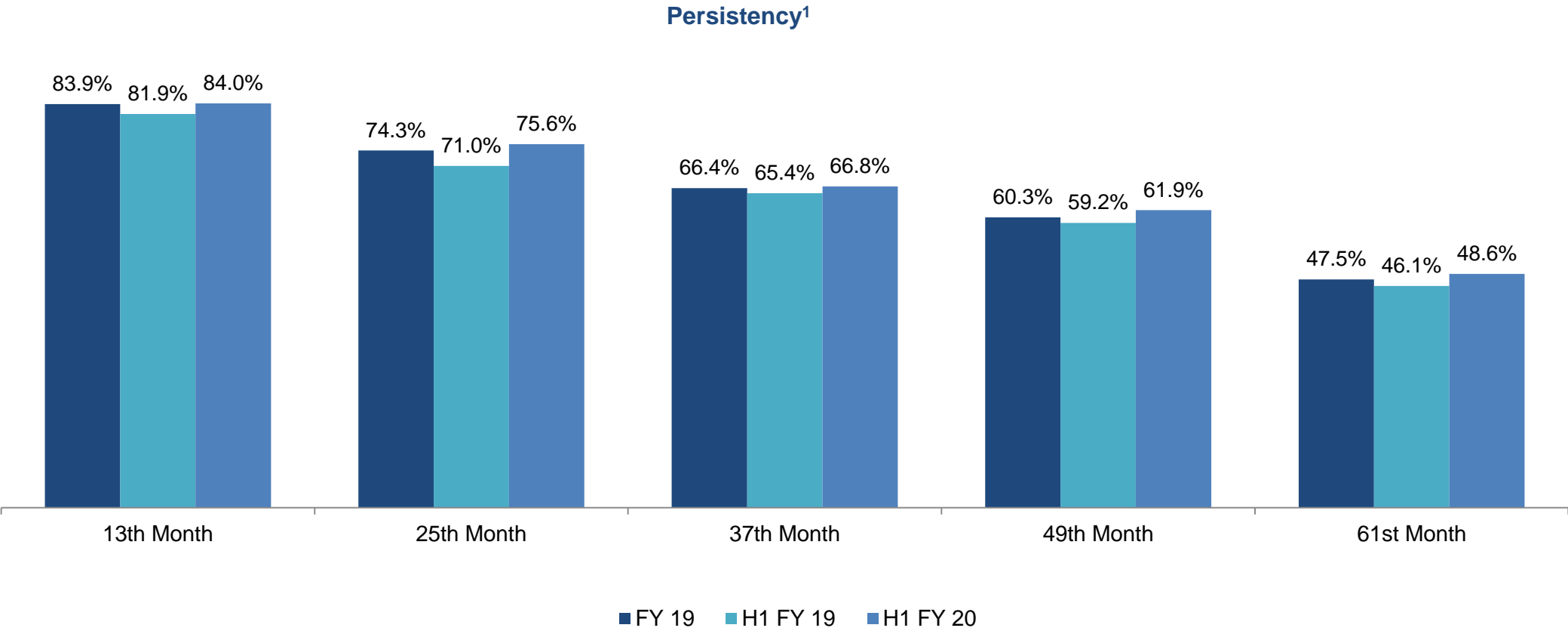
Individual APE – Channel Mix Segment wise

₹ in billion

Channel	Segment	FY17	FY18	FY 19	H1 FY 19	H1 FY 20	Y-o-Y Growth	Mix (H1 FY 20)
Bancassurance	Participating	5.3	13.2	9.9	4.5	2.6	(43%)	6%
	Non Participating	1.0	0.9	3.5	1.0	4.6	373%	11%
	Unit Linked	32.4	38.9	49.0	18.2	22.3	22%	52%
	Total	38.7	53.0	62.4	23.7	29.4	24%	69%
Agency	Participating	5.5	7.5	7.8	3.3	2.9	(14%)	7%
	Non Participating	0.2	0.2	0.5	0.2	1.2	586%	3%
	Unit Linked	14.6	17.7	19.3	7.0	8.4	20%	20%
	Total	20.3	25.4	27.6	10.5	12.5	19%	29%
Others	Participating	0.2	0.3	0.4	0.1	0.2	71%	1%
	Non Participating	0.1	0.1	0.2	0.1	0.2	191%	1%
	Unit Linked	0.1	0.3	0.3	0.1	0.2	76%	1%
	Total	0.4	0.7	0.9	0.3	0.7	102%	2%

Persistency - Regular Premium

Quality Underwriting and Customer Retention



1. The persistency ratios are calculated as per IRDAI circular dated 23rd January 2014.
Ratios are calculated based on regular premium

Sensitivity Analysis

Scenario	Change in EV H1 FY20	Change in VoNB H1 FY20
Reference Rate +100 bps	(3.5%)	0.5%
Reference Rate -100 bps	3.3%	(0.5%)
Decrease in Equity Value 10%	(1.2%)	0.0%
Proportionate change in lapse rate +10%	(1.3%)	(6.0%)
Proportionate change in lapse rate -10%	1.3%	5.9%
Mortality / Morbidity +10%	(2.3%)	(11.8%)
Mortality / Morbidity -10%	2.3%	11.9%
Maintenance Expense +10%	(0.7%)	(2.4%)
Maintenance Expense -10%	0.7%	2.4%
Mass Lapse for ULIPs in the year after the surrender penalty period of 25% ²	(2.2%)	(7.3%)
Mass Lapse for ULIPs in the year after the surrender penalty period of 50% ²	(5.2%)	(17.5%)
Tax Rate Change to 25%	(8.1%)	(16.9%)

On actual tax
rate basis

IEV
₹ 246.9 bn
↑ 24%

VoNB
₹ 8.5 bn
↑ 32%

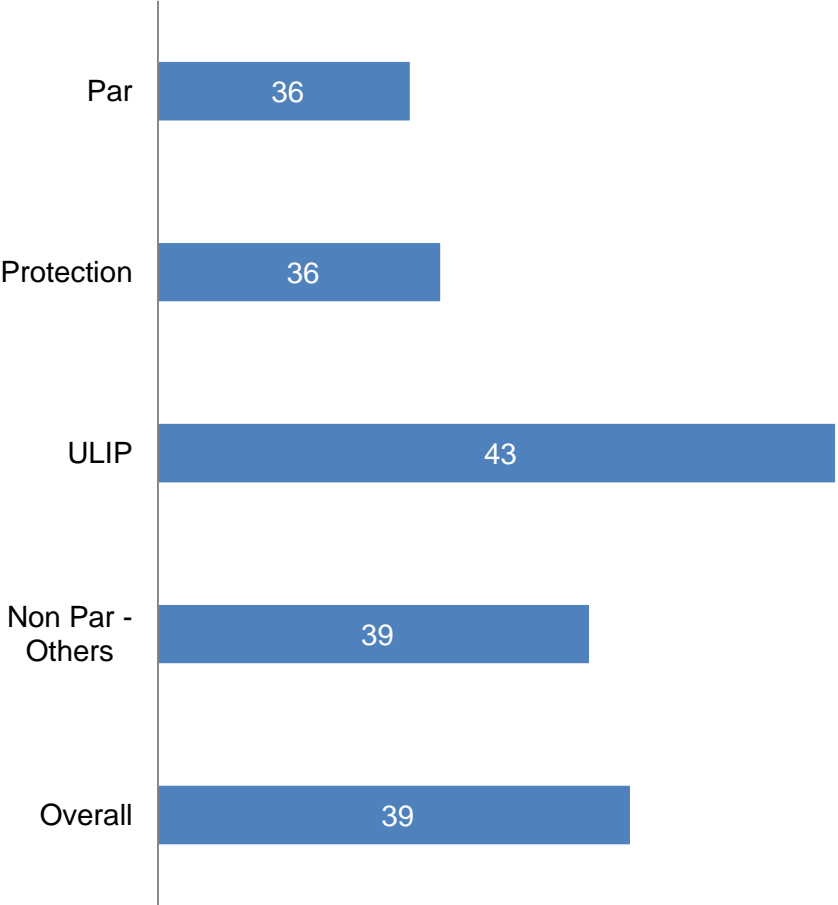
VoNB Margin
18.1%
↑ 80 bps

1. VoNB assessment: The Value of New Business is calculated as at the end of the reporting period i.e. as on the valuation date rather than at the point of sale. Accumulation from point of sale up to end of reporting period is done using the respective monthly reference rates. 2. 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. 3. VoNB sensitivity: New Business sensitivities assume that the scenario arises after the point of sale; and consider impacts on both new business liability cash-flows and the asset backing the reserves at the respective month ends. 'Nil' interest rate VoNB sensitivity is applied for annuity products. 4. The sensitivities are being calculated with a lag of one quarter of a year, starting from the Q3FY19 disclosure. 5. The methodology, assumptions and the results for the FY 19 & Q2 FY 20 disclosures have been reviewed by Willis Towers Watson Actuarial Advisory LLP.

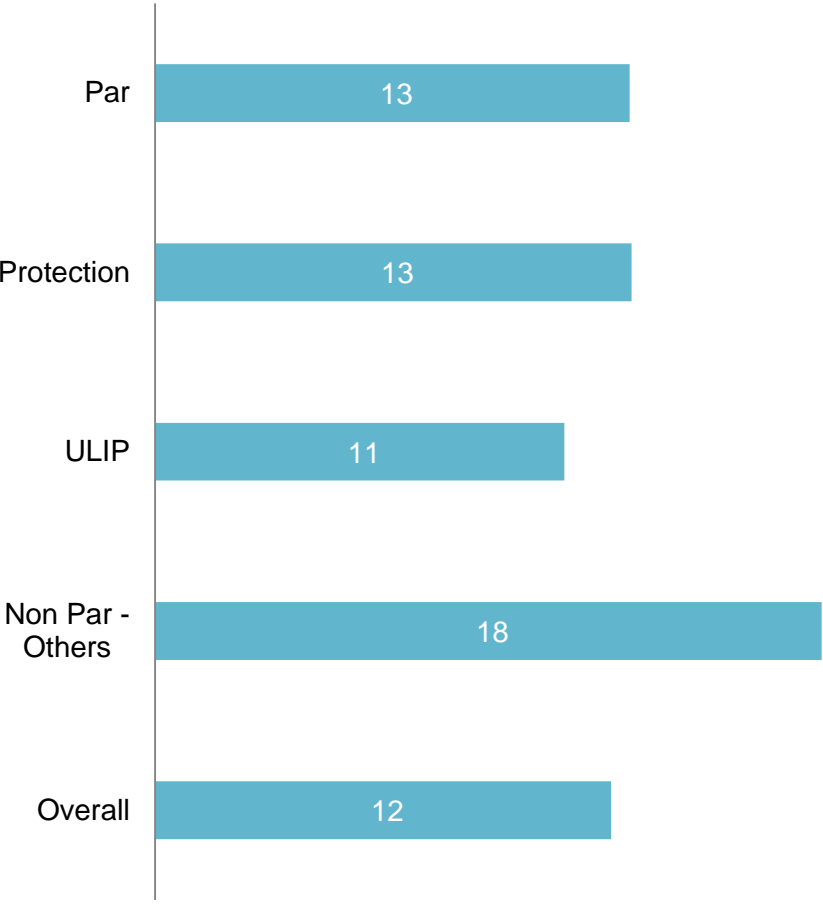
Customer Age and Policy Term¹

Customer Profile

Average customer age in years



Average policy term in years



1. Age and term for individual products for H1 FY 20.

Revenue and Profit & Loss A/c

₹ in billion

Particulars	FY 18	FY 19	H1 FY 19	H1 FY 20
Premium earned	253.5	329.9	124.4	169.4
Premium on reinsurance ceded	(1.9)	(1.0)	(0.3)	(1.7)
Net premium earned	251.6	328.9	124.2	167.7
Investment income ¹	89.0	116.0	42.9	57.9
Other income	0.8	0.8	0.4	0.2
Total income (A)	341.4	445.7	167.5	225.8
Commission paid	11.2	13.5	5.2	6.6
Operating and other expenses ²	21.0	26.1	11.8	13.7
Provision for tax – policyholders ³	2.4	2.7	1.9	2.4
Claims/benefits paid (net) ³	117.1	152.9	49.3	61.1
Change in actuarial liability ⁴	177.9	236.8	93.1	137.1
Total expenses (B)	329.6	432.0	161.3	220.9
Profit before tax (A-B)	11.8	13.7	6.2	5.0
Provision for tax – shareholders ³	0.3	0.5	0.1	0.0
Profit after tax	11.5	13.3	6.0	5.0

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	FY18	FY 19	H1 FY 19	H1 FY 20
SOURCES OF FUNDS				
Share Capital	10.0	10.0	10.0	10.0
Reserves and Surplus	53.7	64.6	59.8	69.6
Credit/(Debit) Fair Value Change Account	1.5	1.2	1.1	1.1
Sub-Total	65.3	75.8	70.9	80.7
Credit/(Debit) Fair Value Change Account	9.4	10.6	8.6	9.1
Policy Liabilities	555.6	649.5	598.3	705.0
Provision for Linked Liabilities	495.6	605.9	539.0	675.4
Fair Value Change Account (Linked)	31.1	51.6	28.2	48.8
Funds for Discontinued Policies	22.7	33.8	30.3	45.1
Funds for Future Appropriation	1.9	2.8	4.2	6.4
Total Liabilities	1,181.6	1,430.0	1,279.4	1,570.5
APPLICATION OF FUNDS				
Investments				
-Shareholders	50.1	57.2	57.7	69.1
-Policyholders	544.9	644.7	589.8	691.9
-Assets held to cover Linked Liabilities	549.4	691.3	597.5	769.3
Loans	1.7	1.7	1.7	3.7
Fixed assets	5.8	6.0	5.9	6.0
Net Current Assets	29.7	29.1	26.8	30.5
Total Assets	1,181.6	1,430.0	1,279.4	1,570.5

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

Abbreviations

Term	Description	Term	Description
GWP	Gross Written Premium	NON PAR	Non-Participating
NBP	New Business Premium	Opex	Operating Expenses (excluding commission)
NOP	Number of Policies	CAGR	Compounded Annual Growth Rate
APE	Annualized Premium Equivalent	GDP	Gross Domestic Product
IRP	Individual Rated Premium	INR (₹)	Indian Rupees
AuM	Assets Under Management	USD (\$)	United States' Currency
Banca	Bancassurance	TAT	Turn Around Time
ULIP	Unit Linked Insurance Plan	Traditional	Other than Unit Linked Insurance Plan
PAR	Participating	IEV	Indian Embedded Value

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.
- **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.
- **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.

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

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