ICICI PRUDENTIAL
LIFE INSURANCE

Leadership in life insurance

April 2015

Agenda

- Industry overview and outlook
- Company strategy and performance
- Embedded value results

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Industry overview and outlook

Company strategy and performance

Embedded value results

India life insurance growth story

	FY2002		FY2008		FY2014
Number of players	12		18		24
New business premium[1] (Rs bn)	116	28.7% →	527	-2.4% →	454
Total premium (Rs bn)	501	26.1% →	2,014	7.7% →	3,143
Asset under management (Rs bn)	2,304	24.3% →	8,477	15.0% →	19,575
In-force sum assured[2] (Rs bn)	8,577*	18.7% →	23,966	12.8% →	49,399
In-force sum assured (as % to GDP)	36.4%		48.1%		43.5%
Penetration (as a % to GDP)	2.1%		4.0%		2.8%

1. Retail weighted premium
2. Individual in-force sum assured

Source: IRDAI, CSO, Life insurance council
* Company estimate

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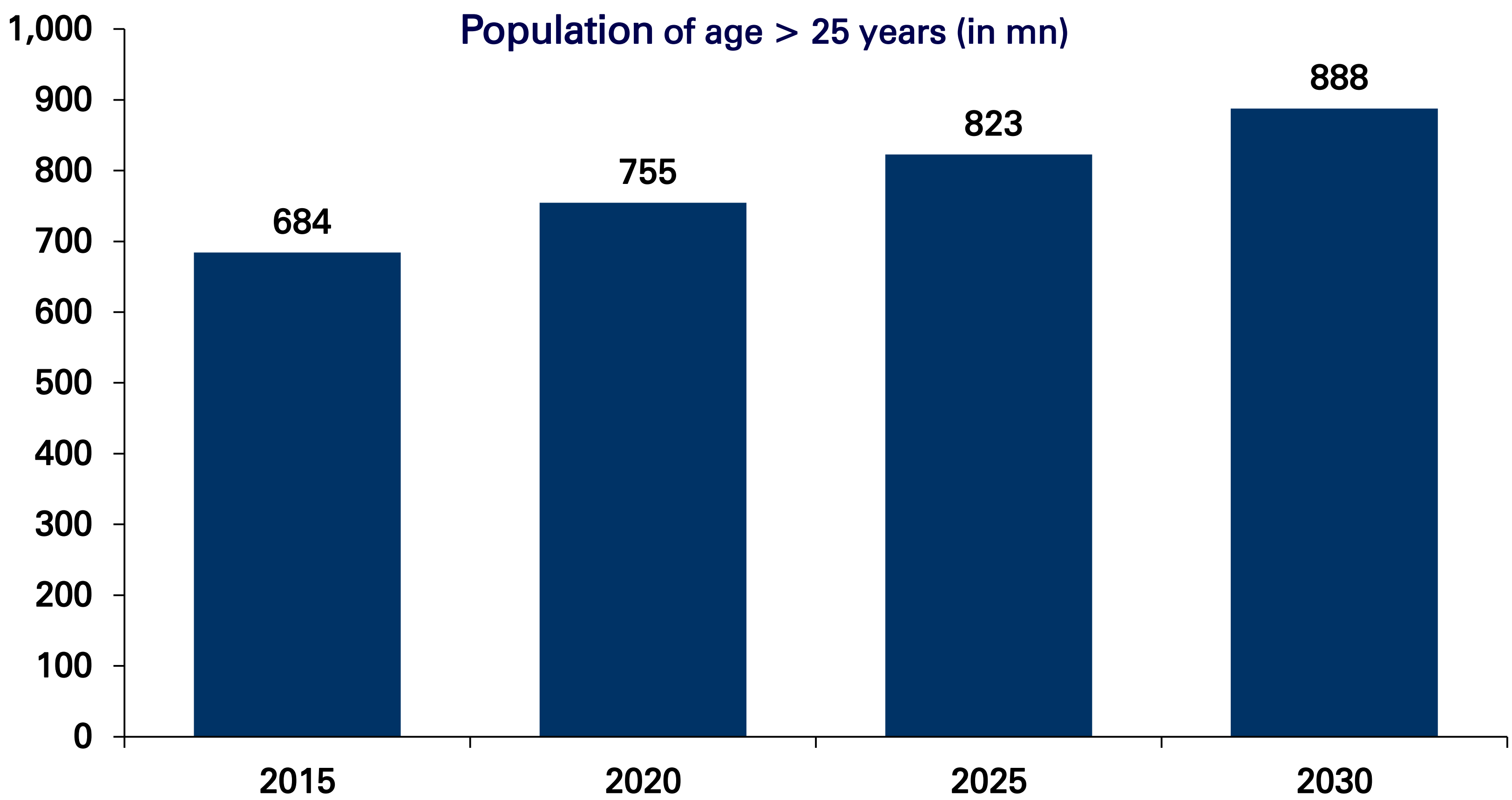
Fuelled by favourable demographics..

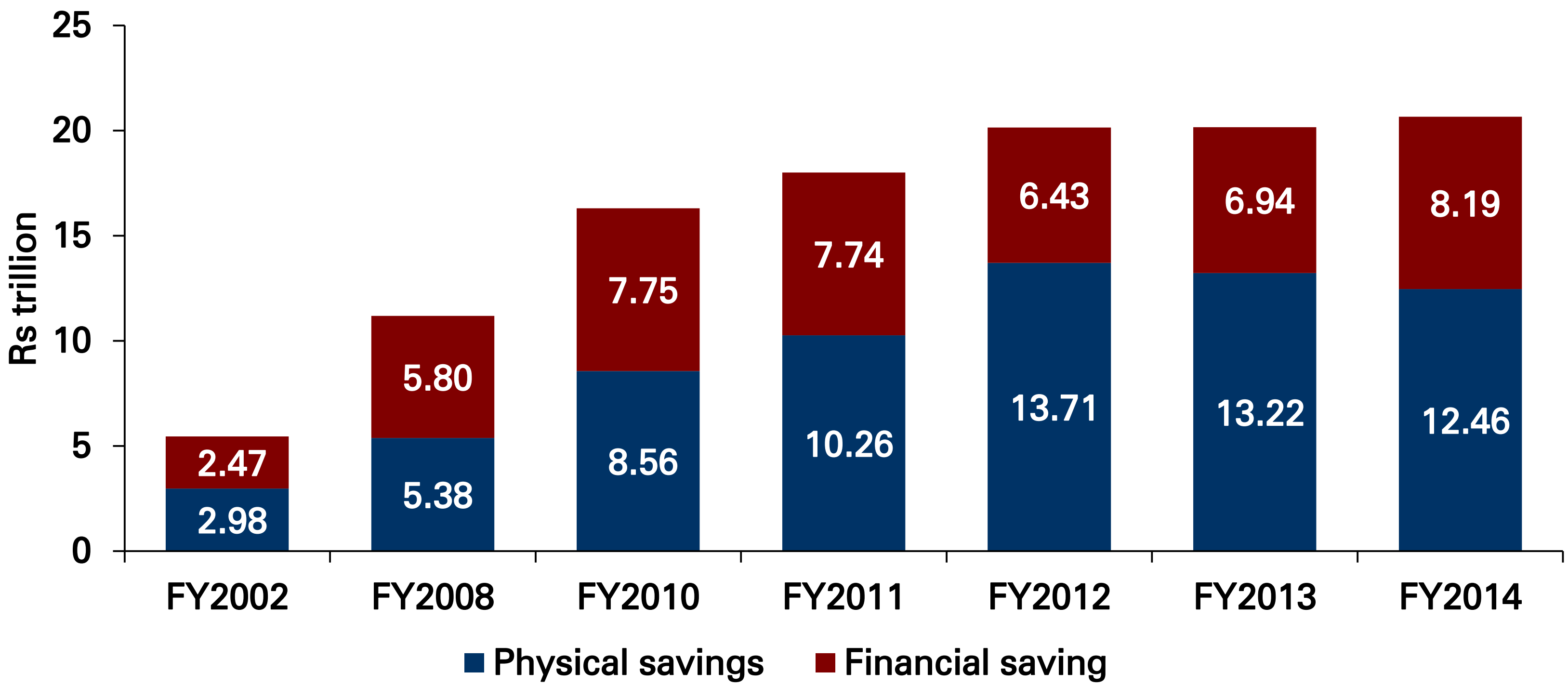


Increase in target population with rising income levels

Source: UN Population division's release: '*World Population Prospects- The 2012 Revision*'

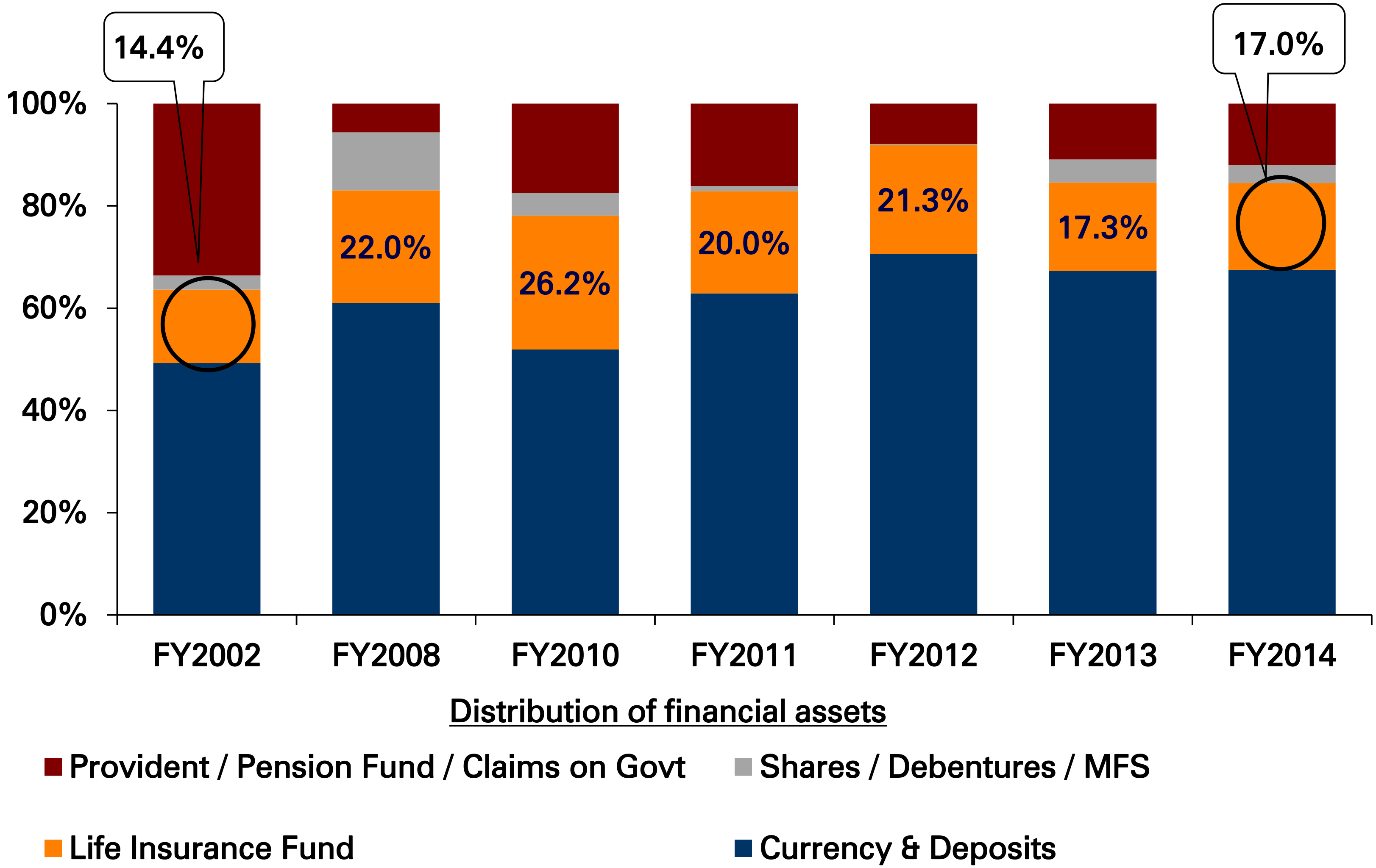
..High household savings

Financial year	2002	2008	2010	2011	2012	2013	2014
Financial savings / GDP	10.5%	11.6%	12.0%	9.9%	7.3%	7.0%	7.2%
Household savings / GDP	23.2%	22.4%	25.2%	23.1%	22.8%	20.2%	18.2%



Source: RBI, CSO

Share of life insurance in financial savings



Source: RBI

Insurance market size

Amounts in Rs trillion	FY 2002		FY 2008		FY 2014		FY 2020E*
Nominal GDP	23.56	13% CAGR →	49.87	15% CAGR →	113.45	15% CAGR →	262.42
Household savings	5.45	13% CAGR →	11.18	11% CAGR →	20.65	15% CAGR →	47.77
Gross financial savings	2.86	18% CAGR →	7.72	9% CAGR →	12.79	15% CAGR →	29.59
Insurance	0.41	27% CAGR →	1.70	3% CAGR →	2.00	15% CAGR →	4.62

Significant opportunity at current savings rate

Source: RBI, CSO
*Company estimates

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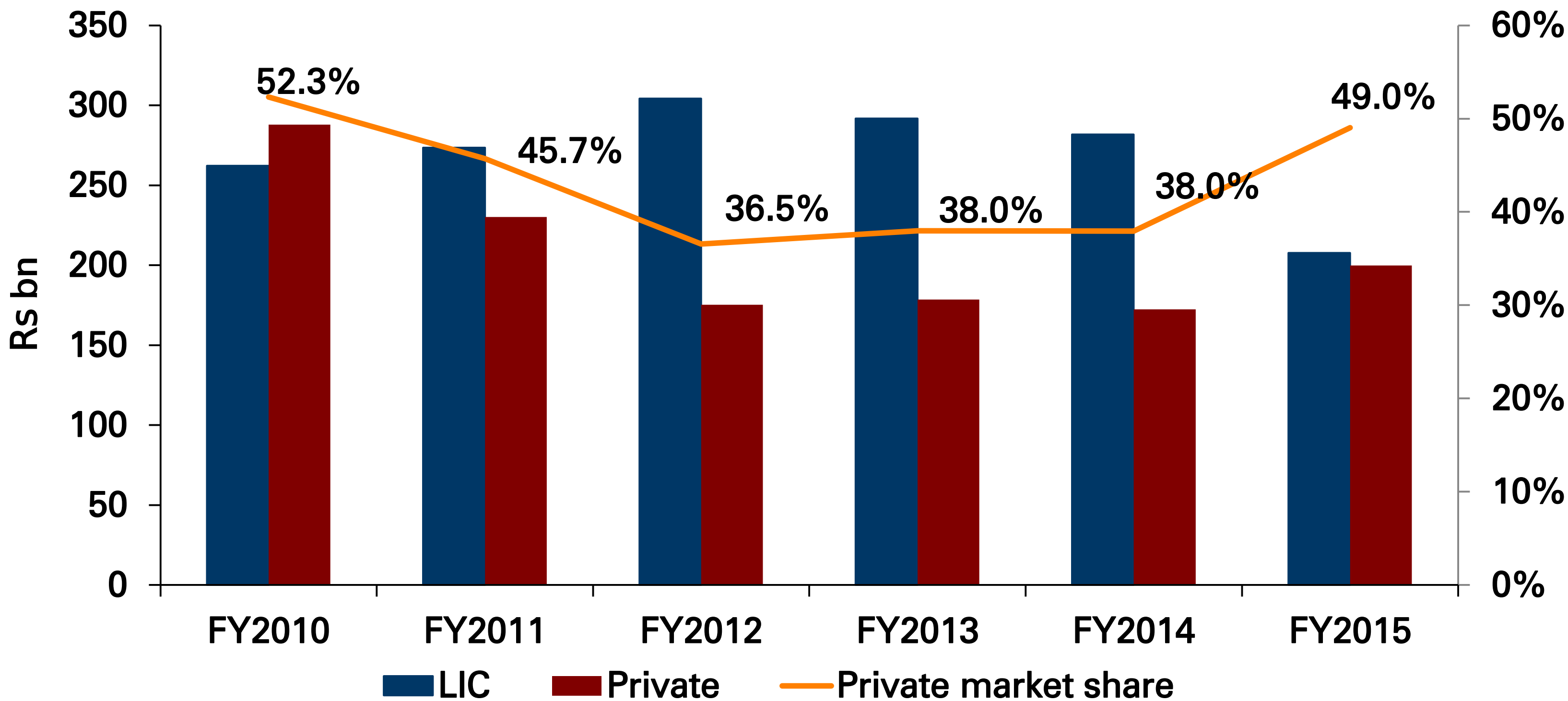
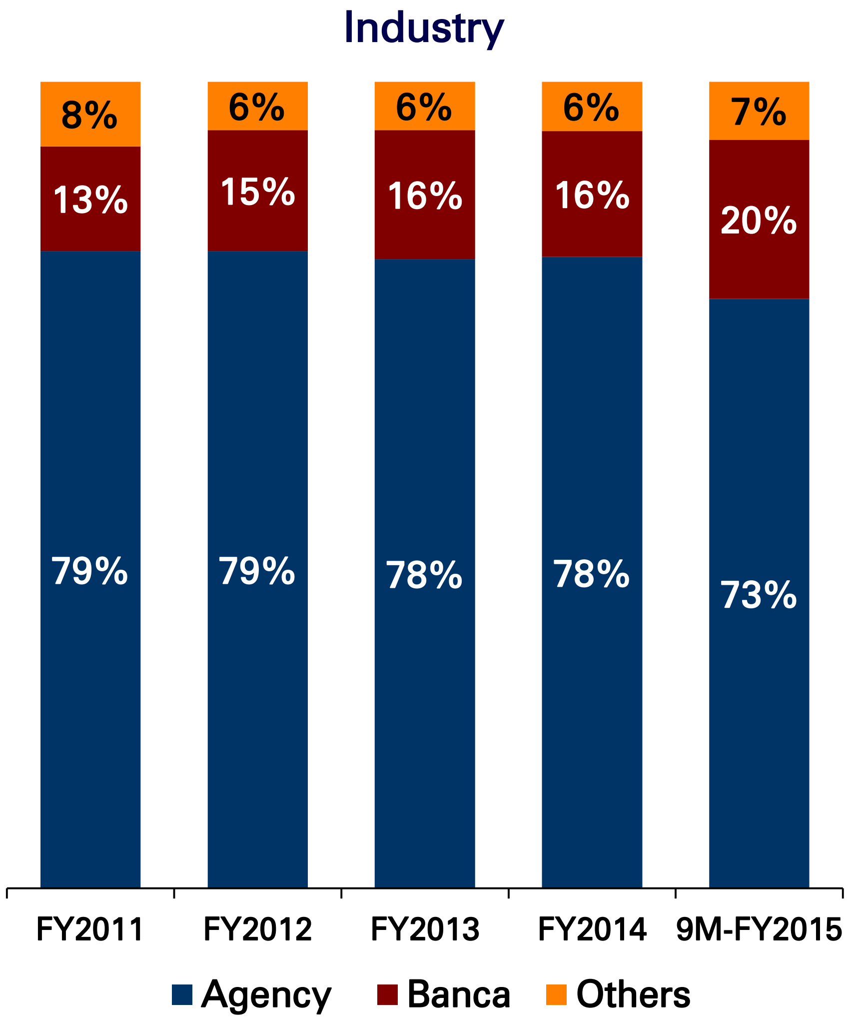
Industry: New business premium[1]

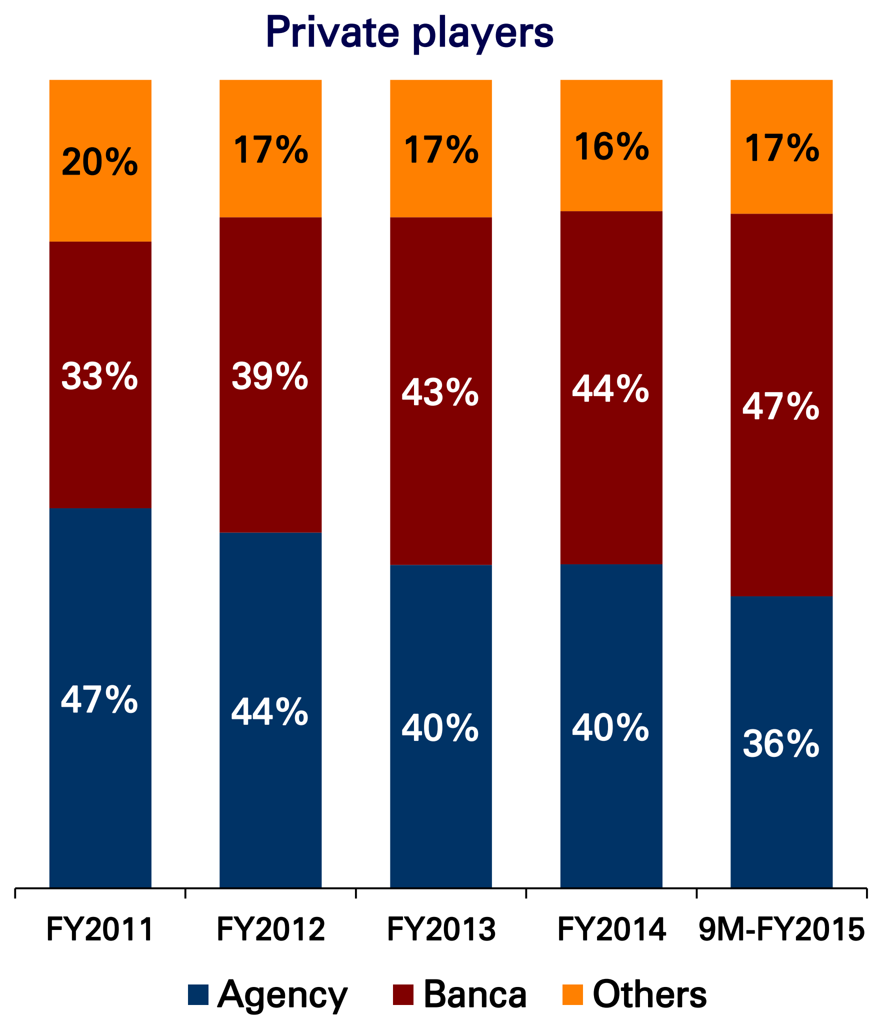
Growth	FY2011	FY2012	FY2013	FY2014	FY2015
Private	-20.0%	-23.9%	1.9%	-3.4%	15.9%
LIC	4.3%	11.2%	-4.1%	-3.4%	-26.3%
Industry	-8.5%	-4.8%	-1.9%	-3.4%	-10.3%



1. Retail weighted new business premium
Source : IRDAI, Life insurance council

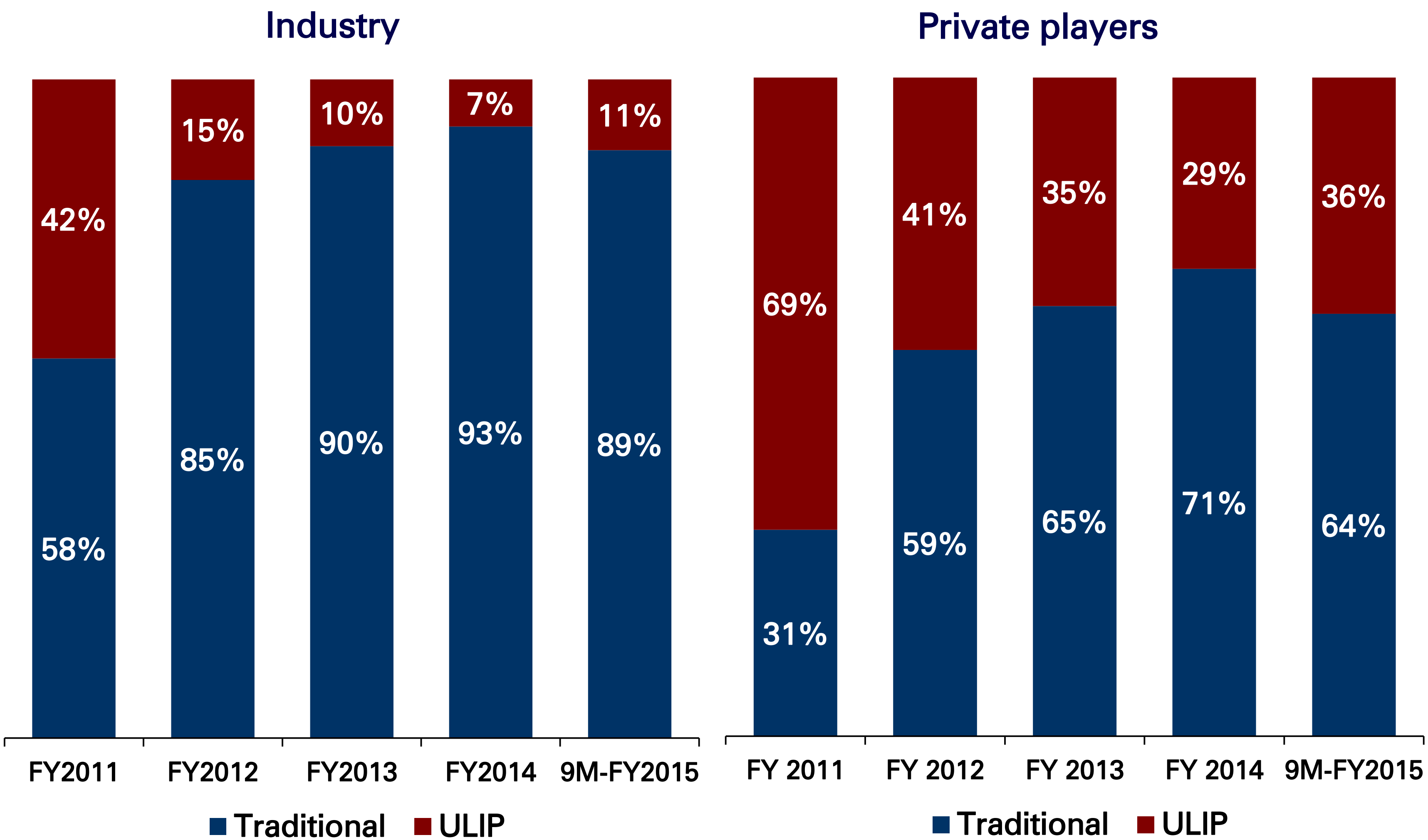
Channel mix[1]





1. Individual new business premium basis
Source: IRDAI, Public disclosures

Product mix[1]



1. New business premium basis
   Source: IRDAI, Life insurance council

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Company strategy and performance

Embedded value results

Key strategic objectives

- Enhance market leadership
- Provide superior value proposition to customers
- Strengthen multichannel distribution architecture
- Improve cost efficiency
- Improve persistency and control surrenders
- Target superior risk adjusted fund performance

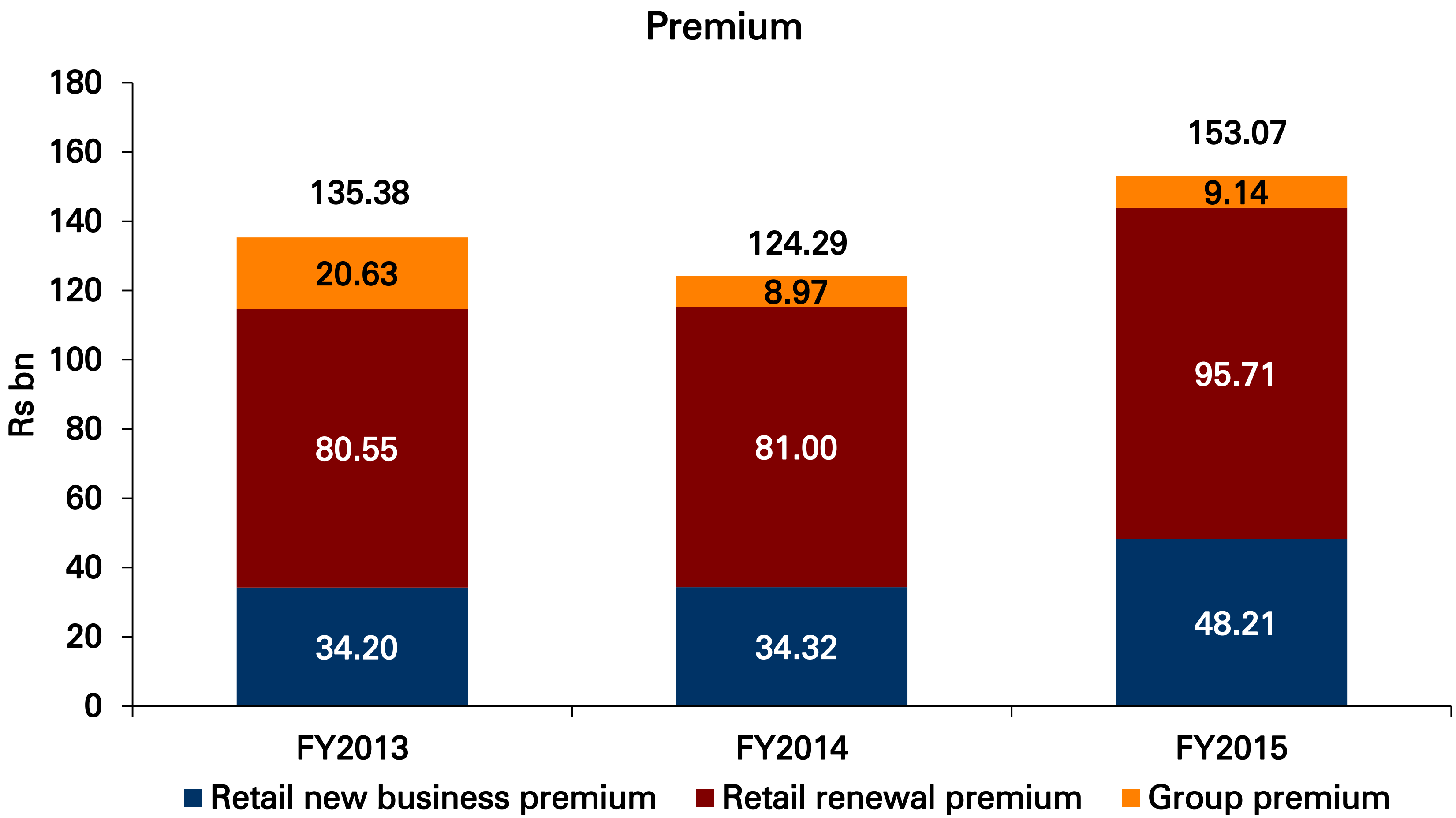
Robust risk management and control framework

Key parameters

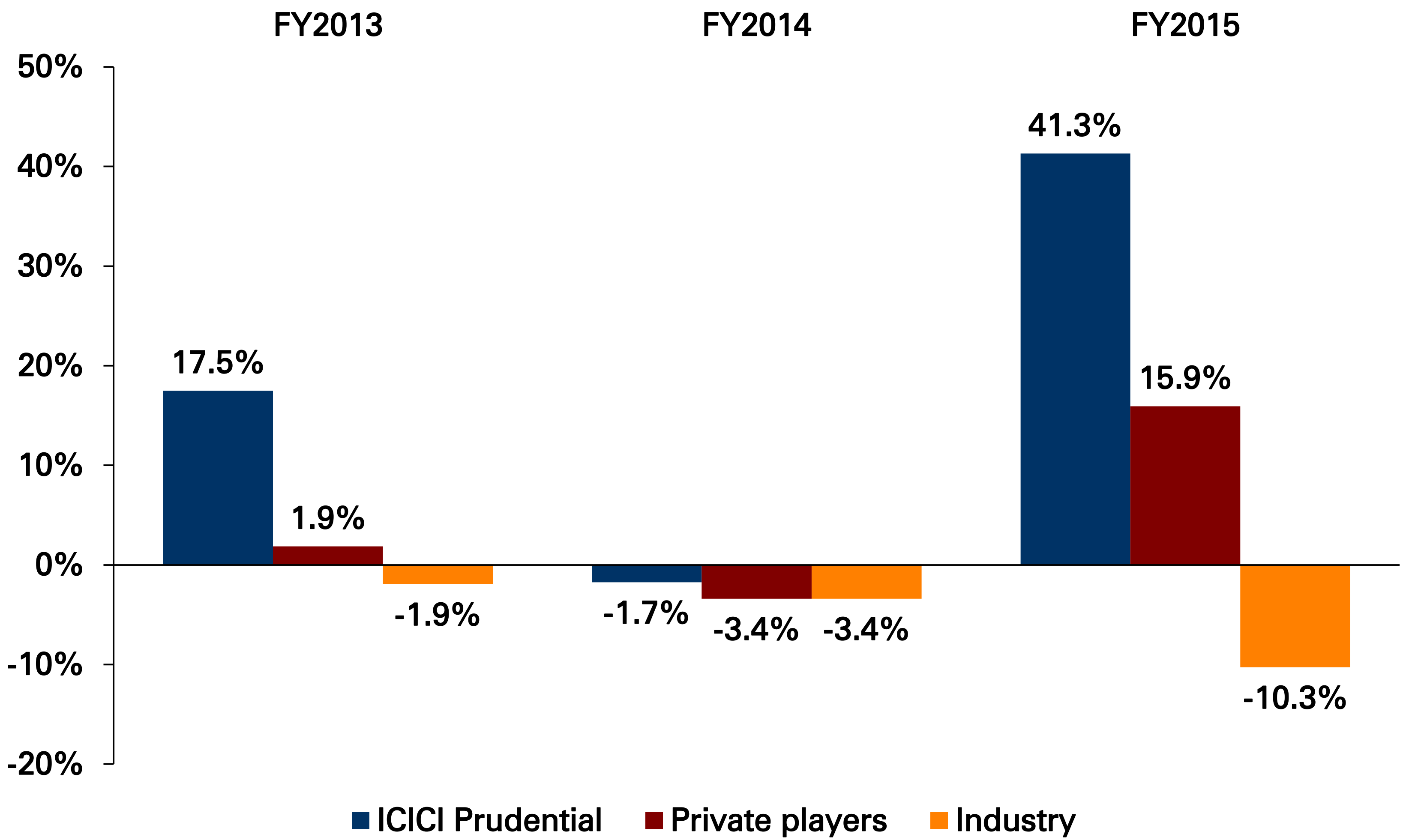
Rs bn	FY2013	FY2014	FY2015
RWRP	33.10	32.53	45.96
APE	35.32	34.44	47.44
Profit after tax	14.96	15.67	16.34
NBP[1]	5.29	4.27	5.32
Solvency ratio (%)	396	372	337
Assets under management	741.64	805.97	1,001.83
Return on Equity[2]	31.2%	32.7%	33.9%

1. Traditional embedded value basis, post tax basis
2. Return on invested capital

Premium summary

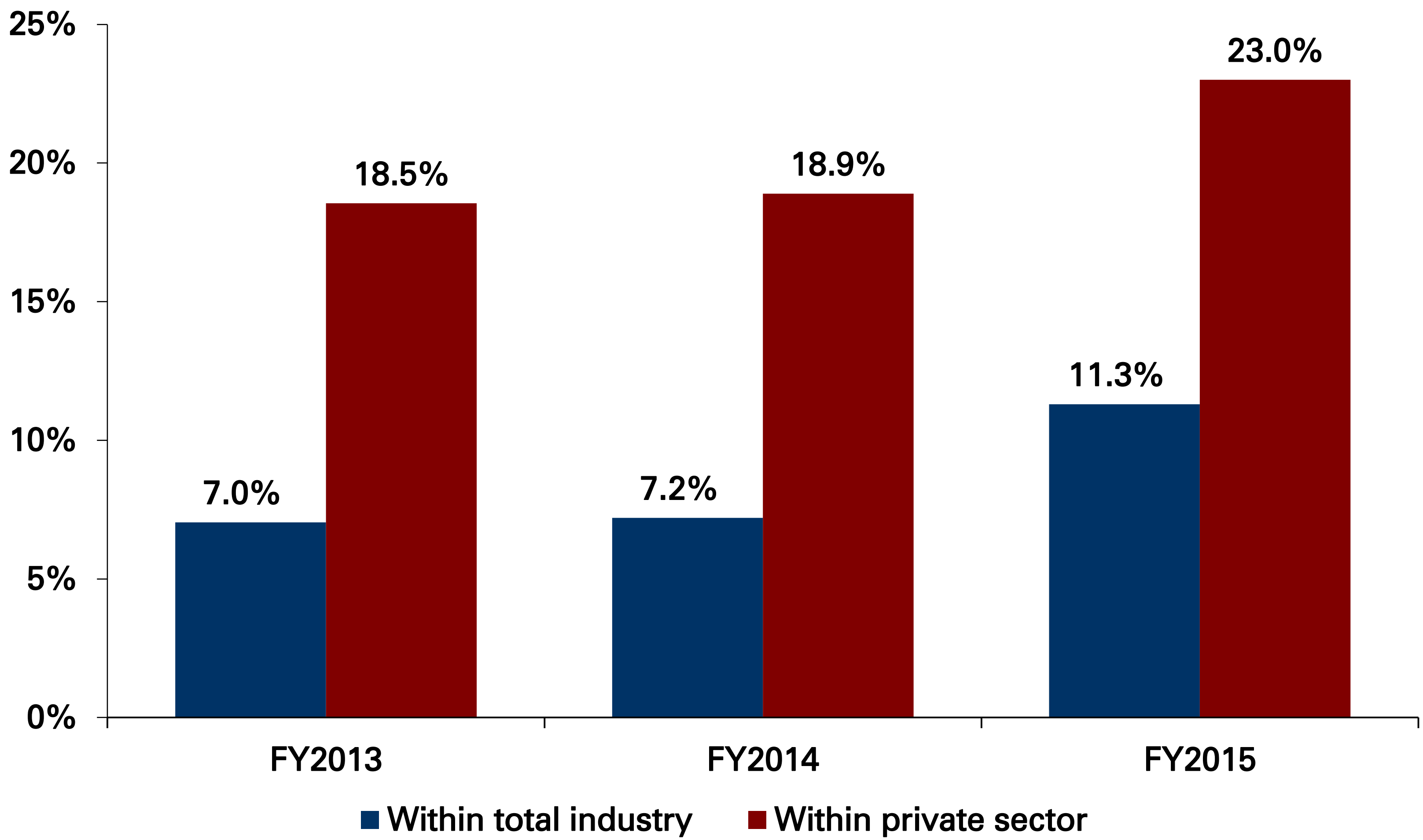


Growth[1]



1. Retail weighted received premium (RWRP) basis
Source: IRDAI, Life insurance council

Market share[1]



1. Retail weighted received premium (RWRP) basis
Source: IRDAI, Life insurance council

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Consistent leadership[1]

	FY2002	FY2006	FY2010	FY2012	FY2013	FY2014	FY2015
1	ICICI PRUDENTIAL LIFE INSURANCE	ICICI PRUDENTIAL LIFE INSURANCE	ICICI PRUDENTIAL LIFE INSURANCE	ICICI PRUDENTIAL LIFE INSURANCE	ICICI PRUDENTIAL LIFE INSURANCE	ICICI PRUDENTIAL LIFE INSURANCE	ICICI PRUDENTIAL LIFE INSURANCE
2	MAX NEW YORK LIFE Your Partner for Life	BAJAJ Allianz	SBI Life INSURANCE	HDFC Life	HDFC Life	SBI Life INSURANCE	SBI Life INSURANCE
3	HDFC STANDARD LIFE INSURANCE	HDFC STANDARD LIFE INSURANCE	BAJAJ Allianz	SBI Life INSURANCE	SBI Life INSURANCE	HDFC Life	HDFC Life
4	Birla Sun Life Insurance	Birla Sun Life Insurance	RELIANCE Life Insurance	MAX LIFE INSURANCE Your Partner for Life	MAX NEW YORK LIFE Your Partner for Life	MAX LIFE INSURANCE Your Partner for Life	MAX LIFE INSURANCE Your Partner for Life
5	TATA AIG LIFE	MAX NEW YORK LIFE Your Partner for Life	HDFC STANDARD LIFE INSURANCE	BAJAJ Allianz	BAJAJ Allianz	RELIANCE Life Insurance	RELIANCE Life Insurance
6	SBI Life INSURANCE	SBI Life INSURANCE	Birla Sun Life Insurance	Birla Sun Life Insurance	Birla Sun Life Insurance	BAJAJ Allianz	BAJAJ Allianz

1. Retail weighted received premium (RWRP) basis

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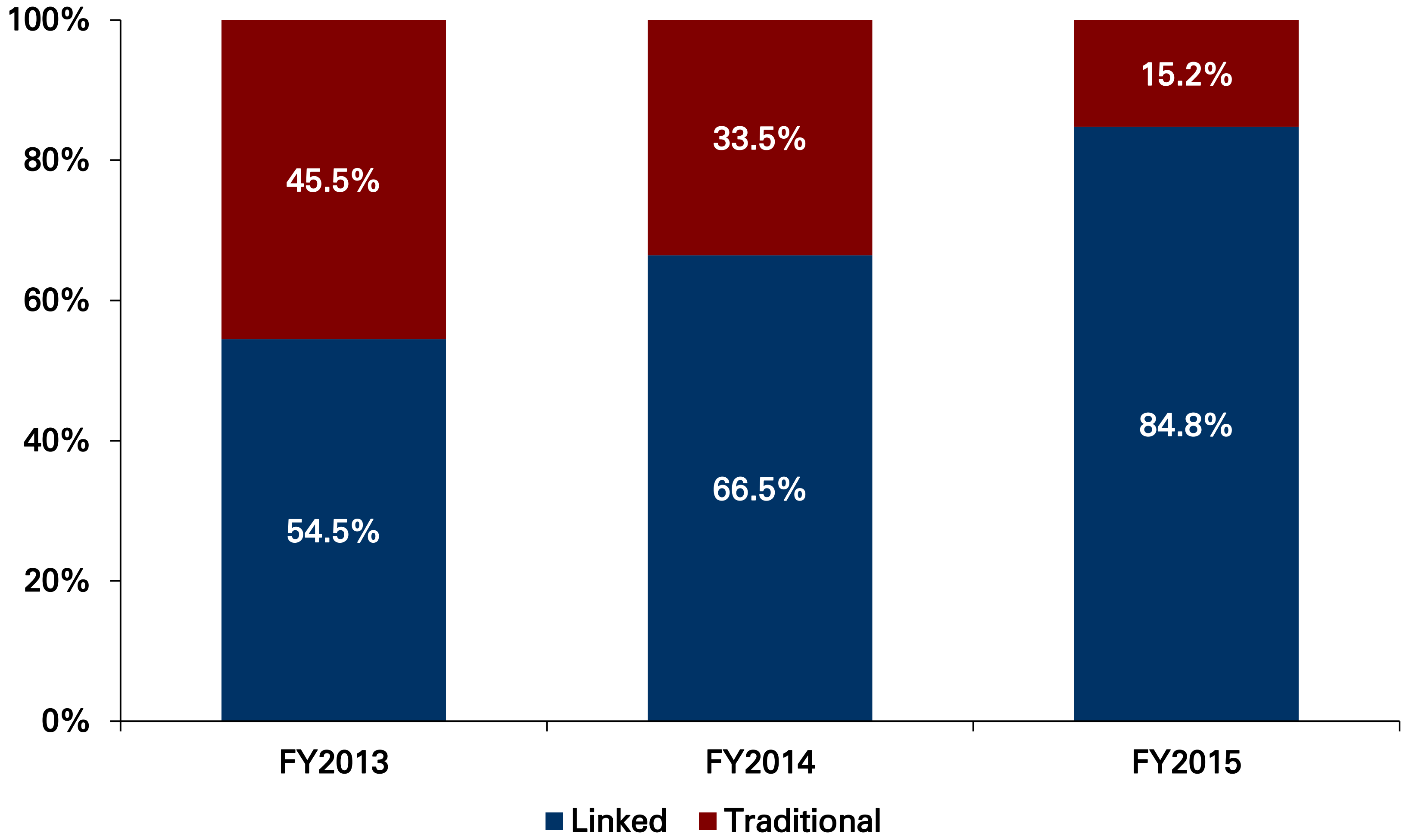
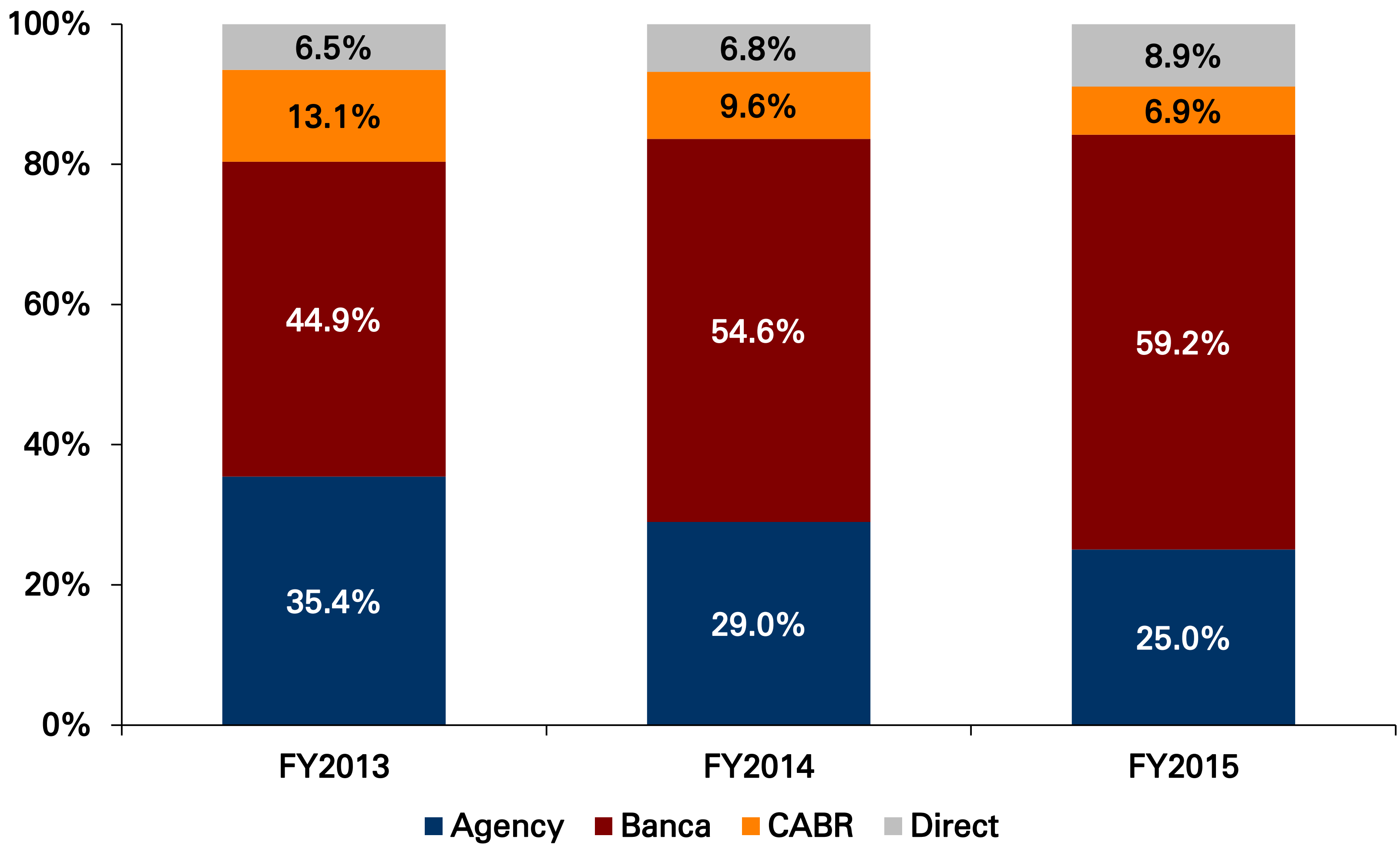
Product mix[1]



1. Retail weighted received premium (RWRP) basis

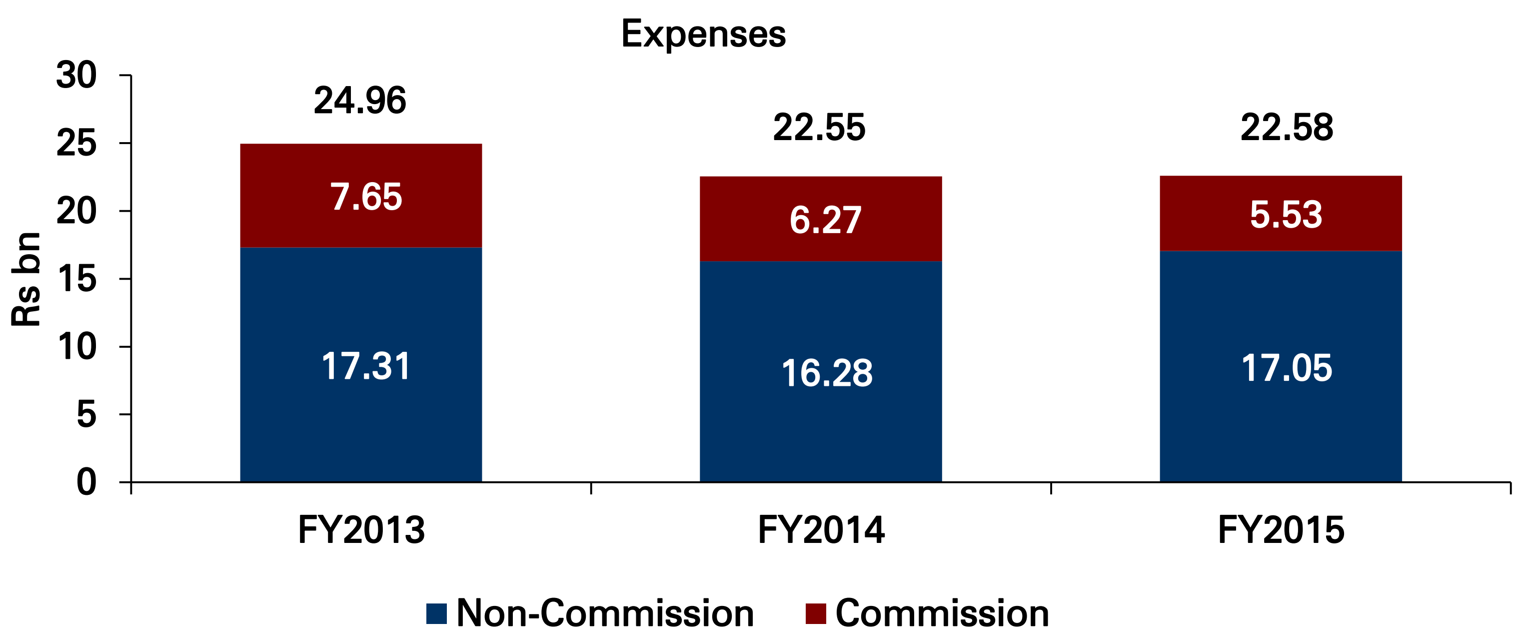
Distribution mix[1]



1. Retail weighted received premium (RWRP) basis

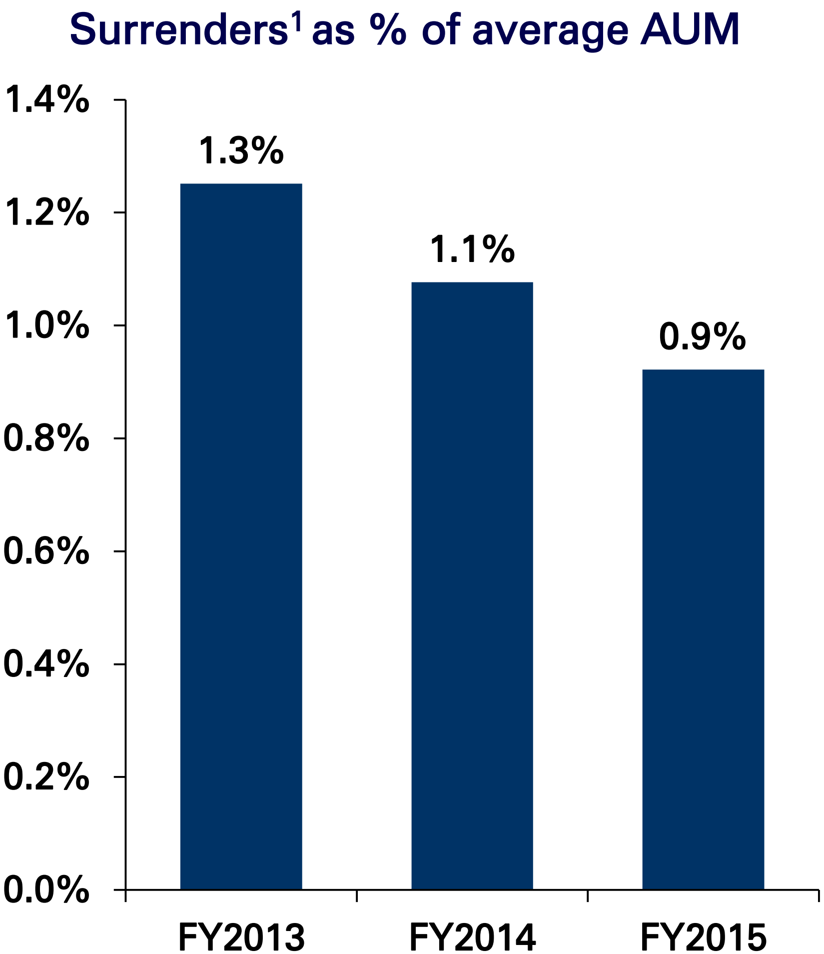
Cost efficiency

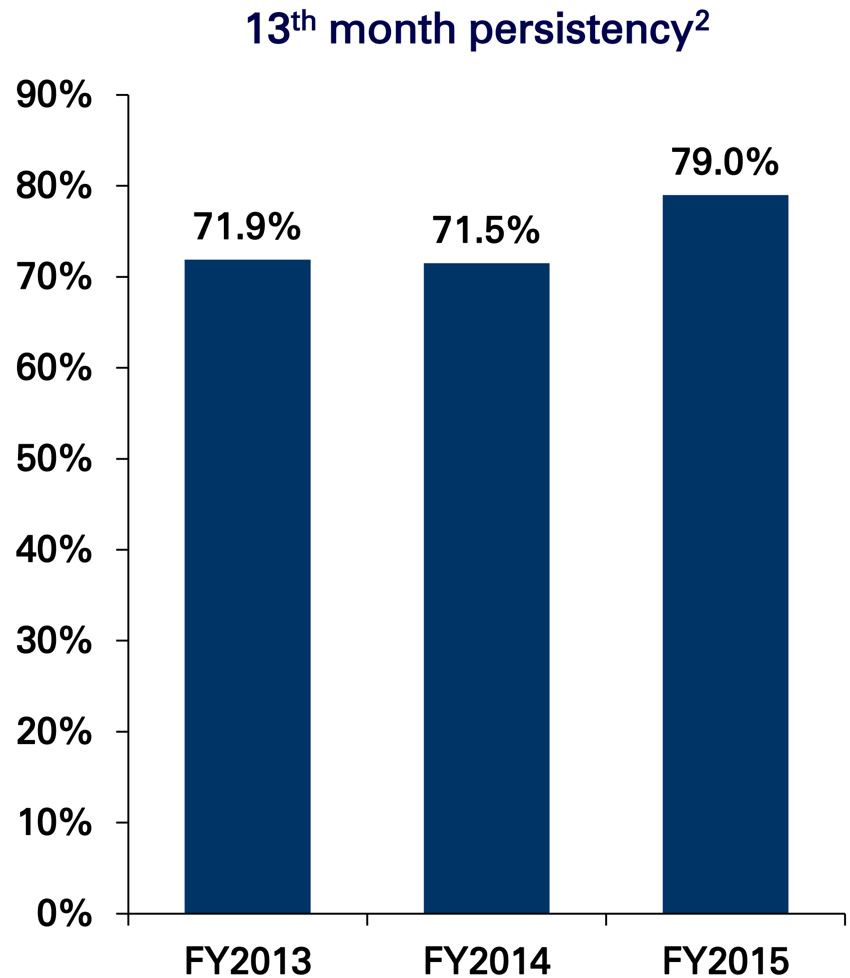
Ratios	FY2013	FY2014	FY2015
Cost to RWRP	75.4%	69.3%	49.1%
Expense ratio (excl. commission)	13.3%	13.6%	11.7%
Commission ratio	5.9%	5.2%	3.8%
Total expense ratio	19.2%	18.8%	15.4%



Cost: All insurance expenses including commission
Expense ratio: All insurance expenses (excl. commission) / (Total premium – 90% of single premium)
Commission ratio: Commissions / (Total premium – 90% of single premium)
Total Expense ratio: Cost / (Total premium – 90% of single premium)

Customer retention





1. Average monthly retail surrenders
2. As per IRDA circular IRDA/ACT/CIR/035/01/2014 dated January 23, 2014 . FY2013 persistency calculation aligned in accordance with the new definition. The presentation has been updated to replace 11M-FY2015 persistency with full year FY2015 persistency.

Customer service: FY2015

- 93% of the new business applications initiated using the digital platform[1]
- 50% of renewal premium payment through website and electronic modes[2]
- 69% of the service transactions processed through website, SMS and IVRS
- 92% of payouts through electronic mode
- Grievance ratio[3] for FY2015 stood at 185 compared to 253 for FY2014
- 94.1% claims settlement ratio for FY2014 - Best amongst the private players[4]

1. Weighted first premium (WFP) basis
2. Standing instructions and online transactions
3. Number of grievances per 10,000 polices
4. Source: IRDAI annual report 2014

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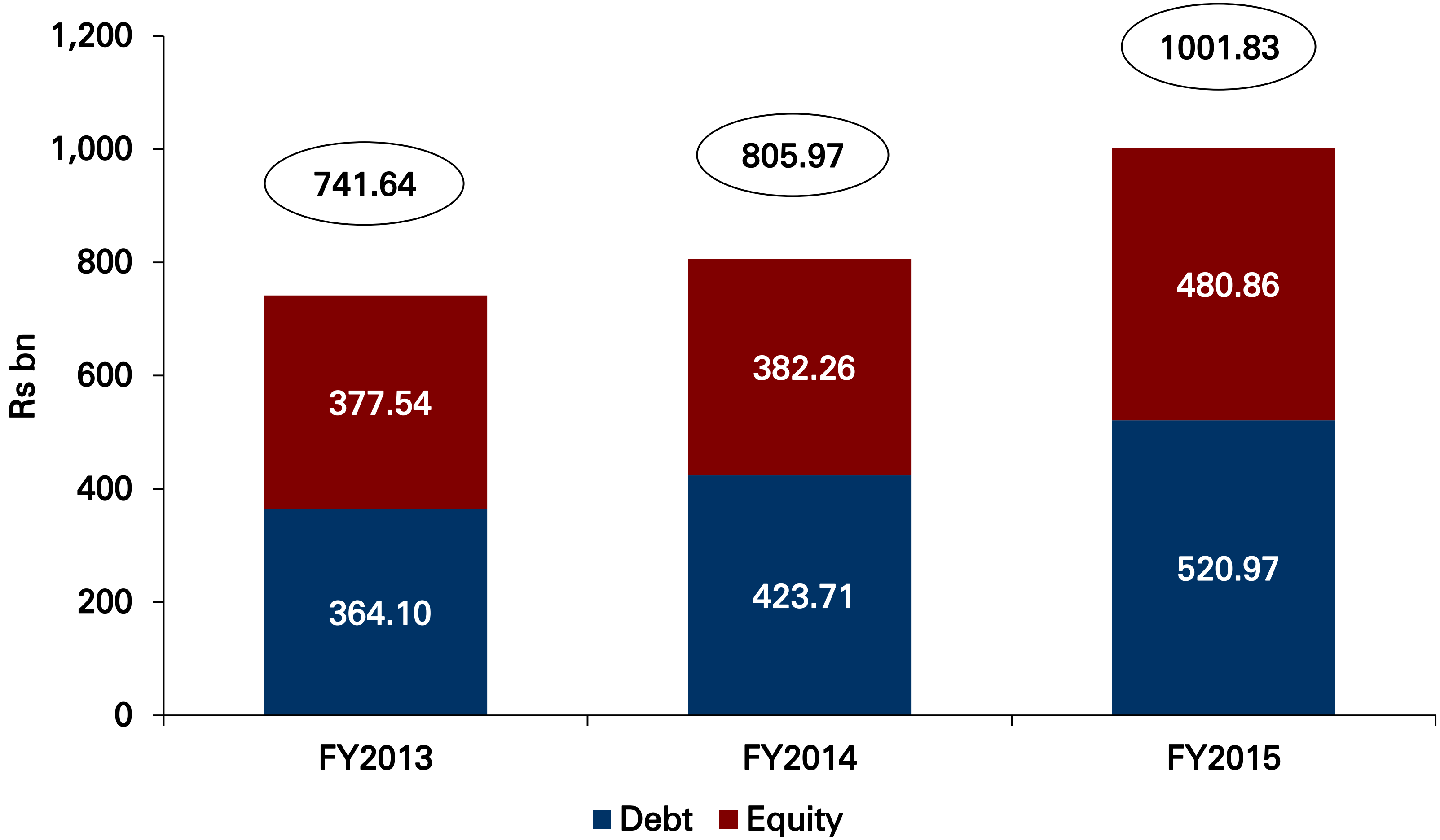
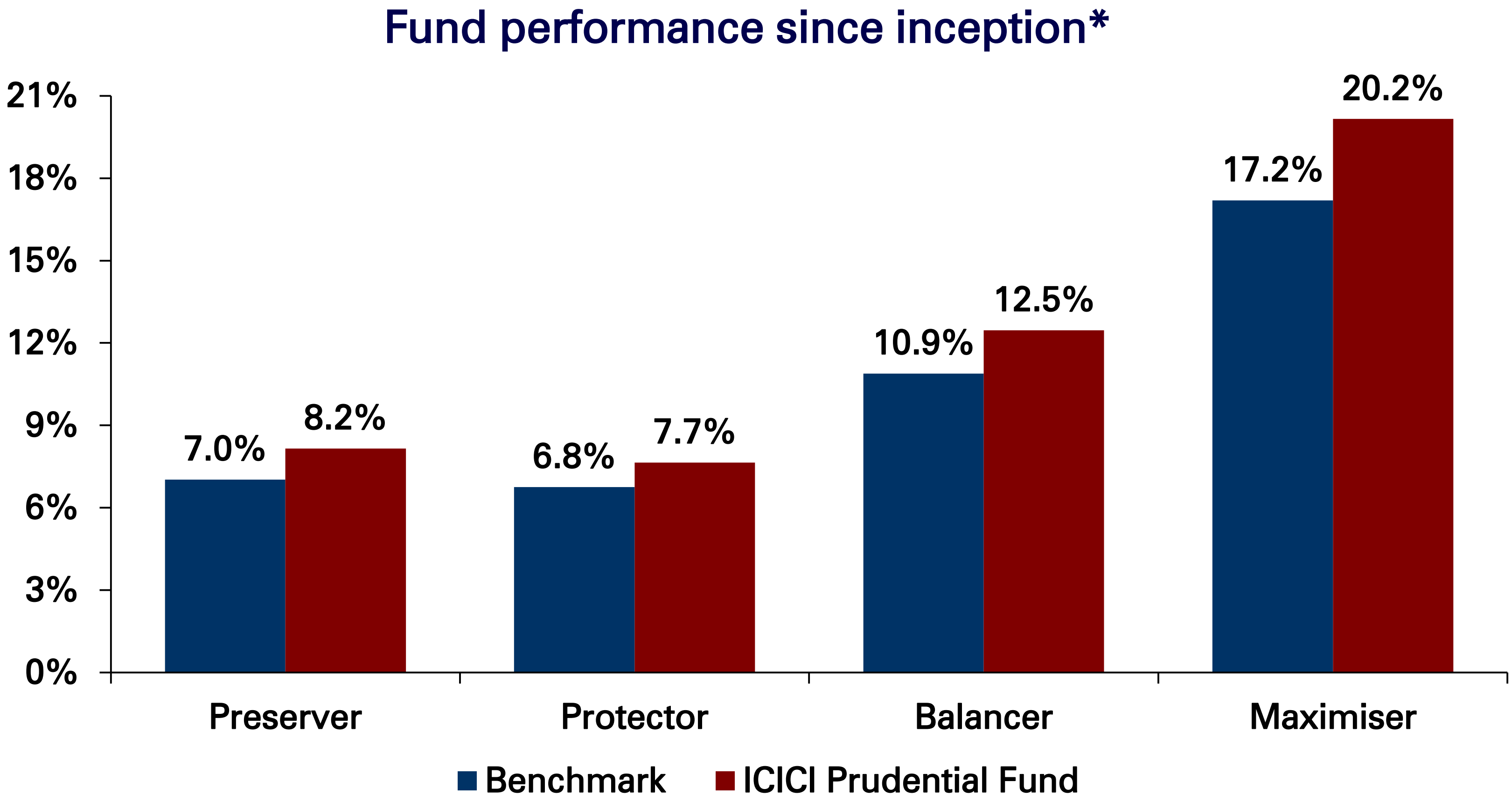
Assets under management



Among the largest domestic fund managers

Fund performance



98% of the funds have outperformed benchmark since inception*

Inception Dates:

Preserver Fund: June 28, 2004; Protector Fund: April 2, 2002

Balancer Fund : April 2, 2002; Maximiser Fund: Nov 19, 2001

* As on March 31, 2015

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New Business Profits

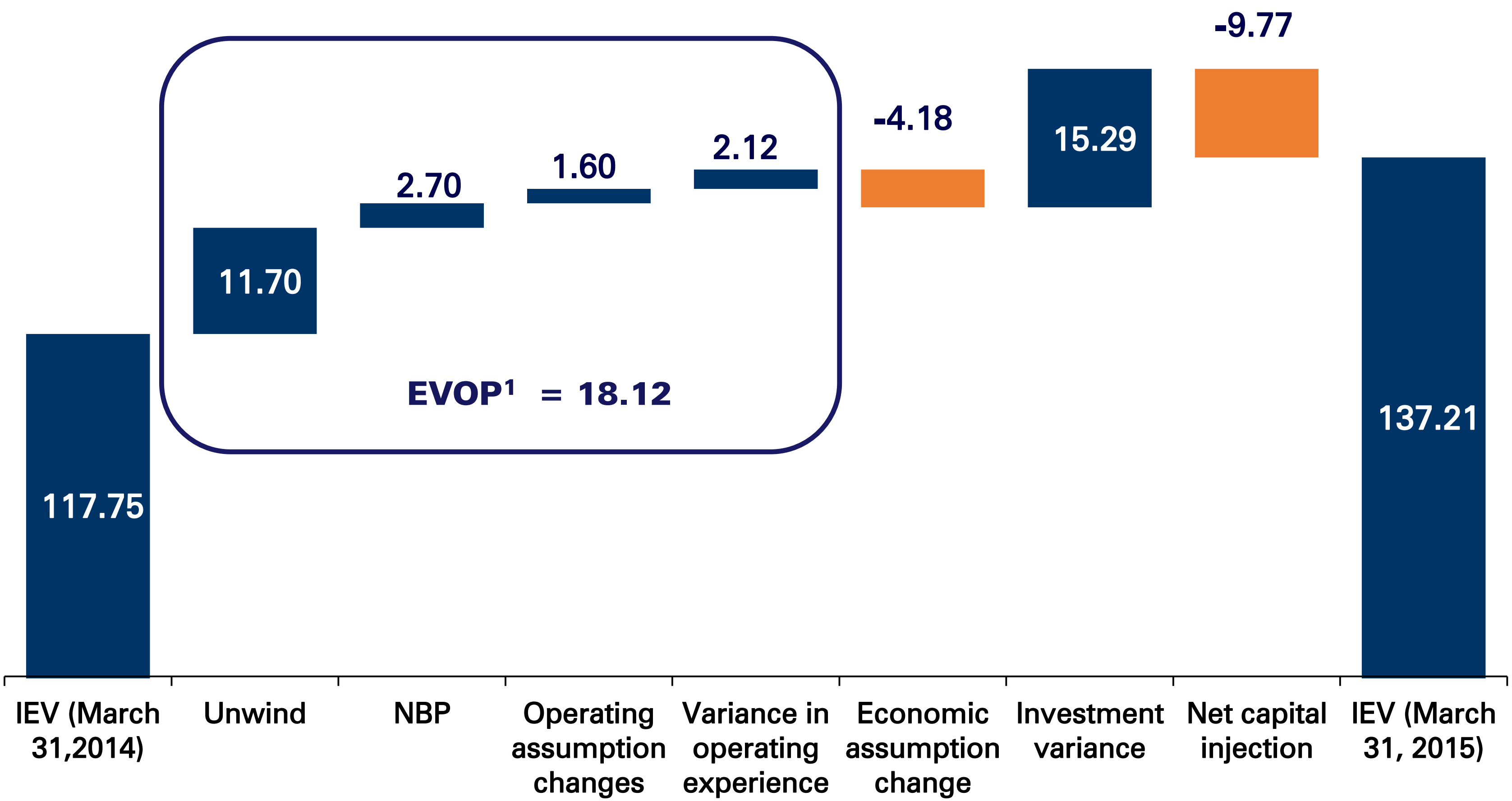
FY2015 (Rs bn)	IEV[1]	TEV[2]
APE	47.44	47.44
New Business Profits on target acquisition cost	6.43	5.32
New Business Margin on target acquisition cost	13.6%	11.2%
New Business Profits on actual acquisition cost	2.70	

- New business profit (IEV) on actual acquisition cost for FY2014 was ₹ 2.28 bn

1. Indian embedded value (IEV)
2. Traditional embedded value (TEV)

Analysis of movement in IEV

All figures in Rs billion



1: EVOP is embedded value of operating profit net of tax

Sensitivity analysis

Scenario	% change in NBP	% change in IEV
Increase in 100 bps in the reference rates	1.7%	-2.4%
Decrease in 100 bps in the reference rates	-3.0%	2.6%
10% increase in discontinuance rates	-16.0%	-1.0%
10% decrease in discontinuance rates	18.0%	1.2%
10% increase in management expenses	-5.8%	-0.8%
10% decrease in management expenses	5.8%	0.8%
10% increase in mortality	-5.9%	-0.7%
10% decrease in mortality	5.9%	0.7%

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Appendix

IEV methodology and approach

Embedded Value is calculated as per Indian Embedded Value (IEV) standards as per Actuarial Practice Standard 10 issued by the Institute of Actuaries of India. The IEV is broadly consistent with Market Consistent Embedded Value.

Components of IEV

Adjusted Net Worth (ANW) is the market value of assets attributable to shareholders, consisting of

- Free Surplus
- Required Capital

Value of in-force (VIF) business is the

- Present value of in-force business less
- Frictional Cost of required capital less
- Cost of residual non-hedgeable risk less
- Time value of financial options and guarantee

Components of Adjusted Net worth

Free Surplus

It is the market value of any assets allocated to, but not required to support, the in-force covered business.

Required Capital

RC is the solvency capital netted down for that part funded by Funds for Future Appropriation.

Components of Value of In-force

Present value of in-force business (PVFP)

This is the present value of projected distributable profits to shareholders arising from the in-force business

Projection is carried out using 'best estimate' non-economic assumptions and market consistent economic assumptions.

Distributable profits are determined by reference to local IGAAP liabilities.

VIF from group business is not included in closing VIF and profit during the period is included in operating variance for the period.

Frictional Cost of required capital

FC represents the investment management and taxation costs associated with holding the Required capital. Investment costs have been reflected as an explicit reduction to the gross investment return.

Taxation cost has been allowed based on the Company's interpretation of the current regulations on taxation applicable to the business.

Cost of residual non-hedgeable risk ('CRNHR')

The CRNHR is an allowance for risks to shareholder value to the extent that these are not already allowed for in the TVFOG or the PVFP.

CRNHR is determined using cost-of-capital approach. It is the present value of the cost of capital charge levied on the projected capital. The annual charge applied to the capital required is 3% p.a.

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Components of Value of In-force

Time value of financial options and guarantee (TVFOG)

This represents the additional cost to shareholder that may arise from embedded financial options and guarantees.

A stochastic method is adopted with methods and assumptions consistent with underlying embedded value, using economic assumptions such that they are valued in line with price of similar cash flows that are traded in the capital market.

Assumptions underlying IEV

Economic Assumptions

Reference rate is a proxy for risk free rate. The reference rate was derived prices of Indian government securities. No allowance for any illiquidity premium was allowed for. Both the future earning rate and discount rate was set equal to the reference rate.

New business profitability was based on opening yield curve till the valuation date. After the valuation date, it was assumed that the closing yield curve is applicable.

Mortality and morbidity

These assumptions are specific to different product types and are set based on Company's experience. An allowance has been made for future improvements in policyholder longevity in respect of annuities.

Expense and Commission

The expense assumptions are based on an analysis of the Company's actual expenses during the financial year 2014-15. No productivity gains or cost efficiencies have been anticipated after the valuation date in setting the expense assumption.

The commission rates under different products are based on the actual commission payable (if any).

Persistency

The policy/premium discontinuance assumptions, partial withdrawal rates and the revival rates, specific to different product types and duration in-force, are set based on the Company's own experience .

Tax

In projection of profits attributable to shareholders, a tax rate of 14.42% for life business and 0% for pension business is assumed.

Components of IEV movement

Opening adjustments
This reflects any modelling and methodology changes.

Unwind (Expected Return) on existing business
This represents the expected real world return earned on the opening shareholder and unwinding of discount of the opening PVFP

Operating Assumption Change

The assumptions underlying IEV are periodically monitored and any change in actual experience over the year is reflected in assumptions. The impact of this assumption change is shown in the opening IEV of the company.

Value of New Business (VNB)
This reflects the additional value to shareholders created through new business during the period and includes the value of expected renewal premium on that new business. VNB is calculated in the same way as VIF with appropriate allowance for change in ANW during the reporting period. The VNB is determined as at the valuation date and is represented net of tax.

Operating variance
This captures the financial impact of any deviation of the actual mortality, morbidity, persistency and expense experience during the inter-valuation period from the one assumed in the opening IEV after any operating assumption change.

Components of IEV movement

Economic assumption change
This reflects the impact of moving from opening yield curve to closing yield curve. The impact is quantified on the opening IEV.

Investment variance
This item reflects the impact due to the actual earned return being different from real-world assumed return.

Net capital injection
The net capital injection reflects any capital injected by shareholders less any dividends paid out to shareholders (including dividend distribution tax) during the period.

Economic assumptions underlying IEV

Tenor (years)	Reference Rates	
	March 31, 2014	March 31, 2015
1	8.89%	8.28%
3	9.03%	8.16%
5	9.35%	8.13%
7	9.57%	8.12%
10	9.76%	8.11%

Safe harbor

Except for the historical information contained herein, statements in this release which contain words or phrases such as 'will', 'would', ‘indicating’, ‘expected to’ etc., and similar expressions or variations of such expressions may constitute 'forward-looking statements'. These forward-looking statements involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. These risks and uncertainties include, but are not limited to our ability to successfully implement our strategy, our growth and expansion in business, the impact of any acquisitions, technological implementation and changes, the actual growth in demand for insurance products and services, investment income, cash flow projections, our exposure to market risks, policies and actions of regulatory authorities; impact of competition; experience with regard to mortality and morbidity trends, lapse rates and policy renewal rates; the impact of changes in capital , solvency or accounting standards , tax and other legislations and regulations in the jurisdictions as well as other risks detailed in the reports filed by ICICI Bank Limited, our holding company, with the United States Securities and Exchange Commission. ICICI Bank and we undertake no obligation to update forward-looking statements to reflect events or circumstances after the date thereof.

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Safe harbor

The Indian Embedded Value relating to the Company has been prepared by the Company, has not been reviewed or audited by an independent actuary, has not been subjected to any audit procedures and may not conform to the review standards as set out in Actuarial Standards in India. The judgments, estimates and assumptions herein are regularly evaluated and represent best estimates based on the management's experience and knowledge of the relevant facts and circumstances. While the management believes such judgments, estimates and assumptions to be reasonable, actual results reflected inter alia in the audited embedded value statements of the Company could differ from those contained herein.