



Performance update

9M-FY2018

January 19, 2018

Agenda

Key developments

Company strategy and performance

Opportunity

Industry overview

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Key developments

- Recommendation by IRDAI product committee
 - Level playing field for health products
 - More conducive environment for pension products
 - Flexibility in investment of policyholder funds
 - Review of surrender value in traditional saving products

Year of surrender	Existing surrender charge for savings products	
	Unit Linked (For premiums \geq 25,000)	Non Linked (traditional savings)
Year 1	Lower of 6% * Higher of (One premium or Fund Value) with a cap of Rs. 6,000	100% of all premiums paid; no cap
Year 2	Lower of 4% * (AP or FV) ¹ with a cap of Rs. 5,000	70% of the premiums paid; no cap
Year 3	Lower of 3% * (AP or FV) ¹ with a cap of Rs. 4,000	70% of the premiums paid; no cap
Year 4	Lower of 2% * (AP or FV) ¹ with a cap of Rs. 2,000	50% of the premiums paid; no cap
Year 5 – 7	Nil	50% of the premiums paid; no cap
Year 8 +	Nil	10% of the premiums paid; no cap

1. AP: Annualized Premium FV: Fund Value

Agenda

Key developments

Company strategy and performance

Opportunity

Industry overview

Strategy: Market share + profitable growth

Objective

Grow Value of New Business (VNB)

Customer centric products

Saving opportunity

Protection opportunity

Focus on retail through multi-channel distribution architecture backed by strong technology platform

Superior business quality to deliver enhanced customer and shareholder value

Customer centric products

Customer centric products

₹ bn	FY2015	FY2016	FY2017	9M-FY2018
Savings	46.68	50.31	63.64	53.49
<i>ULIP</i>	39.40	41.79	55.69	46.25
<i>Par</i>	6.26	7.27	6.38	6.43
<i>Non par</i>	0.41	0.31	0.72	0.21
<i>Group¹</i>	0.61	0.94	0.86	0.60
Protection ²	0.76	1.39	2.60	2.30
Total APE	47.44	51.70	66.25	55.79

- Strong customer value proposition of ULIPs
 - Transparent and low charges
 - Lower discontinuance charges compared to other savings products
 - Choice and flexibility of asset allocation
- ULIP+ protection contributes 87.0 % of total APE

1. Group excludes group protection products
2. Protection includes retail and group protection products

Components may not add up to the totals due to rounding off

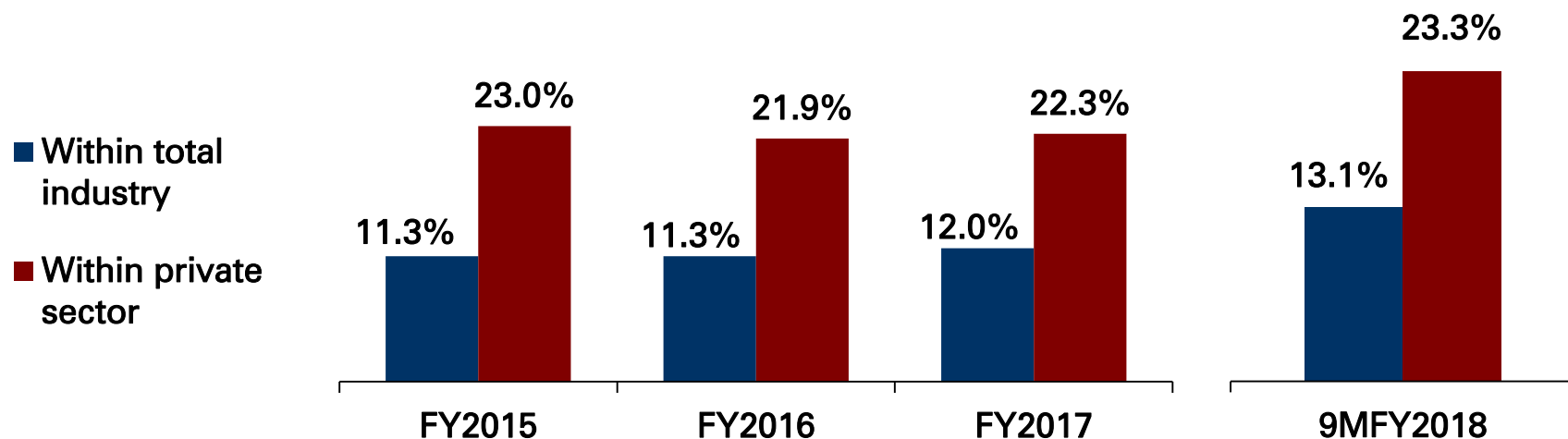
Focus on Retail

Focus on Retail

₹ bn	FY2015	FY2016	FY2017	9M-FY2018
Retail APE	46.77	50.70	65.18	54.94
Group APE	0.66	1.00	1.07	0.85
Total APE	47.44	51.70	66.25	55.79
Retail as % Total APE	98.6%	98.1%	98.4%	98.5%
Retail AUM	858.10	901.91	1,083.15	1,229.33
% Total AUM	85.7%	86.8%	88.1%	88.9%

Retail market share¹

₹ bn	FY2015	FY2016	FY2017	9M-FY2018
RWRP	45.96	49.68	64.08	54.01
YoY Growth	41.3%	8.1%	29.0%	26.3%



1. Retail weighted received premium (RWRP) basis
Source: Life Insurance Council

Multi-channel distribution backed by strong technology platform

₹ bn	FY2015	FY2016	FY2017	9M-FY2018
Bancassurance	27.70	29.64	37.72	29.07
Agency	11.58	12.31	15.41	14.70
Direct	4.18	5.14	7.98	8.08
Corporate agents and brokers	3.32	3.61	4.07	3.09
Group ¹	0.66	1.00	1.07	0.85
Total APE	47.44	51.70	66.25	55.79
E-apply ²	89%	93%	93%	93%
Online Renewal ³	44%	52%	57%	61%

1. Including group protection

2. % of new business applications initiated through digital platform

3. % of renewal premium collected electronically (online, direct debit and ECS)

Components may not add up to the totals due to rounding off

**Superior business quality to deliver enhanced
customer and shareholder value**

Persistency¹

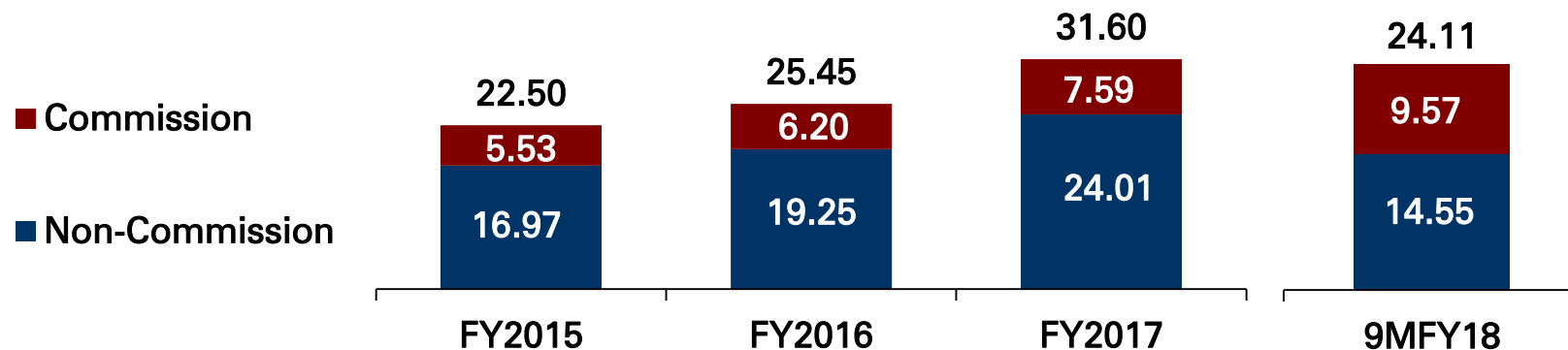
Month	FY2015	FY2016	FY2017	8M-FY2018 ²
13 th month	79.0%	82.4%	85.7%	86.7%
25 th month	65.9%	71.2%	73.9%	75.8%
37 th month	64.3%	61.6%	66.8%	67.8%
49 th month	54.4%	62.2%	59.3%	61.8%
61 st month	14.5%	46.0%	56.2%	55.0%

Retail renewal premium (₹ bn)	95.71	119.95	142.19	114.89
<i>YOY growth</i>	<i>18.2%</i>	<i>25.3%</i>	<i>18.5%</i>	<i>23.9%</i>

Cost efficiency

	FY2015	FY2016	FY2017	9M-FY2018
Expense ratio (excl. commission) ¹	11.6%	11.0%	11.4%	8.5%
Commission ratio ²	3.8%	3.5%	3.6%	5.6%
Cost/TWRP ³	15.4%	14.5%	15.1%	14.0%
Cost / Average AUM ⁴	2.5%	2.5%	2.8%	2.5%

₹ bn



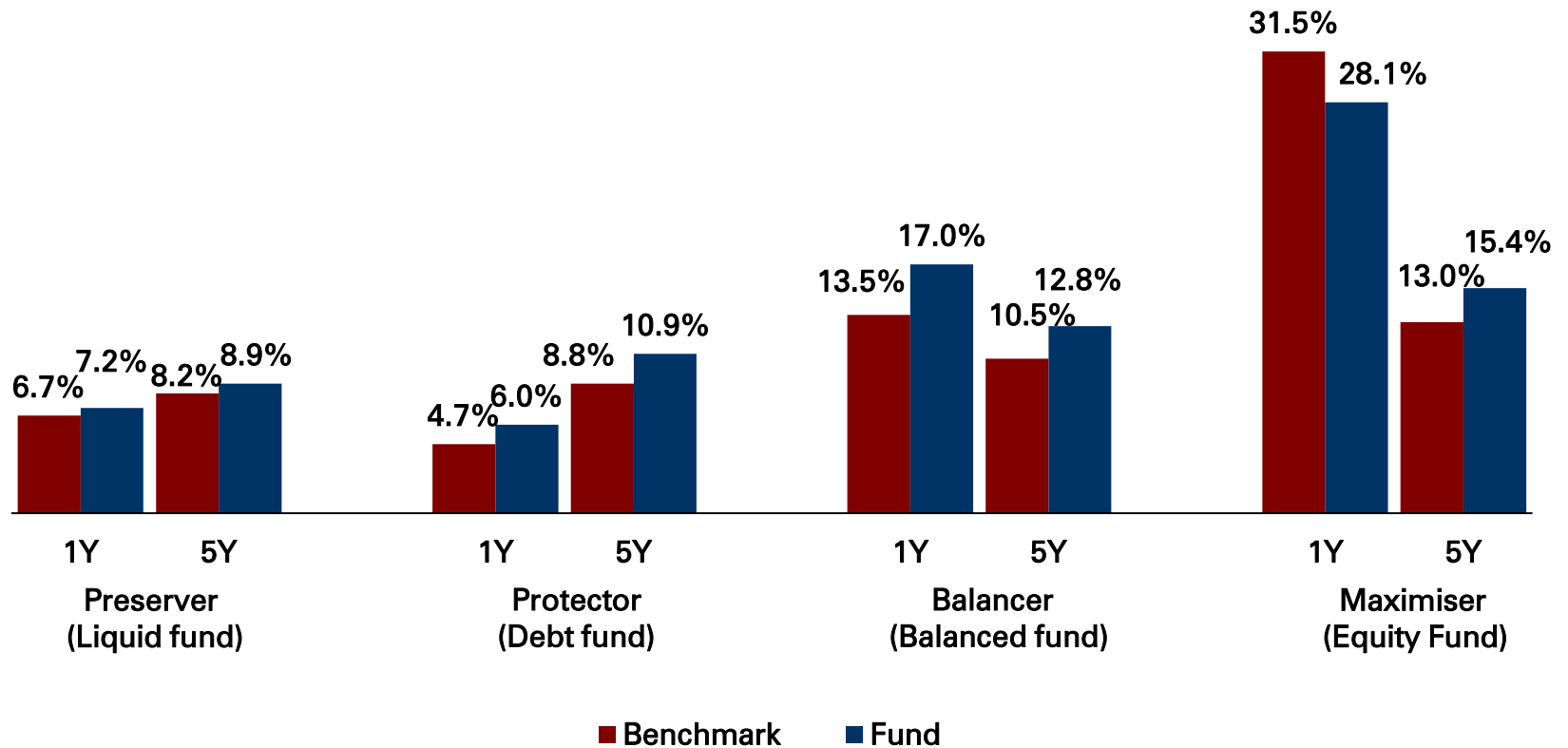
1. Expense ratio: All insurance expenses (excl. commission) / (Total premium – 90% of single premium)

2. Commission ratio: Commission / (Total premium – 90% of single premium)

3. Cost / (Total premium – 90% of single premium)

4. Annualized Cost / Average assets under management during the period

Fund performance



88.4% of linked portfolio outperformed benchmark indices since inception*

Grow Value of New Business

Value of New Business

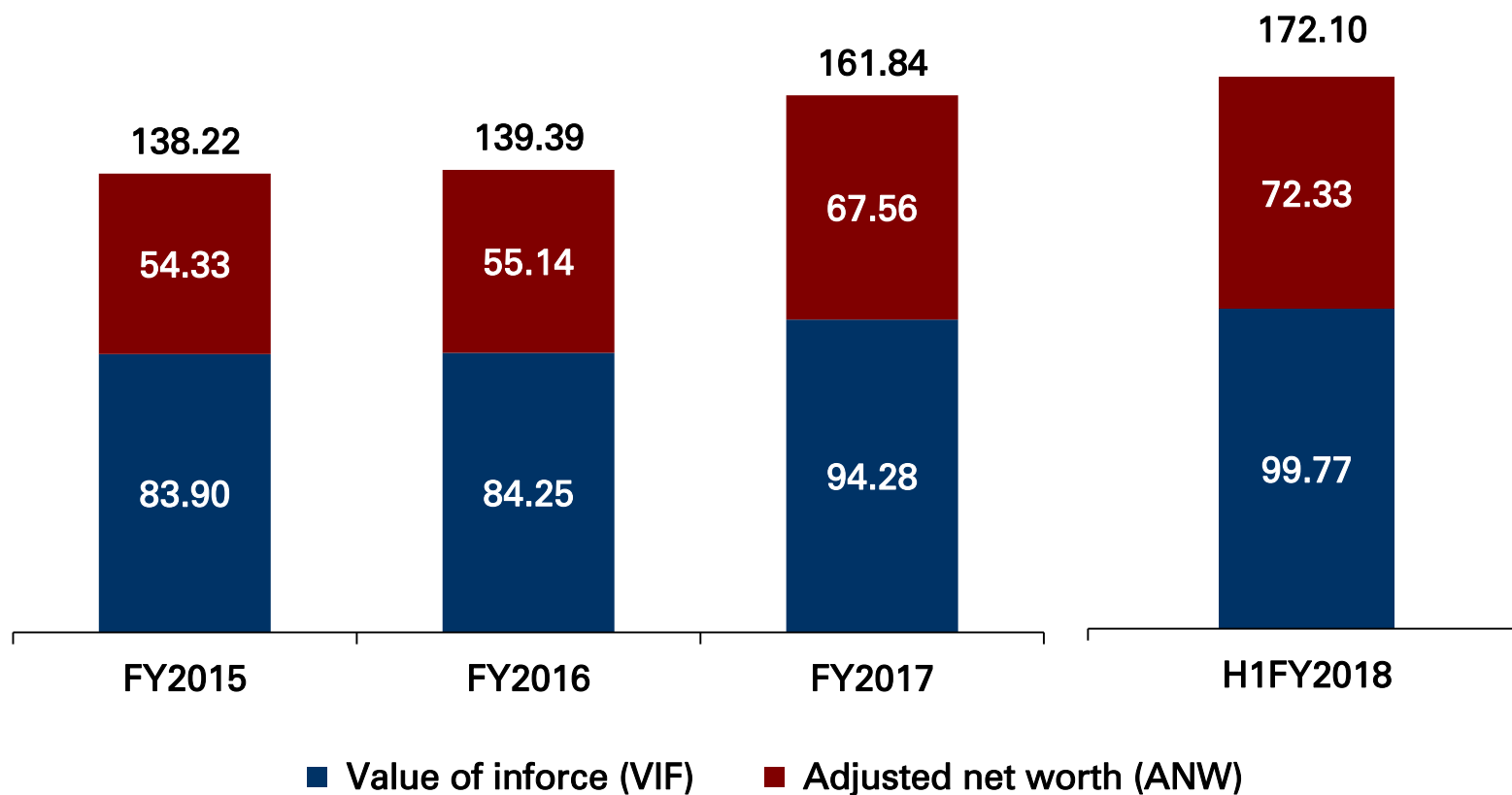
₹ bn	FY2015	FY2016	FY2017	9M- FY2017	9M- FY2018	Growth
APE ¹	47.44	51.70	66.25	44.58	55.79	25.1%
<i>Savings APE</i>	<i>46.68</i>	<i>50.31</i>	<i>63.64</i>	<i>42.84</i>	<i>53.49</i>	<i>24.9%</i>
<i>Protection APE</i>	<i>0.76</i>	<i>1.39</i>	<i>2.60</i>	<i>1.74</i>	<i>2.30</i>	<i>32.2%</i>
Value of New Business (VNB) ²	2.70	4.12	6.66	4.21	7.67	82.2%
VNB Margin ²	5.7%	8.0%	10.1%	9.4%	13.7%	

1. Annualized premium equivalent

2. For full year: based on actual cost; 9M: based on management forecast of full year cost

Embedded Value (EV)¹

₹ bn



1. As per Indian Embedded Value (IEV) method

Components may not add up to the totals due to rounding off

Summary

Financial metrics

₹ bn	FY2015	FY2016	FY2017	9M-FY2018
Retail new business premium	49.32	54.60	70.66	59.97
Retail renewal premium	95.71	119.95	142.19	114.89
Group premium	8.03	17.10	10.69	8.54
Total premium	153.07	191.64	223.54	183.40
Value of New Business (VNB) ¹	2.70	4.12	6.66	7.67
Embedded Value	138.22	139.39	161.84	-
Profit After Tax	16.34	16.50	16.82	12.79
Solvency ratio	337%	320%	281%	252%
AUM	1,001.83	1,039.39	1,229.19	1,383.04
New business sum assured	1,195.35	1,546.25	2,940.40	2,823.30

1. For full year: based on actual cost; 9M: based on management forecast of full year cost

Components may not add up to the totals due to rounding off

Summary

<p>1 India: High growth potential</p>	<ul style="list-style-type: none"> ● Low penetration¹ vs mature economies and even lower density ● One of the fastest growing large economy in the world with strong growth drivers
<p>2 Focus on growing market share</p>	<ul style="list-style-type: none"> ● Market share gain on RWRP² basis since FY2012
<p>3 Customer Centric Approach Across Value Chain</p>	<ul style="list-style-type: none"> ● Customer focused product suite; Delivering superior value through product design and fund performance ● Low grievance ratio and one of the best claims settlement ratios in the industry
<p>4 Multi Channel Distribution backed by advanced digital processes</p>	<ul style="list-style-type: none"> ● Access to network of ICICI bank and Standard Chartered Bank ● Continue to invest in agency channel, adding quality agents and improving productivity ● Focus on building and growing partnerships ● Strong focus on technology and digitization to reduce dependence on physical presence
<p>5 Delivering Consistent Returns to Shareholders</p>	<ul style="list-style-type: none"> ● VNB has grown at CAGR of 56% during FY2015-FY2018³ period; Self funded business – no capital calls since FY 2009; cumulative dividend pay-out of ₹ 66.27 bn (including DDT) ● With strong solvency of 251.5% and less capital requirement due to product mix, well positioned to take advantage of growth
<p>6 Robust & Sustainable Business Model</p>	<ul style="list-style-type: none"> ● Low interest rate risk with over 80% of APE⁴ contribution from ULIP products; Over 90% of debt investments in AAA rated and government bonds ● Strong focus on renewals (high persistency ratios)

1. Sum assured as a % of GDP

2. Retail Weighted Received Premium (RWRP); Source: Life Insurance Council

3. Annualized VNB of 9MFY2018

4. Annualized Premium Equivalent

Agenda

Key developments

Company strategy and performance

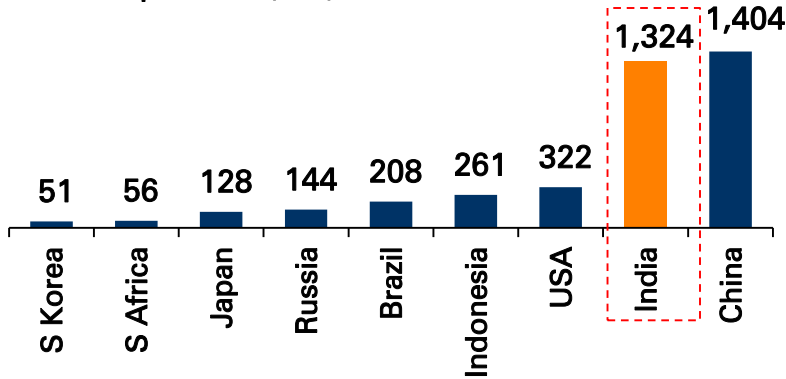
Opportunity

Industry overview

Favourable demography

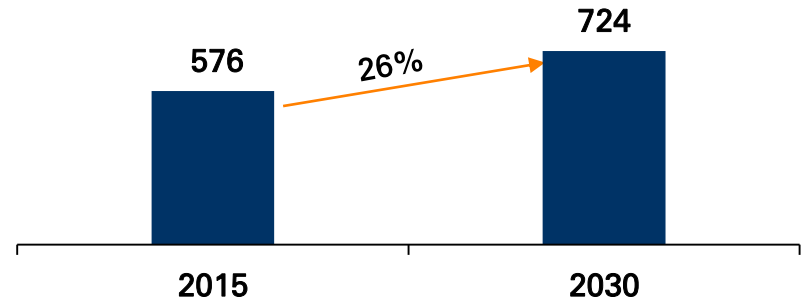
Large and Growing Population Base¹

2016 Population (mn)



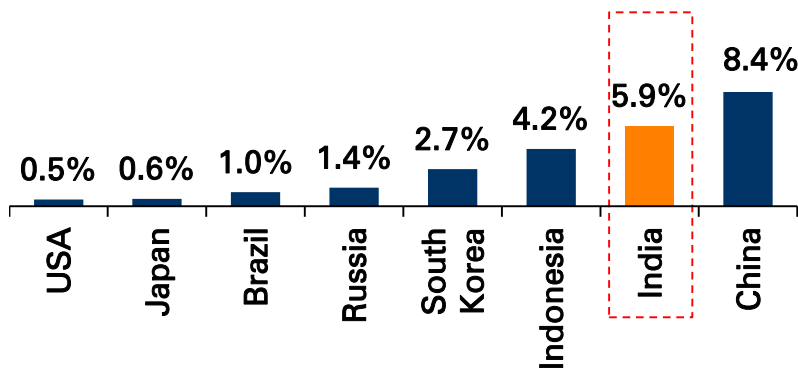
High Share of Working Population¹

Population of age 25-59 years (mn)

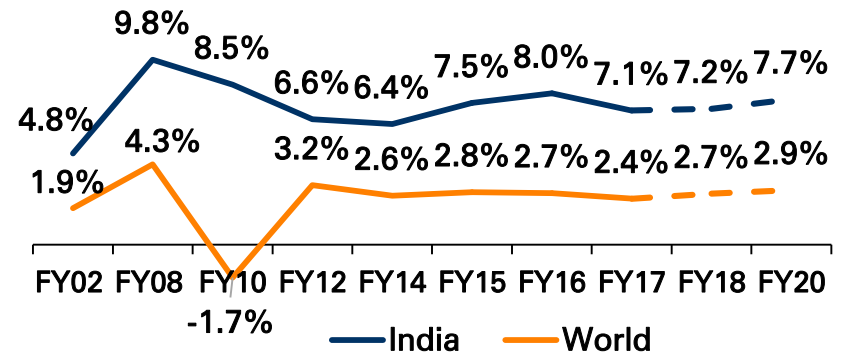


Rising Affluence²

GDP per capita CAGR (FY2007-FY2017)

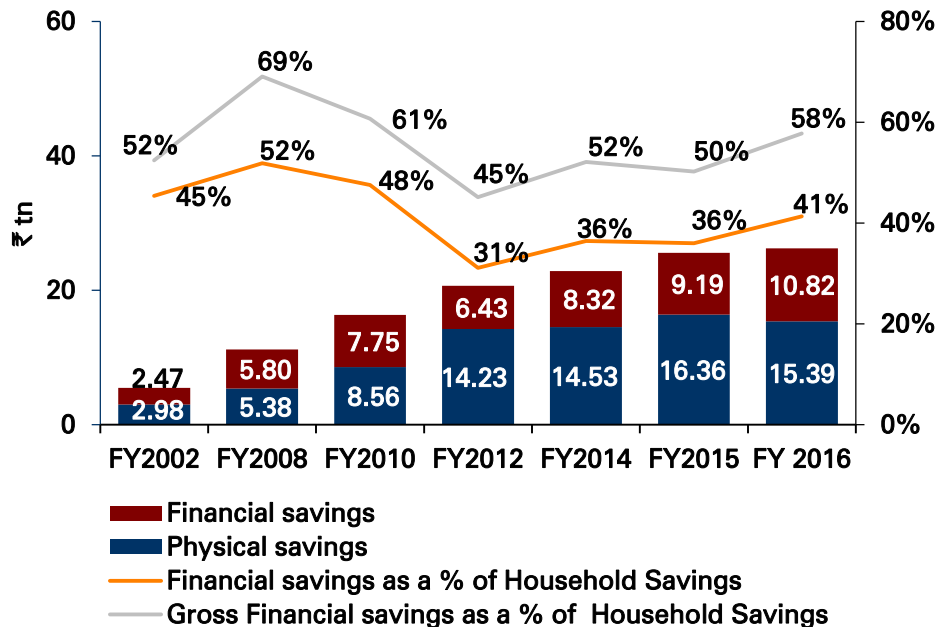


Driving GDP Growth²

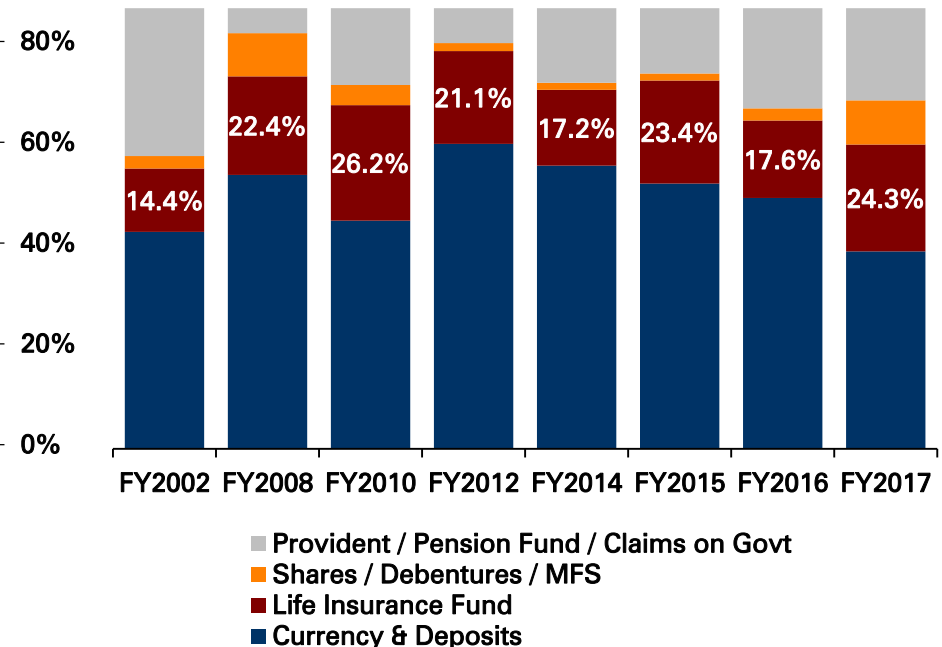


Share of insurance in household savings

Household savings¹



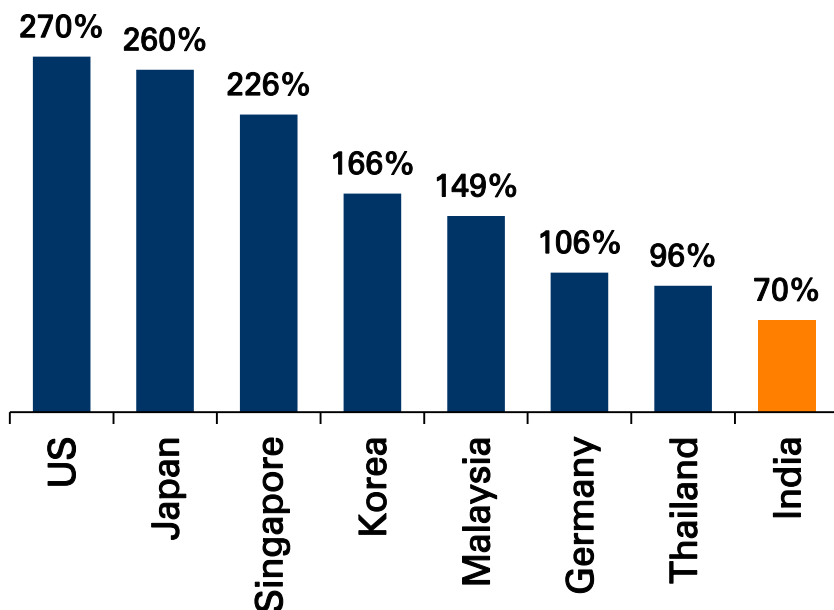
Distribution of financial savings¹



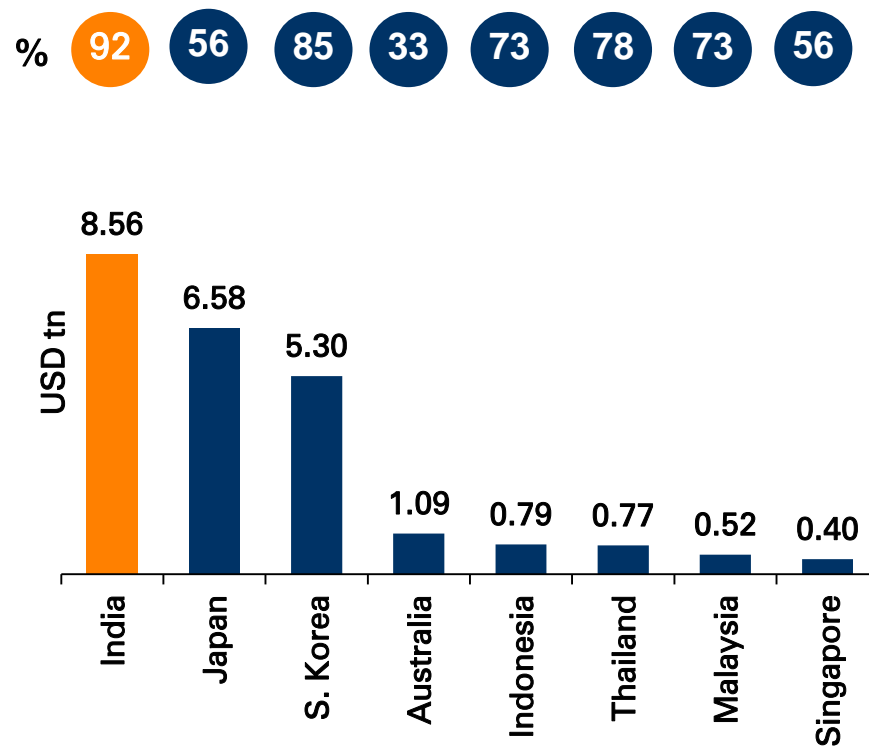
- Increasing share of financial savings
- Increasing share of insurance in financial savings

Protection opportunity: Income replacement

Sum assured as % of GDP ^{1,2}



Protection Gap ^{3,4}

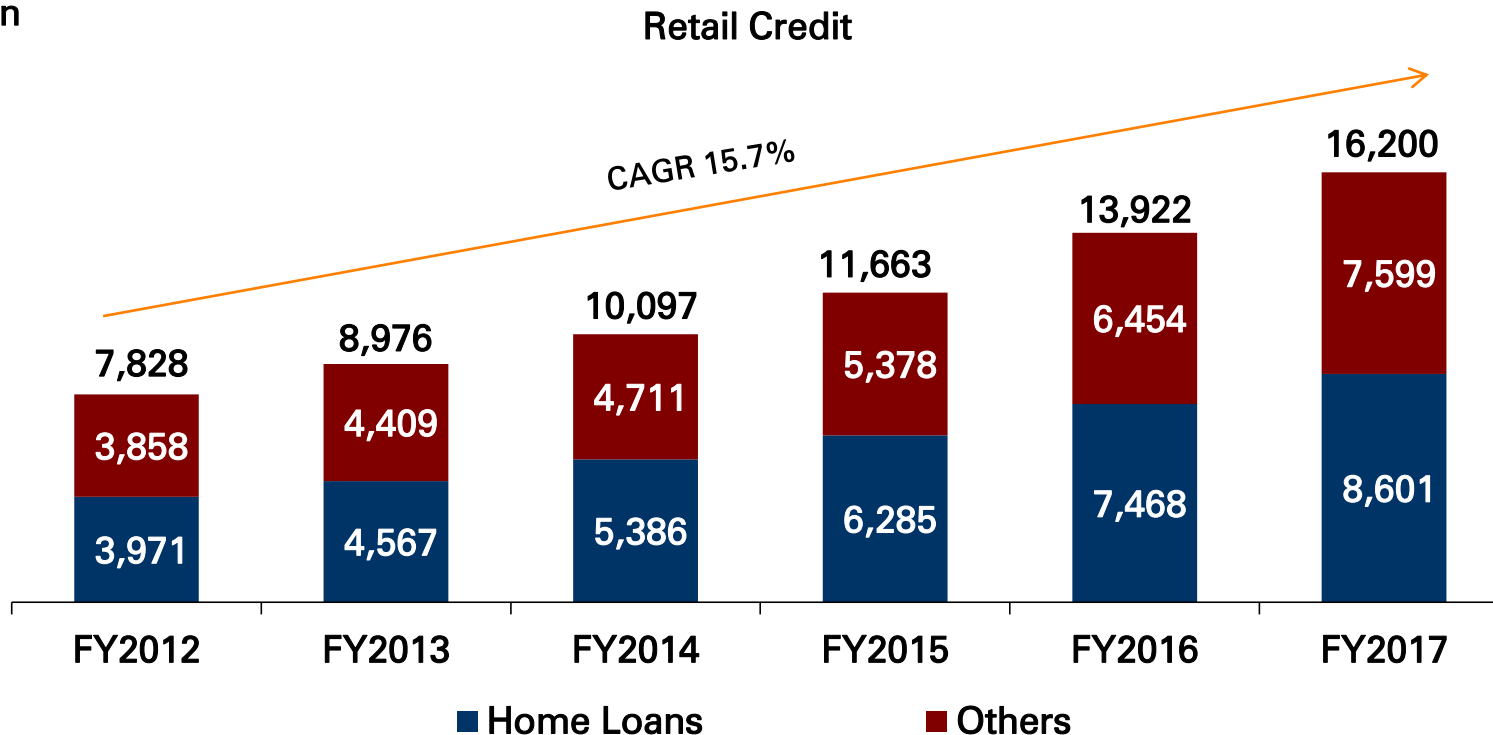


- Sum assured as % of GDP low compared to other countries
- Protection gap for India US \$ 8.56 trillion

1. As of FY2017 for India and FY2015 for others
2. Source: McKinsey analysis 2015, Life Insurance Council, CSO
3. Protection Gap (%): Ratio of protection lacking/protection needed
4. Source: Swiss Re, Economic Research and Consulting 2015

Protection opportunity: Liability cover

₹ bn



- Retail credit has been growing at a healthy pace
- Credit life is voluntary

Source: RBI

Components may not add up to the totals due to rounding off

Protection opportunity

Gross direct premium (₹ bn)	FY2007	FY2017	CAGR
Health	33.19	307.65	24.9%
Motor	106.97	502.45	16.7%

- Protection premium was ~ ₹ 67 bn for Life insurance industry in FY2017

Agenda

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Opportunity

Industry overview

Evolution of life insurance industry in India

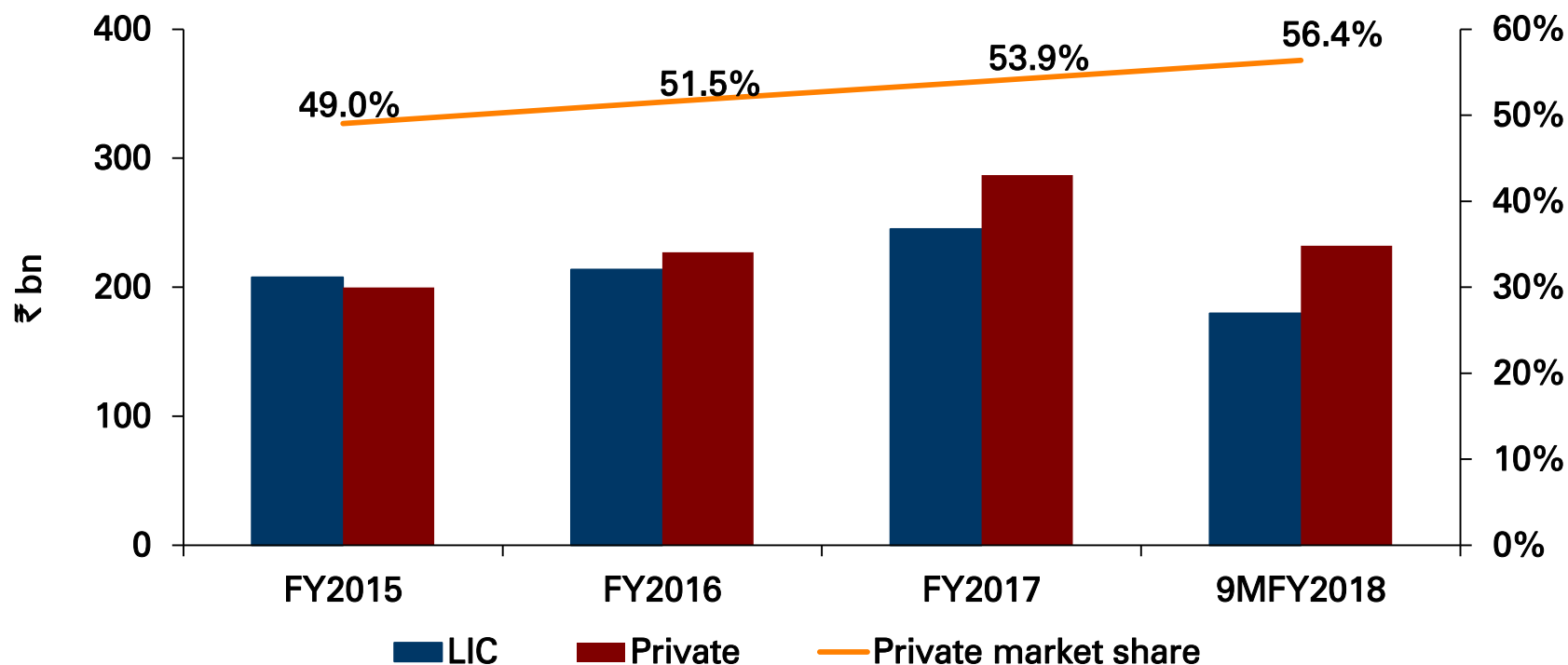
	FY2002		FY2010		FY2015		FY2017
New business premium ¹ (₹ bn)	116	21.5%	550	-5.8%	408	14.3%	532
Total premium (₹ bn)	501	23.2%	2,654	4.3%	3,281	12.9%	4,185
Penetration (as a % to GDP)	2.1%		4.1%		2.6%		2.8%
Assets under management (₹ bn)	2,304	24.0%	12,899	12.6%	23,361	13.0%	29,806
In-force sum assured ² (₹ bn)	11,812*	15.5%	37,505	15.8%	78,091	16.9%	106,699
In-force sum assured (as % to GDP)	50.1%		57.9%		62.7%		70.3%

Industry is back to growth

1. Retail weighted received premium (RWRP)
 2. Individual and Group in-force sum assured
 Source: IRDAI, CSO, Life Insurance Council
 * Company estimate

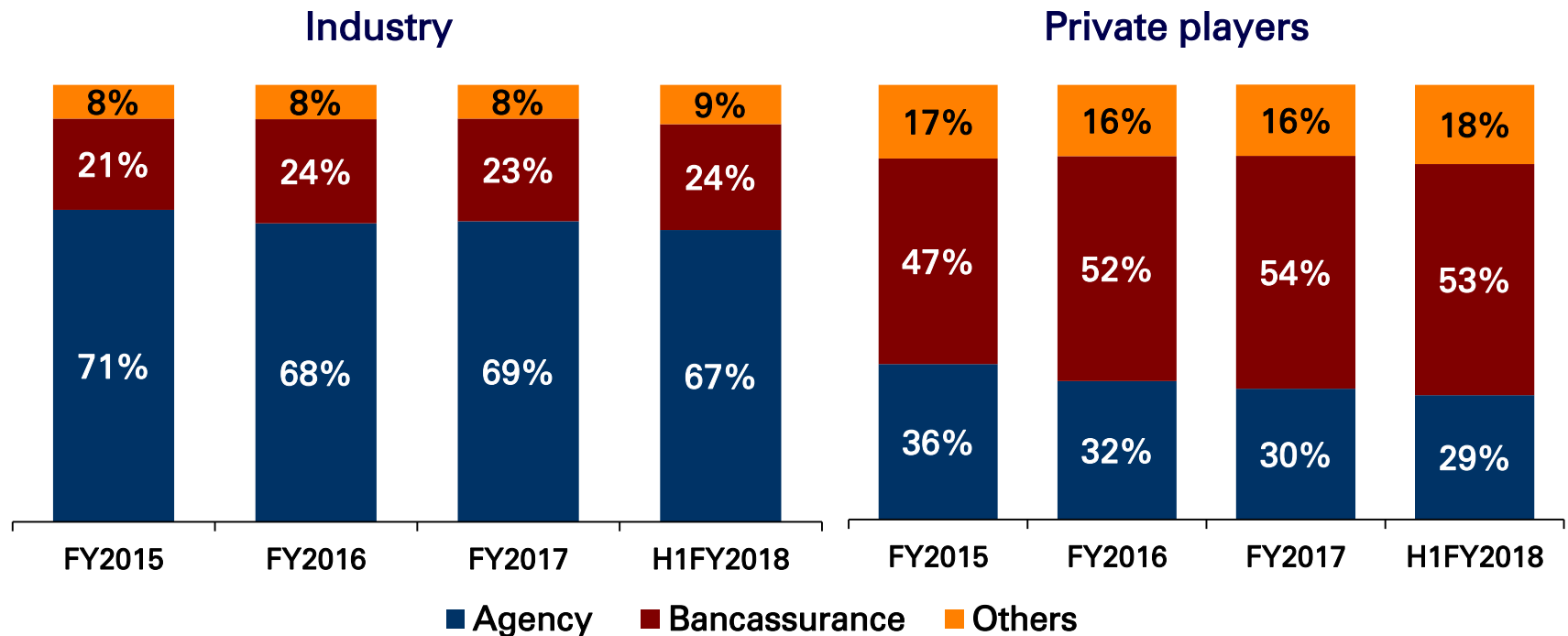
New business¹

Growth	FY2015	FY2016	FY2017	9M-FY2018
Private	15.9%	13.6%	26.4%	32.8%
LIC	-26.3%	2.9%	14.7%	16.0%
Industry	-10.3%	8.1%	20.7%	24.9%



1. Retail weighted new business premium
Source : Life Insurance Council

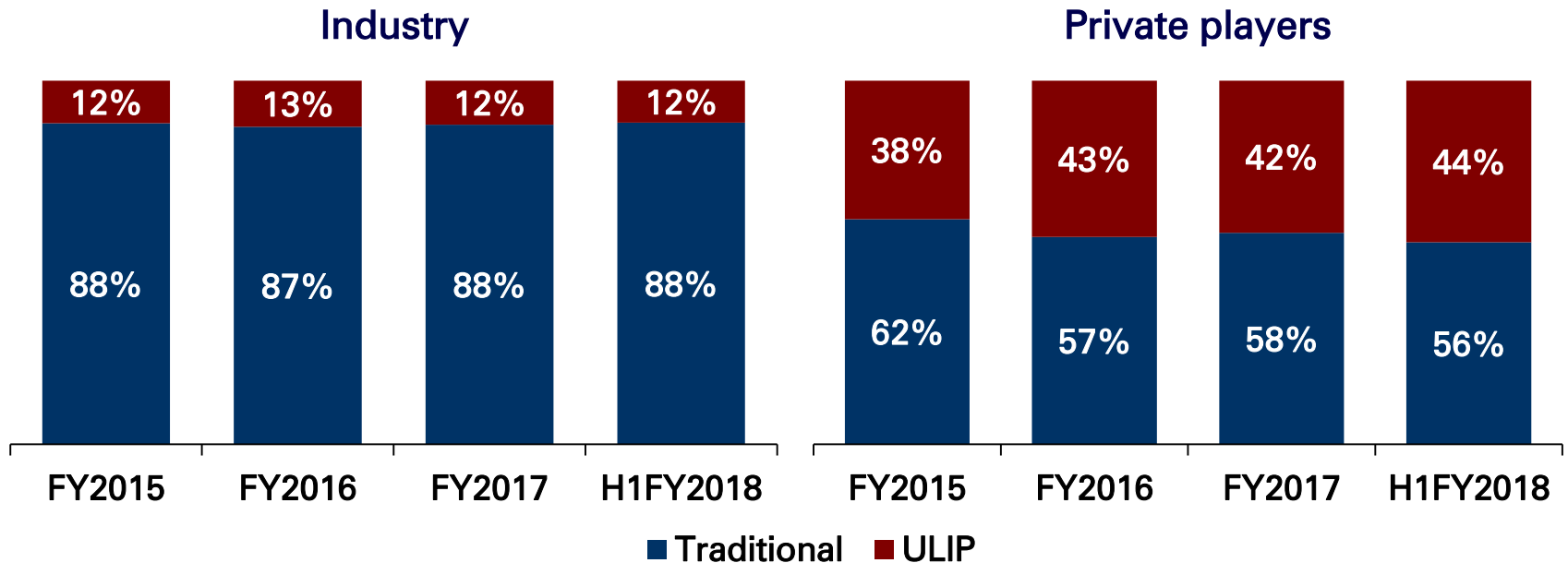
Channel mix¹



- Given a well developed banking sector, bancassurance has become largest channel for private players

1. Individual new business premium basis
Source: Life Insurance Council

Product mix¹



- **Strong customer value proposition of ULIPs**
 - Transparent and low charges
 - Lower discontinuance charges compared to other savings products
 - Choice and flexibility of asset allocation

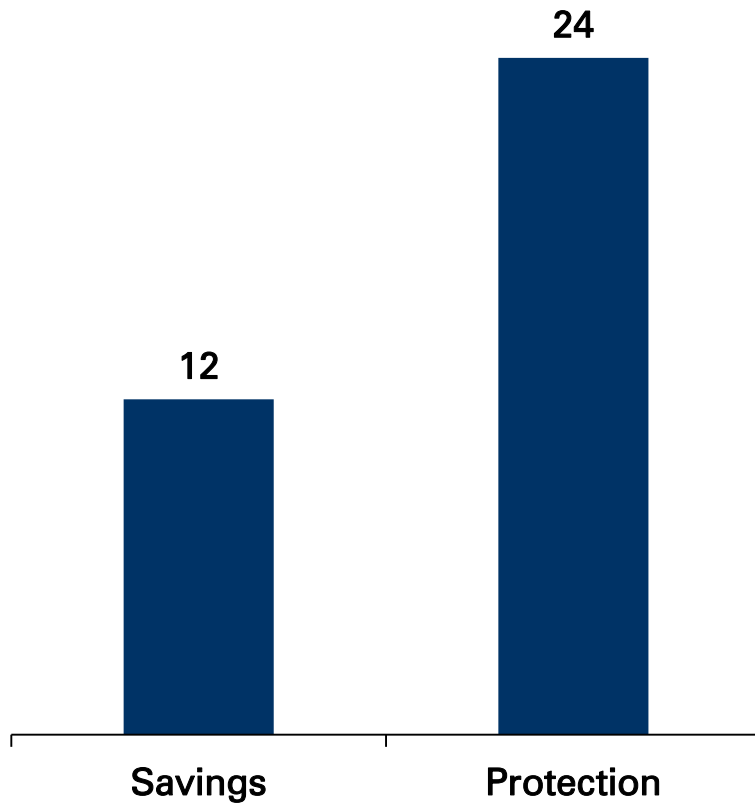
Annexures

Average APE by product categories

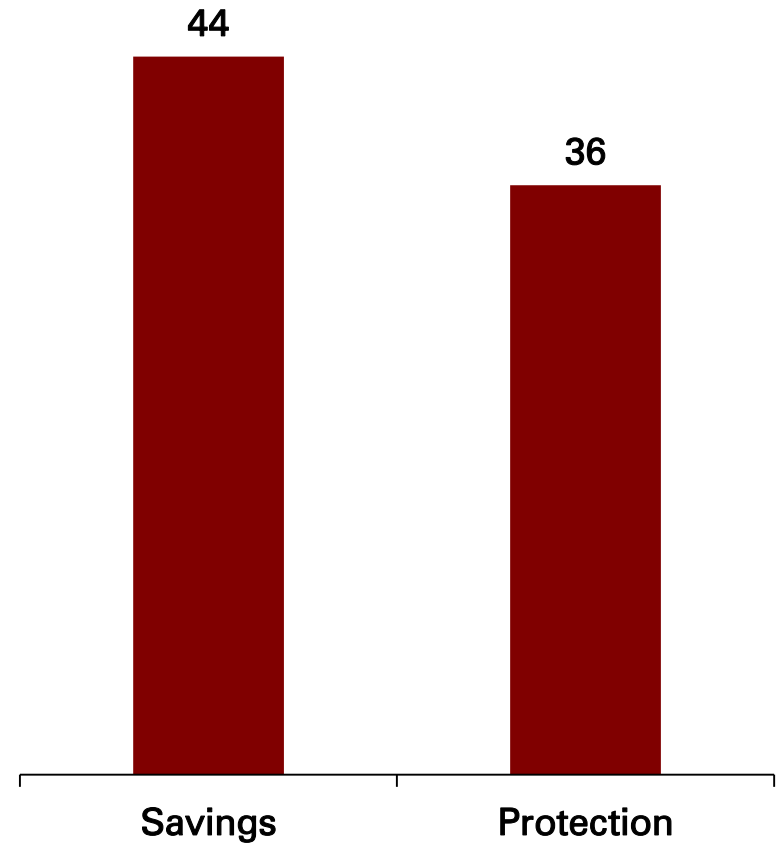
Average retail APE per policy (₹)	FY2015	FY2016	FY2017
ULIP	129,087	149,777	169,701
Par	38,430	44,533	56,325
Non par	25,233	23,656	39,153
Protection	4,408	10,284	9,815
Total	73,047	87,194	92,735

Policy term and customer age¹

Average policy term (years)

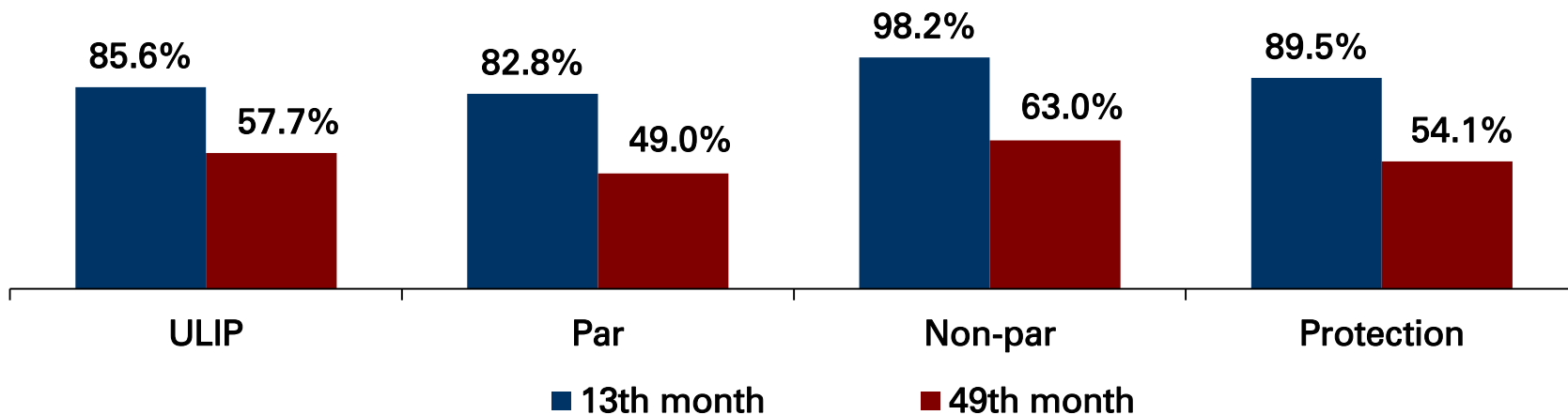


Average customer age (years)

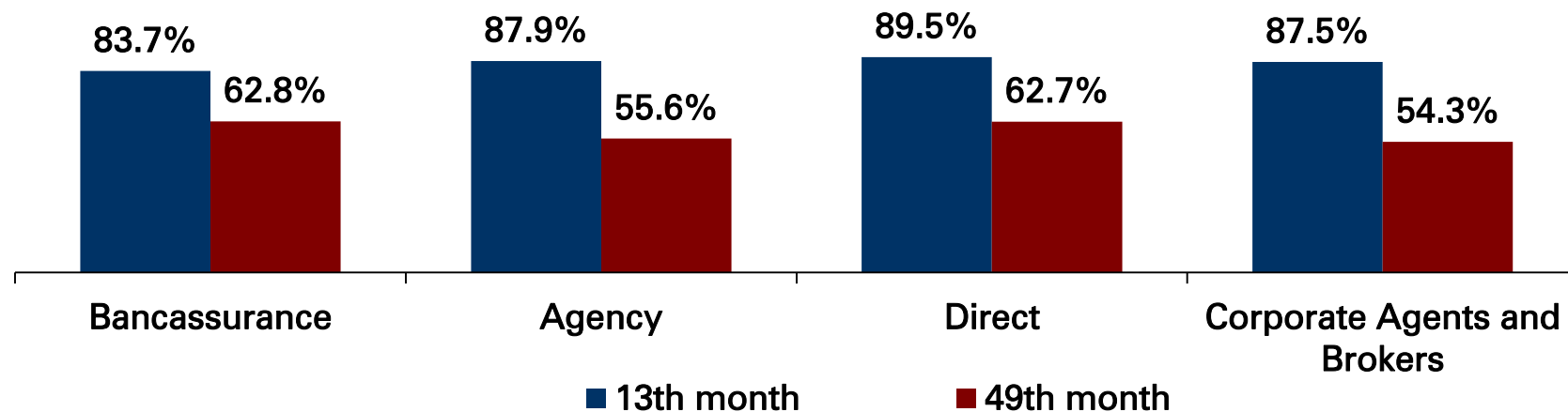


Persistency (FY2017)¹

Persistency across Product Categories



Persistency across Channel Categories



Embedded Value

Analysis of movement in EV¹

₹ bn	FY2016	FY2017
Opening EV	138.22	139.39
Unwind	12.58	12.21
Value of New Business (VNB)	4.12	6.66
Operating assumption changes	0.02	1.00
Persistency variance	2.01	0.99
Mortality and morbidity variance	0.79	0.98
Expense variance	0.59	0.35
Other variance	1.09	0.76
EVOP	21.22	22.95
Return on embedded value (ROEV)	15.3%	16.5%
Economic assumption change and investment variance	(5.64)	5.82
Net capital injection	(14.41)	(6.32)
Closing EV	139.39	161.84

1. Computed as per APS 10 and reviewed by an Independent Actuary

Components may not add up to the totals due to rounding off

EV methodology ... (1/2)

- EV results prepared based on the Indian Embedded Value (IEV) methodology and principles as set out in Actuarial Practice Standard 10 (APS10) issued by the Institute of Actuaries of India (IAI)

EV methodology ... (2/2)

- EV consists of Adjusted Net Worth (ANW) and Value of in-force covered business (VIF)
 - ANW is market value of assets attributable to shareholders, consisting of
 - Required Capital
 - Free Surplus
 - Value of in-force covered business (VIF) is
 - Present value of future profits; adjusted for
 - Time value of financial options and guarantees;
 - Frictional costs of required capital; and
 - Cost of residual non-hedgeable risks

Components of ANW

- **Required capital (RC)**
 - The level of required capital is set equal to the amount required to be held to meet supervisory requirements
 - It is net of the funds for future appropriation (FFAs)
- **Free surplus (FS)**
 - Market value of any assets allocated to, but not required to support, the in-force covered business

Components of VIF ... (1/4)

- **Present value of future profits (PVFP)**
 - Present value of projected distributable profits to shareholders arising from in-force covered business
 - Projection carried out using 'best estimate' non-economic assumptions and market consistent economic assumptions
 - Distributable profits are determined by reference to statutory liabilities

Components of VIF ... (2/4)

- **Frictional Cost of required capital (FC)**
 - FCs represent investment management expenses and taxation costs associated with holding the Required capital
 - Investment costs reflected as an explicit reduction to the gross investment return

Components of VIF ... (3/4)

- **Time value of financial options and guarantees (TVFOG)**
 - TVFOG represents additional cost to shareholders that may arise from the embedded financial options and guarantees
 - Stochastic approach is adopted with methods and assumptions consistent with the underlying embedded value

Components of VIF ... (4/4)

- **Cost of residual non-hedgeable risk (CRNHR)**
 - CRNHR is an allowance for risks to shareholder value to the extent not already allowed for in the TVFOG or the PVFP
 - Allowance has been made for asymmetric risks of operational, catastrophe mortality / morbidity and mass lapsation risk
 - CRNHR determined using a cost-of-capital approach
 - Allowance has been made for diversification benefits among the non-hedgeable risks, other than the operational risk
 - 4% annual charge applied to capital required

Components of EV movement ... (1/2)

- **Operating assumption changes**
 - Impact of the update of non-economic assumptions both on best estimate and statutory bases to those adopted in the closing EV
- **Expected return on existing business (unwind)**
 - Expected investment income at opening reference rate on VIF and ANW
 - Expected excess 'real world' investment return over the opening reference rate on VIF and ANW
- **Value of new business**
 - Additional value to shareholders created through new business during the period

Components of EV movement ... (2/2)

- **Operating experience variance**
 - Captures impact of any deviation of actual experience from assumed in the opening EV during the inter-valuation period
- **Economic assumption changes and Investment variance**
 - Impact of the update of the reference rate yield curve, inflation and valuation economic assumptions from opening EV to closing EV
 - Captures the difference between the actual investment return and the expected 'real world' assumed return
- **Net capital injection**
 - Reflects any capital injected less any dividends paid out

Key assumptions underlying EV ... (1/2)

- **Discount rate and Fund earning rates**
 - Set equal to reference rates which is proxy for risk free rates
 - Reference rates derived on the basis of zero coupon yield curve published by the Clearing Corporation of India Limited
- **Expenses and commission**
 - Based on the Company's actual expenses during FY2017 with no anticipation for productivity gains or cost efficiencies
 - Commission rates are based on the actual commission payable to the distributors

Key assumptions underlying EV ... (2/2)

- **Mortality and morbidity**
 - Based on Company's experience with an allowance for future improvements in respect of annuities
- **Persistency**
 - Based on Company's experience
- **Taxation**
 - Allowance has been made for future taxation costs based on current tax rates

Sensitivity analysis (FY2017)

Scenario	% change in EV	% change in VNB
Increase in 100 bps in the reference rates	(2.0)	(5.2)
Decrease in 100 bps in the reference rates	2.1	5.5
10% increase in the discontinuance rates	(1.1)	(10.6)
10% decrease in the discontinuance rates	1.2	10.9
10% increase in mortality/ morbidity rates	(0.8)	(6.1)
10% decrease in mortality/ morbidity rates	0.8	6.1
10% increase in acquisition expenses	Nil	(20.5)
10% decrease in acquisition expenses	Nil	20.5
10% increase in maintenance expenses	(1.1)	(5.5)
10% decrease in maintenance expenses	1.1	5.4
Tax rates increased to 28.84%	(11.0)	(22.0)

Economic assumptions underlying EV

Tenor (years)	Reference Rates		
	March 31, 2016	March 31, 2017	December 31, 2017
1	7.24%	6.35%	6.50%
5	8.22%	7.78%	8.02%
10	8.34%	8.02%	8.37%
15	8.40%	8.03%	8.33%
20	8.46%	8.03%	8.27%
25	8.50%	8.03%	8.25%
30	8.52%	8.03%	8.24%

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 Prudential Life Insurance undertakes no obligation to update forward-looking statements to reflect events or circumstances after the date thereof.

Thank you