



Performance review

H1-FY2018

October 24, 2017

Agenda

Company strategy and performance

Opportunity

Industry overview

Agenda

Company strategy and performance

Opportunity

Industry overview

Strategy: Market leadership + profitable growth

Segmented approach to tap market opportunity- Savings & Protection

- Leverage market opportunity for saving products through
 - Delivery of superior customer value through better products, customer service, fund performance and claims management
 - Focus on key local markets through customized regional strategy
- Multi prong product/ channel approach to tap protection opportunity- Retail through online and offline mode, Mortgage linked and Group term

Strengthen multi channel architecture and explore non-traditional channels

- Focus on deepening existing bancassurance relationships and seeking alliances with new banks
- Focus on increasing scale of our agency distribution channel
- Using data analytics capability to grow direct to customers
- Establish relationship with new non bank partners with focus on quality

Focus on increasing value of new business

- Expand our protection business
- Improve customer retention
- Maintain market-leading cost efficiency

Leverage technology for profitable growth

- Digitalizing sales and service processes
- Increasing digital marketing and sales

Key highlights

₹ bn	FY2015	FY2016	FY2017	H1-FY2017	H1-FY2018	Growth
APE ¹	47.44	51.70	66.25	26.13	35.74	36.8%
<i>Savings APE</i>	<i>46.68</i>	<i>50.31</i>	<i>63.64</i>	<i>24.99</i>	<i>34.23</i>	<i>37.0%</i>
<i>Protection APE</i>	<i>0.76</i>	<i>1.39</i>	<i>2.60</i>	<i>1.14</i>	<i>1.50</i>	<i>31.6%</i>
Value of New Business (VNB) ²	2.70	4.12	6.66	2.44	4.17	70.9%
VNB Margin ²	5.7%	8.0%	10.1%	9.4%	11.7%	
Embedded Value (EV) ³	138.22	139.39	161.84	148.38	172.10	16.0%

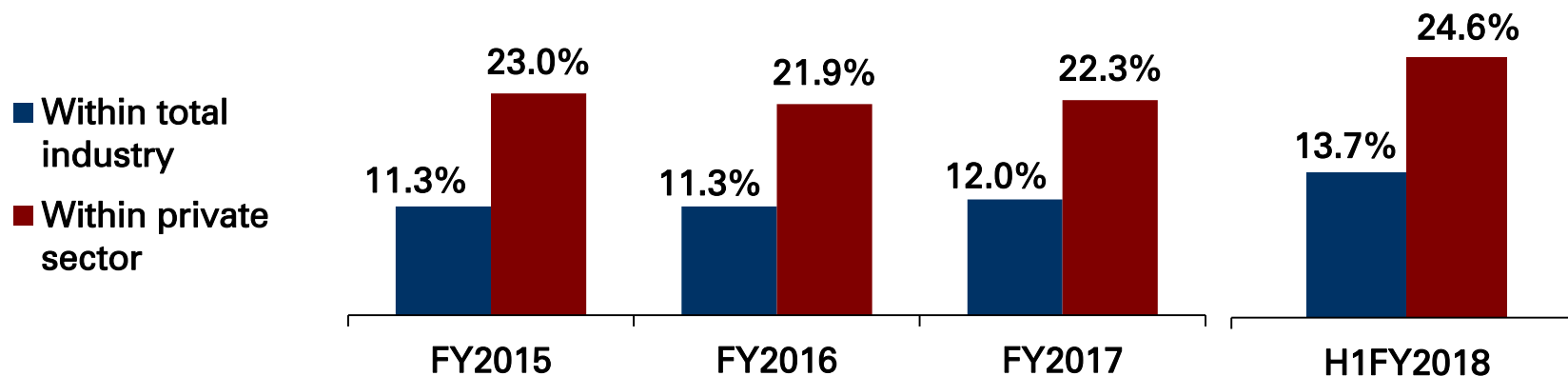
1. Annualized premium equivalent
2. Based on actual cost for full year and management forecast of cost for half year
3. As per Indian Embedded Value (IEV) method

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

New business

Retail market share¹

₹ bn	FY2015	FY2016	FY2017	H1-FY2018
RWRP	45.96	49.68	64.08	34.42
YoY Growth	41.3%	8.1%	29.0%	38.8%

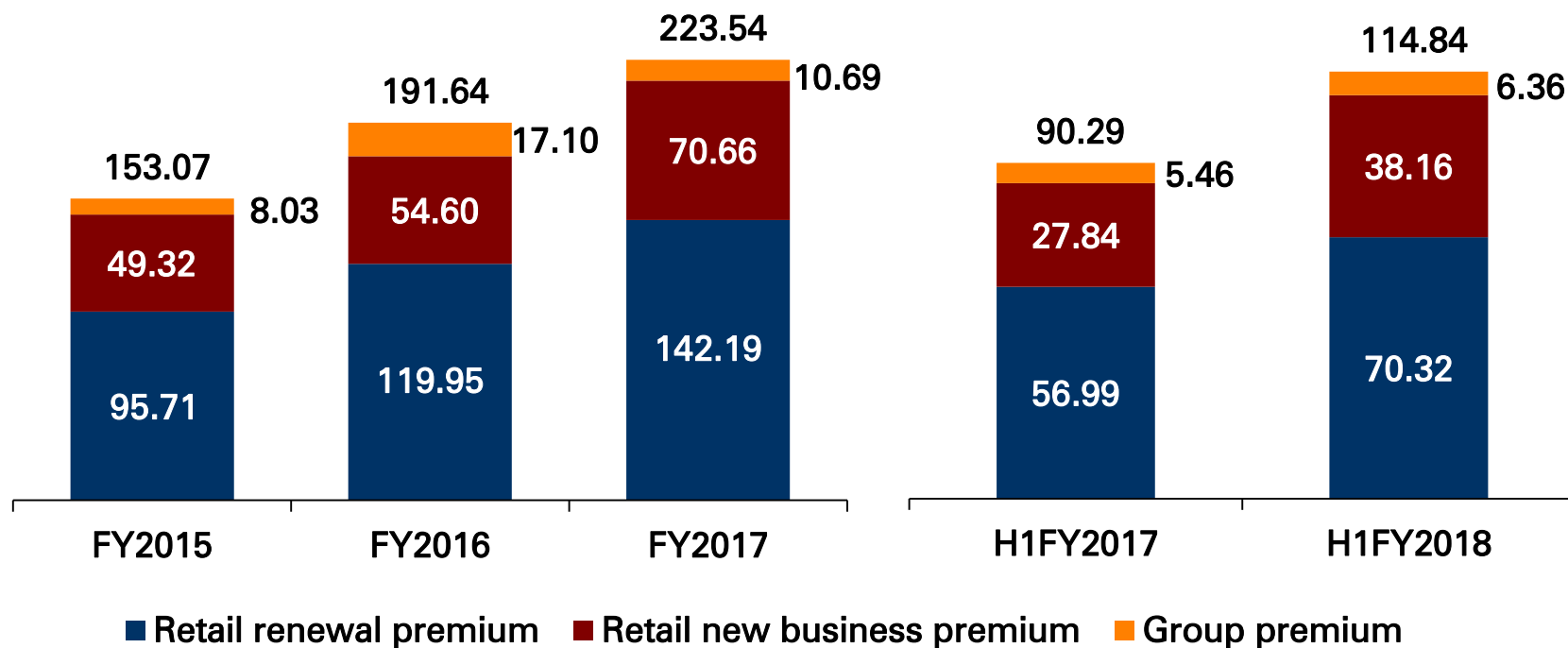


Market leaders in private sector since FY2002

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

Premium summary

₹ bn

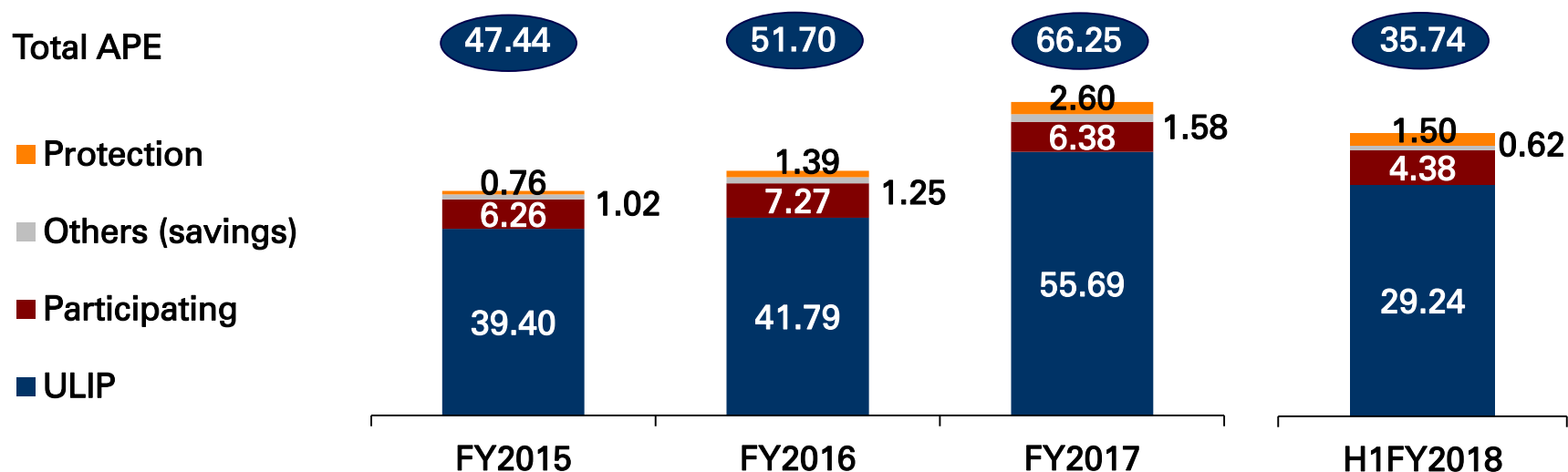


Product mix

Product mix ¹	FY2015	FY2016	FY2017	H1-FY2018
Savings	98.4%	97.3%	96.1%	95.8%
<i>ULIP</i>	83.1%	80.8%	84.1%	81.8%
<i>Par</i>	13.2%	14.1%	9.6%	12.3%
<i>Non par</i>	0.9%	0.6%	1.1%	0.4%
<i>Group</i> ²	1.3%	1.8%	1.3%	1.3%
Protection ³	1.6%	2.7%	3.9%	4.2%

₹ bn

Total APE

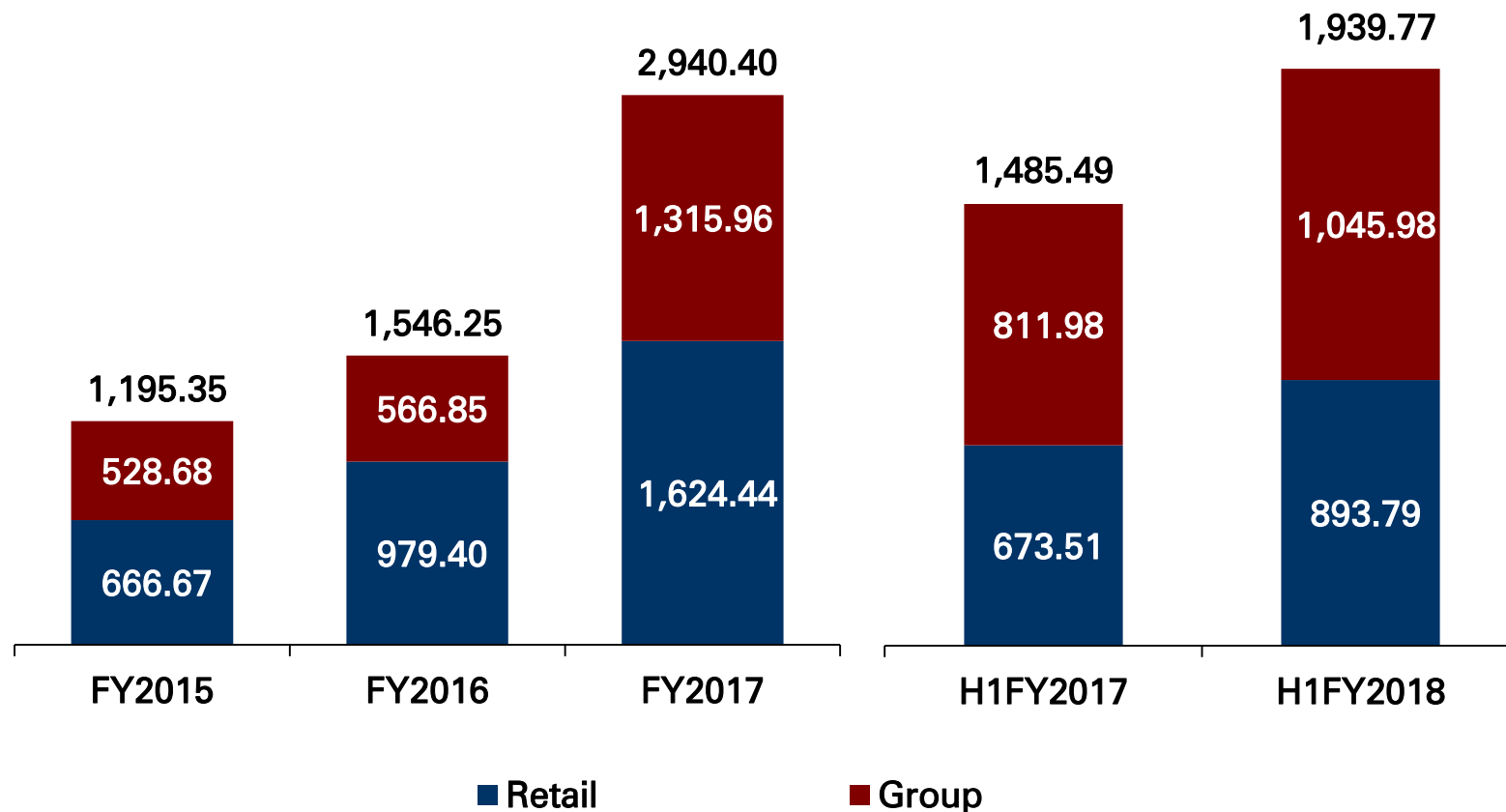


1. Annualized Premium Equivalent (APE) basis
2. Group excludes group protection products
3. Protection includes retail and group protection products

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

New business sum assured

₹ bn

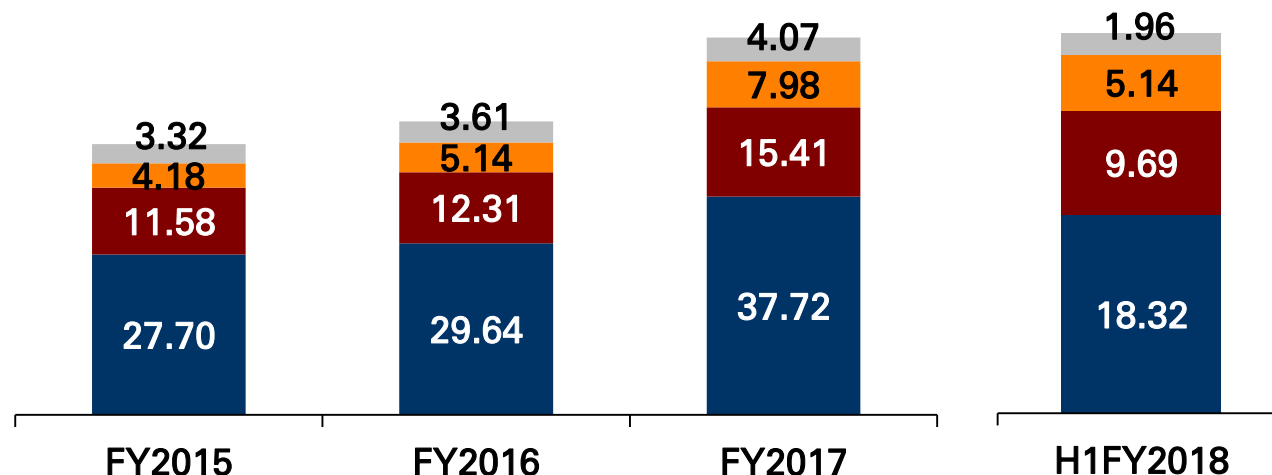


Channel mix

Channel mix ¹	FY2015	FY2016	FY2017	H1-FY2018
Bancassurance	58.4%	57.3%	56.9%	51.3%
Agency	24.4%	23.8%	23.3%	27.1%
Direct	8.8%	9.9%	12.0%	14.4%
Corporate agents and brokers	7.0%	7.0%	6.1%	5.5%
Group	1.4%	1.9%	1.6%	1.8%

₹ bn

- Corporate Agents and Brokers
- Direct
- Agency
- Bancassurance



1. Annualized Premium Equivalent (APE) basis
Graphs are on Retail APE basis

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

Quality parameters

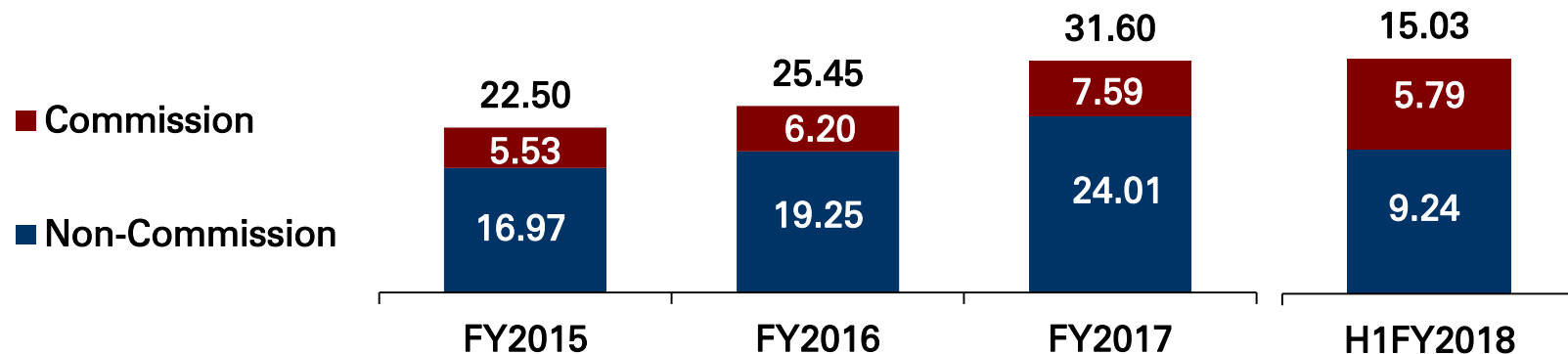
Persistency¹

Month	FY2015	FY2016	FY2017	5M-FY2018
13 th month	79.0%	82.4%	85.7%	87.0%
25 th month	65.9%	71.2%	73.9%	74.3%
37 th month	64.3%	61.6%	66.8%	68.2%
49 th month	54.4%	62.2%	59.3%	60.6%
61 st month	14.5%	46.0%	56.2%	55.6%

Cost efficiency

	FY2015	FY2016	FY2017	H1-FY2018
Expense ratio (excl. commission) ¹	11.6%	11.0%	11.4%	8.7%
Commission ratio ²	3.8%	3.5%	3.6%	5.4%
Cost/TWRP ³	15.4%	14.5%	15.1%	14.1%
Cost / Average AUM ⁴	2.5%	2.5%	2.8%	2.4%

₹ bn



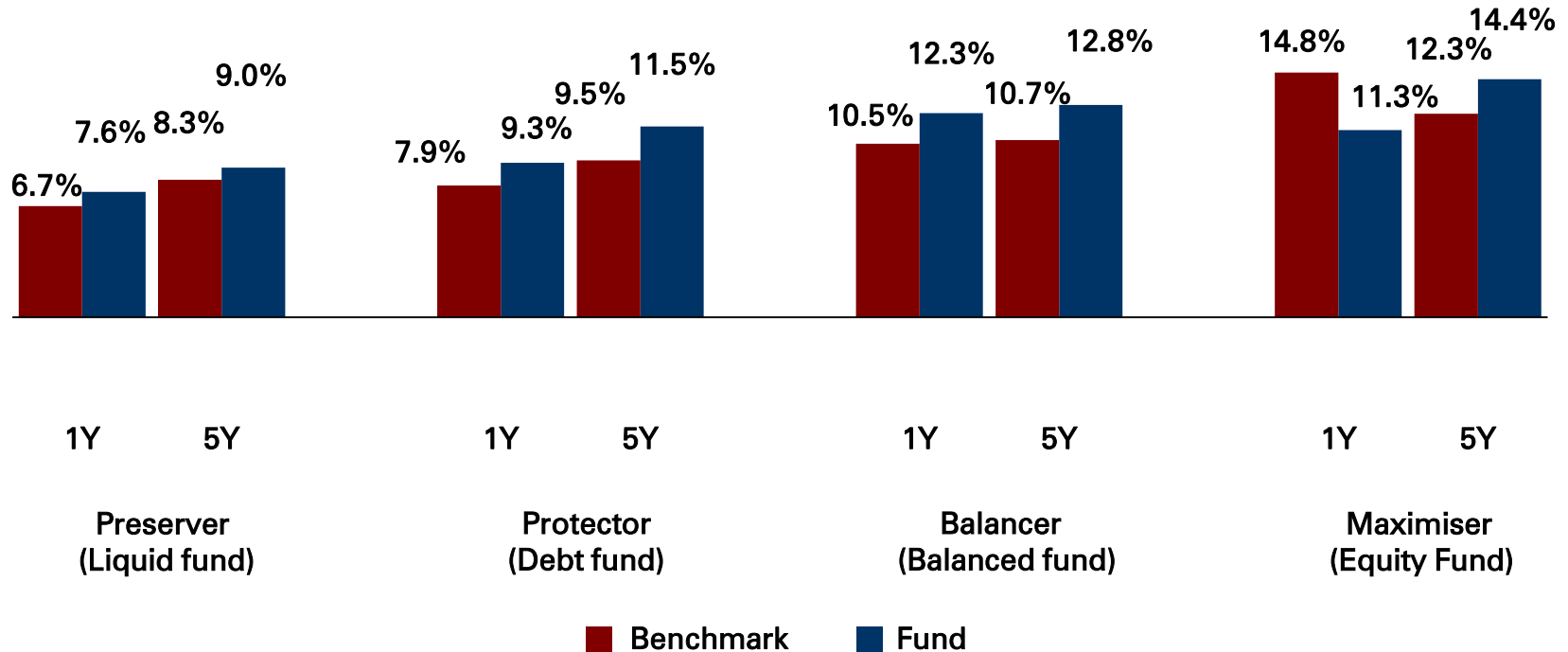
1. Expense ratio: All insurance expenses (excl. commission) / (Total premium – 90% of single premium)

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

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

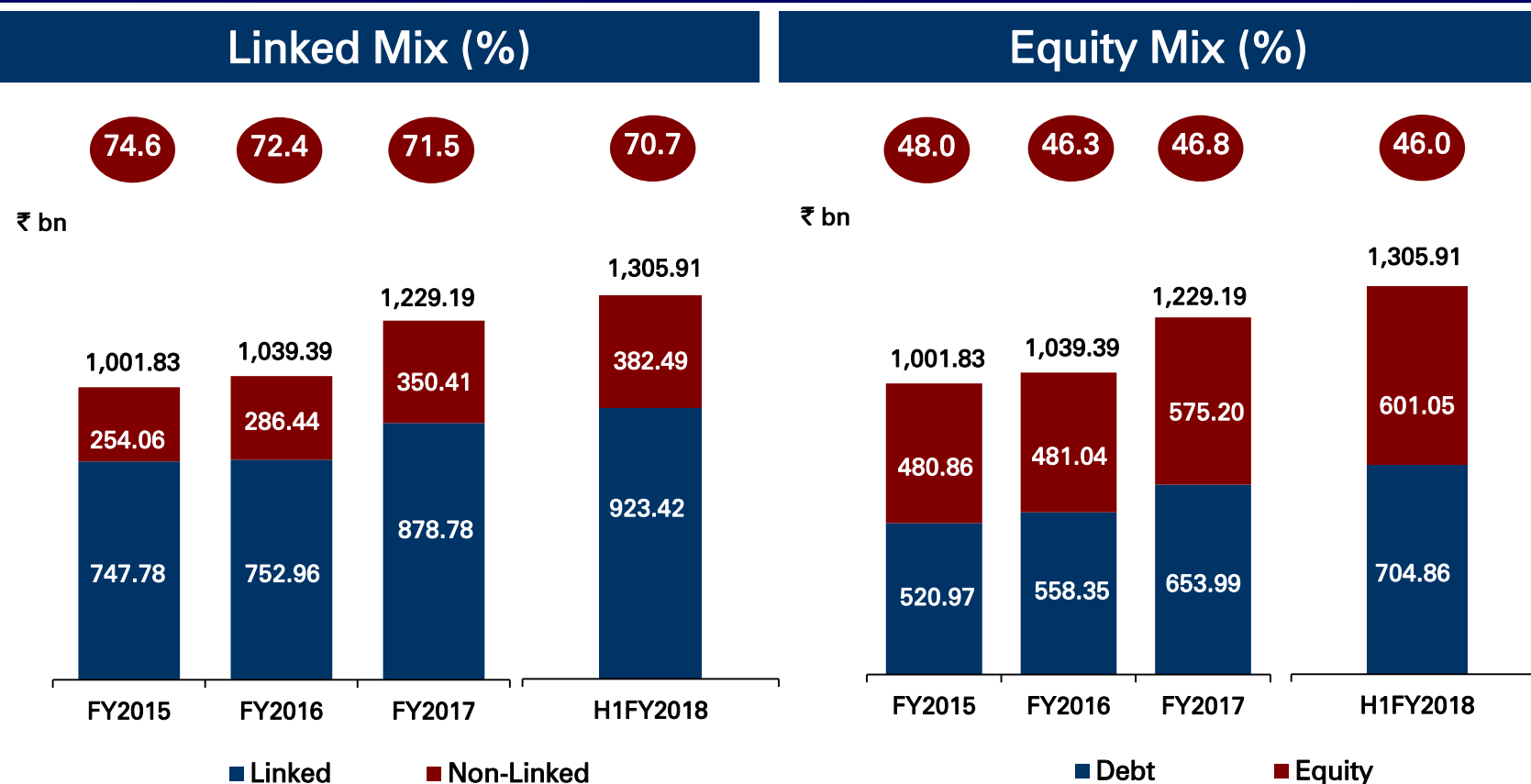
4. Cost / Average assets under management during the period

Fund performance



87% of funds have outperformed benchmark indices since inception*

Assets under management



Linked AUM has a debt-equity mix of 42:58*

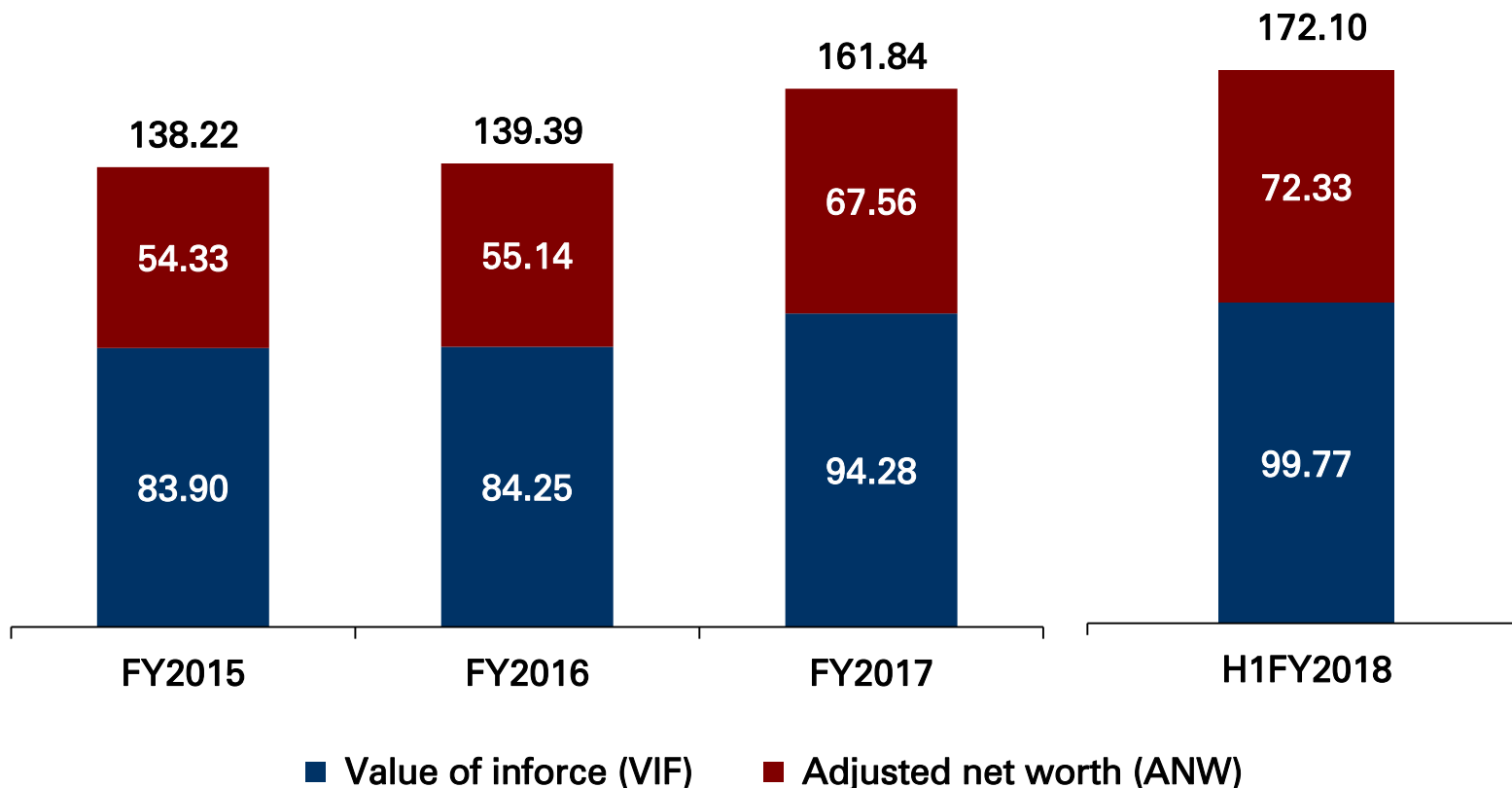
* As on September 30, 2017

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

Profitability

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

Profit after tax

Solvency Ratio (%)

337

320

281

276

Profit after tax (₹ bn)

16.34

16.50

16.82

8.27

FY2015

FY2016

FY2017

H1FY2018

- Well capitalized for growth opportunities
- Dividend declared for H1-FY2018 is ₹ 4.88 billion (excluding Dividend Distribution Tax)

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 Consistent Leadership Across Cycles</p>	<ul style="list-style-type: none"> ● #1 in private sector on RWRP² basis for every year since FY2002 ● Significant market share gain on RWRP 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 57% during FY2015-2017 period; Self funded business – no capital calls since FY 2009; cumulative dividend pay-out of ₹ 60.39 bn³ (including DDT) ● With strong solvency of 275.7 % 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. Excluding Interim Dividend for H1-FY2018

4. Annualized Premium Equivalent

Agenda

Company strategy and performance

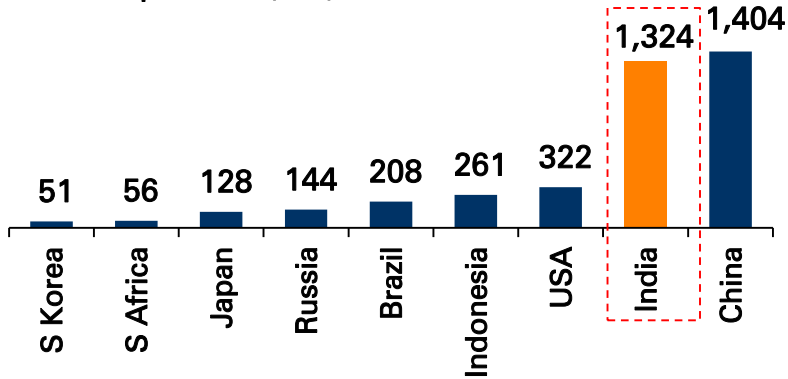
Opportunity

Industry overview

Favourable demography

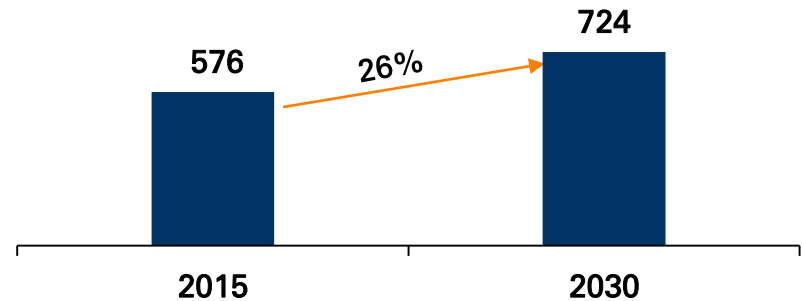
Large and Growing Population Base¹

2016 Population (mn)



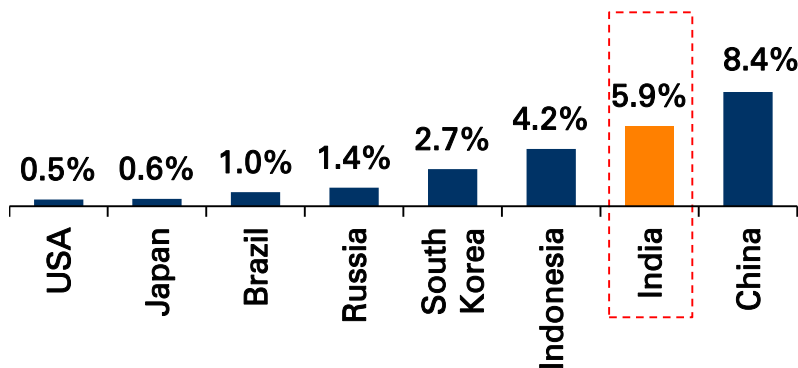
High Share of Working Population¹

Population of age 25-59 years (mn)

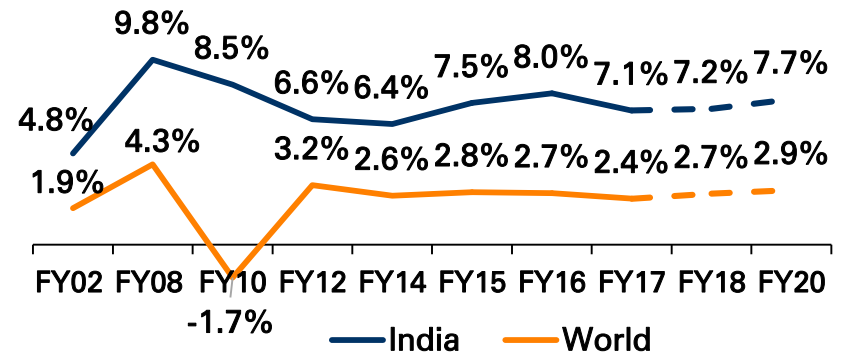


Rising Affluence²

GDP per capita CAGR (FY2007-FY2017)

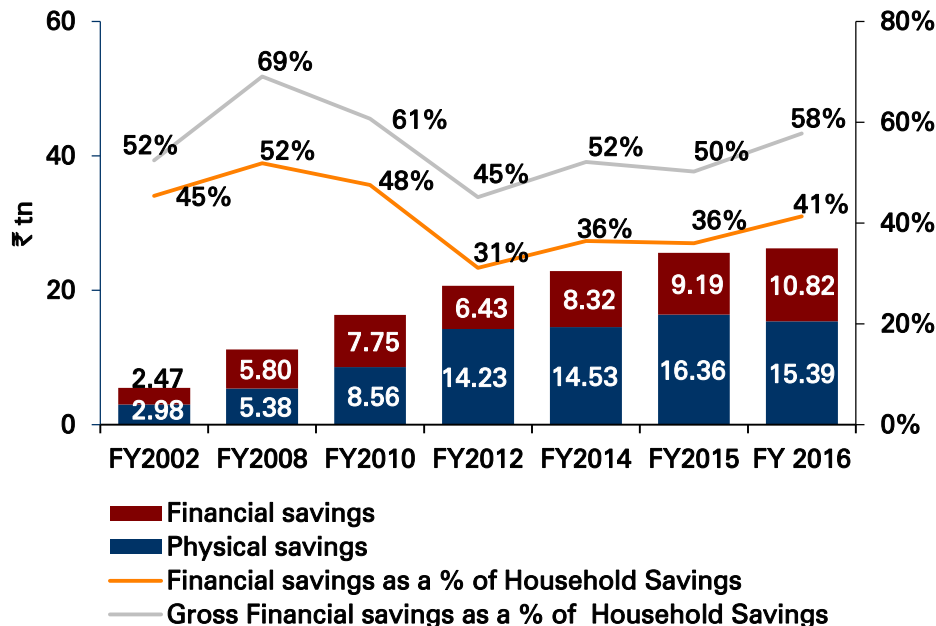


Driving GDP Growth²

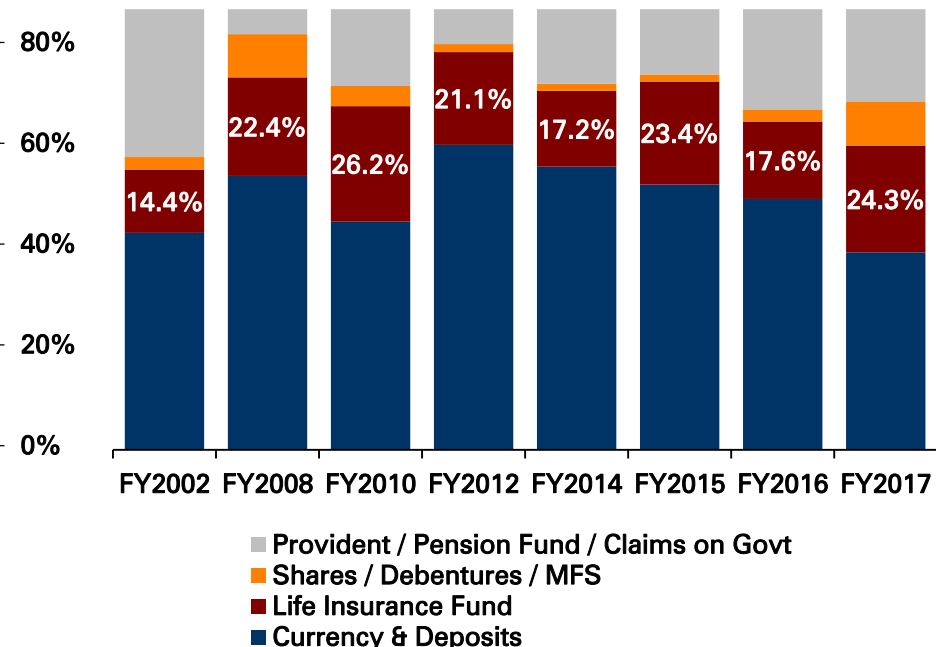


Share of insurance in household savings

Household savings¹



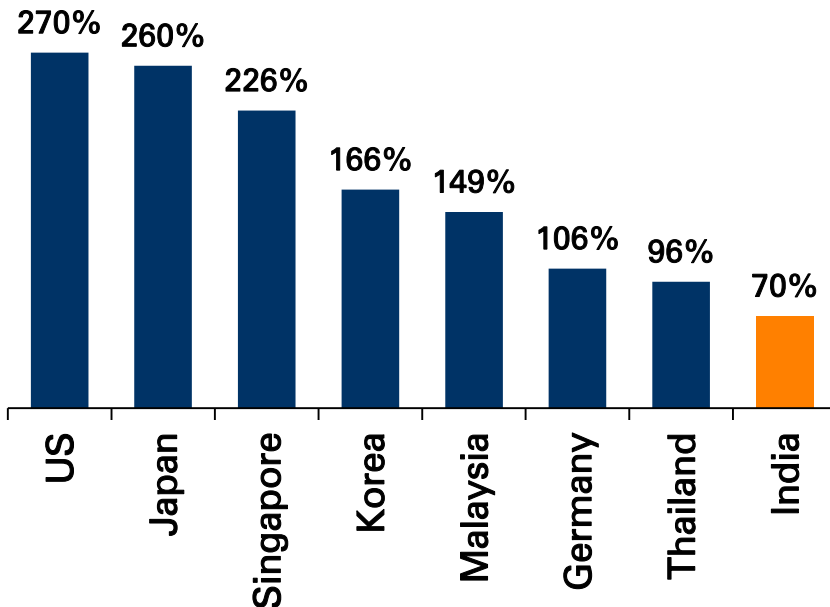
Distribution of financial savings¹



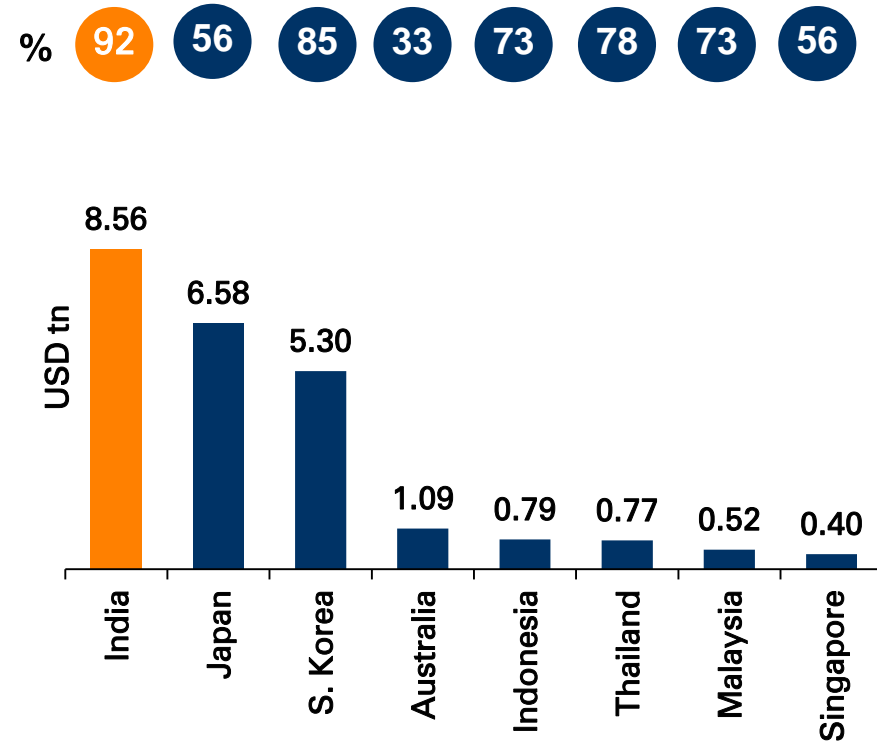
- Increasing share of financial savings
- Increasing share of insurance in financial savings

Protection opportunity: Income replacement

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



Protection Gap ^{3,4}



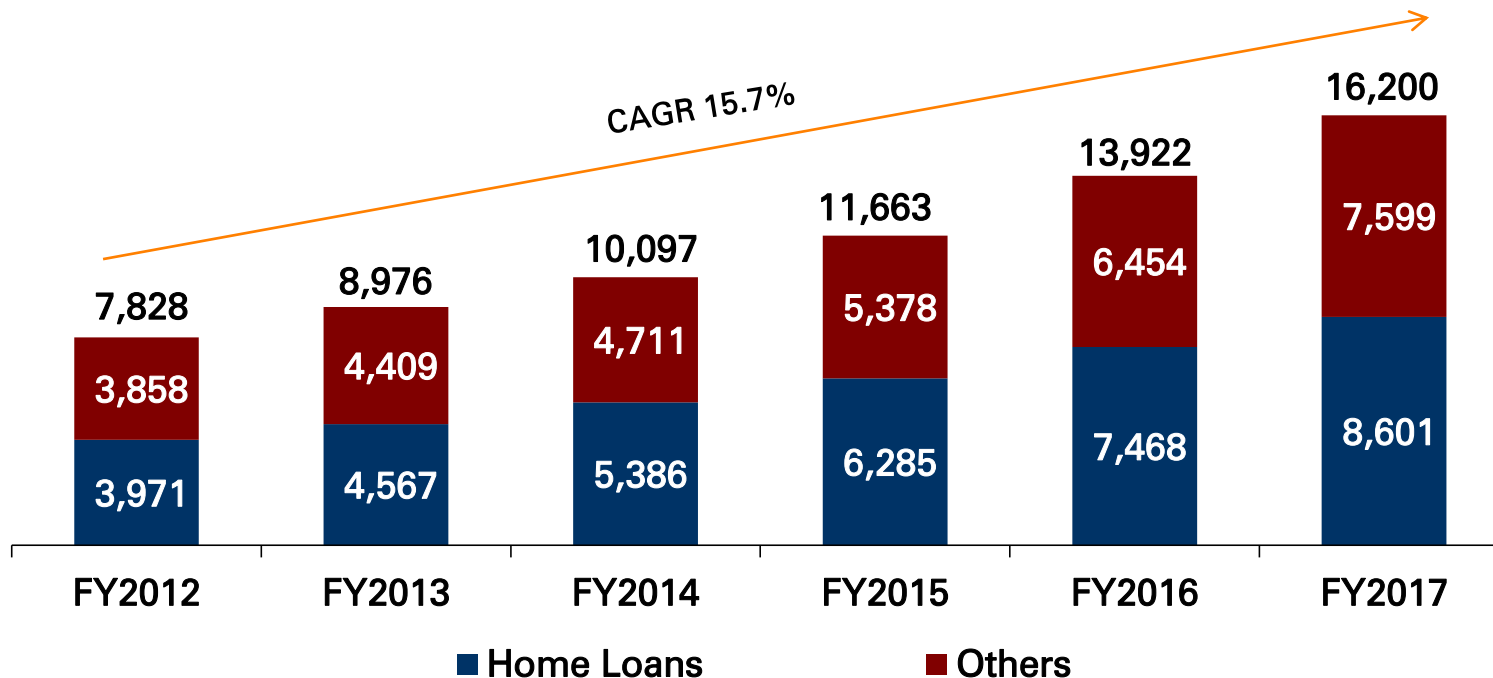
- Sum assured as % of GDP low compared to other countries
- Protection gap for India US \$ 8.56 trillion

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



- 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

Company strategy and performance

Opportunity

Industry overview

Evolution of life insurance industry in India

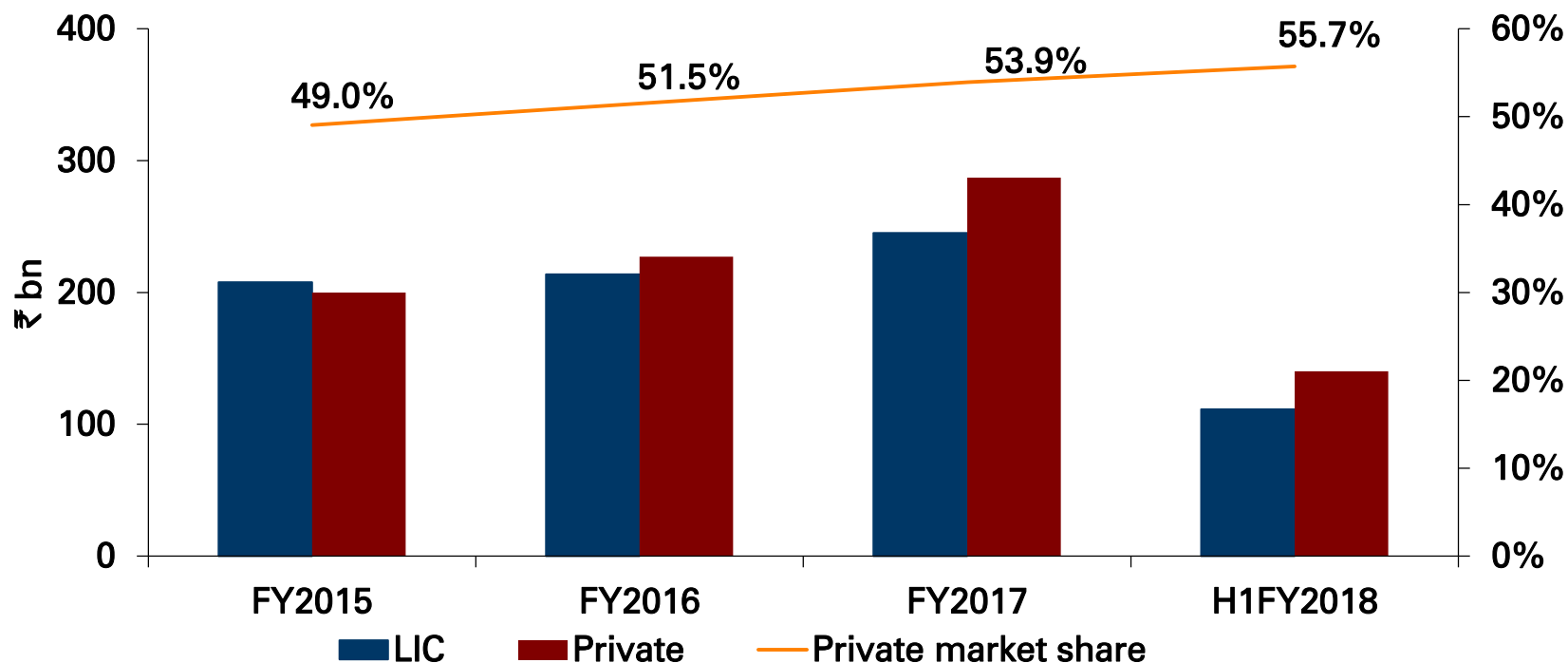
	FY2002		FY2010		FY2015		FY2017
New business premium ¹ (₹ bn)	116	21.5%	550	-5.8%	408	14.3%	532
Total premium (₹ bn)	501	23.2%	2,654	4.3%	3,281	12.9%	4,181
Penetration (as a % to GDP)	2.1%		4.1%		2.6%		2.8%
Assets under management (₹ bn)	2,304	24.0%	12,899	12.6%	23,361	13.0%	29,806
In-force sum assured 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

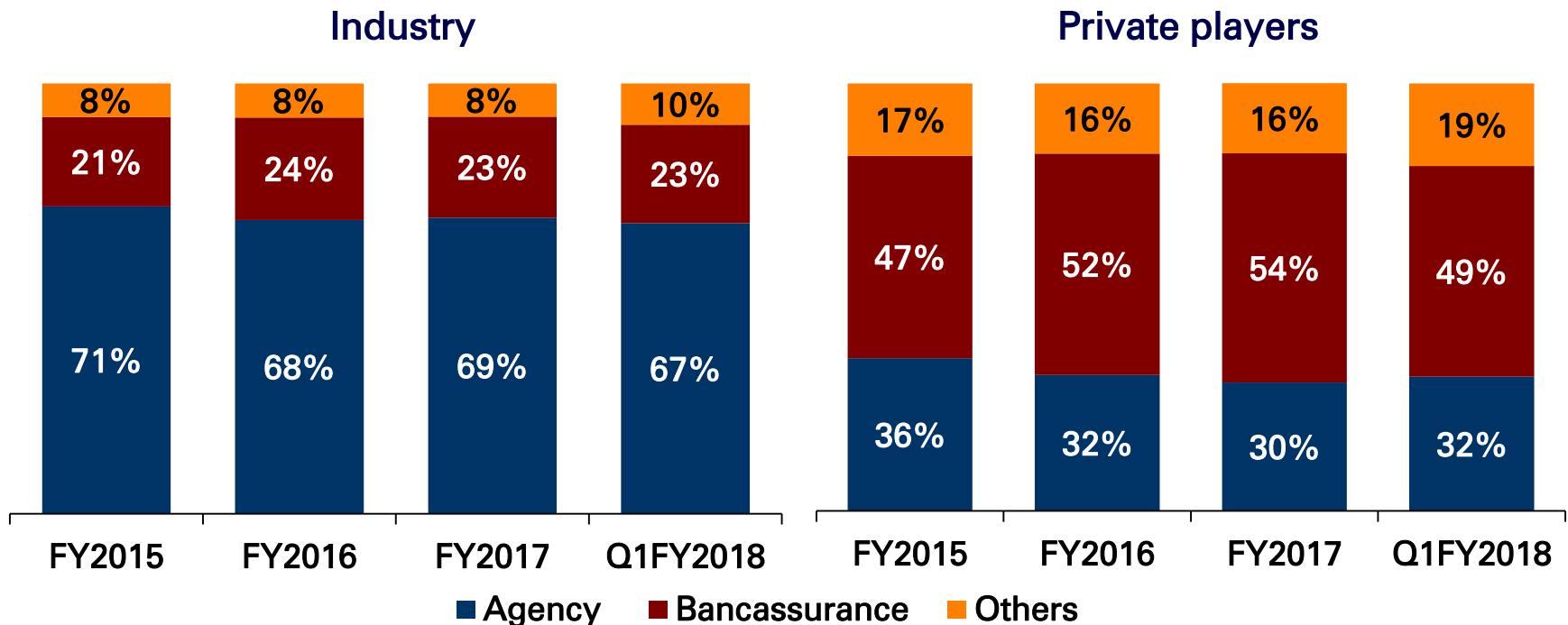
New business¹

Growth	FY2015	FY2016	FY2017	H1-FY2018
Private	15.9%	13.6%	26.4%	36.5%
LIC	-26.3%	2.9%	14.7%	13.3%
Industry	-10.3%	8.1%	20.7%	25.2%



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

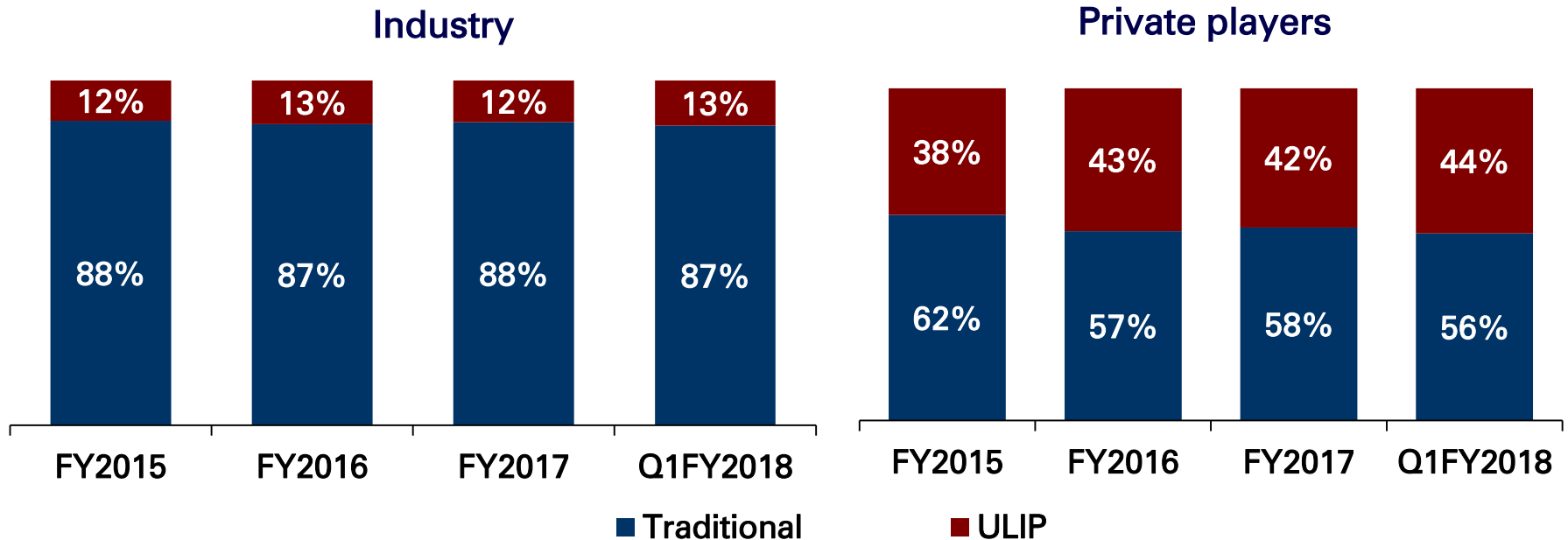
Channel mix¹



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

1. Individual new business premium basis
Source: Public disclosures

Product mix¹



- **Strong value proposition of ULIPs**

- Transparent and low charges
- Lower discontinuance charges upto year 5 and zero surrender penalty after 5 years
- Choice of asset allocation to match risk appetite of different customer

Annexures

Consistent leadership in private sector¹

Market Share	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017
LIC	63.5%	62.0%	62.0%	51.0%	48.5%	46.1%
ICICI Prudential	5.9%	7.0%	7.2%	11.3%	11.3%	12.0%
SBI Life	4.4%	5.1%	6.2%	7.7%	9.7%	11.2%
HDFC Life	5.7%	6.7%	5.2%	7.3%	7.6%	6.8%
Max Life	3.1%	3.2%	3.9%	4.8%	4.8%	5.0%
Bajaj Allianz	2.7%	2.6%	2.2%	1.9%	1.6%	1.9%
PNB Met Life	1.0%	1.2%	1.3%	1.7%	2.1%	1.9%

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



Protection

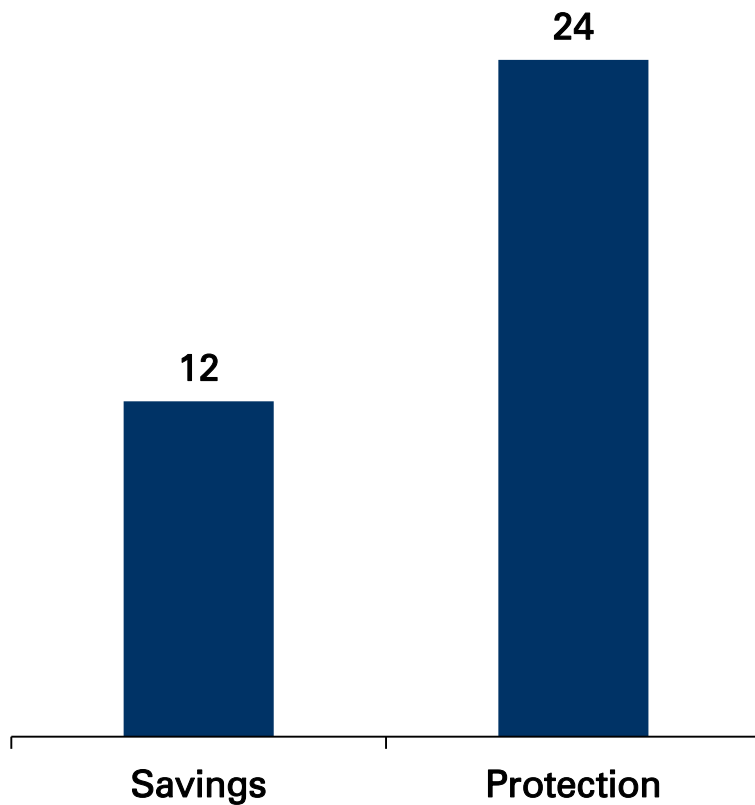
₹ bn	FY2015	FY2016	FY2017
Retail Protection	0.36	0.94	2.09
Group Term	0.06	0.06	0.13
Mortgage based	0.33	0.39	0.38
Total APE	0.76	1.39	2.60

Average APE by product categories

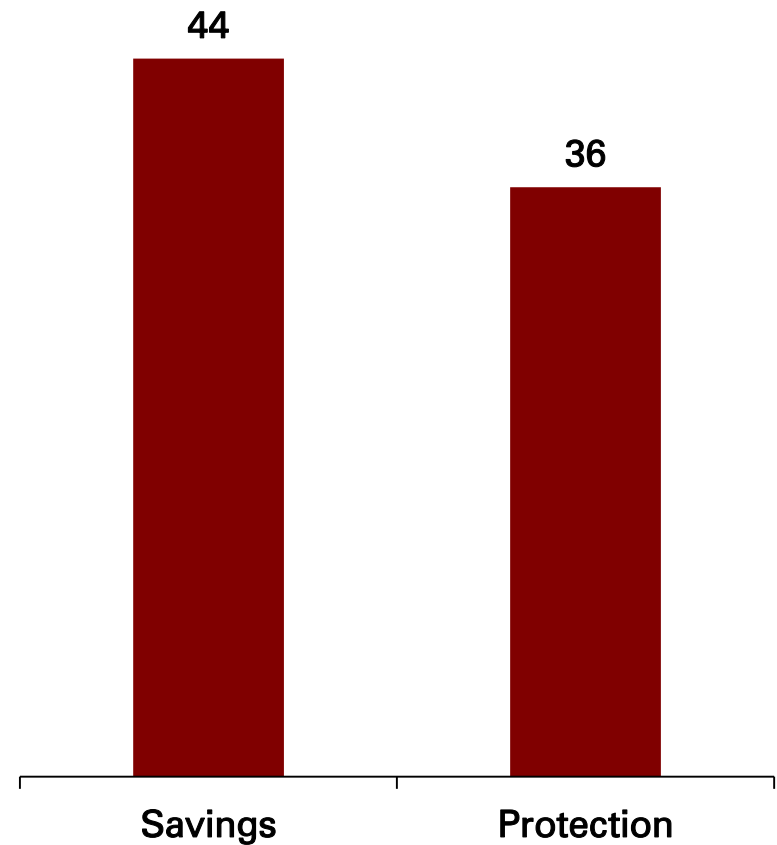
Average retail APE per policy (₹)	FY2015	FY2016	FY2017
ULIP	129,087	149,777	169,701
Par	38,430	44,533	56,325
Non par	25,233	23,656	39,153
Protection	4,408	10,284	9,815
Total	73,047	87,194	92,735

Policy term and customer age¹

Average policy term (years)



Average customer age (years)

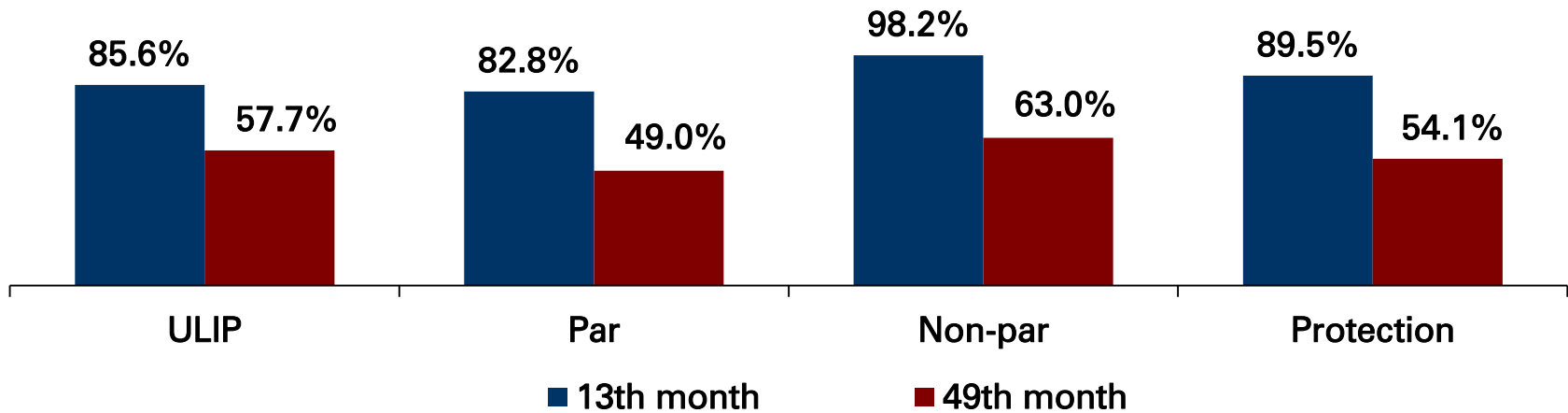


Channel wise product mix¹

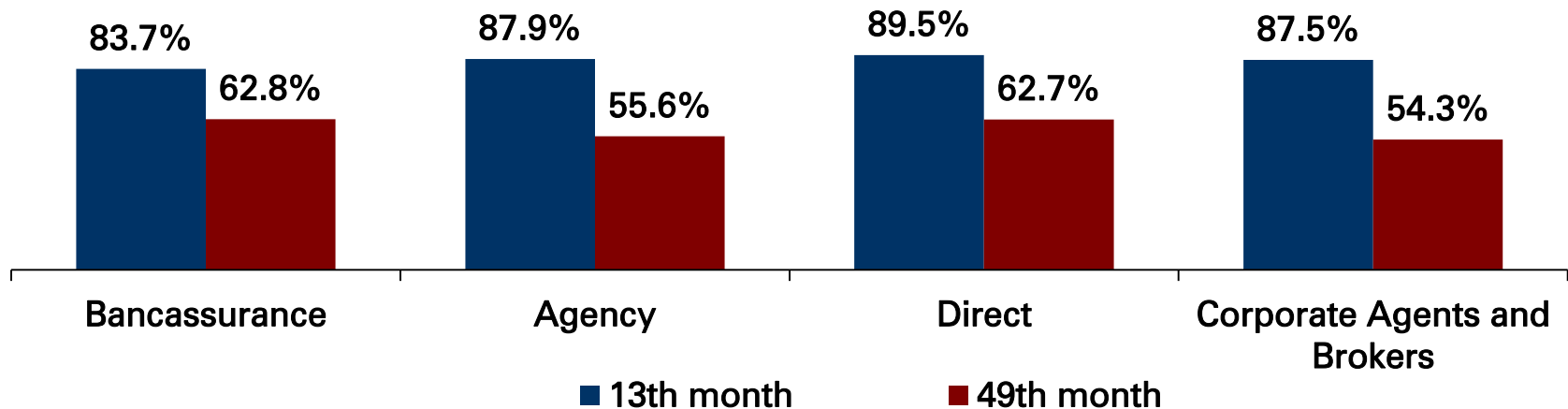
Channel	Product	FY2015	FY2016	FY2017
Bancassurance	ULIP	88.4%	88.9%	92.1%
	Par	10.0%	9.1%	5.3%
	Non par	0.0%	0.0%	0.4%
	Protection	1.5%	2.0%	2.2%
	Total	100.0%	100.0%	100.0%
Agency	ULIP	78.5%	76.4%	79.5%
	Par	19.2%	19.6%	14.2%
	Non par	1.0%	0.8%	2.0%
	Protection	1.3%	3.2%	4.3%
	Total	100.0%	100.0%	100.0%
Direct	ULIP	93.0%	86.0%	86.3%
	Par	2.9%	7.8%	5.1%
	Non par	2.1%	1.6%	2.0%
	Protection	2.0%	4.5%	6.6%
	Total	100.0%	100.0%	100.0%
Corporate Agents and Brokers	ULIP	62.0%	47.4%	46.5%
	Par	34.4%	49.0%	44.1%
	Non par	2.4%	0.5%	0.4%
	Protection	1.2%	3.1%	9.0%
	Total	100.0%	100.0%	100.0%

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
Operating experience variance	4.49	3.08
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	September 30, 2017
1	7.24%	6.35%	6.35%
5	8.22%	7.78%	7.51%
10	8.34%	8.02%	7.84%
15	8.40%	8.03%	7.86%
20	8.46%	8.03%	7.86%
25	8.50%	8.03%	7.86%
30	8.52%	8.03%	7.86%

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