

INSURANCE

Q3FY24 Review

19 February 2024

Private insurers dominate the quarter

- SBI Life, our top pick, continues to dominate peers by way of superior growth and market share gains in Q3FY24; LIC posted a recovery
- LIC's VNB margin grew in 9M due to higher non-par share; IPRU and SBI Life saw declines and HDFC Life was stable
- Private players continue to expand bancassurance sales even as agency growth remains in focus as well

Mohit Mangal

research@bobcaps.in

ULIPs continue to gain traction: ULIPs saw sustained, strong demand in 9MFY24 amid a buoyant stock market. For private insurers under our coverage, ULIP APE grew in the broad range of 11-57% YoY, with HDFC Life in the lead (though SBI Life led in absolute terms). Protection APE increased by 4-24% YoY and had mixed trends – whereas SBI Life saw a decline in individual protection business but robust growth in group protection, HDFC Life and IPRU saw quite the opposite. Though ULIPs and protection plans normally make up a small fraction of LIC's APE, the company gained traction in non-par business this time round while private players suffered a downturn.

LIC's VNB margins rise, private players hurt by product mix: LIC reported 200bps YoY expansion in VNB margin to 16.6% in 9MFY24 due to an increase in its non-par portfolio. As the product mix shifted toward ULIPs in 9M, private life insurers were unable to maintain the higher margins reported in FY23, when demand for non-par products had risen. IPRU's VNB margin contracted 530bps YoY to 26.7% in 9M and HDFC Life reported a flat print. SBI Life's margin fell 150bps YoY to 28.1% but remained the best among our coverage.

SBI Life tops premium growth, LIC recovers: LIC posted a pickup in net premium growth to 5% YoY and NBP growth to 6% in Q3FY24. Net premium for our private insurer universe grew in a range of 5-16% YoY, with SBI Life heading the pack and retaining market leadership. IPRU registered single-digit growth YoY in Q3 and 9M, on both individual APE and APE basis, whereas HDFC Life's overall APE contracted in the December quarter owing to a slowdown in big-ticket policies (>Rs 0.5mn). LIC's individual APE market share fell to 33% in 9M (30% in Q3) from 34% in FY23.

Banking channel a key driver, agent addition on the anvil as well: LIC continues to command the largest, most productive agency force among life insurers. SBI Life and HDFC Life have aggressively moved to swell their agent ranks by 26% and 19% YoY respectively as at end-9M. Bancassurance remains the major driver for private insurers, except IPRU where business originated by parent ICICI Bank remains low.

Top pick: SBI Life (BUY, TP Rs 1,970) remains our top life insurance pick.

Recommendation snapshot

Ticker	Price	Target	Rating
HDFCLIFE IN	592	850	BUY
IPRU IN	512	556	HOLD
LICI IN	1,040	1,140	HOLD
SBILIFE IN	1,508	1,970	BUY

Price & Target in Rupees | Price as of 16 Feb 2024



SBI Life continues to lead, LIC recovers

SBI Life maintained its position as market leader, with the highest net premium growth among our coverage universe at 16% YoY in Q3FY24 and 19% in 9MFY24. HDFC Life expanded at a slower rate of 6% and 11% YoY for the two periods respectively, and IPRU continued to grow in low single-digits.

LIC saw initial recovery in Q3FY24 as its net premium grew 5% YoY and NBP grew 6%, backed by a rise in single premiums as group business improved from the previous quarter's poor performance. However, first-year premium fell 13% YoY in Q3 and 4% in 9M, with a 3% YoY decline in policies sold.

Fig 1 – SBI Life saw strong premium growth in Q3 and 9MFY24

(Rs mn)	Q3FY24	Q3FY23	YoY (%)	9MFY24	9MFY23	YoY (%)
First Year Premium						
SBI Life	56,767	50,552	12.3	1,29,474	1,11,074	16.6
HDFC Life	26,792	27,249	(1.7)	70,962	68,567	3.5
IPRU	15,334	13,781	11.3	40,852	38,610	5.8
LIC	84,290	97,247	(13.3)	2,52,278	2,62,788	(4.0)
Renewal Premium						
SBI Life	1,27,200	1,09,083	16.6	3,01,891	2,57,900	17.1
HDFC Life	83,962	71,870	16.8	2,20,392	1,91,941	14.8
IPRU	60,796	57,533	5.7	1,61,288	1,52,900	5.5
LIC	6,24,312	6,01,949	3.7	17,57,124	16,66,086	5.5
Single Premium						
SBI Life	40,620	33,684	20.6	1,30,530	1,04,046	25.5
HDFC Life	44,505	46,632	(4.6)	1,30,036	1,18,565	9.7
IPRU	26,719	26,491	0.9	78,717	77,898	1.1
LIC	4,63,625	4,21,171	10.1	12,22,690	14,98,169	(18.4)
Net Premium						
SBI Life	2,23,165	1,91,708	16.4	5,54,706	4,66,841	18.8
HDFC Life	1,52,353	1,43,794	6.0	4,14,711	3,73,374	11.1
IPRU	99,288	94,645	4.9	2,69,712	2,59,304	4.0
LIC	11,70,169	11,17,876	4.7	32,27,764	34,22,435	(5.7)

Source: Company, BOBCAPS Research

On the APE front, both LIC and IPRU experienced single-digit growth YoY in Q3. IPRU witnessed reasonable growth in the affluent customer category, comprising big-ticket policies with premiums above Rs 0.5mn. SBI Life outperformed by a wide margin, growing at 13% YoY. HDFC Life posted a 2% dip in APE for the quarter on account of a moderation in big-ticket policies and efforts by the company to maintain a balanced product mix. It did continue to see significant traction in tier-2 and tier-3 cities, with APE in these markets growing at twice the company's rate.

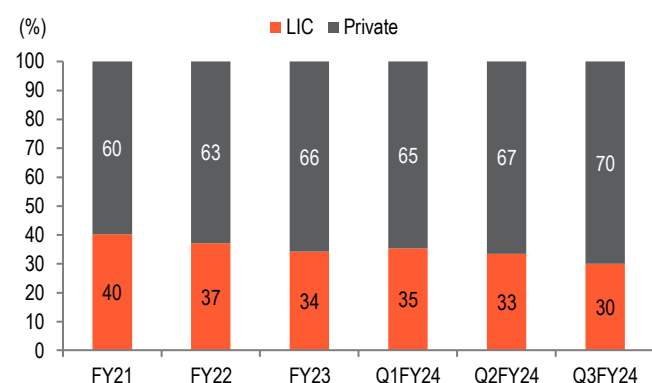
Fig 2 – APE: SBI Life beat peers by a margin

(Rs bn)	Q3FY24	Q3FY23	YoY (%)	9MFY24	9MFY23	YoY (%)
APE						
SBI Life	61	54	12.9	144	123	17.4
HDFC Life	32	33	(2.2)	86	82	4.8
IPRU	19	18	4.7	54	53	1.7
LIC	132	123	6.9	358	375	(4.7)
Individual APE						
SBI Life	57	51	12.6	128	111	14.8
HDFC Life	28	28	1.2	73	69	5.8
IPRU*	16	15	6.8	45	43	4.2
LIC	89	88	1.0	235	234	0.4

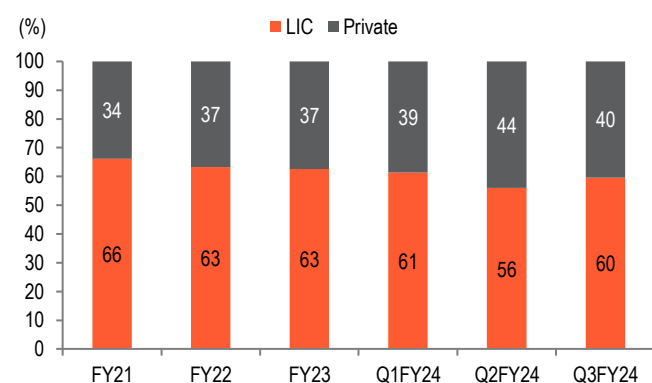
Source: Company, BOBCAPS Research | *IPRU's individual APE is calculated by deducting group APE from total APE

SBI Life solidifies market position

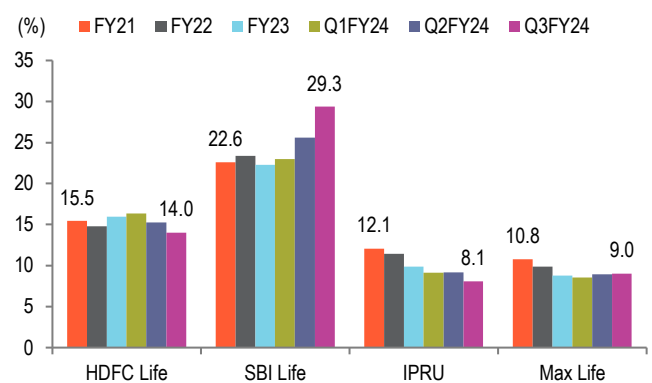
Private insurers strengthened their NBP position during 9MFY24, reaching a combined market share of 41%, up from 37% at the end of FY23, as LIC lost ground. In terms of individual APE, LIC's share fell to 30% in Q3, though it exited 9M at 33% which is only marginally lower than the FY23 print of 34%.

Fig 3 – LIC's market share in individual APE declined...

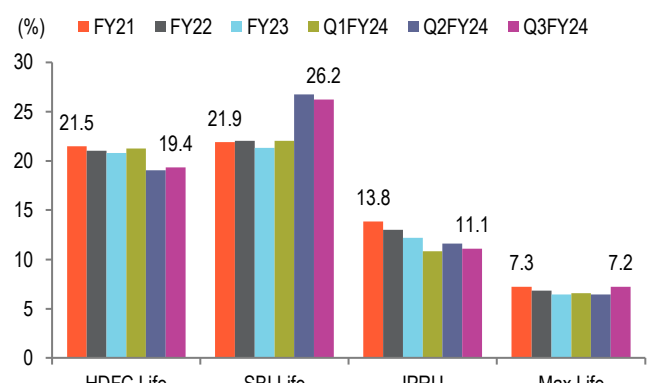
Source: IRDA, BOBCAPS Research | Note: Individual APE = Non-single premium +10% of single premium

Fig 4 – ...but increased on NBP basis

Source: IRDA, BOBCAPS Research

Fig 5 – SBI Life cementing its position in individual APE...

Source: IRDA, BOBCAPS Research | Note: Individual APE = Non-single premium +10% of single premium

Fig 6 – ...and in NBP market share

Source: IRDA, BOBCAPS Research

As illustrated in the charts above, SBI Life has increased its market share in both, NBP and individual APE within the private sector, while HDFC Life has posted a decline but retained its second position. IPRU not only lost market share but also its third position to Max Life in terms of individual APE, while holding on to its third rank on NBP basis.

ULIPs continue to gain traction

ULIPs were in demand during 9MFY24 as the stock market performed well. Consequently, the non-participating business decreased significantly YoY, but maintained its share in the product mix as compared to H1FY24.

SBI Life

- APE increased 17% YoY in 9MFY24 to Rs 143.9bn. The non-par segment declined 10% YoY to Rs 24.5bn at end-9MFY24, forming 17% of APE vs. 22% in 9MFY23 (17% in H1FY24). Management indicated that it has revised the IRR three times in its non-par savings products during the nine-month period.
- Positive market sentiment boosted demand for SBI Life's ULIPs by 27% YoY to Rs 88bn at end-9MFY24, raising their share in APE to 61% from 56% in the year-ago period. Annuity plans grew 32% YoY on a lower base, forming 3% of the mix.
- Protection business increased 24% YoY to Rs 15.2bn at end-9MFY24, with individual business declining 4% to Rs 6.5bn whereas group plans grew 57% to Rs 8.7bn. The protection business constituted 11% of APE from 10% in the year-ago period. To boost sales, the company has introduced two new return of premium (ROP) products that offer a higher sum assured at affordable pricing.
- The non-par segment has a ticket size of ~Rs 90,000 per policy, which is typically higher than the par business, while ULIPs average at Rs 100,000.

Fig 7 – SBI Life's ULIPs saw strong demand in 9M too

(% of APE)	Q1FY23	H1FY23	9MFY23	FY23	Q1FY24	H1FY24	9MFY24
Individual Savings	81	81	84	83	79	78	82
Par	6	6	5	6	7	5	4
Non-Par	28	26	22	22	19	17	17
ULIP	47	49	56	55	53	56	61
Individual Protection	7	6	6	6	7	5	5
Group Protection	4	5	4	5	5	8	6
Annuity	2	3	3	3	4	4	3
Group Savings	6	5	3	3	5	5	4

Source: Company, BOBCAPS Research

HDFC Life

- At end-9MFY24, APE grew 5% YoY to Rs 86bn. HDFC Life maintained a balanced product mix in 9M with non-par savings at 24% of APE, par products at 24%, ULIPs at 27%, and annuity and protection plans at 7% and 15% respectively.
- The trend of high traction in tier-2 and tier-3 cities continues, with APE in these markets rising at twice the company's growth rate.

Fig 8 – HDFC Life's ULIPs grew in 9M

(% of APE)	Q1FY23	H1FY23	9MFY23	FY23	Q1FY24	H1FY24	9MFY24
ULIP	20	18	18	16	21	24	27
Par	24	26	25	23	21	25	24
Non-par	28	31	33	38	27	24	24
Group	4	2	2	3	4	4	4
Term	17	16	15	13	18	17	15
Annuity	7	7	8	6	9	8	7

Source: Company, BOBCAPS Research

IPRU

- IPRU's APE grew 2% YoY to Rs 54.3bn in 9MFY24, marked by a continued shift in product mix towards ULIPs. The savings segment constituted 81% of total APE and protection made up the balance. Linked APE grew 11% YoY to Rs 17.7bn, whereas non-linked APE declined 5% to Rs 10.5bn. Annuity APE grew 4%.
- Protection share in APE stood at 19% in 9MFY24. Retail protection growth held strong at 56% YoY to Rs 3.4bn (+27% YoY to Rs 1.1bn in Q3), but group term protection business declined 10% YoY in 9M (-2% YoY in Q3) despite an increase in the number of deals because of lower average ticket size.

Fig 9 – IPRU's linked products continue to gain traction

(% of APE)	Q1FY23	H1FY23	9MFY23	FY23	Q1FY24	H1FY24	9MFY24
Savings	78	80	80	83	76	79	81
Linked	40	41	41	36	39	42	45
Non-linked	28	28	29	37	28	27	27
Annuity	6	7	6	6	6	6	6
Group	4	4	4	4	4	4	4
Protection	22	20	20	17	24	21	19

Source: Company, BOBCAPS Research

LIC

- LIC's APE declined 5% for the 9M period to Rs 358bn, with individual APE forming 66% from 62% in the year-ago period.
- The share of non-par business in individual APE has improved from 9.45% in 9MFY23 to 14.04% in 9MFY24, and management is looking to increase it further. At the time of listing in May'22, LIC had set a 15% target for non-par contribution to the product mix, which we believe is likely to be met (and even exceeded) by Q4FY24.
- About 25% of LIC's non-par business continues to be derived from annuities.

Fig 10 – LIC is focused on expanding its non-par business

(% of APE)	9MFY24	9MFY23
Total Individual	65.7	62.4
Individual Par	56.4	56.5
Individual Non-Par	9.2	5.9
Individual Saving	4.0	0.8
Protection	0.4	0.5
Annuity	2.8	2.5
ULIP	2.0	2.1
Group	34.3	37.6

Source: Company, BOBCAPS Research

VNB margin softens

After reporting significant margin expansion in FY23, driven by a bigger percentage of non-par products, life insurers saw pressure on VNB margins during 9MFY24 due to a shift in product mix toward ULIPs. Barring LIC, all private insurers under coverage reported sizeable margin contraction at end-9MFY24. In absolute terms, however, all players except IPRU witnessed YoY growth in VNB for the period.

- SBI Life's VNB margin decreased from 29.6% in 9MFY23 to 28.1% in 9MFY24 but remained the highest among our covered companies. Management has guided for a 28% margin for Q4FY24.
- For HDFC Life, management maintained its guidance of VNB margin neutrality (due to the merger with Exide Life) by the end of FY24.
- IPRU's VNB margin in 9MFY24 decreased materially to 26.7% from 32% in the year-ago period because of (i) a change in product mix towards ULIPs and participating products which carry comparatively lower margins, (ii) higher expense ratios primarily due to higher commissions, (iii) competitive pressure on pricing in both the non-par as well as annuity businesses, and (iv) lower deal sizes in group term policies, indicating that premiums have normalised post Covid.
- For LIC, VNB margin (net) grew 200bps YoY to 16.6% at end-9MFY24 due to a rise in its non-par portfolio, but this is still ~40% lower than the margins of private counterparts. Individual net VNB margin increased from 16% in 9MFY23 to 17.8%, whereas that in the group business increased from 12.3% to 14.3%.

Fig 11 – VNB growth rate tapers in 9MFY24

(Rs bn)	9MFY24	9MFY23	YoY (%)	FY23	FY22	YoY (%)
SBI Life	40.4	36.3	11.3	50.7	37.0	36.9
HDFC Life	22.7	21.6	5.1	36.7	26.8	36.9
IPRU	14.5	17.1	(15.1)	27.7	21.6	27.8
LIC	59.4	54.8	8.3	91.6	76.2	20.2

Source: Company, BOBCAPS Research

Fig 12 – VNB margin softens after a buoyant FY23

(%)	9MFY24	9MFY23	YoY (bps)	FY23	FY22	YoY (bps)
SBI Life	28.1	29.6	(150bps)	30.1	25.9	420bps
HDFC Life	26.5	26.5	0bps	27.6	27.4	20bps
IPRU	26.7	32.0	(530bps)	32.0	28.0	400bps
LIC	16.6	14.6	200bps	16.2	15.1	110bps

Source: Company, BOBCAPS Research

Fig 13 – VNB margin breakdown

(%)	SBI Life	HDFC Life	LIC
Opening VNB Margin – Dec'22	29.6	26.5	14.6
New business mix	(2.0)	0.7	4.9
Change in operating assumptions	0.9	0.1	0.7
Change in economic assumptions	(0.5)	-	-
Fixed cost absorption	-	(0.8)	-
Impact of product benefits	-	-	(3.6)
Closing VNB Margin – Dec'23	28.1	26.5	16.6

Source: Company, BOBCAPS Research | Note: IPRU does not provide the VNB margin breakdown

Focus on agency distribution

LIC has the largest and most productive agency force among life insurers, and private players want to grow this channel. SBI Life's productivity fell in 9MFY24, although it still has the most efficient agency team in terms of individual premium per agent. Both SBI Life and HDFC Life have moved aggressively to raise their agent count by 26% and 19% YoY respectively as at end-9MFY24. Agency channel share in the product mix has been broadly stable for both players at 24% and 18% respectively in 9M. For IPRU the share is ~27%, though the agent count has remained flattish YoY because the company decided to retrench those with lower productivity.

Bancassurance continues to play a key role for all private players except IPRU. For HDFC Life, the channel's share in individual APE improved from 56% in FY23 to 65% at end-9MFY24. The company announced partnership with three banks during the nine-month period, i.e. Karnataka Bank, Karur Vysya Bank and NKGSB Co-operative Bank. SBI Life has largely maintained its share at 65% of total APE. For IPRU, APE sourced through the bancassurance channel declined 7% YoY to Rs 15.1bn, forming just 28% share. The company has 42 bank partnerships (3 added in 9MFY24), providing access to over 20,300 branches for the distribution of its products.

Although direct distribution generates only 10-15% of business, life insurance firms are focused on investing in technology, particularly to enhance their websites and mobile apps, in a bid to improve customer experience in the direct investment mode.

Fig 14 – Distribution mix by APE: Expanding business through both the bancassurance and agency channels

(%)	Q1FY23	H1FY23	9MFY23	FY23	Q1FY24	H1FY24	9MFY24
SBI Life							
Bancassurance	63	63	66	64	65	60	65
Agency	26	25	25	26	25	26	24
Others	11	12	9	10	10	14	11
HDFC Life*							
Bancassurance	56	61	58	56	60	64	65
Brokers and Others	7	7	9	11	8	7	6
Agency	16	15	18	20	20	18	18
Direct	22	17	15	13	12	11	11
IPRU							
Bancassurance	35	32	30	29	29	28	28
Agency	22	24	26	26	24	26	27
Direct	11	12	13	12	15	14	15
Partnership distribution	11	12	12	15	12	13	13
Group	21	20	20	17	20	18	18

Source: Company, BOBCAPS Research | *The above data is based on APE, except for HDFC Life which is based on individual APE

Fig 15 – LIC continues to have the most productive agency force

Particulars	9MFY24	9MFY23	YoY (%)
Individual Premium (Rs bn)			
SBI Life	38.6	34.2	13.0
HDFC Life	15.9	12.6	26.4
IPRU	18.0	18.2	(1.3)
LIC	370.1	372.2	(0.6)
Agents (Nos.)			
SBI Life	2,43,590	1,93,635	25.8
HDFC Life	1,87,693	1,58,312	18.6
IPRU	2,01,672	2,01,948	(0.1)
LIC	13,73,761	13,22,586	3.9
Annualised individual premium per agent (Rs '000)			
SBI Life	211	235	(10.2)
HDFC Life	113	106	6.6
IPRU	118	120	(1.1)
LIC	358	374	(4.3)

Source: Company, BOBCAPS Research

Persistency trends strengthen

Players reported annual improvement in persistency ratios for most cohorts in 9MFY24. For the 13th month cohort, all covered companies excluding HDFC Life clocked better ratios and all private companies clocked ratios in excess of 85%. For the 61st month, we observed a sharp improvement for private companies, while LIC recorded only a slight decline. Notably, 49th-month persistency was also stronger across our coverage.

The pickup in timely customer payments was the result of (i) higher renewal premium collections through the implementation of customer campaigns, timely client reminders and greater convenience through digital payment platforms, and (ii) a larger proportion of annuities and protection products that typically have longer persistency.

Fig 16 – Improvement in persistency trends a positive

(%)	9MFY24	9MFY23	YoY (bps)
13th month			
SBI Life	85.3	84.6	70bps
HDFC Life	86.0	87.0	(100bps)
IPRU	87.4	86.1	130bps
LIC	78.0	77.6	39bps
25th month			
SBI Life	76.9	76.3	60bps
HDFC Life	79.0	78.0	100bps
IPRU	79.6	77.1	250bps
LIC	71.9	71.3	60bps
37th month			
SBI Life	72.4	73.2	(80bps)
HDFC Life	73.0	71.0	200bps
IPRU	71.5	70	150bps
LIC	67.3	68.3	(103bps)
49th month			
SBI Life	71.6	70.1	150bps
HDFC Life	68.0	64.0	400bps
IPRU	67.1	63.9	320bps
LIC	64.9	64.7	22bps
61st month			
SBI Life	58.1	53.6	450bps
HDFC Life	54.0	52.0	200bps
IPRU	64.9	64.2	70bps
LIC	62.4	62.7	(33bps)

Source: Company, BOBCAPS Research

Pressure on commission ratios

Our private sector universe exhibited uneven expense ratio trends. IPRU saw the highest increase of 360bps YoY to 18.3% in Q3FY24 because of a 570bps YoY rise in commission ratio. HDFC Life's expense ratio grew the least at 15bps YoY to 19.4%. LIC's total expense ratio soared 320bps YoY owing to an increase in opex ratio while its commission ratio dipped marginally. For 9M, all covered players saw commission ratios climb by 25-350bps YoY. SBI Life remains the most cost-effective insurer in terms of total expense ratio, as both commission and opex ratios were comparatively lower.

Renewal commissions were consistent for most players, but some had to pay more to secure single-premium business and stave off competition from bank fixed deposits that appeal to customers in a high-rate environment. We note that insurance businesses now have greater freedom on cost management as regulator IRDA recently replaced the individual cap on commission payments for insurance products with an aggregate cap on insurer management expenses.

Fig 17 – Commission ratios have risen

(%)	Q3FY24	Q3FY23	YoY	9MFY24	9MFY23	YoY
Opex ratio						
SBI Life	4.7	4.5	19bps	5.1	5.2	(7bps)
HDFC Life	11.4	14.5	(312bps)	12.2	14.6	(236bps)
IPRU	8.5	10.7	(214bps)	11.2	11.2	(1bps)
LIC	10.0	6.7	328bps	9.8	10.3	(46bps)
Commission ratio						
SBI Life	5.0	4.6	45bps	4.8	4.5	25bps
HDFC Life	8.0	4.8	327bps	7.3	4.7	266bps
IPRU	9.7	4.0	574bps	7.7	4.1	356bps
LIC	5.6	5.6	(8bps)	5.5	5.0	48bps
Total expense ratio						
SBI Life	9.7	9.1	64bps	9.9	9.7	17bps
HDFC Life	19.4	19.3	15bps	19.5	19.2	30bps
IPRU	18.3	14.7	360bps	18.9	15.3	355bps
LIC	15.5	12.3	320bps	15.3	15.3	2bps

Source: Company, BOBCAPS Research

Glossary

Glossary of Abbreviations			
APE	Average Premium Equivalent	KYC	Know Your Customer
EOM	Expenses of Management	NBP	New Business Premium
EV	Embedded Value	ROEV	Return on Embedded Value
EVOP	Embedded Value Operating Profit	RWRP	Retail Weighted Received Premium
HNI	High Net Worth Individuals	ULIP	Unit Linked Insurance Plan
IRDA	Insurance Regulatory and Development Authority	VNB	Value of New Business
IRR	Internal Rate of Return		

Source: BOBCAPS Research

Stock performance

Fig 18 – HDFCLIFE

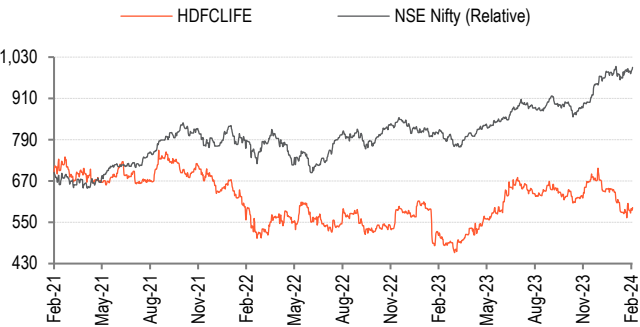


Fig 19 – IPRU

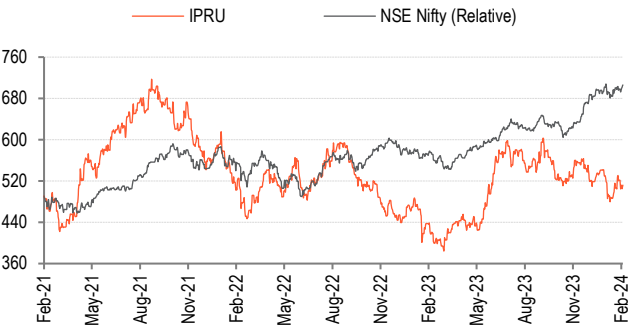


Fig 20 – SBILIFE

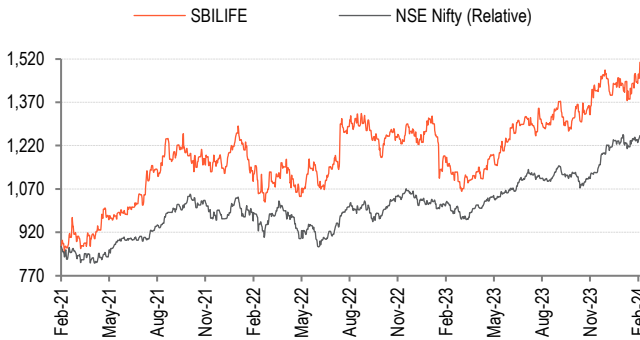
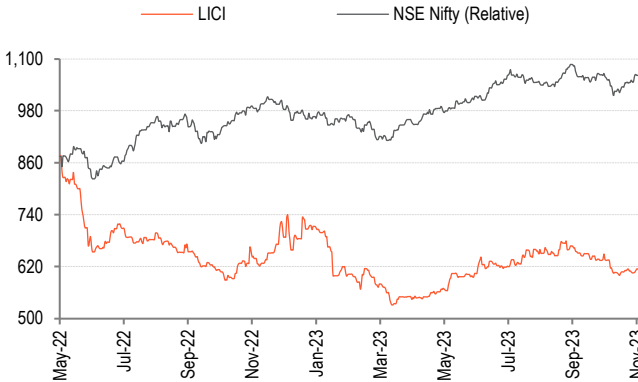


Fig 21 – LIC



Source: NSE

Financials – HDFCLIFE

Revenue Account (Technical)

Y/E 31 Mar (Rs mn)	FY22A	FY23A	FY24E	FY25E	FY26E
Gross premium income	4,59,628	5,75,334	6,64,387	7,61,237	8,80,188
First year premium	80,544	1,13,239	1,20,981	1,38,954	1,61,187
Renewal premium	2,18,080	2,84,483	3,38,064	3,90,188	4,49,771
Single premium	1,61,005	1,77,612	2,05,342	2,32,095	2,69,230
Net written premium	4,53,965	5,67,640	6,55,669	7,51,210	8,68,581
Income from investments	1,92,159	1,25,975	3,68,557	3,95,228	4,47,460
Other Income	7,460	13,439	14,343	15,316	16,311
Total income	6,53,584	7,07,054	10,38,569	11,61,753	13,32,351
Commissions	19,403	28,868	42,259	43,598	50,404
Operating expenses	53,591	84,693	94,605	1,06,586	1,23,250
Benefits and bonuses paid	3,18,637	3,88,723	3,63,313	4,71,474	5,47,378
Change in liabilities (net)	2,46,815	1,85,862	5,13,293	5,09,041	5,77,406
Others	0	0	0	0	0
Total expenses	6,38,446	6,88,146	10,13,470	11,30,699	12,98,438
Surplus before tax	15,137	18,908	25,100	31,054	33,913
Provision for tax	5,541	5,319	10,456	11,631	13,231
Surplus after tax	9,597	13,589	14,643	19,423	20,682
Trf to shareholders' a/c	10,093	14,689	13,542	17,301	18,122
Balance being FFA	(497)	(1,101)	1,101	2,123	2,560

Income Statement (Non-technical)

Y/E 31 Mar (Rs mn)	FY22A	FY23A	FY24E	FY25E	FY26E
Trf from policyholders' a/c	10,093	14,689	13,542	17,301	18,122
Income from investments	7,894	7,197	11,556	11,858	13,637
Contr. to policyholders' fund	5,694	8,797	9,237	9,699	10,184
Others	(492)	(368)	(492)	(629)	(780)
PBT	11,801	12,722	15,369	18,830	20,794
Provision for taxation	(276)	(877)	384	471	520
PAT	12,077	13,599	14,985	18,360	20,274
Dividend+Interim div.+DDT	4,135	4,056	5,337	5,337	5,337

Balance Sheet

Y/E 31 Mar (Rs mn)	FY22A	FY23A	FY24E	FY25E	FY26E
Equity	1,54,859	1,29,868	1,39,287	1,52,310	1,67,247
Policyholders' funds	18,30,312	22,06,290	28,60,781	33,69,822	39,47,228
FFA	9,409	12,354	14,207	15,912	17,822
Others	1,09,313	1,28,737	1,38,757	1,42,134	1,58,178
Total liabilities	21,03,892	24,77,249	31,53,033	36,80,178	42,90,475
Shareholders' funds	1,52,379	1,31,319	1,57,583	1,81,220	2,08,403
Policyholders' funds	10,83,110	14,64,485	19,91,597	23,99,839	28,91,281
Assets to cover linked liab.	8,06,215	7,92,015	9,10,817	9,83,682	10,62,377
Others	62,188	89,430	93,036	1,15,437	1,28,415
Total assets	21,03,892	24,77,249	31,53,033	36,80,178	42,90,475

Key Metrics

Y/E 31 Mar	FY22A	FY23A	FY24E	FY25E	FY26E
AUM (Rs mn)	20,41,704	24,00,000	30,86,990	35,98,693	42,05,087
NBP (Rs mn)	2,41,548	2,90,851	3,26,323	3,71,049	4,30,417
APE (Rs mn)	97,580	1,33,400	1,44,107	1,65,134	1,91,555
VNB (Rs mn)	26,737	36,818	38,188	44,586	51,720
VNB margin (%)	27.4	27.6	26.5	27.0	27.0
Embedded value (Rs mn)	3,00,470	3,94,988	4,75,439	5,54,723	6,47,484
ROEV (%)	16.6	19.6	18.2	17.8	17.7
ROE (%)	10.0	9.6	11.1	12.6	12.7
Opex ratio (%)	12.2	14.7	14.2	13.9	13.9
Cost ratio (%)	16.4	19.7	20.5	19.7	19.7
Solvency ratio (%)	175.7	203.2	183.2	180.4	180.0
EPS (Rs)	5.9	6.4	7.0	8.6	9.5
BVPS (Rs)	75.7	60.8	65.2	71.3	78.3
EVPS (Rs)	146.8	185.0	222.7	259.8	303.3

Source: Company, BOBCAPS Research

Financials – IPRU

Revenue Account (Technical)

Y/E 31 Mar (Rs mn)	FY22A	FY23A	FY24E	FY25E	FY26E
Gross premium income	3,74,580	3,99,328	4,03,660	4,28,408	4,59,343
First year premium	59,655	64,938	63,882	70,335	76,649
Renewal premium	2,19,557	2,25,203	2,35,014	2,42,106	2,56,202
Single premium	95,367	1,09,187	1,04,764	1,15,967	1,26,492
Net written premium	3,63,213	3,85,595	3,89,445	4,13,576	4,43,302
Income from investments	2,49,695	99,646	4,60,280	3,29,949	3,46,426
Other Income	22,737	19,540	20,827	22,085	23,444
Total income	6,35,645	5,04,781	8,70,551	7,65,609	8,13,171
Commissions	16,729	18,639	30,997	31,387	33,394
Operating expenses	37,011	46,458	44,120	47,076	50,680
Benefits and bonuses paid	2,93,588	3,10,042	3,43,559	3,49,474	3,72,567
Change in liabilities (net)	2,57,837	98,170	4,19,934	3,02,407	3,14,229
Others	0	0	0	0	0
Total expenses	6,05,166	4,73,309	8,38,610	7,30,345	7,70,870
Surplus before tax	30,479	31,473	31,942	35,265	42,301
Provision for tax	8,576	8,451	10,117	8,358	8,805
Surplus after tax	21,904	23,021	21,825	26,907	33,496
Trf to shareholders' a/c	19,609	20,162	19,816	24,080	30,292
Balance being FFA	2,295	2,860	2,009	2,827	3,204

Income Statement (Non-technical)

Y/E 31 Mar (Rs mn)	FY22A	FY23A	FY24E	FY25E	FY26E
Trf from policyholders' a/c	21,602	20,162	19,816	24,080	30,292
Income from investments	10,114	8,761	13,004	12,073	13,884
Contr. to policyholders' fund	21,611	18,024	18,926	19,872	20,865
Others	(1,002)	(1,009)	(1,010)	(1,031)	(1,052)
PBT	9,103	9,890	12,884	15,250	22,259
Provision for taxation	364	862	1,196	1,433	2,134
PAT	8,739	9,027	11,688	13,817	20,125
Dividend+Interim div.+DDT	793	864	1,440	1,440	1,440

Balance Sheet

Y/E 31 Mar (Rs mn)	FY22A	FY23A	FY24E	FY25E	FY26E
Equity	91,631	1,00,918	1,07,430	1,18,887	1,36,651
Policyholders' funds	21,71,190	22,83,724	25,05,743	28,08,149	31,22,378
FFA	13,833	16,693	12,520	13,146	17,089
Others	1,67,748	1,57,138	1,40,761	1,56,585	1,95,090
Total liabilities	24,44,402	25,58,472	27,66,453	30,96,766	34,71,208
Shareholders' funds	98,535	98,514	1,18,217	1,35,949	1,56,342
Policyholders' funds	7,73,880	9,43,110	10,36,577	11,99,002	13,88,259
Assets to cover linked liab.	15,08,663	14,40,581	15,12,610	16,63,871	18,30,258
Others	63,324	76,268	99,049	97,944	96,349
Total assets	24,44,402	25,58,472	27,66,453	30,96,766	34,71,208

Key Metrics

Y/E 31 Mar	FY22A	FY23A	FY24E	FY25E	FY26E
AUM (Rs mn)	24,04,920	25,11,910	26,86,309	30,16,868	33,91,643
NBP (Rs mn)	1,55,022	1,74,125	1,68,646	1,86,302	2,03,142
APE (Rs mn)	77,330	86,400	84,693	93,319	1,01,710
VNB (Rs mn)	21,652	27,648	22,444	25,196	27,462
VNB margin (%)	28.0	32.0	26.5	27.0	27.0
Embedded value (Rs mn)	3,16,250	3,56,338	4,08,849	4,67,313	5,32,720
ROEV (%)	11.0	17.4	15.1	14.7	14.3
ROE (%)	8.2	8.4	10.3	11.4	15.0
Opex ratio (%)	9.8	11.5	10.8	10.8	10.9
Cost ratio (%)	14.3	16.1	18.5	18.2	18.2
Solvency ratio (%)	204.5	208.9	201.1	208.9	213.2
EPS (Rs)	5.3	5.6	7.5	9.0	13.4
BVPS (Rs)	63.8	70.2	74.7	82.7	95.1
EVPS (Rs)	220.2	248.0	284.4	325.1	370.6

Source: Company, BOBCAPS Research

Financials – SBILIFE

Revenue Account (Technical)

Y/E 31 Mar (Rs mn)	FY22A	FY23A	FY24E	FY25E	FY26E
Gross premium income	5,87,596	6,73,156	7,82,666	9,16,454	10,67,145
First year premium	1,29,415	1,51,971	1,73,884	2,04,672	2,39,466
Renewal premium	3,33,023	3,77,270	4,28,685	4,94,106	5,72,998
Single premium	1,25,158	1,43,915	1,80,098	2,17,676	2,54,681
Net written premium	5,84,323	6,65,810	7,73,943	9,06,267	10,54,948
Income from investments	2,35,679	1,32,601	5,04,872	2,55,153	2,78,411
Other Income	10,270	17,573	19,289	21,199	23,716
Total income	8,30,272	8,15,985	12,98,103	11,82,619	13,57,076
Commissions	21,583	30,625	37,489	44,871	52,253
Operating expenses	30,153	34,224	40,425	47,212	57,557
Benefits and bonuses paid	3,13,398	3,02,875	4,59,312	4,15,816	5,19,984
Change in liabilities (net)	4,37,619	4,10,031	7,17,131	6,30,656	6,77,601
Others	0	0	0	0	0
Total expenses	8,02,753	7,77,754	12,54,357	11,38,554	13,07,395
Surplus before tax	27,519	38,231	43,746	44,065	49,681
Provision for tax	8,681	9,668	15,942	12,994	14,941
Surplus after tax	18,838	28,562	27,804	31,070	34,741
Trf to shareholders' a/c	17,324	27,072	26,020	29,023	32,485
Balance being FFA	1,513	1,491	1,784	2,047	2,255

Income Statement (Non-technical)

Y/E 31 Mar (Rs mn)	FY22A	FY23A	FY24E	FY25E	FY26E
Trf from policyholders' a/c	17,324	27,072	26,020	29,023	32,485
Income from investments	9,831	7,945	10,312	11,475	14,344
Contr. to policyholders' fund	(9,821)	(17,075)	(18,758)	(20,634)	(23,110)
Others	(1,726)	(357)	(543)	(655)	(789)
PBT	15,608	17,584	17,030	19,209	22,930
Provision for taxation	(548)	(379)	(426)	(480)	(573)
PAT	15,060	17,206	16,605	18,729	22,356
Dividend+Interim div.+DDT	2,003	2,504	3,004	3,004	3,004

Balance Sheet

Y/E 31 Mar (Rs mn)	FY22A	FY23A	FY24E	FY25E	FY26E
Equity	1,16,223	1,30,175	1,42,849	1,58,573	1,77,925
Policyholders' funds	24,74,190	28,57,634	35,74,765	42,05,421	48,83,022
FFA	9,936	11,427	11,770	12,006	12,246
Others	81,723	96,630	99,529	1,01,519	1,03,550
Total liabilities	26,82,072	30,95,866	38,28,913	44,77,519	51,76,742
Shareholders' funds	1,00,758	1,12,087	1,45,713	1,82,141	2,27,677
Policyholders' funds	11,21,307	12,98,702	16,68,422	20,75,166	23,96,259
Assets to cover linked liab.	14,26,253	16,32,555	17,95,811	19,75,392	21,72,931
Others	33,754	52,521	2,18,966	2,44,820	3,79,875
Total assets	26,82,072	30,95,866	38,28,913	44,77,519	51,76,742

Key Metrics

Y/E 31 Mar	FY22A	FY23A	FY24E	FY25E	FY26E
AUM (Rs mn)	26,74,000	30,73,390	36,27,396	42,41,336	47,84,395
NBP (Rs mn)	2,54,574	2,95,886	3,53,982	4,22,348	4,94,147
APE (Rs mn)	1,43,000	1,68,100	1,93,898	2,28,805	2,67,702
VNB (Rs mn)	37,037	50,700	54,291	65,209	77,633
VNB margin (%)	25.9	30.1	28.0	28.5	29.0
Embedded value (Rs mn)	3,96,030	4,60,600	5,51,038	6,60,081	7,90,817
ROEV (%)	20.7	22.9	20.3	20.3	20.3
ROE (%)	13.7	14.0	12.2	12.4	13.3
Opex ratio (%)	5.1	5.1	5.1	5.1	5.4
Cost ratio (%)	8.7	9.6	9.9	10.0	10.3
Solvency ratio (%)	204.8	215.4	204.5	203.2	199.3
EPS (Rs)	15.0	17.2	16.6	18.7	22.3
BVPS (Rs)	116.2	130.1	142.7	158.4	177.8
EVPS (Rs)	395.5	459.9	550.2	659.1	789.6

Source: Company, BOBCAPS Research

Financials – LIC1

Revenue Account (Technical)

Y/E 31 Mar (Rs mn)	FY22A	FY23A	FY24E	FY25E	FY26E
Gross premium income	42,80,250	47,46,681	46,44,673	50,65,887	55,71,275
First year premium	3,66,493	3,90,899	3,83,081	4,02,236	4,30,392
Renewal premium	22,90,928	24,26,175	25,63,538	27,10,890	28,95,207
Single premium	16,22,828	19,29,607	16,98,054	19,52,762	22,45,676
Net written premium	42,74,192	47,40,046	46,37,706	50,58,289	55,62,918
Income from investments	29,28,945	30,63,901	35,15,978	38,20,280	41,53,108
Other Income	7,795	76,485	45,891	50,480	55,528
Total income	72,94,206	78,81,734	81,99,575	89,29,048	97,71,555
Commissions	2,36,912	2,55,804	2,58,534	2,80,979	3,00,106
Operating expenses	3,83,709	4,81,456	3,83,186	4,05,271	4,45,702
Benefits and bonuses paid	35,74,649	34,25,768	35,87,960	39,88,928	43,53,181
Change in liabilities (net)	29,72,776	34,33,828	38,52,798	40,17,838	43,02,883
Others	0	0	0	0	0
Total expenses	71,68,046	75,96,855	80,82,478	86,93,016	94,01,872
Surplus before tax	2,19,032	4,32,250	2,58,141	3,70,023	4,96,974
Provision for tax	78,786	52,429	30,977	44,403	59,637
Surplus after tax	1,40,246	3,79,822	2,27,164	3,25,620	4,37,337
Trf to shareholders' a/c	1,21,935	3,59,077	2,27,164	3,25,620	4,37,337
Balance being FFA	18,311	20,744	0	0	0

Income Statement (Non-technical)

Y/E 31 Mar (Rs mn)	FY22A	FY23A	FY24E	FY25E	FY26E
Trf from policyholders' a/c	1,21,935	3,59,077	2,27,164	3,25,620	4,37,337
Income from investments	2,012	11,478	32,300	50,164	59,461
Contr. to policyholders' fund	83,275	1,301	0	0	0
Others	5	4,716	0	0	0
PBT	40,677	3,73,971	2,59,464	3,75,785	4,96,798
Provision for taxation	236	594	412	599	795
PAT	40,441	3,73,377	2,59,052	3,75,185	4,96,004
Dividend+Interim div.+DDT	9,487	18,973	31,622	37,947	44,271

Balance Sheet

Y/E 31 Mar (Rs mn)	FY22A	FY23A	FY24E	FY25E	FY26E
Equity	1,04,091	4,56,694	6,78,741	10,08,091	14,50,751
Policyholders' funds	4,14,71,016	4,44,15,434	4,82,68,232	5,22,86,070	5,65,88,952
FFA	2,38,858	2,61,592	2,84,284	3,07,948	3,33,290
Others	18,344	39,187	39,187	39,187	39,187
Total liabilities	4,15,93,452	4,49,11,314	4,89,86,160	5,33,33,347	5,80,78,891
Shareholders' funds	64,121	2,93,635	5,57,382	6,99,540	8,86,750
Policyholders' funds	3,89,56,935	4,18,91,778	4,57,44,576	4,97,62,413	5,40,65,296
Assets to cover linked liab.	2,39,386	2,63,095	0	0	0
Others	23,33,009	24,62,806	26,84,202	28,71,394	31,26,844
Total assets	4,15,93,452	4,49,11,314	4,89,86,160	5,33,33,347	5,80,78,891

Key Metrics

Y/E 31 Mar	FY22A	FY23A	FY24E	FY25E	FY26E
AUM (Rs mn)	4,08,48,327	4,39,72,046	4,74,89,810	5,12,88,994	5,53,92,114
NBP (Rs mn)	19,89,322	23,20,506	20,81,135	23,54,997	26,76,068
APE (Rs mn)	5,28,776	5,83,860	5,52,887	5,97,512	6,54,960
VNB (Rs mn)	76,190	91,560	93,991	1,04,565	1,17,893
VNB margin (%)	15.1	16.2	17.0	17.5	18.0
Embedded value (Rs mn)	54,14,930	58,22,440	66,12,613	72,74,366	80,02,681
ROEV (%)	11.9	10.9	9.1	8.6	8.6
ROE (%)	11.9	10.9	9.1	8.6	8.6
Opex ratio (%)	9.0	10.1	8.3	8.0	8.0
Cost ratio (%)	14.5	15.5	13.8	13.5	13.4
Solvency ratio (%)	184.5	187.2	195.5	195.3	194.8
EPS (Rs)	6.4	57.6	39.9	58.1	77.0
BVPS (Rs)	16.5	72.2	107.3	159.4	229.4
EVPS (Rs)	856.1	920.5	1,045.6	1,150.2	1,265.3

Source: Company, BOBCAPS Research

NOT FOR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES OF AMERICA ("US") OR IN OR INTO ANY OTHER JURISDICTION IF SUCH AN ACTION IS PROHIBITED BY APPLICABLE LAW.

Disclaimer

Name of the Research Entity: **BOB Capital Markets Limited**

Registered office Address: **1704, B Wing, Parinee Crescenzo, G Block, BKC, Bandra East, Mumbai 400051**

SEBI Research Analyst Registration No: **INH000000040 valid till 03 February 2025**

Brand Name: **BOBCAPS**

Trade Name: **www.barodaetrade.com**

CIN: **U65999MH1996GOI098009**



Investments in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Recommendation scale: Recommendations and Absolute returns (%) over 12 months

BUY – Expected return >+15%

HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

Analyst certification

The research analyst(s) authoring this report hereby certifies that (1) all of the views expressed in this research report accurately reflect his/her personal views about the subject company or companies and its or their securities, and (2) no part of his/her compensation was, is, or will be, directly or indirectly, related to the specific recommendation(s) or view(s) in this report. Analysts are not registered as research analysts by FINRA and are not associated persons of BOB Capital Markets Limited (BOBCAPS).

General disclaimers

BOBCAPS is engaged in the business of Stock Broking and Investment Banking. BOBCAPS is a member of the National Stock Exchange of India Limited and BSE Limited and is also a SEBI-registered Category I Merchant Banker. BOBCAPS is a wholly owned subsidiary of Bank of Baroda which has its various subsidiaries engaged in the businesses of stock broking, lending, asset management, life insurance, health insurance and wealth management, among others.

BOBCAPS's activities have neither been suspended nor has it defaulted with any stock exchange authority with whom it has been registered in the last five years. BOBCAPS has not been debarred from doing business by any stock exchange or SEBI or any other authority. No disciplinary action has been taken by any regulatory authority against BOBCAPS affecting its equity research analysis activities.

BOBCAPS is also a SEBI-registered intermediary for the broking business having SEBI Single Registration Certificate No.: INZ000159332 dated 20 November 2017.

BOBCAPS prohibits its analysts, persons reporting to analysts, and members of their households from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover. Additionally, BOBCAPS prohibits its analysts and persons reporting to analysts from serving as an officer, director, or advisory board member of any companies that the analysts cover.

Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein.

This material should not be construed as an offer to sell or the solicitation of an offer to buy any security in any jurisdiction. We are not soliciting any action based on this material. It is for the general information of BOBCAPS's clients. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Before acting on any advice or recommendation in this material, clients should consider whether it is suitable for their particular circumstances and, if necessary, seek professional advice. BOBCAPS research reports follow rules laid down by Securities and Exchange Board of India and individuals employed as research analysts are separate from other employees who are performing sales trading, dealing, corporate finance advisory or any other activity that may affect the independence of its research reports.

The price and value of the investments referred to in this material and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance, future returns are not guaranteed and a loss of original capital may occur. BOBCAPS does not provide tax advice to its clients, and all investors are strongly advised to consult with their tax advisers regarding any potential investment in certain transactions — including those involving futures, options, and other derivatives as well as non-investment-grade securities — that give rise to substantial risk and are not suitable for all investors. The material is based on information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied on as such. Opinions expressed are our current opinions as of the date appearing on this material only. We endeavour to update on a reasonable basis the information discussed in this material, but regulatory, compliance, or other reasons may prevent us from doing so.

We and our affiliates, officers, directors, and employees, including persons involved in the preparation or issuance of this material, may from time to time have "long" or "short" positions in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein and may from time to time add to or dispose of any such securities (or investment). We and our affiliates may assume an underwriting commitment in the securities of companies discussed in this document (or in related investments), may sell them to or buy them from customers on a principal basis, and may also perform or seek to perform investment banking or advisory services for or relating to these companies and may also be represented in the supervisory board or any other committee of these companies.

For the purpose of calculating whether BOBCAPS and its affiliates hold, beneficially own, or control, including the right to vote for directors, one per cent or more of the equity shares of the subject company, the holdings of the issuer of the research report is also included.

BOBCAPS and its non-US affiliates may, to the extent permissible under applicable laws, have acted on or used this research to the extent that it relates to non-US issuers, prior to or immediately following its publication. Foreign currency denominated securities are subject to fluctuations in exchange rates that could have an adverse effect on the value or price of or income derived from the investment. In addition, investors in securities such as ADRs, the value of which are influenced by foreign currencies, effectively assume currency risk. In addition, options involve risks and are not suitable for all investors. Please ensure that you have read and understood the Risk disclosure document before entering into any derivative transactions.

No part of this material may be (1) copied, photocopied, or duplicated in any form by any means or (2) redistributed without BOBCAPS's prior written consent.

Company-specific disclosures under SEBI (Research Analysts) Regulations, 2014

The research analyst(s) or his/her relatives do not have any material conflict of interest at the time of publication of this research report.

BOBCAPS or its research analyst(s) or his/her relatives do not have any financial interest in the subject company. BOBCAPS or its research analyst(s) or his/her relatives do not have actual/beneficial ownership of one per cent or more securities in the subject company at the end of the month immediately preceding the date of publication of this report.

The research analyst(s) has not received any compensation from the subject company or third party in the past 12 months in connection with research report/activities. Compensation of the research analyst(s) is not based on any specific merchant banking, investment banking or brokerage service transactions.

BOBCAPS or its research analyst(s) is not engaged in any market making activities for the subject company.

The research analyst(s) has not served as an officer, director or employee of the subject company.

BOBCAPS or its associates may have material conflict of interest at the time of publication of this research report.

BOBCAPS's associates may have financial interest in the subject company. BOBCAPS's associates may hold actual / beneficial ownership of one per cent or more securities in the subject company at the end of the month immediately preceding the date of publication of this report.

BOBCAPS or its associates may have managed or co-managed a public offering of securities for the subject company or may have been mandated by the subject company for any other assignment in the past 12 months.

BOBCAPS may have received compensation from the subject company in the past 12 months. BOBCAPS may from time to time solicit or perform investment banking services for the subject company. BOBCAPS or its associates may have received compensation from the subject company in the past 12 months for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory services in a merger or specific transaction. BOBCAPS or its associates may have received compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past 12 months.

Other disclaimers

BOBCAPS and MAYBANK (as defined below) make no representation or warranty, express or implied, as to the accuracy or completeness of any information obtained from third parties and expressly disclaim the merchantability, suitability, quality and fitness of this report. The information in this report has not been independently verified, is provided on an "as is" basis, should not be relied on by you in connection with any contract or commitment, and should not be used as a substitute for enquiries, procedures and advice which ought to be undertaken by you. This report also does not constitute an offer or solicitation to buy or sell any securities referred to herein and you should not construe this report as investment advice. All opinions and estimates contained in this report constitute BOBCAPS's judgment as of the date of this report and are subject to change without notice, and there is no obligation on BOBCAPS or MAYBANK to update this report upon issuance. This report and the information contained herein may not be reproduced, redistributed, disseminated or copied by any means without the prior consent of BOBCAPS and MAYBANK.

To the full extent permitted by law neither BOBCAPS, MAYBANK nor any of their respective affiliates, nor any other person, accepts any liability howsoever arising, whether in contract, tort, negligence, strict liability or any other basis, including without limitation, direct or indirect, special, incidental, consequential or punitive damages arising from any use of this report or the information contained herein. By accepting this report, you agree and undertake to fully indemnify and hold harmless BOBCAPS and MAYBANK from and against claims, charges, actions, proceedings, losses, liabilities, damages, expenses and demands (collectively, the "Losses") which BOBCAPS and/or MAYBANK may incur or suffer in any jurisdiction including but not limited to those Losses incurred by BOBCAPS and/or MAYBANK as a result of any proceedings or actions brought against them by any regulators and/or authorities, and which in any case are directly or indirectly occasioned by or result from or are attributable to anything done or omitted in relation to or arising from or in connection with this report.

Distribution into the United Kingdom ("UK"):

This research report will only be distributed in the United Kingdom, in accordance with the applicable laws and regulations of the UK, by Maybank Securities (London) Ltd ("MSL") who is authorised and regulated by the Financial Conduct Authority ("FCA") in the United Kingdom (MSL and its affiliates are collectively referred to as "MAYBANK"). BOBCAPS is not authorized to directly distribute this research report in the UK.

This report has not been prepared by BOBCAPS in accordance with the UK's legal and regulatory requirements.

This research report is for distribution only to, and is solely directed at, selected persons on the basis that those persons: (a) are eligible counterparties and professional clients of MAYBANK as selected by MAYBANK solely at its discretion; (b) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended from time to time (the "Order"), or (c) fall within Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc. as mentioned in the stated Article) of the Order; (all such persons together being referred to as "relevant persons").

This research report is directed only at relevant persons and must not be acted on or relied on by any persons who are not relevant persons. Any investment or investment activity to which this material relates is available only to relevant persons and will be engaged in only with relevant persons.

The relevant person as recipient of this research report is not permitted to reproduce, change, remove, pass on, distribute or disseminate the data or make it available to third parties without the written permission of BOBCAPS or MAYBANK. Any decision taken by the relevant person(s) pursuant to the research report shall be solely at their costs and consequences and BOBCAPS and MAYBANK shall not have any liability of whatsoever nature in this regard.

No distribution into the US:

This report will not be distributed in the US and no US person may rely on this communication.

Other jurisdictions:

This report has been prepared in accordance with SEBI (Research Analysts) Regulations and not in accordance with local regulatory requirements of any other jurisdiction. In any other jurisdictions, this report is only for distribution (subject to applicable legal or regulatory restrictions) to professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions by Maybank Securities Pte Ltd. (Singapore) and / or by any broker-dealer affiliate or such other affiliate as determined by Malayan Banking Berhad.

If the recipient of this report is not as specified above, then it should not act upon this report and return the same to the sender.

By accepting this report, you agree to be bound by the foregoing limitations.