January 2026

Initiating Coverage | Sector: Financials – Insurance

Canara HSBC Life Insurance

Banca-led compounding story in the offing!

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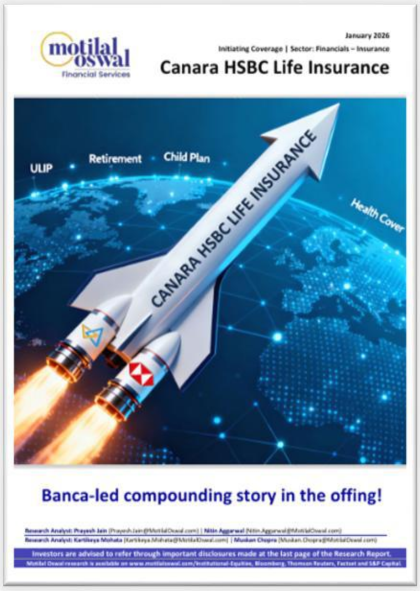


Banca-led compounding story in the offing!

- Canara HSBC Life Insurance (CANHSBC) is one of the top-10 life insurance companies in India. It has a diversified product mix, with ULIP/Non-Par/Par/Protection contributing 50%/34%/8%/8% in 1HFY26. The business is primarily led by the bancassurance channel, with Canara Bank/HSBC contributing 70%/15% in 1HFY26.
- Over the past decade (FY15-25), CANHSBC has outperformed the overall industry and private segment with a CAGR of 22% in APE. Resultantly, its market share has increased by 90bp/110bp during the period within the industry/private segment.
- We expect the product mix to shift back to Linked/Non-Linked mix of 40:60 over the next couple of years as demand for protection gets a natural fillip from GST exemption, credit protect picks up with increasing attachment rates, and interest rate cuts drive up the Non-Par share.
- We expect CANHSBC to report a CAGR of 20%/23% in APE/VNB during FY25-28E. VNB margins are likely to expand by 50bp each year over the next couple of years owing to a favorable product mix and scale benefits, which are partially offset by investment in the agency channel. Operating RoEV is likely to be above 17% and solvency is likely to be above 200% in the foreseeable future.
- We value the company at 1.7x FY28E P/EV to arrive at a TP of INR180. Initiate coverage with a BUY rating.

Canara HSBC Life Insurance

BSE Sensex	S&P CNX
83,878	25,790

CMP: INR146 **TP: INR180 (+23%)** **Buy**

Banca-led compounding story in the offing!

Bancassurance efficiency improvement to drive growth

- **Canara HSBC Life Insurance (CANHSBC) is one of the top-10 life insurance companies in India. It has a diversified product mix, with ULIP/Non-Par/Par/Protection contributing 50%/34%/8%/8% in 1HFY26. The business is primarily led by the bancassurance channel, with Canara Bank/HSBC contributing 70%/15% in 1HFY26.**
- **Over the past decade, CANHSBC has outperformed the overall industry and private segment with a CAGR of 22% in APE. Resultantly, its market share has increased by 90bp/110bp during the period within the industry/private segment.**
- **We believe the industry is well positioned to deliver strong growth traction, aided by 1) increasing penetration (India's penetration at 2.8% vs. global 2.9%), 2) GST exemption tailwind, 3) narrowing protection gap in the country (83% in India, highest among peers), and 4) expected favorable regulations such as risk-based solvency, composite license etc.**
- **Within this industry framework, we believe CANHSBC can continue to gain market share as it increases its penetration among Canara Bank customers, scales up cross-selling in the HSBC channel, builds a strong agency channel, and develops relationship with new-age distributors.**
- **CANHSBC has just 1.7% penetration among Canara Bank's (72.5% of FY25 individual APE; FY22-25 CAGR of 21%) ~120m customers and its branch productivity is at just INR1.6m vs. INR5m+ for other private banks. With Canara Bank investing significantly in digital tools to do customer segmentation, we see a strong growth trajectory for CANHSBC going ahead.**
- **HSBC (13% of FY25 individual APE; FY22-25 CAGR of 19%) provides access to high-quality customers like NRIs, affluent segments, employer-employee groups, and ~1m credit card base. The expansion plans of HSBC, along with its retail focus, can further expand the premier and profitable clientele for CANHSBC.**
- **We expect the product mix to shift back to Linked/Non-Linked mix of 40:60 over the next couple of years as demand for protection gets a natural fillip from GST exemption, credit protection picks up with increasing attachment rates, and interest rate cuts drive up the Non-Par share.**
- **We expect CANHSBC to report a CAGR of 20%/23% in APE/VNB during FY25-28E. VNB margins are likely to expand by 50bp each year over the next couple of years owing to a favorable product mix and scale benefits, which are partially offset by investment in the agency channel. Operating RoEV is likely to be above 17% and solvency is likely to be above 200% in the foreseeable future.**
- **We value the company at 1.7x FY28E P/EV to arrive at a TP of INR180. Initiate coverage with a BUY rating.**

Life insurance industry well poised for strong growth

- India's life insurance industry continues to be underpenetrated, with premium/sum assured as a percentage of GDP standing at 2.8%/85%, much lower than its Asian peers – Singapore at 7.4%/332%, Thailand at 3.4%/143%, and Malaysia at 3.7%/153%. Protection gap for India is at 83% vs. 55%/71%/74% in Singapore/Thailand/Malaysia.
- APE growth in India has been 12% for the past decade, and private players have increased their market share to 65% from 47%. This growth has been achieved despite several regulatory changes in the past five years, such as the implementation of new surrender charges, taxation changes, and EOM regulations.

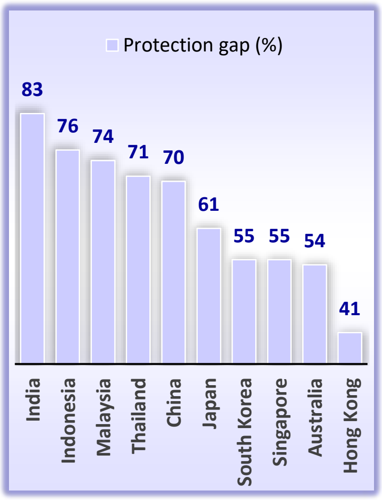
Stock Info

Bloomberg	CANHLIFE IN
Equity Shares (m)	950
M.Cap.(INRb)/(USDb)	138.3 / 1.5
52-Week Range (INR)	158 / 106
1, 6, 12 Rel. Per (%)	20/-/-
12M Avg Val (INR M)	429
Free float (%)	38.0

Financial Snapshot (INR b)

Y/E March	2026E	2027E	2028E
Net Premiums	96.0	112.3	131.7
Sh.PAT	1.4	1.6	1.9
APE	28.0	33.5	40.1
APE growth (%)	19.6	19.6	19.8
VNB	5.5	6.7	8.2
VNB margin (%)	19.5	20.0	20.5
RoE (%)	8.6	9.2	10.0
RoEV (%)	17.1	17.3	17.8
AUM	460.1	534.2	622.4
EV per share	75	88	103
Valuations			
P/EV (x)	2.0	1.7	1.4
P/EVOP (x)	13.3	11.3	9.4

Protection gap highest in India



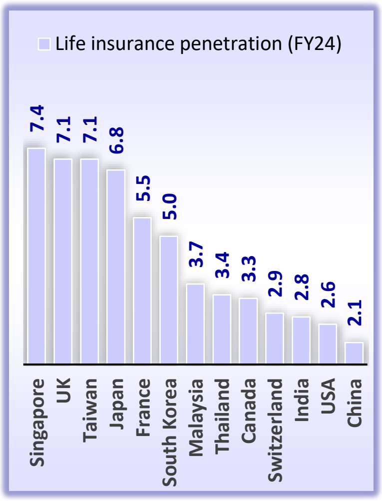
With under-penetration and strong regulatory support, we expect the industry to clock 16-18% APE CAGR over the medium term.

- Going ahead, we expect favorable regulatory changes such as implementation of risk-based solvency, which should release capital for future growth, and composite license, which will allow insurance companies to offer more products. With under-penetration and strong regulatory support, we expect the industry to clock 16-18% APE CAGR over the medium term.
- In terms of channels, the bancassurance channel will continue to dominate for the private players, but proprietary channels such as agency and online should grow as insurers enter lower-tier cities. In terms of the product mix, we expect the share of protection (led by GST exemption) and non-par savings (declining interest rates) to increase at the cost of ULIPs.

Canara Bank will be the growth bedrock

- Canara Bank's customer segmentation, complete focus on analytics-driven business model, TAT-tracked lead disposition, and performance-linked branch activation have opened the doors for long-term growth for CANHSBC.
- Productivity in FY25 was just INR1.6m premium/branch against SBI's INR6.8m, reflecting a massive headroom for growth. Even a partial convergence to ~INR2.8m premium/ branch will lead to a FY25-28 CAGR of 21%.
- The embedded base of ~80m insurable customers ensures long-duration, low-CAC growth visibility.

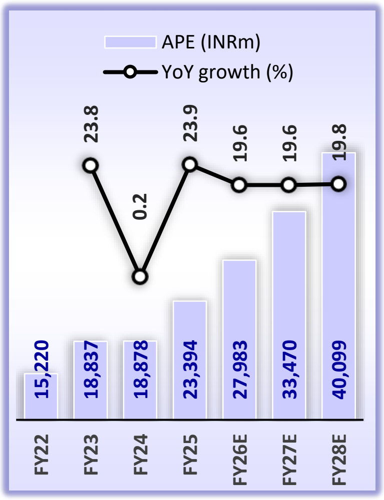
Penetration remains low in India



HSBC to further augment growth

- HSBC serves as a structurally important second pillar in the distribution architecture. The bank's distribution model is characterized by deeper advisory-led selling, higher RM engagement per customer, and more consistent renewal behavior.
- Additionally, HSBC's distribution capability extends through corporate salary accounts, international banking clients, and digitally engaged users across its expanding India network, enabling the insurer to widen its reach without proportional fixed-cost buildup.
- The bank has recently gotten approval to add 20 more branches (current branch count is 26). If the bank improves its existing branch productivity to INR115m premium/branch and 75% productivity in new branches, will result in a FY25-28 CAGR of 19%.

CANHSBC's APE growth expected to be at ~20%



Investing in agency channel, spreading wings among other partners

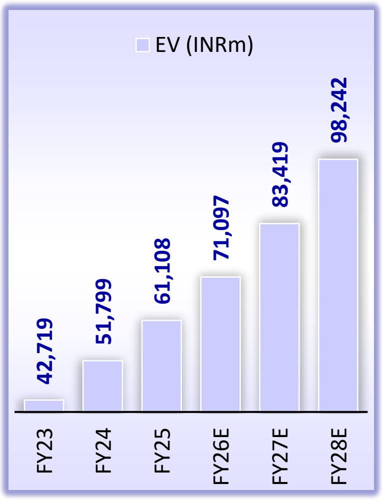
- Diversification through the agency channel is expected to be a low-capex model that leverages existing bancassurance tech and onboarding infrastructure. The Canara brand offers a natural right-to-win in agent recruitment similar to how SBI Life scaled its ~270,000 agent base. While it may dilute margins by ~200bp, the agency channel materially improves its reach into underserved geographies and aligns with long-term VNB growth.
- CANHSBC also benefits from eight regional rural banks, providing access to deep rural geographies, 13 brokers, and three corporate agents, expanding third-party flows. The company's digital direct channel is seeing efforts to scale online traffic through multilingual content marketing. The defense channel offers stable group savings and long-term protection to army personnel. These channels, while still small, provide a long-term hedge against concentration risk and will grow as digital adoption rises.

Shift in the product mix, with non-par demand rising and consistent focus on credit life, with loan attachment rates of 45-50%, continues to be a strong VNB contributor.

VNB margin expansion backed by operational efficiency

- The insurer is witnessing a shift in the product mix, with non-par demand rising (~17% of APE) as guaranteed-return preference strengthens. Protection (~8% of APE) is being supported by differentiated offerings (Promise2Protect, Term ULIP) and rising rider attachment rates. Consistent focus on credit life, with loan attachment rates of 45-50%, continues to be a strong VNB contributor.
- Opex as a percentage of gross premium improved from 13.1% in FY24 to 12.4% in FY25 and is expected to improve further to ~10% by FY28 as automation and AI-driven processes scale up.
- Margin accretion from the product mix shift and operating leverage will more than offset the agency ramp-up costs and the loss of ITC impact by FY28. The company has already passed on the loss of ITC on renewal commissions to the distributor and is in discussions with respect to vendor negotiations to reduce the impact.
- VNB margin has improved from 19.1% in FY25 to 19.6% in 1HFY26 (including 50bp impact from loss of ITC). We expect VNB margin to reach 20.5% in FY28 despite ITC loss and agency ramp-up, driven by (1) product mix shift, (2) higher protection and rider attachments, (3) tech-driven cost efficiency, and (4) stronger persistency.

EV expected to reach ~INR100b by FY28

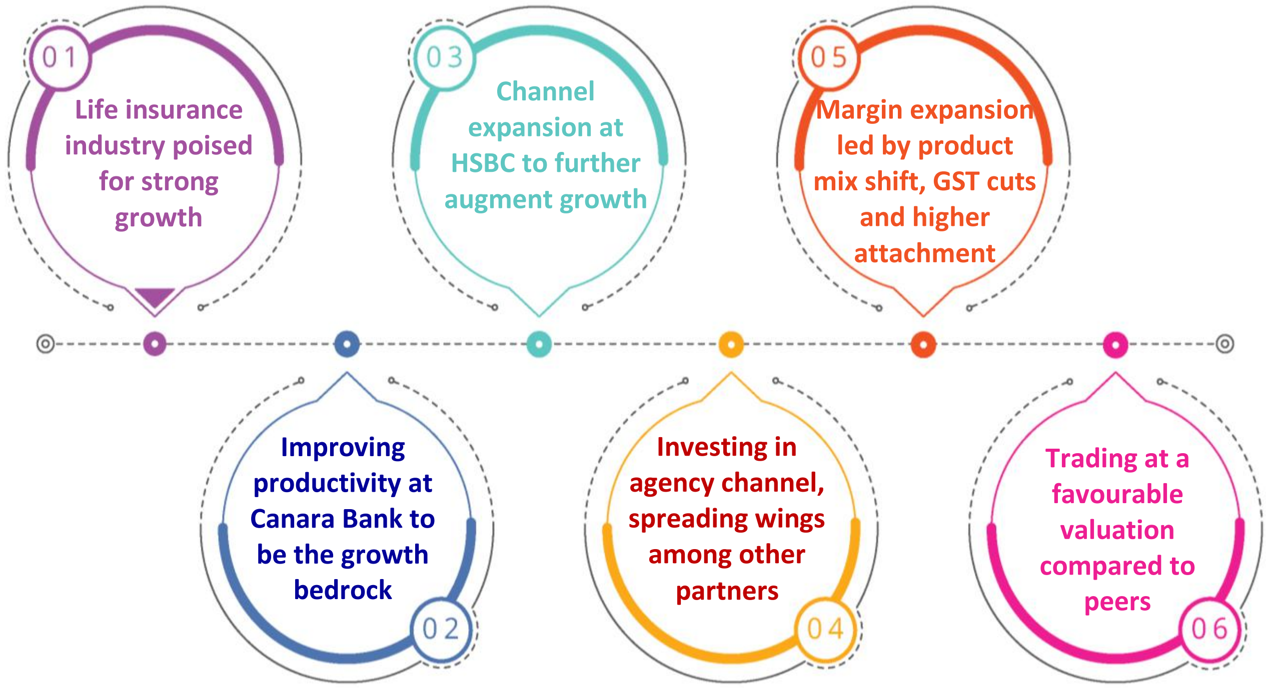


Valuation and view

- CANHSBC offers a rare multi-year compounding opportunity anchored in a structurally improving banca engine, rising contribution from premiumized HSBC flows, and disciplined agency expansion. With one of the most under-penetrated PSU-bank funnels and clear visibility on branch activation, product mix upgrades and operating leverage, we expect the company to deliver 17%+ operating RoEV going ahead despite near-term ITC and agency drag.
- Over FY25-28, we expect a CAGR of 20%/23% in APE/VNB for CANHSBC. We initiate coverage on the stock with a BUY rating and a one-year TP of INR180 (based on 1.7x FY28E P/EV).
- Slower-than-expected branch activation at Canara Bank, weaker persistency, or adverse regulatory changes in banca commission norms could delay the margin and APE compounding trajectory.

STORY IN CHARTS

CANHLIFE: Investment argument



Company snapshot

Canara HSBC LIFE INSURANCE

Bank-led life insurer, leveraging a strong PSU-bank distribution network and a premium global brand. The company focuses on traditional savings and protection products, with improving diversification through agency and third-party channels.

Market share (Private Industry APE %)
- FY23 – 2.5
- FY24 – 2.4
- FY25 – 2.5
- YTDFY26 – 2.9

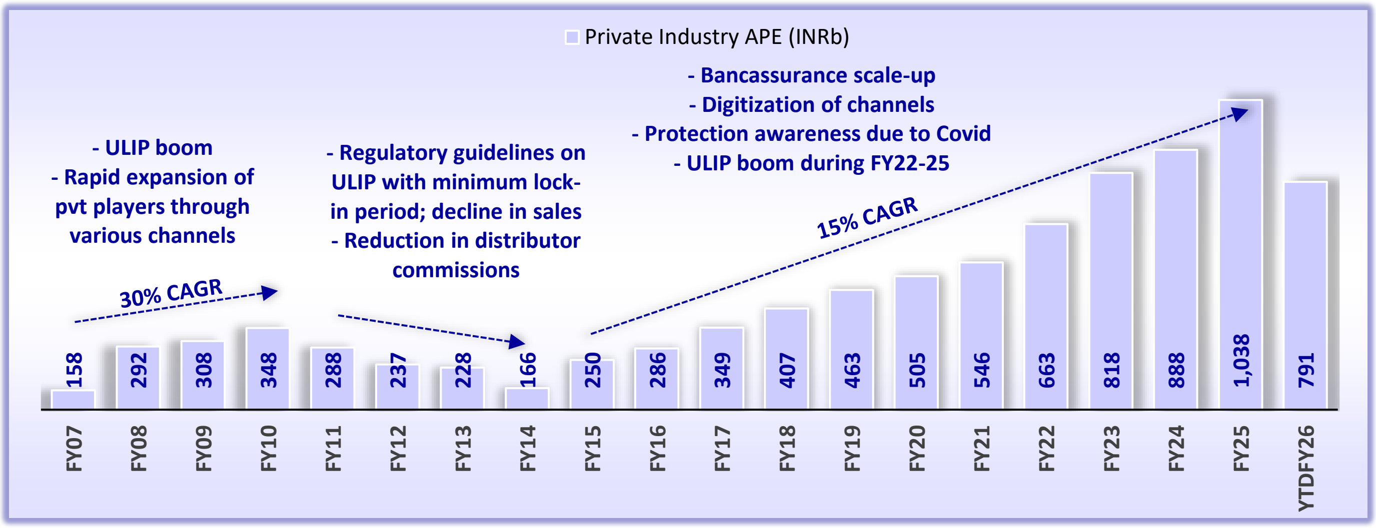
APE (INRb)
- FY23 – 18.8
- FY24 – 18.9
- FY25 – 23.4
- 1HFY26 – 10.9

VNB margin (%)
- FY23 – 20.1
- FY24 – 20.0
- FY25 – 19.1
- 1HFY26 – 19.6

Channel mix – FY25 (Individual WPI %)
- Canara Bk – 72.5
- HSBC – 12.9
- Regional rural banks – 6.3
- Brokers – 3.7
- Direct – 3.6
- Others – 1

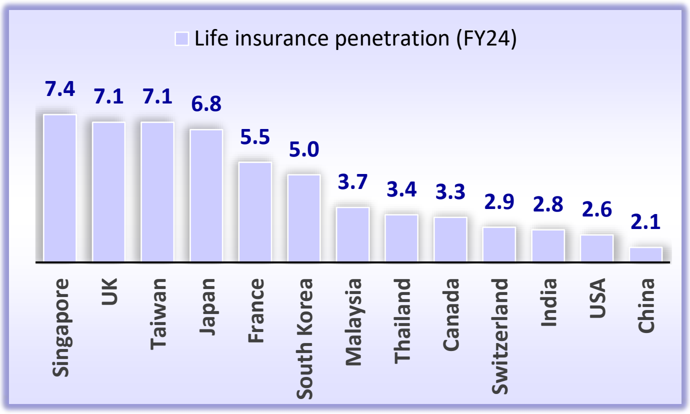
Product mix – 1HFY26
- ULIP – 50
- Savings – 17
- Protection – 8
- Par – 8
- Annuity – 16
- Group savings – 1

Multiple phases witnessed by the life insurance industry; consistent growth over the last decade for private insurers



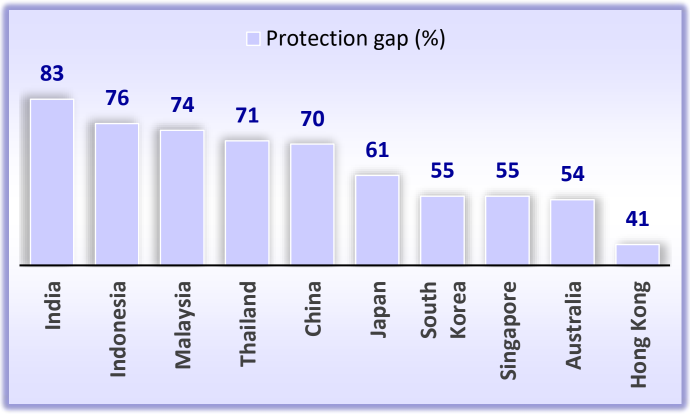
Source: IRDAI, MOFSL

Penetration remains low in India



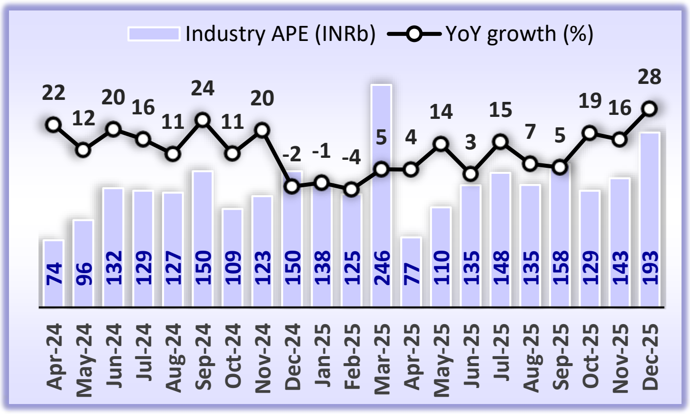
Source: Company, MOFSL

Protection gap highest in India



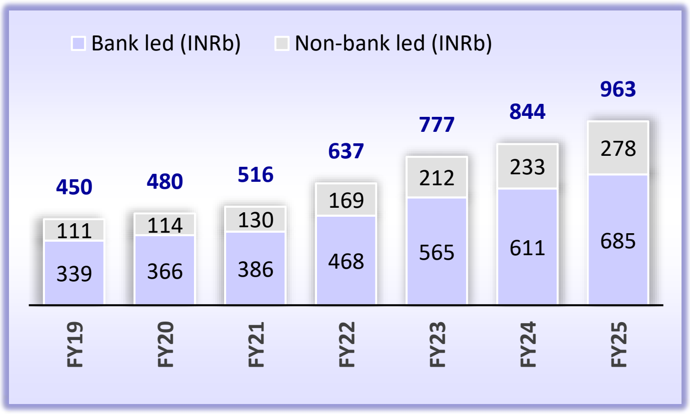
Source: Company, MOFSL

Growth recovery after GST exemption from 22nd Sep'25



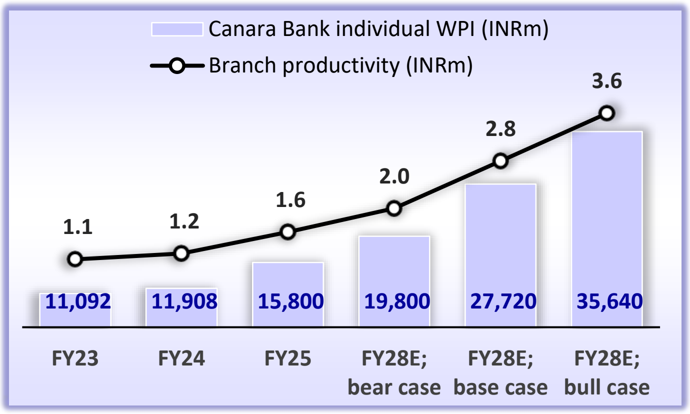
Source: IRDAI, MOFSL

Industry dominated by bank-led players

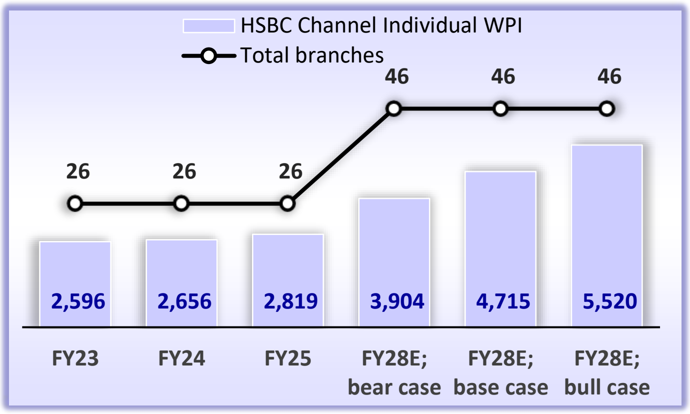


Source: Company, MOFSL

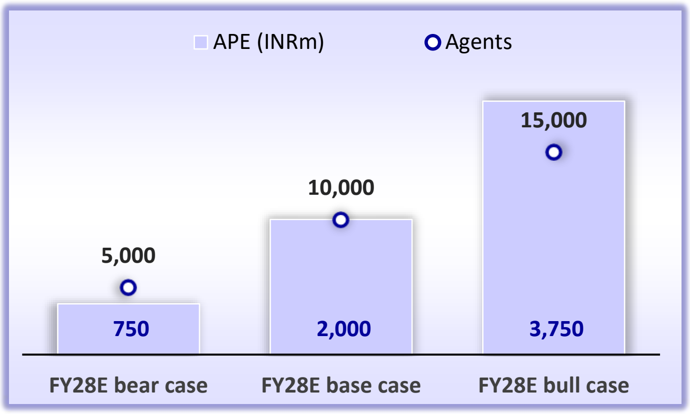
Improvement in Canara Bank's productivity to drive growth



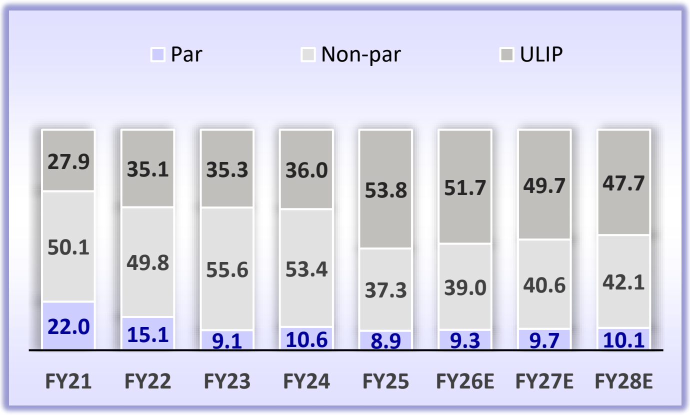
HSBC channel to maintain growth momentum



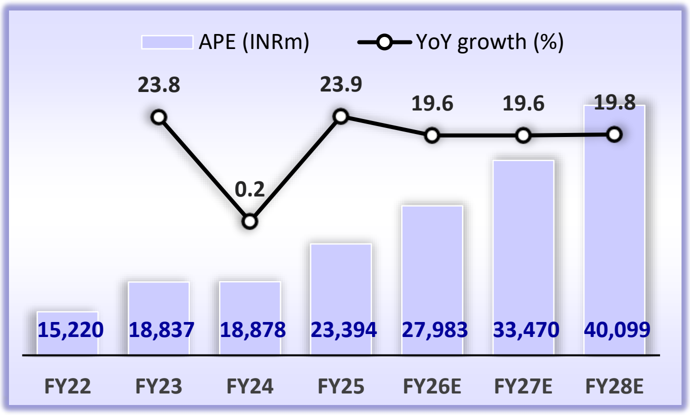
Agency opportunity for channel diversification



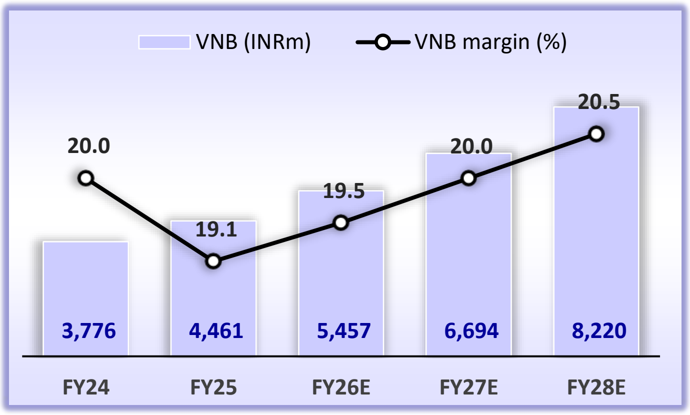
CANHSBC's new business mix



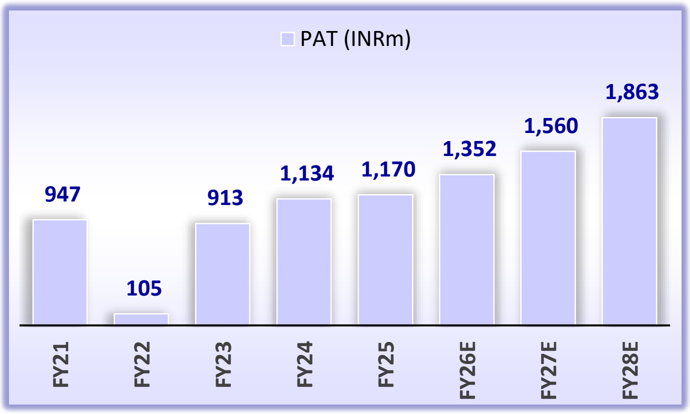
CANHSBC's APE growth expected to be at ~20%



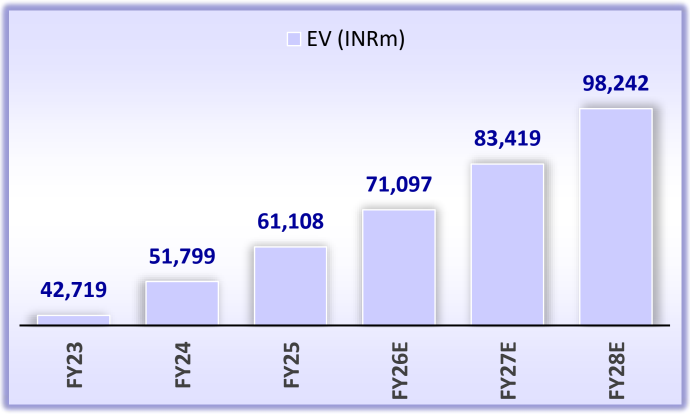
VNB margin to improve ~50bp every year



Strong PAT growth backed by automation



EV expected to reach ~INR100b by FY28



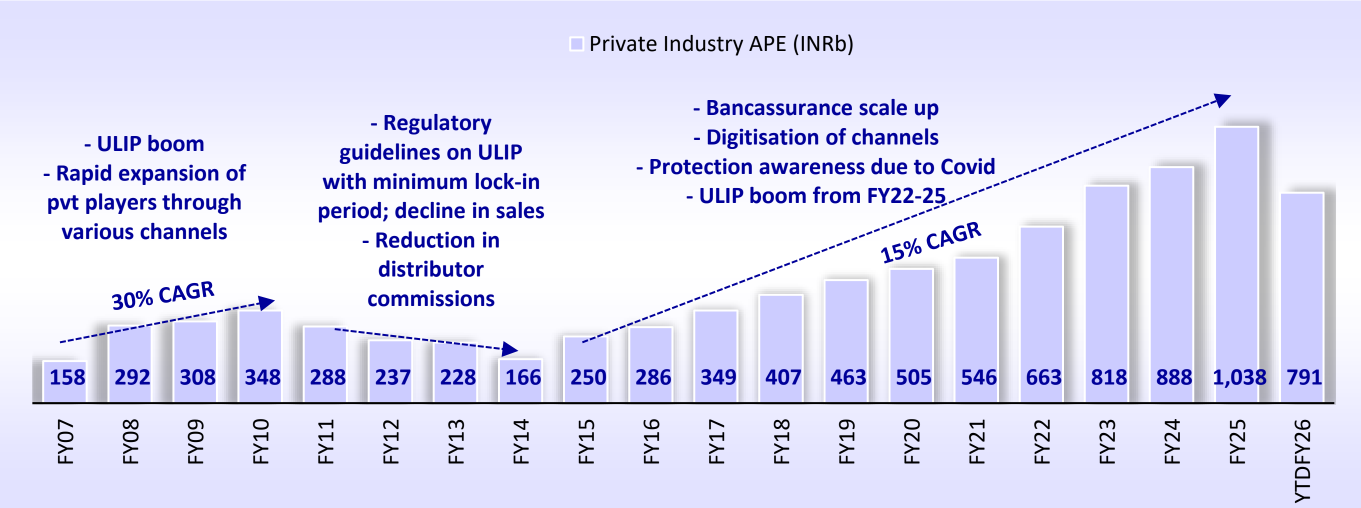
Source: Company, MOFSL

Source: Company, MOFSL

Life insurance industry – underpenetrated amid rising awareness

- Life insurance industry in India has undergone a significant transformation over the years, starting from LIC being established as the sole provider of life insurance to the entry of private life insurance companies in 1999 after the liberalization and the entry of digital players, leading to a digital transformation across the industry.
- While overall industry APE has seen a CAGR of 10.5% over FY18-25, private players have outpaced the industry rate, reporting a CAGR of 14%.

Exhibit 1: Multiple phases witnessed by the life insurance industry; consistent growth over the last decade

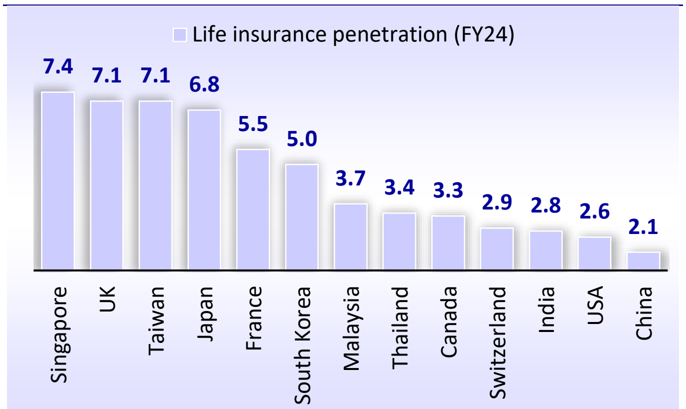


Source: IRDAI, MOFSL

India has one of the highest protection gaps and also the lowest sums assured as a percentage of GDP among its peers.

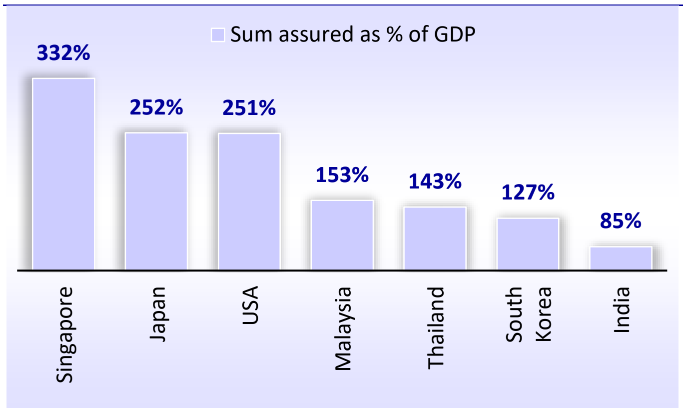
- While the industry has delivered healthy growth over the past decade, India remains one of the most underpenetrated life insurance markets globally, offering a long runway for growth as rising incomes, digitization, and deeper bank-led distribution continue to expand access to insurance.
- India has one of the highest protection gaps and also the lowest sums assured as a percentage of GDP among its peers. This offers an opportunity for protection growth in the life insurance industry, backed by rising middle-income segment, increasing financial literacy and limited life cover. The increased awareness of mortality risk has structurally improved the outlook for protection products. Steady growth in retail loans provides a large opportunity in the credit life segment.
- The rising share of higher-age population provides an opportunity in the retirement segment. With the Indian pension market penetration only at 3%, there is vast headroom for long-term growth.
- Additionally, the industry is expected to benefit from the recent removal of GST on life insurance, which improves affordability and persistency and increases the sum insured. The early signs of a boost in customer interest can be seen in strong 19%/16%/28% YoY APE growth witnessed in Oct'25/ Nov'25/ Dec'25.

Exhibit 2: Penetration in India has been low



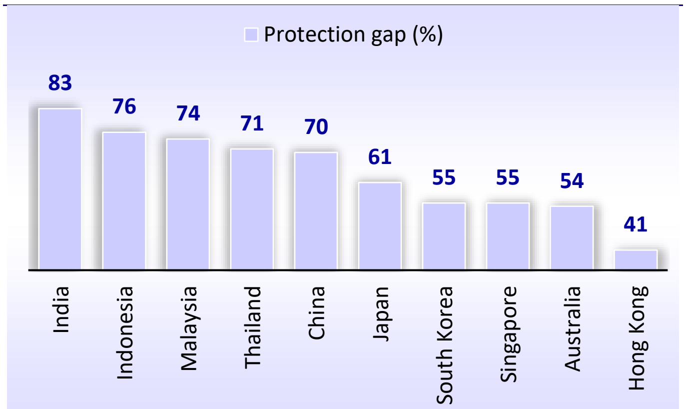
Source: Company, MOFSL

Exhibit 3: Sum assured low compared to global peers



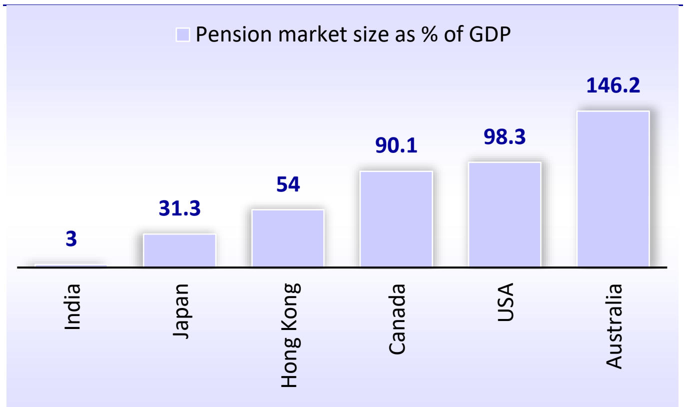
Source: HDFC Life, MOFSL

Exhibit 4: Protection gap highest in India



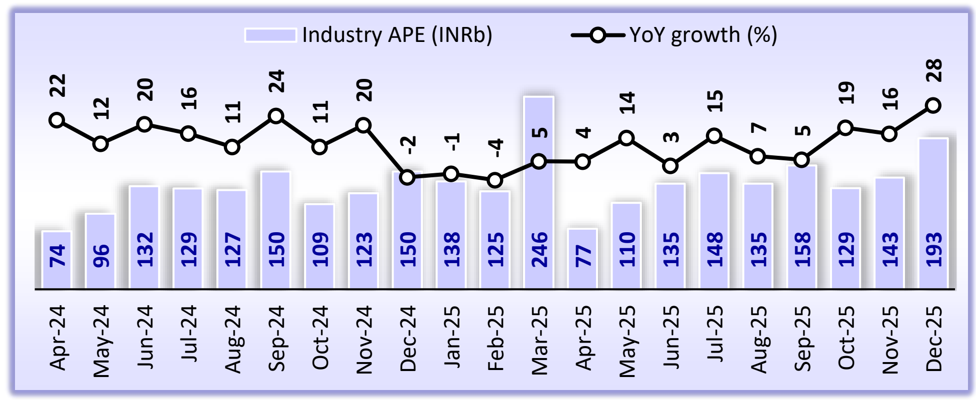
Source: Company, MOFSL

Exhibit 5: Underpenetrated retirement segment



Source: Company, MOFSL

Exhibit 6: Strong APE growth witnessed since Oct'25 after GST exemption



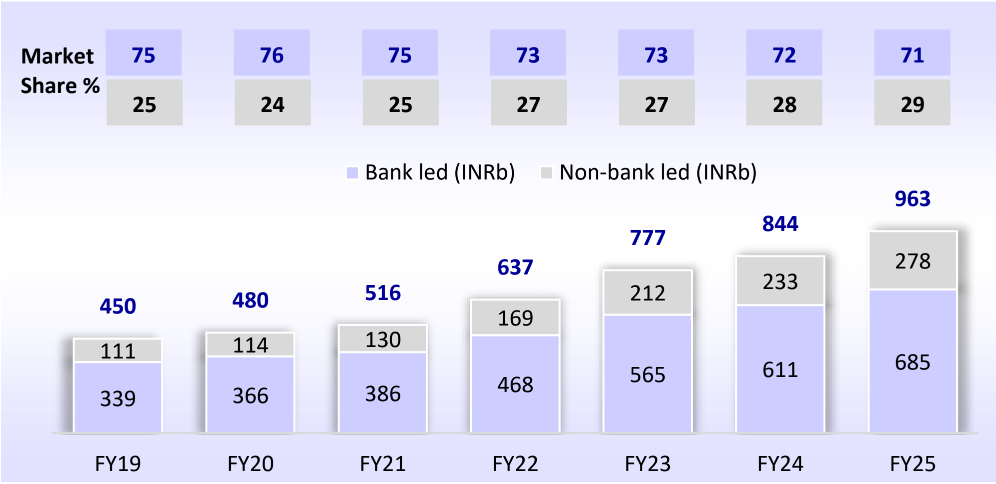
Source: IRDAI, MOFSL

Bank-led insurance players have clocked a ~12% APE CAGR, maintaining their market share above 70%.

Bank-led insurance players maintain dominant market share

- Bank-led life insurance players have maintained their market share at 70-75% in private sector APE over the last several years.
- While private sector APE has seen ~14% CAGR over FY19-25, bank-led insurance players have clocked a ~12% CAGR, maintaining their market share above 70%.
- The key drivers of continued growth momentum are: (1) large captive customer base of banks, which lowers customer acquisition costs, (2) deep integration with branch networks, (3) higher persistency, (4) potential for rider attachment, and (5) brand trust advantage.

Exhibit 7: Bank-led players maintain dominant market share among private life insurers

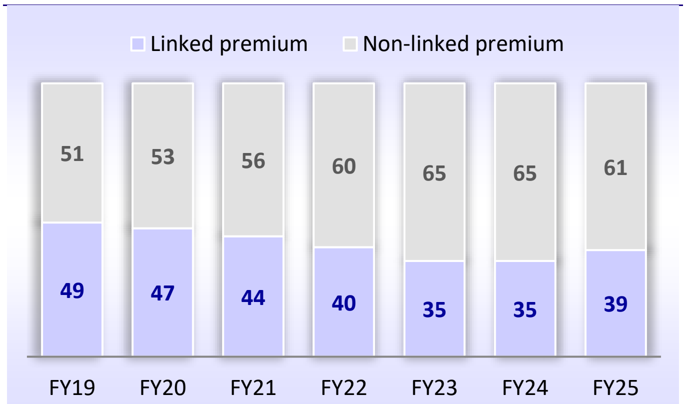


Source: Company, MOFSL

We expect VNB margin of insurers to improve, majorly driven by the product mix shift and higher rider attachment.

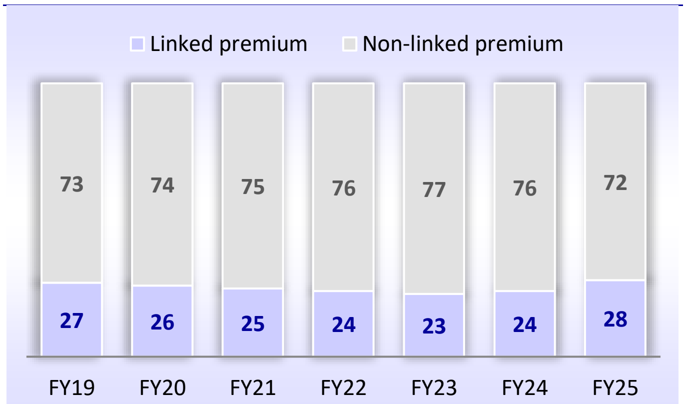
- On a total premium basis, the share of linked insurance products for bank-led players shrank to 35% in FY24 from 49% in FY19, indicating the increasing preference and rising awareness among consumers for non-linked products like non-par savings and annuity products. However, it increased to 39% in FY25, backed by buoyant equity markets.
- From 2HFY25, the demand for ULIPs slowed down owing to weak equity market performance and there has been a shift in the product mix toward higher-margin non-par products, resulting in higher profitability for insurers. Going forward, we expect VNB margin of insurers to improve, majorly driven by the product mix shift and higher rider attachment.

Exhibit 8: Bank-led players' product mix



Source: Company, MOFSL

Exhibit 9: Non-bank-led players' product mix



Source: Company, MOFSL

- The life insurance industry, especially bank-led life insurance players, has leveraged banking channels, along with other distribution channels, to foster growth. Growth for bancassurance network was driven by private life insurance players with banks as promoters and players that have empaneled large private or public sector banks with a strong branch network as their corporate agents.
- There has been an increase in the share of the bancassurance channel and a decline in the share of individual agents in the distribution of individual life insurance products. The companies are leveraging the strong branch presence of their bancassurance partners to drive growth.

Exhibit 10: Bancassurance channel has been a major contributor across players

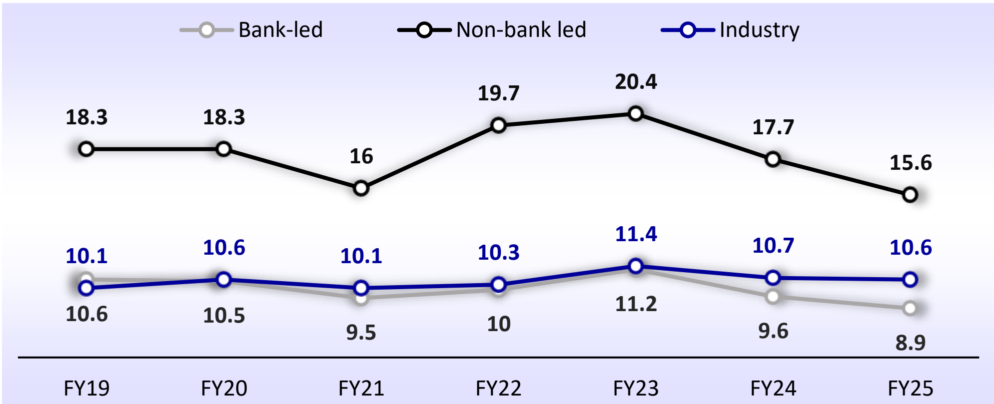
Channel-wise new business share (%)	Bank-led players					Non-bank-led players				
	FY21	FY22	FY23	FY24	FY25	FY21	FY22	FY23	FY24	FY25
Individual agents	20	20	20	21	21	36	34	31	29	28
Banca	60	60	58	57	54	38	39	40	36	36
Other corporate	3	3	4	3	2	5	5	4	4	6
Brokers	2	2	3	3	4	5	7	10	10	11
Direct	15	15	14	16	18	16	14	15	20	19

Source: RBI, Company, MOFSL

Bank-led insurers enjoy structurally higher persistency due to superior customer profiles.

- The operating expense ratio for bank-led insurance players has been consistently lower than that of non-bank-led players for the last few years on account of the increasing adoption of technology and optimization of operating costs by leveraging partners' banca network.
- Bank-led insurers enjoy structurally higher persistency due to superior customer profiles, stronger engagement through bank RMs, and frictionless renewal mechanisms enabled by the banking ecosystem.

Exhibit 11: Bank-led players have superior operational efficiency (opex as % of premium)



Source: Company, MOFSL

Exhibit 12: Higher persistency ratio for bank-led players

Persistency (%)	FY23		FY24		FY25	
	Bank-led	Non-bank-led	Bank-led	Non-bank-led	Bank-led	Non-bank-led
13th month	76.2	70	76.9	70.6	79.18	73.18
25th month	64.8	57.8	67.4	63.2	69.59	59.82
37th month	60.1	50.1	59.9	54.4	64.91	56.91
49th month	54.2	46.8	57.7	51.6	60.43	51.38
61st month	44.7	39.9	47.2	44	53.43	45.14

Source: Company, MOFSL

Recent regulatory developments – efforts to boost penetration

- **GST exemption:** Effective 22nd Sep'25, all individual life insurance policies, including term, ULIPs, and endowment plans, are completely exempt from GST. The move makes policies more affordable, improves returns on investment-linked plans, and encourages wider adoption of insurance. While insurance providers are confident about a stronger growth trajectory, this move has slightly impacted the profitability due to the loss of input tax credit, and efforts are underway to mitigate the impact through commission renegotiations and operational efficiency.

The impact on insurers from surrender value regulations was a potential margin reduction, which was mitigated by revising commission structures

- **Surrender value regulations:** IRDAI, with the aim of increasing policyholder refunds, introduced the surrender charges regulations. These changes give policyholders a larger payout and ensure that insurers pay a minimum value on surrenders after the first year. The impact on insurers was a potential margin reduction, which was mitigated by revising commission structures, while policyholders benefitted from higher refunds and potential reductions in mis-selling due to new commission models.
- **Use and file:** IRDAI has expanded the list of products eligible for the "use-and-file" procedure. Life insurance companies can launch these products without prior approval of IRDAI. The move will enable insurers to launch most of the products (except individual savings, individual pensions and annuity) in a timely manner according to the dynamic needs of the market. This will result in an improvement in the ease of doing business for the insurers and also lead to expansion of the choices available to the policyholders.
- **FDI cap increased from 74% to 100%:** The Parliament approved the increase in FDI cap to 100% from 74%. Of the 26 life insurance companies in India, 20 companies have a foreign partner, of which four partners hold a 74% stake in Indian companies and five partners hold between 49% and 74%.

Composite license will facilitate the entry of more players into the insurance market and provide opportunities to enhance efficiency.

- **A composite license for the insurance sector:** The draft bill proposes significant amendments to the Insurance Act, 1938 (Insurance Act) and the Insurance Regulatory and Development Authority Act, 1999 (IRDA Act), which are stated to primarily focus on enhanced insurance penetration, improved efficiency, and enablement of product innovation and diversification. The proposed amendments facilitate the entry of more players into the insurance market and provide opportunities to enhance the efficiency of the insurance industry.

Exhibit 13: Impact of composite licensing

Existing industry scenario	Industry scenario after composite licensing
✓ Limited operations in specific lines of insurance	❖ A single composite license would allow insurance firms to work in multiple lines of insurance
✓ Limited ability of insurers to diversify their product offerings	❖ Insurers will expand their product portfolios
✓ Limited cross-selling opportunities due to product constraints	❖ Increase in cross-selling opportunities due to diversified product bouquet
✓ Market characterized by specialized insurers, each focusing on a specific type of insurance	❖ Increase in competition across multiple lines of insurance and other financial products
✓ Mergers and acquisitions within the same line of business	❖ Mergers and acquisitions will lead to diversification in offerings

Source: Company, MOFSL

APE has consistently grown at a CAGR of 15% in FY22-25, and the insurer is one of the top-10 private players in the industry with YTDFY26 market share of ~2.9%.

Company overview

- Incorporated in 2007, Canara HSBC Life Insurance has grown into a prominent bank-led private company in the Indian life insurance sector. The company's name was changed from Canara HSBC OBC Life Insurance in 2022 after the merger of Oriental Bank of Commerce with PNB.
- CANHSBC offers a comprehensive range of life insurance products tailored for both individual and group customers. The product portfolio comprises 20 individual products, seven group products and two optional rider benefits, along with policies under the PMJJBY scheme.
- The company's individual premium growth was third highest among bank-led insurers during FY22-25 and second highest in FY25. APE has consistently grown at a CAGR of 15% over FY22-25, with CANHSBC being among the top-10 private players in the industry (YTDFY26 private market share of ~2.9%).
- EV increased from INR42.7b at the end of FY23 to INR65.4b at the end of 1HFY26, with VNB margin in the range of 18-20%. The company has provided coverage to 10.5m+ lives.
- The company has access to 9,800+ Canara Bank branches and ~30 branches of HSBC. The company also has access to the branch network of eight regional rural banks. Active engagement with customers through digital channels, such as website and mobile app enhances its reach across India. Through the defense channel, the focus is on armed forces personnel and their families. The insurer has recently invested in the agency channel and will see meaningful growth from that channel in few years.

Company snapshot

Canara HSBC LIFE INSURANCE

Bank-led life insurer, leveraging a strong PSU-bank distribution network and a premium global brand. The company focuses on traditional savings and protection products, with improving diversification through agency and third-party channels.

Market share (Private Industry APE %)	APE (INRb)	VNB margin (%)	Channel mix – FY25 (Individual WPI %)	Product mix – 1HFY26
FY23 – 2.5 FY24 – 2.4 FY25 – 2.5 YTDFY26 – 2.9	FY23 – 18.8 FY24 – 18.9 FY25 – 23.4 1HFY26 – 10.9	FY23 – 20.1 FY24 – 20.0 FY25 – 19.1 1HFY26 – 19.6	Canara Bk – 72.5 HSBC – 12.9 Regional rural banks – 6.3 Brokers – 3.7 Direct – 3.6 Others – 1	ULIP – 50 Savings – 17 Protection – 8 Par – 8 Annuity – 16 Group savings – 1

Canara Bank – Strategic distribution backbone

Compared to SBI (premium/ branch of INR6.8m and policy/branch of 54.5), CANHSBC's productivity is low (premium/ branch at INR2.1m and policy/branch at 16.8 across a network of 9,849 branches).

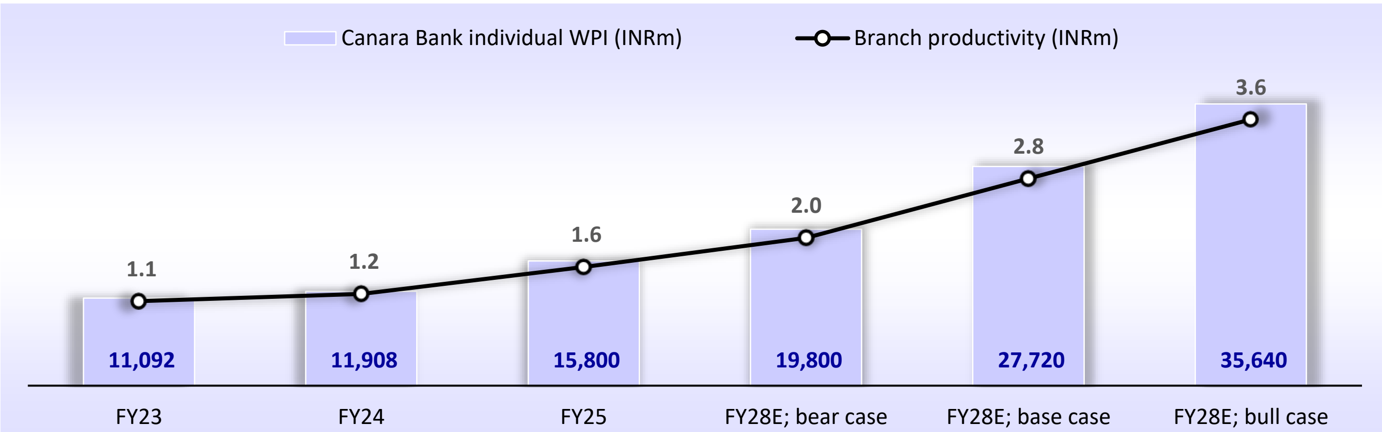
- Canara Bank is the cornerstone of CANHSBC's distribution strategy, contributing ~70% of the company's total premium. With strong branch presence, a large and underpenetrated customer base, and shift toward data-driven cross-selling, Canara Bank offers multi-year visibility on APE compounding for the insurer.
- Public sector banks are witnessing a structural shift toward improving branch productivity and enhancing customer analytics. SBI made this pivot early and hence its productivity has reached to premium per branch of INR6.8m and policy per branch of 54.5 across a network of ~23,000 branches, higher than the peer average.
- Compared to SBI, CANHSBC's productivity remains low across 9,849 branches owing to inactive branches. According to our analysis, improvement in Canara Bank's productivity to 3.6 by FY28 (~1.6 in FY25) and assuming no change in branch network can result in ~2x+ growth in APE from this channel.

Exhibit 14: Canara Bank's branch productivity lower than industry average; headroom for improvement

Insurers	Premium/ branch (INR m)	Policies/ Branch	Corporate Agents - Banks (FY25)	Exclusive banca partner name	Branch network	Customer base (m)
SBI Life	6.8	54.5	13	State Bank of India	22,937	NA
HDFC Life	9.0	66.5	72	HDFC Bank	9,455	98
ICICI Prudential Life	4.4	31.8	48	ICICI Bank, Standard Chartered Bank, NSDL Payment Bank	6,983	NA
Axis MaxLife	9.2	55.1	20	Axis Bank	5,879	59
Kotak Mahindra Life	8.9	62.7	26	Kotak Mahindra Bank	2,148	53
PNB Metlife	2.1	18.8	18	PNB, J&K Bank	10,189	NA
Canara HSBC	**2.1**	**16.8**	**11**	**Canara Bank, HSBC Bank**	**9,849**	**117**
IndiaFirst Life	1.4	18.2	14	Bank of Baroda	8,424	NA
Star Union Dai-ichi Life	1.9	19.5	11	Union Bank, Bank of India	8,619	NA
Average of peers	5.1	38.2				

Source: Company, MOFSL

Exhibit 15: Potential to achieve ~2x APE growth on the bank of improvement in Canara Bank productivity



Source: Canara Bank, MOFSL | Note: Branch network is expected to be at 9,900

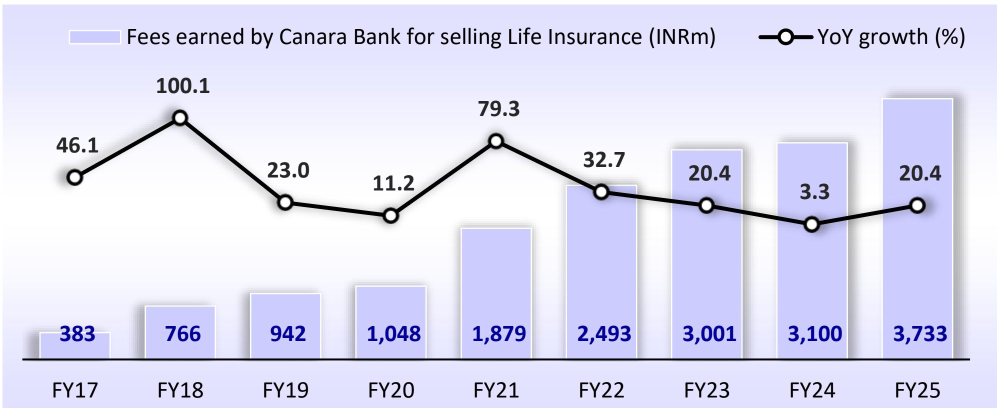
- Apart from a trusted brand name, Canara Bank provides access to ~117m customers, out of which the addressable base is 80m+, giving the insurer a massive embedded customer base without a meaningful customer acquisition cost. The bank has created a framework for lead management, segmentation and data analytics, which will boost channel growth for the insurer. This approach will help in not only identifying customers based on their financial position but also understanding their insurance needs.

The bank is at the forefront in AI and has implemented both Gen AI and Agentic AI use cases by going a level further.

Insurance is being seen as a core strategic lever and Canara Bank branch employees are now empowered with digital lead management and active disposition tracking

- Canara Bank has also increased its focus on retail customers, launching schemes to grow its urban salaried client base, which is a strong fit for traditional insurance offerings. Employee salary accounts will also serve as a key gateway for attachments of the existing protection products.
- The bank is at the forefront in AI and has implemented both Gen AI and Agentic AI use cases by going a level further. The bank has Gen AI use cases to ensure operational efficiency, better customer experience, data-driven decision-making, and better compliance and audit functions. Agentic AI use cases include inspection, data quality management and augmented virtual reality assistance for customers.
- The insurer is building frontline sales staff capability through regular training sessions conducted in their respective native languages, focusing on insurance products and propositions. The aim is to improve operational efficiency, enhance customer satisfaction and ensure a seamless customer experience.
- While the PAT contribution of life insurance operations for Canara Bank has been low (<1%), the bank has witnessed FY20-25 CAGR of 29% in fee income, earning INR3.7b by selling life insurance in FY25. This is faster compared to SBI/ HDFC, which witnessed FY20-25 CAGR of 16%/18% from life insurance.
- Insurance is being seen as a core strategic lever and branch employees are now empowered with digital lead management and active disposition tracking with TAT-based sales accountability.

Exhibit 16: Fees earned by the bank grew ~4x from FY20 to FY25



Source: Canara Bank, MOFSL

Exhibit 17: Canara Bank's fees from life insurance rising faster than peers'

INRm	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Canara Bank	262	383	766	942	1,048	1,879	2,493	3,001	3,100	3,733
SBI	3,799	4,916	7,148	9,519	11,180	12,398	15,675	20,399	22,322	23,560
PNB	865	1,102	1,439	1,776	1,813	2,762	2,940	3,104	3,382	3,585
HDFC Bank	6,618	7,984	11,923	14,734	21,828	27,483	15,565	18,993	30,593	50,270

Source: Bank Annual reports, MOFSL

Exhibit 18: Canara Bank's fee/branch growing gradually but reflects headroom to grow

Fee/ branch ('000)	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Canara Bank	45	63	123	149	166	180	256	309	323	379
SBI	226	286	319	432	505	558	704	910	990	1,027
PNB	128	159	206	254	257	256	291	308	334	352
HDFC Bank	1,464	1,693	2,491	2,887	4,030	4,901	2,454	2,428	3,501	5,317

Source: Bank Annual reports, MOFSL

Growth in branch activation, along with an increase in productivity, can lead to significant growth for the insurer from the Canara Bank channel.

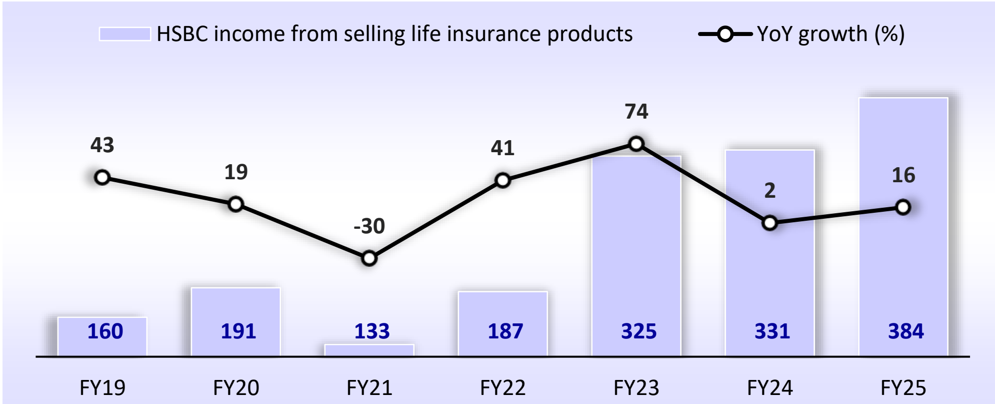
- ~3,500 of 9,800 branches are currently inactive and activation efforts are underway via performance-linked norms and other initiatives. Growth in branch activation, along with an increase in productivity, can lead to significant growth for the insurer from the Canara Bank channel.
- The insurer has integrated with Canara Bank's AI One app, which has 35m users. A special group term product (INR995 premium with INR0.5m cover) has been launched on the app for low-cost customer acquisition and cross-selling/ upselling funnel creation.

Unlocking premium clientele through HSBC

CANHSBC aims to leverage HSBC's MNC client base to grow employer-employee group business with better persistency and ticket sizes.

- CANHSBC can leverage the globally recognized brand equity of HSBC group to develop its own brand visibility and reputation.
- HSBC contributes 15-20% of the insurer's business and is currently selling only CANHSBC's products, with fee income growing at a CAGR of 15% over FY20-25. While its relative share may moderate with faster growth in other channels, absolute business from HSBC is expected to scale up steadily, backed by further branch expansion. High-value segments like Premier, Private Banking, etc., which are underserved so far, are now being actively tapped.

Exhibit 19: HSBC's fee income from life insurance clocked FY20-25 CAGR of 15%



Source: HSBC, MOFSL

Private banking access opens up access to globally connected HNIs, a segment that was previously untapped by the insurer.

- Private banking access opens up access to globally connected HNIs, a segment that was previously untapped by the insurer. CANHSBC has created an NRI outreach program using HSBC's relationship managers, who target globally dispersed customers who are keen to invest in India. This provides a digitally enabled, lead-backed route to expand protection and savings play in the overseas Indian diaspora.
- The insurer aims to leverage HSBC's MNC client base to grow employer-employee group business with better persistency and ticket sizes.
- The insurer is also targeting ~0.9m HSBC credit card customers through low-premium group products to drive entry-level acquisition and enable future cross-selling/upselling opportunities.

Exhibit 20: Select individual products available on HSBC website

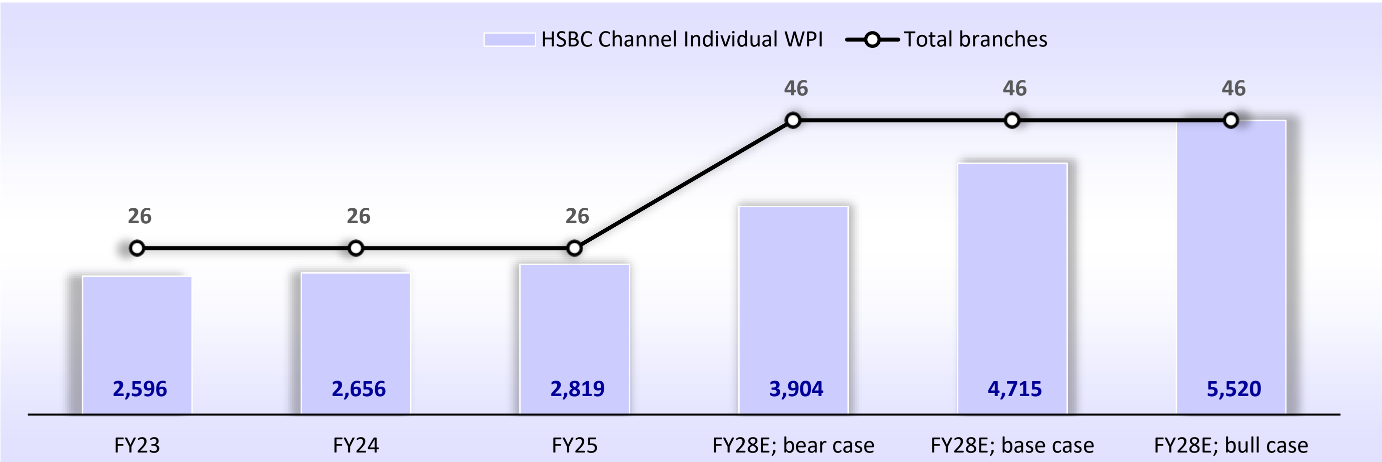
HSBC Channel Products	Features
Promise2Protect	❖ Non-par protection; INR2.5m - minimum sum assured
iSelect Guaranteed Future plan	❖ Non-par savings; Minimum premium of INR20,000 p.a.
Alpha Wealth	❖ ULIP; Minimum premium of INR150,000 p.a.
Group Asset Secure	❖ Group credit life protection; 12 coverage options and can be purchased against all types of loans
Smart Guaranteed pension plan	❖ Deferred Annuity; minimum installment of INR12,000 p.a.
Pension4Life	❖ Annuity; minimum purchase price - INR200,000

Source: HSBC, MOFSL

The additional branches and improvement in productivity (INR108m premium/ branch in FY25) will be the key drivers of growth for HSBC channel going forward.

- The bank currently operates through 26 branches in India and has recently got the approval from the RBI to open 20 new branches covering Tier-2 and beyond cities. The new branches will be serving as additional touchpoints for affluent, HNI and UHNI clients with domestic and international wealth and banking needs, providing further opportunity for high-ticket insurance sales for CANHSBC.
- The additional branches and improvement in productivity (INR108m premium/ branch in FY25) will be the key drivers of growth for this channel going forward. As per our analysis, the premiums can achieve ~1.5x growth during FY25-28, considering improvement in productivity for existing branches and addition of 20 branches.

Exhibit 21: HSBC channel premiums can witness ~1.5x growth from FY25 by FY28



Source: Company, HSBC, MOFSL

Channel diversification by launching agency

The company has recently launched agency distribution channel, which will be crucial in enhancing presence and increasing market penetration in underpenetrated geographies.

- Bancassurance has remained the top distribution channel, aided by distribution agreements with Canara Bank, HSBC India, eight regional rural banks and other bancassurance relationships, which provide access to an aggregate of 15,700 branches across India.
- Emerging channels comprise brokers and other corporate agents, along with direct sales (including sales on own digital platforms). The company has tie-ups with 13 insurance brokers and three corporate agents (other than banca).
- While online direct sales currently account for a modest share of total new business premium, this avenue is gaining traction as more customers become comfortable with online transactions. The company also has a defense channel with tailored long-term saving propositions for armed and paramilitary forces.

Exhibit 22: Banca dominated channel mix of CANHSBC

Channel mix (Individual WPI)	FY22		FY23		FY24		FY25		FY22-25 CAGR %
	INR m	%	INR m	%	INR m	%	INR m	%	
Canara Bank	9,022	65.6	11,093	66.9	11,909	69.9	15,799	72.5	20.5
HSBC India	1,670	12.2	2,596	15.7	2,656	15.6	2,819	12.9	19.1
Regional rural bank	916	6.7	1,166	7.0	1,242	7.3	1,373	6.3	14.4
Other banca	1,548	11.3	72	0.4	163	1.0	194	0.9	-50.0
Brokers & other corp agents	195	1.4	557	3.4	139	0.8	812	3.7	60.9
Direct sales	396	2.9	1,092	6.6	917	5.4	789	3.6	25.9
Total	**13,747**	**100.0**	**16,576**	**100.0**	**17,026**	**100.0**	**21,787**	**100.0**	**16.6**

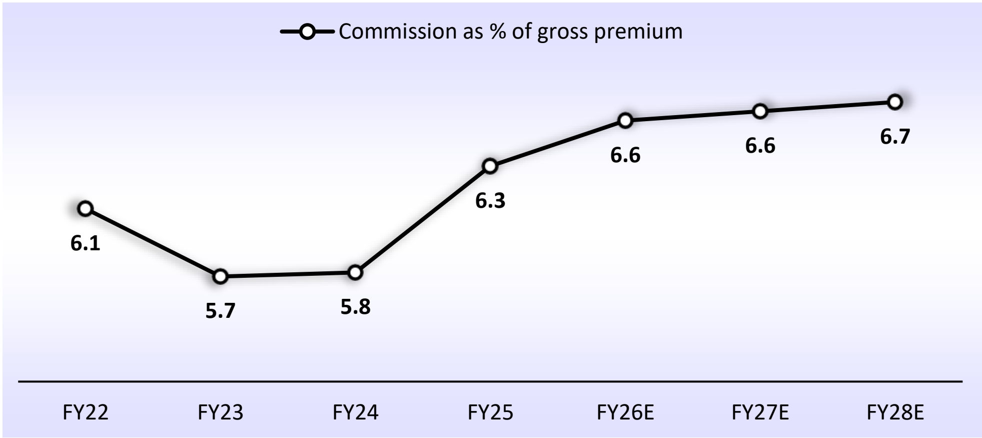
Source: Company, MOFSL

- The company is evaluating new partnerships through the inorganic route, including alliances with additional bancassurance partners such as regional rural banks. It is targeting banks that currently lack bancassurance arrangements. Furthermore, the company is continuously seeking distribution agreements with non-traditional channels such as small finance banks and digital platforms, including brokers and NBFCs. It is also exploring partnerships with Fintech and InsurTech players to expand its reach and innovative capabilities.
- CANHSBC plans to enhance its brand presence in the online domain by increasing traffic to its website through a strategic expansion of digital marketing tools. This strategy involves leveraging social media platforms to capitalize on the cost-effective potential of digital media to engage a broad audience using multilingual content. The company's approach includes broadening its online product offerings and using analytics tools to tailor cross-selling and up-selling efforts based on customer preferences.

The company has recently launched an agency distribution channel, which will be crucial in enhancing its presence and increasing its market penetration in underpenetrated markets and geographies.

- The company has recently launched an agency distribution channel, which will be crucial in enhancing its presence and increasing its market penetration in underpenetrated markets and geographies. Currently, Canara/HSBC contribute 73%/13% of the business and going forward, the growth in the agency channel will lead to a rise in contribution from the alternate channel.
- Agency expansion is being anchored around the insurer's 104 existing branches, ensuring low-cost expansion with minimal incremental capex. Backend tech and onboarding systems, already built for bancassurance, will be adapted for agency with limited customization, driving operational efficiency. Commission as a percentage of gross premium was at 6.3% in FY25 and we expect it to increase to 6.7% by FY28 with the launch of the agency channel.

Exhibit 23: Agency channel expansion to result in slight increase in commission ratio

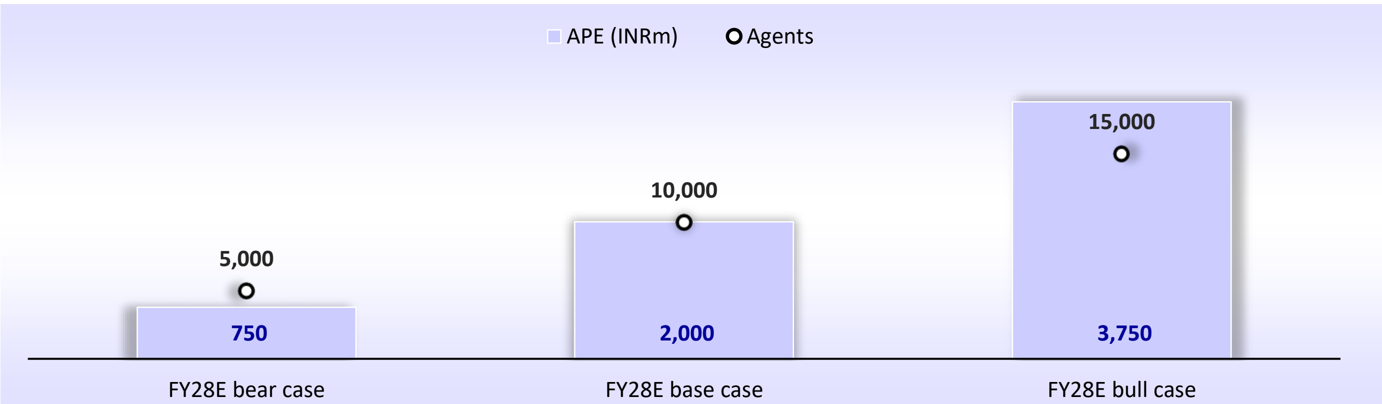


Source: Company, MOFSL

CANHSBC is expected achieve APE of INR2b from the agency channel in FY28, considering productivity of INR200,000 and agent network ramping up to 10,000.

- Strong brand equity of Canara Bank provides a natural right-to-win in attracting agents comparable to how SBI Life scaled up its agency business on the back of SBI's trusted brand. SBI Life's agency channel contributes 25-30% of the individual NBP and has grown at a CAGR of 17% over FY20-25, reflecting strong growth potential of the channel.
- SBI Life's agent count has jumped 3x from 83,656 in FY15 to 268,792 in 1HFY26, with productivity (on the basis of APE) at ~ INR250,000 in FY25. CANHSBC is expected achieve APE of INR2b from the agency channel in FY28, considering productivity of INR200,000 and agent network ramping up to 10,000.
- The company is focusing on a phased expansion of the channel aligned with growth and hence, does not expect a significant impact on profitability in FY26. The overall impact of the agency channel on VNB margin is expected to be ~200bp, out of which ~150bp is expected to come in FY27.

Exhibit 24: Agency channel has potential to achieve APE of INR3.8b by FY28



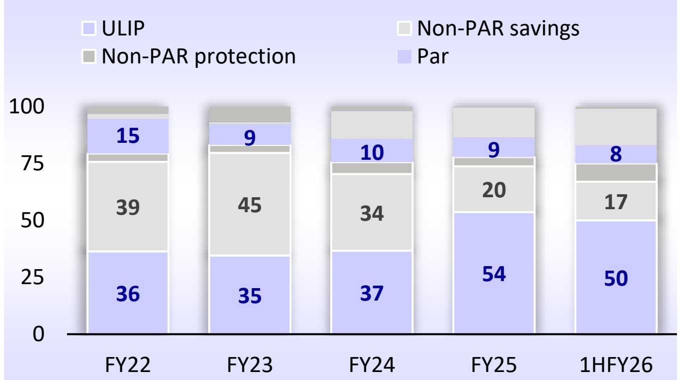
Source: MOFSL

Product mix strategy for VNB margin expansion

As of 1HFY26, ULIP contributes 30%/50% and protection contributes 38%/8% of CANHSBC's NBP/APE. Annuity has a significant contribution of 12%/16%, while savings contributed 10%/17% of NBP/APE.

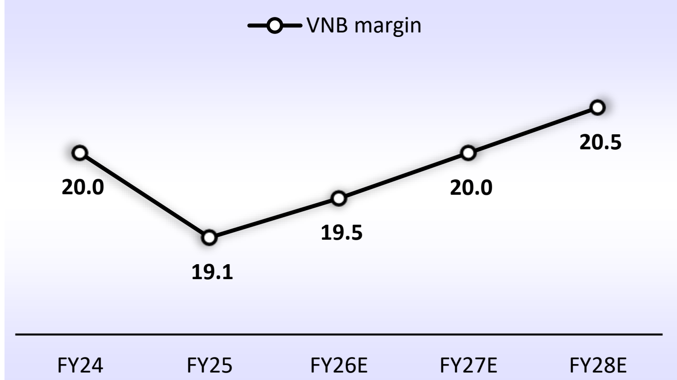
- By profiling individual customers based on lifestyle, occupation, financial demographics and specific needs, CANHSBC offers a suite of comprehensive products that cater to key life stages.
- The product range offers a diversified portfolio that spans across protection, savings, investment, retirement and group plans, including flexibility of choosing from multiple funds within ULIPs. In group offerings, the priority is the group protection plan for corporates and the group credit life product for individual customers. Consequently, sum assured has increased from INR2.9t in FY23 to INR4.1t in FY25 at a CAGR of 19%.
- As of 1HFY26, ULIP contributes 30%/50% and protection contributes 38%/8% of CANHSBC's NBP/APE. Annuity also has a significant contribution of 12%/16%, while savings contributed 10%/17% of NBP/APE.

Exhibit 25: Diverse product mix (%)



Source: Company, MOFSL

Exhibit 26: Gradual improvement in VNB margin owing to product mix shift



Source: Company, MOFSL

Regular re-evaluation of pricing, guided by customer feedback, will be a key focus to ensure profitability while maintaining market share.

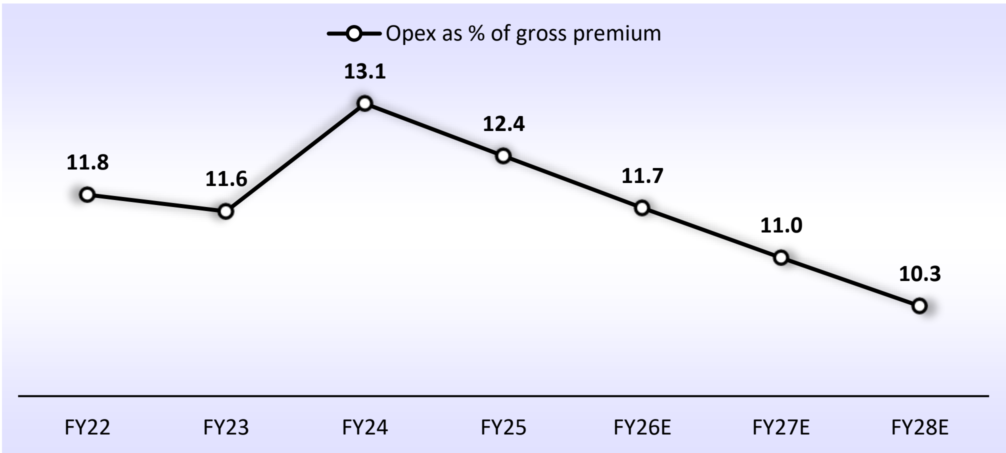
- The strategy is to ensure profitable growth through a diversified and balanced product portfolio. The company has increasingly focused on non-par policies. Regular re-evaluation of pricing, guided by customer feedback, will be a key focus to ensure profitability while maintaining market share.
- Management expects non-par demand to rise further as market euphoria around equity cools down. The company recently launched Promise2Protect (pure term) and term ULIP products to drive VNB accretion. Rider attachment with ULIPs is a key area to increase product-level margin for ULIP.
- Credit life business is a strong VNB contributor and the insurer's loan attachment rates have been in the range of 45-50%, with a high of 55%. Out of the overall loan segment, home loans (big-ticket) and education loans (rising ticket size) offer meaningful cross-selling and upselling potential. The insurer has a segmented focus with targeted activation of profitable cohorts, aiming for ~55-60% attachment rate, in line with SBI Life.
- FY25 VNB margin was ~19% (vs. 20% in FY24) due to mix tilt toward ULIPs. In 1HFY26, VNB margin improved 150bp YoY to 19.6% on the back of rising volumes and increased rider attachments.
- Going forward, VNB margin improvement will be driven by (1) product mix shift toward traditional business, (2) robust hedging strategy protecting interest rate risk, (3) cost rationalization, and (4) need-based sales resulting in improvement in persistency and renewal book. We expect VNB margin to improve gradually to 20.5% by FY28, driven by the product mix shift, which would be offset by agency channel expansion.

Focus on cost efficiency through technology

Opex as % of gross premium has improved to 12.4% in FY25 from 13.1% in FY24, and we expect further improvement to ~10% by FY28.

- CANHSBC is one of the life insurers to have reported profits in the three consecutive years since starting operations and one of the first to generate profits in five years of operations.
- The company aims to boost operational efficiency through effective use of distribution channels, strategic implementation of bancassurance, and strong persistency metrics. Commitment to leveraging integrated technology infrastructure further reinforces these efficiencies.
- CANHSBC has leveraged advanced AI, data and analytics to drive both revenue and service improvements, capitalizing on advanced technologies to enhance business operations. As a result, opex as a percentage of gross premium has improved to 12.4% in FY25 from 13.1% in FY24, and we expect further improvement to ~10% by FY28.
- CANHSBC is one of the companies with the highest IT expenses in the industry in FY25, as it focuses on automating processes and reducing cost per transactions, which is expected to reduce the opex ratio going forward.

Exhibit 27: Improvement in opex ratio backed by tech investments and automation



Source: Company, MOFSL

Exhibit 28: Technology cost as % of premium

Players	FY23	FY24	FY25
SBI Life	0.18	0.18	0.22
HDFC Life	0.41	0.42	0.47
ICICI Prudential Life	0.38	0.44	0.44
Axis MaxLife	0.40	0.42	0.49
Kotak Mahindra Life	0.33	0.34	0.38
PNB Metlife	1.11	0.93	1.02
Canara HSBC	**0.92**	**1.11**	**1.04**
IndiaFirst Life	0.85	1.01	1.09
Star Union Dai-ichi Life	0.46	0.54	0.79
TATA AIA Life	0.80	0.80	0.76
Bajaj Life	0.53	0.66	0.06
Aditya Birla Sunlife	0.63	0.66	0.65

Source: Company, MOFSL

EV sensitivity

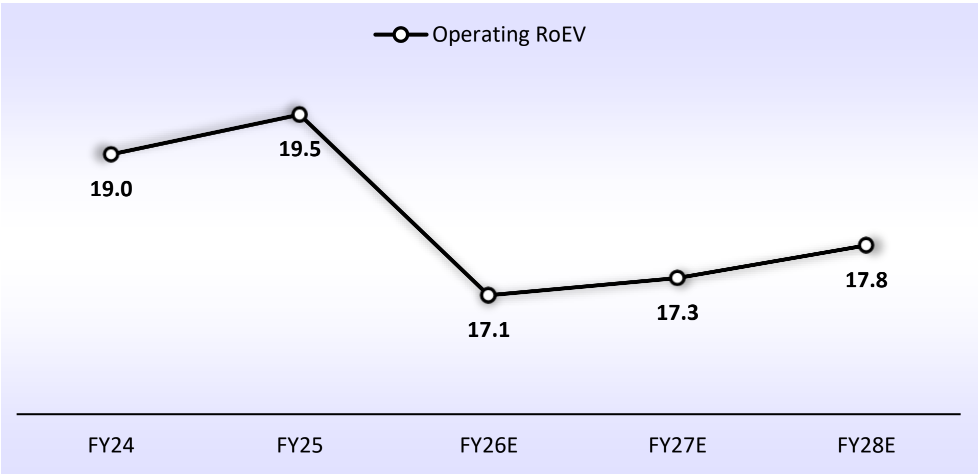
- CANHSBC's EV sensitivity has improved significantly recently owing to the expansion in hedging capacity. After the launch of non-par business in 2018, sensitivity was higher due to lower capacity of hedging, though the business has grown over the years, contributing 17% of APE in 1HFY26.
- Generally, EV of life insurers is inversely related to the change in the reference rate. However, the high share of ULIP (~50% in 1HFY25) for CANHSBC has resulted in positive relation with a change in the reference rate for the insurer.
- With better hedging and strong headroom for improvement in VNB margin, we expect the insurer to maintain operating RoEV in the range of 17-18%.

Exhibit 29: EV sensitivities across listed players (%)

Key metric	Scenario	Canara HSBC Life		HDFC Life		SBI Life		Max Life	
		Change in VNB margin	% Change in EV	Change in VNB margin	% Change in EV	Change in VNB	% Change in EV	Change in VNB margin	% Change in EV
Reference rate	Increase by 1	0.60	1.90	-1.20	-2.50	-0.30	-3.40	0.10	-3.30
	Decrease by 1	-0.70	-2.50	0.90	2.50	0.10	3.80	-0.10	3.70
Equity market movement	Increase by 10	0.20	1.10					Negligible	1.20
	Decrease by 10	-0.20	-1.10	-0.30	-1.50	-0.50	-2.40	Negligible	-1.20
Persistency (Lapse rates)	Increase by 10	-1	-0.20	-1.50	-0.30	-4.60	-1.10	-1	0.10
	Decrease by 10	1.10	0.20	1.50	0.30	4.90	1.20	1.10	-0.20
Maintenance expenses	Increase by 10	-0.50	-0.90	-0.70	-0.90	-1.80	-0.60	-2.60	-0.90
	Decrease by 10	0.50	0.90	0.70	0.90	1.80	0.60	2.60	0.90
Acquisition expenses	Increase by 10	-3.20	NA	-2.40	NA				
	Decrease by 10	3.20	NA	2.40	NA				
Mortality/ morbidity	Increase by 5	-1.20	-1.20	-1.70	-1.20	-3.05	-1.05	-1.80	-2.70
	Decrease by 5	1.20	1.20	1.70	1.20	3.10	1.05	1.80	2.70
Tax rate change to 25%	Increase by 25	-2.30	-7.80	-4.50	-9.30	-9.20	-5.50	-3.60	-9.80

Note: Companies, MOFSL

Exhibit 30: Operating RoEV expected to be in the range of 17-18%



Source: Company, MOFSL

The company's APE has grown at a CAGR of 17.5% over FY20-25 compared to private industry growth of 15.1%.

Peer comparison

Individual APE market share

- CANHSBC has been one of the top-10 players in the life insurance industry with respect to individual APE market share (excluding LIC). So far in FY26 (as of Dec'25), CANHSBC's market share is 2.9%.
- The company's APE has grown at a CAGR of 17.5% over FY20-25 compared to private industry growth of 15.1%. For YTFY26, the insurer has witnessed 20.5% YoY growth (vs. 13%YoY growth for private industry).

Exhibit 31: Individual APE market share of key private players (excluding LIC)

%	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	YTDFY26
SBI Life	20.7	20.7	21.8	22.3	23.2	22.6	23.4	22.3	23.3	22.8	25.6
HDFC Life	12.7	12.7	13.3	12.5	14.2	15.5	14.8	16.0	15.4	15.7	15.1
Tata AIA	3.6	3.6	3.9	5.6	6.4	7.6	8.1	10.4	10.0	10.0	10.2
Max Life	9.2	9.2	9.0	9.7	9.7	10.8	9.9	8.8	9.4	9.8	9.8
ICICI Prudential	22.3	22.3	20.9	17.7	15.8	12.1	11.4	9.9	9.8	9.8	8.2
Bajaj Life	3.5	3.5	3.9	4.3	4.6	5.5	6.7	7.6	8.6	8.3	7.6
Birla Sunlife	3.2	3.2	3.0	4.2	4.0	4.3	4.0	4.4	4.2	4.8	4.7
Canara HSBC Life	**2.1**	**2.1**	**2.3**	**2.3**	**2.3**	**2.3**	**2.5**	**2.4**	**2.3**	**2.6**	**2.9**
Kotak Life	4.2	4.2	4.4	4.2	3.9	4.0	3.8	4.0	3.8	3.5	3.0
PNB Met Life	3.5	3.5	3.4	3.4	3.1	3.2	3.2	3.2	3.1	2.8	2.5
Star Union Dai-ichi	2.1	2.1	1.6	1.4	1.3	1.5	1.9	2.0	2.0	1.9	2.0
IndiaFirst Life	1.4	1.4	1.6	1.7	2.0	2.0	2.4	2.5	1.9	1.7	1.7
Shriram Life	1.3	1.3	1.2	1.1	1.1	1.1	1.0	0.9	1.2	1.5	1.4
Reliance Life	2.4	2.4	2.0	2.2	2.1	2.0	1.7	1.5	1.5	1.2	1.2
IDBI Federal Life	1.4	1.4	1.3	1.1	0.7	0.6	0.7	0.7	0.8	0.9	1.0

Source: LI Council, MOFSL

Policies sold

- CANHSBC's total policy sales clocked a CAGR of 2% over FY23-25 compared to industry decline of 2.6%. In 1QFY26, policy sales grew 5.1% YoY vs. a decline of 7.4% YoY for the industry.

Exhibit 32: Total policies sold by insurers

	Players	FY22	FY23	FY24	FY25	1QFY26	Y-o-Y growth %	CAGR FY23-FY25 %
Bank Led Insurance Players	SBI Life	19,23,243	21,97,656	22,61,679	22,03,212	4,06,533	-2.6	0.1
	HDFC Life	9,15,336	9,95,869	11,66,444	12,67,808	2,48,833	8.7	12.8
	ICICI Prudential Life	6,55,693	6,06,080	6,25,050	6,62,482	1,36,182	6.0	4.6
	Axis MaxLife	6,14,081	5,97,338	7,17,122	7,95,791	1,67,038	11.0	15.4
	Kotak Mahindra Life	3,39,903	3,46,381	3,48,433	3,11,829	48,045	-10.5	-5.1
	PNB Metlife	2,57,429	2,87,854	2,84,692	2,95,892	49,401	3.9	1.4
	Canara HSBC	**1,78,210**	**1,86,714**	**1,84,746**	**1,94,143**	**40,782**	**5.1**	**2.0**
	IndiaFirst Life	2,65,761	3,13,273	2,48,912	202887	32,876	-18.5	-19.5
	Star Union Dai-ichi Life	1,28,865	1,94,963	1,89,256	1,77,194	28,808	-6.4	-4.7
Non- Bank Led Insurance Players	LIC	2,17,54,965	2,04,65,055	2,04,30,305	1,78,15,243	30,43,557	-12.8	-6.7
	TATA AIA Life	5,31,826	6,52,877	7,73,504	9,69,171	2,33,573	25.3	21.8
	Bajaj Life	4,75,209	6,13,528	7,47,122	7,79,584	1,33,272	4.3	12.7
	Aditya Birla Sunlife	2,25,543	2,43,809	2,85,012	3,52,915	68,471	23.8	20.3
Industry			2,85,17,181	2,92,22,536	2,70,36,400	48,25,411	-7.4	-2.6

Note: Company, MOFSL

Sum assured

- CANHSBC's sum assured has grown at a CAGR of 15% over FY22-25 and it has the third largest sum assured among the PSU bank-led insurers.

Exhibit 33: Sum assured of key insurers

	INR b	FY21	FY22	FY23	FY24	FY25	CAGR FY22-FY25 (%)
Bank-led insurance players	SBI Life	5,223	5,789	6,588	8,226	9,741	19
	HDFC Life	5,762	7,178	10,520	13,412	13,772	24
	ICICI Prudential Life	6,167	7,731	10,414	10,221	11,944	16
	Axis MaxLife	3,245	2,917	3,135	4,986	5,646	25
	Kotak Mahindra Life	2,186	2,265	3,440	3,178	2,814	8
	PNB Metlife	1,859	2,736	2,483	1,492	1,399	-20
	Canara HSBC	**1,687**	**1,404**	**1,718**	**2,202**	**2,118**	**15**
	IndiaFirst Life	1,817	1,836	1,573	2,950	3,510	24
	Star Union Dai-ichi Life	1,029	1,525	1,884	1,597	1,299	-5
Non-bank-led insurance players	LIC	8,946	10,405	12,375	16,513	18,778	22
	TATA AIA Life	3,132	4,081	6,701	8,784	10,186	36
	Bajaj Life	2,931	4,305	5,256	5,641	6,485	15
	Aditya Birla Sunlife	2,025	2,071	3,492	3,630	4,452	29
Industry		**49,408**	**57,713**	**72,801**	**88,486**	**1,02,642**	**21**

Note: Company, MOFSL

Persistency

- CANHSBC's 61st month persistency ratio stood at 58% in FY25, which was the fourth highest among bank-led life insurers.
- CANHSBC's 13th month persistency ratio has improved by ~700bp since FY23, the highest among bank-led life insurance players.

Exhibit 34: Persistency ratio % (based on premium)

		Persistency Ratio for 13th month				Persistency Ratio for 61st month			
		FY23	FY24	FY25	FY25 minus FY23	FY23	FY24	FY25	FY25 minus FY23
Bank Led Insurance Players	SBI Life	85	86	87	2	56	58	62	6
	HDFC Life	87	87	87	0	52	53	64	12
	ICICI Prudential Life	85	89	85	0	66	64	64	-2
	Axis MaxLife	83	87	85	2	51	58	53	2
	Kotak Mahindra Life	85	87	85	0	51	55	56	5
	PNB Metlife	80	82	81	1	45	47	50	5
	Canara HSBC	**75**	**81**	**83**	**7**	**52**	**55**	**58**	**6**
	IndiaFirst Life	81	81	80	-1	44	46	47	3
	Star Union Dai-ichi Life	76	79	78	2	31	31	23	-8
Non- Bank Led Insurance Players	LIC	77	78	75	-2	62	61	63	1
	TATA AIA Life	88	89	88	0	66	66	67	1
	Bajaj Life	82	85	82	0	52	54	54	2
	Aditya Birla Sunlife	87	88	86	-1	54	66	61	7

Note: Company, MOFSL

Product mix

- CANHSBC has the third highest share of premium from non-par business among bank-led insurance players in FY25 and the second highest share of ULIPs among listed peers.
- Protection share for CANHSBC has improved to 8% in 1HFY26 from 4% in FY25, though it still has headroom for growth, considering double-digit protection contribution for listed players.

Exhibit 35: Product mix of listed players

Product contribution to total APE (%)	FY22	FY23	FY24	FY25	1HFY26
ULIP					
Canara HSBC Life	36	35	37	54	50
Max Life	37	38	30	31	34
HDFC Life	20	22	18	27	37
SBI Life	66	55	60	64	58
Ipru Life	48	36	43	48	48
Non-par savings					
Canara HSBC Life	39	45	34	20	17
Max Life	8	28	42	33	34
HDFC Life	25	27	33	24	16
SBI Life	12	22	16	18	20
Ipru Life	35	47	40	36	33
Protection					
Canara HSBC Life	4	4	5	4	8
Max Life	8	14	13	16	20
HDFC Life	13	14	15	15	14
SBI Life	11	11	11	10	11
Ipru Life	17	17	17	16	19

Note: Company, MOFSL

Average premium ticket size

- CANHSBC has the second highest average premium ticket size for individual insurance among PSU bank-led life insurers for FY25.

Exhibit 36: Average premium ticket size – Individual insurance basis new business premium (INR)

	Players	FY22	FY23	FY24	FY25	1QFY26
Bank Led Insurance Players	SBI Life	85,805	95,151	1,05,400	1,19,675	1,21,455
	HDFC Life	1,27,197	1,45,529	1,25,933	1,34,485	1,44,411
	ICICI Prudential Life	1,42,509	1,48,584	1,42,991	1,52,081	1,34,309
	Axis MaxLife	1,15,611	1,35,366	1,29,169	1,33,393	1,25,335
	Kotak Mahindra Life	97,295	1,14,278	1,22,517	1,31,698	1,15,683
	PNB Metlife	73,084	79,770	84,328	1,08,724	1,15,742
	Canara HSBC	**97,529**	**98,744**	**96,698**	**1,14,771**	**1,00,309**
	IndiaFirst Life	53,819	56,612	73,094	75,488	84,730
	Star Union Dai-ichi Life	89,347	75,934	82,885	95,666	83,726
Non- Bank Led Insurance Players	LIC	25,254	28,715	28,244	35,092	41,134
	TATA AIA Life	94,265	1,22,164	1,06,455	95,796	79,901
	Bajaj Life	83,401	93,179	91,706	98,146	1,04,834
	Aditya Birla Sunlife	1,08,298	1,43,111	1,24,633	1,31,461	1,28,580

Note: Company, MOFSL

Expenses of management

- CANHSBC has the fourth lowest expenses of management ratio and second lowest commission ratio among bank-led insurance players for FY25.

Exhibit 37: Expense of management ratio for key players

		FY22	FY23	FY24	FY25
Bank Led Insurance Players	SBI Life	8.7	9.6	8.9	9.7
	HDFC Life	16.6	19.7	19.3	19.8
	ICICI Prudential Life	14.3	16.1	18.2	18.0
	Axis MaxLife	19.7	20.5	22.0	23.0
	Kotak Mahindra Life	17.2	18.7	19.2	20.8
	PNB Metlife	22.0	22.4	22.2	19.2
	Canara HSBC	**17.9**	**17.4**	**18.9**	**18.7**
	IndiaFirst Life	18.5	19.0	18.6	21.0
	Star Union Dai-ichi Life	17.3	18.4	17.6	18.1
Non- Bank Led Insurance Players	LIC	14.5	15.5	15.6	12.4
	TATA AIA Life	29.3	31.1	27.5	25.8
	Bajaj Life	23.0	26.2	25.6	27.1
	Aditya Birla Sunlife	17.4	19.5	18.5	20.4

Note: Company, MOFSL

Surrender ratio

- CANHSBC has the third lowest surrender ratio among bank-led insurance players for FY25.

Exhibit 38: Surrender ratio of key players

Players		FY22	FY23	FY24	FY25
Bank Led Insurance Players	SBI Life	12.1	13.5	16.9	19.2
	HDFC Life	19.5	16.1	23.0	19.8
	ICICI Prudential Life	54.5	59.0	69.3	62.8
	Axis MaxLife	21.3	23.8	20.0	20.9
	Kotak Mahindra Life	11.1	14.1	14.9	15.3
	PNB Metlife	15.7	14.9	23.1	21.2
	Canara HSBC	**24.8**	**20.5**	**22.0**	**18.7**
	IndiaFirst Life	57.5	44.0	28.7	27.7
	Star Union Dai-ichi Life	9.5	7.9	8.9	8.3
Non- Bank Led Insurance Players	LIC	8.9	8.1	9.5	10.0
	TATA AIA Life	12.1	12.4	15.5	14.2
	Bajaj Life	26.8	41.9	32.2	27.3
	Aditya Birla Sunlife	34.6	27.3	34.1	36.5

Note: Company, MOFSL

Valuation comparison

Exhibit 39: Valuation comparison with private players – CANHSBC trading at attractive valuations

	HDFC Life			SBI Life			Max Financial			IPRU Life			Canara HSBC Life		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
P/EV	2.6	2.2	1.9	2.5	2.1	1.8	2.4	2.0	1.7	1.9	1.7	1.5	2.0	1.7	1.4
P/EVOP	19.1	15.5	13.2	16.2	13.5	11.6	16.6	12.8	10.6	16.6	13.6	12.0	13.3	11.3	9.4
P/VNB	38.1	31.0	26.0	30.9	26.7	22.8	28.4	22.9	18.9	37.7	32.4	28.5	25.4	20.7	16.9

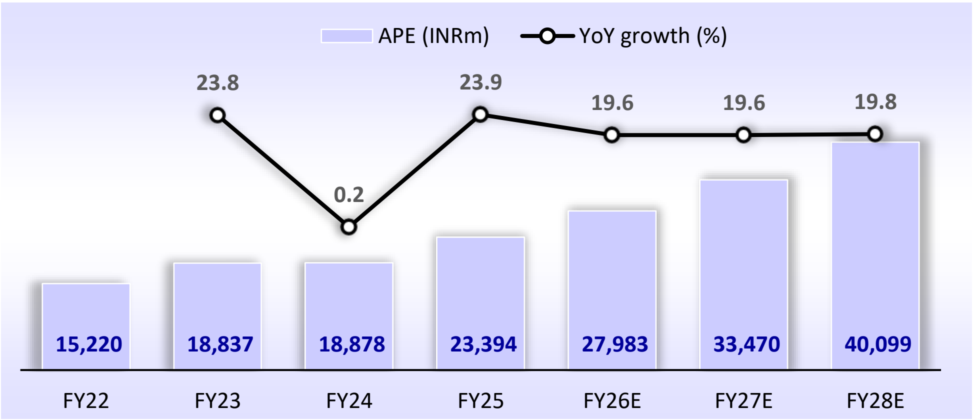
Note: Company, MOFSL

Financial performance

APE expected to maintain ~20% growth trajectory

- CANHSBC's APE has grown at a CAGR of 15% over FY22-25. We expect a CAGR of 20% in APE during FY25-28, backed by improved productivity in bancassurance and channel diversification through the agency channel.

Exhibit 40: APE growth expected to be consistent at ~20%

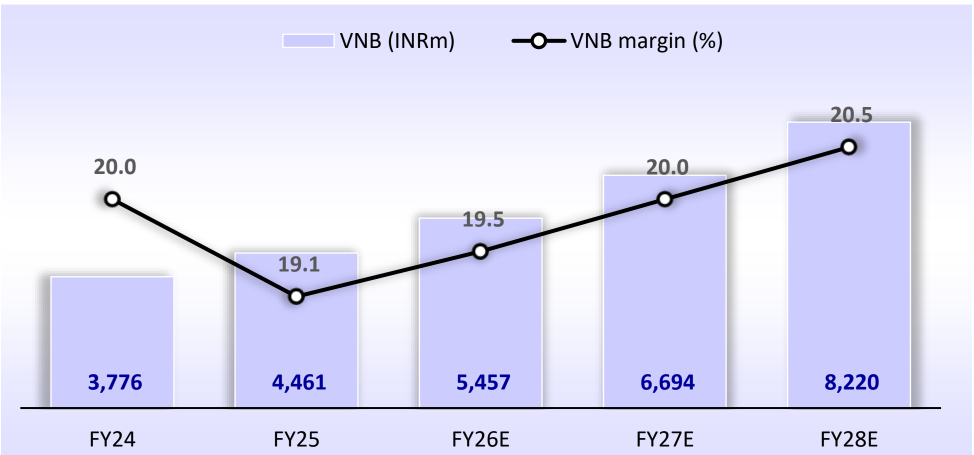


Source: Company, MOFSL

VNB and VNB margin to improve gradually

- CANHSBC's VNB grew by 18% YoY in FY25, while VNB margin declined to 19.1% (20% in FY24) owing to a higher share of ULIPs.
- Going forward, we expect a healthy VNB CAGR of 23% during FY25-28 and VNB margin expansion to 20.5% by FY28. VNB margin would be affected by a 200bp impact of the agency channel and ITC loss (~50bp in 1HFY26). VNB margin expansion would be supported by a higher share of protection and rising attachment rates.

Exhibit 41: VNB margin to improve gradually to 20.5% by FY28

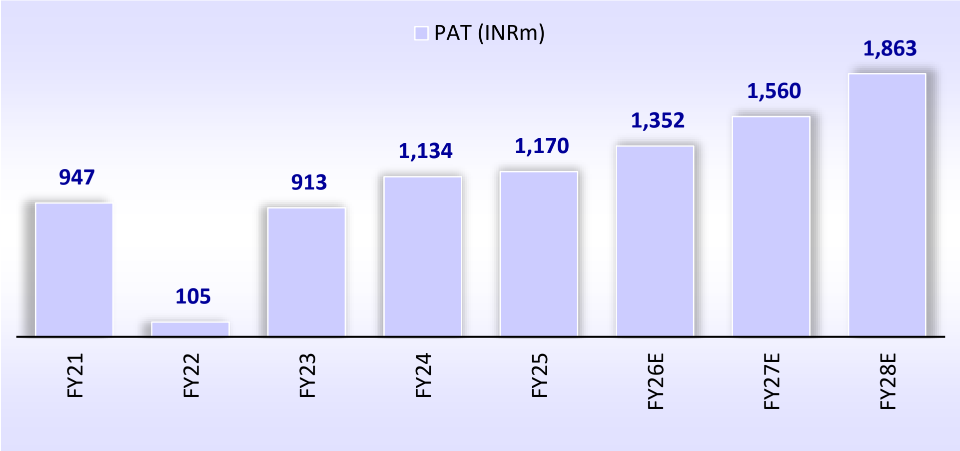


Source: Company, MOFSL

Operational efficiency to drive PAT growth

- CANHSBC is one of the fastest insurers to achieve profitability within five years of its operations. The profitability has been stable for the past few years, aided by continued investments in technology. We expect a PAT CAGR of 17% over FY25-28.

Exhibit 42: PAT growth to be in high-teens going forward



Source: Company, MOFSL

EV growth to be consistent with operating RoEV at ~17%+

- CANHSBC's EV has grown from INR42.7b in FY23 to INR65.4b as of 1HFY26 end.
- Going forward, we expect the unwind rate to remain stable. However, there might be a ~30bp impact on EV owing to the ITC loss (impact of INR198m in 1HFY26). We expect a healthy operating RoEV of ~17-18%, reaching EV of INR98.2b by FY28.

Exhibit 43: EV walk

INRm	FY24	FY25	FY26E	FY27E	FY28E
Opening IEV	**42,719**	**51,799**	**61,108**	**71,097**	**83,419**
VIF adjustments	1,195	-	-	-	-
Adjusted opening IEV	**43,914**	**51,799**	**61,108**	**71,097**	**83,419**
VNB	3,776	4,461	5,457	6,694	8,220
Expected return	3,423	4,100	4,837	5,652	6,629
Total operating variance and assumptions	916	1,556	156	-	-
IEV Operating earnings	**8,115**	**10,117**	**10,450**	**12,322**	**14,824**
Economic Variances	243	-618	117	-	-
Total IEV earnings	**8,359**	**9,499**	**10,567**	**12,322**	**14,824**
GST Impact			-198	-	-
Capital contribution	-475	-190	-380		
Closing IEV	**51,799**	**61,108**	**71,097**	**83,419**	**98,242**

Source: Company, MOFSL

Valuation and view

We initiate coverage on the stock with a **BUY** rating and a one-year **TP of INR180** (based on 1.7x FY28E P/EV).

Initiate coverage with BUY rating

- CANHSBC enters its listed journey at a point where both its distribution architecture and financial model are undergoing structural strengthening. The recent exemption of GST on life insurance has given a boost to the growth trajectory of the insurer. The differentiated dual-bank partnership with mass scale from Canara Bank and premium affluence from HSBC creates a distribution backbone that only a few private life insurers possess.
- As Canara Bank transitions into a productivity-focused, digitally integrated banca model with complete customer segmentation and TAT-linked disposition discipline, the insurer gains multi-year visibility on steady APE acceleration, improving mix, and higher structural persistency.
- HSBC's contribution is expected to grow at a faster pace with penetration into Premier/Advance, an increase in the number of corporate salary accounts and the bank's ability to leverage its expanding India network and global RM collaboration.
- The agency channel, while margin-dilutive in the near term, adds distribution resilience and long-term optionality, particularly in Tier 2-4 markets where PSU-parent brand equity matters significantly. Its low-capex, branch-anchored model ensures that agency expansion does not create long-dated cost drag.
- From a profitability standpoint, we expect VNB margin to improve to 20.5% in FY28 from 19% in FY25 as the loss of ITC and agency ramp-up will be offset by (1) rising protection and non-par contribution, (2) stronger attachment rates in credit life, (3) higher renewal surplus supported by PSU-led persistency, and (4) operating leverage as the bank channel scales.
- CANHSBC offers a rare multi-year compounding opportunity anchored in a structurally improving banca engine, rising contribution from premiumized HSBC flows, and disciplined agency expansion. With one of the most underpenetrated PSU-bank funnels and clear visibility on branch activation, product mix upgrades and operating leverage, we expect the company to deliver 17%+ operating RoEV going ahead despite near-term ITC and agency drag.
- **Over FY25-28, we estimate a CAGR of 20%/23% in APE/VNB for CANHSBC. We initiate coverage on the stock with a BUY rating and a one-year TP of INR180 (based on 1.7x FY28E P/EV).**
- **Key risks:**
  - Slower-than-expected branch activation or productivity improvement at Canara Bank, delaying APE compounding.
  - Persistency underperformance due to customer cohort behavior or operational lapses in renewal management.
  - Adverse regulatory changes, including bancassurance commission caps.
  - Higher-than-expected agency channel losses during early expansion years, delaying margin recovery.
  - Interest-rate sensitivity on the non-par book may rise as the mix shifts.

ESG initiatives

Environmental initiatives

- Digital-first solutions: Enhanced customer servicing through IVR, SMS, WhatsApp bots, and online portals
- Energy efficiency: 100% LED lighting and use of sensor-based taps in the HO and Corporate office
- Carbon footprint reduction: Virtual meetings replacing travel; carpool encouragement
- Renewable energy: 25 KVA solar power capacity installed at Head Office
- Pollution control: Installation of RECDs on DG sets
- E-waste management: Disposal through certified green vendors
- Recycling collaboration: Shredded paper shared with NGO GOONJ for the upcycling products
- CSR Project Cheer Urja: 350,140kg of pine needles collected, 700 acres cleared, 350,300kg of ecofriendly briquettes produced, and helped mitigate forest fires and promote biodiversity
- Green cover: 52,000+ saplings planted across office locations

Social initiatives

- Employee wellbeing: Emotional, mental, and physical health programs with expert support
- Education access: Non-formal education provided to 2,400+ underprivileged children
- Women empowerment: 500+ women supported through entrepreneurship and skill development
- Youth employability: Training and placement support provided to over 500 youth
- Healthcare: Eye care services for 3,200+ rural individuals, including 500+ cataract surgeries
- Workforce diversity: 36.4% overall gender diversity
- Wellness programs: On-desk yoga, mindfulness, and meditation sessions conducted

Governance

- Board excellence: A highly experienced and diverse Board, with average experience exceeding 30 years; Fit & proper criteria applied to all director appointments; All board committees are chaired by independent directors
- Robust evaluation: Peer and self-assessment mechanisms for board and committee performance
- Compliance & certification: ISO 9001:2015 certified across policy design, customer service, and operations
- Defined frameworks: Board-approved policies on code of conduct, corporate governance, conflict of interest, anti-fraud, delegation of authority, and business continuity management
- Whistleblower mechanism: Multiple secure and anonymous grievance channels available
- Risk governance: Active risk management committee at the board level with defined thresholds and risk appetite

Bull and Bear cases

Bull case

- ☑ In our bull case, we assume an APE CAGR of 23% over FY25-28 vs. our base case assumption of 20%.
- ☑ VNB is expected to clock a CAGR of 28% over FY25-28 vs. our base case assumption of 23% with VNB margin at 21.5% in FY28 (20.5% in base case).
- ☑ EV is expected to clock a CAGR of 19% over FY25-28 vs. our base case assumption of 17%.

Scenario analysis - Bull Case

INRb	FY25	FY26E	FY27E	FY28E
APE	23.4	28.5	35.2	43.5
APE growth (%)	25.0	21.6	23.6	23.8
VNB	4.5	5.7	7.4	9.4
VNB margin (%)	19.1	20.0	21.0	21.5
Opening EV	51.8	61.1	71.9	85.4
Unwind %	7.9	8.2	8.2	8.2
Unwind	4.1	5.0	5.9	7.0
Other assumptions	0.7	0.1	0.2	0.2
EV	61.1	71.9	85.4	102.0
EV per share (INR)	64	76	90	107
No. of shares (m)				950
Multiple (FY28E)				2.0
TP				220
CMP				146
Upside (%)				**51**

Bear case

- ☑ In our bear case, we assume an APE CAGR of 16% over FY25-28 vs. our base case assumption of 20%.
- ☑ VNB is expected to clock a CAGR of 18% over FY25-28 vs. our base case assumption of 23% with VNB margin at 20% in FY28 (20.5% in base case).
- ☑ EV is expected to clock a CAGR of 16% over FY25-28 vs. our base case assumption of 17%.

Scenario analysis - Bear Case

INRb	FY25	FY26E	FY27E	FY28E
APE	23.4	27.5	31.8	36.8
APE growth (%)	25.0	17.6	15.6	15.8
VNB	4.5	5.3	6.5	7.4
VNB margin (%)	19.1	19.3	20.5	20.0
Opening EV	51.8	61.1	70.9	82.7
Unwind %	7.9	7.8	7.8	7.8
Unwind	4.1	4.8	5.5	6.5
Other assumptions	0.7	-0.3	-0.2	-0.2
EV	61.1	70.9	82.7	96.4
EV per share (INR)	64	75	87	101
No. of shares (m)				950
Multiple (FY28E)				1.4
TP				140
CMP				146
Upside (%)				**-4**

SWOT analysis

- ☑ Dual-bank parentage offering scale (Canara Bank) and access to premium customer base (HSBC)
- ☑ Underpenetrated captive funnel of 70-80m customers in Canara Bank
- ☑ Robust tech architecture and digitized processes enabling superior operating leverage
- ☑ Aligned promoter incentives with low commission structures and strong direction from both parent banks

- ☑ High dependence on bancassurance channel (~90%+ business share) making growth correlated to branch productivity
- ☑ Agency channel still nascent compared to other established players

- ☑ Structural uplift in PSU banca productivity
- ☑ Premiumization via HSBC channel
- ☑ Acceleration of non-par and protection mix, lifting long-term VNB margins
- ☑ Regulatory tailwinds — GST exemption, simplified product filing, easing compliances, potential composite license framework

- ☑ Regulatory intervention in banca commissions
- ☑ Slower-than-expected activation in Canara Bank branches
- ☑ Interest rate volatility
- ☑ High competition from private peers
- ☑ Adverse equity market cycles

Management team

Mr. Anuj Dayal Mathur, MD and CEO

Mr. Mathur has been associated with the company since Feb'08. He holds a bachelor's degree in commerce from SRCC, Delhi. He is also a CA/CS/CWA and has over 30 years of experience in diverse industries, including insurance, automobile, information technology and telecom. Previously, he was associated with CGU Project Services, Aviva Life Insurance, Maruti Udyog, HCL Perot Systems and Bharti Tele-Ventures.

Mr. Tarun Rustagi, CFO

Mr. Rustagi holds a bachelor's degree in commerce (honours) from the University of Delhi and a postgraduate diploma in management from MDI, Gurgaon. He is a chartered accountant and has over 24 years of experience in the finance field. Prior to joining CANHSBC, he worked with HSBC Electronic Data Processing India, PNB MetLife India Insurance, Axis Max Life Insurance, AXA Business Services, Lovelock & Lewes and S.R. Batliboi & Co.

Mr. Sachin Dutta, COO

Mr. Dutta holds a bachelor's degree in applied sciences from University of Delhi, and a master's diploma in computer application from National Institute of Electronics and Information Technology. He has over 21 years of experience in risk management, business operations, transformations, customer experience, and technology fields. Prior to joining CANHSBC, he worked with Fidelity Business Service India and EXL Services.

Mr. Ritesh Kumar Rathod, Chief Strategy and Data Officer

Mr. Rathod holds a bachelor's degree in commerce from University of Madras and a master's degree in business administration from the University of Technology, Sydney, along with a certificate in risk management for financial institutions from ISB. He has over 20 years of experience in the strategy, market analysis, treasury and investments data governance field analytics and project management fields. Prior to joining CANHSBC, he worked with Birla Sunlife Insurance and Reliance Life Insurance.

Financials and valuations

Technical account (INR b)	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Gross Premiums	51.2	58.9	72.0	71.3	80.3	98.1	114.8	134.7
Reinsurance Ceded	-0.9	-0.7	-1.7	-2.0	-1.8	(2.2)	(2.5)	(3.0)
Net Premiums	50.3	58.2	70.3	69.3	78.5	96.0	112.3	131.7
Income from Investments	41.1	25.8	13.1	48.1	27.6	39.8	44.9	50.7
Other Income	1.8	2.6	1.6	1.2	0.2	1.2	1.4	1.6
Total income (A)	**93.2**	**86.6**	**85.0**	**118.6**	**106.3**	**137.0**	**158.6**	**184.1**
Commission	2.9	3.6	4.1	4.1	5.1	6.4	7.6	9.0
Operating expenses	5.9	7.0	8.4	9.4	9.9	11.4	12.6	13.8
Total commission and opex	**8.8**	**10.6**	**12.5**	**13.5**	**15.0**	**17.9**	**20.2**	**22.8**
Benefits Paid (Net)	20.6	26.5	30.9	31.7	50.8	48.0	56.4	66.4
Chg in reserves	58.5	46.3	39.3	70.9	38.7	68.7	79.2	91.6
Prov for doubtful debts	-	-	-	-	-	-	-	-
Total expenses (B)	**88.5**	**84.1**	**83.4**	**116.8**	**105.5**	**135.6**	**157.0**	**182.1**
(A) - (B)	**4.7**	**2.5**	**1.7**	**1.8**	**0.8**	**1.4**	**1.6**	**1.9**
Prov for Tax	-	-	-	-	-	-	-	-
Surplus / Deficit (calculated)	**4.7**	**2.5**	**1.7**	**1.8**	**0.8**	**1.4**	**1.6**	**1.9**

Shareholder's a/c (INR b)	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Transfer from technical a/c	1.7	1.8	1.7	1.4	1.3	1.4	1.6	1.9
Income From Investments	1.2	0.9	0.9	1.0	1.0	1.2	1.4	1.6
Total Income	2.9	2.7	2.6	2.4	2.3	**2.6**	**3.0**	**3.5**
Other expenses	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Contribution to technical a/c	1.8	2.5	1.5	1.1	1.0	1.0	1.2	1.3
Total Expenses	1.9	2.6	1.6	1.2	1.1	1.1	1.3	1.5
PBT	1.0	0.1	1.0	1.2	1.3	**1.5**	**1.7**	**2.0**
Prov for Tax	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.2
PAT	0.9	0.1	0.9	1.1	1.2	**1.4**	**1.6**	**1.9**
Growth		-88.9%	771.4%	24.2%	3.2%	15.6%	15.3%	19.4%

Balance sheet (INR b)	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Sources of Fund								
Share Capital	9.5	9.5	9.5	9.5	9.5	9.5	9.5	9.5
Reserves And Surplus	3.3	3.4	4.0	4.7	5.7	6.8	8.2	9.9
Shareholders' Fund	12.7	12.9	13.5	14.2	15.2	16.3	17.7	19.4
Policy Liabilities	82.8	116.2	156.1	197.3	223.7	261.8	296.7	336.0
Prov. for Linked Liab.	110.5	123.9	122.3	151.2	163.0	181.9	203.1	226.7
Funds For Future App.	5.4	6.2	6.0	6.4	6.9	7.2	7.6	8.0
Current liabilities & prov.	7.7	6.7	7.6	9.3	10.6	11.0	11.3	11.7
Total	**225.9**	**272.1**	**313.1**	**387.5**	**429.1**	**481.9**	**541.0**	**607.3**
Application of Funds								
Shareholders' inv	12.1	12.6	13.7	15.7	13.7	15.9	18.5	21.5
Policyholders' inv	89.5	120.3	159.0	198.9	226.4	253.6	284.0	318.1
Assets to cover linked liab.	117.1	130.0	129.4	159.2	171.5	192.1	215.1	240.9
Loans	0.0	0.1	0.2	0.5	1.0	1.4	1.6	1.9
Fixed Assets	0.4	0.5	0.5	0.6	0.5	0.5	0.5	0.6
Current assets	6.7	8.7	10.3	12.7	16.0	18.4	21.2	24.3
Total	**225.9**	**272.1**	**313.1**	**387.5**	**429.1**	**481.9**	**541.0**	**607.3**

Financials and valuations

Premium (INR b) & growth (%)	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
New business prem - unwtd	23.0	28.0	37.2	29.0	31.2	37.8	45.2	54.2
New business prem - wrp	11.4	14.8	18.5	18.1	22.7	27.1	32.5	38.9
Renewal premium	28.1	30.9	34.8	42.3	49.1	60.3	69.6	80.5
Total premium - unwtd	51.2	58.9	72.0	71.3	80.3	98.1	114.8	134.7
New bus. growth – unwtd		21.5	32.9	-21.9	7.6	21.0	19.7	19.8
New business growth - wrp		30.4	24.5	-1.7	25.0	19.6	19.6	19.8
Renewal premium growth		9.9	12.5	21.5	16.0	23.0	15.4	15.6
Total prem growth - unwtd		15.1	22.2	-1.0	12.6	22.2	17.0	17.3

Premium mix (%)	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
New business mix - WRP								
- Participating	22.0	15.1	9.1	10.6	8.9	9.3	9.7	10.1
- Non-participating	50.1	49.8	55.6	53.4	37.3	39.0	40.6	42.1
- ULIPs	27.9	35.1	35.3	36.0	53.8	51.7	49.7	47.7
Total premium mix - unwtd								
- Participating	20.4	19.5	15.4	15.8	14.3	14.5	13.4	12.5
- Non-participating	45.0	48.7	57.1	53.6	49.3	50.0	51.7	53.3
- ULIPs	34.6	31.9	27.5	30.6	36.3	35.6	34.9	34.2

Operating ratios (%)	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Investment yield		11.3	4.9	14.9	7.3	9.3	9.0	8.8
Commissions / GWP	**-5.7**	**-6.1**	**-5.7**	**-5.8**	**-6.3**	**-6.6**	**-6.6**	**-6.7**
- first year premiums	-20.1	-18.3	-17.0	-15.4	-15.1	-15.1	-15.1	-15.1
- renewal premiums	-2.8	-3.1	-3.2	-3.1	-3.0	-3.0	-3.0	-3.0
- single premiums	-1.0	-1.3	-0.9	-1.5	-3.4	-3.4	-3.4	-3.4
Operating expenses / GWP (%)	11.5	11.8	11.6	13.1	12.4	11.7	11.0	10.3
Total expense ratio (%)	**17.2**	**17.9**	**17.3**	**18.9**	**18.7**	**18.2**	**17.6**	**16.9**
Claims / NWP (%)	40.9	45.5	44.0	45.7	64.8	50.0	50.2	50.4
Solvency ratio (%)	327	282	252	213	206	205	203	201
Persistency ratios (%)								
13th Month		74.5	75.3	80.7	82.5	83.5	84.0	84.5
25th Month		69.8	66.0	68.5	71.5	72.5	73.0	73.5
37th Month		64.7	65.1	63.0	64.1	65.1	65.6	66.1
49th Month		63.2	63.3	64.2	61.0	62.0	62.5	63.0
61st Month		47.3	52.0	55.4	57.7	58.7	59.2	59.7
Profitability ratios (%)								
VNB margin (%)		21.4	20.1	20.0	19.1	19.5	20.0	20.5
RoE (%)		0.8	6.9	8.2	8.0	8.6	9.2	10.0
Operating ROEV (%)			17.9	18.5	19.5	17.1	17.3	17.8

Valuation data points	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
AUM	262.9	302.0	373.8	411.7	475.5	533.2	597.9
DPS		0.3	0.5	0.2	0.2	0.2	0.2
Dividend payout ratio (%)		31%	42%	16%	14%	12%	10%
EPS, Rs	0.1	1.0	1.2	1.2	1.4	1.6	2.0
VNB (INRb)	3.3	3.8	3.8	4.5	5.5	6.7	8.2
Embedded Value (INRb)	38.5	42.7	51.8	61.1	71.1	83.4	98.2
EV per share	40.5	45.0	54.5	64.3	74.8	87.8	103.4
P/AUM (%)	0.5	0.5	0.4	0.3	0.3	0.3	0.2
P/EV (x)	3.6	3.2	2.7	2.3	2.0	1.7	1.4
P/EPS (x)	1,323.6	151.9	122.3	118.6	102.6	88.9	74.5
P/EVOP (x)			17.1	13.7	13.3	11.3	9.4
P/VNB (x)	42.6	36.6	36.7	31.1	25.4	20.7	16.9

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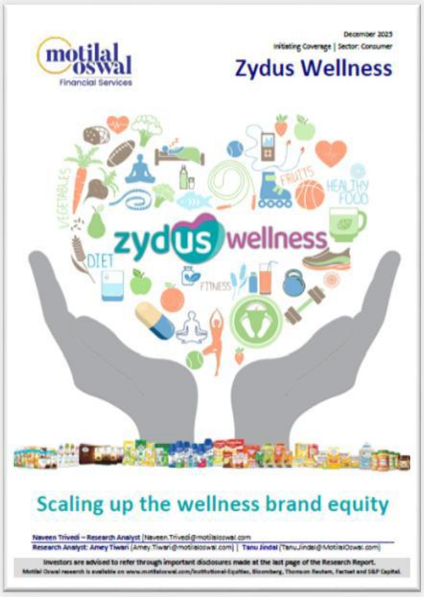

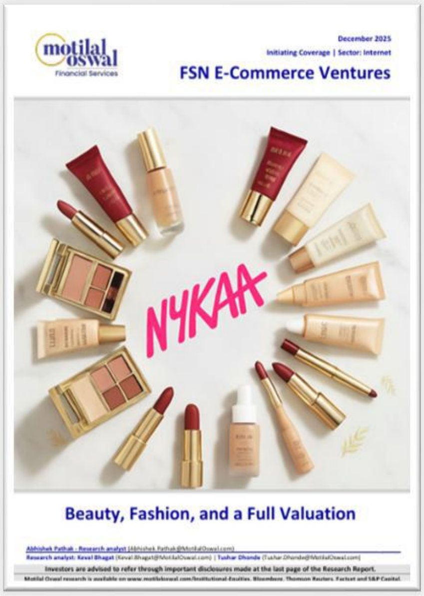

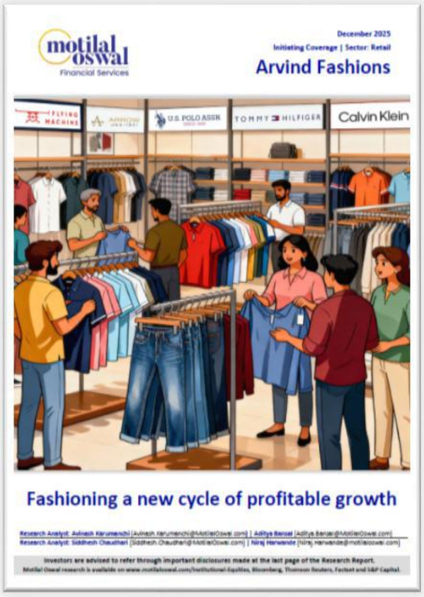

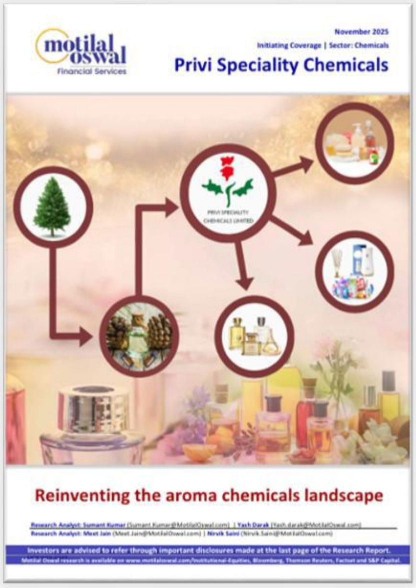

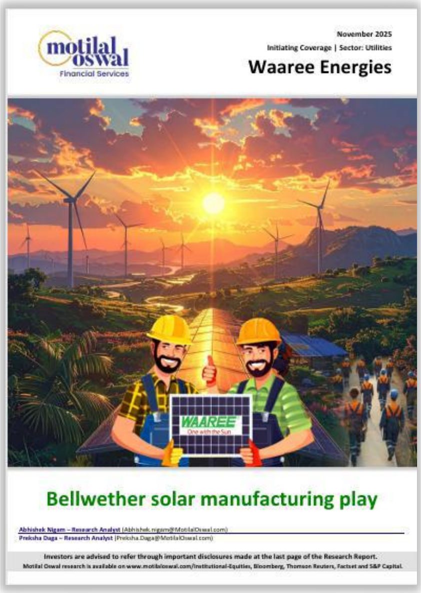

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