

21 July 2021

To Corporate Relations Department. <b>BSE Limited</b> 1 <sup>st</sup> Floor, New Trading Ring, Rotunda Building, P J Tower, Dalal Street, Mumbai 400 001	To Corporate Listing Department. <b>National Stock Exchange of India Ltd</b> Exchange Plaza, 5 <sup>th</sup> Floor Plot No.C-1, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051
<b>BSE Code: 532978</b>	<b>NSE Code: BAJAJFINSV</b>

**Subject: Investor Presentation for the financial results of the quarter ended 30 June 2021 - Regulation 30**

Dear Sir/Madam,

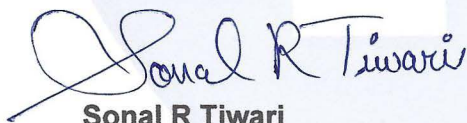
Further to our letter dated 12 July 2021, please find enclosed Investor Presentation for the financial results of the quarter ended 30 June 2021 under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with Schedule III thereto.

The aforesaid Investor Presentation includes additional relevant disclosures of material impact of COVID-19 on the Company and its material subsidiaries as required under the SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated 20 May 2020.

This is for your information please.

Thanking you,

Yours faithfully,  
**For Bajaj Finserv Limited**



**Sonal R Tiwari**  
**Company Secretary**  
Email id- [investors@bajajfinserv.in](mailto:investors@bajajfinserv.in)

Encl: as above



**Bajaj Finserv Limited**

Page 1 of 1



# BAJAJ FINSERV LIMITED

Investor Presentation – Q1 FY22\*

# Bajaj Group Structure

Bajaj Holdings & Investment Limited (Listed)

@33.43%<sup>2</sup>

Bajaj Auto Limited (Listed)

Auto Business Arm



Bajaj Finserv Limited (Listed)

Financial Services Arm

@39.16%<sup>1</sup>

Maharashtra Scooters Limited (Listed)

Auto spare parts Manufacturer

51%

52.65%<sup>3</sup>

Bajaj Finance Limited (Listed)\*

74%

Bajaj Allianz General Insurance Limited

74%

Bajaj Allianz Life Insurance Limited

100%

Bajaj Finserv Direct Limited

100%

Bajaj Finserv Health Limited

100%

Bajaj Housing Finance Limited

100%

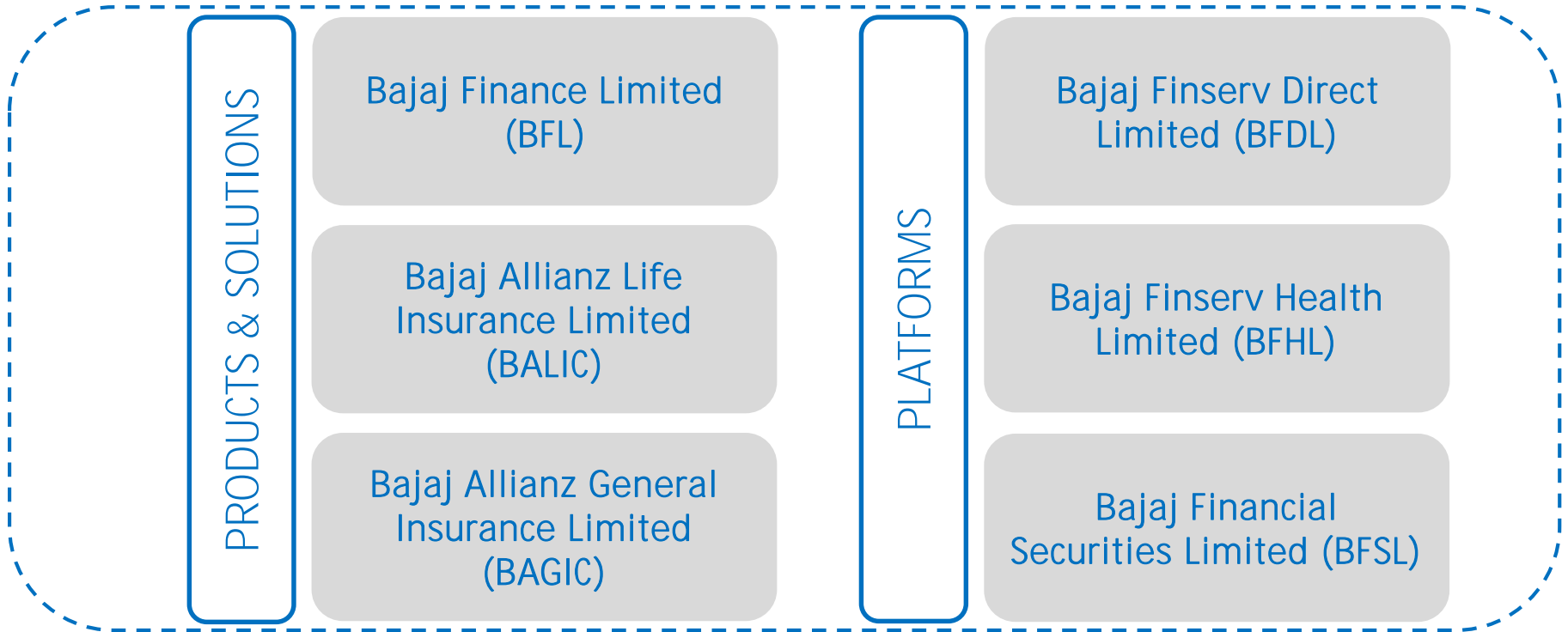
Bajaj Financial Securities Limited

1. 60.8% holding via promoter holding & promoter group
2. 53.65% holding via promoter holding & promoter group
3. 56.02% holding via promoter holding & promoter group

# Bajaj Finserv's Vision – A diversified financial services group with a pan-India presence



Life cycle needs of Individual & SME customers



**Diversified across products and markets, with a strong retail core**

BFS has applied to SEBI for setting up an Asset Management Company. Once licensed, it will enhance the offerings under Investments, Wealth management and Retirement solutions

\*ULIPs - Unit Linked Investment Products

# Bajaj Finserv – Established businesses with strong track record

Bajaj Finance  
Limited



- ❑ Non-Bank with strategy & structure of a bank
- ❑ Diversified financial services strategy with an optimal mix of risk and sustainable profit
- ❑ Focussed on mass affluent & above with a strategy to cross-sell with smart use of data and analytics
- ❑ Focused on continuous innovation to transform customer experience and create growth opportunities

Bajaj Allianz  
General Insurance



- ❑ Build a profitable & diversified portfolio of products & solutions with emphasis on multi-channel distribution, strong underwriting with stress on combined ratio & prudent financial management
- ❑ Drive the theme of “Caringly yours” on the foundation of customer obsession through innovations in customer experience
- ❑ Strive to be the best claims paying general and health insurer

Bajaj Allianz Life  
Insurance



- ❑ Balanced product mix and diverse distribution network to deliver sustainable profitable growth with robust risk management
- ❑ Life Goal Enablers for customers through differentiated products
- ❑ Customer-centric strategy to deliver seamless, simplified & personalized experience
- ❑ Use of innovation & data analytics as a strategic differentiator for customers & sales partners

# Bajaj Finserv – Emerging Opportunities

Bajaj Finserv Health  
Limited



- ❑ Health Tech venture - aims to transform healthcare sector in India
- ❑ Integrating the fragmented healthcare delivery ecosystem with technology and financial services on a digital platform to bring quality healthcare closer to consumers' reach through products, networks & Technology
- ❑ Introduced 'Aarogya **Care**', an industry-first product, offering a wide range of personalized, preventive and prepaid healthcare packages such as OPD care, telemedicine, and other services.

Bajaj Finserv Direct  
Limited



- ❑ Diversified Financial Services & eCommerce Open Architecture Marketplace for Loans, Cards, Insurance, Investments, Payments & Lifestyle products
- ❑ Offering large number of Financial products and thousands of Lifestyle **SKU's** on its Finserv MARKETS platform
- ❑ Attract new-to-Finserv customers by creating awareness and discovery of the Finserv brand in the digital medium

Bajaj Financial  
Securities Limited\*



- ❑ A digital stockbroker to provide Loan Against Securities (LAS) customers of BFL by offering them a full suite of investment products and services
- ❑ All-in-one digital platform combining demat, broking, margin trade financing for retail and HNI clients on a predominantly B2C platform

\*Bajaj Financial Securities Limited is 100% subsidiary of Bajaj Finance Limited which became fully operational in Aug 2019

- *Monitor and engage with our companies with the objective of long-term sustainable profit, meaningful market share, and effective use of capital - thereby delivering superior shareholder returns*
- *We do this by driving companies to create institutionalized frameworks through accountable empowerment and encouragement of disruptive thinking*

## Business

- Rigorous engagement in Long Range Planning and Annual Operating Plans
- Regular review of all businesses and their SBUs
- New business opportunities and Strategic investments

## Risk

- Harmonization of risk policies and framework, Regular engagement with CROs of business
- Periodic review of top ERM risks including credit, business, financial, operational, reputation, etc. & mitigation actions planned
- Drive risk related projects across the group such as ORM

## Collaboration and Best Practice

- Group Knowledge Forums - Analytics, Technology, Investments, Governance, etc.
- Cross group stress identification forum to identify any cross functional view on investment risks
- Cross Company projects on Data, innovation and digital strategy.

## People / HR

- One Finserv - Group Talent mobility
- Group Young Leader Management Trainee Program
- 30 Under 30 Program
- 3 Tier Merit based remuneration plans combining fixed cash, annual bonus and ESOPs

## Customer Experience, Investments, ESG

- Defining Customer Service protocols for businesses
- Review and standardisation of investment processes
- Oversight and monitoring of ESG policy and its implementation across the group

***“ESG is not just the right thing to do, it is what will shape a better tomorrow.”***

## Governance

- Board approved business responsibility policy (including material subsidiaries)
- Liquidity / solvency higher than the statutory requirement
- Women empowerment through policies, opportunities, social initiatives and more.

## Reaching Financial Services to Million of Indians

- Crop insurance to 4.8+ million farmers in last 3 years
- Financing to over 10 million new-to-credit customers during last 3 years
- Higher contribution of rural / social sector business compared to IRDAI norms

## Preserving and Protecting Environment

- Renewable power generated is significantly more than the electricity consumed
- Reduced paper consumption through digital initiatives
- 10 bps incremental pricing on fixed deposits placed digitally

## Empowering Society

- **‘Cleft Reconstructive Surgeries’** for 58,000+ children since 2014
- Eye care for 400,000+ individuals over last 3 years
- 9,583 students (67.5% being women) enrolled for CPBFI\*, since inception
- 860+ women farmers empowered in ecologically sensitive areas

## Customer Centricity

- Charters and policies to protect interest of customers
- Use of technology to enhance customer experience
- Conducted customer training and awareness campaigns
- Supported customers amidst the pandemic through repayment moratorium, renewal extension, etc.

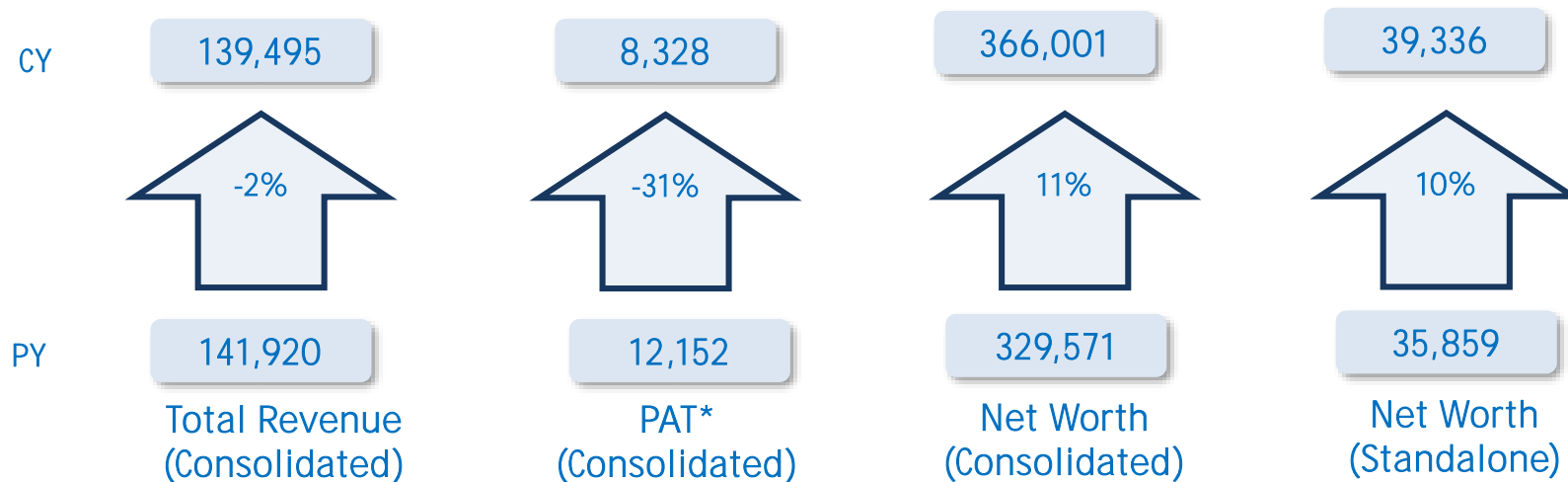
## Human Capital Management

- 33,000+ employees upskilled / multi-skilled through trainings
- 40%+ employees below 30 years
- 4,200+ employees moved through internal job posting mechanism, etc.
- COVID-19 initiatives such as financial aid, dedicated helplines, doctor consultations, counsellors for mental health & wellbeing, etc.



All Figures in Rs Million

## Performance Highlights of Q1 FY22 over Q1 FY21 (Ind AS)



- Bajaj Finserv remains a debt free company. Bajaj Finserv's surplus funds (Excluding Group Investments) stood at Rs. 13.2 Bn as on 30 June 2021 (Rs. 10.6 Bn. as on 30 June 2020)
- Consolidated Book Value Per Share at Rs. 2,300 as on 30 June 2021( Rs. 2,071 as on 30 June 2020)
- PAT includes unrealised mark-to-market gains on equity investments measured at fair value through profit and loss of BALIC and BAGIC of Rs 250 Mn in Q1 FY 22 as compared to 3,300 Mn in Q1 FY21

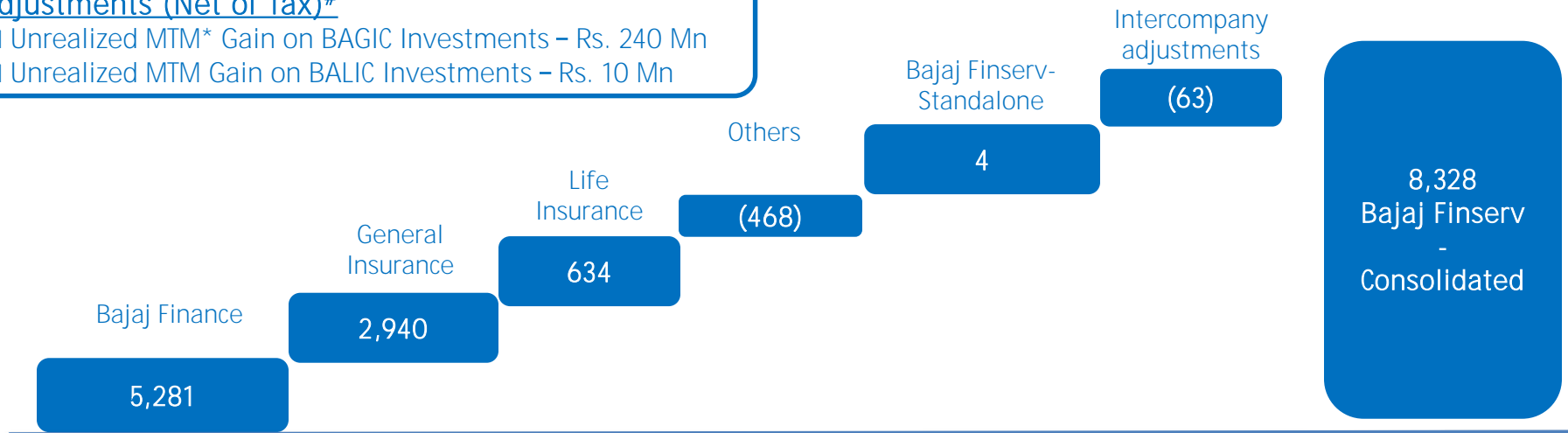
Note : \*PAT attributable to owners of the company

# Consolidated profit components – Q1 FY22

## Consolidated profit components for Q1 FY22 (Ind AS)

### Adjustments (Net of Tax)#

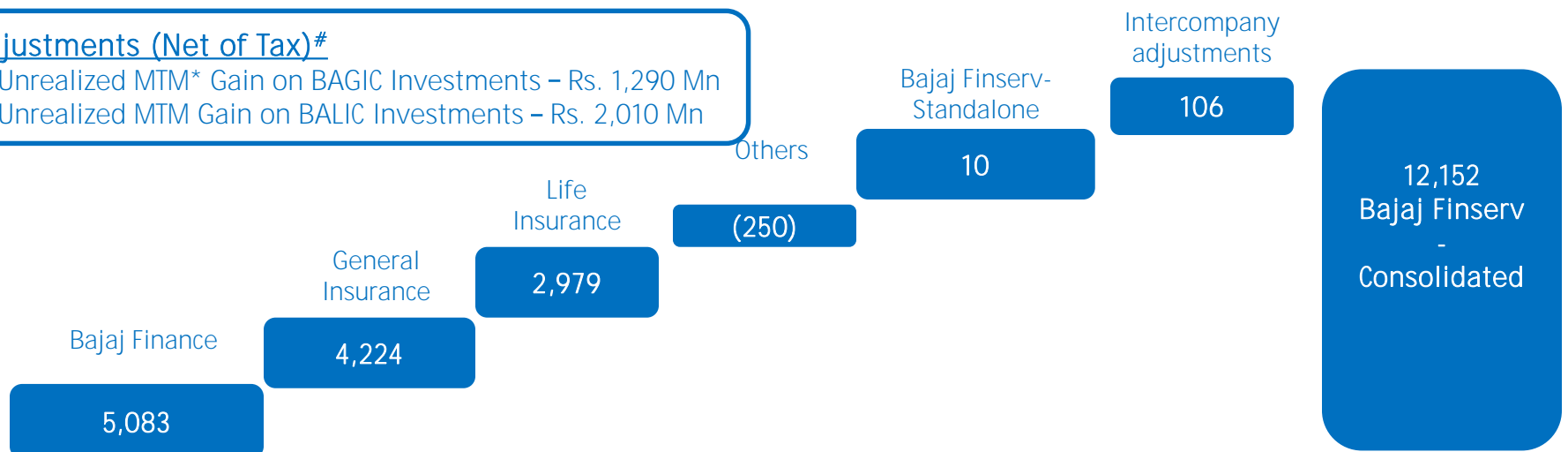
- Unrealized MTM\* Gain on BAGIC Investments – Rs. 240 Mn
- Unrealized MTM Gain on BALIC Investments – Rs. 10 Mn



## Consolidated profit components for Q1 FY21 (Ind AS)

### Adjustments (Net of Tax)#

- Unrealized MTM\* Gain on BAGIC Investments – Rs. 1,290 Mn
- Unrealized MTM Gain on BALIC Investments – Rs. 2,010 Mn





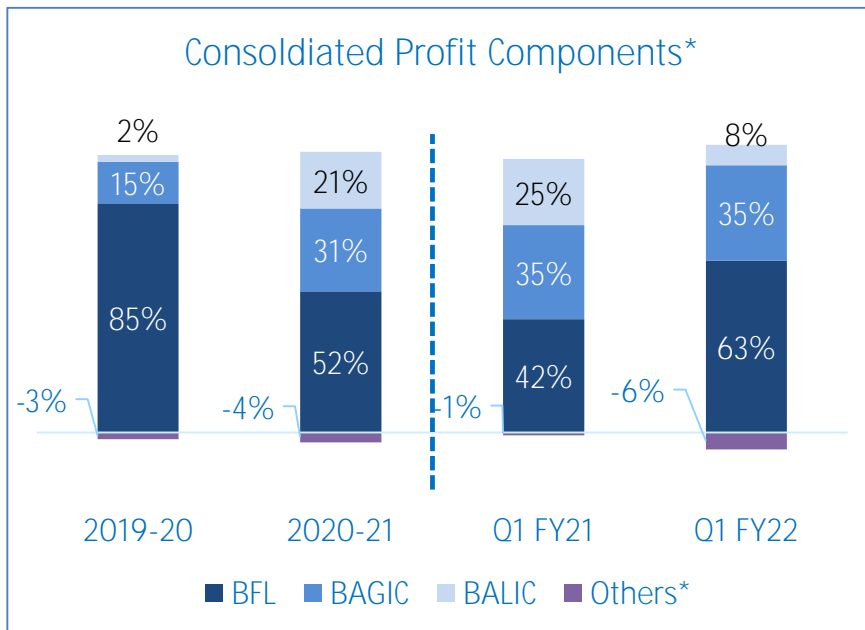
All Figures in Rs Million

## Highlights of Group Companies

BAJAJ FINSERV#	Q1 FY22	Q1 FY21	Growth
Total Revenue	139,495	141,920	-2%
Net worth	366,001	329,571	11%
PAT	8,328	12,152	-31%

#Consolidated | Ind AS

BAJAJ FINANCE#	Q1 FY22	Q1 FY21	Growth
AUM	1,590,569	1,380,546	15%
Total Income	67,430	66,497	1%
PAT	10,024	9,623	4%
PPOP <sup>^</sup>	31,162	29,954	4%



BAGIC	Q1 FY22	Q1 FY21	Growth
GWP	24,944	22,891	9%
Investments	235,049	196,115	20%
PAT	3,624	3,949	-8%
Combined Ratio	103.4%	97.6%	-5.8% <sup>abs.</sup>

BALIC	Q1 FY22	Q1 FY21	Growth
GWP	25,155	16,997	48%
Investments	772,704	609,681	27%
PAT	840	1,300	-35%
NBV & NBM **\$	253   4.2%	-135   -3.4%	> 100%   7.6% <sup>abs.</sup>

- Bajaj Finserv and Bajaj Finance figures are as per Indian Accounting Standard (Ind AS).
- BAGIC and BALIC figures are as per IRDAI Regulations (Indian GAAP) & the Indian Accounting Standard framework is used only for consolidated numbers

\*\* NBV - Net New Business Value, NBM - New Business Margin, \*Others includes Bajaj Finserv Standalone, and all remaining components

<sup>^</sup> - Pre Provision Operating Profit Before Tax, \$ - On 12 month rolling basis, NBM for the period ended Jun'21 is 12.8% vs 9.4% for the period ended Jun'20



Bajaj Finance Limited

## STRATEGY

- Diversified financial services strategy seeking to optimise risk and profit, to deliver a sustainable business model and deliver a superior ROE and ROA
- Focused on continuous innovation to transform customer experience to create growth opportunities.

## DIFFERENTIATORS

Focus on mass affluent and above clients

Overall customer franchise of 50.45 Mn. and Cross sell client base of 27.43 Mn.

Strong focus on cross selling to existing customers

Centre of Excellence for each business vertical to bring efficiencies across businesses and improve cross sell opportunity. 79% of new loans in Q1 FY22 were to existing clients

Highly agile & highly innovative

Continuous improvement in features of products & timely transitions to maintain competitive edge

Deep investment in technology and analytics

Has helped establish a highly metricised company and manage risk & controllership effectively

Diversified asset mix supported by strong ALM and broad-based sources of borrowings

Consolidated lending AUM mix for Consumer : Rural : SME : Commercial : Mortgage stood at 34%: 10%: 13%: 11%: 32% as of 30<sup>th</sup> June 2021  
Consolidated borrowing mix for Banks: Money Markets: Deposits: ECB stood at 31%: 44%: 21%:4%

## BAJAJ FINANCE

### Consumer

- Largest consumer electronics, digital products & furniture lender in India
- Presence in 1,368 locations with 82,950+ active points of sale
- Amongst the largest personal loan lenders
- EMI Card franchise of over 24.1 Mn. cards in force
- Among the largest new loans acquirers in India 4.63 Mn in Q1 FY22
- Bajaj Finserv – Mobikwik active wallet users stood at 20.9 Mn as on 30 June 2021 who have linked EMI card to wallet
- Bajaj Finserv – RBL Bank co-branded credit card stood at 2.13 Mn as of 30 June 2021

### SME

- Focused on affluent SMEs with an average annual sales of around Rs. 15-17 Crores with established financials & demonstrated borrowing track records
- Offer a range of working capital & growth capital products to SME & self employed professionals
- Dedicated SME Relationship management approach to cross sell

### Commercial

- Wholesale Lending products covering short, medium and long term financing needs of selected sectors viz.
  - ✓ Auto component and ancillary manufacturers
  - ✓ Light engineering
  - ✓ Financial institutions
- Structured products collateralized by marketable securities or mortgage
- Financing against shares, mutual funds, insurance policies and deposits

### Rural

- Unique hub-and-spoke model in 1,745 locations and retail presence across 24,000+ points of sale
- Diversified rural lending model with 10 product lines across consumer and professional business categories

- ❑ It was a muted quarter impacted by severe second wave of pandemic. Both businesses & debt management efficiencies were affected due to strict lockdowns in majority of the states
- ❑ Second wave caused a **marginal increase in EMI bounce rate in Q1 FY22 over Q4 FY21**. Average EMI bounce rate in Q1 FY22 were approximately 1.08X of Q4 FY21; **The bounce rate for July 2021 has improved to 0.96X of Q4 FY21**
- ❑ Cost of Funds for Q1 FY22 was 7.11% vs 7.39% in Q4 FY21. **Company's liquidity buffer was Rs. 108,572 Mn** (represents 8% of total borrowing) as of 30 June 2021 vs Rs. 164,855 Mn as of 31 March 2021
- ❑ Company follows **Expected Credit Loss (ECL)** methodology of provisioning and **has to provide for expected losses over the tenor of the loans**; accordingly accounted for higher credit cost in Q1 FY22
  - Wave 2 resulted in subdued debt management efficiencies leading to higher stage 2 & 3 assets
  - **GNPA for the quarter increased by Rs. 2,006 crore** from Rs. 2,731 crore as of 31 March 2021 to Rs. 4,737 crore as of 30 June 2021; **Auto Finance Business was worst affected**
  - **NNPA as of 30 June 2021 was Rs. 2,307 crore vs Rs. 1,136 crore as of March 2021**
- ❑ As per current estimates, the company expects credit costs for FY2022 to be in the range of Rs. 4,200 crore to Rs. 4,300 crore (FY21 credit cost was Rs. 5,969 crore)
- ❑ **Planned business transformation is on track** for phase 1 go live in late Q2/Q3 FY22

## Q1 FY 2021-22

### AUM & Business Franchise Growth

- Q1 FY22 AUM was at Rs. 1,590,569 Mn vs Rs. 1,380,546 Mn last year (15% growth); Core AUM accretion in Q1 FY22 was approximately ~ Rs. 41,000 Mn
- 4.63 Mn new loans in Q1 FY22 as against 1.75 Mn in Q1 FY21;
- Acquired 1.88 Mn new customers in Q1 FY22 vs 0.53 Mn in Q1 FY21
- Total customer franchise stood at 50.45 Mn as of 30 June 2021 - 17% growth YoY

### NIM Metrics, Liquidity and Operating Expense

- Net Interest Income (NII) for Q1 FY22 was Rs. 44,895 Mn vs Rs. 41,521 Mn in Q1 FY21;
- The Company is carrying liquidity buffer of Rs. 108,572 Mn, representing 8% of its total borrowing
- As of 30 June 2021, deposit book stood at Rs. 279,716 Mn - growth of 39% YoY
- Opex to NII came in at 30.6% vs 27.9% in Q1 FY21; expected to normalize to ~33% by Q4 FY22

### Credit Costs

- Loan losses & provisions for the Q1 FY22 were Rs. 17,503 Mn vs Rs. 16,857 Mn in Q1 FY21; Holds a management overlay position of Rs. 4,830 Mn as of 30 June 2021
- GNPA & NNPA for the quarter stood at 2.96% & 1.46% respectively as compared to 1.79% and 0.75% in Q4 FY21



## Q1 FY 2021-22

### Profitability & Capital Position

- Despite higher provisioning, profit after tax (PAT) for Q1 FY22 increased by 4% to Rs. 10,024 Mn compared to Rs. 9,623 Mn in Q1 FY21
- Capital adequacy remained very strong at 28.57% as of 30 June 2021. Tier-1 capital was 25.41%

## Subsidiaries - Q1 2021-22

### A. Bajaj Housing Finance Limited (BHFL)

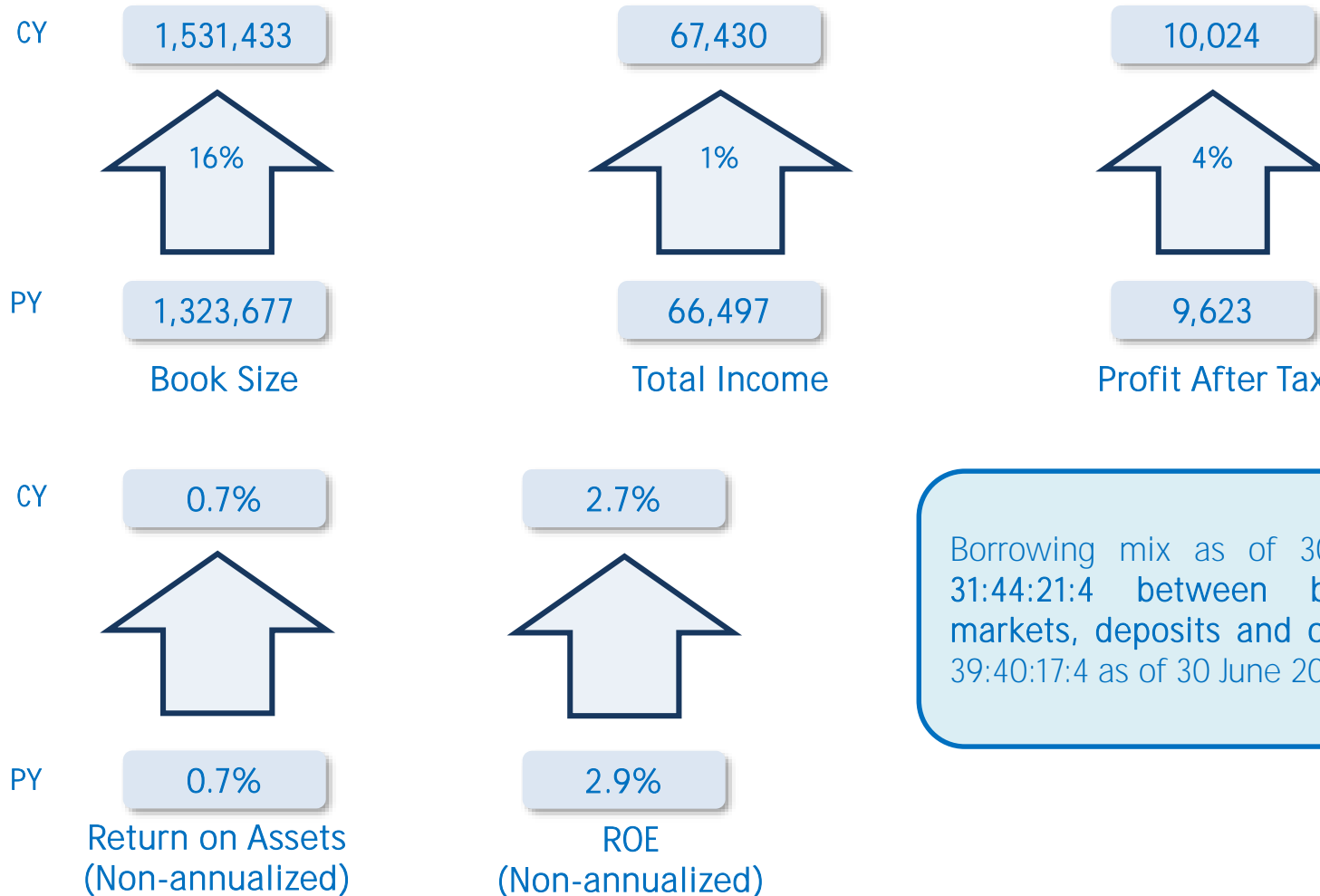
- AUM increased by 24% to Rs. 409,409 Mn as of 30 June 2021 from Rs. 329,822 Mn as of 30 June 2020
- Profit after tax (PAT) increased by 75% to Rs. 1,605 Mn in Q1 FY22 against Rs. 918 Mn in Q1 FY21 on account of higher net interest income and lower loan loss provisions Rs. 259 Mn in Q1 FY22 vs Rs. 452 Mn in Q1 FY21;
- Net Interest Income for Q1 FY22 increased by 38% to Rs. 3,348 Mn from Rs. 2,427 Mn in Q1 FY21
- Opex to NII decreased to 27.2% in Q1 FY22 as against 30.5% in Q1 FY21;
- **BHFL's** Capital adequacy ratio (including Tier-II capital) as of 30 June 2021 stood at 22.07%

### B. Bajaj Financial Securities Limited

- Total Income of Rs. 150 Mn in Q1 FY22 against Rs. 29 Mn in Q1 FY21; Net loss of Rs. 32 Mn in Q1 FY22

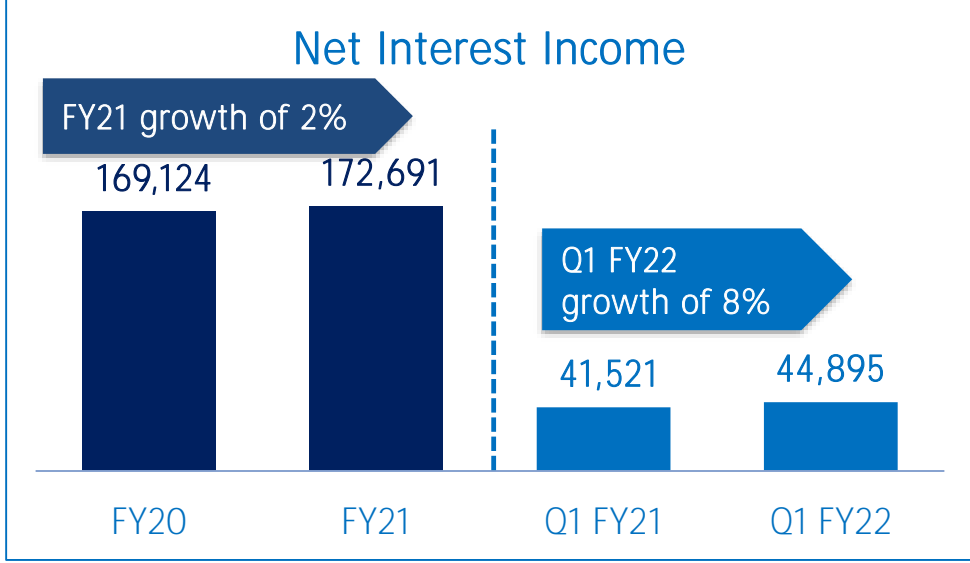
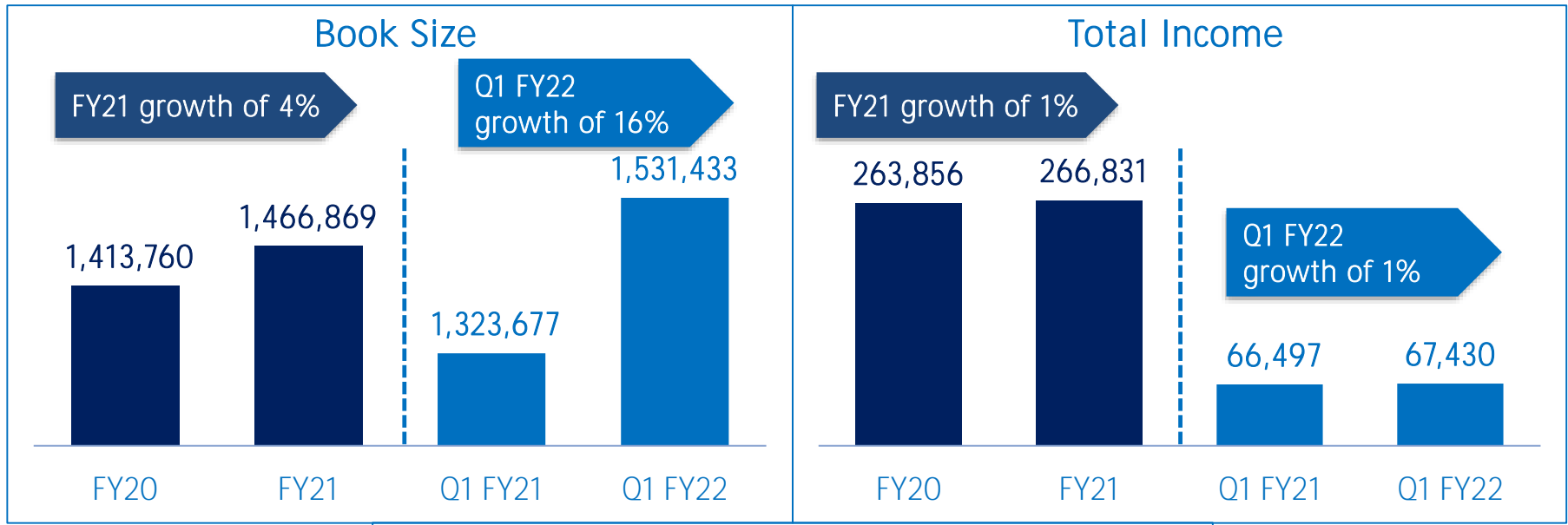
All Figures in Rs Million

## Performance Highlights of Q1 FY22 over Q1 FY21 (Ind AS)



Borrowing mix as of 30 June 2021 is 31:44:21:4 between banks, money markets, deposits and others (Mix was 39:40:17:4 as of 30 June 2020)

All Figures in Rs Million

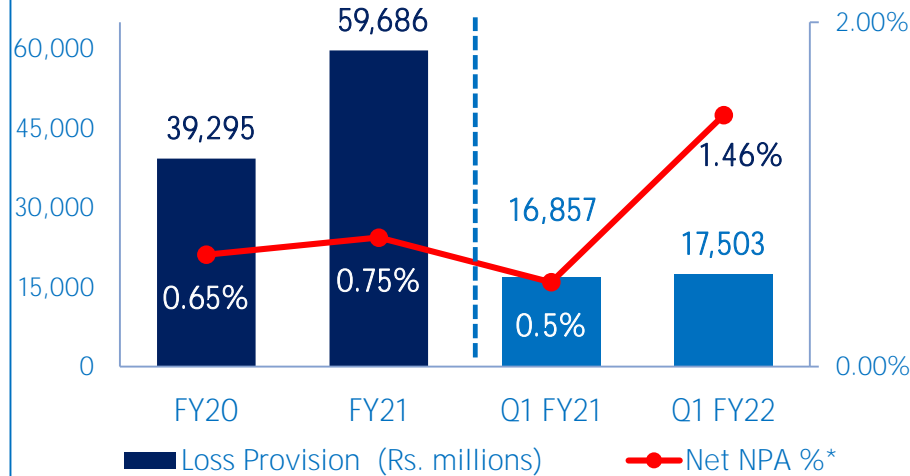


Bajaj Finance Consolidated results are as per Ind AS, previous years figures have been re-casted for comparability

# BFL : Loan Loss Provision and Operating Expenses

All Figures in Rs Million

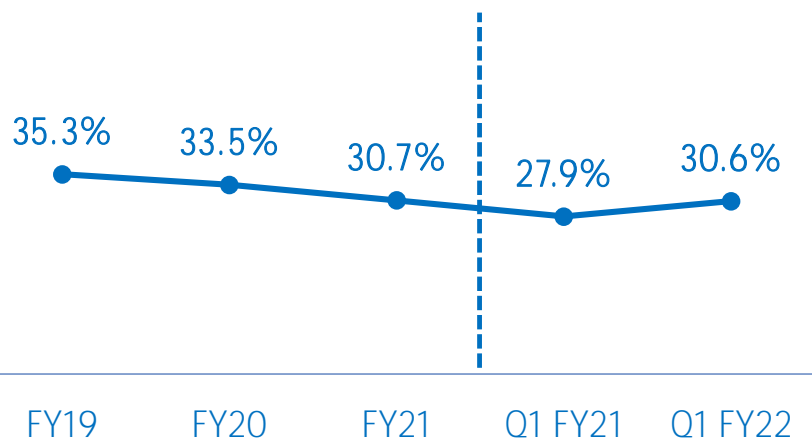
## Loss Provision and Net NPA%



GNPA and NNPA in Q1 FY22 stood at 2.96% & 1.46% respectively as compared to 1.40% and 0.50% in Q1 FY21

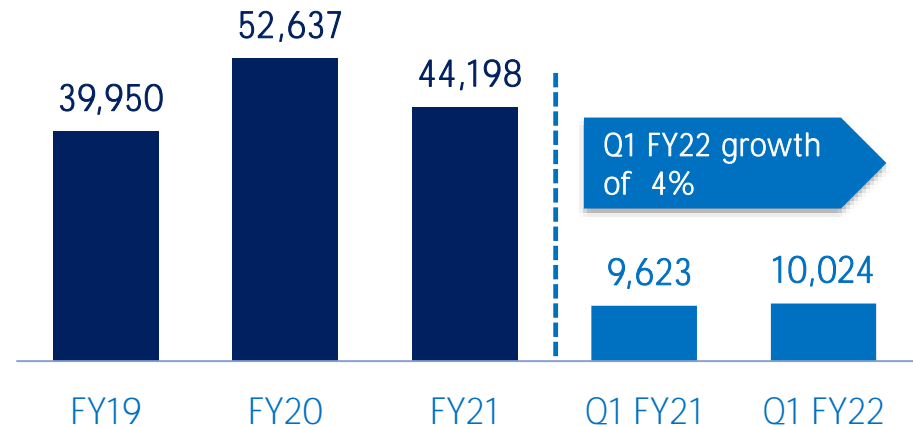
Standard assets provisioning (ECL stage 1 and 2) stood at 174 bps as of 30 June 2021 vs 181 bps as of 31 March 2021. This was 90-100 bps during pre-pandemic condition.

## Operating expenses as a % of NII



FY21 growth of -16%

## PAT



\*Net NPA, recognized as per extant RBI prudential norms and provisioned as per Expected Credit Loss (ECL) method prescribed in Ind AS.

# Bajaj Allianz General Insurance

## STRATEGY

Strive for market share growth in chosen segments through a well-diversified product portfolio and multi-channel distribution supported by prudent underwriting

## DIFFERENTIATORS

Strong selection of Risk & prudent underwriting

- Industry leading combined ratios consistently over time - Combined Ratio stood at 96.9% in FY21
- Business construct is to deliver superior ROE

Balanced Product Mix

- Diversified product portfolio offering across retail and corporate segments
- Continuous innovations in product features to maintain competitive edge

Deep and wide distribution

Multi channel distribution network encompassing multiline agents, bancassurance, broking, direct, and ecommerce network serving all segments

Retail & Commercial orientation

Focused on retail segments (mass, mass affluent & HNI) & commercial segments (SME & MSMEs) while maintaining strong position in large corporates & government business

Investments in technology with focus on all stakeholders – **“Caringly yours”**

Deep investments in technology to drive efficiencies for the Company and convenience for all stakeholders – Customers, distributors and employees

- ❑ Regional lockdowns imposed due to COVID-19 resulted in marginally lower growth for BAGIC in Q1 FY22 (9.1% (ex. Crop 11.1%) vs Industry<sup>#</sup> growth of 11.1%)
  - Key business segments grew better than the market
  - Motor: maintains strong growth in 2W & 4W segments but Commercial vehicles (CV) still stressed on growth
  - BAGIC continues to do well on Commercial lines (Fire, Engineering & Liability), despite IIB rate hike effect getting based out from previous quarter i.e. Q4 FY21
  - Retail health growth was strong
  
- ❑ On the claims front, the experience is severe than the Q1 FY21
  - Benefit from lower Motor OD claims frequency was relatively lower when compared with Q1 FY21; though frequency is still below pre-COVID levels
  - Though the severity of COVID-19 claims was lower than the peak severity observed in FY21, **frequency of COVID claims increased** as seen from the fact that 82% of total COVID claims of FY21 already booked during Q1 FY22; **adversely impacted the overall loss ratio for Q1 FY22 by 14.8%**
  - Motor TP claims are still not being settled at the same pace as courts are still not operating at full capacity
  
- ❑ The Company continues to be well capitalized with a Solvency at 340% as against minimum solvency of 150%

**BAGIC has grown faster than the market in key business lines and delivered underwriting profits in most difficult times**

## Q1 FY 2021-22

### Revenue Growth

- GDPI grew by 9.1% in Q1 FY22 as against Industry# growth of 11.1%
- Ex. Crop & Govt. Health, Q1 FY22 GDPI grew by 10.8% vs Industry growth of 11.6%

### Gross Written Premium (Segmental Performance)

- Growth in Q1 was driven by Motor 4W (10.3%), 2W (23.0%), commercial\* lines (14%) & Retail Health (30.8%); CV segment de-grew by -2.8%
- In Q1, most retail lines fared better than the market growth
- Overall motor growth of 7.1% was more than the industry growth of 3.1%, Fire growth of 11% (Industry:4.1% growth), Engineering growth of 26.9% (Industry:32.6% growth) & Liability growth of 21.3% (Industry:22.8%). Overall commercial lines for Industry grew at 8.2%

### Loss Ratio (LR)

- LR at 75.9% as against 68.1 % in Q1 FY21 mainly on account of higher COVID claims
- LR increased by 1.2% on account of claims pertaining to cyclone Tauktae & Yaas

### Combined Ratio (COR)

Despite lower acquisition cost and expense, COR increased to 103.4% as against 97.6% in Q1 FY21 on account of higher loss ratio. Underwriting profit however of Rs. 150 Mn despite high COVID claims

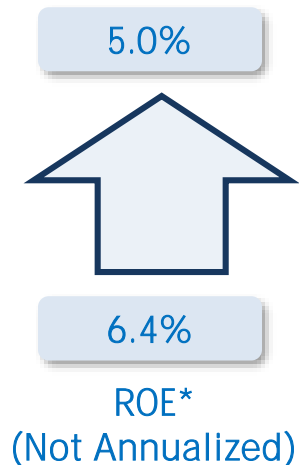
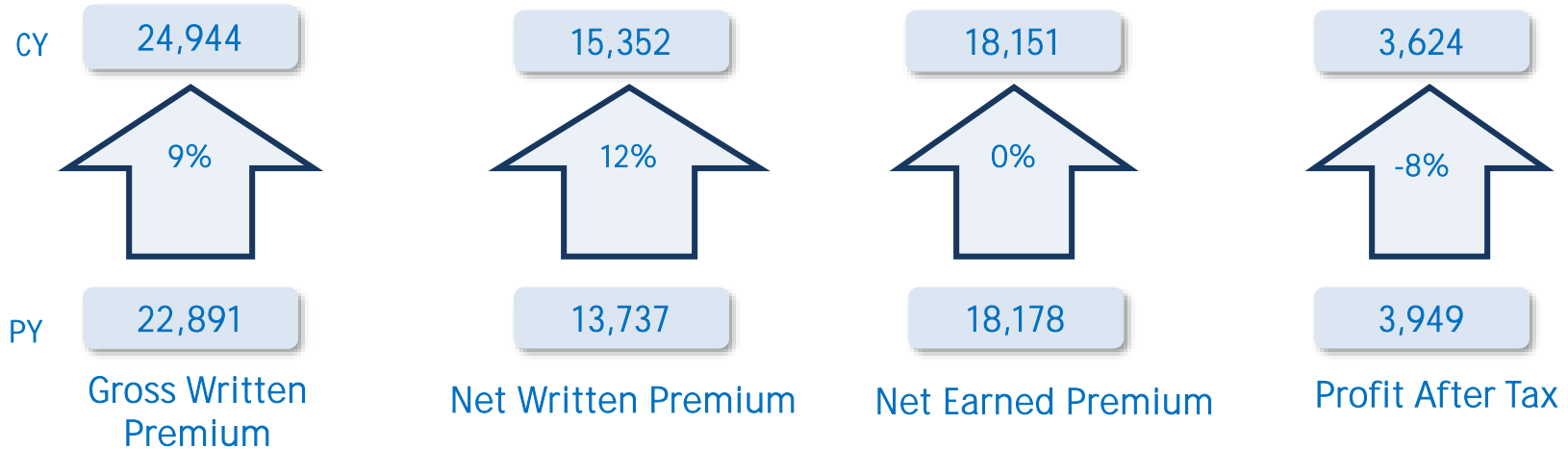
### Profit after tax (PAT)

Although claims ratio increased significantly, Q1 FY22 PAT de-grew by just 8% on account impact of higher investment income and higher realized gains of Rs. 1,321 Mn vs Rs. 604 Mn in Q1 FY22

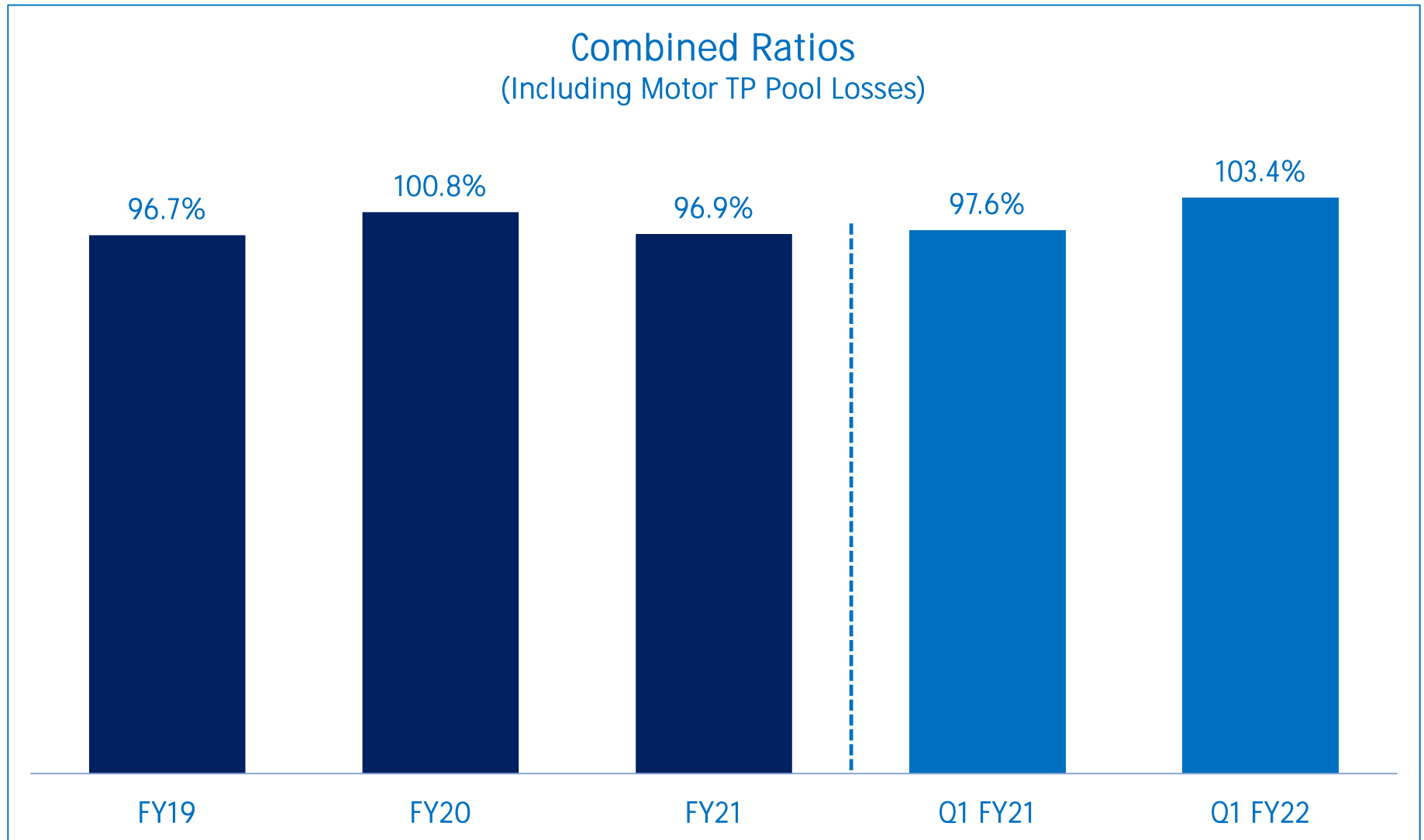


All Figures in Rs Million

## Performance Highlights of Q1 FY22 over Q1 FY21



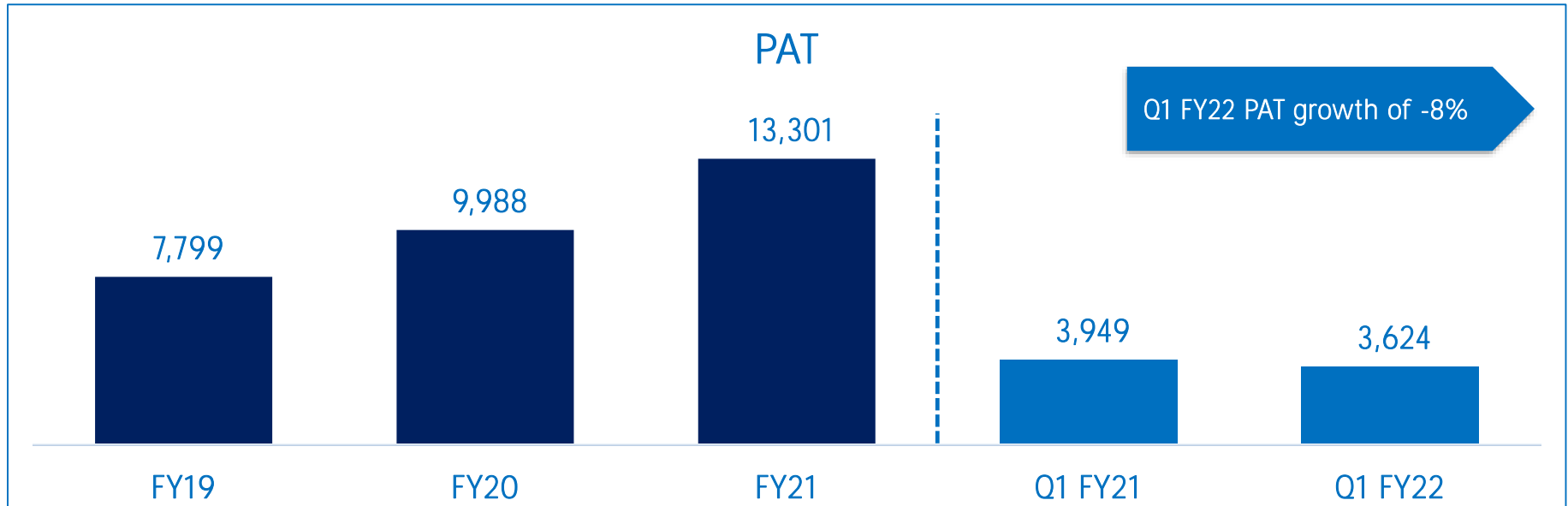
- Retail Growth at 9.8% (Ex. Crop, Govt. Health and GMC). GWP was Rs. 22,466 Mn in Q1 FY22 (Rs. 20,455 Mn Q1 FY21)
- Solvency Ratio was 340% as against regulatory requirement of 150% as of 30 June 2021



1. Combined Ratios are in accordance with the Master Circular on 'Preparation of Financial statements of General Insurance Business' issued by IRDA effective from 1<sup>st</sup> April, 2013. (Net claims incurred divided by Net Earned Premium) + ( Expenses of management including net Commission divided by Net Written Premium).

# BAGIC : Profit after tax and Capital efficiency

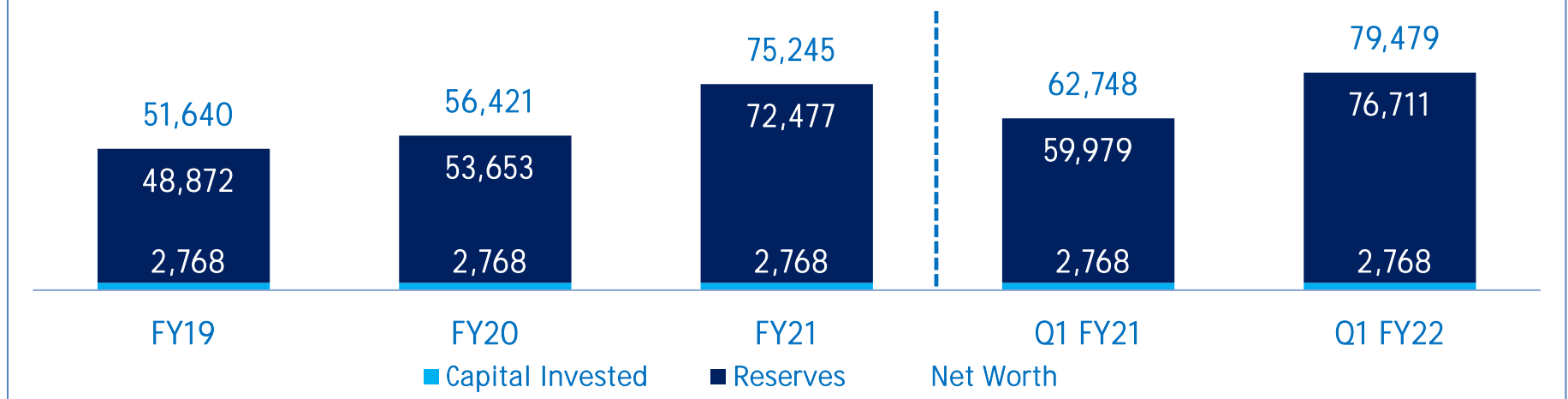
All Figures in Rs Million



Total Capital infused is Rs.2,768 Mn  
No Capital infusion since FY08

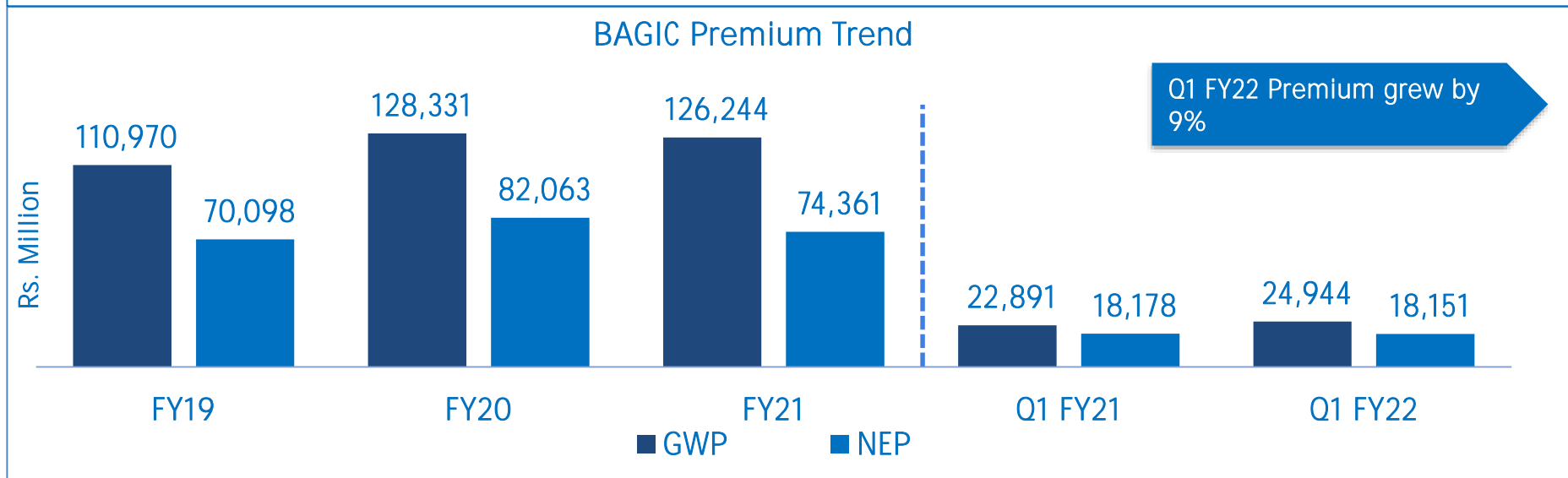
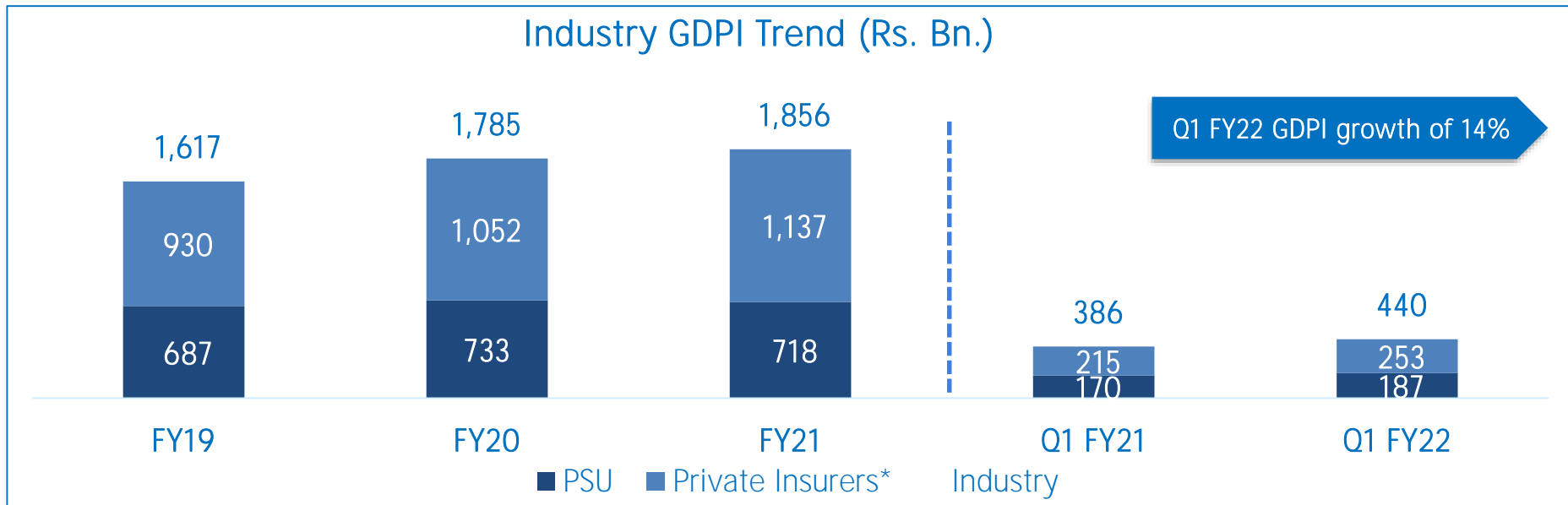
## BAGIC - Capital Invested - Networth

Accumulated profit\* 97% of  
Net worth as on 30 Jun 2021



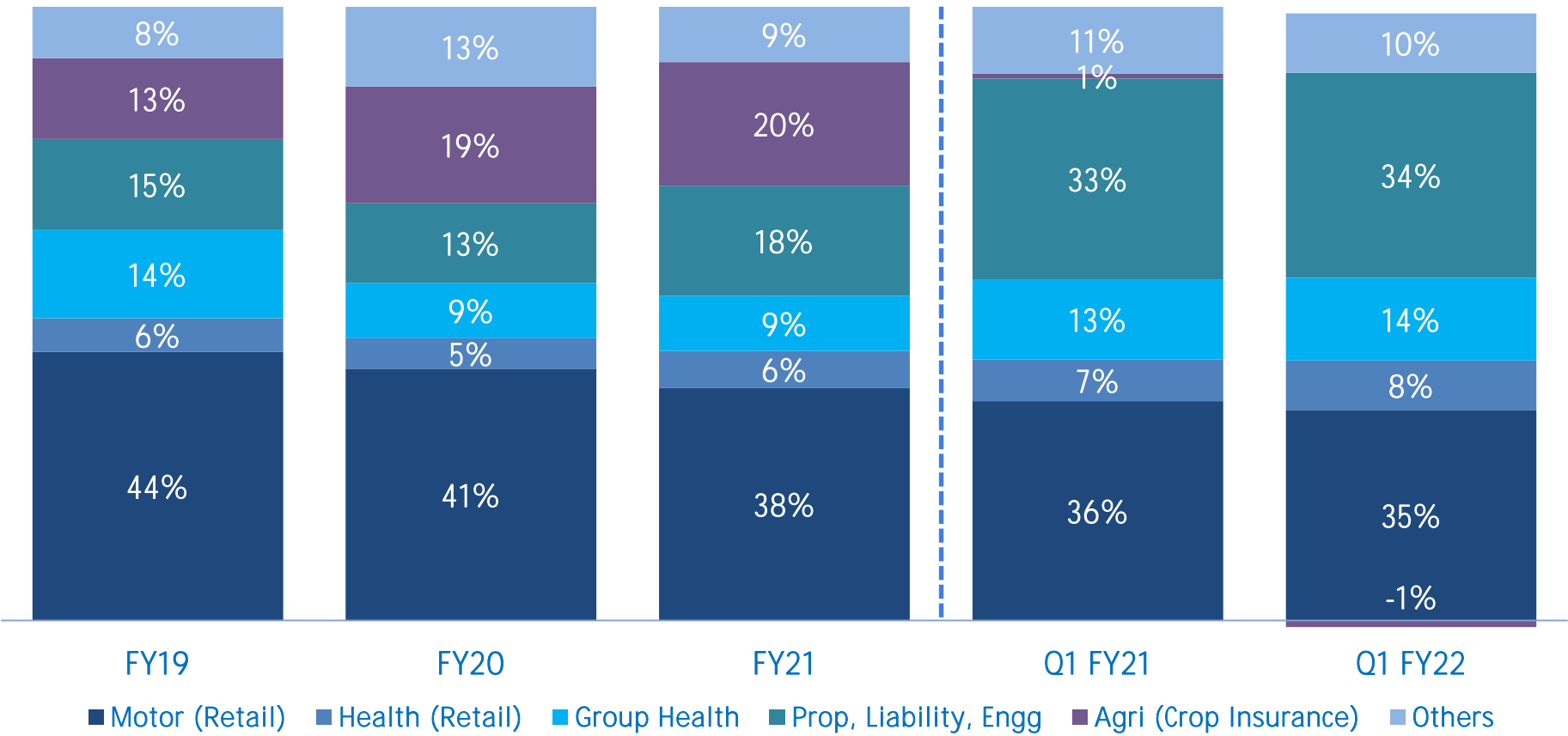
\*Accumulated profit includes reserves and fair value change on equity investments

# BAGIC : Consistently amongst top 2 private insurers in terms of Gross Premium;



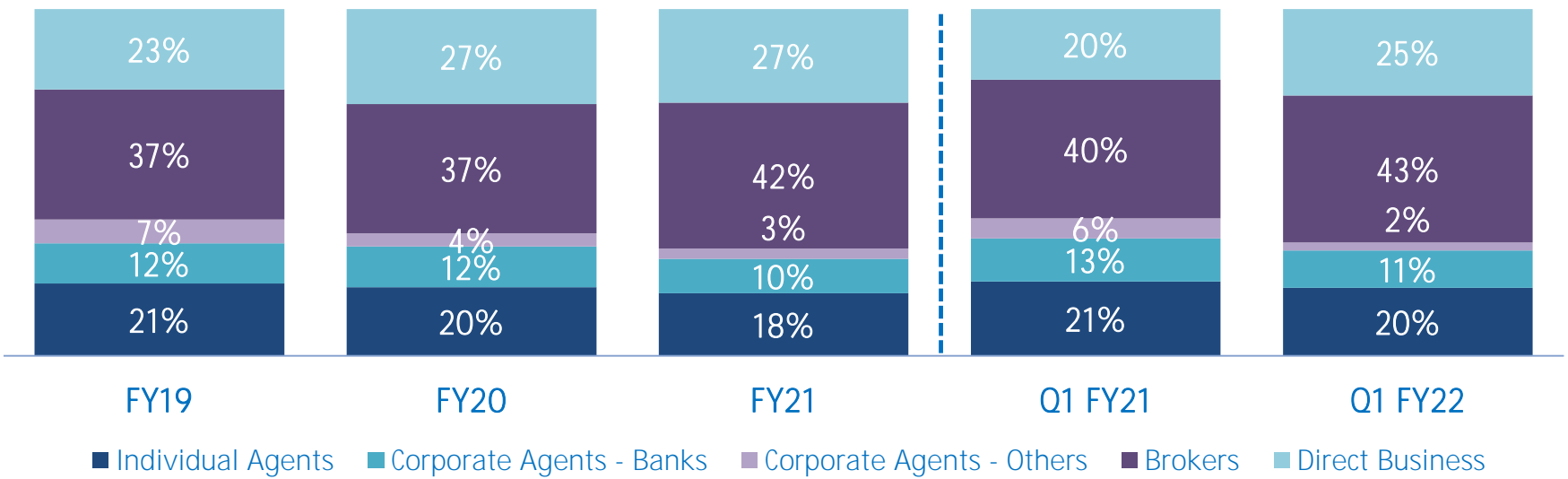
Source : IRDAI, GDPI : Gross Direct Premium Income | \*Private Insurers : Includes Standalone Health Insurers, PSU excludes AIC of India, and ECGC

## Business Mix



- BAGIC's ex-crop GWP growth for Q1 FY22 vs Q1 FY21 was 11.1%
- Overall contribution of Health business (Retail + Group) has increased from 20% in Q1 FY21 to 22% in Q1 FY22

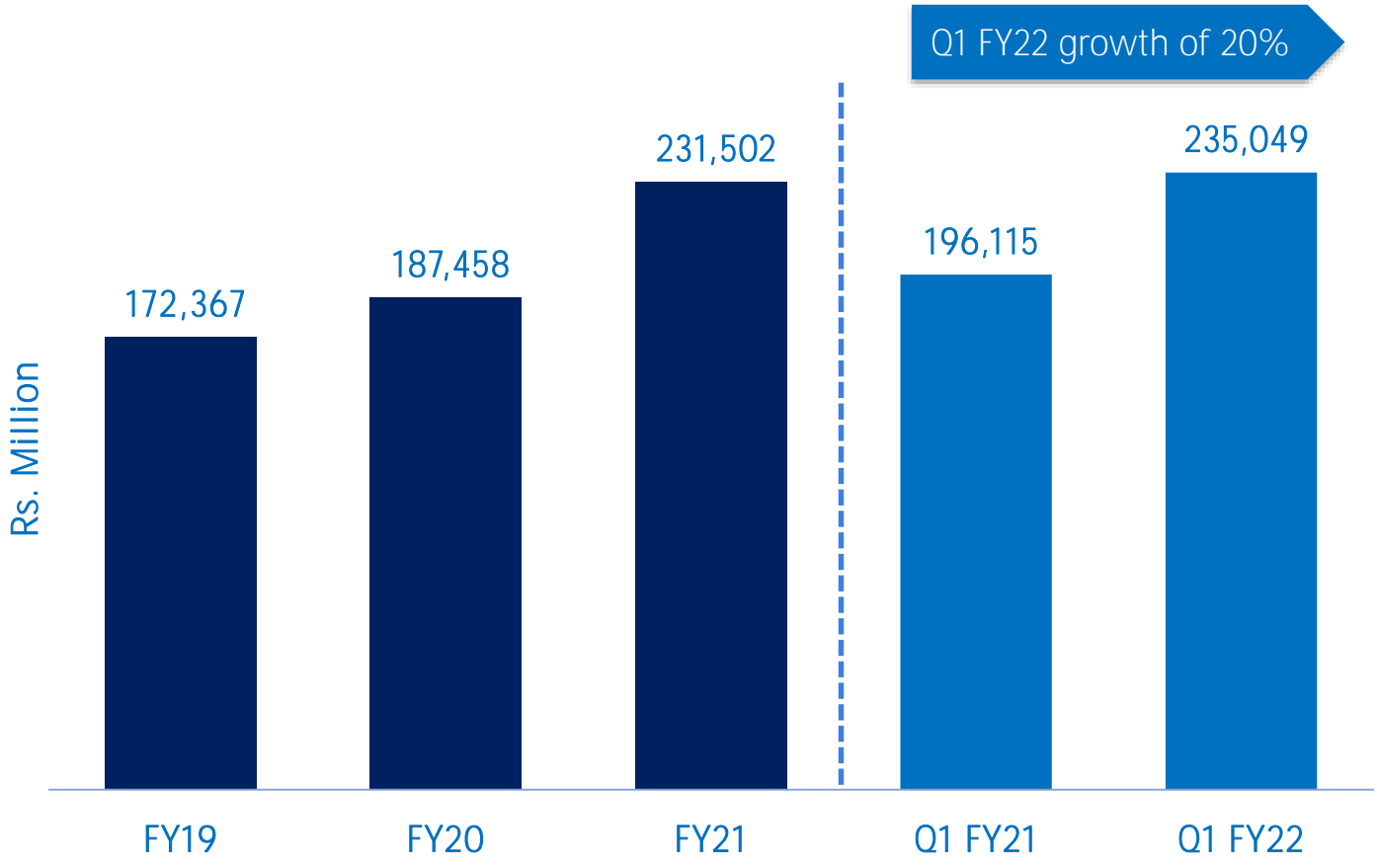
## Channel Mix



Bancassurance Partnerships	Agency & Retail Channels	OEMs & Dealer Partnerships	Rural Focus	Presence in ecosystems
<ul style="list-style-type: none"> <li>Over 242 Bank partners</li> <li>16 National Tie-ups &amp; MNC Banks</li> <li>37 NBFCs, 5 SFBs, 1 Payments Bank</li> <li>141 Co-operative banks, 8 RRBs</li> <li>34 Others</li> </ul>	<ul style="list-style-type: none"> <li>47,000+ agents &amp; 46,900+ POS</li> <li>Virtual Sales Offices</li> <li>Direct Channels to drive upsell</li> <li>Agency segmented under prime, key, emerging and Retail and SME</li> </ul>	<ul style="list-style-type: none"> <li>32 national Tie-ups and over 9000 network of dealers across pan India</li> <li>National Tie-ups with Maruti, Hyundai, Volkswagen, BMW, Audi, Honda, Land Rover, Ford, Mahindra, Citroen, JCB, Royal Enfield</li> </ul>	<ul style="list-style-type: none"> <li>19.2 Million+ farmers covered under PMFBY in last 4 years</li> <li>30,000+ active CSC centers</li> </ul>	<ul style="list-style-type: none"> <li>15+ Partnerships across insurtech companies, aggregators, wallets such as Phone Pe, payments bank, etc</li> </ul>

Note: The components might not add up to total of 100% due to rounding off

## AUM (cash and investments)



BAGIC continues to grow its AUM strongly

Investments are largely in fixed income securities

Investment Leverage of 2.96 as on 30 June 2021

99.4% of debt portfolio is in AAA or sovereign securities. 94.9% of Equity investment is in BSE 100 stocks

Investment Leverage : AUM as of date / Net worth as of date

<p><b>Digital Distributor Onboarding</b> Intermediaries onboarded digitally</p>	<p>Q1'22 100%</p>	<p><b>Digital Issuance</b> Easy &amp; few clicks policy issuance option</p>	<p>Q1'22 93.7%</p>
<p><b>Digital Policy</b> "Go green" option for customer by going paperless</p>	<p>Q1'22 90.3%</p>	<p><b>Digital Customer Servicing</b> Omni &amp; multichannel experience</p>	<p>Q1'22 54.7%</p>

## Key Initiatives & Digital Adoption

**I Mitra/Ezeetab**  
One stop shop for partners & salespersons for policy issuance and services  
*1 Mn+ policies issued in Q1*

**BAGICARE - CRM**  
Seamless WFH experience - Enabled for Website, Social Media, Chatbot  
*0.96 Mn+ Service Requests*

**WhatsApp + BOING 2.0**  
AI based chat BOT enabled with 23+ services & present on WhatsApp and 5 other platforms  
*6.4 Mn+ Messages Exchanged*

**DigiSwasth**  
App & Web based 100% integrated health check up process  
*100% Integrated Setup >94% TAT in (0-4 hrs.)*

**Core Transformation on Cloud**  
Policy administration system being moved on cloud to enhance agility and integration  
*Travel & Retail Health are live*

**Data Lake**  
5K+ attributes across structured & unstructured data  
*Prospect Mart: ~40 Mn prospects Unique customer base ~96 Mn*

**Farmitra App** - For Farmer Community  
*49K+ downloads in Q1 FY22*

**Caringly Yours App** - 1<sup>st</sup> Insurance App in India to cross 1 million downloads  
*1.27 lakhs+ downloads in Q1 FY22*



## Asset Quality

- 99.4% of the debt portfolio in AAA and sovereign assets
- 88.7% of Equity in Nifty 50 stocks
- Oversight by Board & Executive investment committee and group level investment forum
- Robust ALM position

## Re-Insurance

- Reinsurance ceded only to the A & AA rated reinsurers, except mandatory ceding to GIC (Average Retention of 20% for commercial lines)
- Large reinsurance capacity & optimum retention
- Robust process of monitoring concentration of risk
- Catastrophic events adequately covered

## Pricing & Underwriting

- Superior underwriting capability leading to low Combined Ratio consistently
- Diversified exposure across business lines & geographies
- Granular loss ratio modelling – geography, distribution, car make/model, vintage, etc.
- Investigation, loss management & analytics intervention

## Reserving & Solvency

- IBNR loss triangles show consistent releases indicating robustness of reserving
- Highest solvency amongst peers - 340% at 30 June 2021

# Bajaj Allianz Life Insurance

## STRATEGY

- Continued focus on sustainable and profitable growth by maintaining balanced product mix and investment in retail growth engines
- Business construct is to maximize customer benefits while gaining market share in retail space, maintaining shareholder returns and continued focus on increasing New Business Value (NBV)

## DIFFERENTIATORS

### Diversified Distribution

- Pan India distribution reach with presence over 509 branches
- Balanced channel mix – Agency, Institutional Business including Banca, and BALIC Direct
- Strong presence in online investments products & group credit protection segments

### Strong proprietary channels

- 3rd largest agency in terms of IRNB amongst private players in FY21
- Robust BALIC Direct channel to invest in up-selling and cross-selling

### Innovative products and Sustainable product mix

- Diverse suite of products across various need segments, with an aspiration to provide our customers ‘Best in class’ features
- Innovative products & features like the new Guaranteed Pension Goal (Annuity), SISO\*\* (ULIP SIP), Smart Wealth Goal (ULIP), Flexi Income Goal (Par), Smart Protect Goal (Term), Guaranteed Income Goal (Non Par) have witnessed strong response from the customers

### Efficient Operations

- End to end virtualization, Creating WOW moments
- Industry first and Best in class innovations
- Focusing on faster issuances through various initiatives

- ❑ Despite the second wave of COVID-19 pandemic, BALIC reported **industry beating Individual Rated New Business growth of 49%(vs both Q1 FY21 & Q1 FY20) & improvement in quality parameters**
- ❑ Impact of second wave was more severe as increased infection rate and partial lockdowns during first half of the quarter led to slowdown in business for some channels but improved sequentially
- ❑ During the quarter, **company, in line with the industry trends, experienced deviation in expected mortality** across the businesses on account of COVID-19
  - **In the group protection and on the retail side**, stress was observed with surge of claims during May & June; however, it is expected to subside given that vaccination and infrastructure are well in place to tackle any probable impact of wave 3
  - On the retail side, company has received over 1600+ claims pertaining to COVID-19 amounting to Rs. 117 crore (on gross basis)
  - Additionally, the company has reserved for probable **COVID-19 claims; total reserve (net of reinsurance recovery) stands at Rs. 304 crore (vs Rs. 98 crore as of 31 March 2021)**
- ❑ Pension & ULIP products have driven the growth for BALIC; demand for retail protection has slowed down a bit
  - **BALIC's Annuity product** launched in Q4 FY21 has been received well in the market **clocking 12%** of Individual Rated NB in Q1 FY22
  - **7% contribution of Term in Q1 FY22** is sequentially more than 4% in previous quarter i.e. Q4 FY21
  - With stable equity markets, **demand for ULIPs continued to be steady & ULIPs contribution in Q1 FY22 was 39% (vs 37% in Q1 FY21)**
  - BALIC continues to **hedge the Interest rate risk pertaining to retail guaranteed and protection products**
- ❑ Continuous **increase in adoption of self servicing tools** by the customers; Whatsapp unique users increased by 50% in Q1 FY22 over Q1 FY21; while number of Life Assist App users grew by 51% during the same period
- ❑ **Company is well capitalized** with a Solvency at 648% as against minimum solvency requirement of 150%

## Q1 FY 2021-22

### Revenue Growth & Market Share

- In Q1 FY22, IRNB grew by 49% (vs Private Players growth of 26% & LIC growth of 4%. Overall industry growth of 16%)
- BALIC was the fastest growing LI (vs Q1 FY21 & Q1 FY20) among top 10 private players in this quarter
- Market share in IRNB terms increased from 5.7% to 6.7% among Pvt. Players as we continue to offer complete product suite to the customers through our balanced distribution mix

### Product Mix (IRNB Basis)

- Par: Non-Par Savings: ULIP: Protection: Annuity (22%:20%:39%:7%:12%);
- Annuity product launched during Q4 FY21 continues to be a star performer - contributed remarkably to our Product Mix in Q1 FY22 (12%)

### Renewal Collection

Registered a strong growth of 27% in Q1 FY22

### New Business Margins

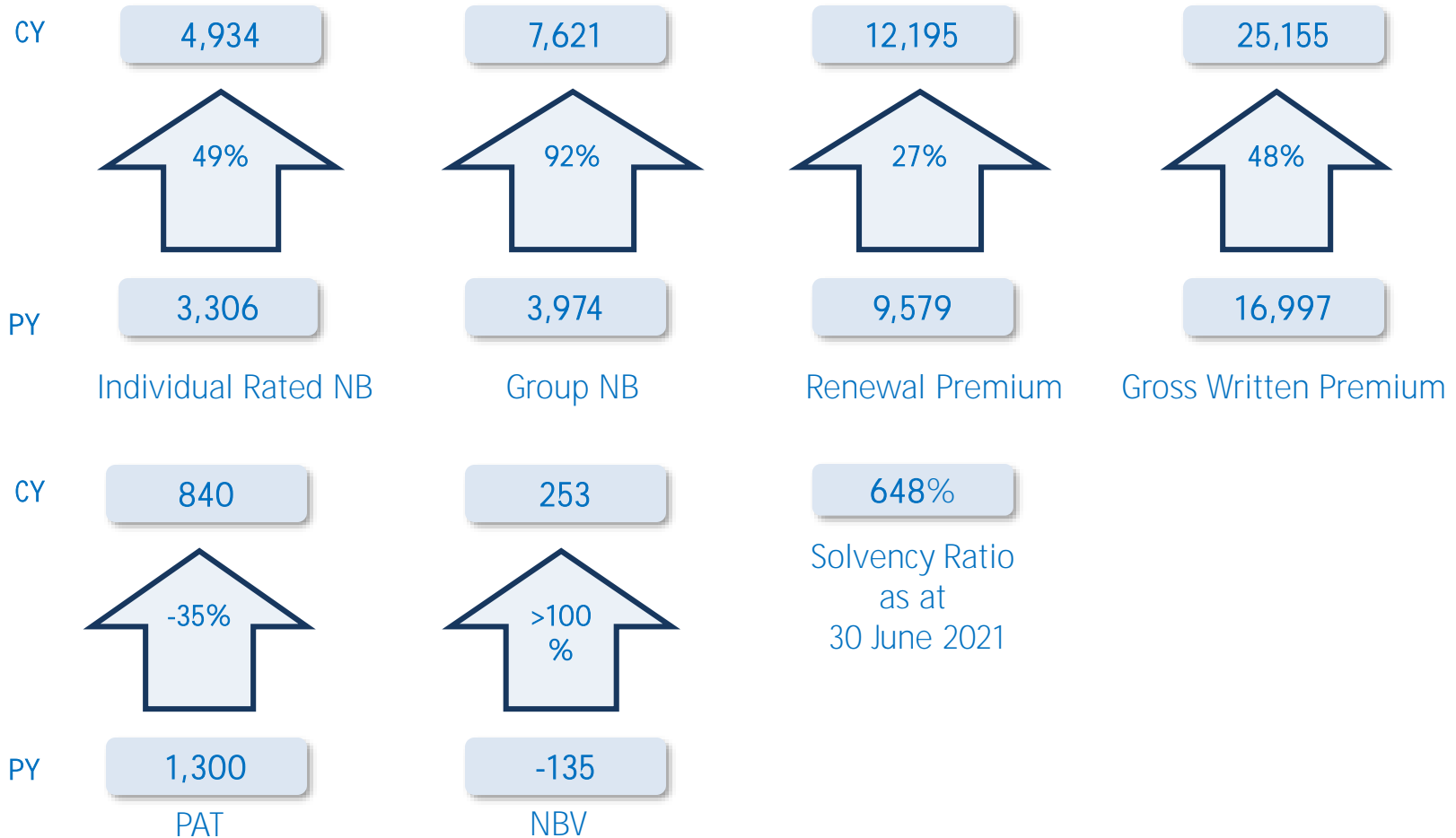
- Witnessed strong growth in New Business Value (NBV) from Rs. -135 Mn (negative) in Q1 FY21 to Rs. 253 Mn in Q1 FY22 on account of better product mix, and higher business growth
- Net New Business Margin (NBM)<sup>\$</sup> on Annualized New Business increased to 4.2% in Q1 FY22 from -3.4% in Q1 FY21 (business was severely impacted due to complete lockdown in Q1 FY21)

### Profit after tax

- PAT for Q1 FY22 decreased by 35% from Rs. 1,300 Mn to Rs. 840 Mn
  - On account of additional reserves held for COVID-19, which was partially offset by reversal of income tax provision of favorable CIT (Appeal) order of Rs. 1,609 Mn for past years and lower NB strain

All Figures in Rs. Million

## Performance Highlights of Q1 FY22 over Q1 FY21



All Figures in Rs. Million

	Q1 FY22	Q1 FY21	Rolling 12M FY22 <sup>1</sup>	Rolling 12M FY21 <sup>2</sup>	FY21
Annualized Premium (ANP)*	5,960	3,993	31,190	22,595	29,223
Net New Business Value (NBV)**	253	-135	3,999	2,124	3,608
Net New Business Margin (NBM) on ANP	4.2%	-3.4%	12.8%	9.4%	12.3%

- ❑ Since life insurance business is seasonal with large proportion of business written in Q4 and H2, rolling 12 months data is indicated for information only. This does not indicate a forecast or expectation for FY 22
- ❑ NBV for the quarter has increased from negative Rs. 135 Mn in Q1 FY21 to positive Rs. 253 Mn in Q1 FY22
- ❑ On 12 month rolling basis, NBV has increased from Rs. 2,124 Mn to Rs. 3,999 Mn on account of volume growth , change in product mix and other factors

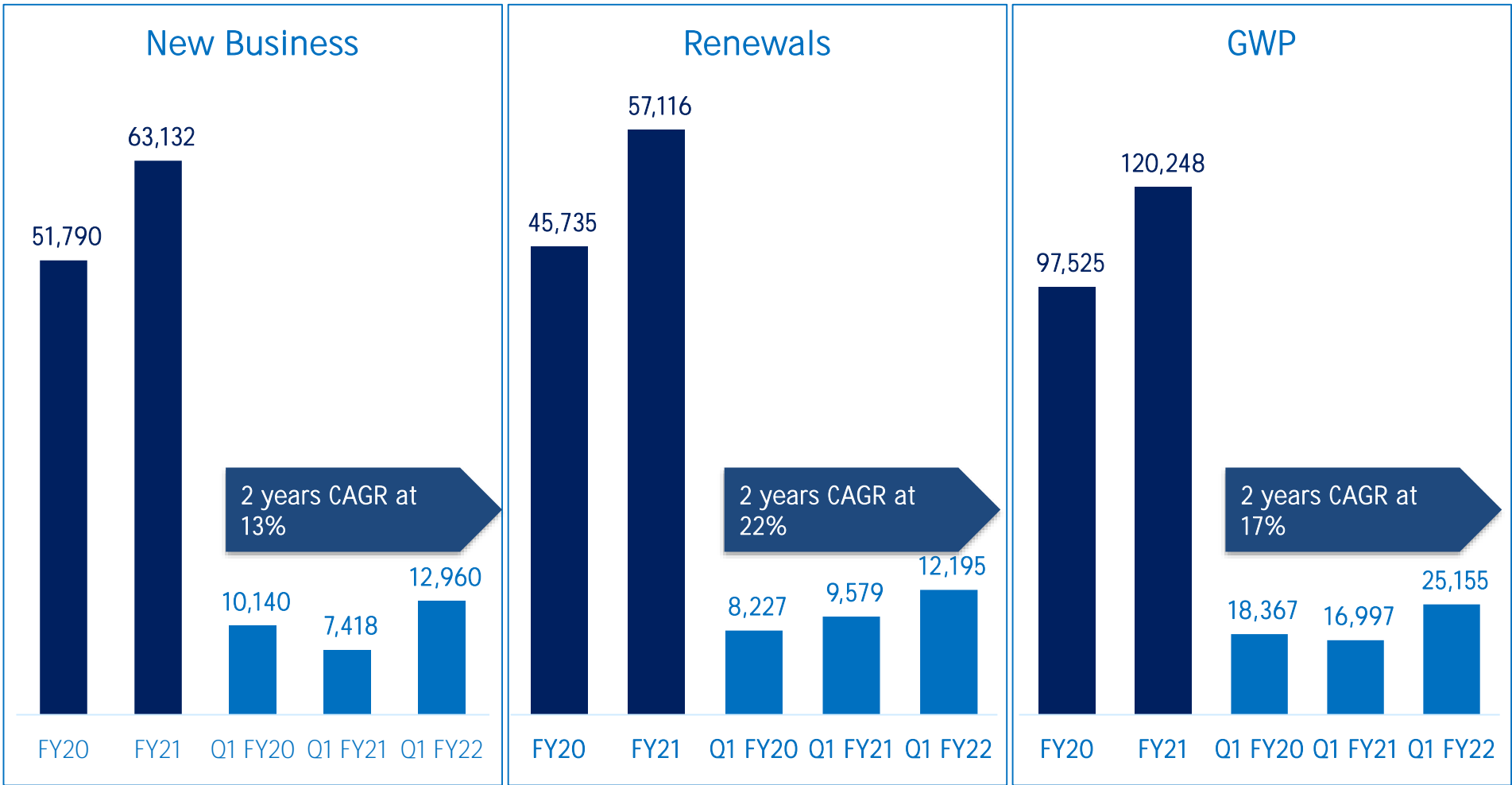
1 - Rolling 12M FY22 represents the business written between July 2020 to June 2021

2 - Rolling 12M FY21 represents the business written between July 2019 to June 2020

\*\*New Business Value represents discounted present value of expected net cash flows from new business written

\*ANP refers to annualized new business written during the year and is calculated by assigning a 10% weight to single premium and 100% weight to regular premium. Group Fund business is included in the definition of ANP

All Figures in Rs Million

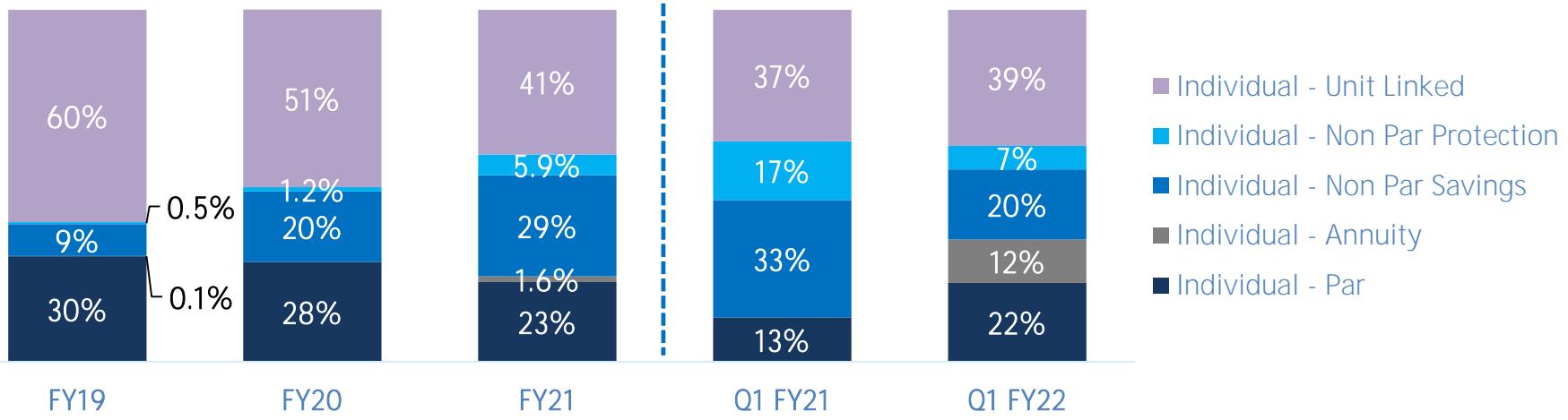


All the topline related metrics for BALIC continue to grow are well above the pre-COVID levels



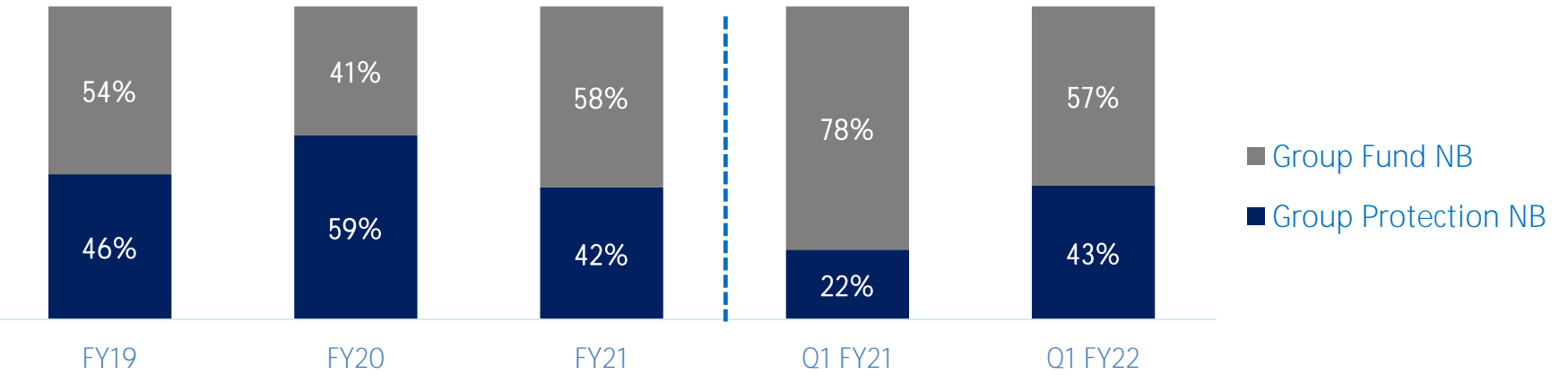
## IRNB Mix

Share of Non-ULIP individual is increasing

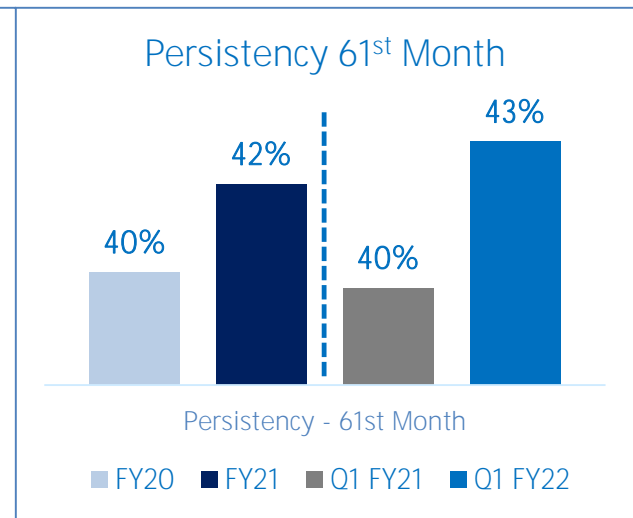
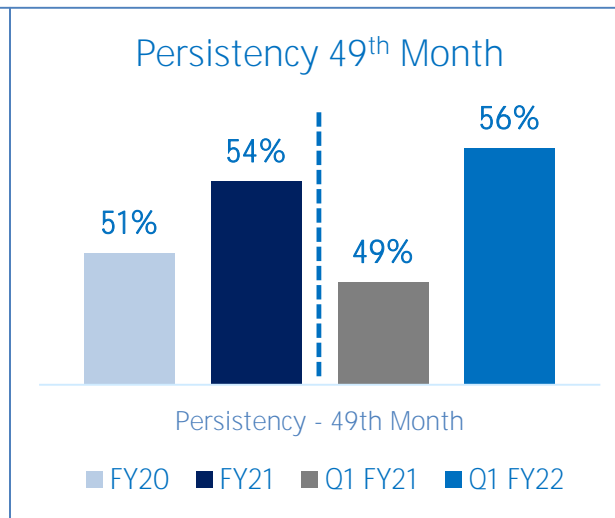
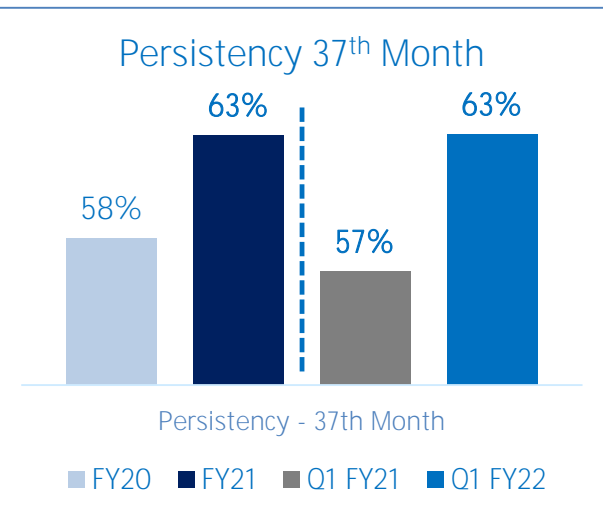
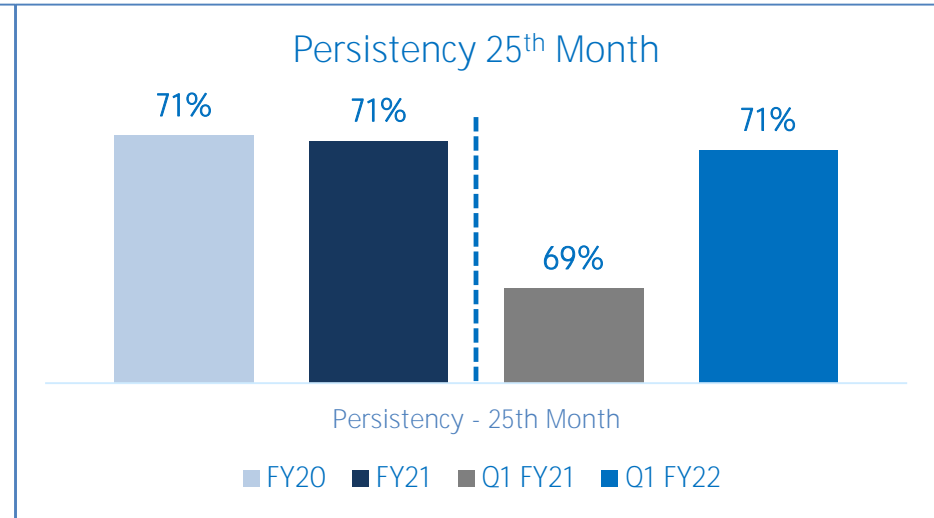
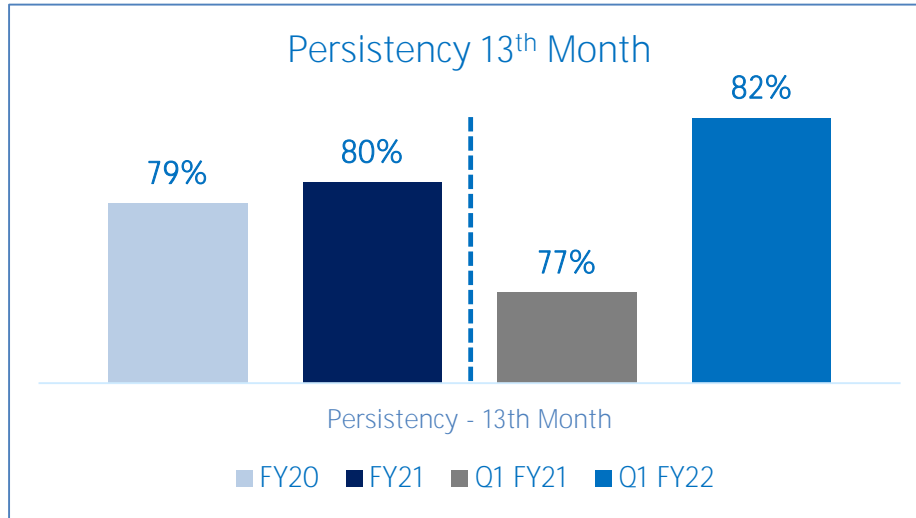


## Group NB Mix

Protection (Group) new business in Q1 FY22 – Rs. 3,257 Mn (vs Rs. 886 Mn in Q1 FY21)



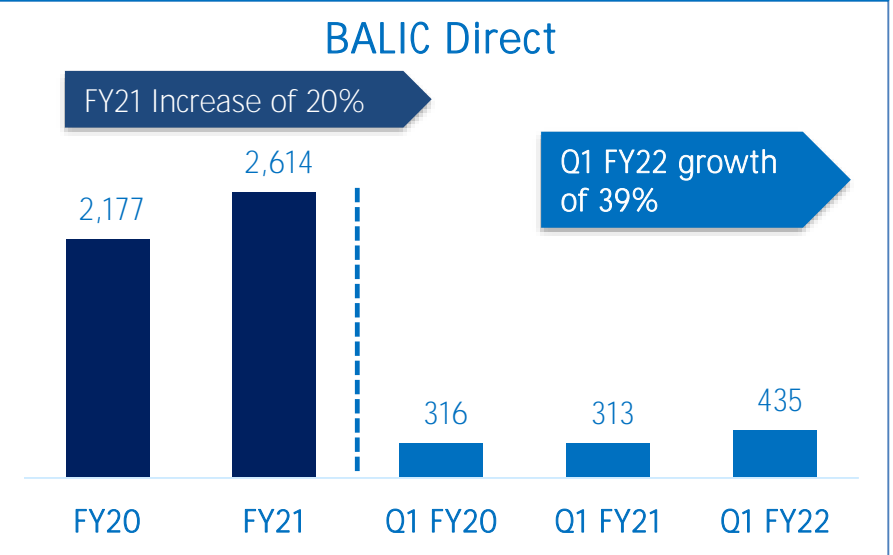
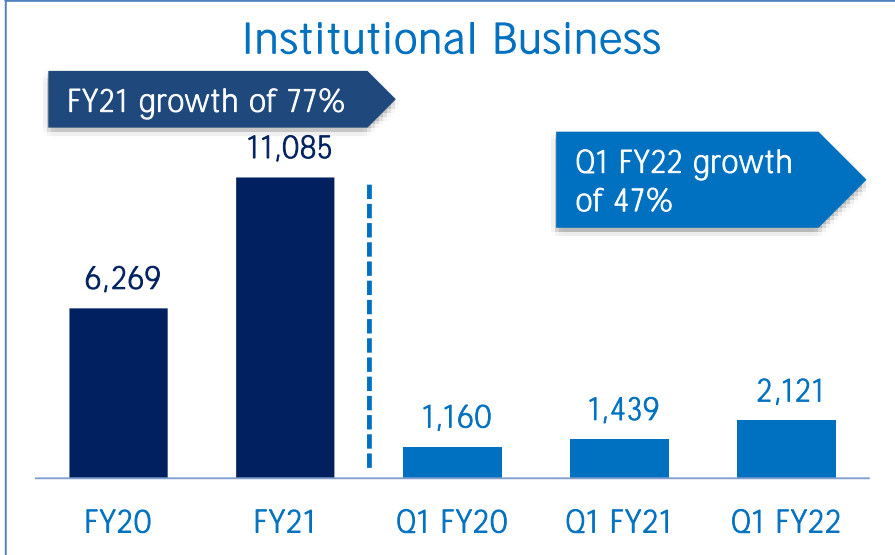
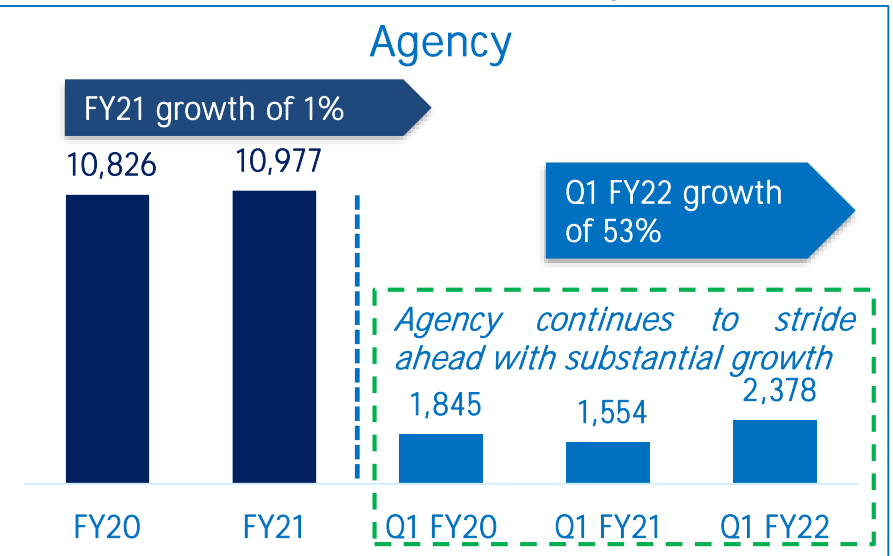
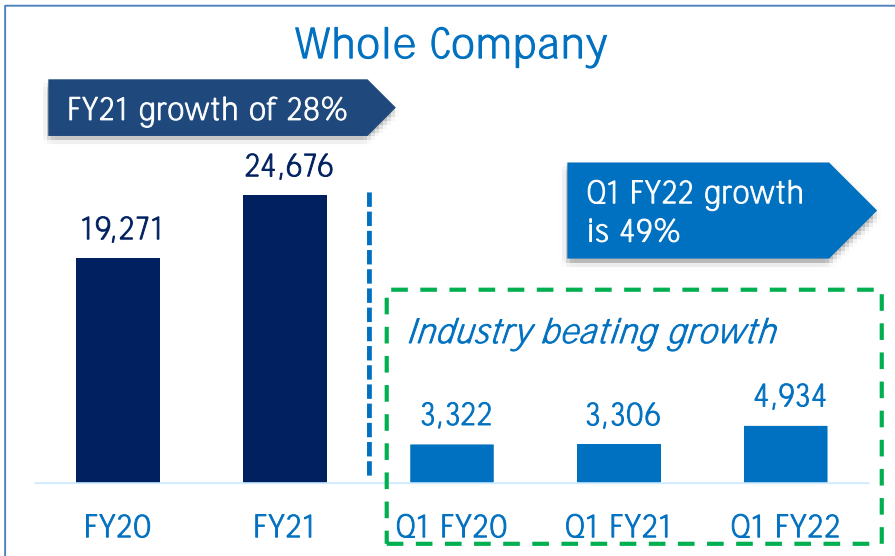
IRNB – Individual Rated New Business - (100% of first year premium & 10% of single premium excluding group products).  
 Note: The components might not add up to total of 100% due to rounding off



On account of lower base from Q1 FY21 and continued focus on renewal collection through various initiatives such as driving auto-payment registration, collection of high value(non persistent cases), digital payments, & higher distribution ownership (especially 13<sup>th</sup> & 25<sup>th</sup> month) have led to significant improvement in persistency across the cohorts.

\*Note : Persistency as per IRDAI framework | The persistency ratios for the period ended have been calculated for the policies issued in June to May period of the relevant years

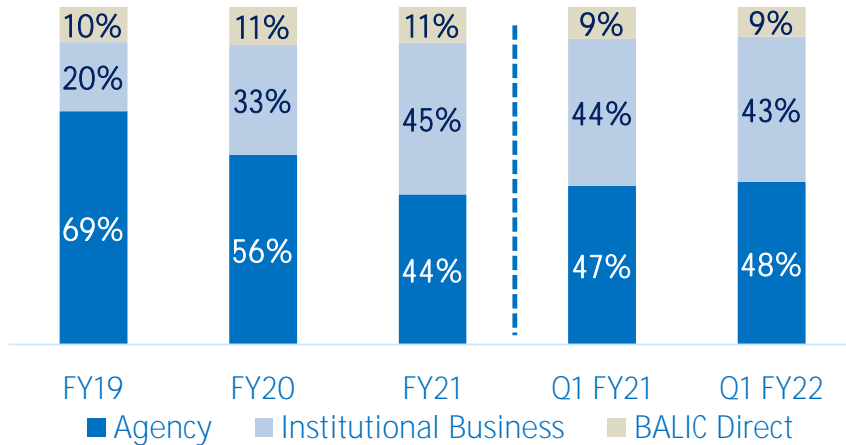
All Figures in Rs Million



Individual Rated NB = (100% of first year premium & 10% of single premium excluding group products)

# BALIC : Diversified Distribution Mix

## Individual Rated New Business Mix



- ❑ BALIC embarked on diversifying its distribution mix, scaling up alternate channels and enabling wider presence by exploring alternate partnerships
- ❑ Reduced over reliance on Agency channel with agency contribution reducing from 92% in FY 15 to 44% in FY21
- ❑ Within existing retail channels, focus is to drive profitable product mix; improve sales productivity; drive cost efficiencies through hierarchical synergies, improving span of control and variabilization

### Agency:

Focus on profitability and driving higher traditional Mix

- ❑ 3<sup>rd</sup> largest agency in private LI space; backed by 80K+ agents
- ❑ Traditional rated new business mix increased to 59% in FY21 from 49% in FY20
- ❑ Variabilization of Agency cost through low cost models (11% contribution in Q1 FY22)

### Institutional Business:

Building sustainable business through strong integration with partners

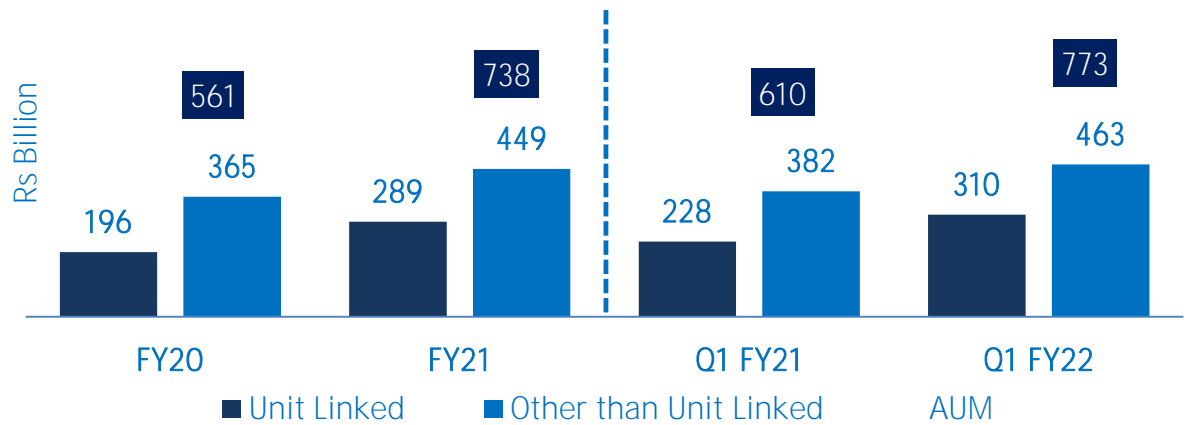
- ❑ Diverse mix of large and small partner banks, NBFC, brokers and web aggregators
- ❑ All major Bancassurance and Third Party Partners contributing to channel growth
- ❑ Strengthen our group relations with various corporate distributors to focus on selling retail

### BALIC Direct :

Analytics backed, focused verticals for upsell and cross sell initiatives

- ❑ Presence in 54 cities, with Dedicated Verticals for various customer Segments
  - ✓ Maturity
  - ✓ Service to Sales
  - ✓ Elite Relationship force
- ❑ Data and Analytics as a key pillar for Direct business

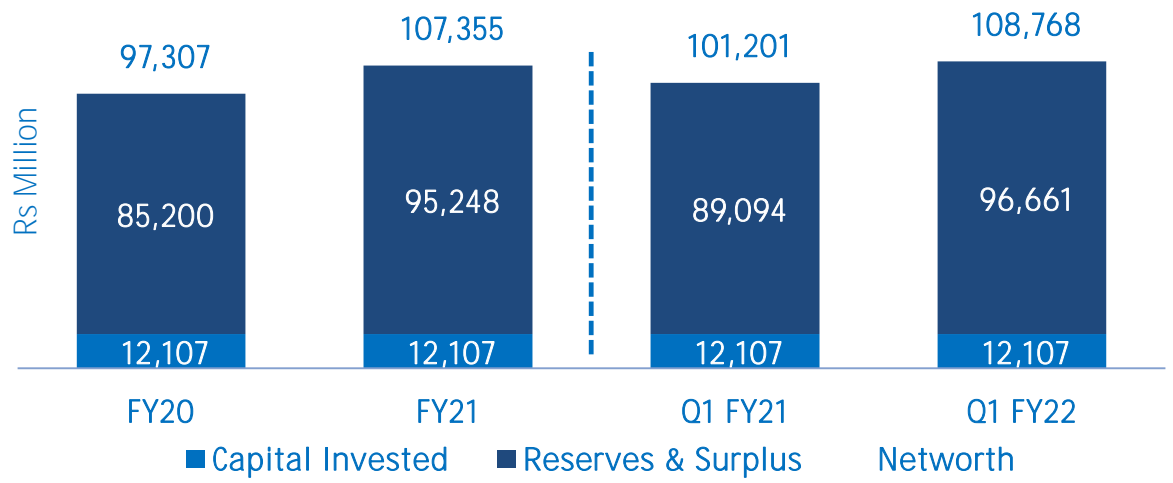
## AUM (Mix)



- AUM as at 30 June 2021 grew by 27%; Growth in UL AUM stands at 36%; Traditional AUM grew by 21%
- Of the UL Funds of Rs. 310 Bn., 69% is equity as on 30 June 2021 (58% as on 30 June 2020 out of the UL Funds of Rs. 228 Bn.)

Total Capital infused is Rs.12,107 Mn  
No Capital infusion since FY08

## Net worth



- BALIC's accumulated profits are 89% of the Net worth as at 30 June 2021

\*Accumulated profit includes reserves and fair value change on equity investments

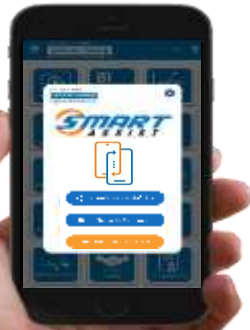
# Digital Initiatives to offer best in class customer experience



## Smart Assist

*Co-Browsing capabilities : First time in India*

- **Face-2-Face** meetings NOW **Screen-2-Screen** (*device agnostic platform for customers*)
- New Business **form filling** via INSTAB screen sharing
- A **Secured platform** for application processing & online payment collection
- **Voice calling feature** gone live
- **53,000+** business logins since launch by **9000+** unique users



**160,000+ Sessions done since launch**



## WhatsApp

*Real Time servicing Platform*

- **130,000+** Transactions Done in Q1 FY22, *an increase of 8% over Q1 FY21*
- **109,000+** unique users in Q1 FY22, *an increase of 50% over Q1 FY21*



## i-Serve

*Award winning - Video Based Policy Servicing tool*

- *A total of approx. **27,000+** call volume since launch*
- *Available in 11 languages*

*Few Other Initiatives:*

- *GYDE*
- *Whatsapp for ICs#*
- *Marketing Assist*

## RISK MANAGEMENT

### Product Pricing

- ❑ Prudent assumptions while pricing
- ❑ Stress and scenario testing performed at pricing stage
- ❑ Regular review of pricing based on prevailing interest rates

### Asset Liability Management (ALM)

- ❑ ALM focused on cashflow matching & achieving an immunized portfolio
- ❑ Interest rate risk on the Individual Non-Participating and Annuity portfolio managed through partly paid bonds, and Forward Rate Agreements

### Ongoing Risk Management

- ❑ Prudent interest rate assumptions to ensure adequacy of statutory reserves
- ❑ Periodic product condition monitoring, periodic sensitivity & stress testing
- ❑ Regular monitoring of business mix
- ❑ Mortality risk is managed by diligent in-house underwriting, analytics driven risk scoring and appropriate reinsurance arrangements
- ❑ Additional provisions set out for COVID claims

# Additional Information – BAGIC



# BAGIC : LOB Net Claim ratio & Growth (Major LOBs)



Line of Business	Net Claim Ratio		GDPI Growth	
	Q1 FY22	Q1 FY21	Q1 FY22 BAGIC Growth	Q1 FY22 Industry Growth <sup>\$</sup>
Fire	80.5%	118.1%	11.0%	4.1%
Marine Cargo	91.1%	77.3%	13.1%	30.6%
Motor OD	56.4%	50.8%	11.0%	7.3%
Motor TP	78.5%	79.7%	4.2%	0.5%
<b>Motor Total</b>	<b>68.9%</b>	<b>68.0%</b>	<b>7.1%</b>	<b>3.1%</b>
Engineering	68.4%	102.3%	26.9%	32.6%
Personal Accident	40.4%	49.0%	-12.5%	42.4%
Health (retail + group)*#	119.6%	62.0%	22.6%	30.9%
Crop	-196.0%	84.5%	-248.1%	-56.1%
<b>Total</b>	<b>75.9%</b>	<b>68.1%</b>	<b>9.1%</b>	<b>11.1%</b>
<b>Total (Ex Crop)</b>	<b>79.6%</b>	<b>67.8%</b>	<b>11.1%</b>	<b>13.3%</b>

In Q1 FY22, mix of Health Portfolio i.e. Retail Health: Group Employer – Employee: Group – Others: Govt. stands at 38:49:13:0 (vs 35:51:15:(1) in Q1 FY21)

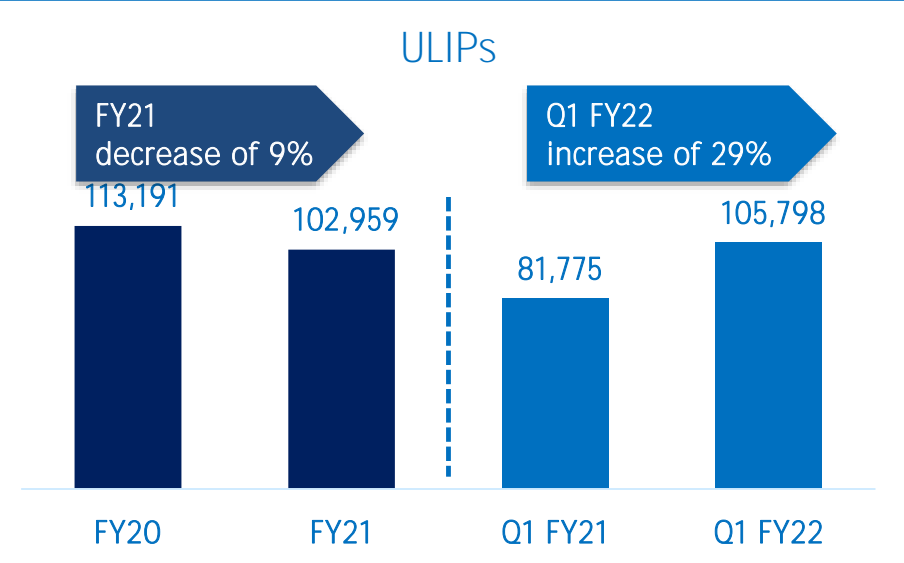
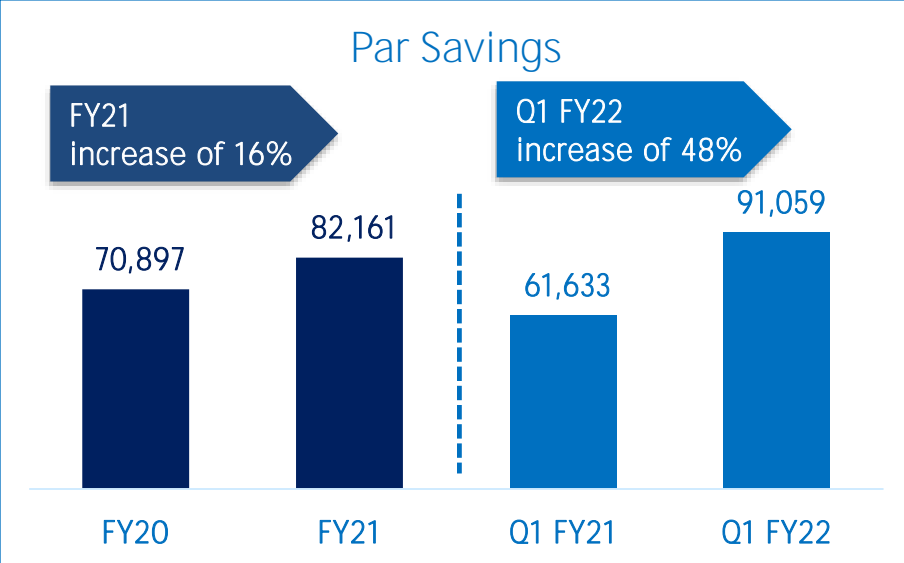
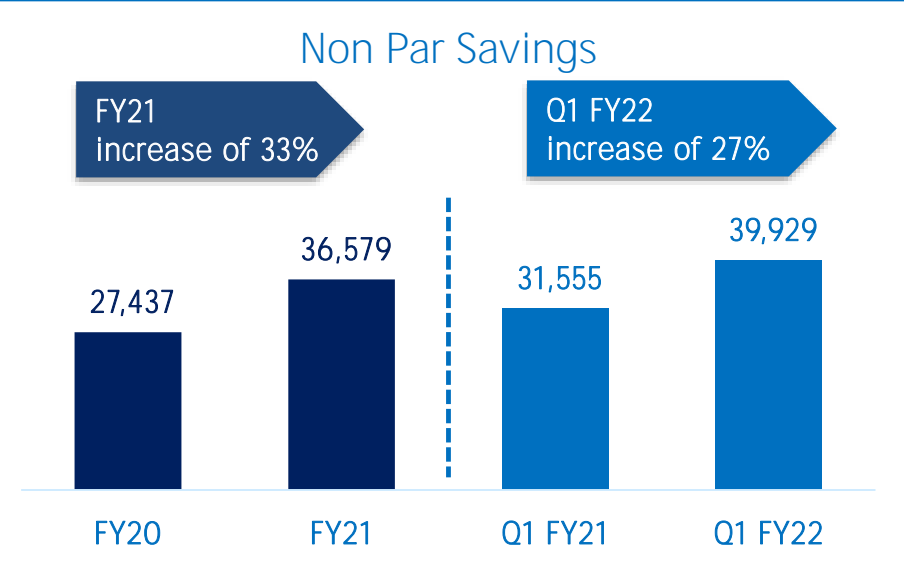
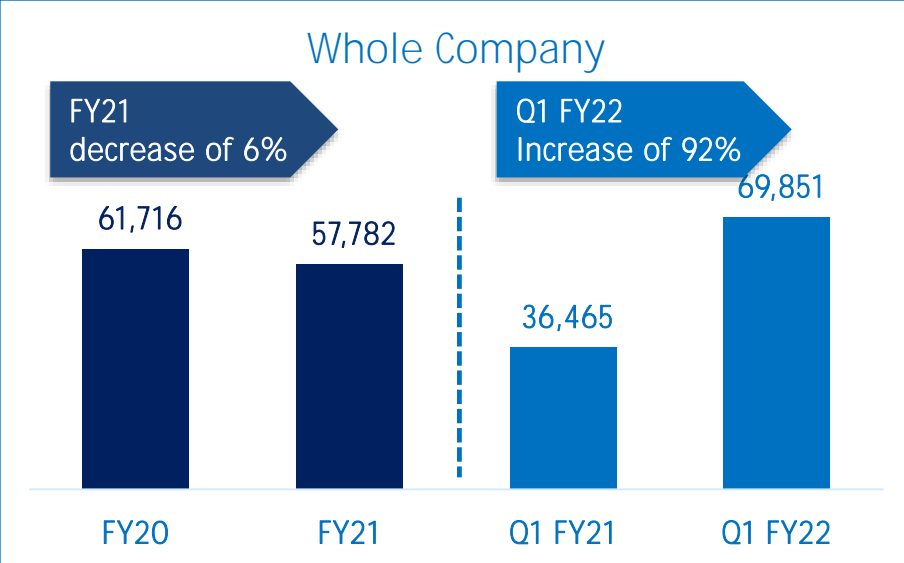
\*Health includes Retail , Group and Overseas | PA includes retail and group business | Net Claim Ratio = Net claims incurred divided by Net Earned Premium | LOB trend for major LOB

<sup>\$</sup> Industry growth for all lines except Health excluding SAHIs and specialized insurers.

<sup>#</sup> Health growth includes multiline insurers and standalone health insurers (specialized insurers excluded)

# Additional Information – BALIC

All Figures in Rs.



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