

28 July 2022

To Corporate Relations Department. <b>BSE Limited</b> 1 <sup>st</sup> Floor, New Trading Ring, Rotunda Building, P J Tower, Dalal Street, Fort, 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>

Dear Sir/Madam,

**Subject: Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 - Investor Presentation for the quarter ended 30 June 2022**

Further to our letter dated 25 July 2022 and pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with Schedule III thereto, please find enclosed herewith Presentation of the financial results to be made to analyst/investor for the quarter ended 30 June 2022.

Kindly take the same on record.

Thanking you,  
Yours faithfully

**For Bajaj Finserv Limited**

**Uma Shende**  
**Company Secretary**  
Email ID: [investors@bajajfinserv.in](mailto:investors@bajajfinserv.in)

Encl: as above



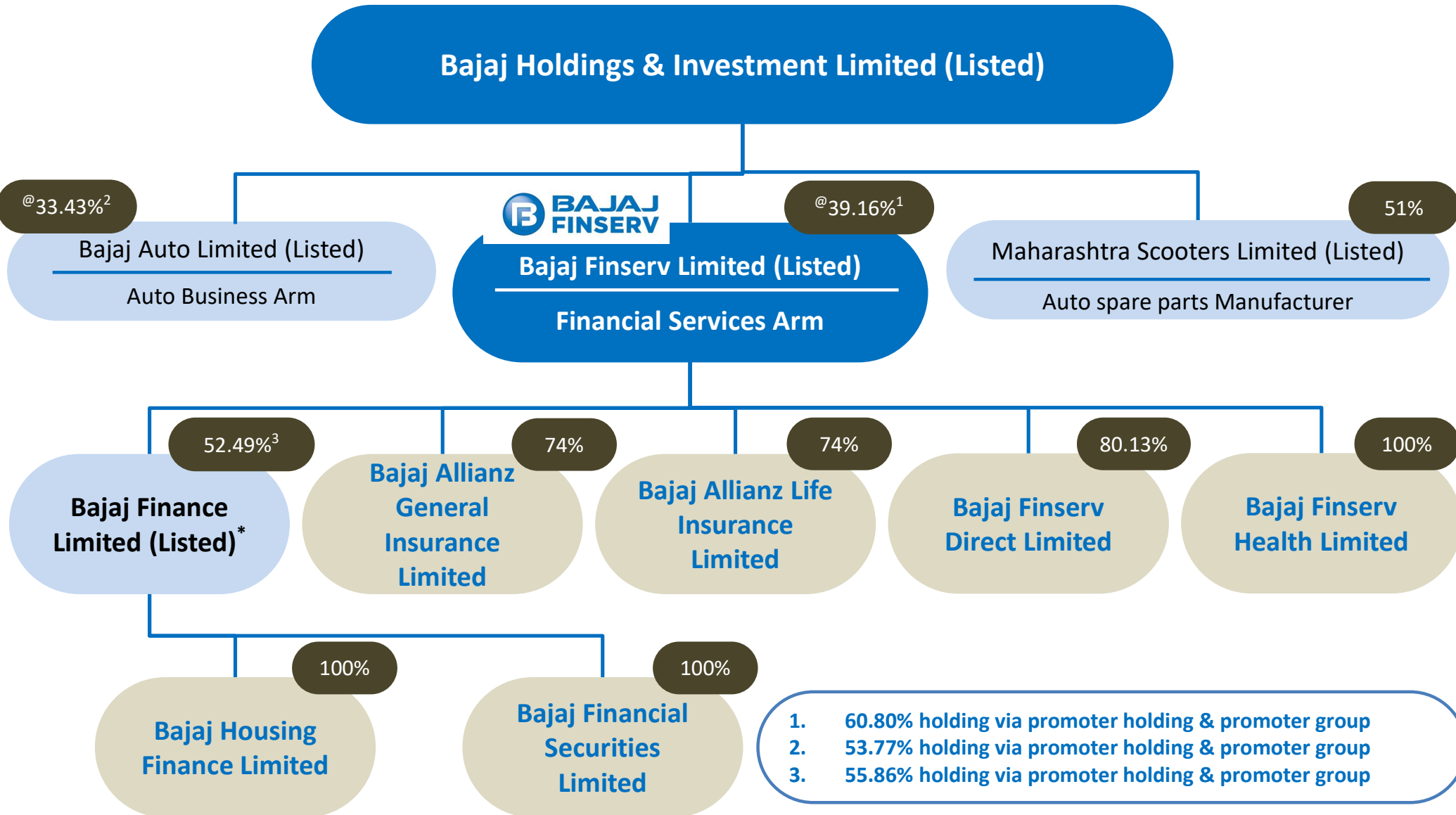
# BAJAJ FINSERV LIMITED

## Investor Presentation – Q1 FY23\*

*\*Financial year 2022-23*

*Note: From Q1 FY23 Bajaj Finserv Limited has started reporting its numbers in Investor Presentation in Rs. Crores. Till FY22, the same was in Rs. Million.*

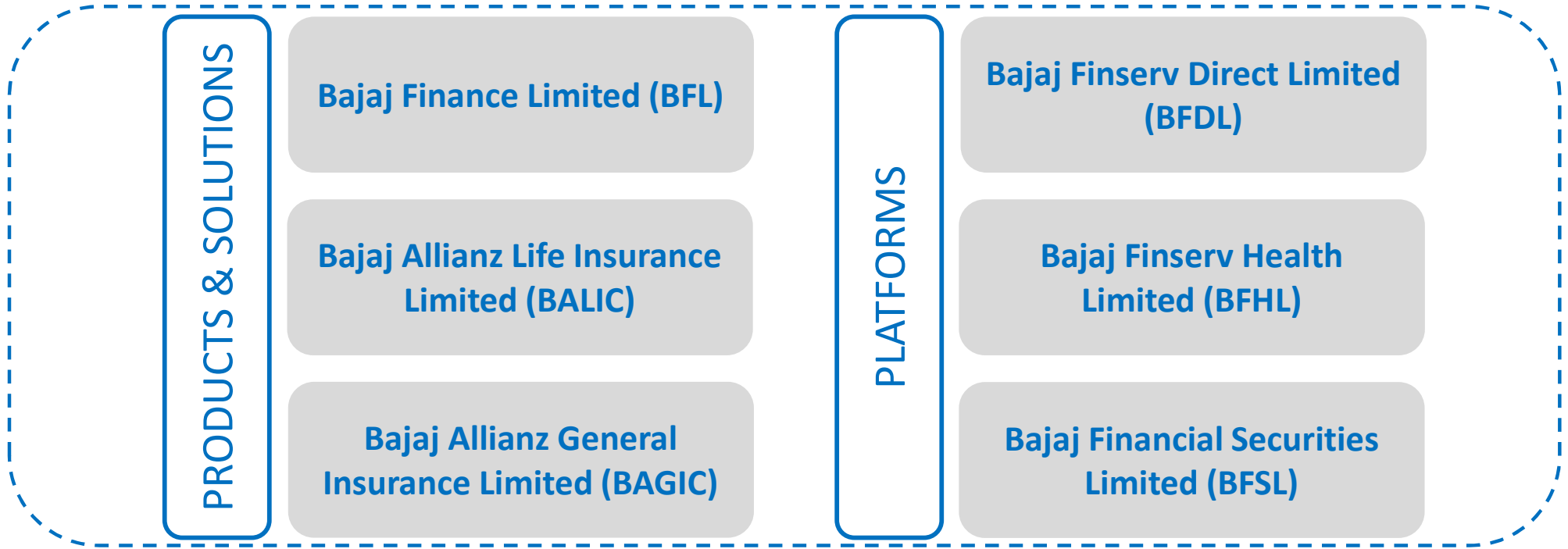
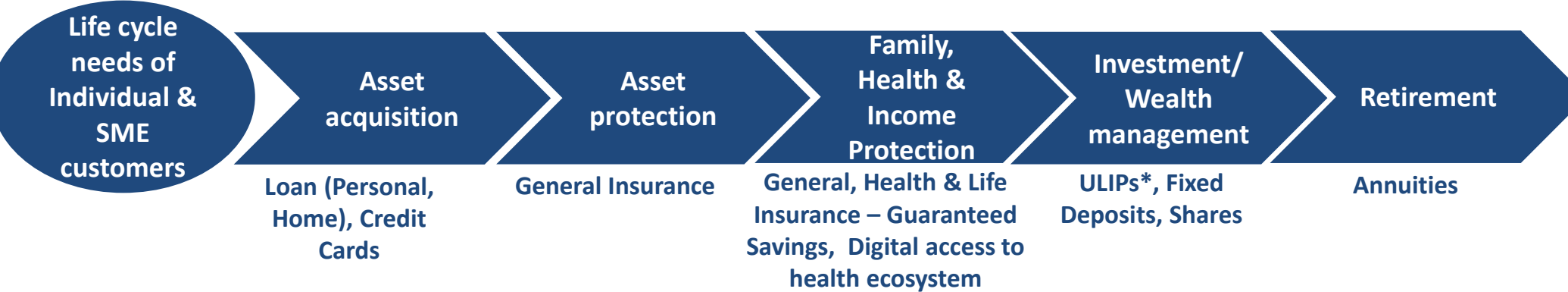
# Bajaj Group Structure



Apart from these, Bajaj Finserv (BFS) also has two other fully-owned subsidiaries – BFS Asset Management Company (BFSAMC – in process of receiving final approval from SEBI) and BFS Ventures (BFSV), both of which are in the process of setting up their businesses

Bajaj Finserv Limited (BFS) shareholding in Bajaj Finance Limited (BFL) was 52.74% as on 31 Mar 2021 . Bajaj Housing Finance Limited (BHFL) is a 100% subsidiary of BFL which became fully operational in Feb 2018. Bajaj Financial Securities Limited (BFSL) is 100% subsidiary of BFL which became fully operational in Aug 2019  
 Maharashtra Scooters Limited (MSL) is termed as an unregistered Core Investment Company. Note: Shareholding is as of 31 March 2022.

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



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

- Bajaj Finserv Asset Management Company had been incorporated on 18 October 2021
- BFS also incorporated Bajaj Finserv Ventures Limited, a wholly owned subsidiary, which will focus on alternative investments

\*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
- ❑ Focused 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 Bajaj 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

# Role of Bajaj Finserv

- **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.

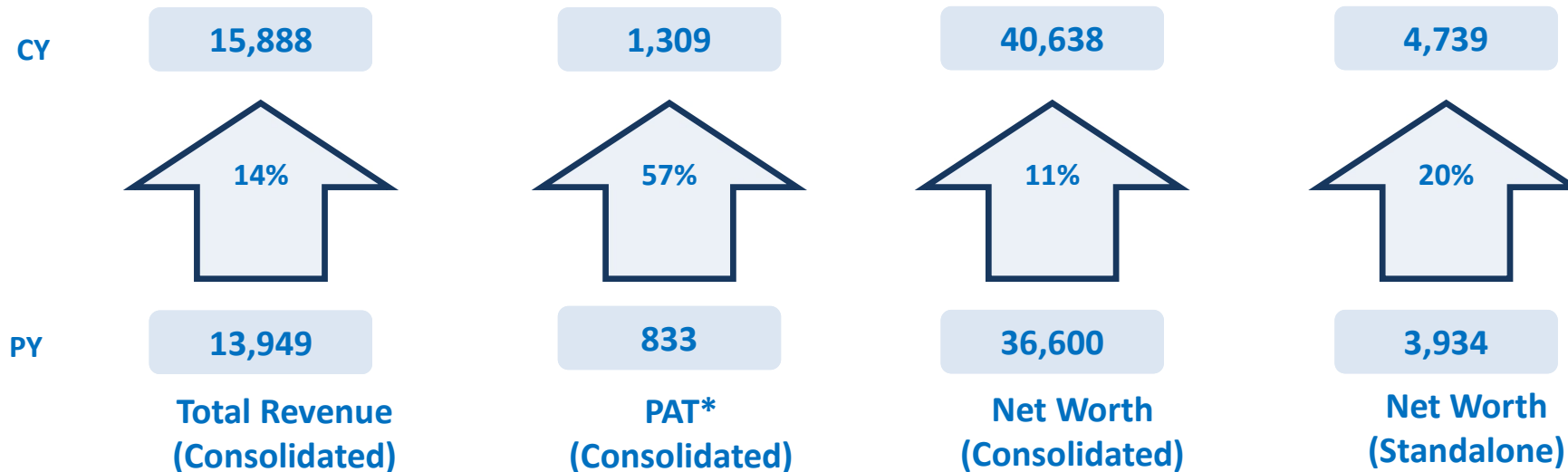
## People / HR

- 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

## Performance Highlights of Q1 FY23 over Q1 FY22 (Ind AS)



- Bajaj Finserv remains a debt free company. **Bajaj Finserv's surplus funds (Excluding Group Investments) stood at Rs. 1,432 Cr as on 30 June 2022** (Rs. 1,324 Cr as on 30 June 2021)
- Consolidated **Book Value Per Share at Rs. 2,554** as on 30 June 2022 (Rs. 2,300 as on 30 June 2021)
- **PAT includes unrealized mark-to-market (MTM) losses on equity investments measured at fair value through profit and loss of BALIC and BAGIC of Rs. 283 Cr in Q1 FY23 as compared to MTM gain of Rs. 25 Cr in Q1 FY22**



# Consolidated profit components – Q1 FY23 (BFS Share)

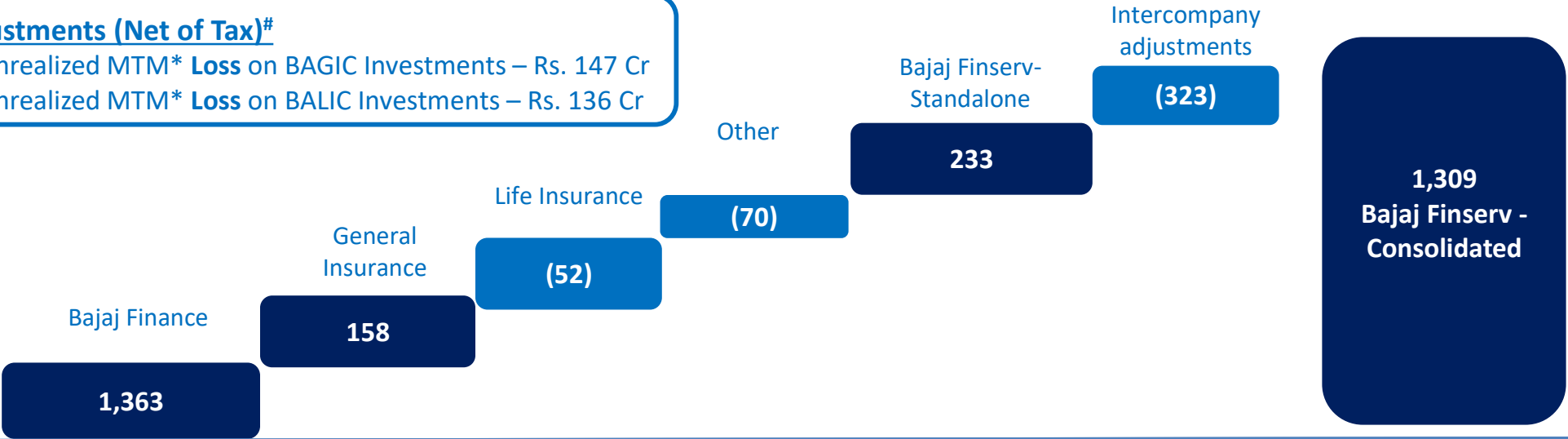


All Figures in Rs. Crore

## Consolidated profit# components for Q1 FY23 (Ind AS)

**Adjustments (Net of Tax)#**

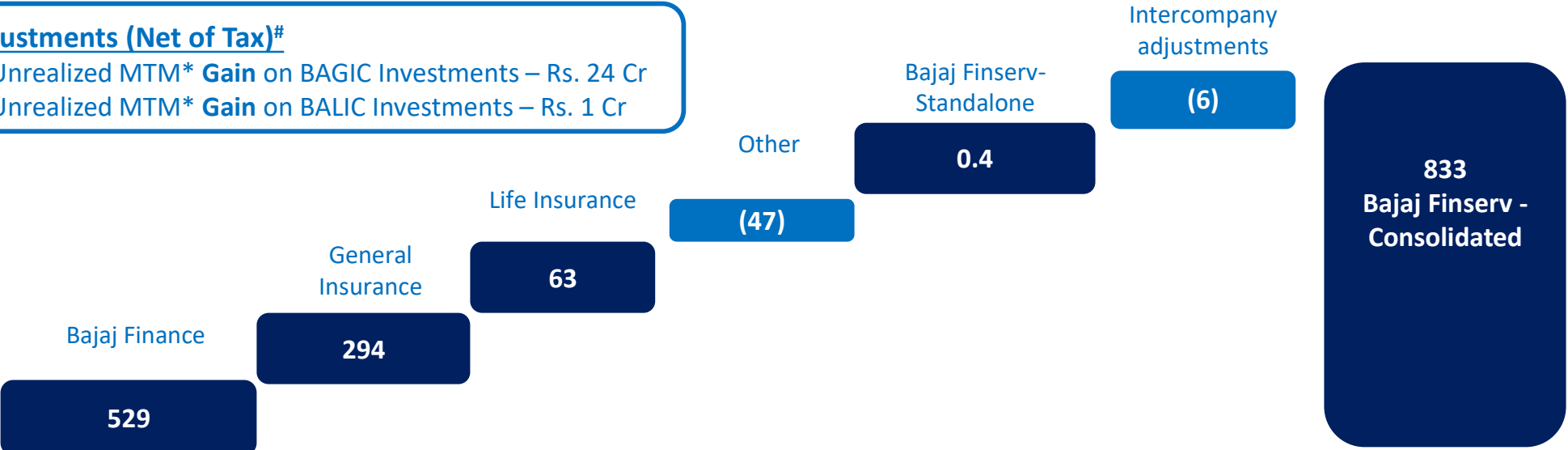
- Unrealized MTM\* Loss on BAGIC Investments – Rs. 147 Cr
- Unrealized MTM\* Loss on BALIC Investments – Rs. 136 Cr



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

**Adjustments (Net of Tax)#**

- Unrealized MTM\* Gain on BAGIC Investments – Rs. 24 Cr
- Unrealized MTM\* Gain on BALIC Investments – Rs. 1 Cr



# - Denotes impact considering BFS stake in respective companies | MTM – Mark to Market



## Highlights of Group Companies

BAJAJ FINSERV#	Q1 FY23	Q1 FY22	Growth
Total Revenue	15,888	13,949	14%
Net worth	40,638	36,600	11%
PAT	1,309	833	57%
Normalized PAT <sup>~</sup>	1,592	808	97%

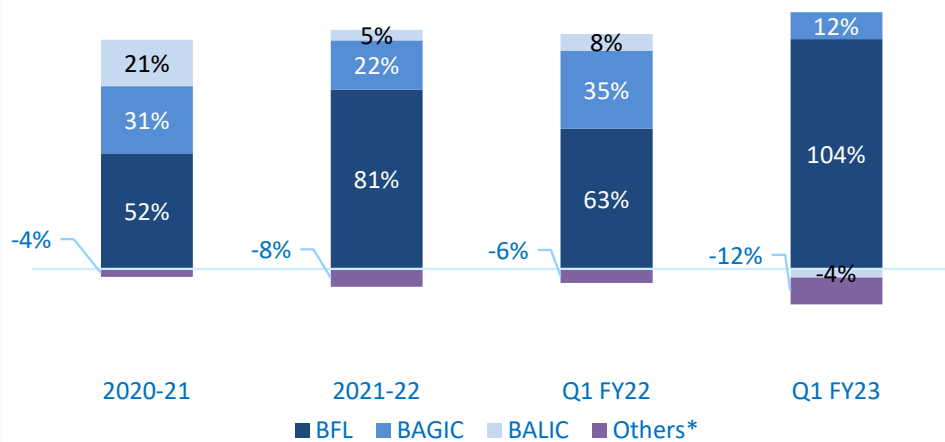
#Consolidated | Ind AS

BAJAJ FINANCE#	Q1 FY23	Q1 FY22	Growth
AUM	204,018	159,057	28%
Total Income	9,283	6,743	38%
PAT	2,596	1,002	159%
PPOP*	4,258	3,116	37%

BAGIC	Q1 FY23	Q1 FY22	Growth
GWP	3,119	2,494	25%
Investments	25,362	23,505	8%
PAT	411	362	14%
<b>Combined Ratio</b>	104.6%	103.4%	-1.2% <sup>abs.</sup>

BALIC	Q1 FY23	Q1 FY22	Growth
GWP	4,369	2,516	74%
Investments	83,072	77,270	8%
PAT	124	84	48%
NBV & NBM **	135   11.1%	25   4.2%	>400%   6.9% <sup>abs.</sup>

### Consolidated Profit Components\*



☐ Bajaj Finserv and Bajaj Finance figures are as per 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 – Net New Business Margin, \*Others includes Bajaj Finserv Standalone, and all remaining components

^ - Pre-Provision Operating Profit Before Tax

~ Normalized PAT is excluding unrealized Mark-to-Market gains of insurance subsidiaries (net of tax)



**Bajaj Finance Limited**

## STRATEGY

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

## DIFFERENTIATORS



## BAJAJ FINANCE

### Consumer

- Largest consumer electronics, digital products & lifestyle lender in India
- Presence in 1,368 locations with 99,900+ active points of sale
- Amongst the largest personal loan lenders
- EMI Card franchise of over 3.3 Cr cards in force
- Among the largest new loans acquirers in India 74.2 Lakhs in Q1 FY23
- Bajaj Finserv – Mobikwik active wallet users stood at 2.23 Cr as on 30 June 2022 who have linked EMI card to wallet
- Bajaj Finserv – RBL Bank co-branded credit card stood at 29.6 Lakhs as of 30 June 2022

### SME

- Focused on affluent SMEs with an average annual sales of around Rs. 15-17 Cr 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
  - ✓ Pharma
  - ✓ Specialty Chemicals
  - ✓ 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 2,218 locations and retail presence across 31,500+ points of sale
- Diversified rural lending model with 10 product lines across consumer and SME business categories

## Q1 FY 2022-23

### AUM & Business Franchise Growth

- **Q1 FY23 AUM was at Rs. 2,04,018 Cr vs Rs. 1,56,115 Cr last year (31% growth);** Core AUM accretion in Q1 FY23 was approximately ~ Rs. 11,931 Cr
- **74.2 Lakh new loans in Q1 FY23** as against 46.3 Lakh in Q1 FY22
- **Acquired 27.3 Lakh new customers in Q1 FY23** vs 18.8 Lakh in Q1 FY22
- **Total customer franchise stood at 6.03 Cr** as of 30 June 2022 – **20% growth YoY**

### NIM Metrics, Liquidity and Operating Expense

- **Net Interest Income (NII) for Q1 FY23 was Rs. 6,638 Cr** vs Rs. 4,489 Cr in Q1 FY22; Continues to protect margin profile across all businesses
- As of 30 June 2022, **deposits book stood at Rs. 34,102 Cr - growth of 22% YoY;** Contribution to consolidated borrowing was 20%
- **Opex to NII came in at 35.9% vs 30.6% in Q1 FY22;** Company continues to invest in teams and technology for business transformation - **expected to remain between 35-36% for FY23**

### Credit Costs

- **Loan losses & provisions for the Q1 FY23 were Rs. 755 Cr vs Rs. 1,750 Cr in Q1 FY22;** holds a management overlay position of Rs. 1,000 Cr as of 30 June 2022
- **GNPA & NNPA for the quarter stood at 1.25% & 0.51% respectively** as against to 1.60% and 0.68% as of 31 March 2022

## Q1 FY 2022-23

### Profitability & Capital Position

- Profit after tax (PAT) for Q1 FY23 increased by 159% to Rs. 2,596 Cr v/s Rs. 1,002 Cr in Q1 FY22 mainly on account of robust AUM growth, higher net interest income and better portfolio performance
- Capital adequacy remained strong at 26.16% as of 30 June 2022. Tier-1 capital was 23.84%

## Subsidiaries – Q1 2022-23

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

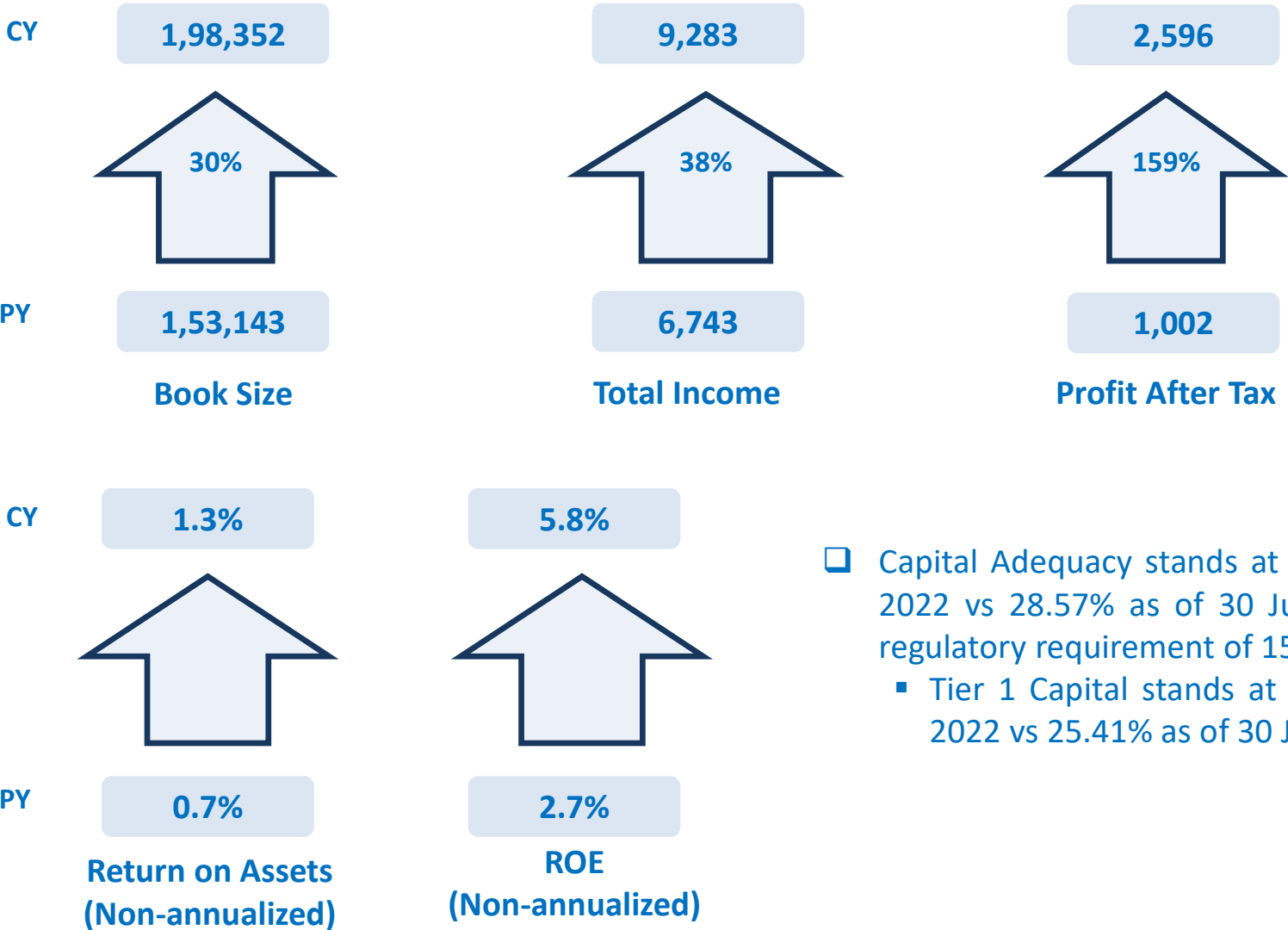
- AUM grew by 40% to Rs. 57,425 Cr as of 30 June 2022 from Rs. 40,941 Cr as of 30 June 2021
- Net Interest Income for Q1 FY23 grew by 77% to Rs. 594 Cr from Rs. 335 Cr in Q1 FY22
- Opex to NII increased to 26.8% in Q1 FY23 as against 27.2% in Q1 FY22
- Profit after tax (PAT) grew by 96% to Rs. 316 Cr in Q1 FY23 against Rs. 161 Cr in Q1 FY22 on account of higher net interest income
- GNPA & NNPA as of 30 June 2022 stood at 0.27% and 0.11% respectively compared to 0.31% and 0.14% as of 31 March 2022
- BHFL's Capital adequacy ratio (including Tier-II capital) as of 30 June 2022 stood at 24.57%

### B. Bajaj Financial Securities Limited

Total Income of Rs. 38 Cr in Q1 FY23 against Rs. 15 Cr in Q1 FY22; Delivering a profit after tax of Rs. 1 Cr in Q1 FY23 v/s loss of Rs. 3 Cr in Q1 FY22

All Figures in Rs. Crore

## Performance Highlights of Q1 FY23 over Q1 FY22 (Ind AS)



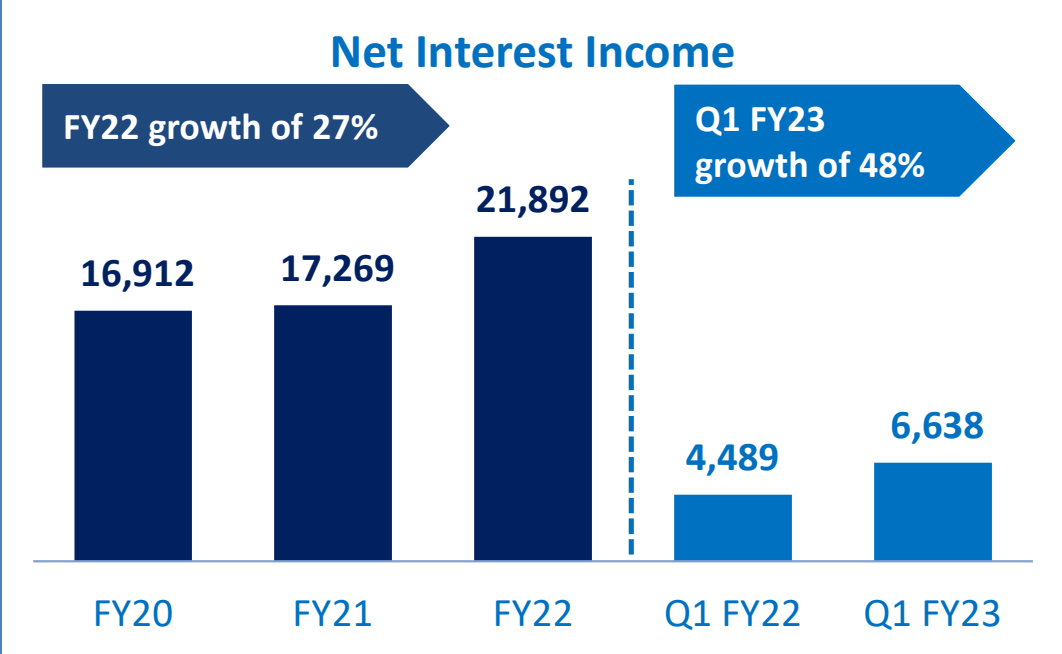
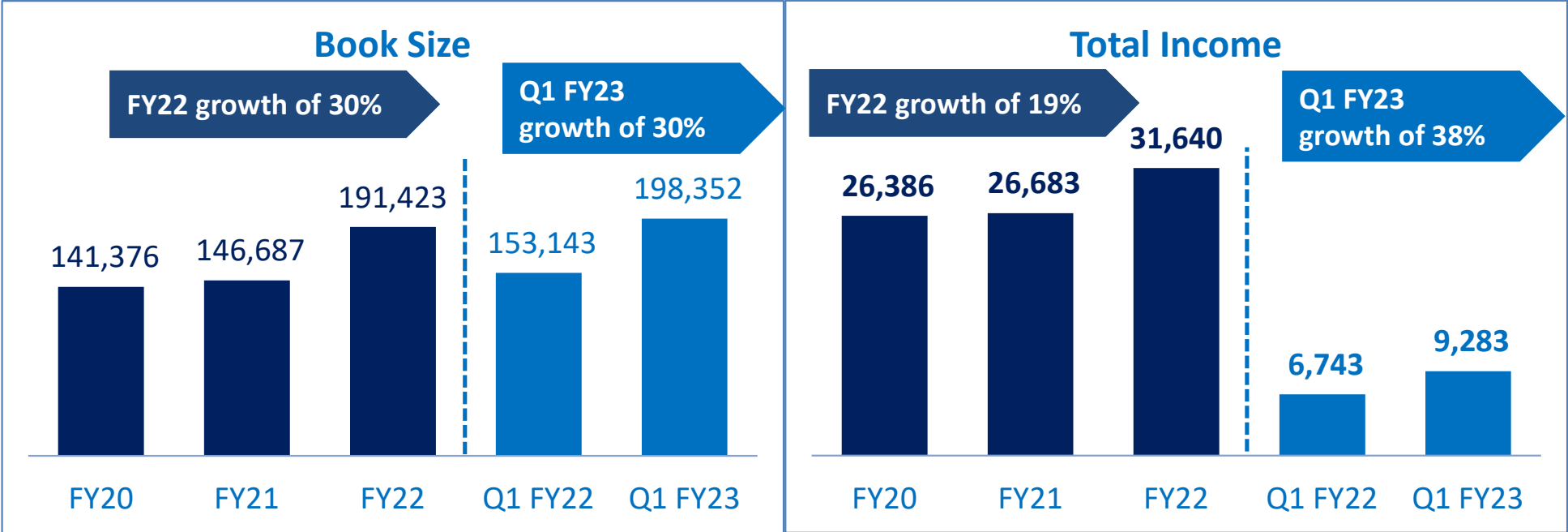
- Capital Adequacy stands at **26.16%** as of 30 June 2022 vs 28.57% as of 30 June 2021 (against the regulatory requirement of 15%)
  - Tier 1 Capital stands at 23.84% as of 30 June 2022 vs 25.41% as of 30 June 2021



# BFL : Book Size and Revenue

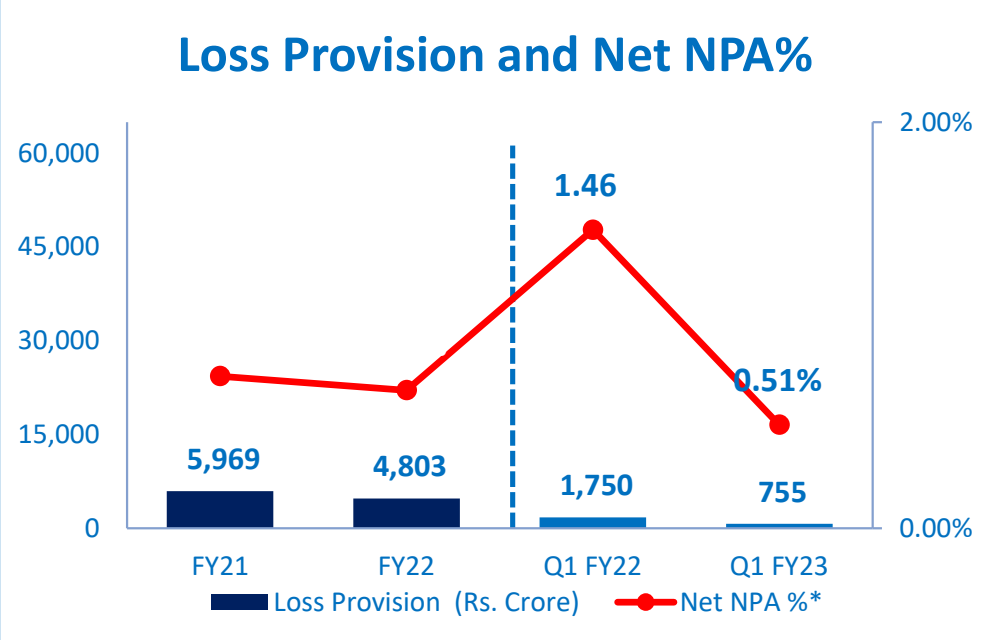


All Figures in Rs. Crore

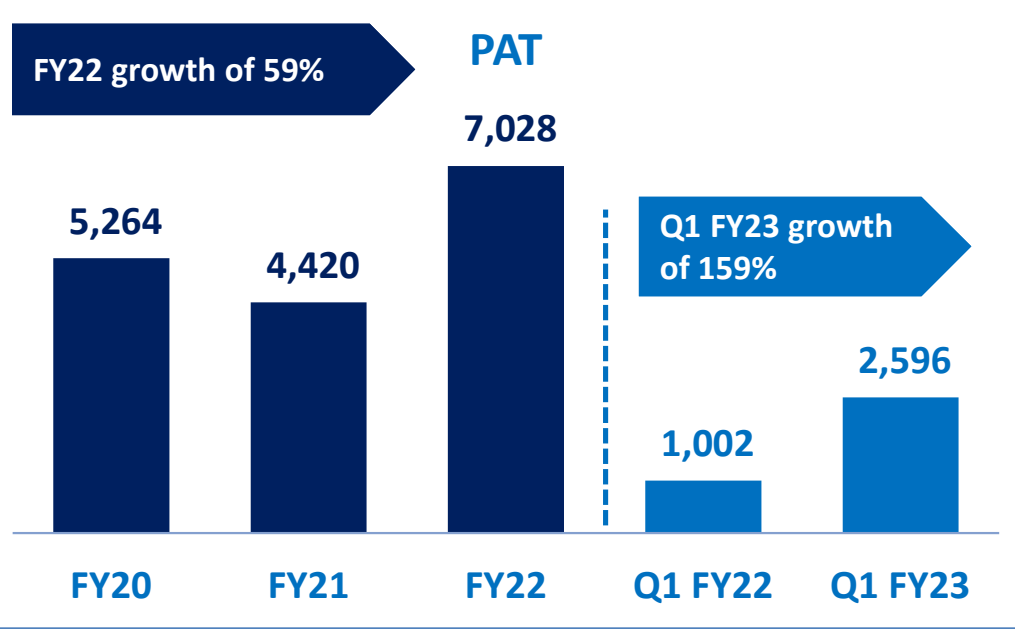
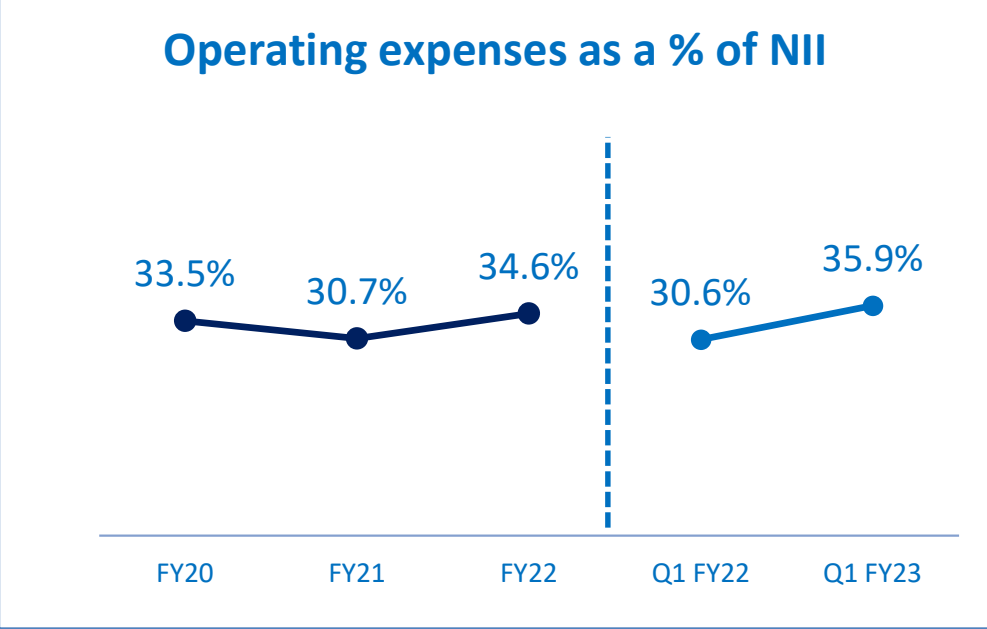


Bajaj Finance Consolidated results are as per Ind AS, previous years figures have been re-casted for comparability

All Figures in Rs Crore



- GNPA and NNPA as on 30 June 2022 stood at 1.25% & 0.51% respectively as compared to 1.60% and 0.68% as on 31 March 2022
- Provisioning coverage ratio (PCR) of 60% on stage 3 assets; PCR stood at 130 bps on stage 1 & 2 assets as of 30 June 2022 vs 174 bps as of 30 June 2021 (was 90-100 bps during pre-pandemic)
- Overall, the portfolio composition across stage 1, stage 2 and stage 3 assets is better than pre-COVID metrics



\*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
- 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

## Q1 2022-23

### Revenue Growth

- **Industry beating GDPI growth of 25.4% in Q1 FY23** as against Industry<sup>#</sup> growth of 22.7%
- **Ex. Crop & Govt. Health, Q1 FY23 GDPI grew by 19.7%**

### Segmental Performance (Gross Direct Premium Income)

- **Ex. Crop & Govt. Health growth of 19.7% was attributable to Motor (23%), Fire (18%), Marine (32%), Liability (16%) and revival of travel business**
- **In Q1 FY23, overall motor grew by 23%** - Motor 2W (35%), CV(35%) and 4W (15%) respectively
- **Commercial lines (Fire, Engineering, Marine and Liability) grew with a healthy growth of 18.1% against Industry growth of 17.9%**

### Loss Ratio (LR)

- For Q1 FY23, LR stands at **77.9% as against 75.9%** in Q1 FY22
- Higher loss ratio was mainly on account of higher severity (impact of inflation) in motor and health segments and a few large commercial claims

### Combined Ratio (COR)

- **COR increased to 104.6% in Q1 FY23** v/s 103.4% in Q1 FY22;
- Increase in COR was on account of higher Loss Ratio, partially offset by lower expenses

### Profit after tax (PAT)

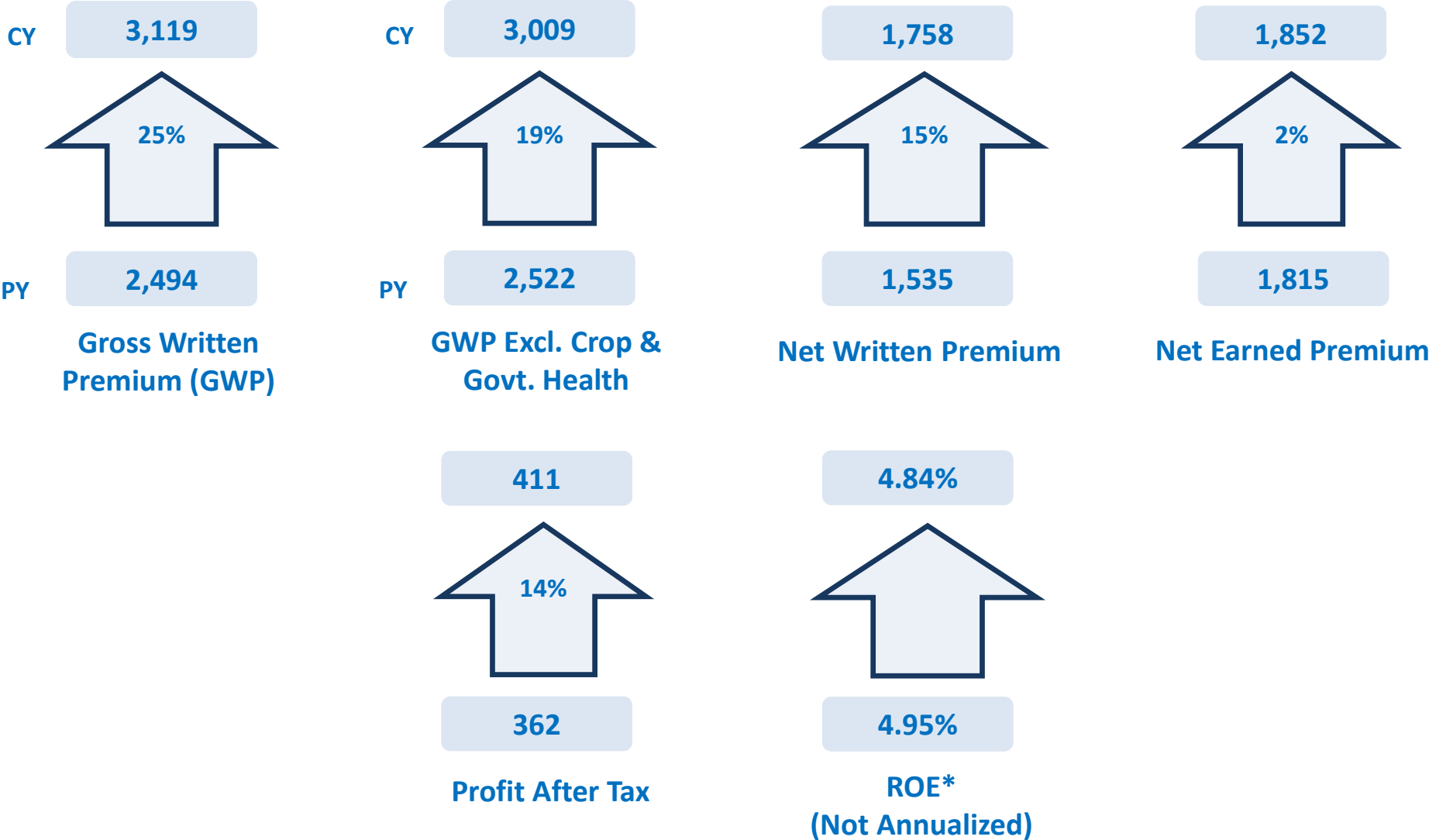
- **Q1 FY23 PAT grew by 14%** to Rs. 411 Cr v/s Rs. 362 Cr in Q1 FY22
- Increase in PAT includes higher realized profit on sale of investments of Rs. 279 Cr in Q1 FY23 v/s Rs. 132 Cr in Q1 FY22

Source : IRDAI Monthly Business Figures & GIC Council Segmental Reports

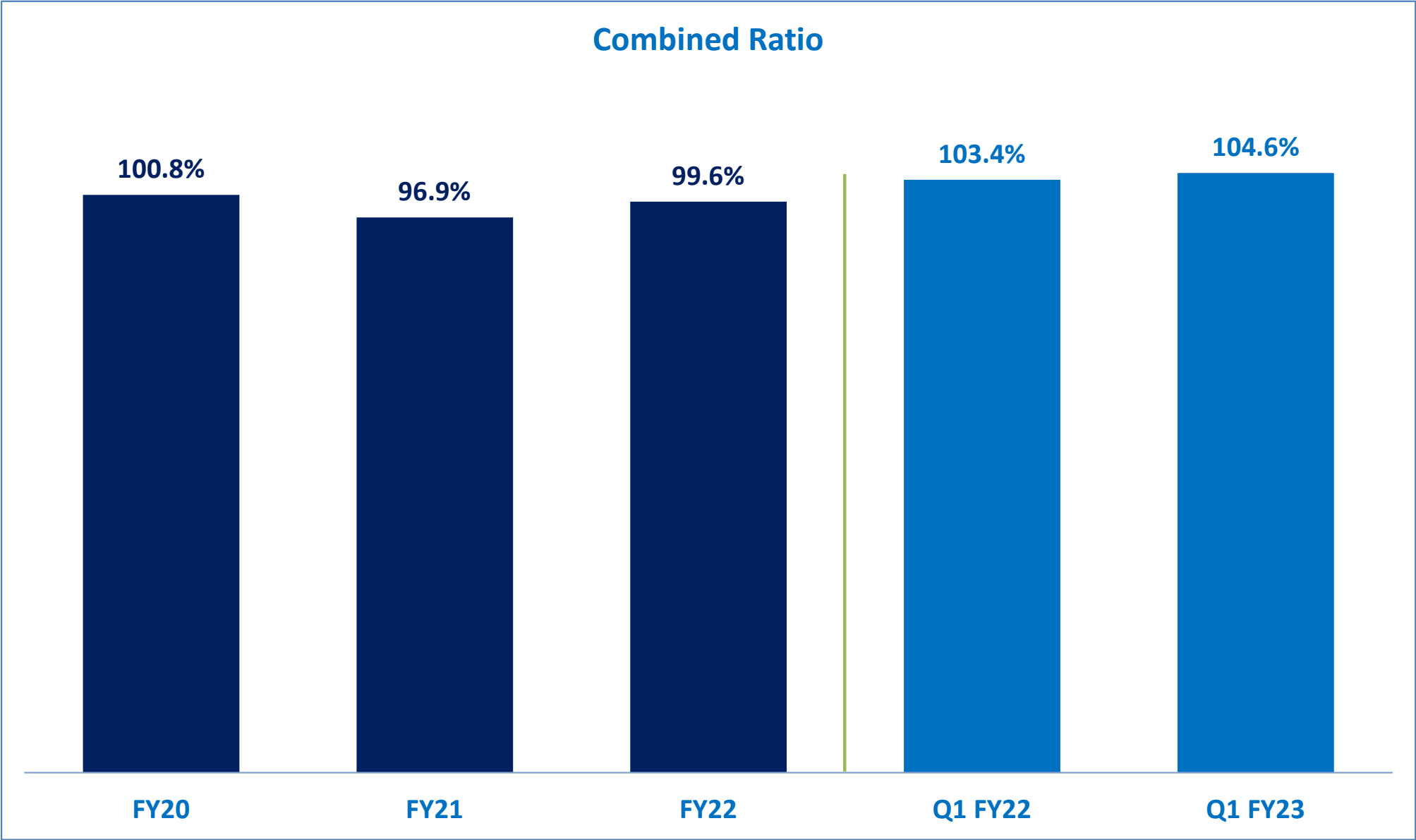
<sup>#</sup>Industry growth excluding specialised insurers and Standalone Health Insurers | \*Commercial Lines – Fire, Engineering, Marine & Liability

All Figures in Rs Crore

## Performance Highlights of Q1 FY23 over Q1 FY22

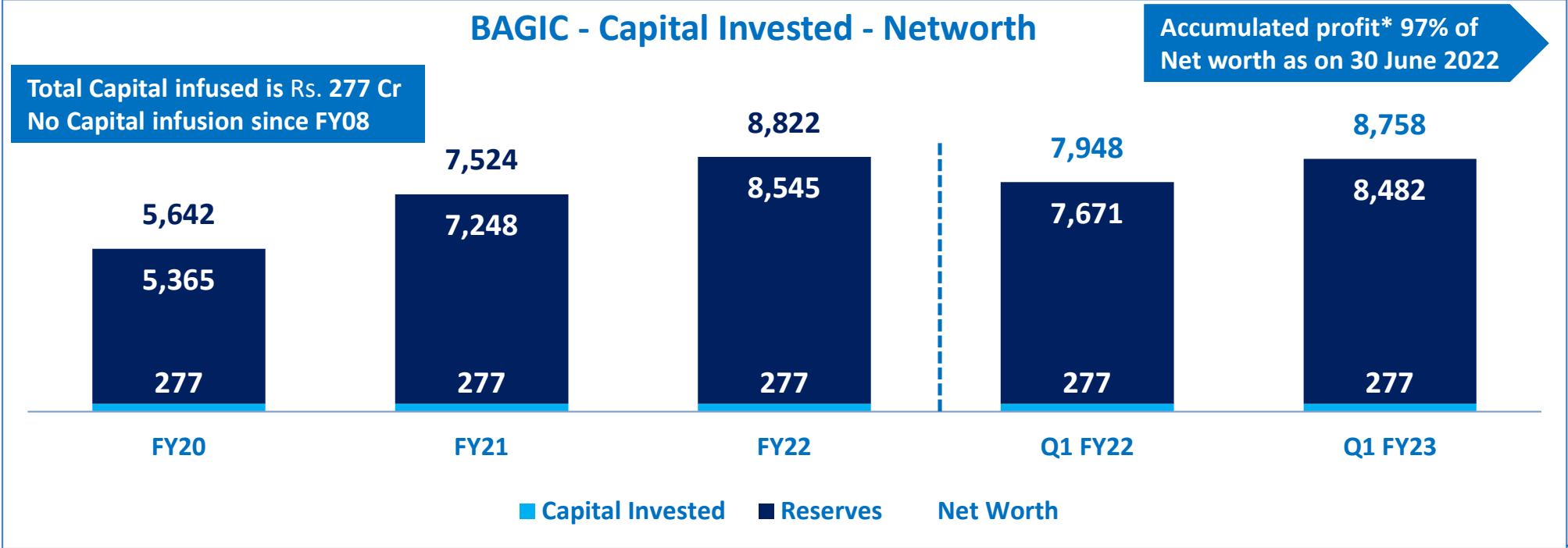
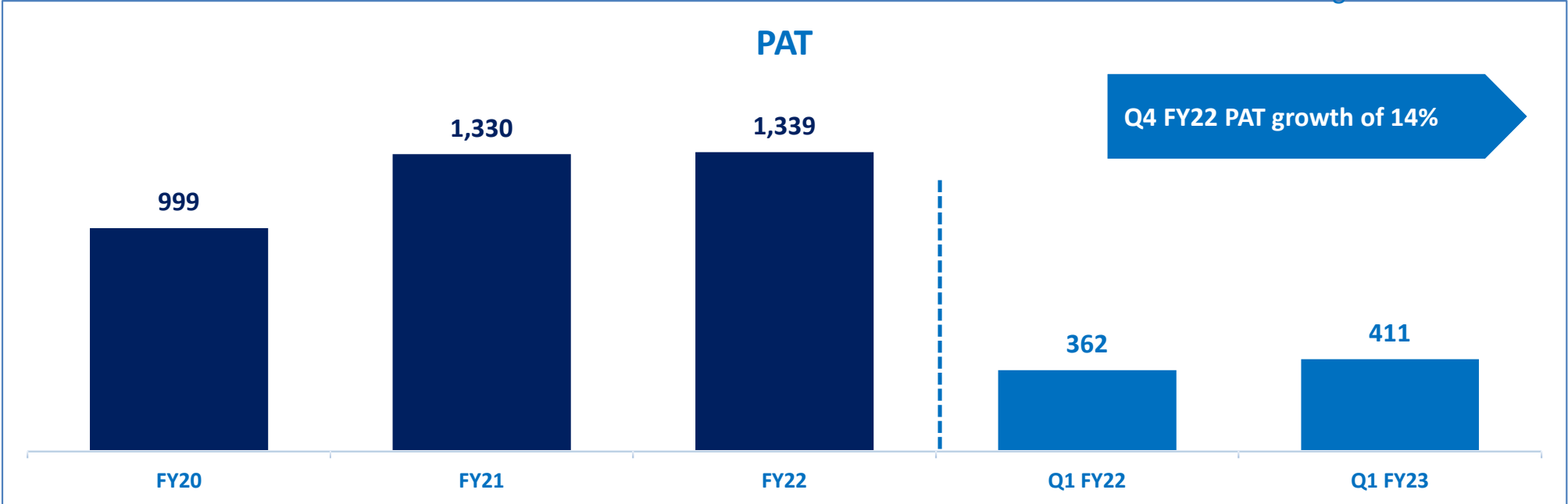


\*Return on Equity (ROE) is excluding fair value change | No material amount of crop was written during Q1 FY23 and the same quarter of PY



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).

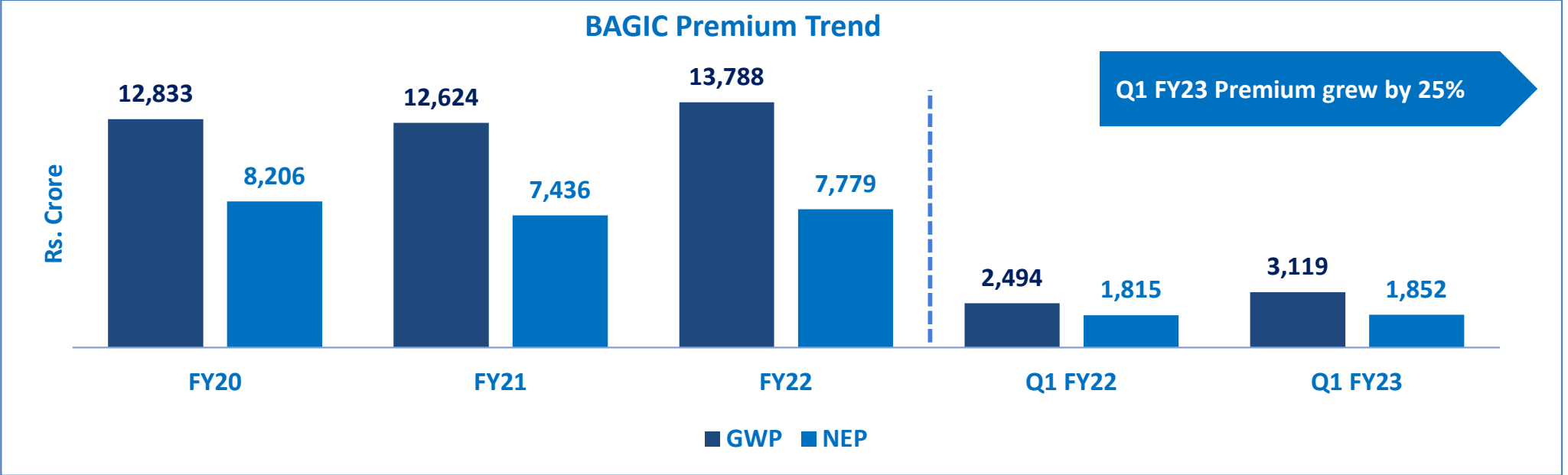
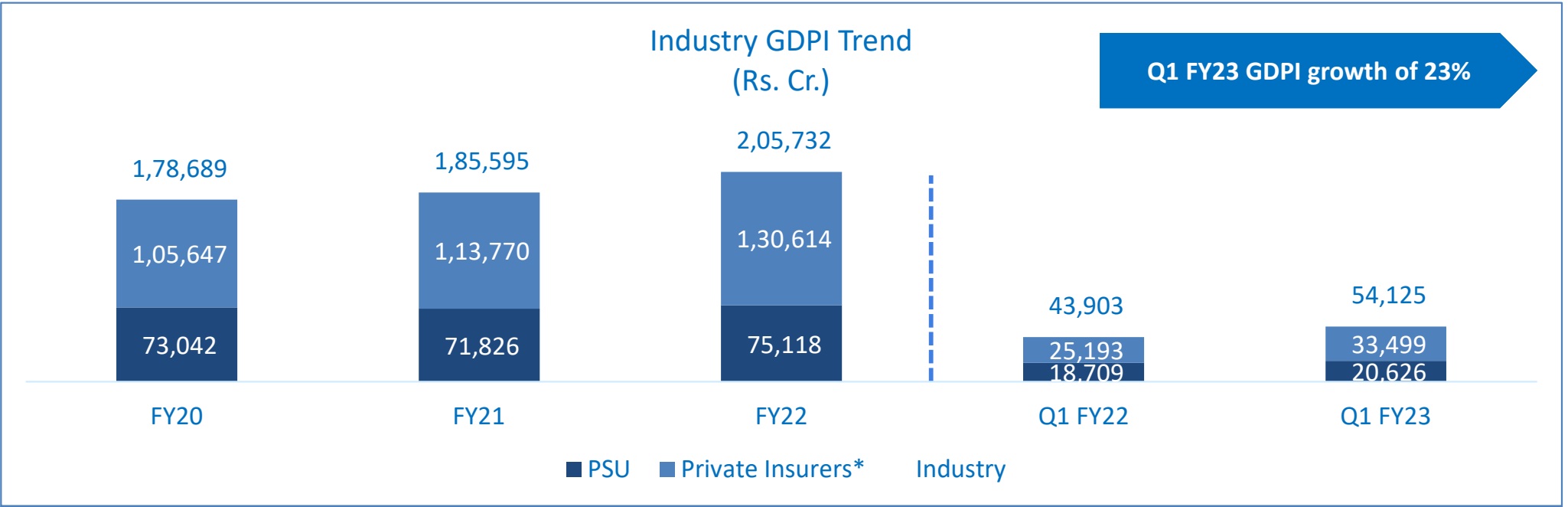
All Figures in Rs. Crore



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

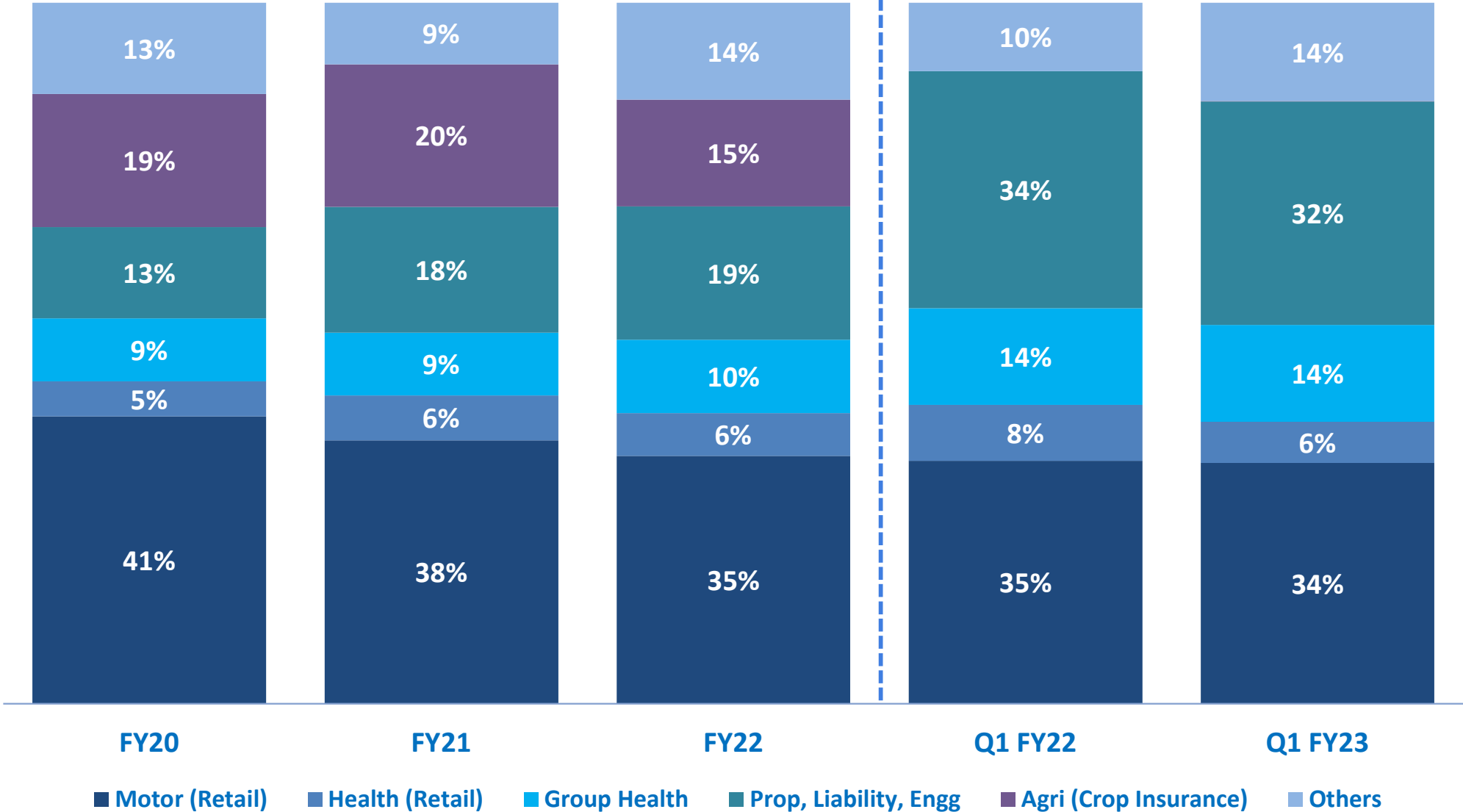


# BAGIC : Consistently amongst top 2 private insurers in terms of Gross Premium



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

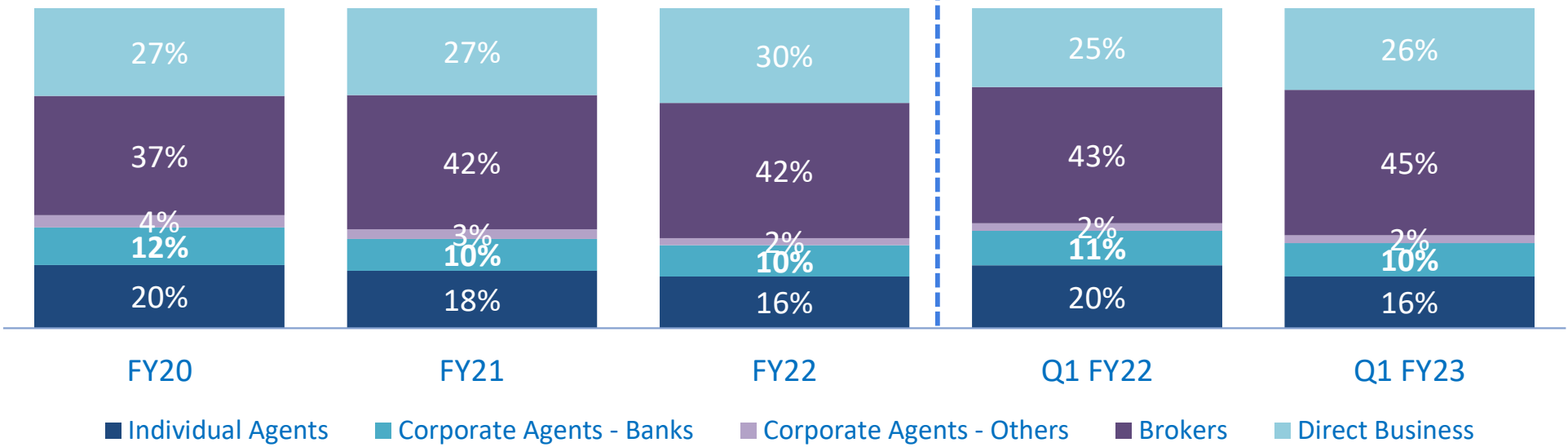
## Business Mix



■ BAGIC's excluding Crop & govt. health insurance GWP growth for Q1 FY23 vs Q1 FY22 was 19%

Note: The components might not add up to total of 100% due to rounding off | No material amount of crop was written during Q1 FY23 and the same quarter of PY

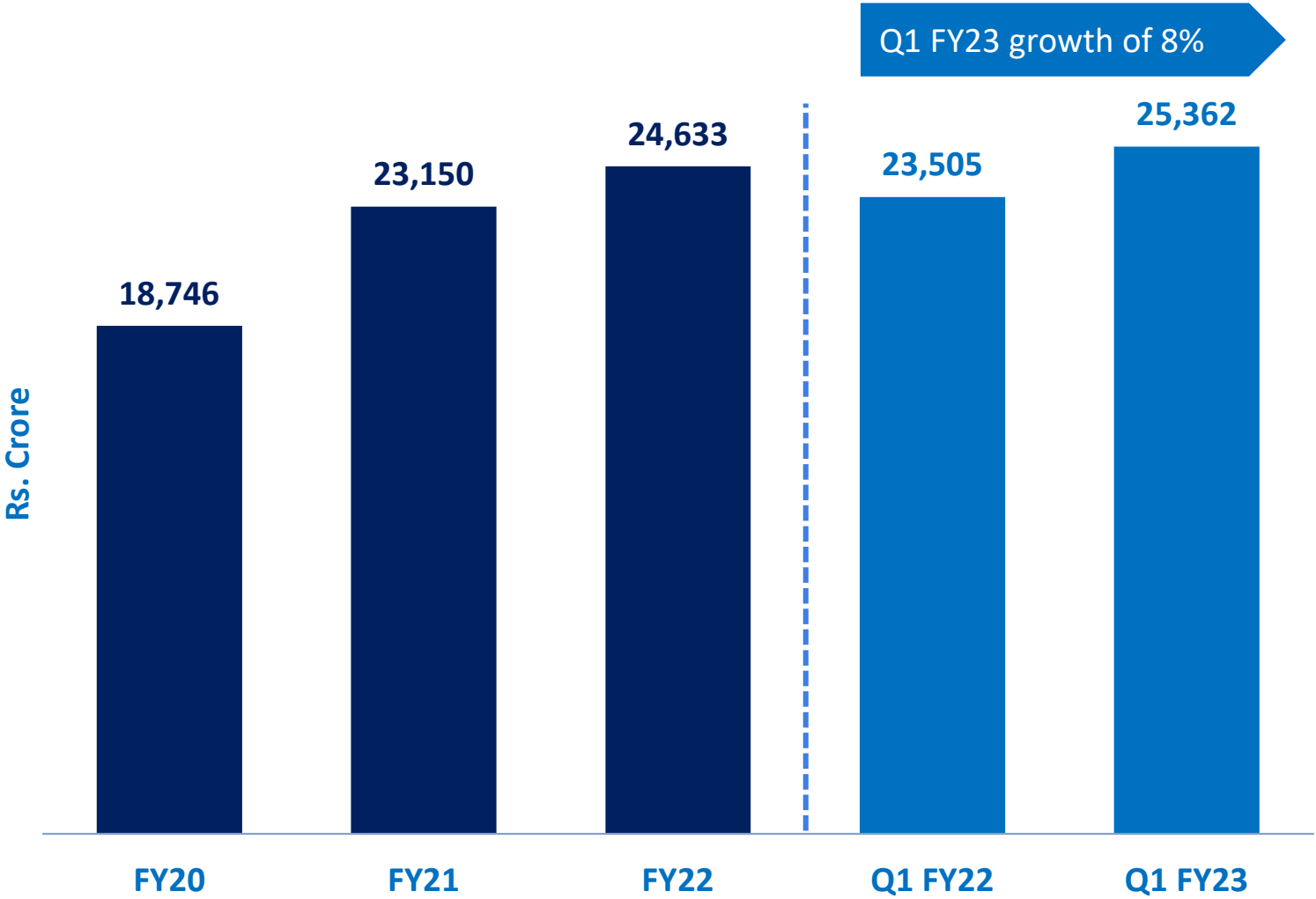
## Channel Mix



Bancassurance Partnerships	Agency & Retail Channels	OEMs* & Dealer Partnerships	Rural Focus	Presence in ecosystems
<ul style="list-style-type: none"> <li>Over 191 Bank partners</li> <li>19 National Tie-ups &amp; MNC Banks</li> <li>28 NBFCs, 5 SFBs, 1 Payments Bank</li> <li>127 Co-operative banks, 11 RRBs</li> </ul>	<ul style="list-style-type: none"> <li>47,700+ agents &amp; 62,220+ POS</li> <li>Virtual Sales Offices</li> <li>Acquisition of Direct Customers through our Sales Force</li> <li>Agency segmented under prime, key, emerging and Retail and SME</li> </ul>	<ul style="list-style-type: none"> <li>39 national Tie-ups and over 9000 network of dealers across pan India</li> <li><b>National Tie-ups:</b> Maruti, Honda, Toyota, Mahindra, Hyundai, MG, Kia, VW, BMW, TATA Motors, Bajaj, RE, Yamaha; Piaggio, JCB, Bgauss, Revoult etc.</li> </ul>	<ul style="list-style-type: none"> <li>19.3 Million+ farmers covered in PMFBY in last 4 years of which 18.5 lakh farmers covered in CY</li> <li>Issued 12.5 Lakhs NOPs under crop insurance in FY22</li> <li>15,700+ active CSC centers in Q1 FY23</li> </ul>	<ul style="list-style-type: none"> <li>17+ Partnerships across Insuretech 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 | \* Original Equipment Manufacturer

### AUM (cash and investments)



BAGIC continues to grow its AUM strongly

Investments are largely in fixed income securities

Investment Leverage of 2.90 as on 30 June 2022

99.1% of debt portfolio is in AAA or sovereign securities. 93.7% of Equity investment is in BSE 100 stocks

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

## Key Metrics

### Digital Agent Onboarding Q1 FY23

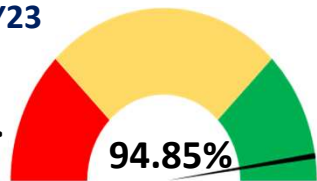


From **100%** in FY 21-22 ->



### Digital Issuance Q1 FY23

From **94.48%** in FY 21-22 ->



### NPS\* Score

#### Motor

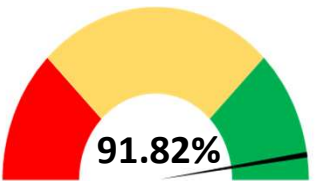
#### Health

FY21	FY22	FY21	FY22
65	↑ 70	63	↑ 68

### Digital payment Q1 FY23



From **91.23%** in FY 21-22 ->



## Key Initiatives Summary

### API Factory



API Integration landscape expanded. 91 product integrations done with 30+ partners

### Ezeetab



Our Agent & VSO app has over **87 products** available for policy issuance and services

**3.8 Lakh+ policies issued with over 56 Crore+ Of business booking**

### Farmitra App



The usage of the app launched for Farmer Community has seen a significant uptake

**8.2 K downloads**  
**128 claims processed through app**

### I Mitra



Our flagship portal for agents has over **93+ products** available for policy issuance and services

**9.7 Lakh+ policies issued with over 743 Crore of business booking**

### Data Lake



10K+ attributes across structured & unstructured data with models across fraud management, claims, renewals, customer churn, underwriting etc.

**20+ live AI/ML models**



### WhatsApp + BOING 2.0

AI based chat BOT enabled with 27+ services & whatsapp



**1.5 Lakh+ Unique Customers**  
**2.3 Lakh+ conversations**

\* Net Promoter Score; NPS conducted by an independent external agency

One of the early adopters of cloud, our Travel line of business was made live in 2019 on the new policy admin system – developed in partnership with TCS. This was followed by Retail Health & Motor TP lines of business

## Cloud Native



*Core policy administration system along with peripheral applications hosted & built using cloud native technologies providing high scalability & flexibility*

## Microservices based Architecture



*Microservices based architecture providing flexibility, scalability, improved fault tolerance and faster integration with partner ecosystem*

## DevOps Integrated



*Deployed on Cloud, the DevOps platform is extensively used for automating Agile Delivery, tighter collaboration and daily deployments*

## Innovation and Agility



*A modern core along with readily available AI/ML services on cloud has paved the way for faster innovation across the insurance value chain*

## Highlights of the new platform

**20 Lac+** policies issued

**Rs.600 cr+** claims paid

**25+** partners onboarded

**1200+** microservices deployed

**40+** peripheral applications

## Asset Quality

- 99.1% of the debt portfolio in AAA and sovereign assets
- 91.7% of Equity in Nifty 50 stocks & 93.7% in BSE100 stocks
- Oversight by Board & Executive investment committee and group level investment forum
- Robust ALM position

## Re-Insurance

- Reinsurance ceded only to the A- and above & 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 releases from settlement of claims, indicating robustness of reserving at the point of registration of claims
- Highest solvency amongst peers

# **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 Net 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 group credit protection and online offerings

### Strong proprietary channels

- 3rd largest agency in terms of IRNB amongst private players in FY22
- 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 Assured Wealth Goal (Non-par), Guaranteed Pension Goal (Annuity), SISO\*\* (ULIP SIP), Smart Wealth Goal (ULIP), Flexi Income Goal (Par), Guaranteed Income Goal (Non-Par) have witnessed strong response from the customers

### Efficient Operations

- Embarked on a customer obsession journey
- Auto pay improvement across all cohorts and channels
- Focusing on faster issuances, claim settlement and driving FTR

\*\*Systematic in Systematic Out; FTR : First Time Right

## Q1 2022-23

### Revenue Growth & Market Share

- In Q1 FY23, IRNB grew by **81%** (vs private players growth of 47% & LIC growth of 35%. Overall industry growth of 42%);
- Market share in IRNB terms increased from **6.7% to 8.3%** among private players
- BALIC was the **3<sup>rd</sup> fastest growing Life Insurer in Q1 FY23 among the top 10 private players in IRNB terms**
- BALIC's 3 Years CAGR of **39% (on IRNB basis)** is the highest in the Industry

### Product Mix (IRNB Basis)

- **Assured Wealth Goal (non-par savings) product has been well received in the market** – contributing to 14% of our Product Mix in Q1 FY23
- Par : Non-Par Savings : ULIP : Protection : Annuity retail mix stood at **19%:31%:38%:3%:9%**

### Renewal Premiums

- Registered a **strong growth of 19%** in Q1 FY23 ; improvement in persistency witnessed across all cohorts

### New Business Margins

- **Witnessed strong growth in Net New Business Value (Rs. 135 Cr in Q1 FY23 v/s Rs. 25 Cr in Q1 FY22)** on account of higher business growth and improved product mix
- **Net New Business Margin (NBM)<sup>§</sup> on Annualized New Business Premium increased to 11.1%** in Q1 FY23 from 4.2% in Q1 FY22

### Profit After Tax

- **PAT for Q1 FY23 was Rs. 124 Cr** as against Rs. 84 Cr in Q1 FY22, mainly on account of lower Covid-19 reserves and death claims, partially offset by reversal of income tax provision basis favorable CIT (Appeal) order of Rs. 161 Cr in Q1 FY22

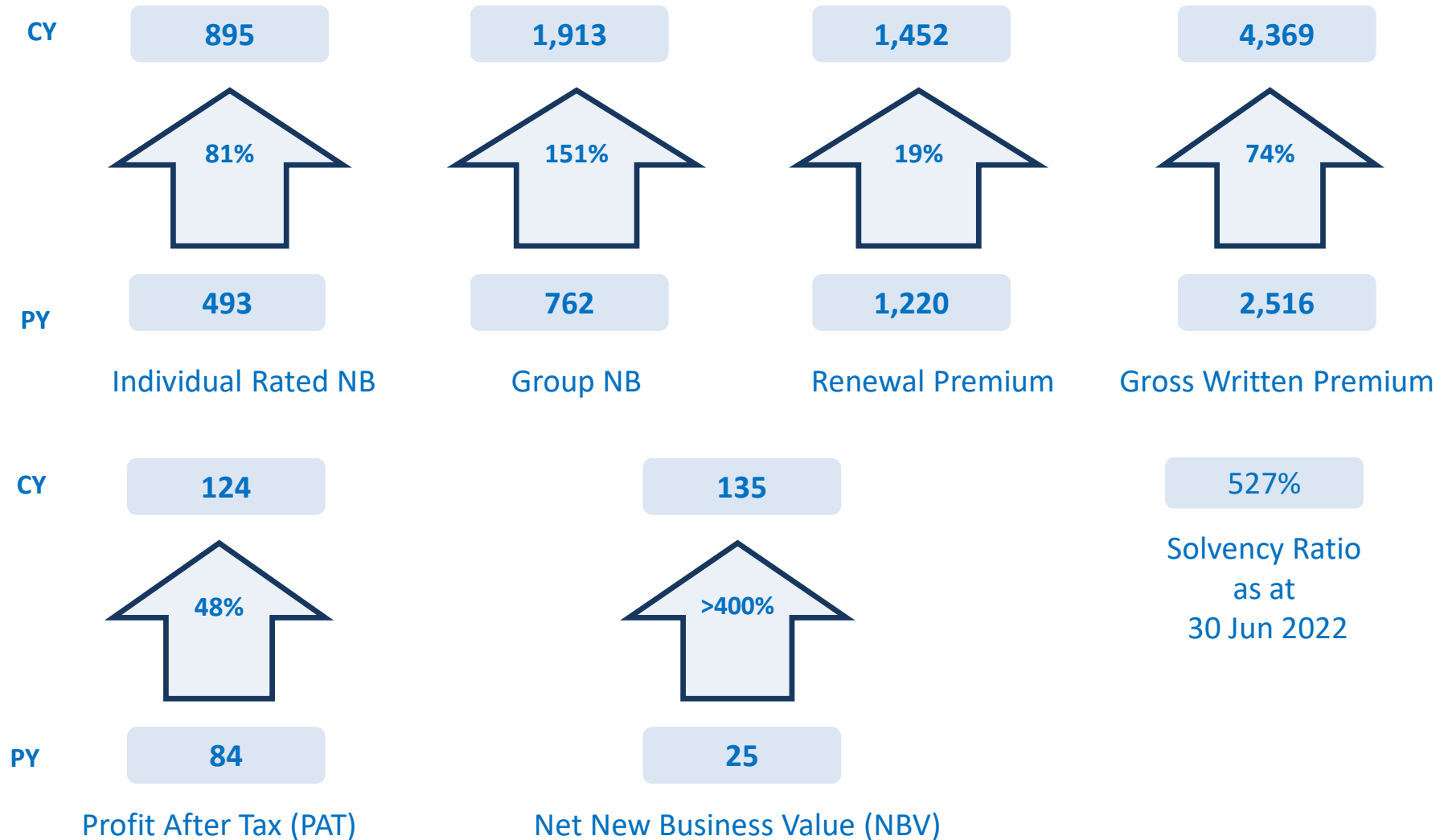
Source : IRDAI Monthly Business Figures

IRNB – Individual Rated New Business, NB – New Business, GWP – Gross Written Premium, ULIP – Unit Linked Investment Plan: CAGR – Compounded Annual Growth Rate

§ - On 12 month rolling basis, NBM for the period ended Jun'22 is 14.7% vs 12.8% for the period ended Jun'21

All Figures in Rs. Crore

## Performance Highlights of Q1 FY23 over Q1 FY22



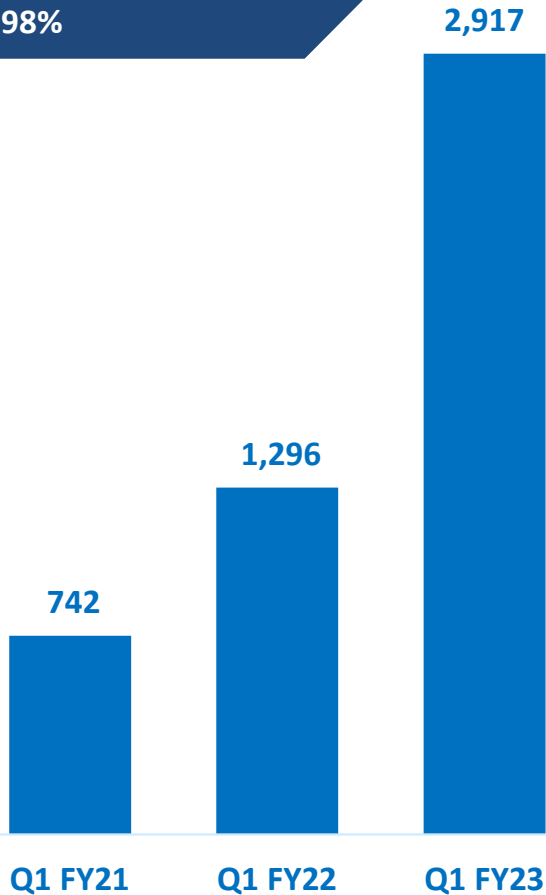
# BALIC – Growth momentum continues



All Figures in Rs Crore

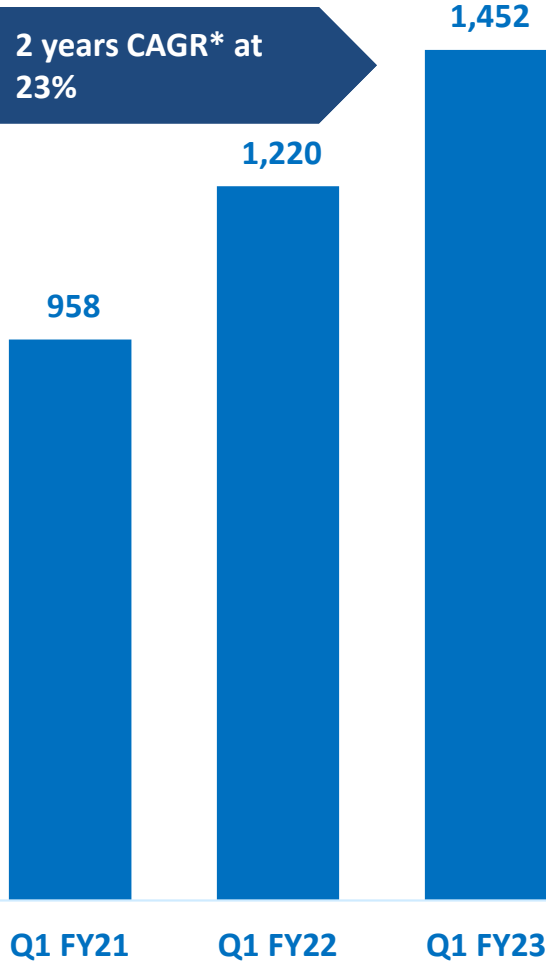
## New Business

2 years CAGR\* at 98%



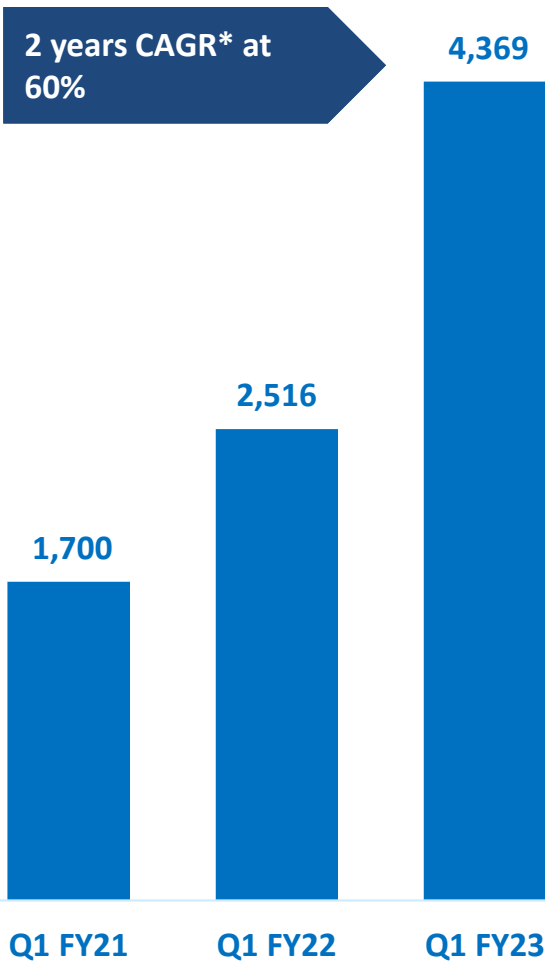
## Renewals

2 years CAGR\* at 23%



## GWP

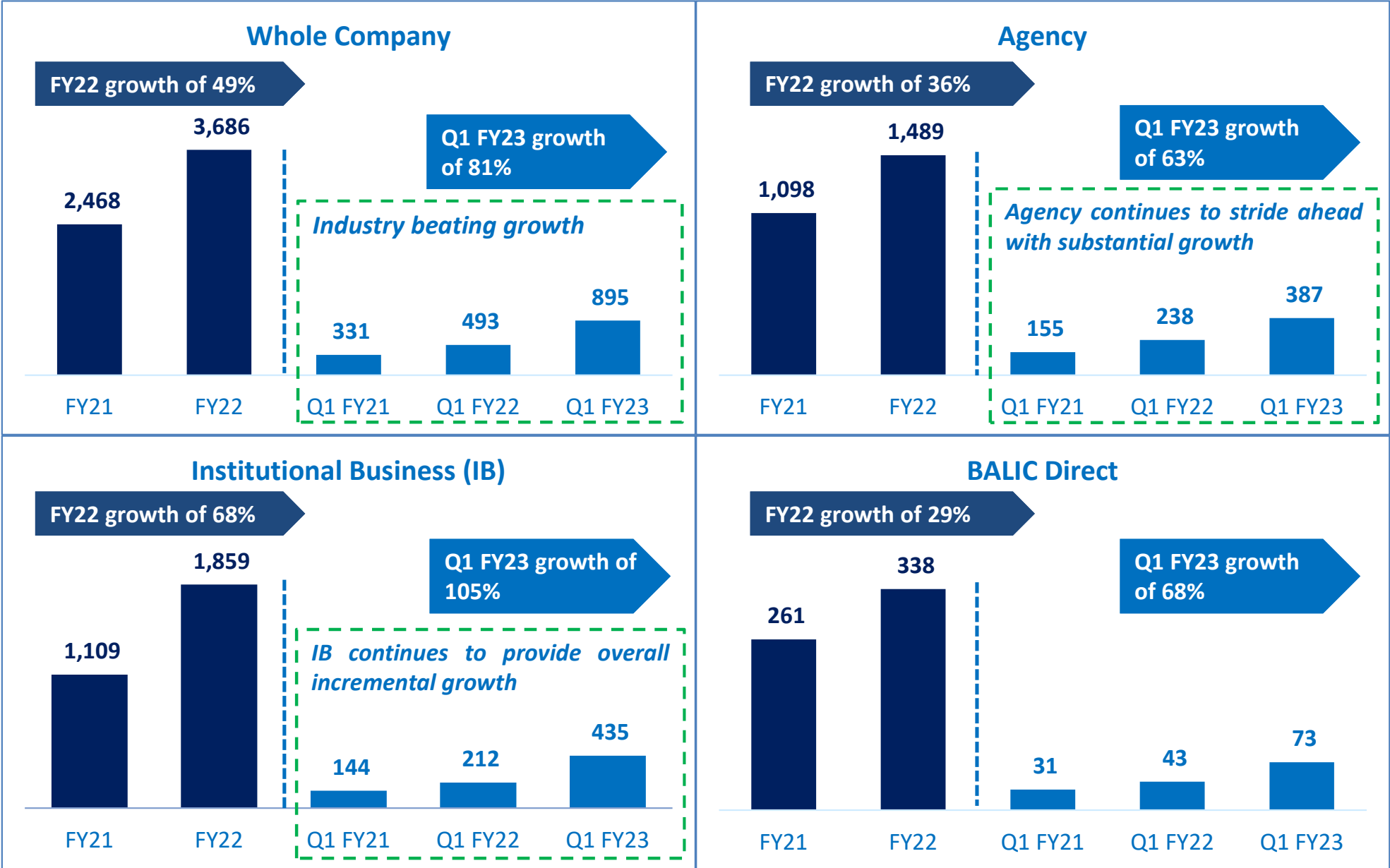
2 years CAGR\* at 60%



- All the topline related metrics for BALIC continue to grow and are well above the pre-COVID-19 levels
- Q1 FY23 GWP grew by 74% to Rs. 4,369 Cr from Rs. 2,516 Cr in Q1 FY22 registering a phenomenal growth

\* CAGR (Compounded Annual Growth Rate) is for the quarter

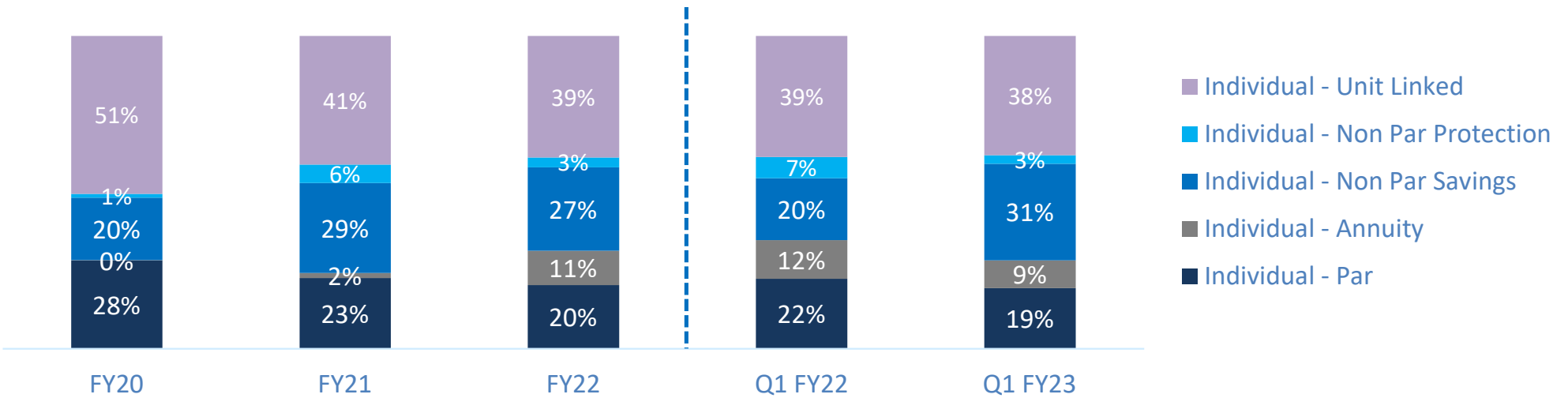
All Figures in Rs Crore



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

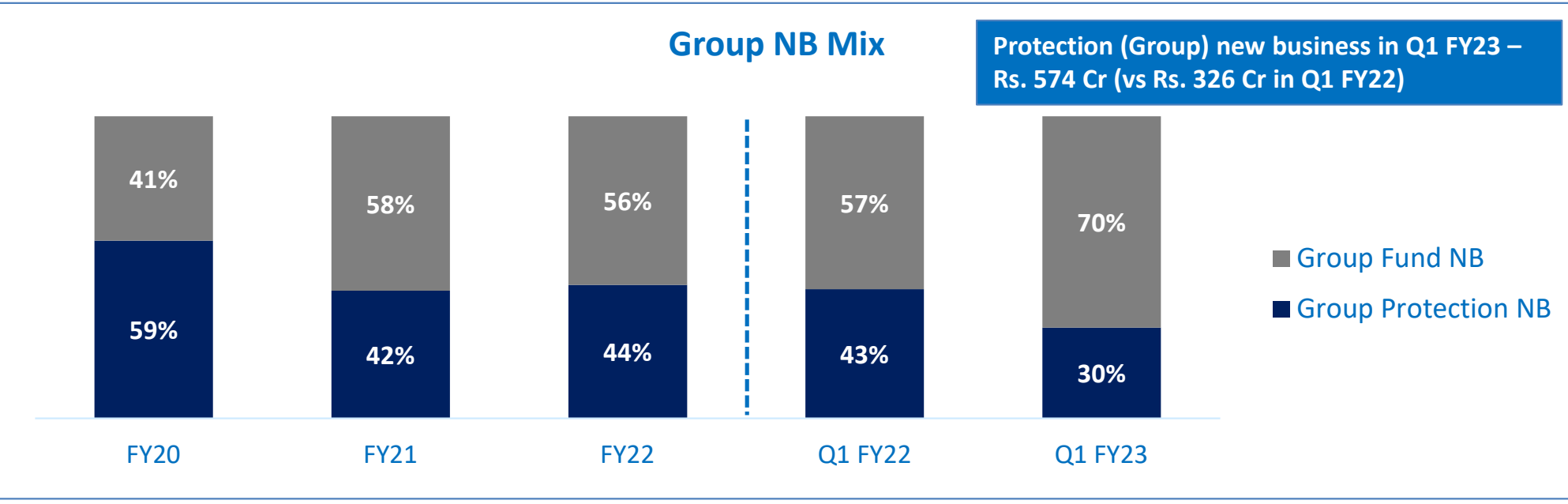
## IRNB Mix

Share of Non-par savings stands at 31% in Q1 FY23



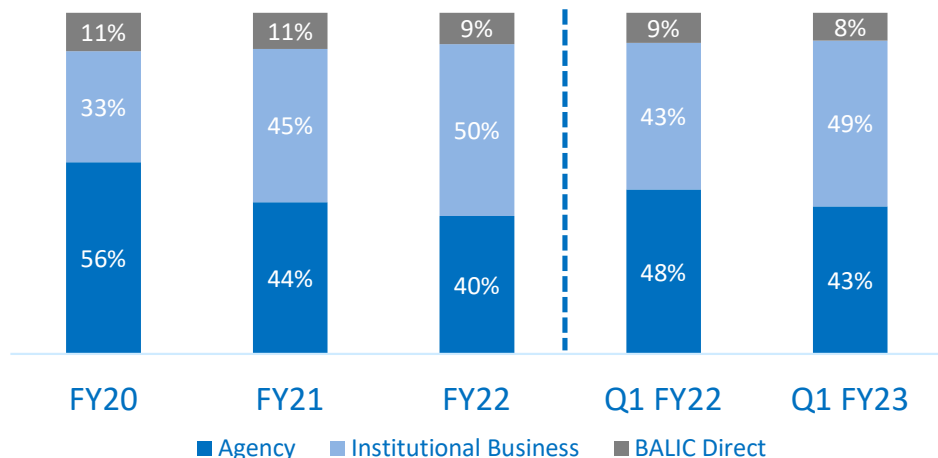
## Group NB Mix

Protection (Group) new business in Q1 FY23 – Rs. 574 Cr (vs Rs. 326 Cr in Q1 FY22)



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

Individual Rated New Business Channel-wise Mix



- Greater balance between institutional and proprietary retail channels - Agency, Institutional Business and BALIC Direct contributing 43%, 49% and 8% respectively in Q1 FY23 (in IRNB terms)
- 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

- 3rd largest agency in private LI space (for FY22); backed by 1Lakh+ agents
- Continued balanced product mix with traditional individual rated new business mix at 60% in Q1 FY23
- Variabilization of Agency cost through low-cost models (13% contribution in Q1 FY23 vs 7% in Q1 FY22)

## Institutional Business:

Building sustainable business through strong integration with partners

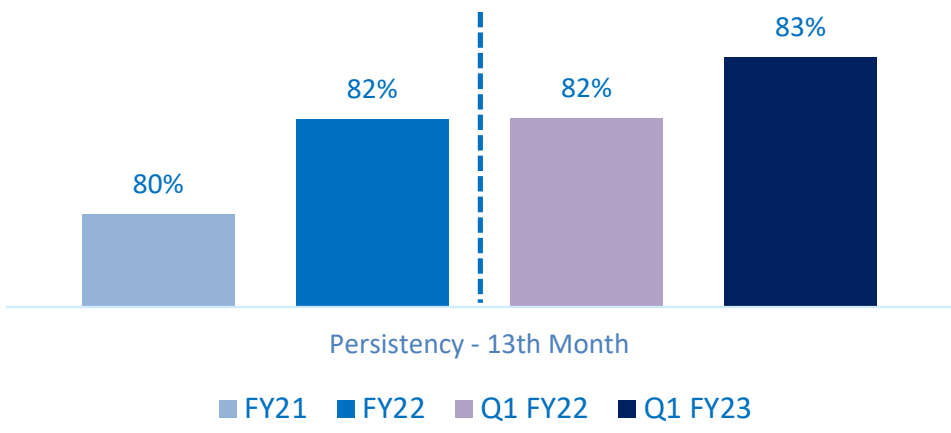
- Diverse mix of large and small partner banks, NBFC, brokers and web aggregators
- Axis bank share in total IRNB has increased from 18% in Q1 FY22 to 25% in Q1 FY23 due to the opening up of all geographies
- New Corporate Agency tie-up with City Union Bank (CUB) & Development Bank of Singapore (DBS)

## BALIC Direct :

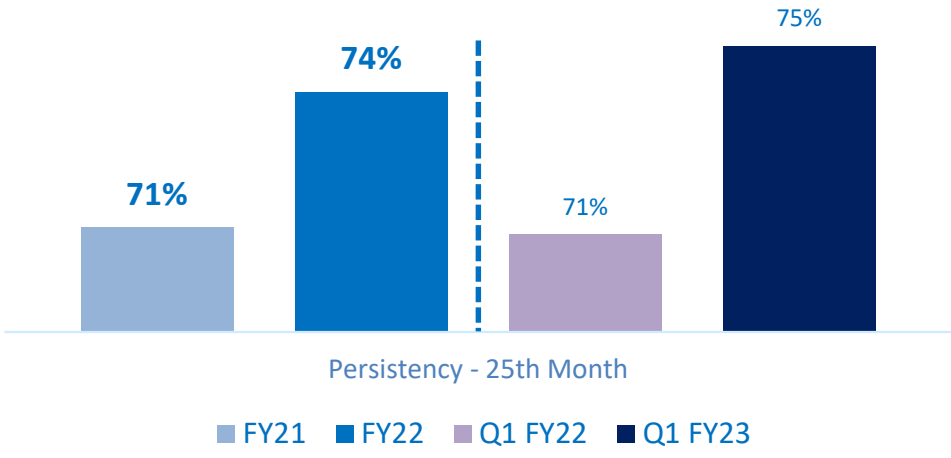
Analytics backed, focused verticals for upsell and cross sell initiatives

- Presence in 165 cities, with Dedicated Verticals for various customer Segments
  - ✓ Maturity
  - ✓ Service to Sales
  - ✓ Elite Relationship force
  - ✓ Hub & Spoke
- Data and Analytics as a key pillar for Direct business

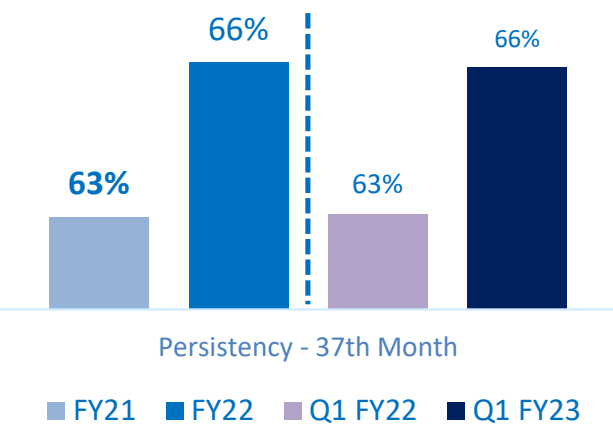
### Persistency 13<sup>th</sup> Month



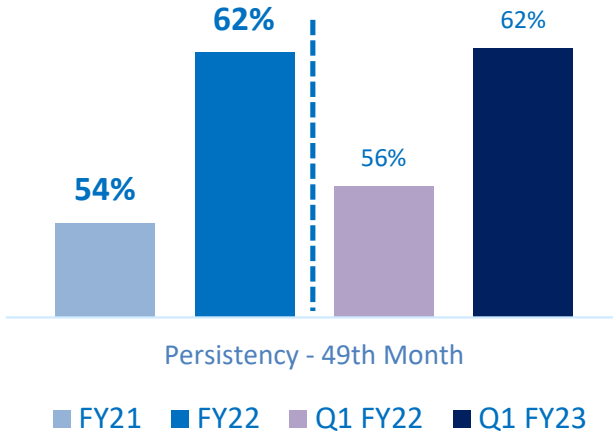
### Persistency 25<sup>th</sup> Month



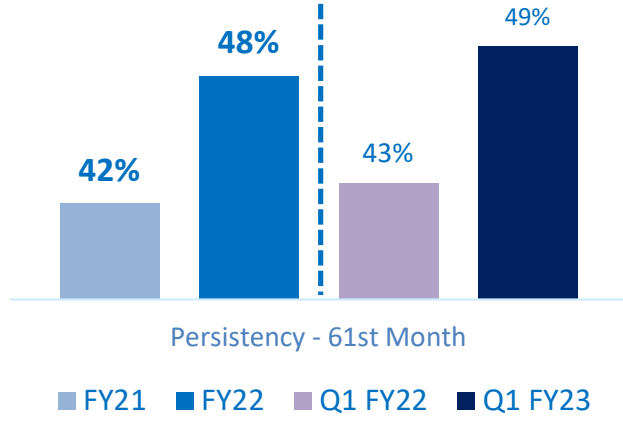
### Persistency 37<sup>th</sup> Month



### Persistency 49<sup>th</sup> Month



### Persistency 61<sup>st</sup> Month



Continued focus on renewal collection via various initiatives such as driving auto-payment registration, digital payments & higher distribution ownership have led to significant improvement in persistency across cohorts especially in the later buckets wherein 49<sup>th</sup> & 61<sup>st</sup> month have seen significant improvement of 6% each

\*Note : Persistency as per IRDAI framework; Individual business excluding single premium and fully paid-up policies | The persistency ratios for the period ended have been calculated for the policies issued in June to May period of the relevant years



Digital assets

Key Internal Assets

**SMART ASSIST**  
**Smart Assist**  
 Assist sales to virtually connect with customers

**INS-tab**  
**INStab**  
 Module for new business login & servicing

**i-MANAGE**  
**iManage**  
 Module for SMs for self & customer servicing

**WhatsApp for ICs\***  
 Self & customer servicing WhatsApp chatbot for agents

**Digibanca**  
**Digibanca**  
 Online buy Journey platform for Banca channel



**Life Assist App**  
 App available on Android/iOS for customer servicing

**Customer Portal**  
 Secured customer servicing section on website

**WhatsApp**  
 Customer servicing via WhatsApp

**BOING**  
 Customer servicing chatbot on website

Customer-facing Assets

\* ICs : Insurance Consultants



## Adaptive New-age Technology

- **First ever cloud native microservice ready policy admin system**
- Powered by cloud technology & extensible user interface
- Event-based architecture



## Quick Release into the market

- **Quicker incorporation of regulatory/financial changes into existing products**
- **Quick launch of products and ad-ons**
- **Quick customization of product to align with customer need**



## Faster integration with Channel partners

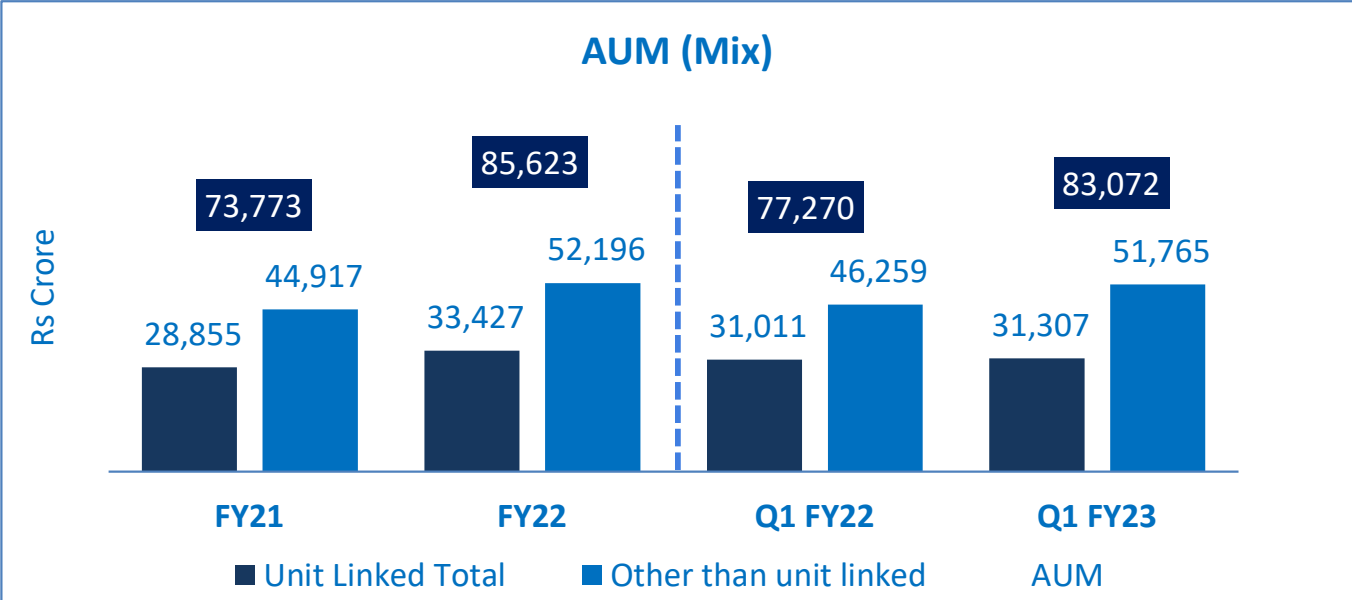
- User friendly interfaces
- **Faster integration with partners**
- **Reduce Turn-Around-Time for 'Integrate to business' cycle**



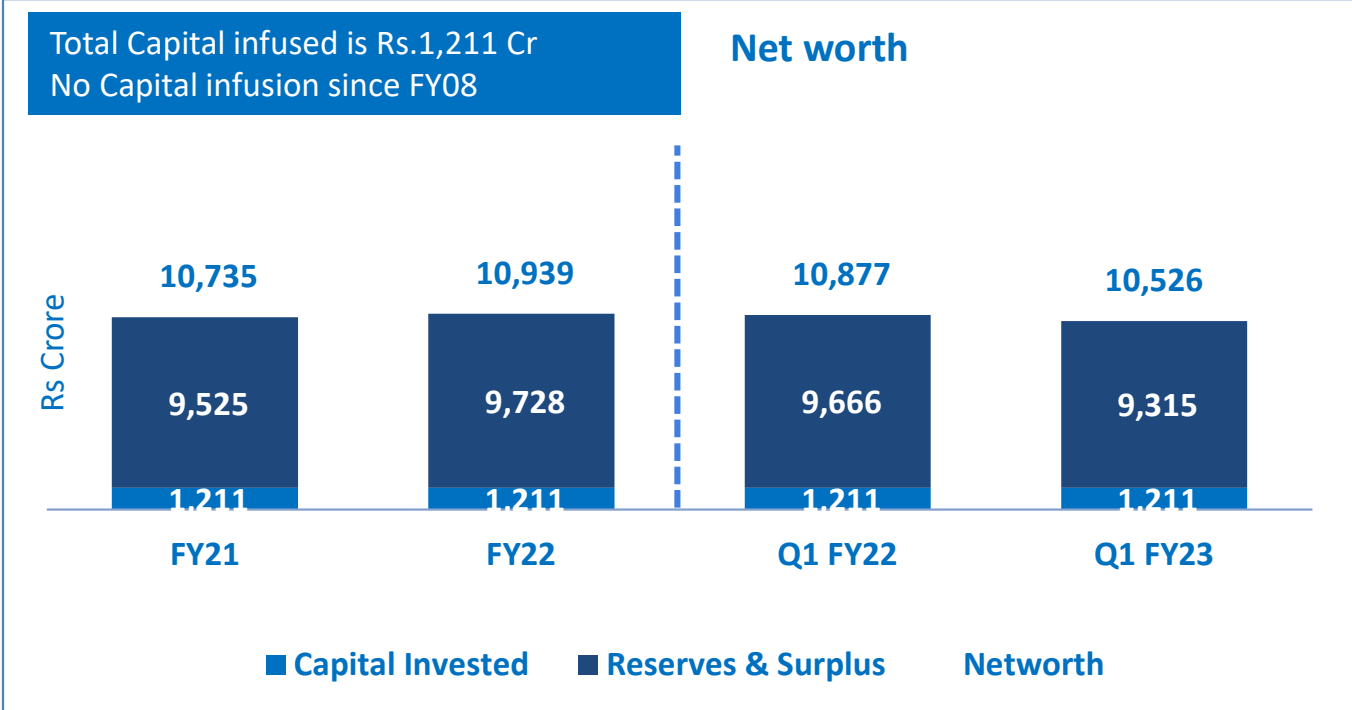
## Improve Operational efficiencies

- Faster Policy Issuance with efficient on-boarding process
- **Easy modifications and configurations of rules**
- **Empowering Underwriting team to manage rules**





- **AUM** as of 30 June 2022 **grew by 8%**; Growth in UL AUM stands at 1%; Traditional AUM grew by 12%
- Of the UL Funds of 31,307 cr, 69% is equity as on 30 June 2022 (69% as on 30 June 2021 out of the UL Funds of Rs. 31011 cr.)



- BALIC's **accumulated profits are 88%** of the Net worth as on 30 June 2022

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

## RISK MANAGEMENT

### Product Pricing

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

### Asset Liability Management (ALM)

- Interest rate risk on the Individual Non-Participating Savings, Protection and Annuity portfolio managed through partly paid bonds, and Forward Rate Agreements
- ALM focused on cashflow matching
- Underlying bonds on Forward Rate Agreements are chosen based on liability profile.
- For annuities, there is continuous monitoring of business mix in different variants, age bands and deferment period

### 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 aside for COVID-19 claims

# **Bajaj Finserv Direct Ltd (Bajaj Markets)**

# Bajaj MARKETS

## STRATEGY

BFSD is a **unique & diversified Marketplace** for **Financial Services** and **eCommerce** which **acquires** a large number of consumers and **cross-sells** products by **leveraging Technology & Analytics**.

## DIFFERENTIATORS

**Diversified Marketplace Business Model**

- Open Architecture platform offers Financial products' variants across Loans, Cards, Insurance, Investments & Payments as well as Electronics & Lifestyle product options in partnership with leading industry players

**Choice, Cost & Convenience**

- Wide choice from offerings of 50+ manufacturers
- 'Compare, select & buy'
- Convenience of end-to-end digital journey and frictionless fulfilment

**Digital Technology**

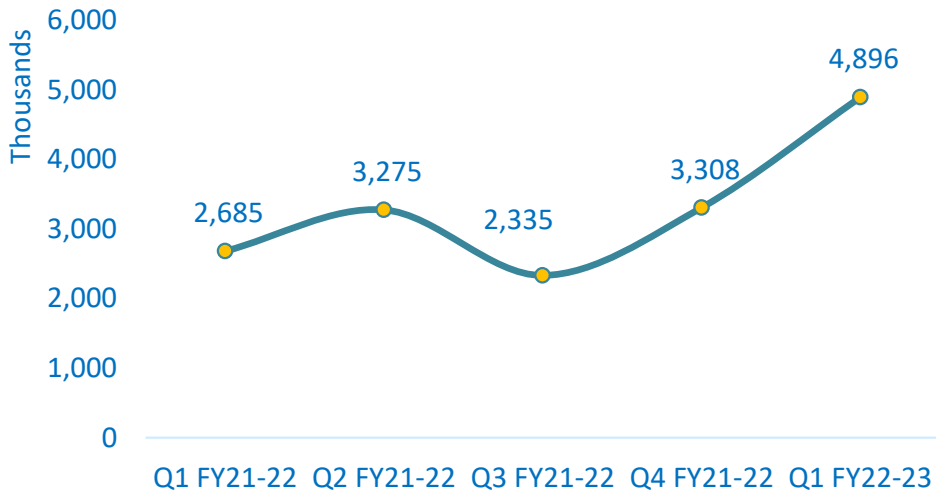
- Cloud based digital native architecture leveraging API ecosystem, Big Data, modern web and app technologies

**Advanced Analytics**

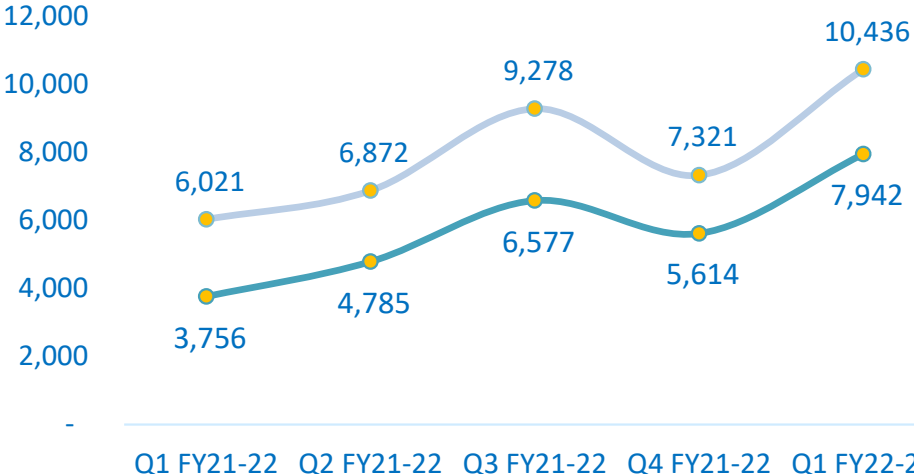
- Leveraging large customer franchise and its digital footprint through advanced AI/ML models to give personalized experience and increase cross-sell penetration

# Bajaj MARKETS

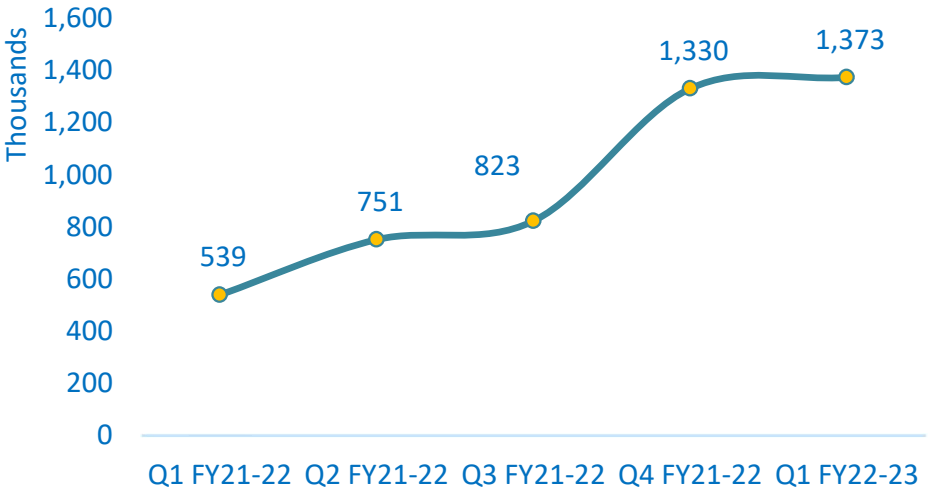
Organic Visits (Financial Services)



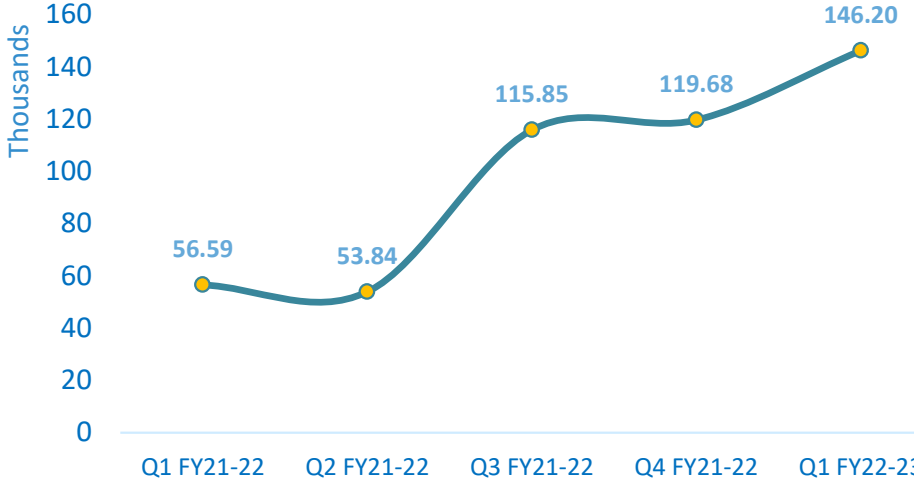
Total Revenue (Rs lakh) Total Opex (Rs lakh)



Mobile App Registrations



Transacting customers



- In Q1 FY23 Bajaj Markets reported **Total Income of Rs. 79 Cr** v/s Rs. 38 Cr in Q1 FY22
- Profit (Loss) after tax was Rs. (25) Cr in Q1 FY23 v/s Rs. (23) Cr in Q1 FY22 ; Net Worth as on 30 June 2022 stood at Rs. 628 Cr
- Cumulative Capital Infused till 30 June 2022 was Rs. 807 Cr (BFS share Rs. 525 Cr); No new capital infused in Q1 FY23

# **Bajaj Finserv Health Limited**



## STRATEGY

- Health Management platform to solve for Access and Financing of healthcare to Indian consumers
- Making healthcare Prepaid, Preventive and Personalized by covering Hospitalization, Diagnostics and Doctor consultation spends

## DIFFERENTIATORS

Digital Experience

- Comprehensive digital journey for buying, transaction or engagement
- Diversified customer acquisition channels

Extensive Provider Network for digital cashless healthcare

- 100,000+ Doctors on platform
- 3600+ lab touch points
- 1400+ hospitals on network

Customised Product Management

- Addressing needs of retail customers
- Creating curated options for corporates

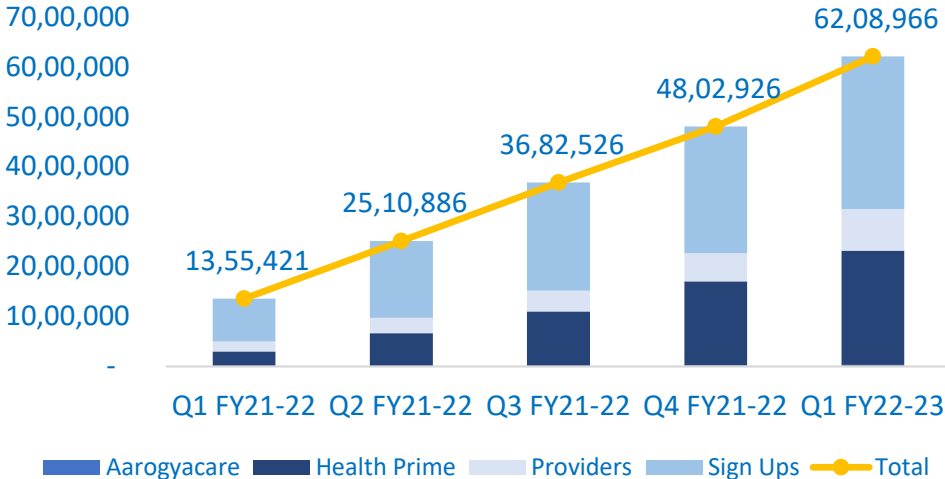
Deep investment in technology and analytics

- App first approach
- Microservice architecture

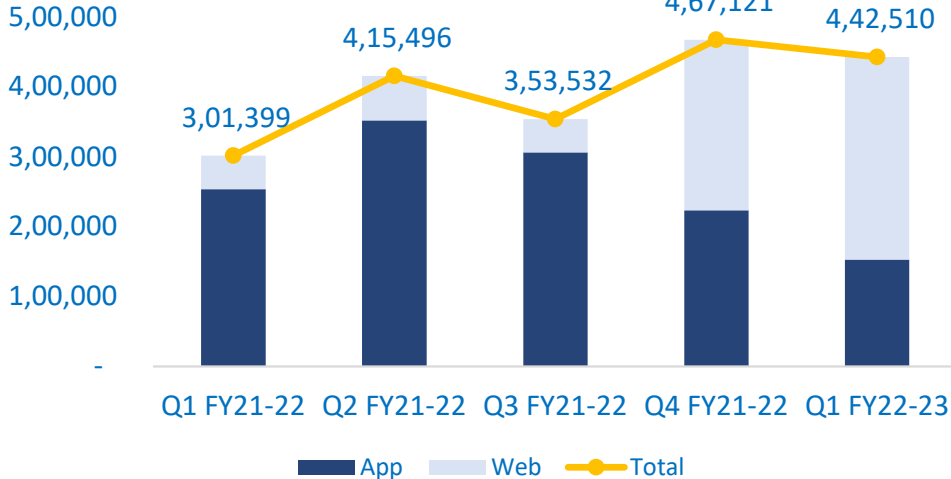
Leading Healthcare transformation

- Integration with ABDM for creation of Health ID, and building HIP and HIU services
- Health vault for portable health records

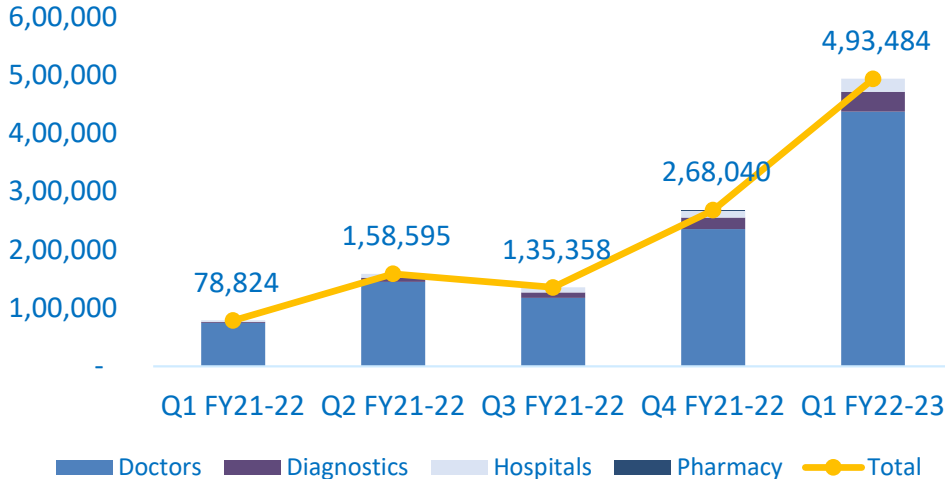
### REGISTERED USERS (CUMULATIVE)



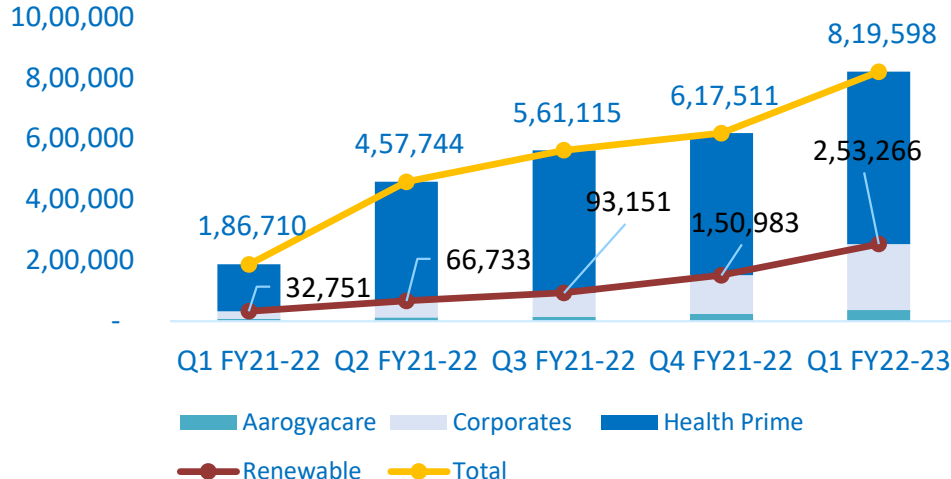
### MONTHLY ACTIVE USERS



### TRANSACTIONING CUSTOMERS

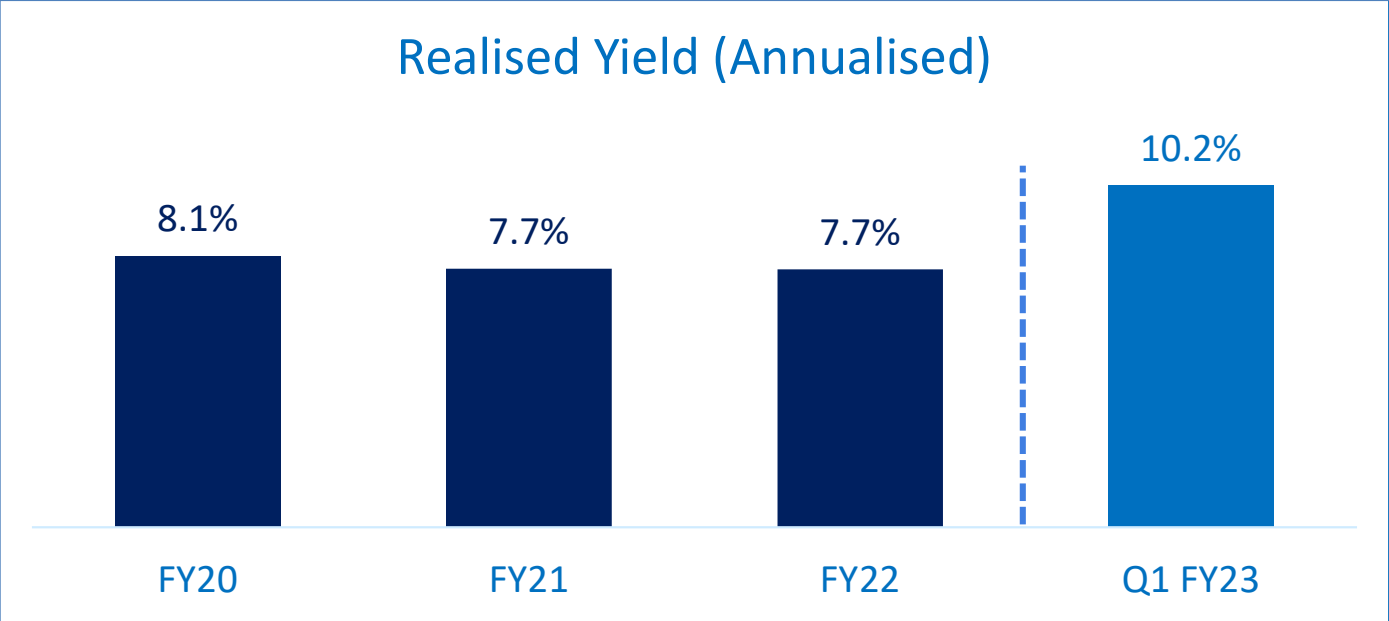
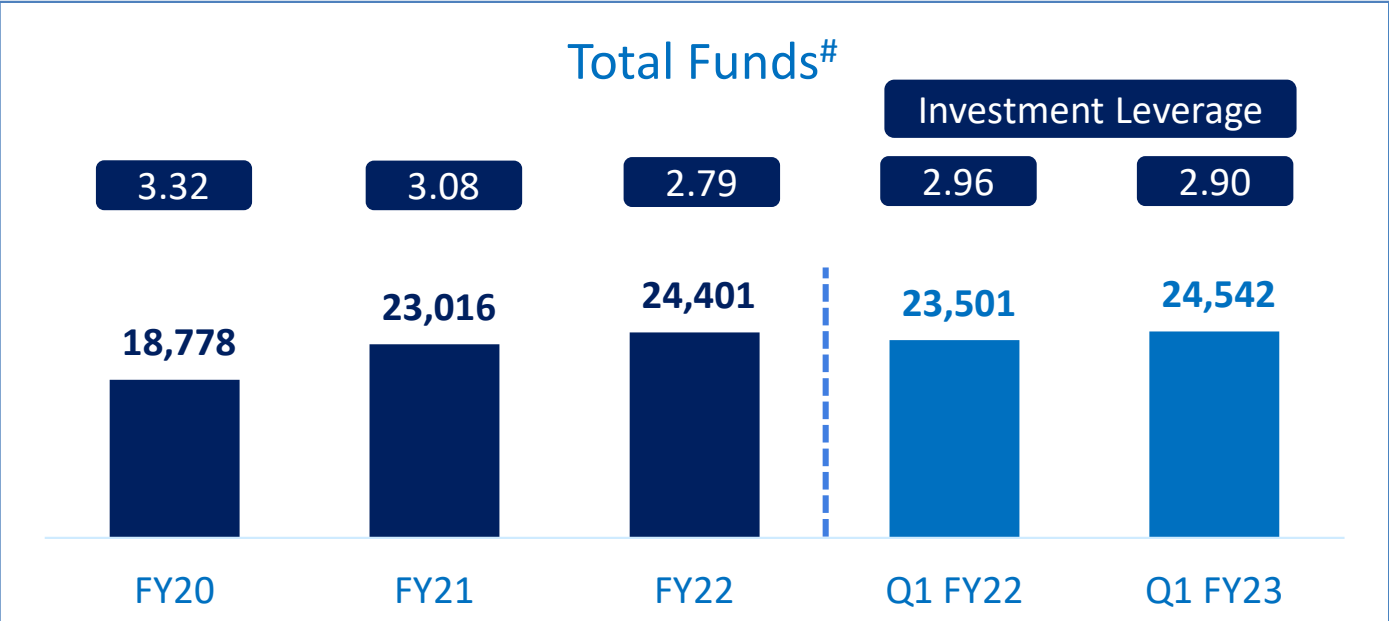


### PAYING USERS



- In Q1 FY23 Bajaj Finserv Health reported **Total Income of Rs. 34.2 Cr** v/s Rs. 10.3 Cr in Q1 FY22
- Profit (Loss) after tax was Rs. (43.2) Cr in Q1 FY23 v/s Rs. (24.0) Cr in Q1 FY22; Net Worth as on 30 June 2022 stood at Rs. 47 Cr
- Cumulative Capital Infused till 30 June 2022 was Rs. 295 Cr; Capital infused in Q1 stood at Rs. 45 Cr

# **Additional Information – BAGIC**



- ❑ Investment Portfolio mix for Q1 FY23: Corporate bonds 29.0%, G-Sec 54.3%, Equity\* 7.5%, and Money Market 9.3%
- ❑ Unrealized loss of Rs. 378 crore as on 30 June 2022
- ❑ We have booked Rs. 279 crore of capital gains during Q1 FY23

Investment Leverage : AUM as of date / Net worth as of date | \*Equity includes AT1 bonds, Mutual Fund Units, Equity and ETF

# Total Funds at market value

Line of Business	Net Loss Ratio	
	Q1 FY23	Q1 FY22
Fire	71.8%	80.5%
Marine Cargo	88.4%	91.1%
Motor OD	82.2%	56.4%
Motor TP	88.6%	78.5%
<b>Motor Total</b>	<b>86.0%</b>	<b>68.9%</b>
Engineering	121.4%	68.4%
Personal Accident	61.1%	40.4%
Health (retail + group)	76.7%	119.6%
<b>Total</b>	<b>77.9%</b>	<b>75.9%</b>
<b>Total (Ex Crop)</b>	<b>80.1%</b>	<b>79.6%</b>

Net Loss Ratio = Net claims incurred divided by Net Earned Premium | LOB trend for major LOB | No material amount of crop was written during Q1 FY23 and the same quarter of PY

Line of Business	GDPI Growth	
	Q1 FY23 BAGIC Growth	Q1 FY23 Industry Growth
Commercial Lines**	18.1%	17.9%
Motor OD	21.0%	29.8%
Motor TP	24.5%	26.0%
<b>Motor Total</b>	<b>23.0%</b>	<b>27.5%</b>
Personal Accident + Travel	84.9%	7.0%
Health (retail + group)*	12.2%	20.4%#
<b>Total</b>	<b>25.4%</b>	<b>22.7%</b>
<b>Total (Ex Crop)</b>	<b>24.0%</b>	<b>21.3%</b>
<b>Total (Ex Crop &amp; Govt. Health)</b>	<b>19.7%</b>	<b>20.9%</b>

\*Health includes Retail, Group and excludes Govt. Health | PA includes retail and group business

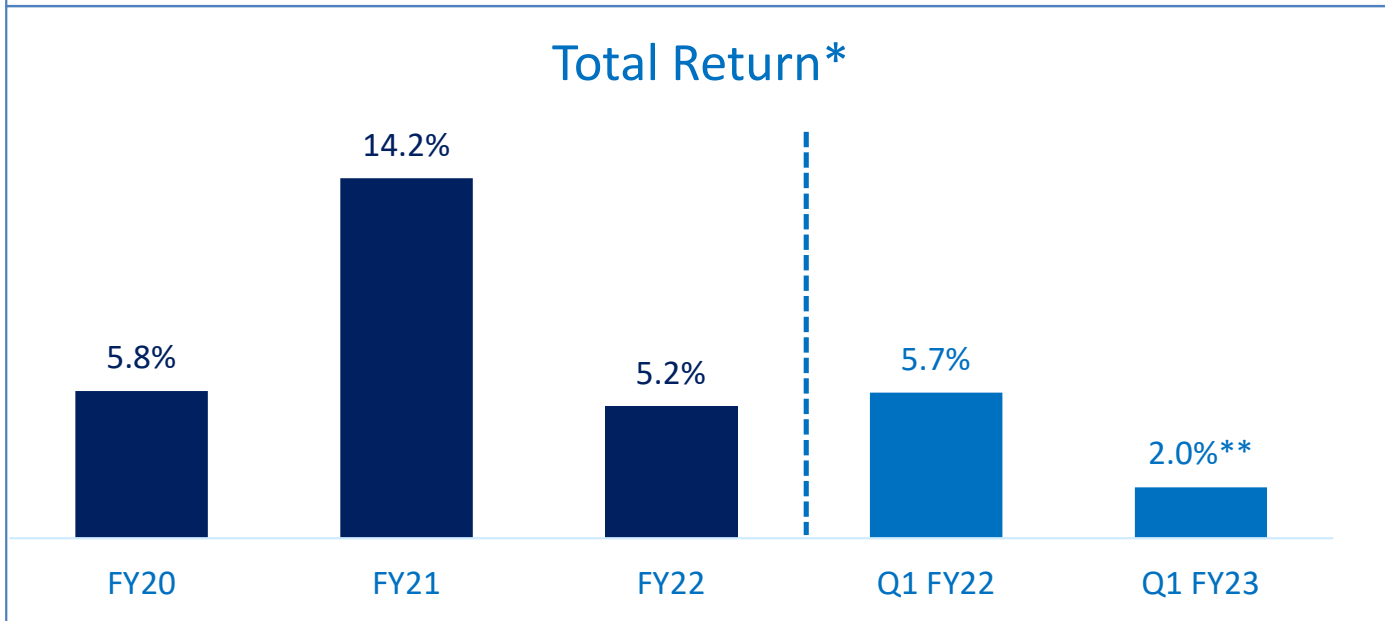
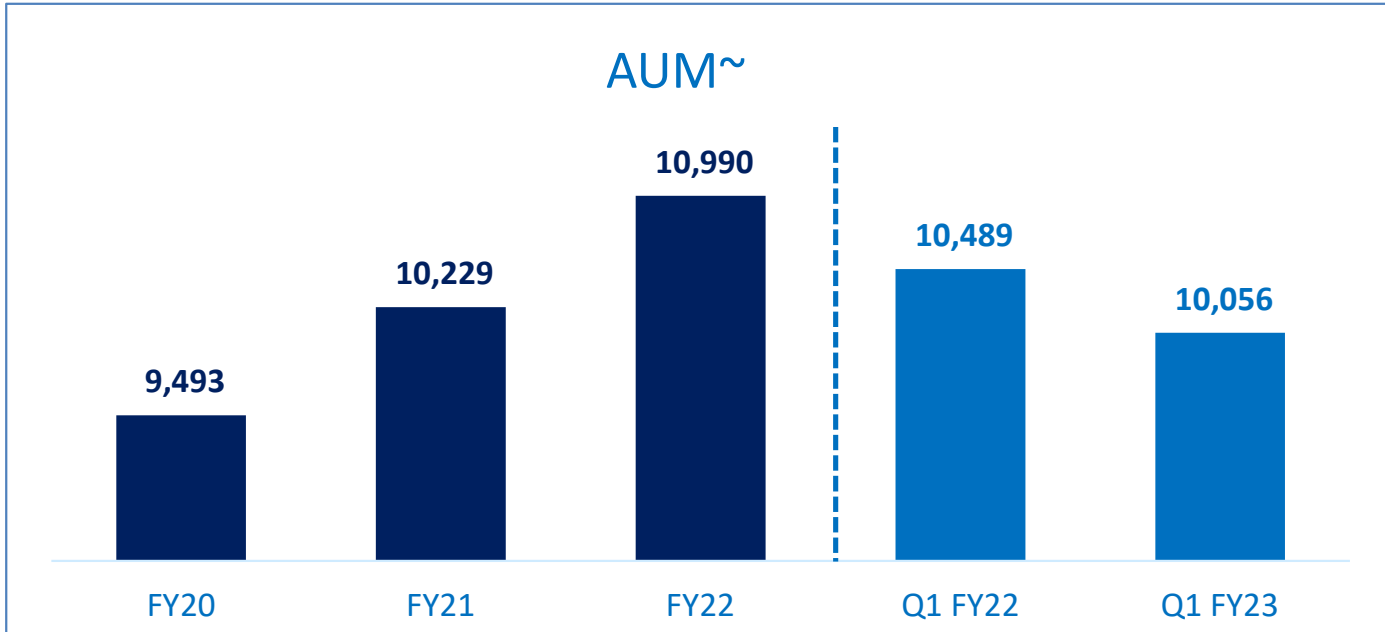
\$ Industry growth for all lines except Health excluding SAHIs and specialized insurers.

# Health growth includes multiline insurers and standalone health insurers

\*\* Commercial Lines : Fire, Marine, Engineering & Liability

# **Additional Information – BALIC**

All Figures in Rs Crore

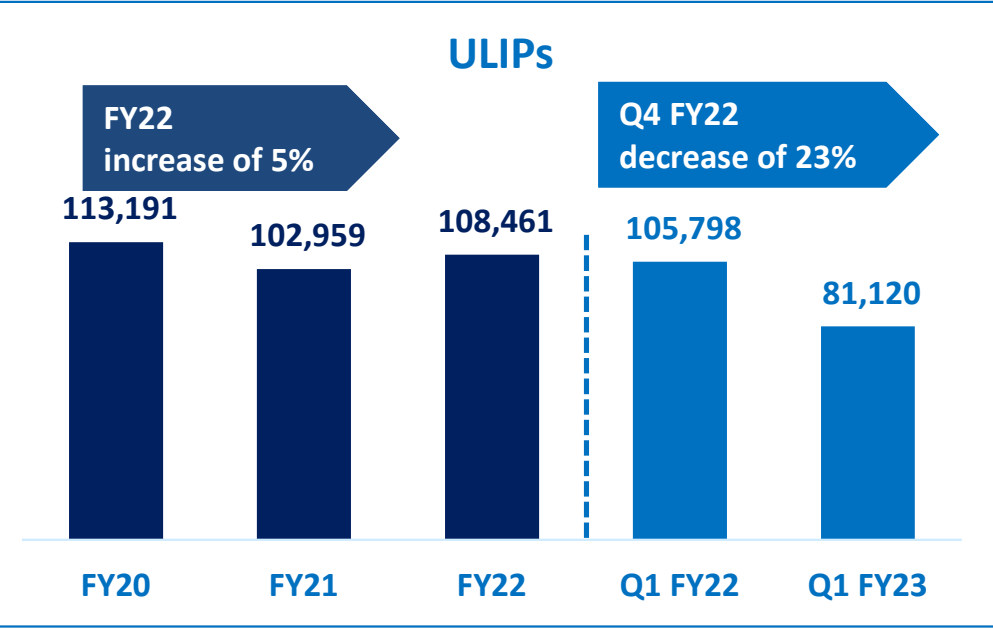
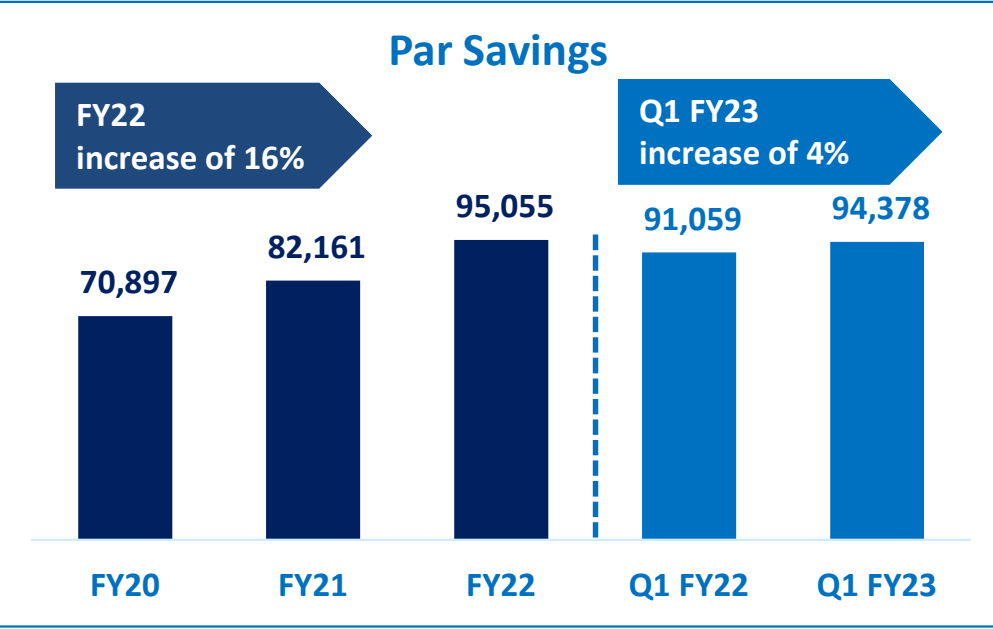
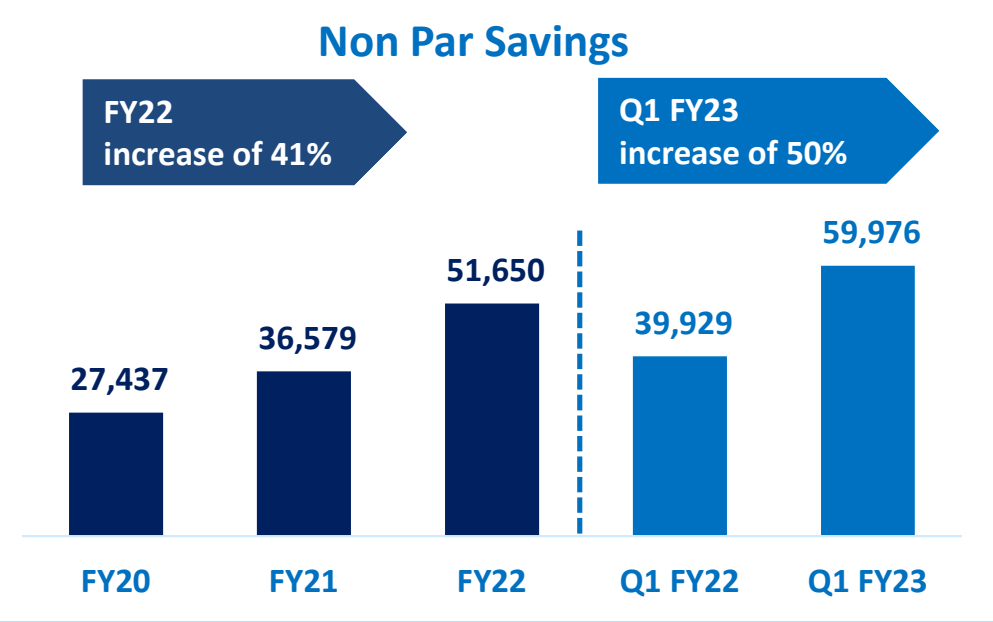
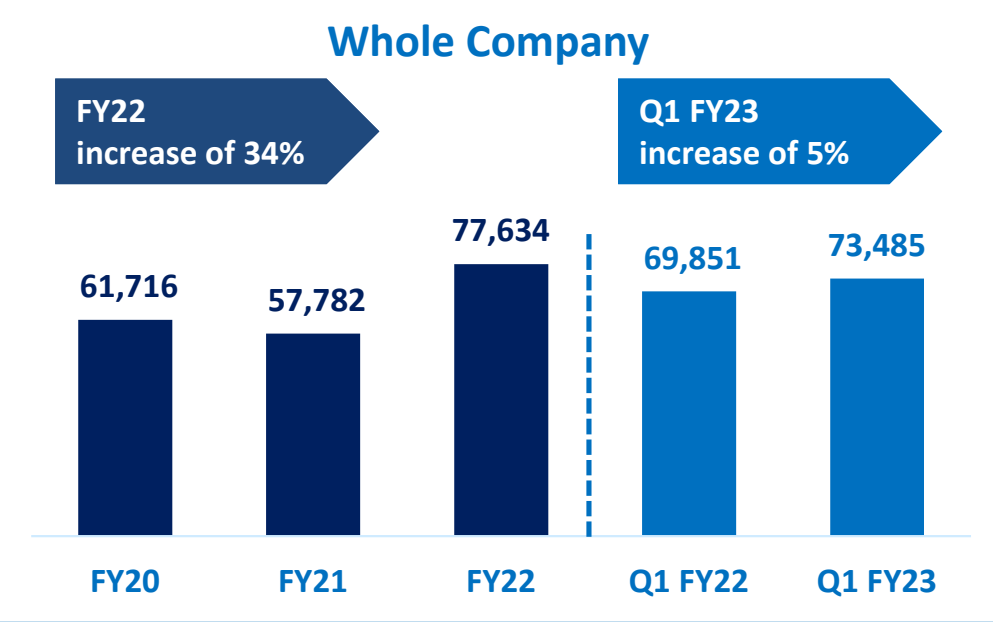


- ❑ Asset mix as on 30 June 2022: Corporate Bonds 26.7%, G-Sec 43.4%, Equity 15.2%, FD & other assets 5.8% (on Market value basis)
- ❑ Capital gains booked in Q1 FY23 were Rs. 84.8 cr
- ❑ Unrealized gains/(loss) in the Shareholder Fund was Rs. (46.2) cr as on 30 June 2022
  - Unrealized gain on equity portfolio at Rs. 190.0 cr
  - Unrealized gain/(loss) on other than equity portfolio at Rs. (236.2) cr

~On Market Value Basis | \*Total return includes change in unrealized gains during the period, Current yield is annualised | \*\*While return in Q1 FY23 is lower mainly on account of Mark-to-Market Losses of Rs. 446.9 cr (mostly on account of debt investments), return is higher in Q1 FY22 on account of lower Mark-to-Market losses of Rs. (7.6) cr



All Figures in Rs.



**Thank You**

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