

28 October 2021

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

Further to our letter dated 23 October 2021, please find enclosed Investor Presentation for the financial results of the quarter ended 30 September 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.

Thanking you,  
Yours faithfully,

For **Bajaj Finserv Limited**



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

Encl: as above.



Page 1 of 1

**Bajaj Finserv Limited**

Corporate Office: 6th Floor, Bajaj Finserv Corporate Office, Off Pune-Ahmednagar Road,  
Viman Nagar, Pune - 411 014, Maharashtra, India  
Registered Office: Mumbai - Pune Road, Akurdi, Pune - 411 035, Maharashtra, India

Tel: +91 20 71505700  
Fax: +91 20 71505792

[www.bajajfinserv.in](http://www.bajajfinserv.in)  
Corporate ID No: L65923PN2007PLC130075



# BAJAJ FINSERV LIMITED

Investor Presentation – Q2 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%

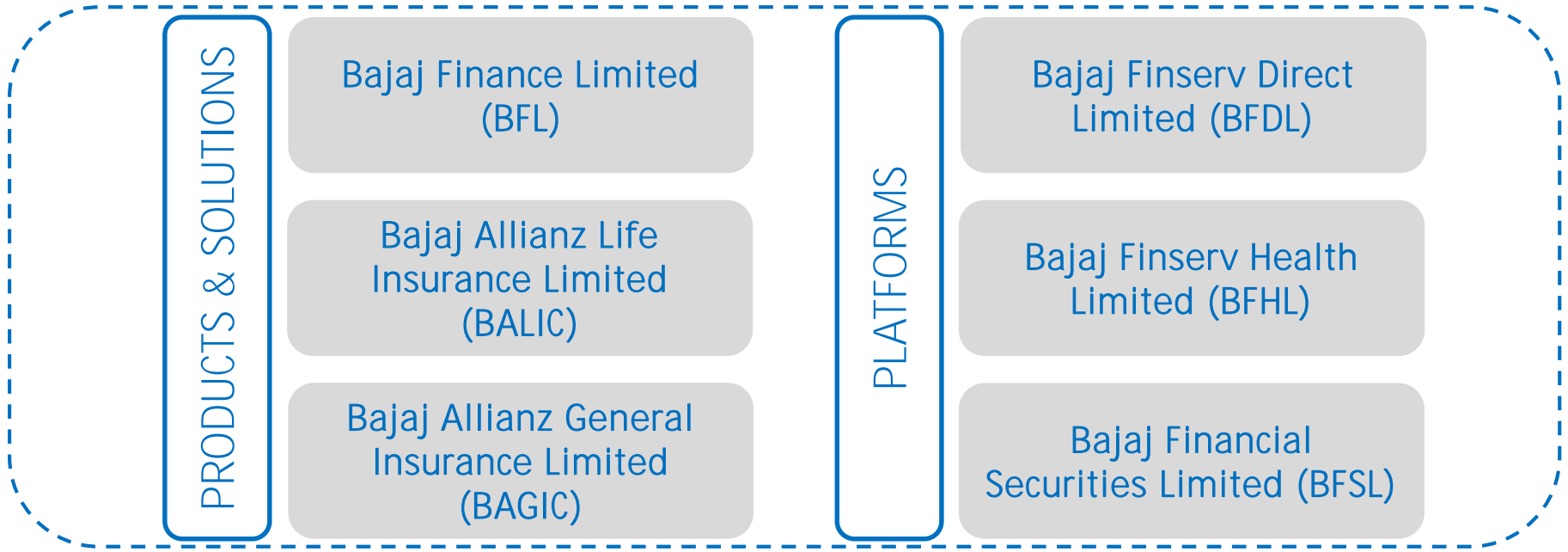
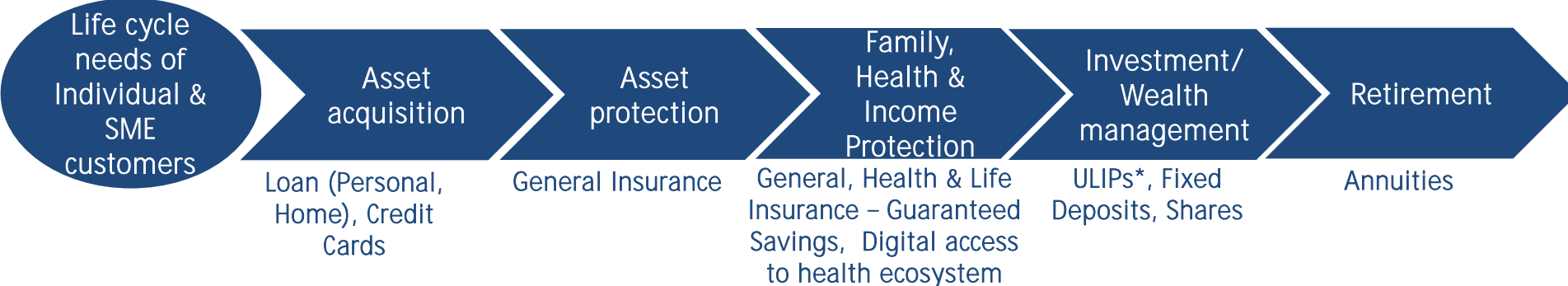
Bajaj Housing Finance Limited

100%

Bajaj Financial Securities Limited

1. 60.8% holding via promoter holding & promoter group
2. 53.7% holding via promoter holding & promoter group
3. 56.03% holding via promoter holding & promoter group

# 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 has 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
- ❑ 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

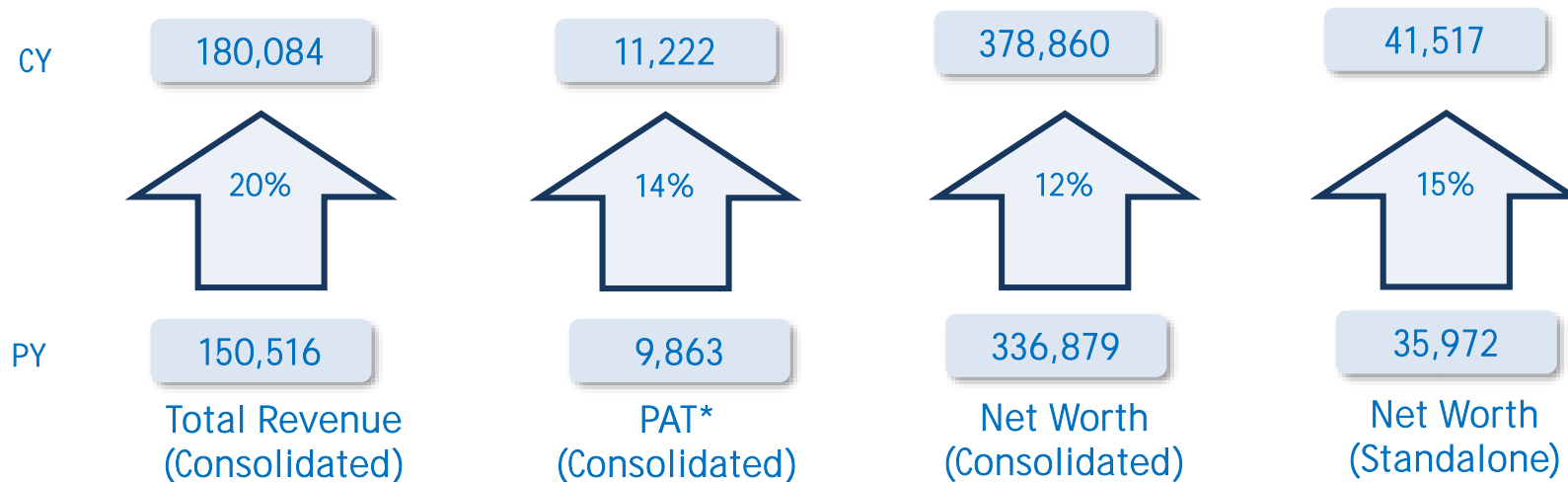
- One Finserv - Group Talent mobility
- Group Young Leader Management Trainee Program
- 30 Under 30 Program
- 3 Tier Merit based remuneration plans combining fixed cash, annual bonus and ESOPs

## 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

All Figures in Rs Million

## Performance Highlights of Q2 FY22 over Q2 FY21 (Ind AS)



- Bajaj Finserv remains a debt free company. Bajaj Finserv's surplus funds (Excluding Group Investments) stood at Rs. 15 Bn as on 30 Sep 2021 (Rs. 10.3 Bn. as on 30 Sep 2020)
- Consolidated Book Value Per Share at Rs. 2,381 as on 30 Sep 2021 (Rs. 2,117 as on 30 Sep 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 1,050 Mn in Q2 FY 22 as compared to 1,820 Mn in Q2 FY21

Note : \*PAT attributable to owners of the company

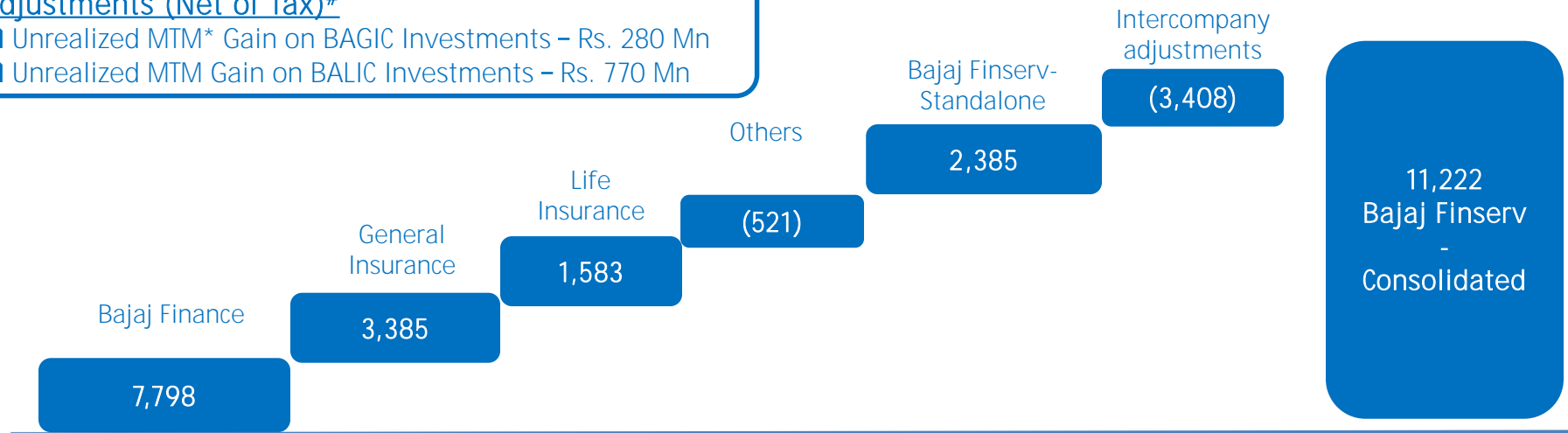


# Consolidated profit components – Q2 FY22

## Consolidated profit components for Q2 FY22 (Ind AS)

### Adjustments (Net of Tax)#

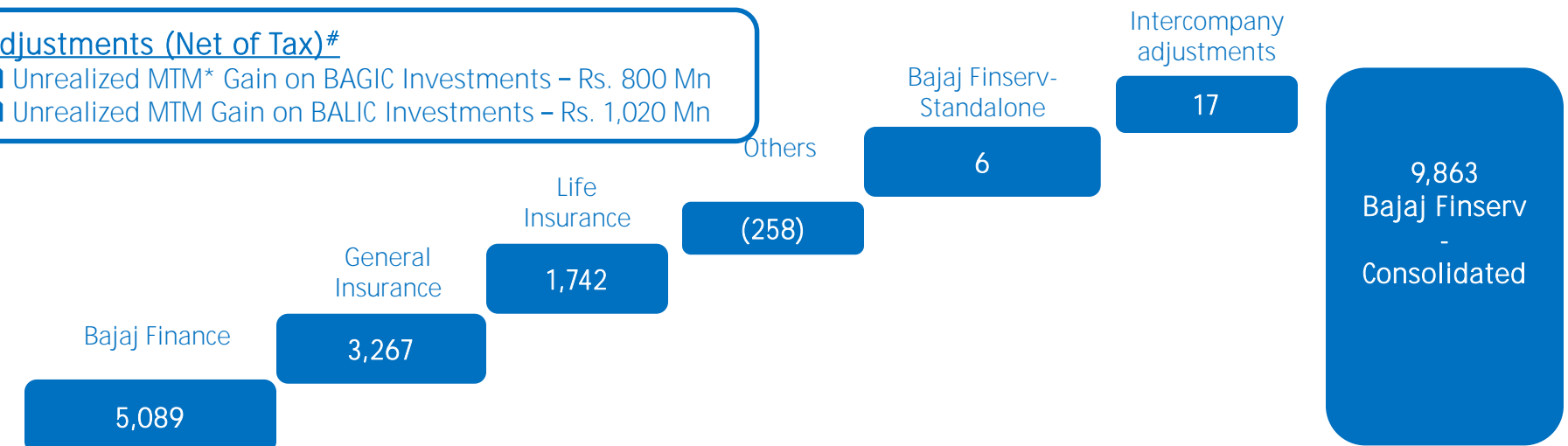
- Unrealized MTM\* Gain on BAGIC Investments – Rs. 280 Mn
- Unrealized MTM Gain on BALIC Investments – Rs. 770 Mn



## Consolidated profit components for Q2 FY21 (Ind AS)

### Adjustments (Net of Tax)#

- Unrealized MTM\* Gain on BAGIC Investments – Rs. 800 Mn
- Unrealized MTM Gain on BALIC Investments – Rs. 1,020 Mn





All Figures in Rs Million

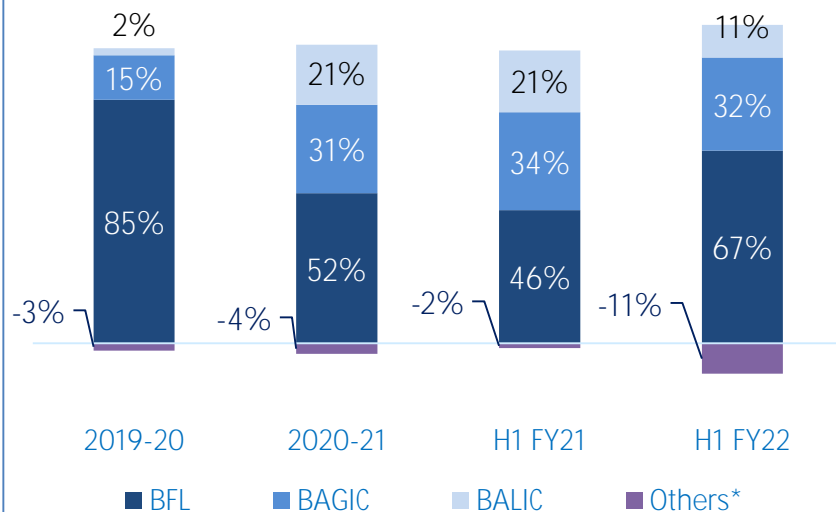
## Highlights of Group Companies

BAJAJ FINSERV#	H1 FY22	H1 FY21	Growth
Total Revenue	319,579	292,436	9%
Net worth	378,860	336,879	12%
PAT	19,549	22,014	-11%

#Consolidated | Ind AS

BAJAJ FINANCE#	H1 FY22	H1 FY21	Growth
AUM	1,669,366	1,370,902	22%
Total Income	144,751	131,698	10%
PAT	24,834	19,272	29%
PPOP^	64,210	60,013	7%

### Consolidated Profit Components\*



BAGIC	H1 FY22	H1 FY21	Growth
GWP	75,288	64,447	17%
Investments	240,699	206,262	17%
PAT	7,875	7,272	8%
Combined Ratio	100.5%	97%	-3.5% <sup>abs.</sup>

BALIC	H1 FY22	H1 FY21	Growth
GWP	63,286	43,768	45%
Investments	814,291	643,668	27%
PAT	1,881	2,277	-17%
NBV & NBM **\$	1,613   10.3%	611   5.9%	> 100%   4.4% <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

^ - Pre Provision Operating Profit Before Tax, \$ - On 12 month rolling basis, NBM for the period ended Sep'21 is 13.4% vs 10.9% for the period ended Sep'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 52.8 Mn. and Cross sell client base of 29.37 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. 76% of new loans in Q2 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%: 10%: 33% as of 30<sup>th</sup> September 2021  
Consolidated borrowing mix for Banks: Money Markets: Deposits: ECB stood at 29%: 47%: 20%:4%

## BAJAJ FINANCE

### Consumer

- Largest consumer electronics, digital products & lifestyle lender in India
- Presence in 1,368 locations with 86,700+ active points of sale
- Amongst the largest personal loan lenders
- EMI Card franchise of over 25.7 Mn. cards in force
- Among the largest new loans acquirers in India 6.3 Mn in Q2 FY22
- Bajaj Finserv – Mobikwik active wallet users stood at 21.3 Mn as on 30 Sep 2021 who have linked EMI card to wallet
- Bajaj Finserv – RBL Bank co-branded credit card stood at 2.19 Mn as of 30 Sep 2021

### SME

- Focused on affluent SMEs with an average annual sales of around Rs. 150-170 Mn 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 1,961 locations and retail presence across 25,600+ points of sale
- Diversified rural lending model with 10 product lines across consumer and SME business categories

- ❑ Q2 FY22 was a quarter of sharp revival in terms of growth for BFL
  - BFL registered a strong AUM growth of 22% on a YoY basis
  - Focus on customer franchise addition resulted in YoY growths of 20% and 23% in terms of total customer franchise and cross sell franchise respectively
- ❑ Sharp improvement seen in debt management efficiencies across products in Q2 FY22
  - GNPA for the quarter reduced by Rs. 6,335 Mn from Rs. 47,365 Mn as of 30 June 2021 to Rs. 41,030 Mn as of 30 September 2021
  - NNPA as of 30 September 2021 was Rs. 18,260 Mn vs Rs. 23,070 Mn as of 30 June 2021
  - BFL continues with its expectation on credit costs for FY2022 to be around Rs. 43,000 Mn (FY21 credit cost was Rs. 59,686 Mn)
- ❑ During the quarter, Company raised ~Rs. 6,700 Cr of fixed rate NCDs in 2-year and above tenor to gain from historically low interest rates; Includes Rs. 2,171 Cr raised under 10-year tenor
  - Cost of funds reduced by 34 bps to 6.77% in Q2 FY22 vs 7.11% in Q1 FY22
  - Liquidity buffer was elevated at ₹ 168,424 Mn as of 30 September 2021
  - Deposits book grew by 33% on a YoY basis; Retail : Corporate mix stood at 77:23 in Q2 FY22
- ❑ Business transformation go-live is behind schedule; go-live is now planned for mid-December

## Q2 FY 2021-22

### AUM & Business Franchise Growth

- Q2 FY22 AUM was at Rs. 1,669,366 Mn vs Rs. 1,370,902 Mn last year (22% growth); Core AUM accretion in Q2 FY22 was approximately ~ Rs. 111,500 Mn
- 6.33 Mn new loans in Q2 FY22 as against 3.62 Mn in Q2 FY21
- Acquired 2.35 Mn new customers in Q2 FY22 vs 1.22 Mn in Q2 FY21
- Total customer franchise stood at 52.8 Mn as of 30 September 2021 – 20% growth YoY

### NIM Metrics, Liquidity and Operating Expense

- Net Interest Income (NII) for Q2 FY22 was Rs. 53,345 Mn vs Rs. 41,619 Mn in Q2 FY21; Continues to protect margin profile across all businesses
- As of 30 September 2021, **deposits book stood at Rs. 287,205 Mn - growth of 33% YoY**; Contribution to consolidated borrowing was 20%
- Opex to NII came in at 38.1% vs 27.8% in Q2 FY21; Increased on account of elevated debt management cost owing to second wave and normalization of other costs - **expected to normalize to ~33-34% by Q4 FY22**

### Credit Costs

- Loan losses & provisions for the Q2 FY22 were Rs. 13,003 Mn vs Rs. 17,004 Mn in Q2 FY21; increased management overlay position by Rs. 3,490 Mn to Rs. 8,320 Mn as of 30 September 2021
- GNPA & NNPA for the quarter stood at 2.45% & 1.10% respectively as against to 2.96% and 1.46% as of 30 June 2021

## Q2 FY 2021-22

### Profitability & Capital Position

- Profit after tax (PAT) for Q2 FY22 increased by 53% to Rs. 14,810 Mn v/s Rs. 9,649 Mn in Q2 FY21 mainly on account of robust AUM growth, higher net interest income and better portfolio performance
- Capital adequacy remained very strong at 27.68% as of 30 September 2021. Tier-1 capital was 24.9%

## Subsidiaries – Q2 2021-22

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

- AUM grew by 33% to Rs. 444,286 Mn as of 30 Sep 2021 from Rs. 334,634 Mn as of 30 Sep 2020
- Net Interest Income for Q2 FY22 grew by 60% to Rs. 3,963 Mn from Rs. 2,481 Mn in Q2 FY21
- Opex to NII decreased to 27.8% in Q2 FY22 as against 28.2% in Q2 FY21;
- Profit after tax (PAT) grew by 100% to Rs. 1,663 Mn in Q2 FY22 against Rs. 831 Mn in Q2 FY21 on account of higher net interest income
- GNPA & NNPA as of 30 September 2021 stood at 0.35% and 0.21% respectively compared to 0.28% and 0.18% as of 30 June 2021
- **BHFL's** Capital adequacy ratio (including Tier-II capital) as of 30 September 2021 stood at 20.26%

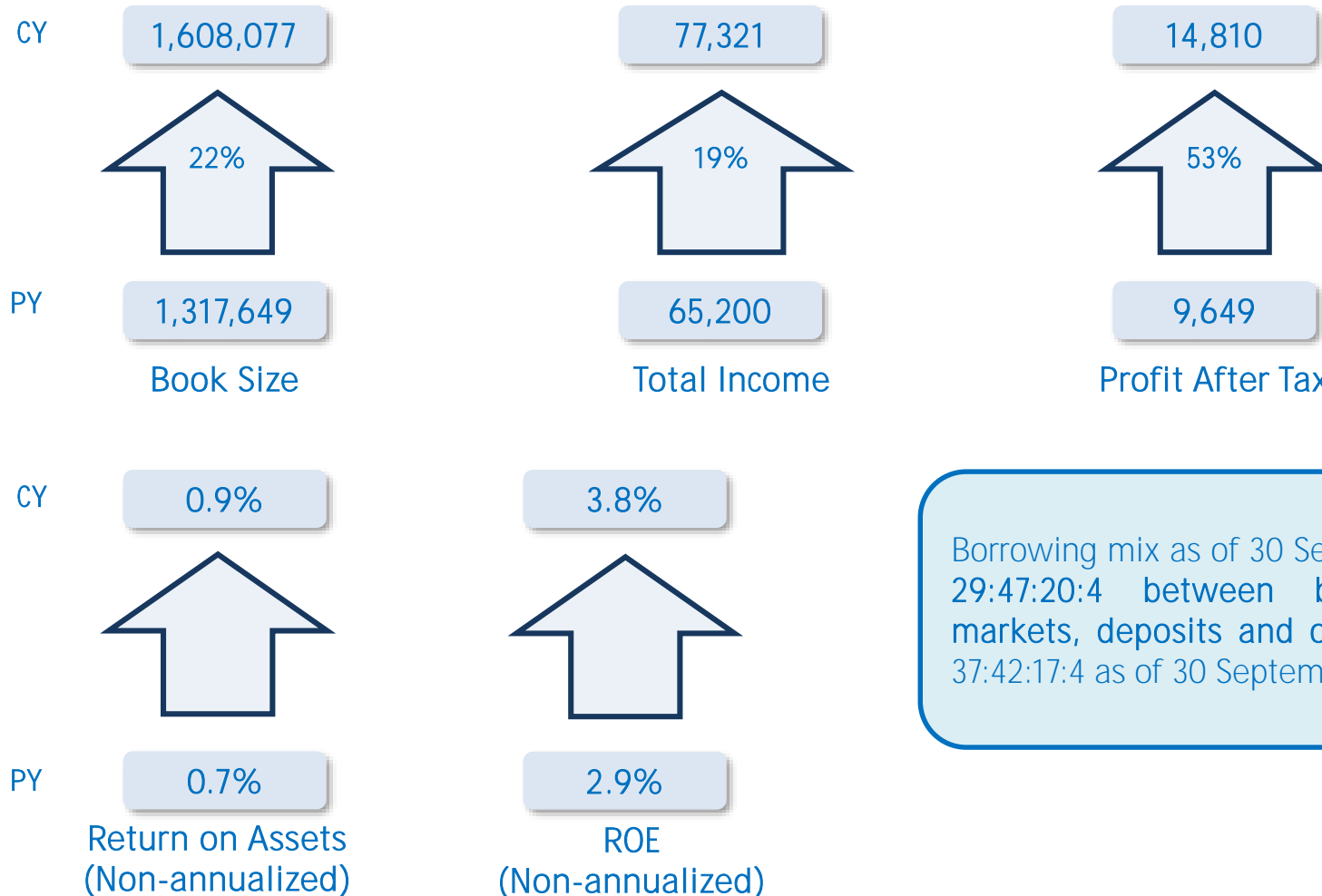
### B. Bajaj Financial Securities Limited

- Total Income of Rs. 317 Mn in Q2 FY22 against Rs. 85 Mn in Q2 FY21; Delivering a profit after tax of Rs. 34 Mn in Q2 FY22



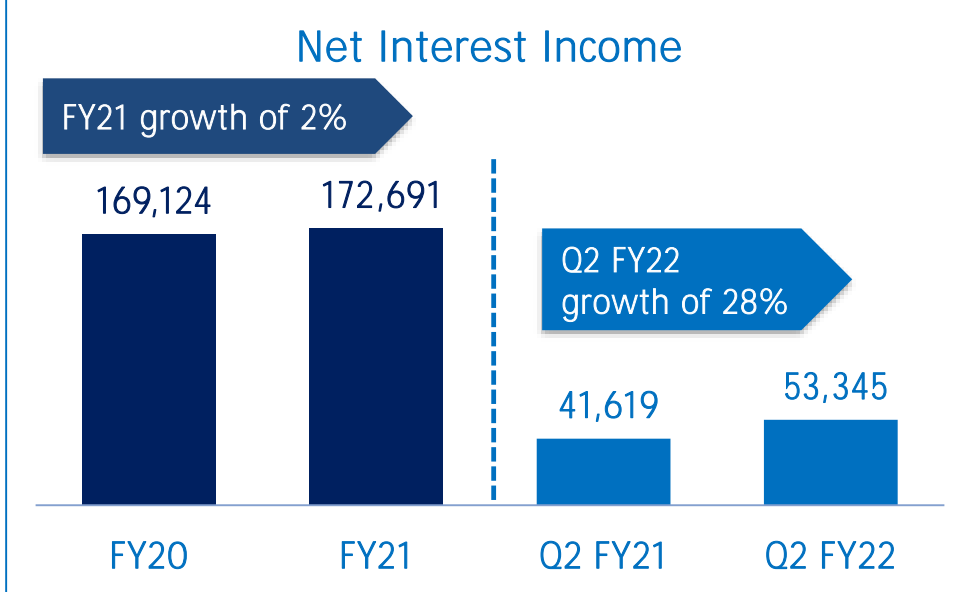
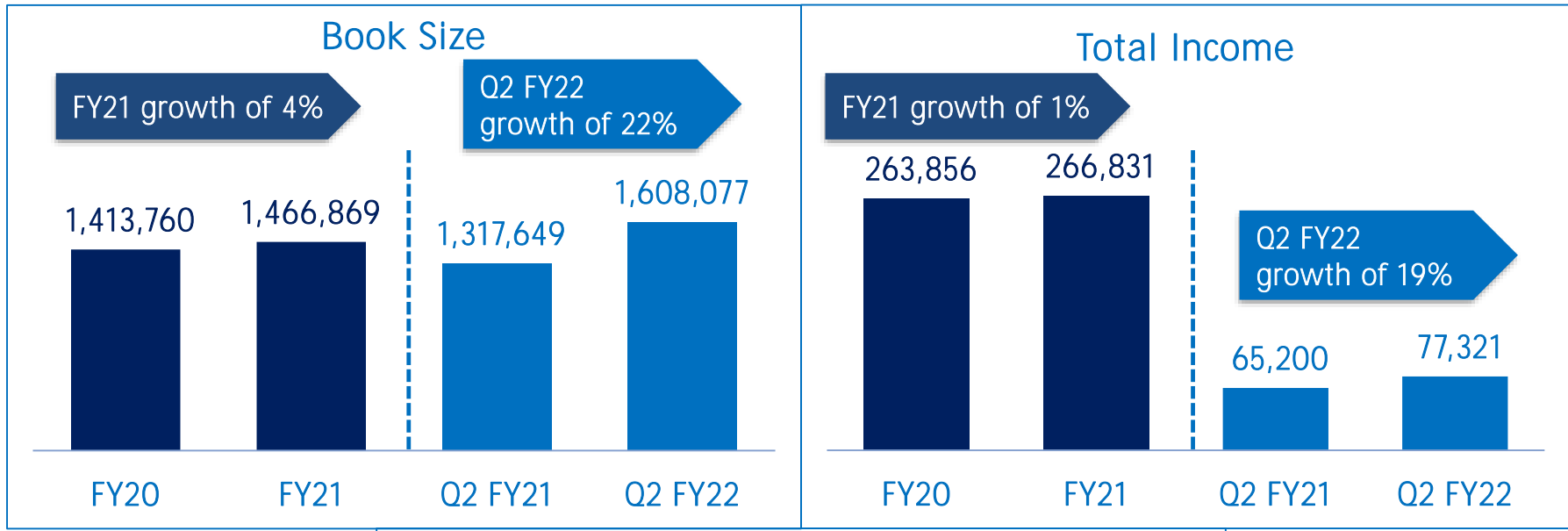
All Figures in Rs Million

## Performance Highlights of Q2 FY22 over Q2 FY21 (Ind AS)



Borrowing mix as of 30 September 2021 is 29:47:20:4 between banks, money markets, deposits and others (Mix was 37:42:17:4 as of 30 September 2020)

All Figures in Rs Million

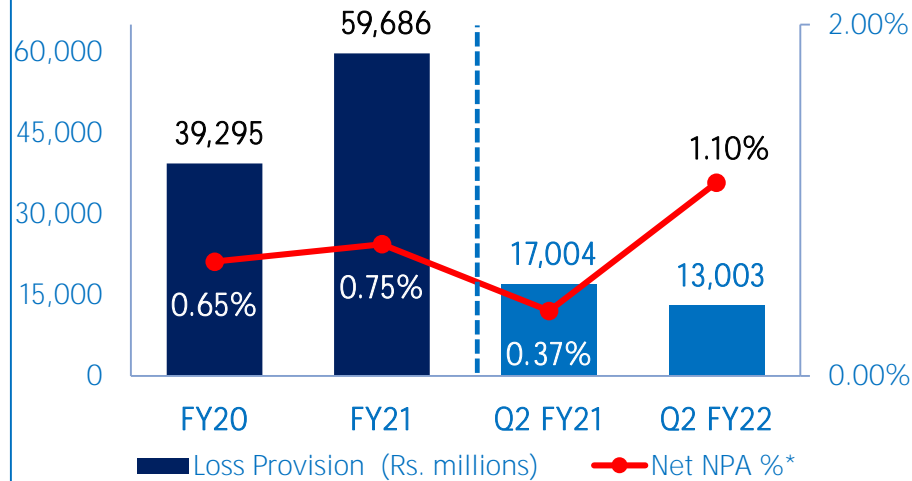


Bajaj Finance Consolidated results are as per Ind AS, previous years figures have been re-casted for comparability

# BFL : Loan Loss Provision and Operating Expenses

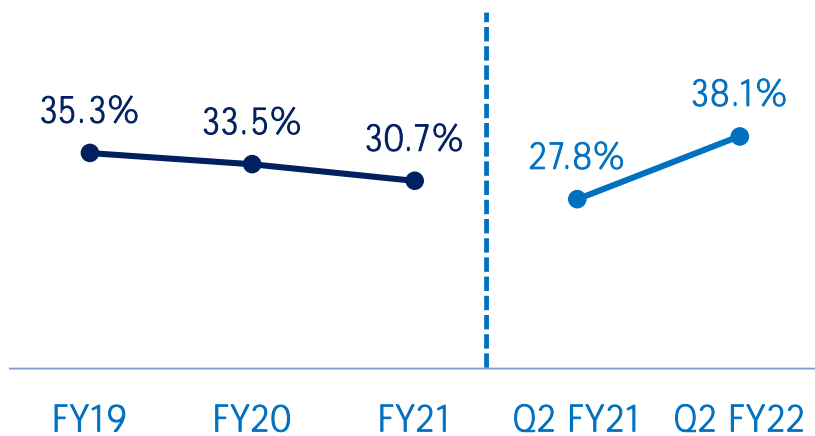
All Figures in Rs Million

## Loss Provision and Net NPA%

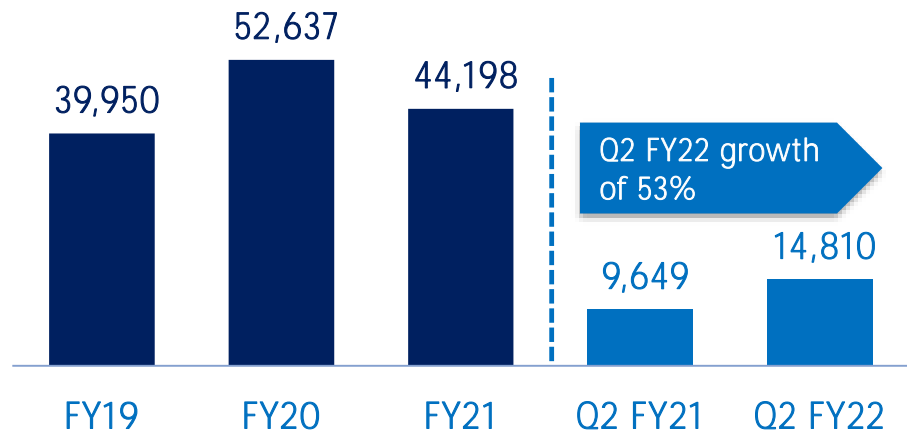


- During the quarter, company has done accelerated write-offs of Rs. 3,550 Mn of principle outstanding on account of COVID-19 stress and advancement of its write-off policy
- GNPA and NNPA as on 30 September 2021 stood at 2.45% & 1.10% respectively as compared to 2.96% and 1.46% as on 30 June 2021
- Provisioning coverage ratio (PCR) of 55% on stage 3 assets; PCR stood at 155 bps on stage 1 & 2 assets as of 30 Sep 2021 vs 181 bps as of 31 March 2021 (was 90-100 bps during pre-pandemic)

## Operating expenses as a % of NII



## 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

- ❑ With things easing up after COVID-19 second wave, turnaround observed in all key segments with BAGIC growing faster than Industry in chosen segments
  - 21% growth in Q2 FY22 vs Industry# at 10.7% (excluding Crop & Govt. Health growth at 14.0% on GDPI)
  - Motor: 4W continued to show growth, 2W though growing has slowed down a little & CV business has started showing signs of recovery
  - BAGIC continues to do well on Fire and Marine with growth in Q2; Overall, commercial lines continued to do well in H1 FY22
  - Retail health growth was slightly muted in Q2 on account of high base in Q2 FY21 from sales of Corona Kavach
  
- ❑ On the claims front, the experience for the quarter though mixed has been better than Q1 FY22
  - Though a significant reduction is observed in COVID-19 claims and severity, there has been increase in severity of non-COVID health claims
  - With economy opening up, Motor OD claims frequency and severity for the quarter is back to pre-COVID levels
  - During the quarter, Heavy rains in Maharashtra had some negative impact on claims
  
- ❑ BAGIC remains to be well capitalized with a Solvency at 350% as against minimum solvency of 150%

## Q2 FY 2021-22

### Revenue Growth

- GDP growth by 21% in Q2 FY22 vs the Industry<sup>#</sup> growth of 10.7% (Pvt. players grew by 13.7%); H1 FY22 growth of 16.8% vs the industry<sup>#</sup> growth of 10.9%
- Ex. Crop & Govt. Health, Q2 FY22 GDP growth by 14% vs Industry<sup>#</sup> growth of 13.3%

### Gross Written Premium (Segmental Performance)

- Growth in Q2 FY22 was driven by:
  - Motor 4W, Fire, Marine, Govt. Health and Travel
- Overall, in H1 FY22, motor growth of 7.4% was more than the industry growth of 4.9% and Commercial lines (Fire, Engineering, Marine and Liability) continue to do well with a growth of 16.8% against the Industry growth of 12.9%

### Loss Ratio (LR)

- For Q2 FY22, LR at 77.6% as against 74.2% in Q2 FY21; Excluding heavy rains and COVID claims impact, LR is at 73.7% as against 69.4% in Q2 FY21
- H1 FY22 LR stands at 76.8% as against 71.3% in H1 FY21

### Combined Ratio (COR)

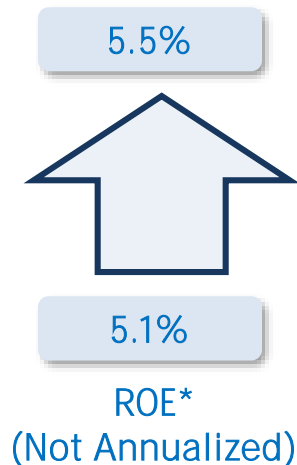
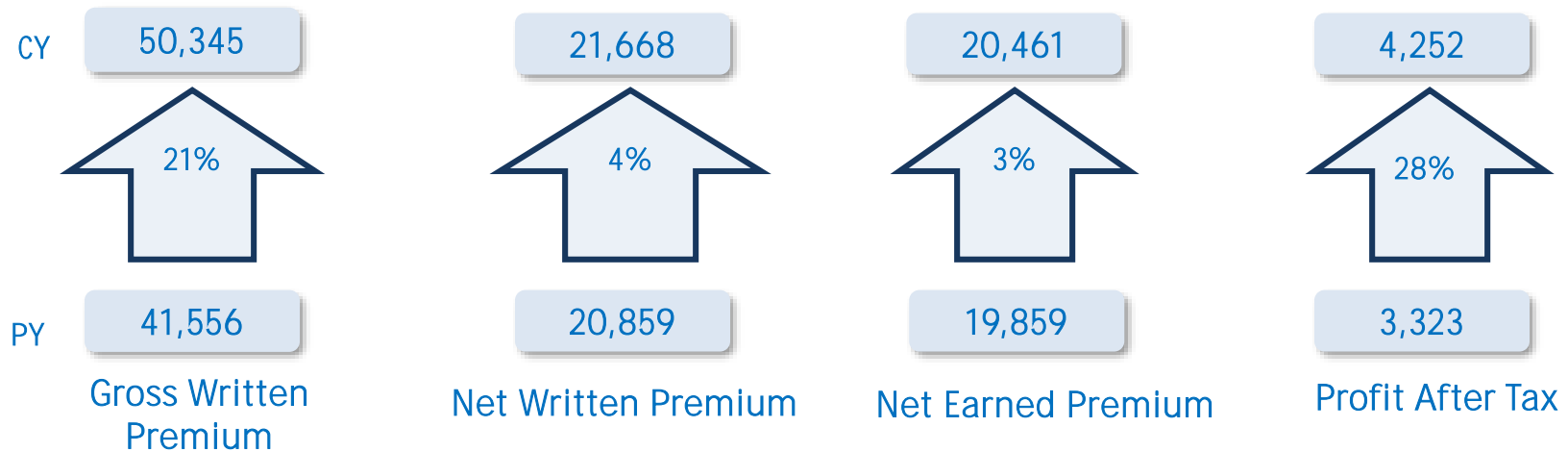
- Despite lower acquisition cost and expense ratios, COR for the quarter increased marginally to 98.5% as against 97.4% in Q2 FY21 mainly on account of higher loss ratio
- Excluding heavy rains impact and COVID claims, COR for Q2 FY22 stands at 94.6% as against 92.5% in Q2 FY21

### Profit after tax (PAT)

- Q2 FY22 PAT grew by 28%:
  - Underwriting profit in difficult market conditions
  - Higher realized gains of Rs. 1,969 Mn vs Rs. 670 Mn in Q2 FY21
  - Rs. 255 Mn write-back on DHFL's NCDs

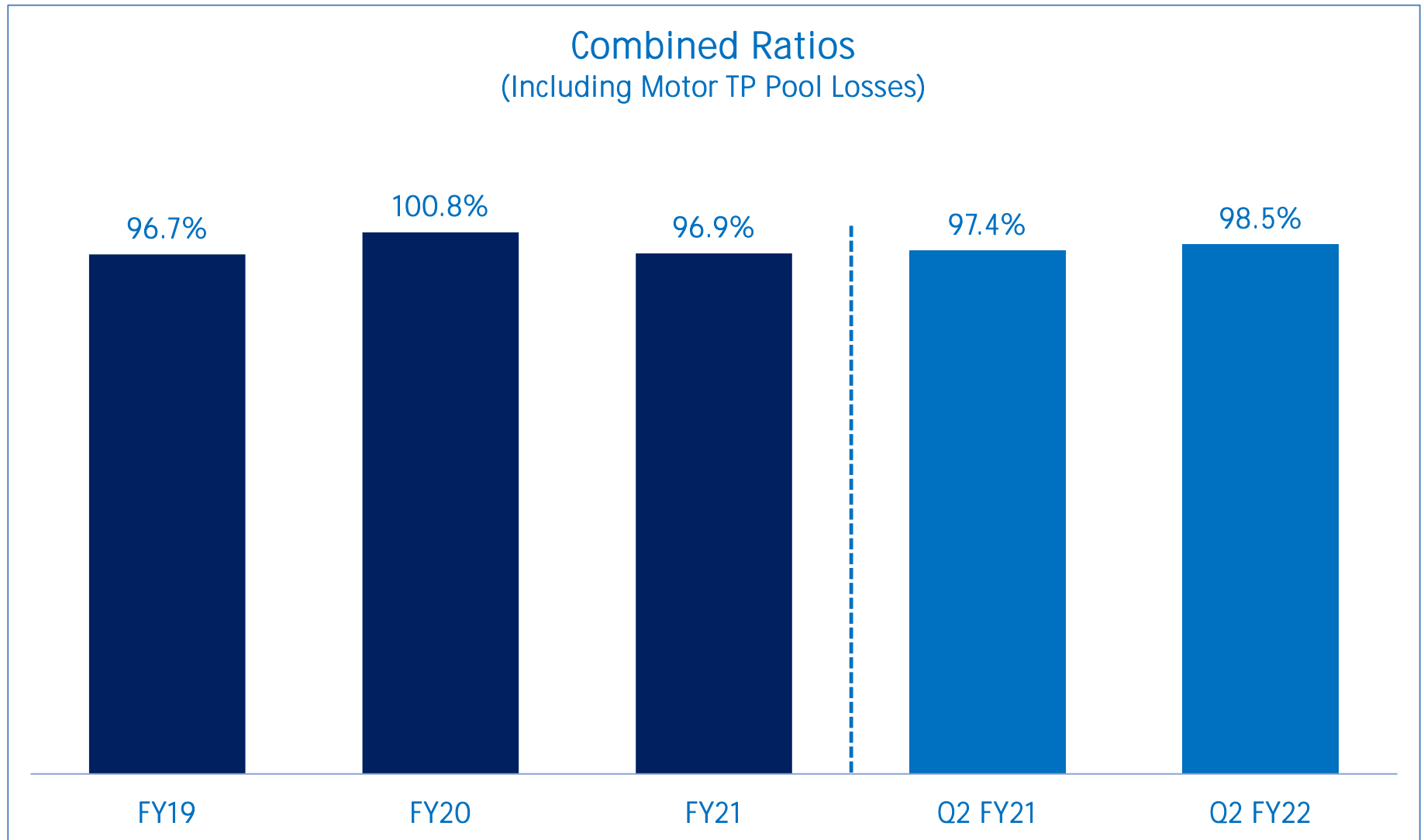
All Figures in Rs Million

## Performance Highlights of Q2 FY22 over Q2 FY21



Excluding Crop and Govt. Health, GWP was Rs. 27,398 Mn in Q2 FY22 v/s Rs. 23,957 Mn Q2 FY21

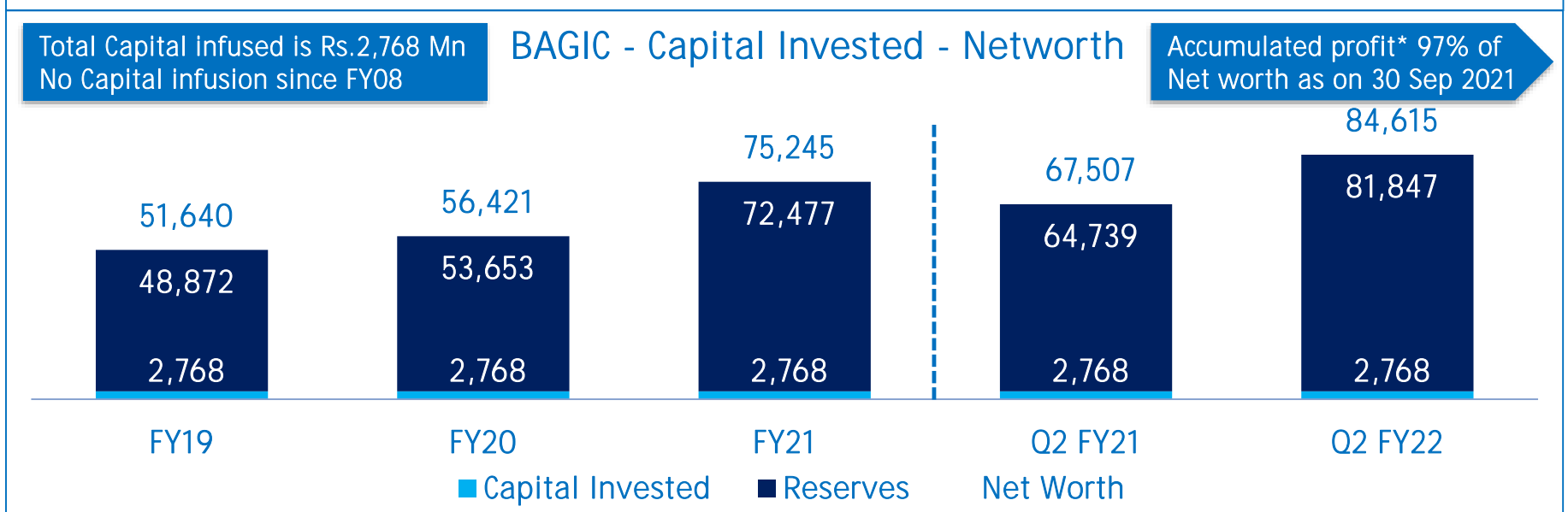
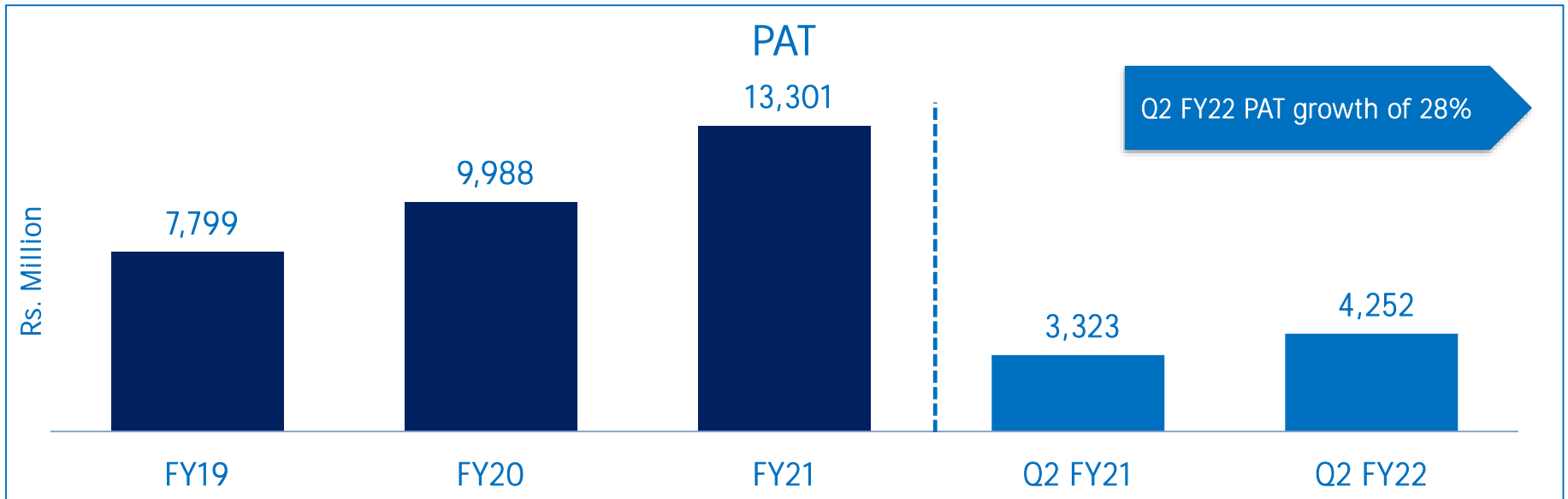




1. Combined Ratios are in accordance with the Master Circular on 'Preparation of Financial statements of General Insurance Business' issued by IRDA effective from 1<sup>st</sup> April, 2013. (Net claims incurred divided by Net Earned Premium) + ( Expenses of management including net Commission divided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

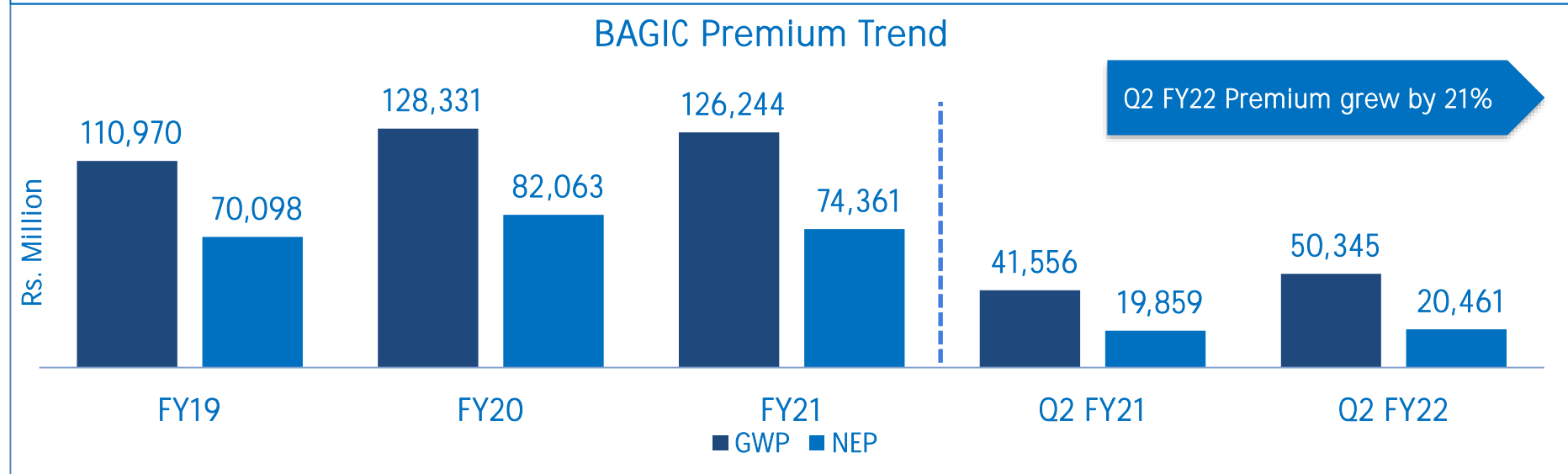
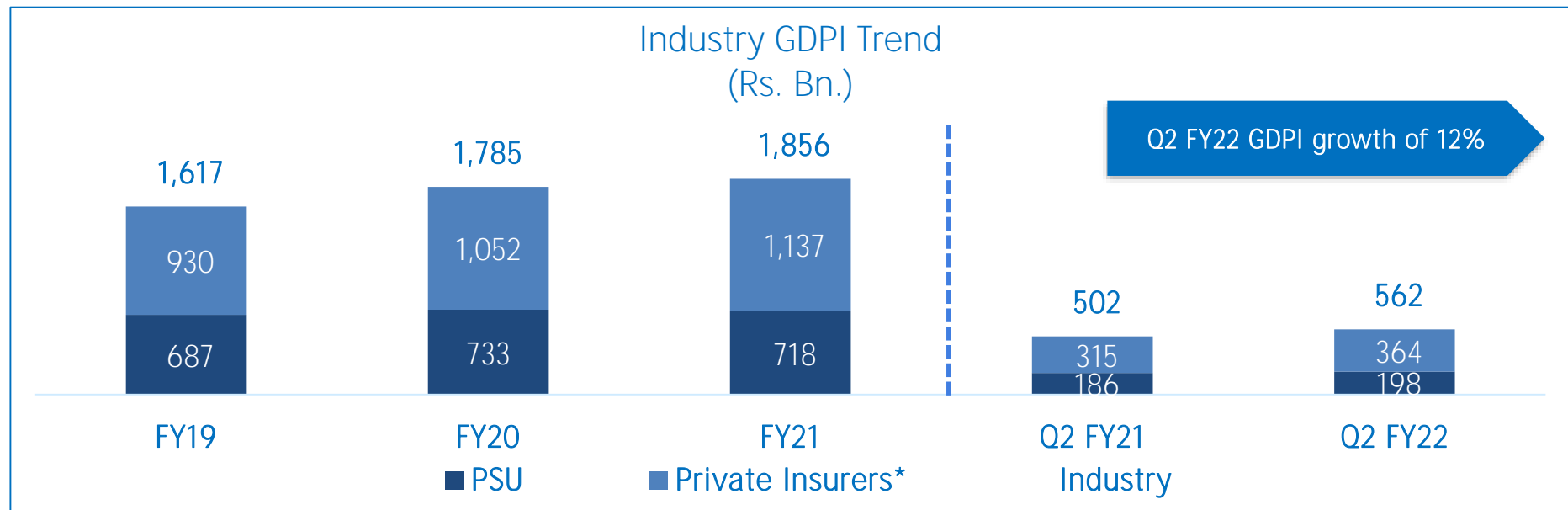
# BAGIC : Profit after tax and Capital efficiency

All Figures in Rs Million



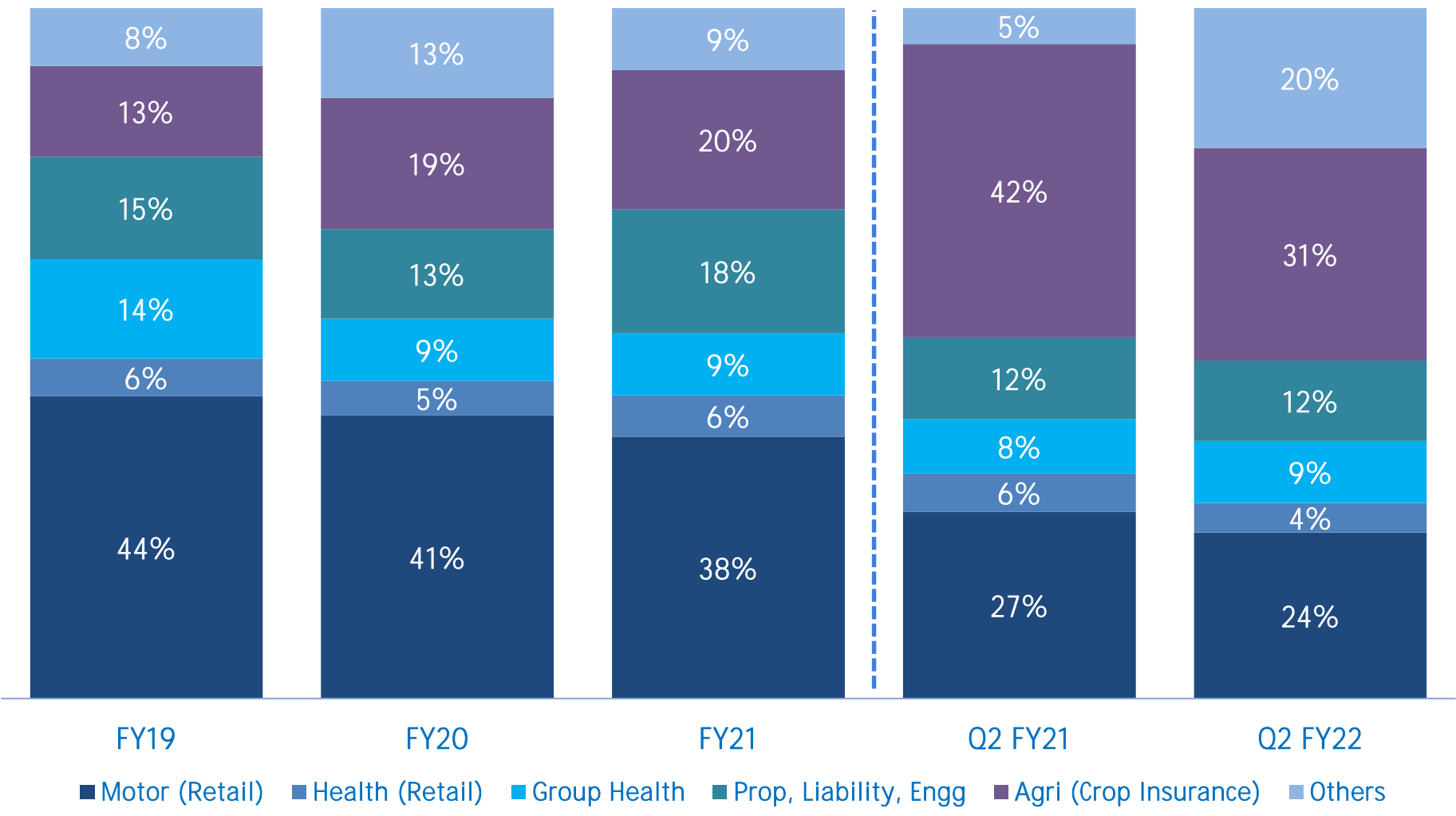
\*Accumulated profit includes reserves and fair value change on equity investments

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



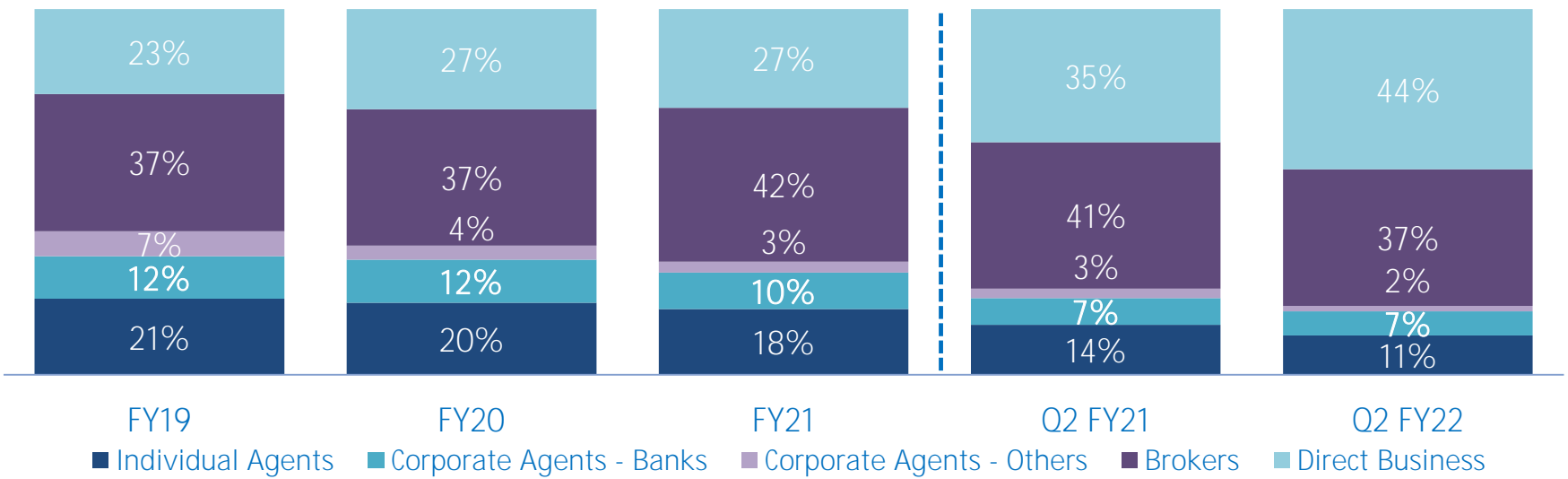
Source : IRDAI, GDP : Gross Direct Premium Income | \*Private Insurers : Includes Standalone Health Insurers, PSU excludes AIC of India, and ECGC

## Business Mix



▪ BAGIC's ex-crop & govt. health GWP growth for Q2 FY22 vs Q2 FY21 was 14%

## Channel Mix



### Bancassurance Partnerships

- Over 237 Bank partners
- 18 National Tie-ups & MNC Banks
- 33 NBFCs, 5 SFBs, 1 Payments Bank
- 137 Co-operative banks, 9 RRBs
- 34 Others

### Agency & Retail Channels

- 47,000+ agents & 51,900+ POS
- Virtual Sales Offices
- Direct Channels to drive upsell
- Agency segmented under prime, key, emerging and Retail and SME

### OEMs & Dealer Partnerships

- 32 national Tie-ups and over 9000 network of dealers across pan India
- National Tie-ups with Maruti, Hyundai, Yamaha, Volkswagen, BMW, Audi, Honda, Land Rover, Mahindra, Citroen, JCB, Ather, etc.

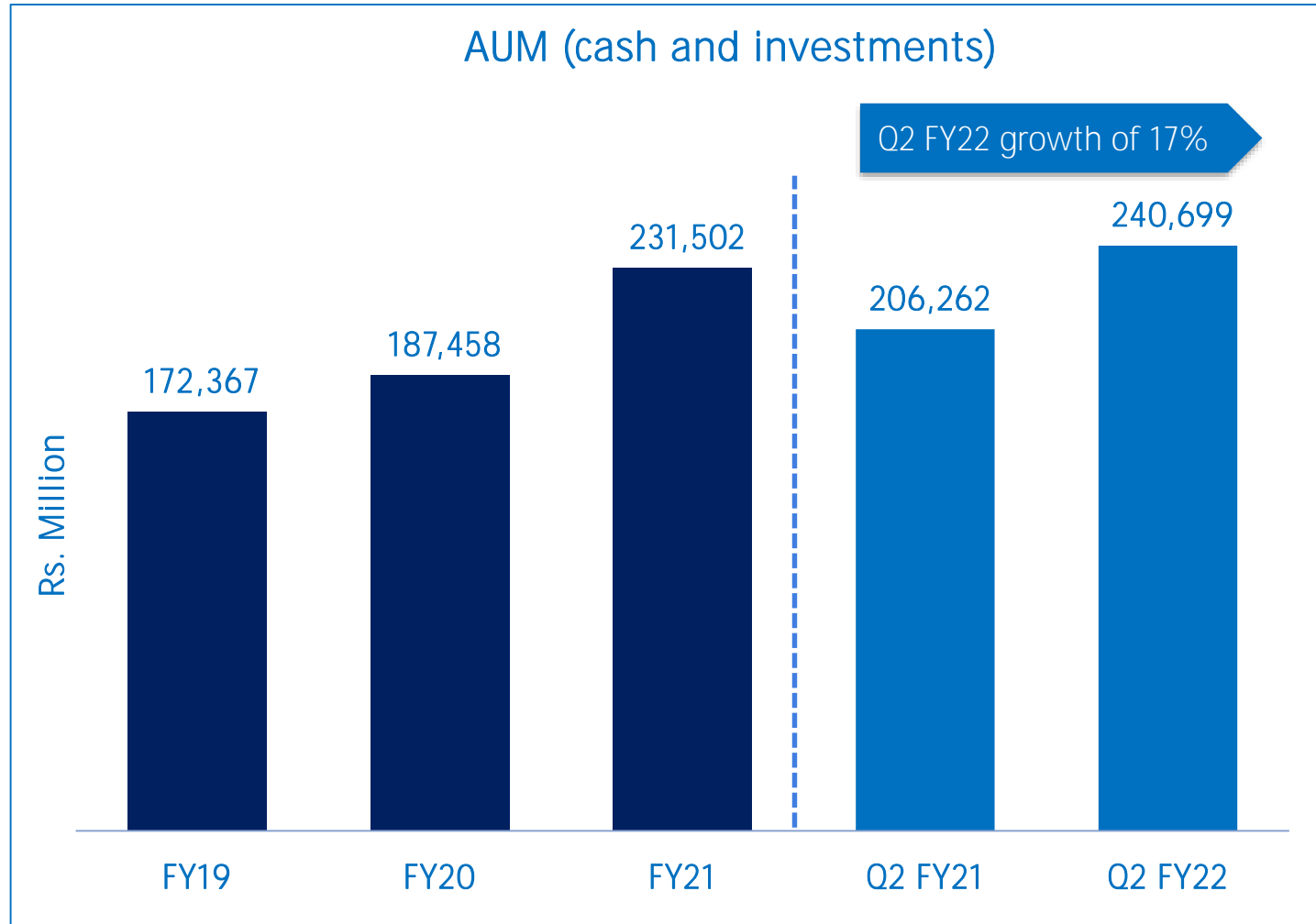
### Rural Focus

- 19.2 Million+ farmers covered under PMFBY in last 4 years
- Issued 3.4+ Mn NOPs under crop insurance in H1 FY22
- 21,600+ active CSC centers

### Presence in ecosystems

- 15+ Partnerships across Insuretech companies, aggregators, wallets such as Phone Pe, payments bank, etc

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



99.3% of debt portfolio is in AAA or sovereign securities. 94.5% of Equity investment is in BSE 100 stocks

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

BAGIC continues to grow its AUM strongly

Investments are largely in fixed income securities

Investment Leverage of 2.84 as on 30 September 2021

<p><b>Digital Distributor Onboarding</b> Intermediaries onboarded digitally</p>	<p>H1'22 100%</p>	<p><b>Digital Issuance</b> Easy &amp; few clicks policy issuance option</p>	<p>H1'22 94%</p>
<p><b>Digital Policy</b> "Go green" option for customer by going paperless</p>	<p>H1'22 94%</p>	<p><b>Digital Customer Servicing</b> Omni &amp; multichannel experience</p>	<p>H1'22 55%</p>

## Key Initiatives & Digital Adoption

**I Mitra/Ezeetab**  
One stop shop for partners & salespersons for policy issuance and services  
*1.4 Mn+ policies issued in H1*

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

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

**DigiSwasth**  
App & Web based 100% integrated health check up process  
*100% Integrated Setup >98% TAT in (0-4 hrs.)*

**Core Transformation on Cloud**  
Policy administration system being moved on cloud to enhance agility and integration  
*Health Renewals Live, Data Migrated*

**Data Lake**  
6K+ attributes across structured & unstructured data  
*Prospect Mart: ~40 Mn prospects Unique customer base ~99 Mn*

**Farmitra App** - For Farmer Community  
*1.5L+ downloads in H1 FY22*

**Caringly Yours App** - 1<sup>st</sup> Insurance App in India to cross 1 million downloads  
*1.5 lakhs+ downloads in H1 FY22*

## Asset Quality

- 99.3% of the debt portfolio in AAA and sovereign assets
- 89.0% 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- 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 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 continued to report industry beating Individual Rated New Business (IRNB) growth of 52% in Q2 FY22 & 51% in H1 FY22 with consistent improvement in quality parameters
- ❑ Digitization across each channel has help drive IRNB growth with Agency, Institutional Business and BALIC direct delivering a growth of 55%, 50% and 38% respectively in H1 FY22
- ❑ 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 from May till August (on account of delayed reporting); however, gradual month on month improvement seen in claims experience during Q2 FY22
  - On the retail side, in Q2, company has received over 2,800+ claims pertaining to COVID-19 amounting to Rs. 146 crore (on gross basis)
  - Reserve for probable future COVID-19 claims stood at 105 Cr (net of reinsurance recovery) as of 30 September 2021
- ❑ Annuity & ULIP products have driven the growth for BALIC; demand for retail protection has been sluggish
  - **BALIC's Annuity product** launched in Q4 FY21 has been received well in the market clocking 12% of Individual Rated NB in Q2 FY22 and H1 FY22
  - With robust equity markets, demand for ULIPs continued & ULIPs contribution in Q2 FY22 was 38% (vs 36% in Q2 FY21)
  - BALIC continues to fully 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 87% in H1 FY22 over H1 FY21; while number of "Life Assist" App users grew by 50% during the same period
- ❑ Company is well capitalized with a Solvency at 626% as against minimum solvency requirement of 150%

## Q2 FY 2021-22

### Revenue Growth & Market Share

- In Q2 FY22, IRNB grew by 52% (vs Private Players growth of 35% & LIC growth of 3%. Overall industry growth of 21%);
- H1 FY22 growth of 51% vs Private players growth of 32%; **Market share in IRNB terms increased from 5.4% to 6.2%** among Pvt. Players
- **BALIC was the 2<sup>nd</sup> fastest growing Life Insurer in H1 FY22 among the top 10 private players**
- **Agency channel is expected to be one of the fastest growing** among private players (growth of 56% in Q2 FY22 and 55% in H1 FY22)

### Product Mix (IRNB Basis)

- **Annuity product continues to do well** – contributing 12% to our Product Mix in Q2 FY22
- Par: Non-Par Savings: ULIP: Protection: Annuity (22%:25%:38%:3%:12%)

### Renewal Collections

- Registered a **strong growth of 22%** in Q2 FY22 (24% growth for H1 FY22); improvement in persistency witnessed across all cohorts

### New Business Margins

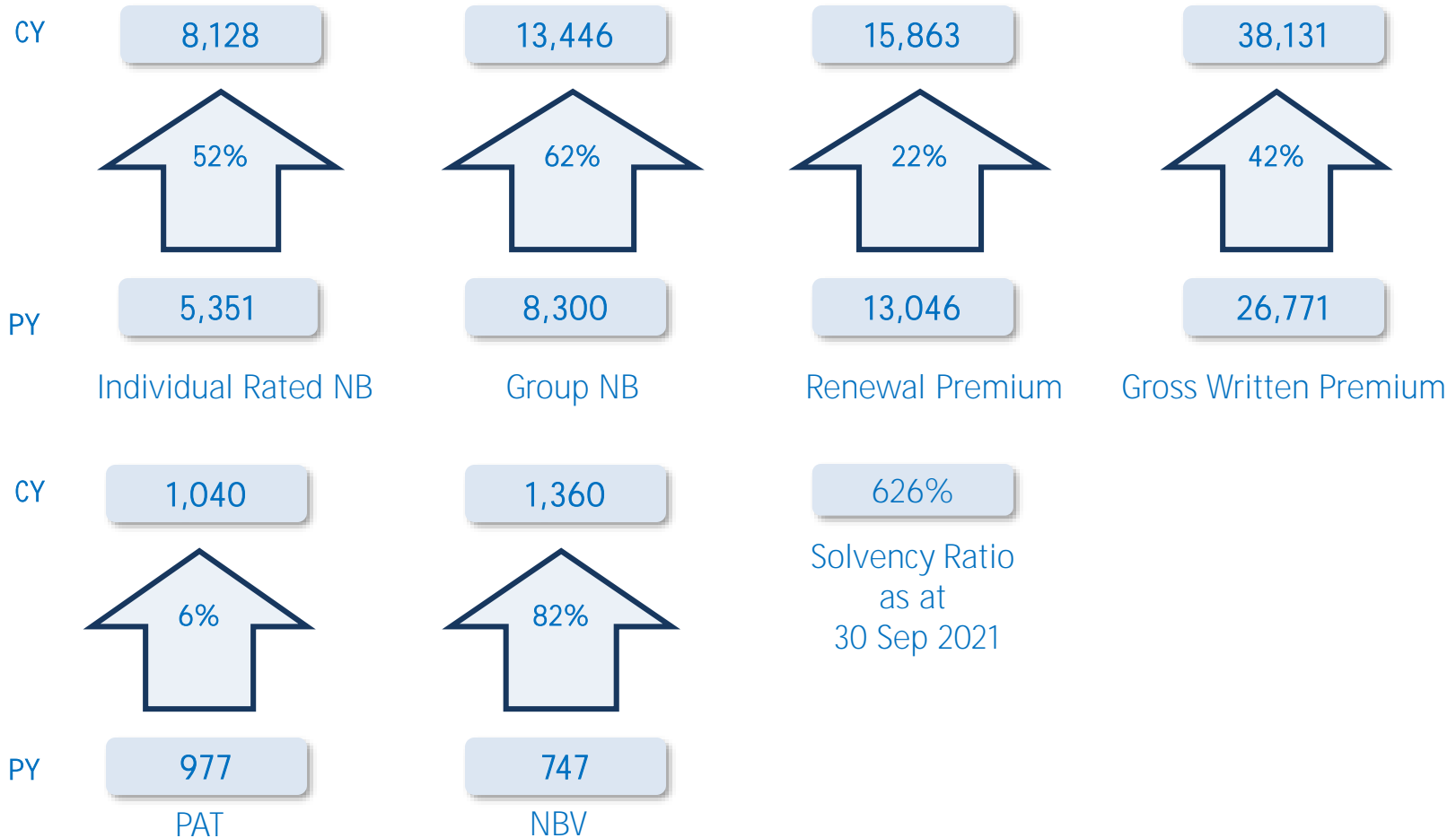
- **Witnessed strong growth in New Business Value (NBV)** from Rs. 747 Mn in Q2 FY21 to Rs. 1,360 Mn in Q2 FY22 on account of higher business growth, and better product mix
- **Net New Business Margin (NBM)<sup>\$</sup> on Annualized New Business Premium increased to 13.9%** in Q2 FY22 from 11.6% in Q2 FY21

### Profit after tax

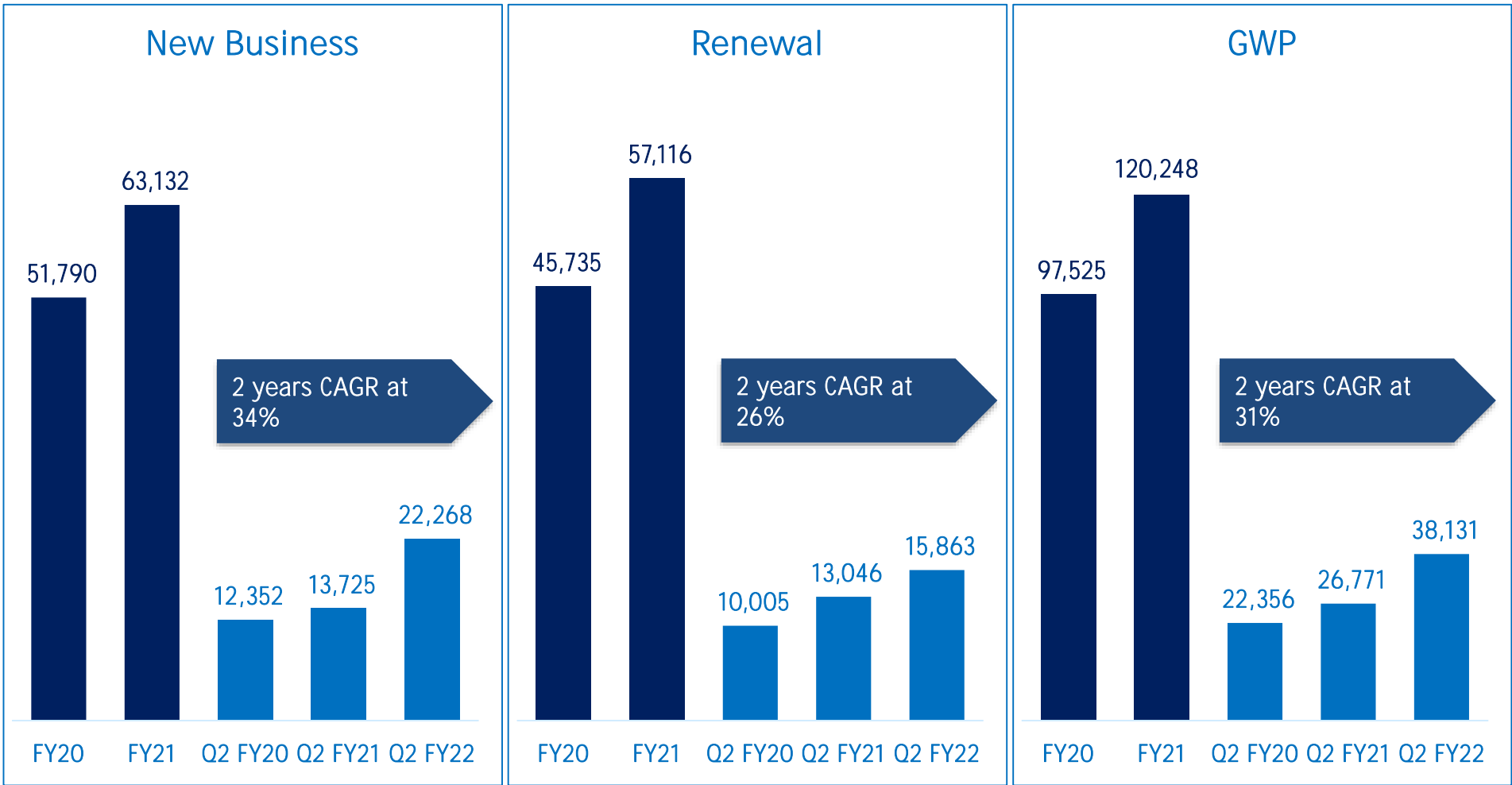
- **PAT for Q2 FY22 grew by 6%** from Rs. 977 Mn to Rs. 1,040 Mn
  - On account of lower NB strain, higher realized gains which were partially offset by higher overruns, and higher death claims on account of COVID-19

All Figures in Rs. Million

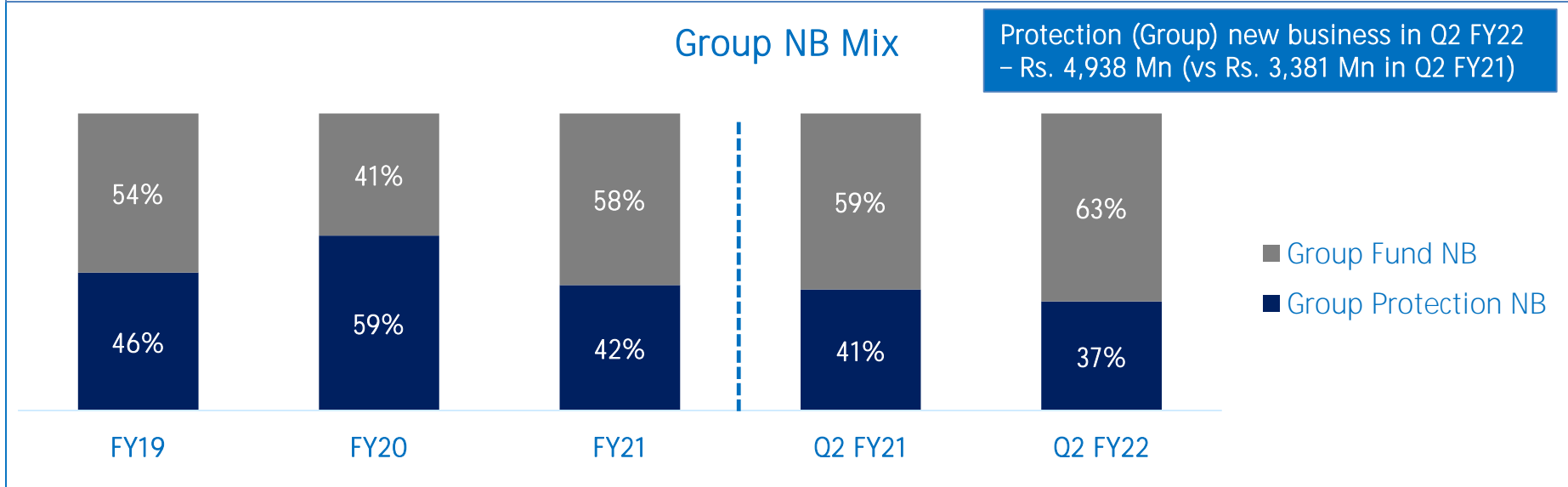
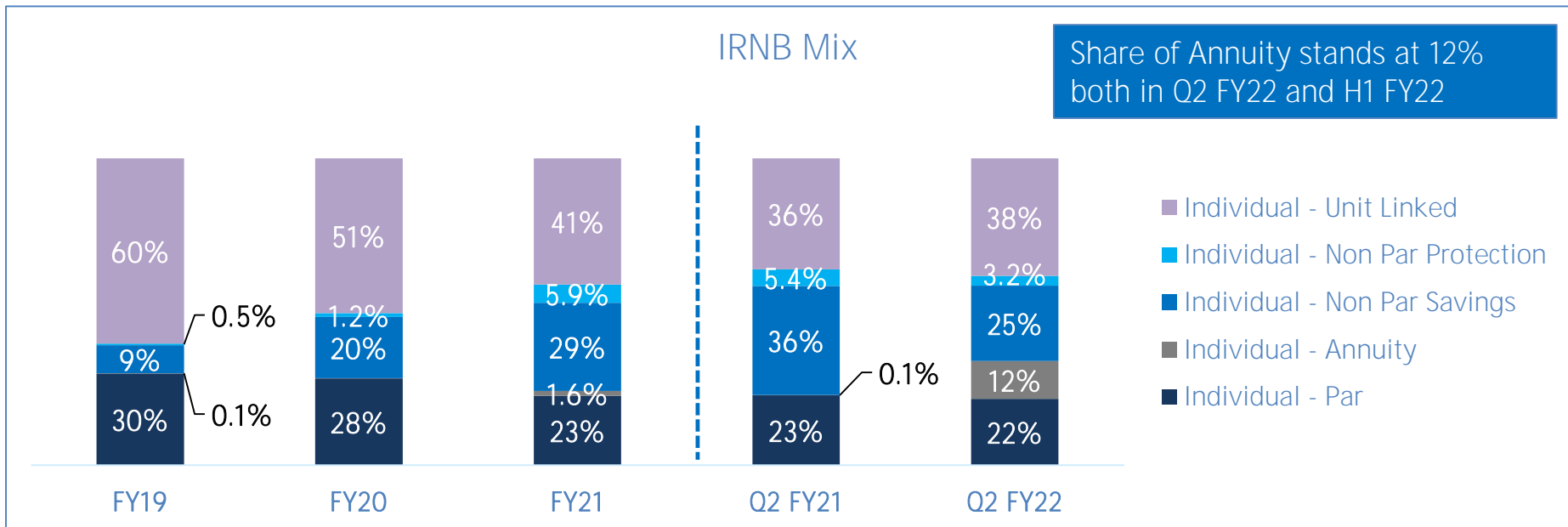
## Performance Highlights of Q2 FY22 over Q2 FY21



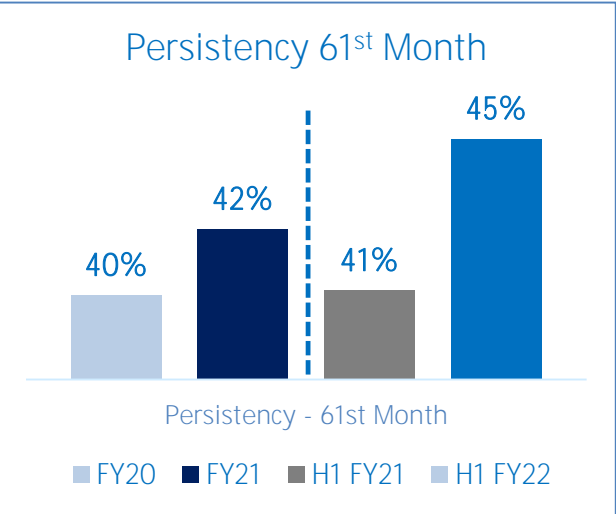
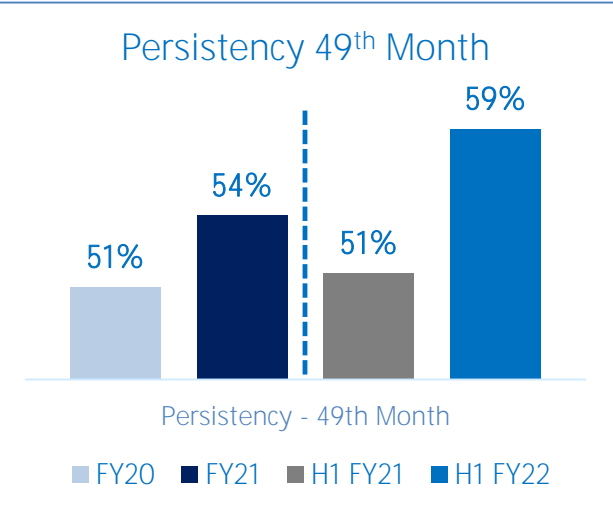
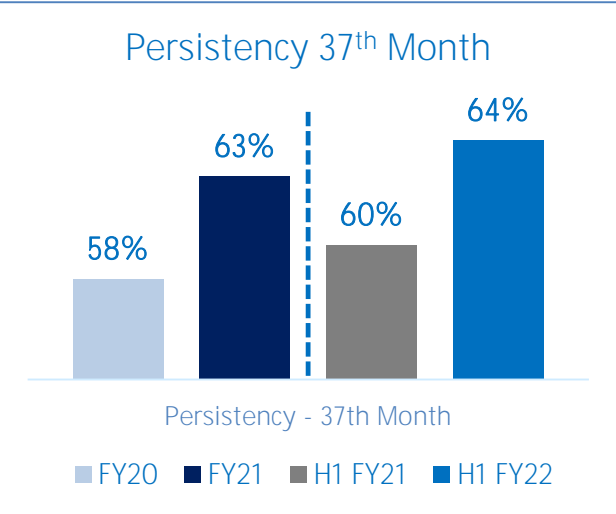
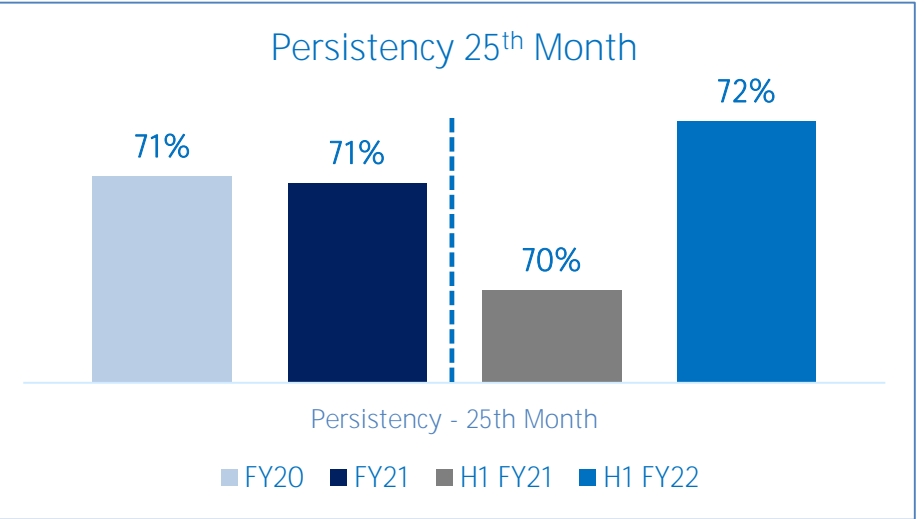
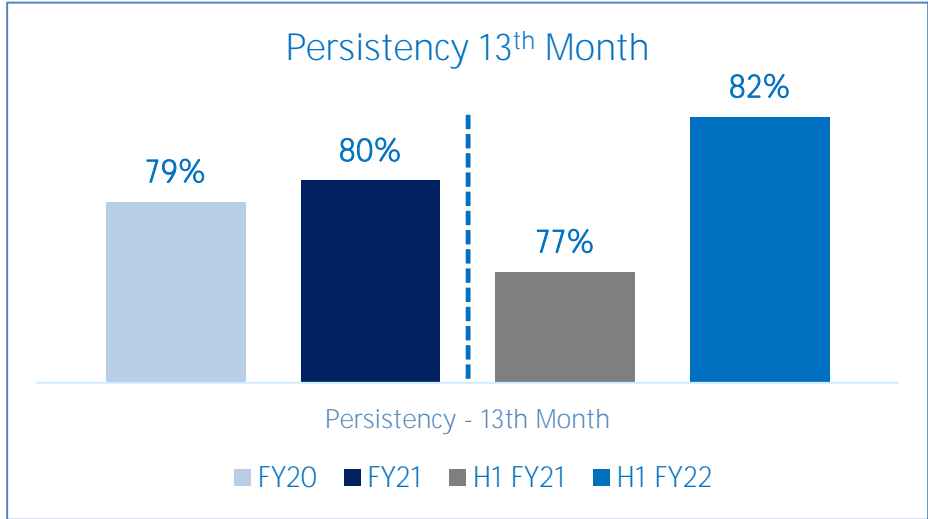
All Figures in Rs Million



- All the topline related metrics for BALIC continue to grow and are well above the pre-COVID levels
- H1 FY22 GWP grew by 45% to Rs. 63,286 Mn from Rs. 43,768 Mn in H1 FY21 – showing a phenomenal growth



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

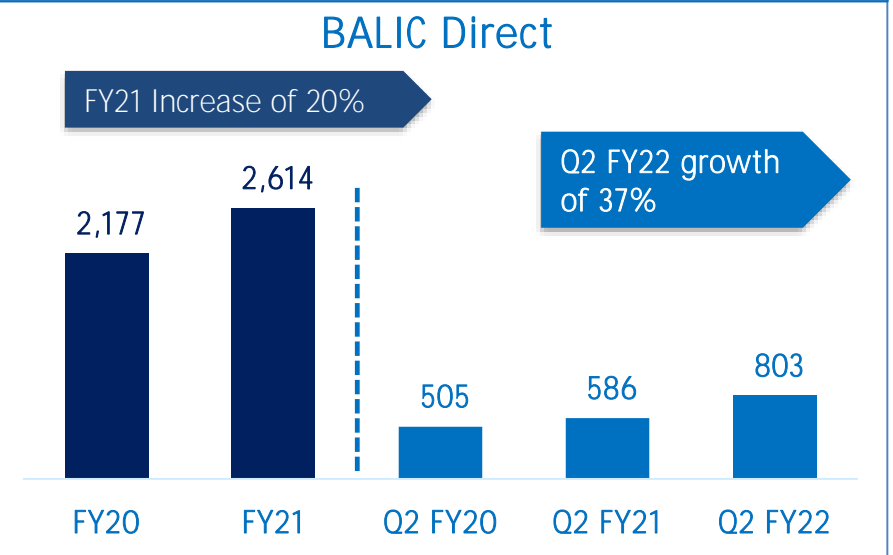
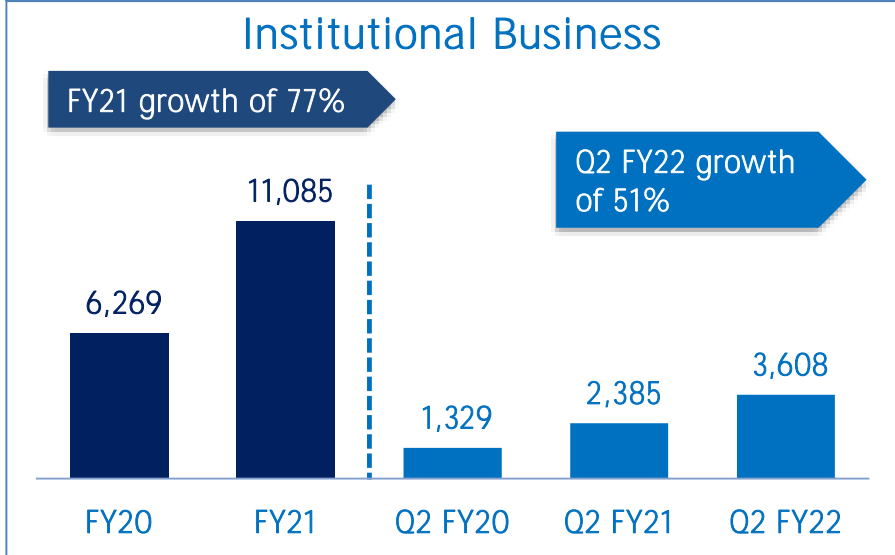
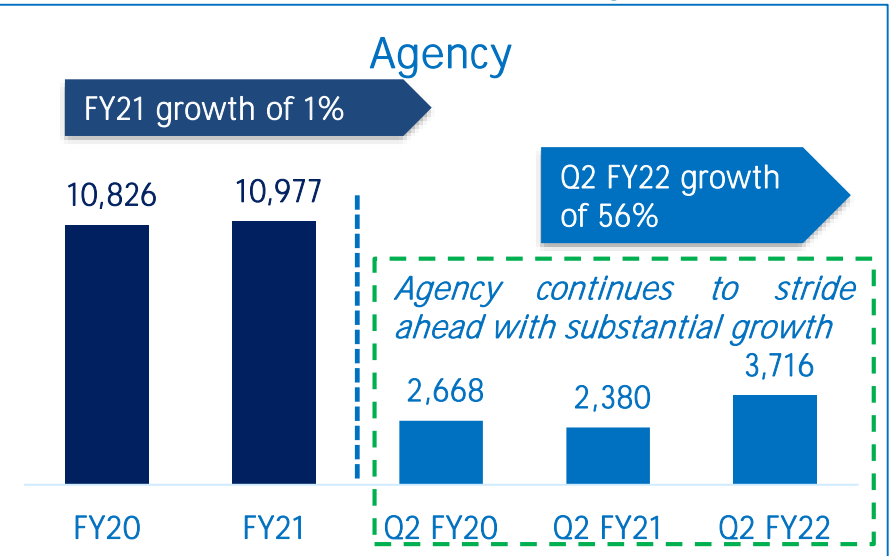
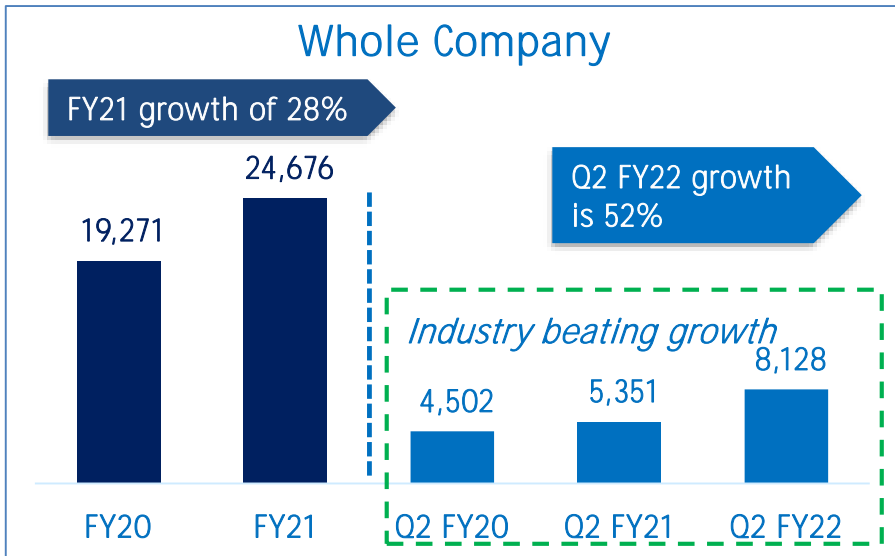


Continued focus on renewal collection through various initiatives such as driving auto-payment registration, digital payments & higher distribution ownership have led to significant improvement in persistency across the cohorts

\*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 Sep to Aug period of the relevant years



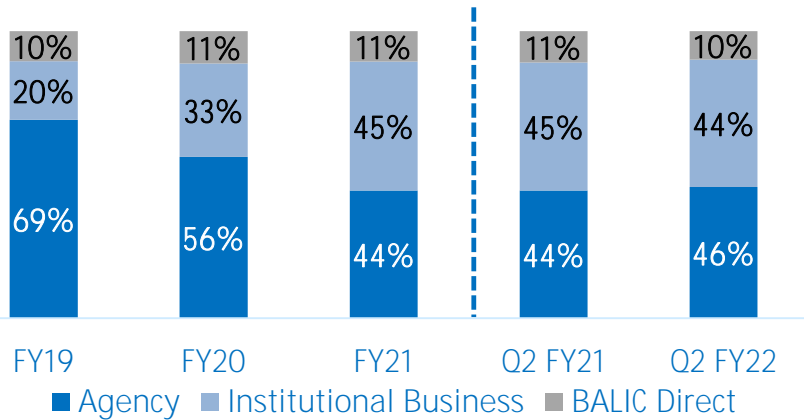
All Figures in Rs Million



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

# BALIC : Diversified Distribution Mix

Individual Rated New Business Channel-wise Mix



- ❑ BALIC embarked on diversifying its distribution mix, scaling up alternate channels and enabling wider presence by exploring alternate partnerships
- ❑ Greater balance between institutional and retail channels - Agency, Institutional Business and BALIC Direct contributing 44%, 45% and 11% respectively in FY21 (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

- ❑ 3<sup>rd</sup> largest agency in private LI space; backed by 91K+ agents
- ❑ Traditional rated new business mix increased to 59% in FY21 from 49% in FY20
- ❑ Variabilization of Agency cost through low-cost models (10% contribution in H1 FY22)

## Institutional Business:

Building sustainable business through strong integration with partners

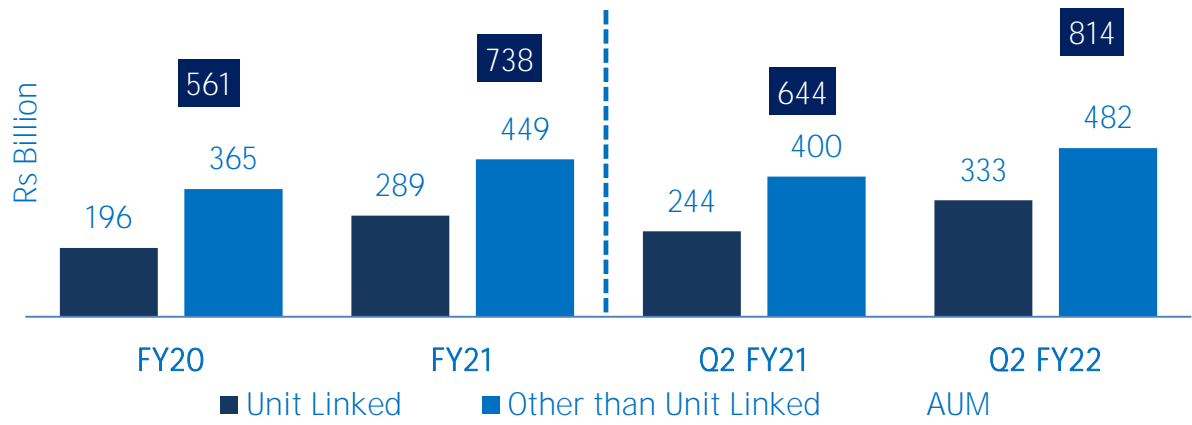
- ❑ Diverse mix of large and small partner banks, NBFC, brokers and web aggregators
- ❑ All major Bancassurance and third-party Partners contributing to channel growth
- ❑ Strengthen our group relations with various corporate distributors to focus on selling retail

## BALIC Direct :

Analytics backed, focused verticals for upsell and cross sell initiatives

- ❑ Presence in 55 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

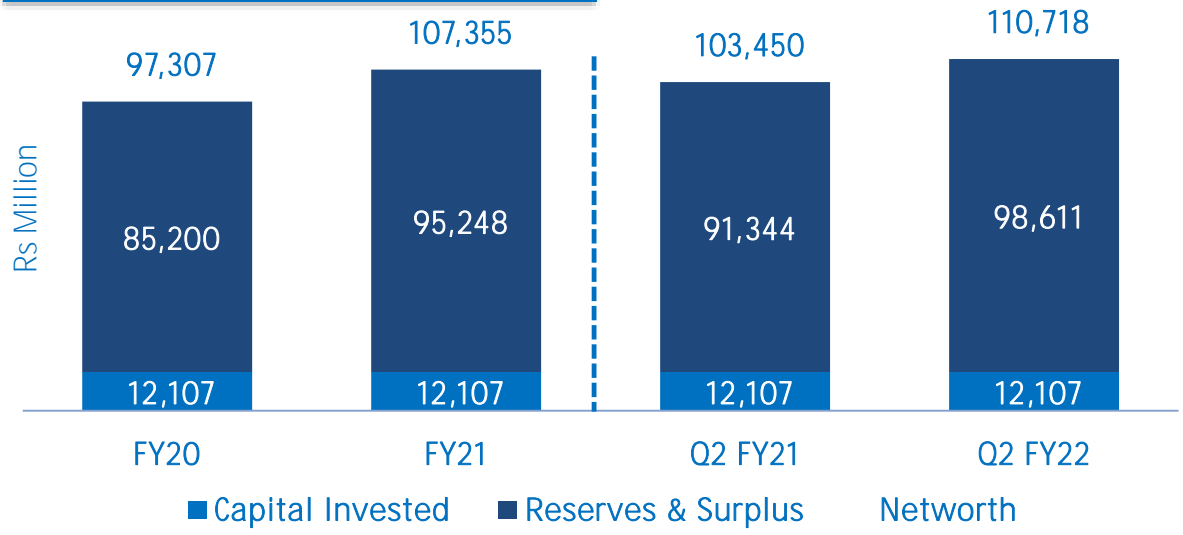
## AUM (Mix)



- AUM as of 30 September 2021 grew by 27%; Growth in UL AUM stands at 36%; Traditional AUM grew by 20%
- Of the UL Funds of 333 Bn, 70% is equity as on 30 September 2021 (59% as on 30 September 2020 out of the UL Funds of Rs. 244 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 on 30 September 2021

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

All Figures in Rs. Million

	Q2 FY22	Q2 FY21	H1 FY22	H1 FY21	Rolling 12M FY22 <sup>1</sup>	Rolling 12M FY21 <sup>2</sup>	FY21
Annualized Premium (ANP)*	9,770	6,463	15,729	10,456	34,496	23,652	29,223
Net New Business Value (NBV)**	1,360	747	1,613	611	4,611	2,582	3,608
Net New Business Margin (NBM) on ANP	13.9%	11.6%	10.3%	5.9%	13.4%	10.9%	12.3%

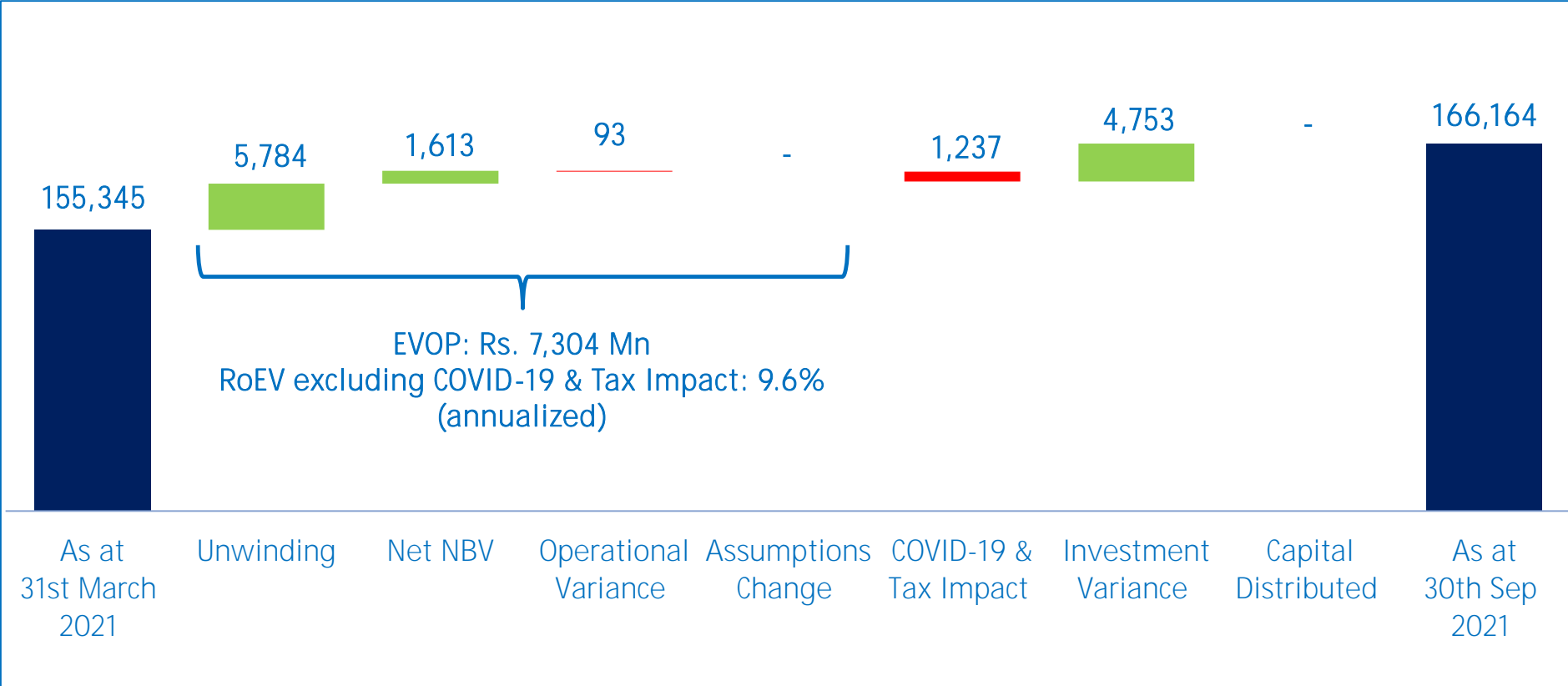
- ❑ Since life insurance business is seasonal with large proportion of business written in Q4 and H2, rolling 12 months data is indicated for information only. This does not in any way imply a forecast or expectation for FY 22
- ❑ NBV for the quarter has increased by 82% in Q2 FY 22 over Q2 FY 21.

1 - Rolling 12M FY22 represents the business written between October 2020 to September 2021

2 - Rolling 12M FY21 represents the business written between October 2019 to September 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



**A. Further details on Covid & Tax Impact:**

- Excess claims due to COVID-19 impact of Rs. 2,849 Mn (including lower tax rate offset)
- One time benefit of Tax provision reversal from previous assessment years of Rs. 1,609 Mn in Q1 FY22

**B. Capital Distribution:** Interim dividend of Rs. 1,367 Mn declared in Oct 21, will be paid in Q3 FY22

Increase / Decrease

1. Par Business Overruns are considered at 10% of Overrun net of tax
2. Gross New Business Value: Rs. 4,530 Mn less overruns Rs. 2,917 Mn = Net NBV of Rs. 1,613 Mn; considering overrun of PAR business @10%
3. Results not audited or reviewed externally but methodology is in line with APS 10 of the Institute of Actuaries of India.

# Digital Initiatives to offer best in class customer experience



## Smart Assist

*Co-Browsing capabilities :  
First time in India*

2,00,000+ total sessions since inception by 10,000+ unique users

A Secured platform for application processing & online payment collection



## WhatsApp

*Real Time servicing Platform*

3,84,000+ total transactions done in H1 FY22, an increase of 19% over H1 FY21

2,83,000+ unique users in H1 FY22, an increase of 87% over H1 FY21



## Life Assist App

*Customer servicing app*

Total Logins increased by 43% over H1 FY21

50% increase in unique users compared to H1 FY21

## Few Other Initiatives

### Employees & Partners

- **WhatsApp for ICs** – self servicing chatbot
- **iManage** - App to view business dashboard, target vs achievement, Customer servicing
- **Success Factor** for Digital Onboarding
- **iSmart** - Agency App for ICs - Customer servicing, R&R, business dashboard

## 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)

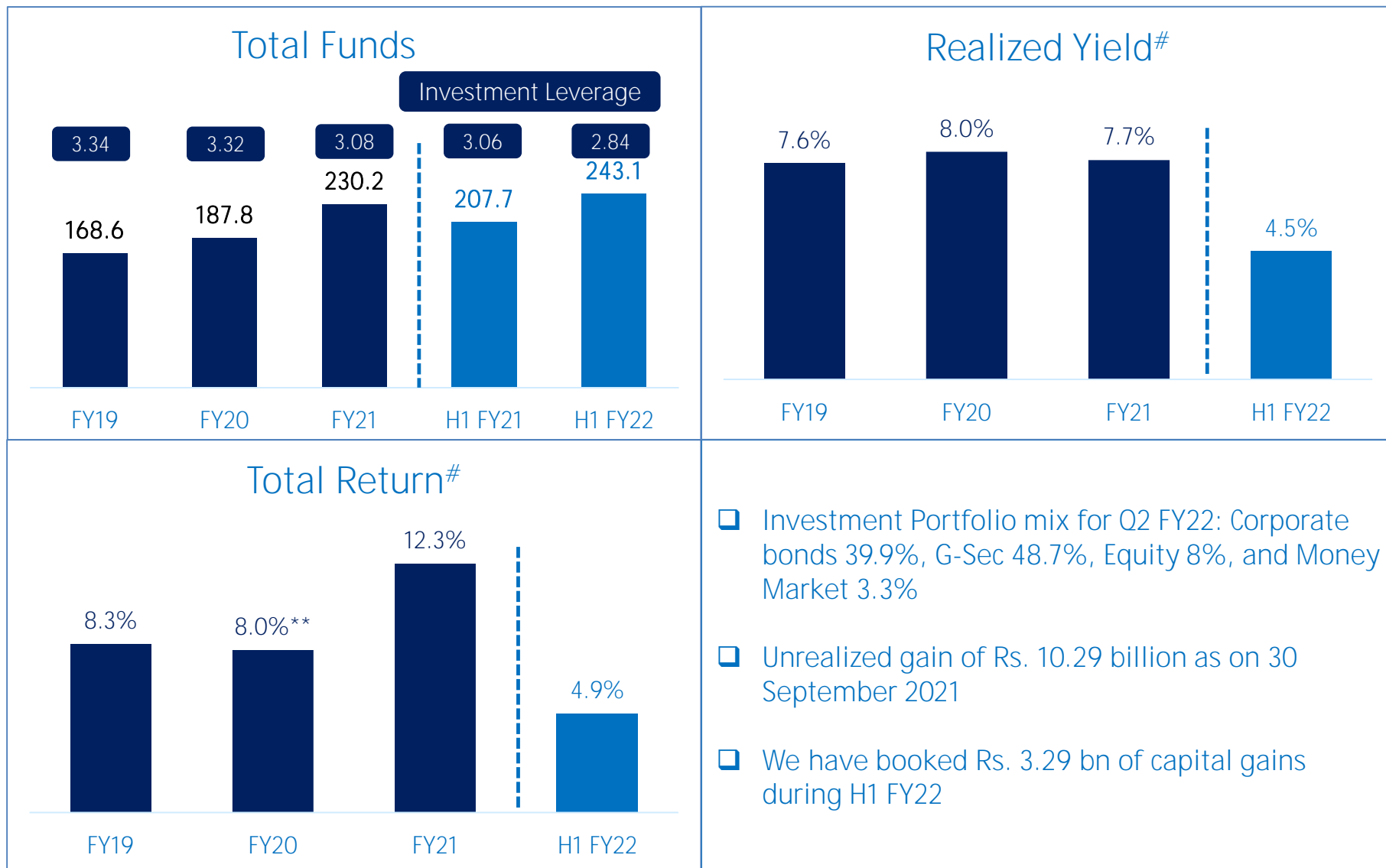
- ❑ ALM focused on cashflow matching & achieving an immunized portfolio
- ❑ Interest rate risk on the Individual Non-Participating and Annuity portfolio managed through partly paid bonds, and Forward Rate Agreements
- ❑ For annuities, there is continuous monitoring of business mix in different variants, 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 out for COVID-19 claims

# Additional Information – BAGIC





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

# - H1 FY22 return numbers are non- annualized. Total return includes change in unrealised gains during the period.

\*\* Mainly on account of Mark-to-Market Losses of Rs. 3,880 Mn (mostly on account of Equity investments)

Line of Business	Net Loss Ratio		Net Loss Ratio	
	Q2 FY22	Q2 FY21	H1 FY22	H1 FY21
Fire	69.3%	43.9%	74.4%	76.2%
Marine Cargo	55.3%	104.4%	73.4%	90.2%
Motor OD	66.4%	39.9%	61.5%	45.4%
Motor TP	73.5%	79.0%	76.0%	79.4%
<b>Motor Total</b>	<b>70.4%</b>	<b>62.9%</b>	<b>69.7%</b>	<b>65.5%</b>
Engineering	95.7%	-7.3%	81.4%	50.1%
Personal Accident	49.2%	52.3%	44.7%	50.6%
Health (retail + group)	94.3%	106.0%	106.5%	84.5%
Crop	105.2%	101.0%	71.8%	99.2%
<b>Total</b>	<b>77.6%</b>	<b>74.2%</b>	<b>76.8%</b>	<b>71.3%</b>
<b>Total (Ex Crop)</b>	<b>74.6%</b>	<b>70.8%</b>	<b>77.1%</b>	<b>69.3%</b>

Net Loss Ratio = Net claims incurred divided by Net Earned Premium | LOB trend for major LOB

Line of Business	BAGIC GDPI Growth	
	Q2 FY22	H1 FY22
Fire & Engineering	23.4%	16.8%
Marine	52.9%	29.8%
Motor OD	8.5%	9.5%
Motor TP	7.0%	5.8%
<b>Motor Total</b>	<b>7.6%</b>	<b>7.4%</b>
Liability	0.5%	12.2%
Personal Accident & Travel	21.6%	7.5%
Health (retail + group)*#	154.9%	96.1%
Crop	-12.3%	-14.8%
<b>Total</b>	<b>21.0%</b>	<b>16.8%</b>
<b>Total (Ex Crop)</b>	<b>45.6%</b>	<b>28.9%</b>
<b>Total (Ex Crop &amp; Govt. Health)</b>	<b>14.0%</b>	<b>12.5%</b>

In Q2 FY22, mix of Health Portfolio i.e. Retail Health: Group Employer – Employee: Group – Others: Govt. stands at 16:26:6:52 (vs 41:45:14:0 in Q2 FY21)

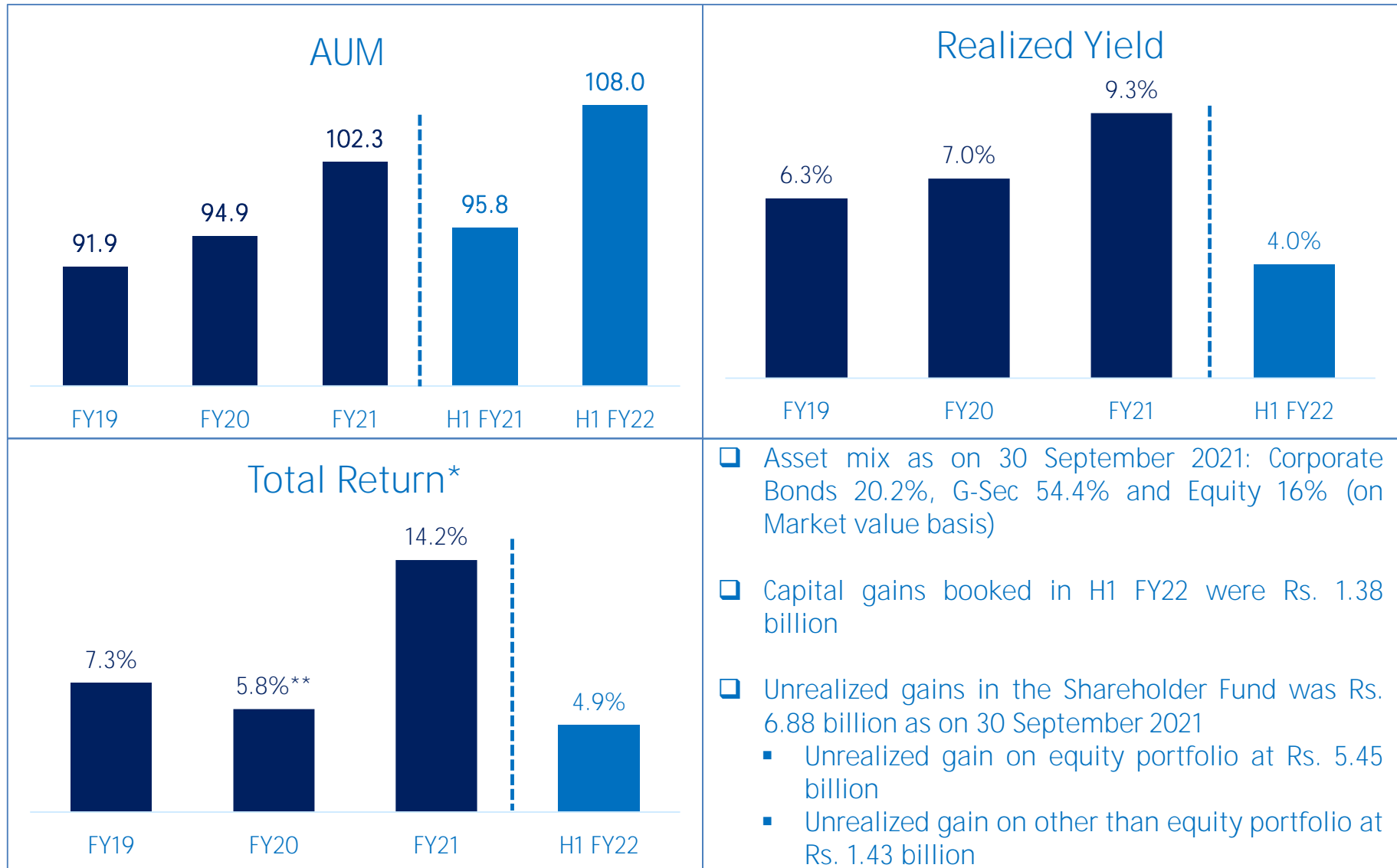
\*Health includes Retail , Group and Overseas | PA includes retail and group business | LOB trend for major LOB

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

# Health growth includes multiline insurers and standalone health insurers (specialized insurers excluded)

# Additional Information – BALIC

All Figures in Rs Billion

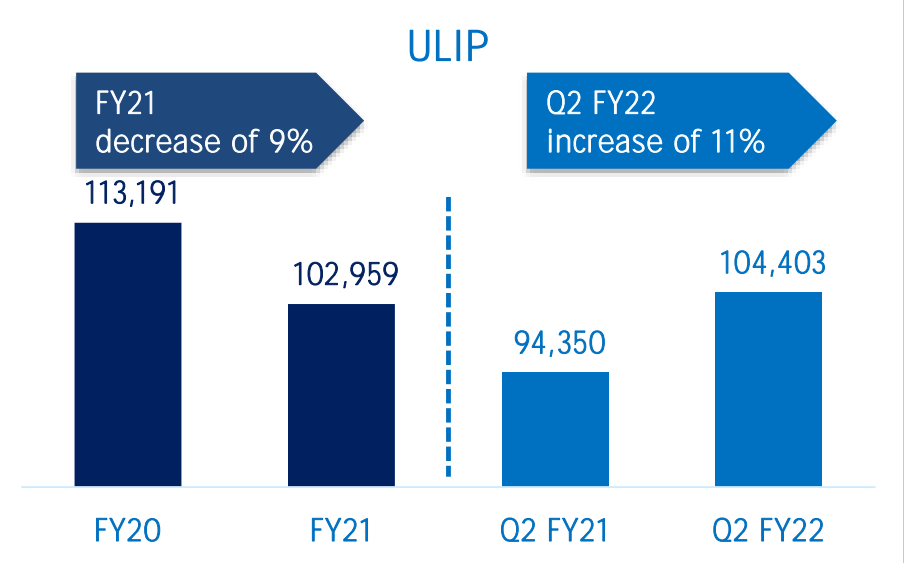
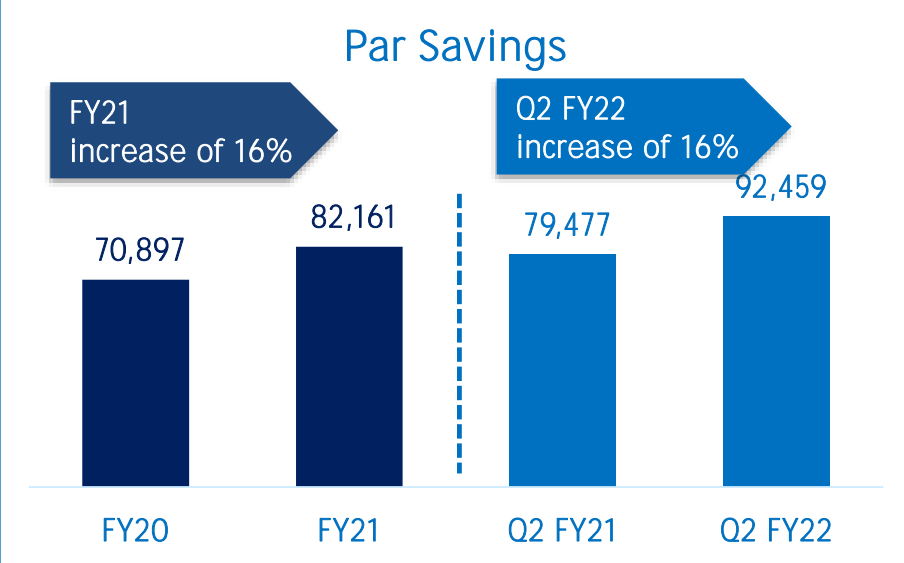
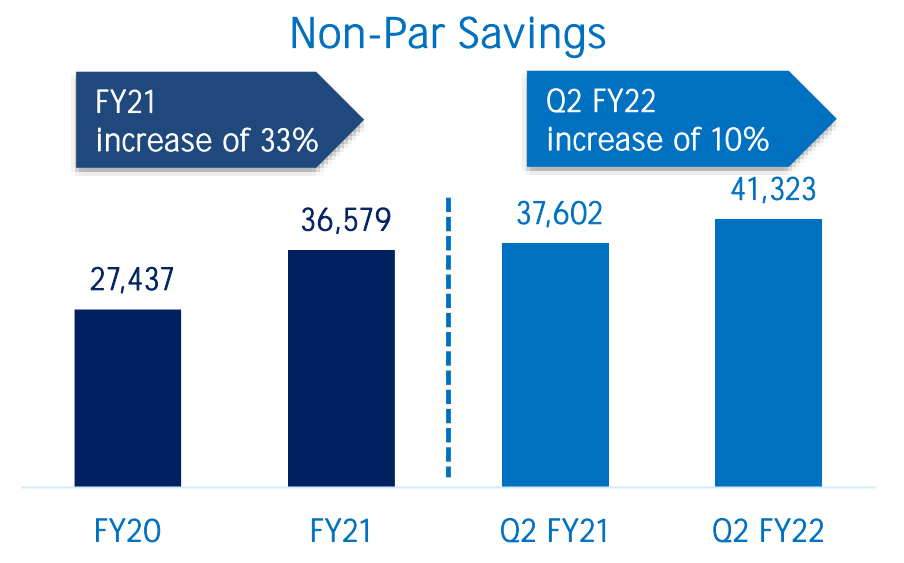
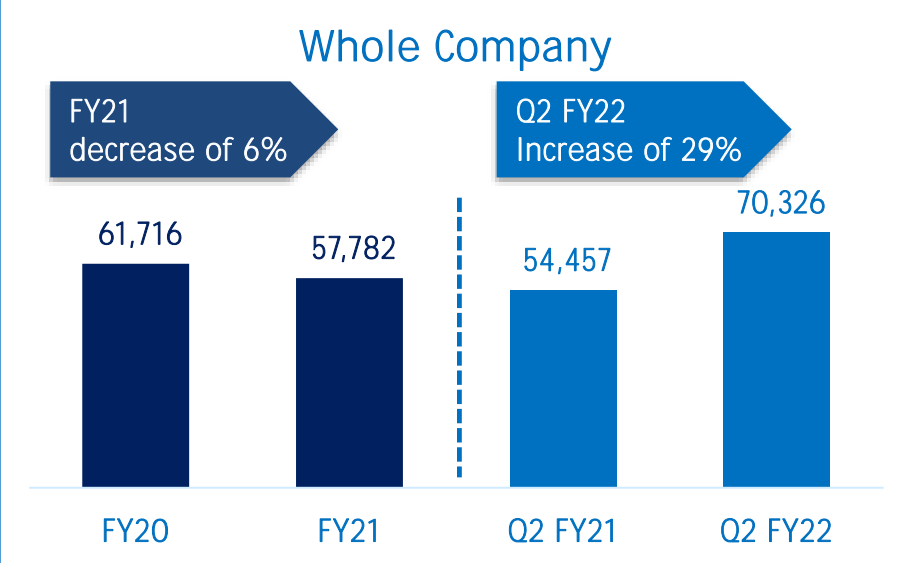


- ❑ Asset mix as on 30 September 2021: Corporate Bonds 20.2%, G-Sec 54.4% and Equity 16% (on Market value basis)
- ❑ Capital gains booked in H1 FY22 were Rs. 1.38 billion
- ❑ Unrealized gains in the Shareholder Fund was Rs. 6.88 billion as on 30 September 2021
  - Unrealized gain on equity portfolio at Rs. 5.45 billion
  - Unrealized gain on other than equity portfolio at Rs. 1.43 billion

\*Total return includes change in unrealized gains during the period | \*\*While return in FY20 is lower mainly on account of Mark-to-Market Losses of Rs. 2,513 Mn (mostly on account of Equity investments), return is higher in FY21 on account of Mark-to-Market gains of Rs. 5,837 Mn

# - H1 FY22 return numbers are non- annualized

All Figures in Rs.



Thank You

# Annexure



***“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.

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