

21 October 2020

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

**Subject: Investor Presentation for the financial results of the second quarter ended 30 September 2020 - Regulation 30**

Dear Sir/Madam,

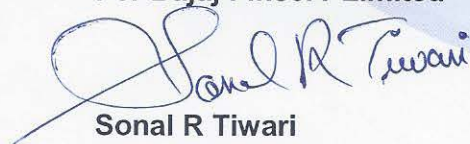
Further to our letter dated 14 October 2020, please find enclosed Investor Presentation for the financial results of the second quarter ended 30 September 2020 under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with Schedule III thereto.

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

This is for your information please.

Thanking you,

Yours faithfully,  
**For Bajaj Finserv Limited**



**Sonal R Tiwari**  
**Company Secretary**



Encl: as above

**Bajaj Finserv Limited**



# BAJAJ FINSERV LIMITED

Investor Presentation – Q2 FY21\*

# Bajaj Group Structure

Bajaj Holdings & Investment Limited (BHIL)

Maharashtra Scooter Limited

51%

Bajaj Auto Limited

33.43%<sup>@</sup>

Bajaj Finserv Limited

39.16%<sup>@</sup>



52.74%<sup>@</sup>

**Bajaj Finance Limited**

- Set up in 1987: BFL is a 33 year old company. Diversified across lending (consumer, rural, SME, commercial & mortgage space) and payments
- Included in NIFTY 50 Index
- Credit rating - AAA/Stable by CRISIL, India Ratings, CARE Ratings and ICRA
- Credit rating for short term debt program is A1+ by CRISIL, ICRA & India Ratings
- Investment grade long term issuer credit rating of BB+/Stable and short term rating of B by S&P Global Ratings

74%

**Bajaj Allianz General Insurance Company Limited<sup>#</sup>**

- Established in 2001 post opening of market for private players
- 2<sup>nd</sup> largest private General insurer in India in terms of Gross Premium
- Consistently most profitable amongst the private players. ROE of 18.5% in FY20
- Combined ratio of 100.8% for FY20 and 97.4% for Q2 FY21
- Offers a wide range of products across retail & corporate segments
- Recognized in the market for claims servicing

74%

**Bajaj Allianz Life Insurance Company Limited<sup>#</sup>**

- Established in 2001 post opening of market for private players
- Among the top private sector Life insurers in India on new business
- Deep, pan India distribution reach
- Diversified distribution mix – agency, bancassurance, proprietary sales force, alternate channels, direct etc
- AUM of ₹ 644 BN as on 30 September 20
- Net worth of ₹ 103 BN as on 30 September 2020
- Solvency ratio of 730%

100%

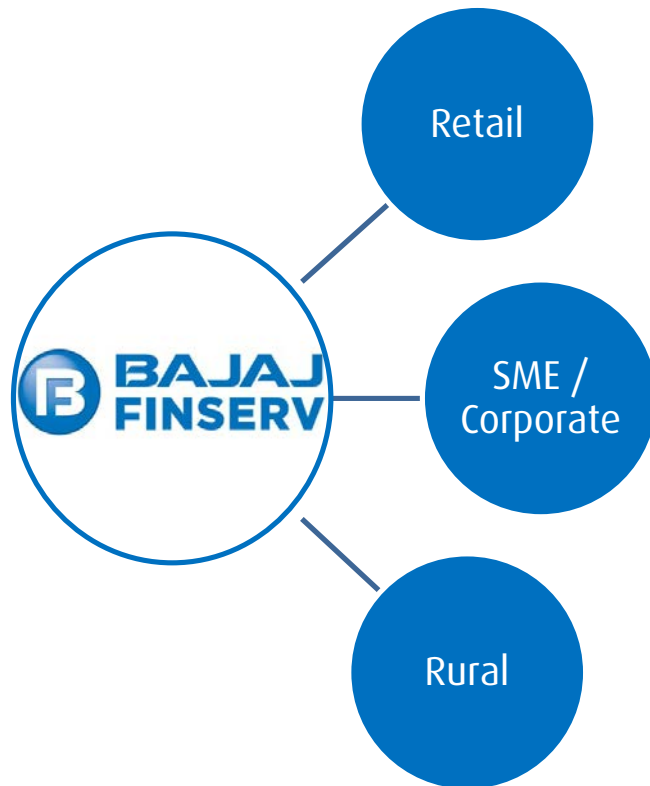
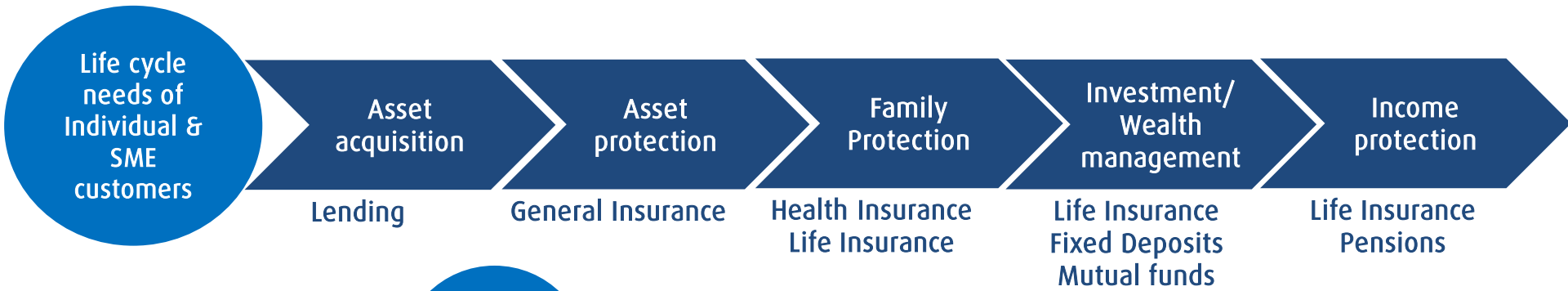
**Bajaj Housing Finance Limited<sup>#</sup>**

100%

**Bajaj Financial Securities Limited<sup>#</sup>**

BFS shareholding in BFL was 52.82% as on 31 Mar 2020 . BHFL is a 100% subsidiary of BFL which became fully operational in Feb 2018. Bajaj Financial Securities Limited is 100% subsidiary of BFL which became fully operational in Aug 2019

Note: Shareholding is as of 30 Sep 2020. Only major subsidiaries shown in this chart | # - Not Listed, @ - Represents direct holding



Diversified across products and markets, with a strong retail core

### Retail Consumer:

All Bajaj Finserv's businesses have a strong emphasis on the retail segment with a pan-India brand presence. Retail consumer is served through D2C (Direct to Customer) at Point of Sale, online, dealers for consumer lending, bancassurance and insurance agents.

### SME and Corporate:

Bajaj Finance provides working & growth capital in the high net worth SME space. The insurance companies serve these segments through a suite of corporate and group insurance products

### Rural Focus:

Bajaj Allianz Life is a leading player among private insurers in this space through its branches and business partners. Bajaj Finance has a highly diversified portfolio in the rural locations offering a wide range of products in consumer and RSME business categories under a unique hub and spoke business model. Bajaj Allianz General has penetrated rural markets through its virtual points of presence.

# Bajaj Finserv – A resilient diversified financial services business

Bajaj Finance  
Limited



BFL's robust liquidity management framework has ensured that it has liquidity to meet its debt service obligations, despite it having to offer repayment moratoriums to its customers. BFL's excellent risk management, strategy of maintaining a longer duration for liabilities than assets, and optimal mix of borrowings positions it well to come out on top through the crisis.

Bajaj Allianz  
General Insurance



BAGIC's robust solvency, large AUM in relation to its premium, prudent underwriting, stable management team and strong brand positions it quite strongly among the peers and should help it withstand the crisis and take advantage of opportunities once the crisis has passed.

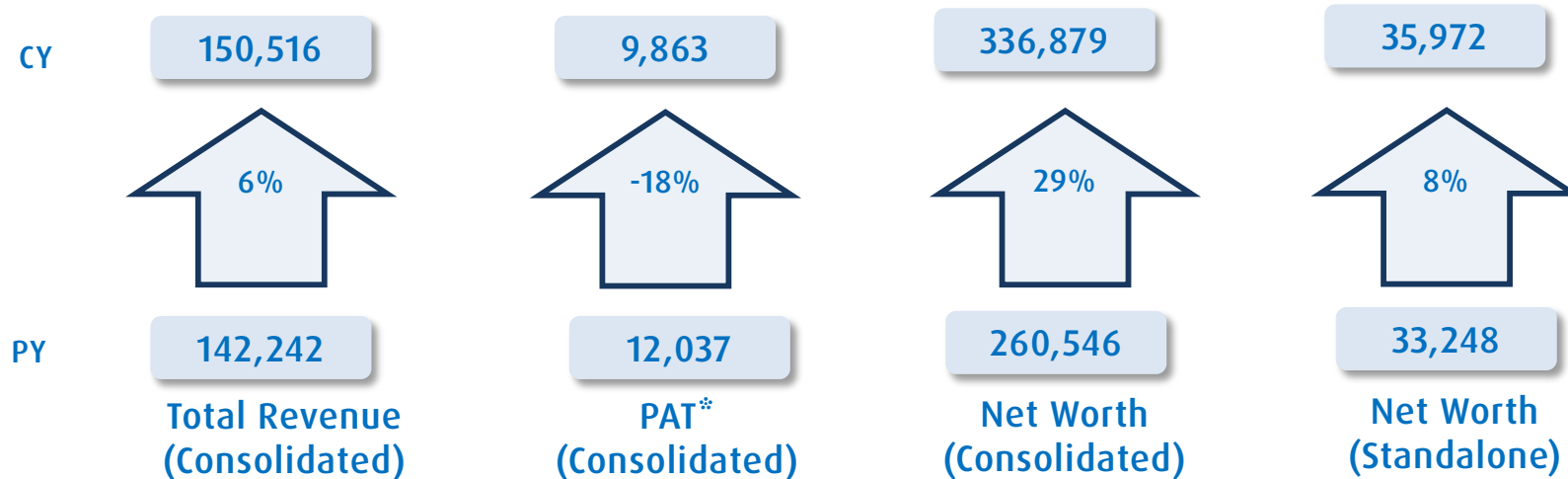
Bajaj Allianz Life  
Insurance



An excellent solvency margin, a strong multi-channel distribution covering proprietary and partnership business models with extensive geographical reach and strong brand should help BALIC overcome the effects of the pandemic and emerge as a stronger player

All Figures in Rs Million

## Performance Highlights of Q2 FY21 over Q2 FY20 (Ind AS)



- Bajaj Finserv remains a debt free company. Bajaj Finserv's surplus funds (Excluding Group Investments) stood at Rs. 10.3 Bn as on 30 Sep 2020 (Rs. 9.2 Bn. as on 30 Sep 2019)
- Consolidated Book Value Per Share stands at Rs. 2,117 as on 30 Sep 2020 ( Rs. 1,637 as on 30 Sep 2019)

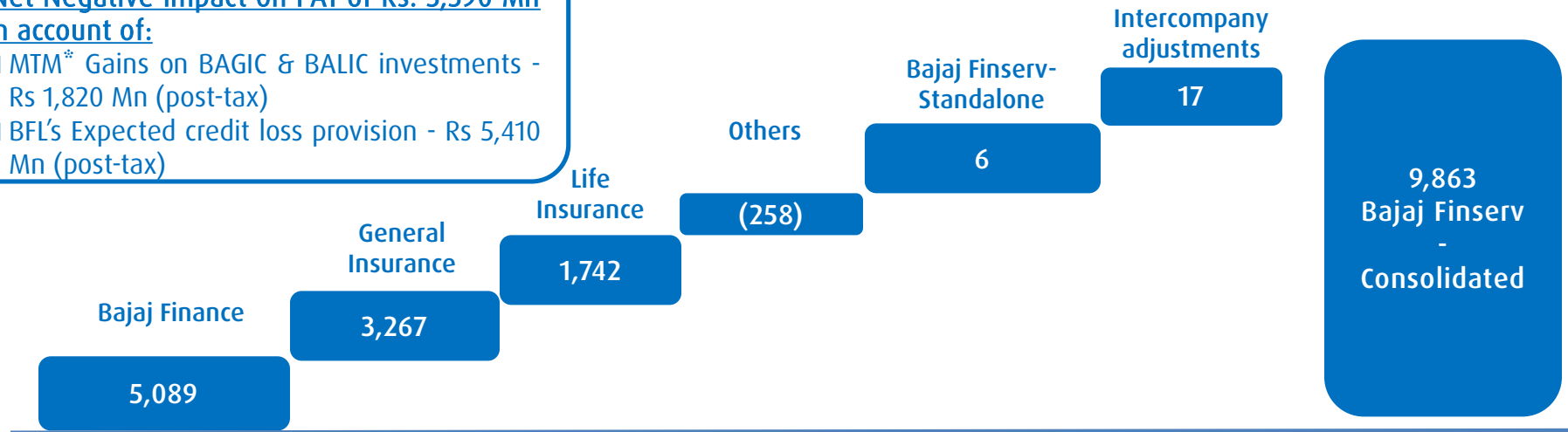
Note : \*PAT attributable to owners of the company

# Consolidated profit components – Q2 FY21

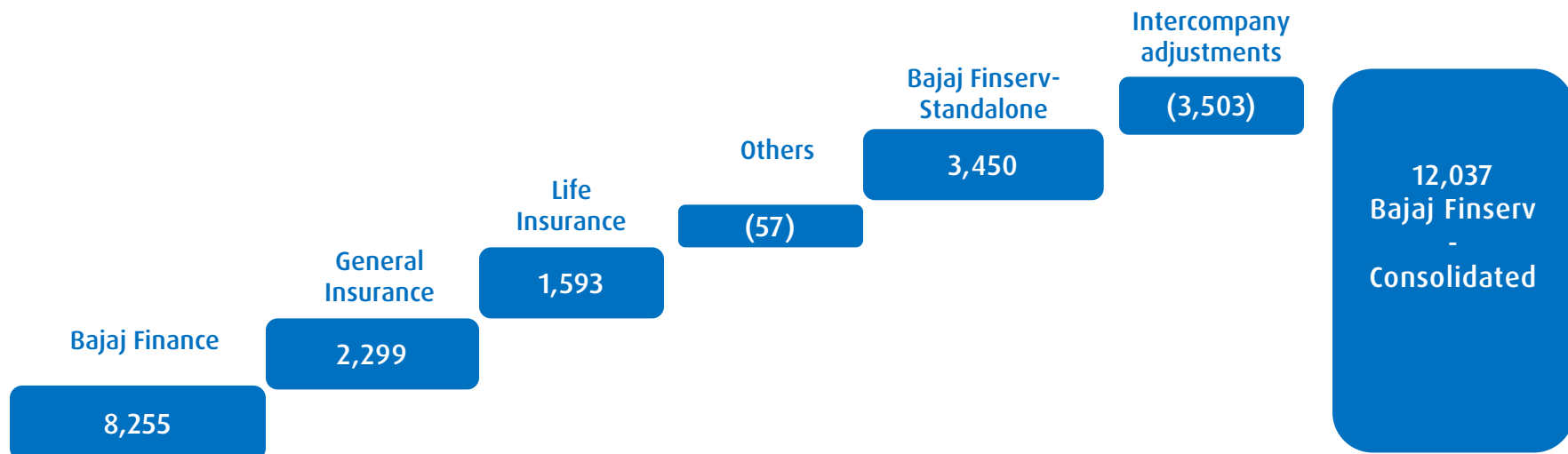
## Consolidated profit components for Q2 FY21 (Ind AS)

#Net Negative impact on PAT of Rs. 3,590 Mn on account of:

- MTM\* Gains on BAGIC & BALIC investments - Rs 1,820 Mn (post-tax)
- BFL's Expected credit loss provision - Rs 5,410 Mn (post-tax)



## Consolidated profit components for Q2 FY20 (Ind AS)





All Figures in Rs Million

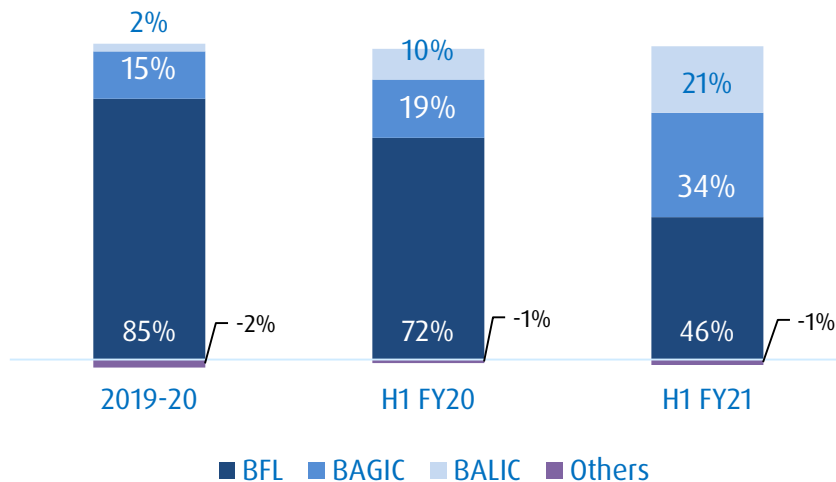
## Highlights of Group Companies

BAJAJ FINSERV#	H1 FY21	H1 FY20	Growth
Total Revenue	292,436	264,965	10%
Net worth	336,879	260,546	29%
PAT	22,014	20,491	7%

BAJAJ FINANCE#	H1 FY21	H1 FY20	Growth
AUM	1,370,903	1,355,328	1%
Total Income	131,730	121,309	9%
PAT	19,272	27,015	-29%

#Consolidated | Ind AS

### Consolidated Profit Components\*



\*Others includes Bajaj Finserv Standalone, and all remaining components.

BAGIC	H1 FY21	H1 FY20	Growth
GWP	64,447	71,226	-10%
Investments	206,262	181,387	14%
PAT	7,272	5,041	44%
Combined Ratio	97%	102.8%	5.8% abs

BALIC	H1 FY21	H1 FY20	Growth
GWP	43,768	40,723	7%
Investments	643,668	582,732	10%
PAT	2,277	2,690	-15%
Net NBV*	611	295	103%

- 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

\*Net NBV is New Business Value Post Overruns





**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 44.11 Mn. and Cross sell client base of 23.87 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. 66% of new loans in Q2 FY21 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 36%: 9%: 13%: 9%: 33% as of 30<sup>th</sup> September 2020  
Consolidated borrowing mix for Banks: Money Markets: Deposits: ECB stood at 37%: 42%: 17%:4%

## BAJAJ FINANCE

### Consumer

- Largest consumer electronics, digital products & furniture lender in India
- Presence in 1,134 locations with 89,900+ active points of sale
- Amongst the largest personal loan lenders
- EMI Card franchise of over 20.6 Mn. cards in force
- Among the largest new loans acquirers in India 3.62 Mn in Q2 FY21
- Bajaj Finserv – Mobikwik active wallet users stood at 16.8 Mn as on 30 Sep 2020 who have linked EMI card to wallet
- Bajaj Finserv – RBL Bank co-branded credit card stood at 1.87 Mn as of 30 September 2020

### SME

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

### Commercial

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

### Rural

- Unique hub-and-spoke model in 1,507 locations and retail presence across 19,800+ points of sale
- Diversified rural lending model with 10 product lines across consumer and professional business categories

- ❑ In Q2, with gradual unlock of the economy, focus was on **restarting all the businesses**, creating **'back to growth' plans** for businesses, continuous risk modelling to refine loss estimates, **collection capacity augmentation** and begin implementation of our **business transformation** keeping in mind a smaller aggregate economy over the next 12-18 month.
- ❑ In absence of updated bureau data, Company had a **conservative stance on volumes till 31 August 2020**.
- ❑ Witnessing month on month growth. **All businesses have restarted in Q2 except Retail EMI and wallet loans** which have been kept on pause mode till January and March, respectively.
- ❑ In September, consumption businesses (B2B) were back to 72% of last year's volume and Rural consumption business (B2B) was at 91% of last year's volume. The Company is optimistic on growth prospects in H2 and hopes to achieve **AUM growth for FY21 at 6-7%**.
- ❑ **Liquidity position remains strong**. As of 20 October 2020, the Company had consolidated liquidity buffer of Rs. 24,775 crore and SLR investments of Rs. 2,582 crore.
- ❑ In Q2, **portfolio quality improved further**: Against 15.7% of moratorium book in June 2020, stage 2 (1 and 2 installment overdue) book as of 30 September 2020 stood at 8%.
- ❑ In Q2, Company has further increased the its provisioning coverage for stage 1 and stage 2 assets by Rs. 1,370 crore, taking it to Rs. 5,099 crore as of 30 September 2020.

## Q2 2020-21

- ❑ **AUM growth moderated to 1% YoY** due Covid-19 pandemic and economic slowdown. It stood at Rs. 137,090 crore in Q2 FY21.
- ❑ **New loans booked during Q2 FY21 declined by 44%** from 6.47 Mn in Q2 FY20 to 3.62 Mn in Q2 FY21. However, **company doubled new loans booked as compared to 1.75 Mn in Q1 FY21** on back of improved market conditions post unlocking.
- ❑ **Company acquired 1.22 Mn new customers in Q2 FY21.** Total customer franchise stood at 44.11 Mn as of 30 September 2020, a growth of 14% YoY.
- ❑ **Deposits book stood at Rs. 21,669 crore, a growth of 23% YoY.** Retail to corporate mix stood at 75:25 in Q2 FY21 vs 56:44 in Q2 FY20.
- ❑ **Opex to NII improved to 27.8% in Q2 FY21 as against 34.6% in Q2 FY20.** Opex for Q2 FY21 was lower by 16% YoY.
- ❑ **Consolidated profit before tax for Q2 contracted by 35% to Rs. 1,035 crore** after taking additional provision for stage 1 and stage 2 of Rs. 1,370 crore, cost of additional liquidity of Rs. 173 crore and interest income reversal of Rs. 142 crore. The company has strong pre-provision profitability.
- ❑ **The Company is well capitalised with Capital adequacy ratio (including Tier-II capital) of 26.6%** as at 30 September 2020. The Tier-I capital stood at 23%. **The Company remains one of the best capitalised large NBFCs in India.**

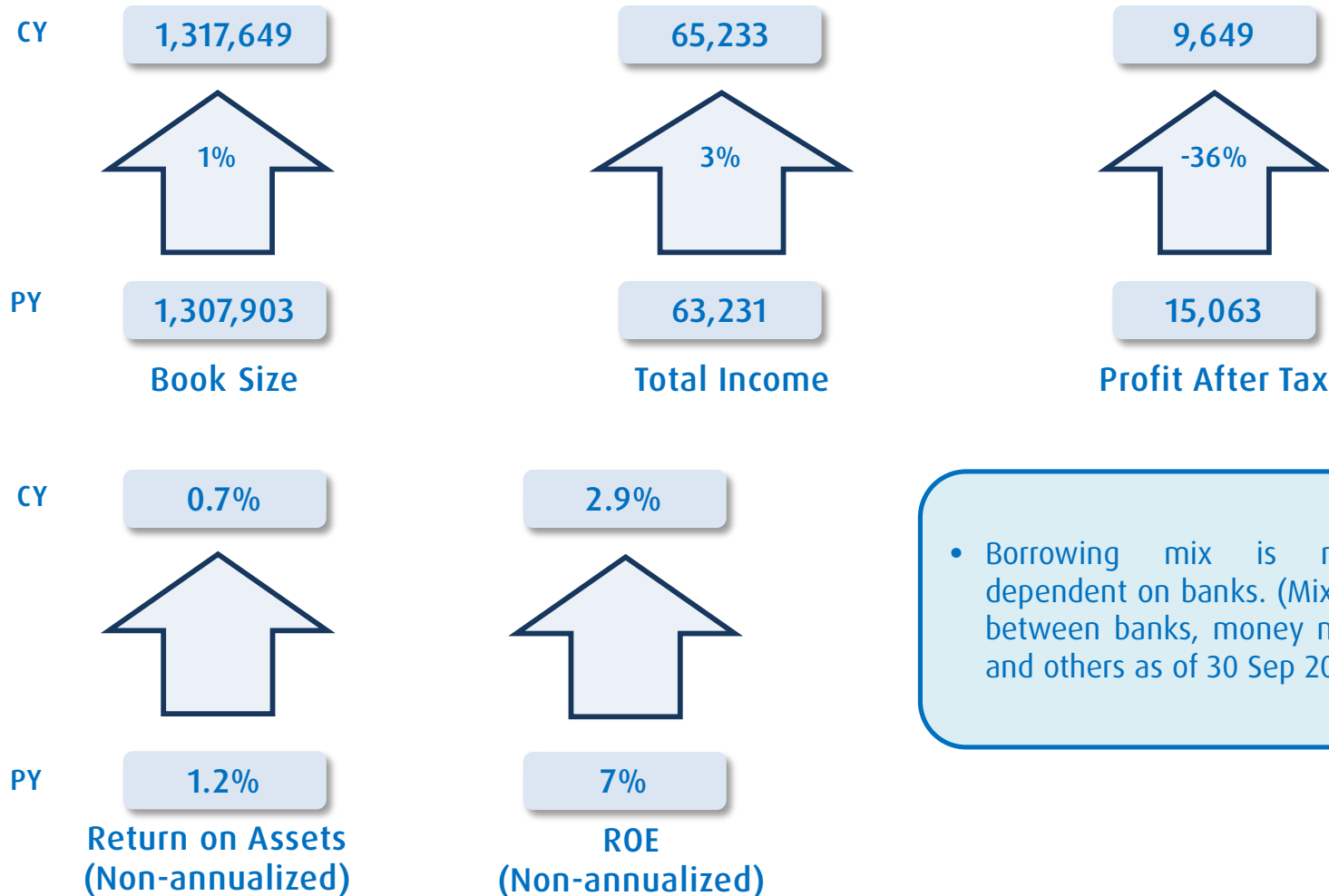
## Q2 2020-21

### Subsidiaries (included in BFL Consolidated Performance)

- ❑ Bajaj Housing Finance Ltd (BHFL) AUM grew by 30% to Rs. 33,463 crore as of 30 September 2020 from Rs. 25,714 crore as of 30 September 2019.
- ❑ BHFL's Net Interest Income for Q2 FY21 contracted by 6% to Rs. 248 crore from Rs. 264 crore in Q2 FY20.
- ❑ **BHFL's profit after tax contracted by 36%** to Rs. 83 crore in Q2 FY21 vs Rs. 130 crore in Q2 FY20
  - ❑ BHFL Opex to NII improved to 28.2% in Q2 FY21 as against 33.3% in Q2 FY20.
  - ❑ During the quarter, the Company has increased its provision on stage 1 and stage 2 assets by Rs. 64 crore taking the overall contingency provision to Rs. 220 crore as of 30 September 2020.
- ❑ **BHFL's Capital adequacy ratio** (including Tier-II capital) as of 30 Sep 2020 stood at 25.97%.
- ❑ Bajaj Financial Securities Ltd made a net profit of Rs. 2 crore in Q2 FY21.

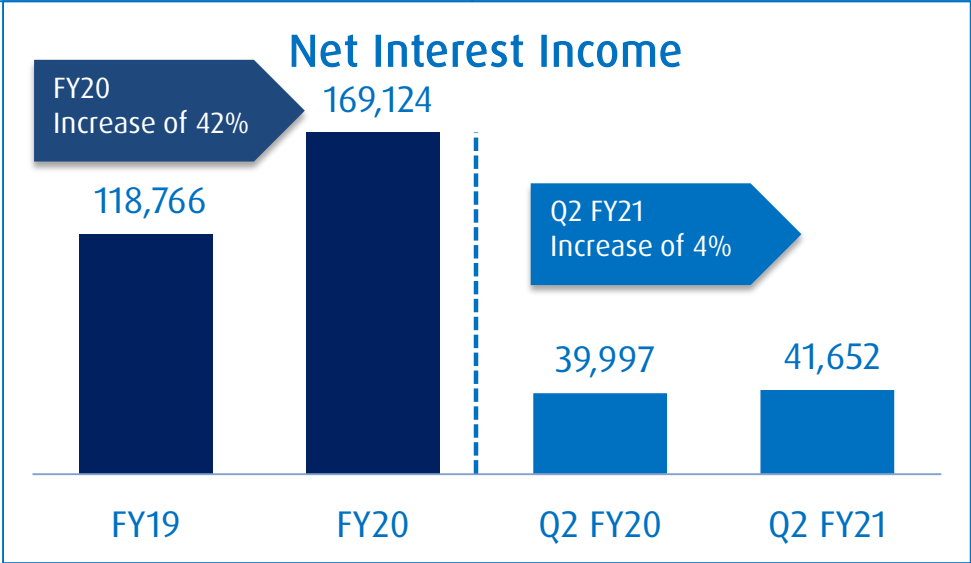
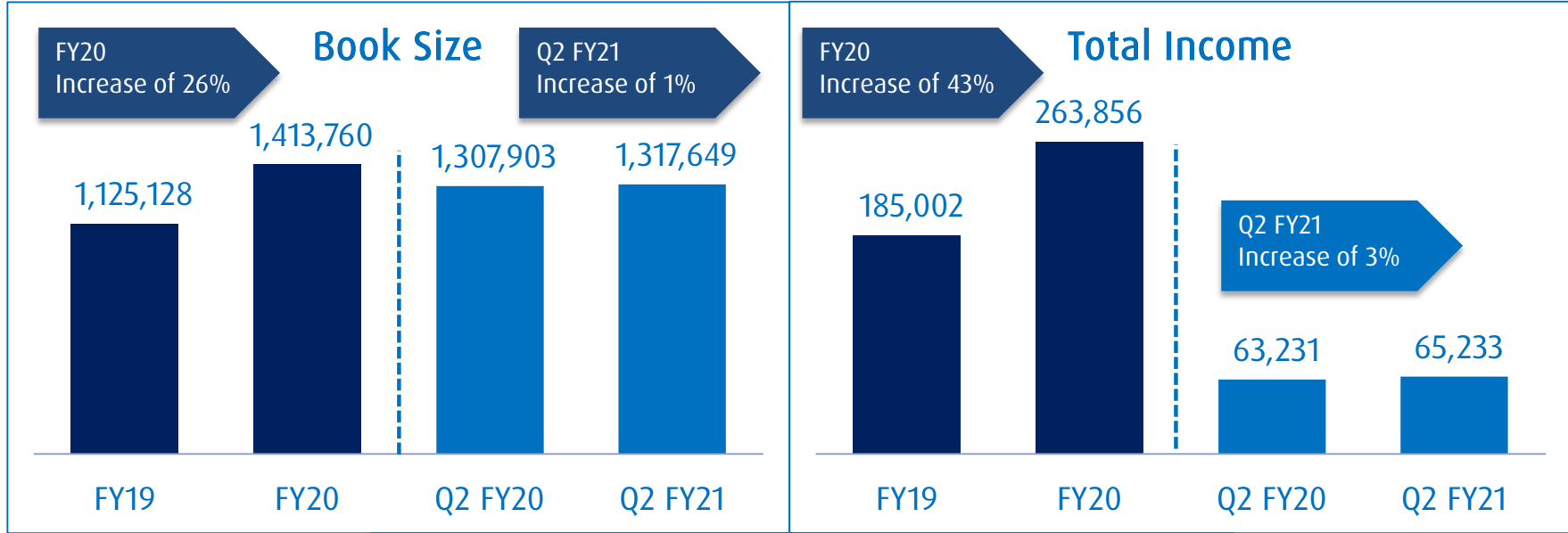
All Figures in Rs Million

## Performance Highlights of Q2 FY21 over Q2 FY20 (Ind AS)



- Borrowing mix is not excessively dependent on banks. (Mix of 37: 42 : 17 : 4 between banks, money markets, deposits and others as of 30 Sep 2020)

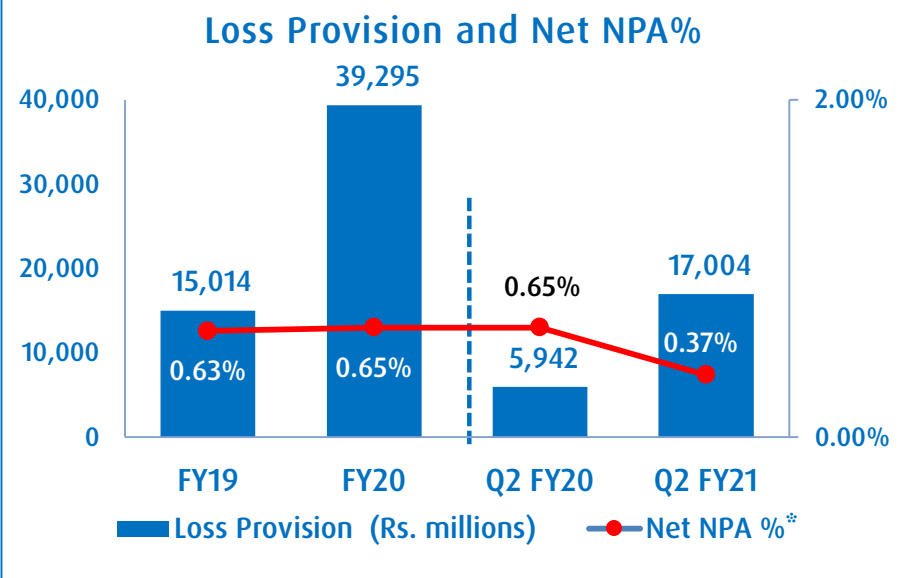
All Figures in Rs Million



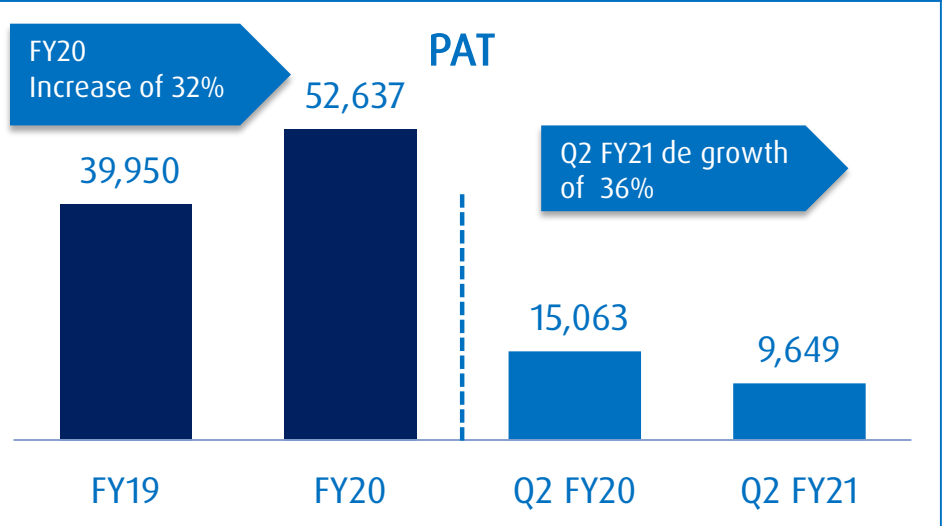
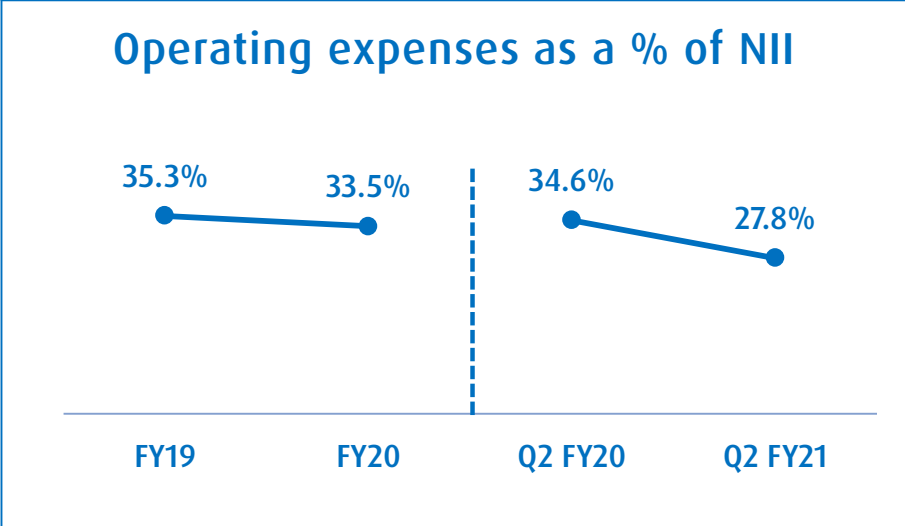
Bajaj Finance Consolidated results are as per Ind AS, previous years figures have been re-casted for comparability



All Figures in Rs Million



- ❑ Loan losses and provisions (expected credit loss) for Q2 FY21 was Rs. 1,700 Cr as against Rs. 594 Cr in Q2 FY20.
- ❑ Based on Hon'ble Supreme Court's interim order of not classifying customers as NPA after 31 August, GNPA and NNPA stood at 1.03% & 0.37% respectively. Adjusted GNPA and NNPA stood at 1.34% and 0.56% respectively.
- ❑ Standard assets provisioning (ECL stage 1 and 2) stood at 369 bps as of 30 September 2020 vs 273 bps as of 30 June 2020. This was 90-100 bps during pre-pandemic condition.



\*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-BAGIC's Combined Ratio stood at 100.8% FY20
- Business construct is to deliver superior ROE

**Balanced Product Mix**

- Offers a wide range of general insurance products across retail and corporate segments
- Continuous improvements in product features & investments in digital technologies to maintain competitive edge

**Deep and wide distribution**

Multi channel distribution network encompassing broking, direct, multi-line agents, bancassurance network serving retail and corporate segments

**Retail orientation**

Focused on retail segments – mass, mass affluent and HNI while maintaining strong position in institutional business

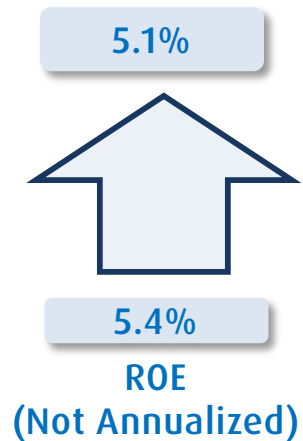
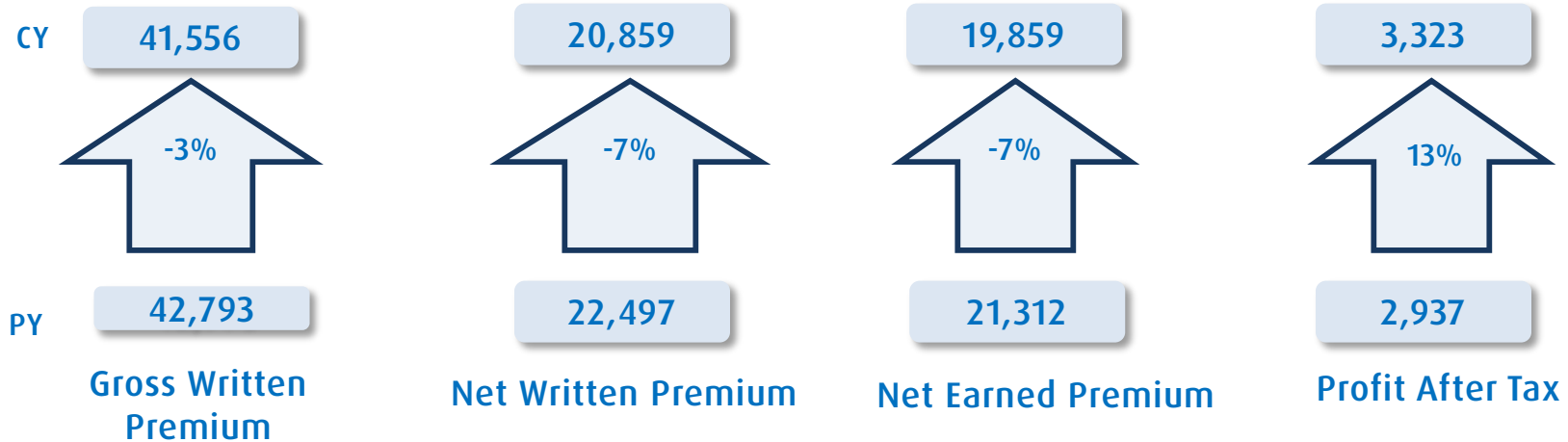
- ❑ Since easing of lockdown from June, new sales in few segments have started getting traction
  - ❑ Compact car sales have seen a uptake leading to growth in 4W sales as people are preferring to use their own transport during the pandemic; BAGIC has gained significant ground in this segment over the last quarter
- ❑ Demand for retail health insurance continues to be high with 28.5% growth in H1 FY21 vs H1 FY20 (Q2 FY21 YoY growth stands at 39%).
- ❑ Given the company's cautious stance on Employer Employee Group Health due to high loss ratios, group health de-grew by 10% in H1 FY21.
- ❑ On the claims front, the experience is mixed
  - ❑ Motor claims are still lower than PY average but are inching towards pre-COVID levels
  - ❑ Court closures have led to delay in Motor Accident Tribunal cases TP claim settlement; this could cause interest cost on such claims to rise.
  - ❑ Health claims have spiked due to Covid-19, but non Covid claims remain low
    - Delayed reporting expected for non-Covid elective treatments
    - Covid-19 health claims are in line with BAGIC's health market share of less than 4%
- ❑ The Company is well capitalized with a Solvency at 307% as against minimum solvency of 150%

## Q2 2020-21

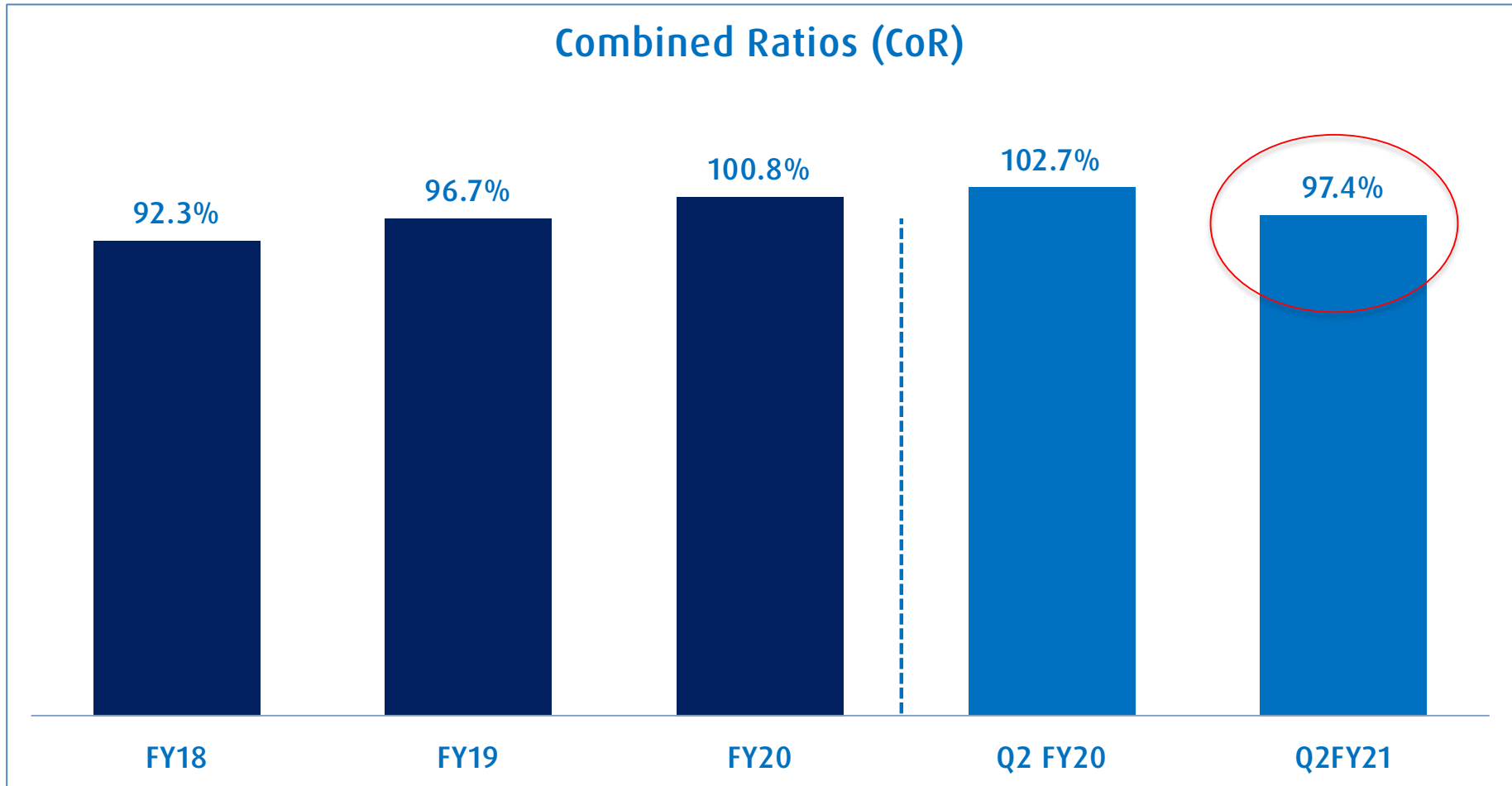
- ❑ **BAGIC GWP de-grew by 3 %** in Q2 FY21 vs Industry growth of 3% (vs Private players growth of 5%) and 9.5% de-growth in H1 FY21 vs industry de-growth of 1% (vs Private players de-growth of 2%)
- ❑ De-growth in GWP is mainly contributed by CV which de-grew by 35%, driven by the high exposure in the profitable Passenger carrying vehicle segment.
- ❑ 2W segment de-grew by 23% mainly due to high TP business booked in Sep 2019 on account of change in Motor Vehicle Act. Excluding Sep 2020, 2W segment registered a growth.
- ❑ 4W segment had a nominal de-growth of 2% backed by good performance in compact car segment.
- ❑ **Combined ratio (COR) improved and stood at 97.4% in Q2 FY21 v/s 102.7% in Q2 FY20** on account of lower claims and expenses.
- ❑ **Profit after tax for Q2 FY21 increased by 13% YoY** to Rs.3,323 Mn vs Rs. 2,937 Mn in Q2 FY20 – on account of lower capital gains (Rs. 670 Mn in Q2 FY21 vs Rs. 1,508 Mn in Q2 FY20) and lower tax charge in Q2 FY20 due to change in tax rate previous year.
- ❑ Pay as you consume product from Sandbox is the 1<sup>st</sup> product in the industry to meet its milestone of Rs. 50 lakhs premium.

All Figures in Rs Million

## Performance Highlights of Q2 FY21 over Q2 FY20

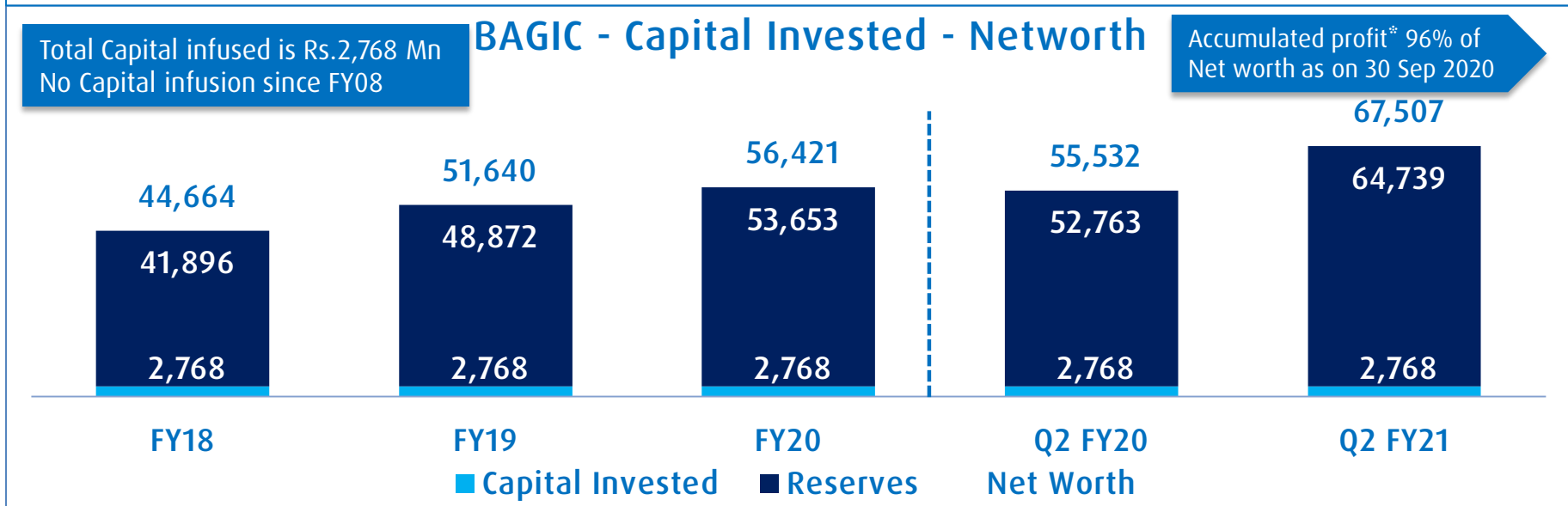
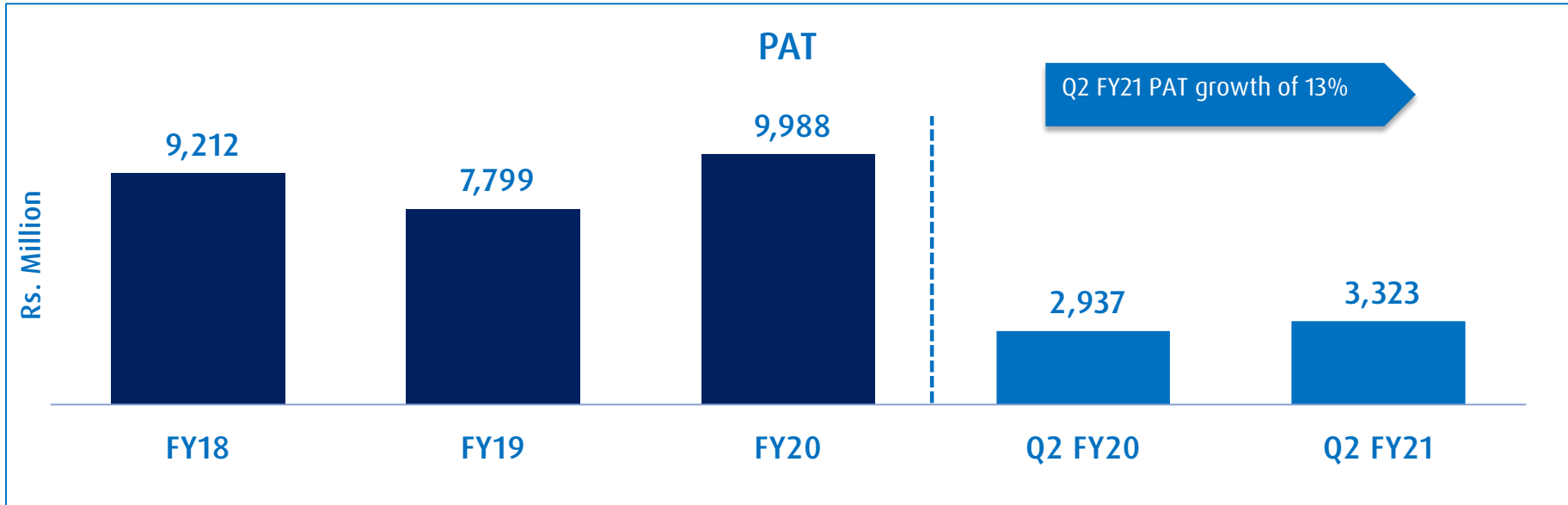


- Ex Crop GWP was Rs. 23,966 Mn in Q2 FY21 (Rs.25,499 Mn Q2 FY20) a degrowth of 6%
- Solvency Ratio was 307% as against regulatory requirement of 150% as of 30 Sep 2020



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).

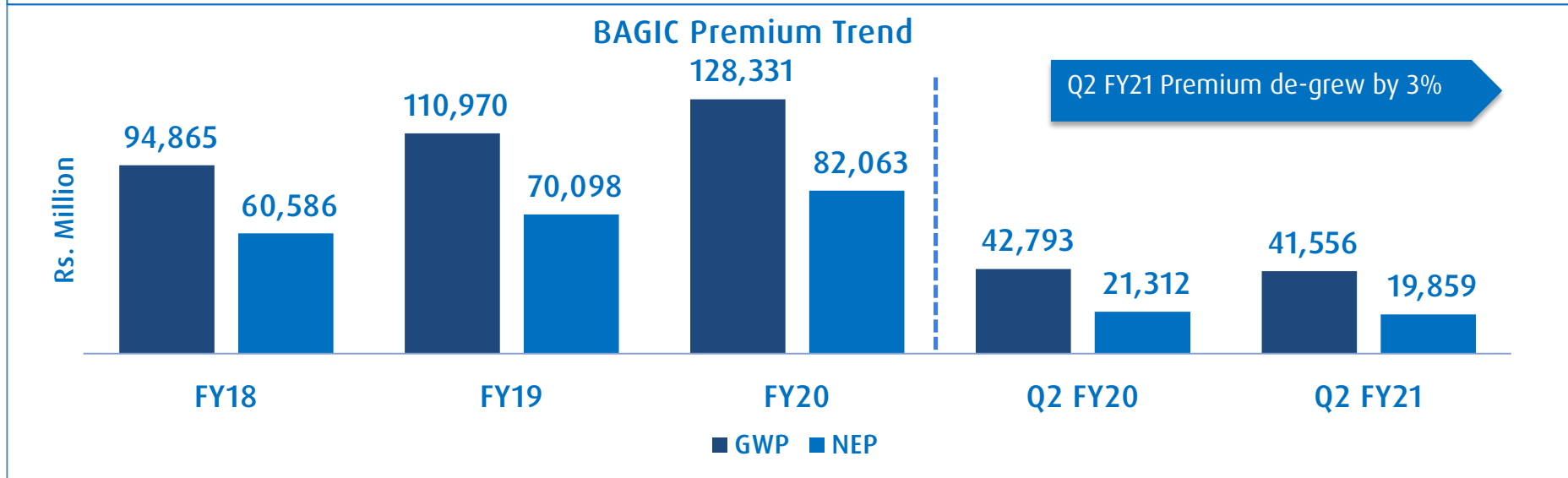
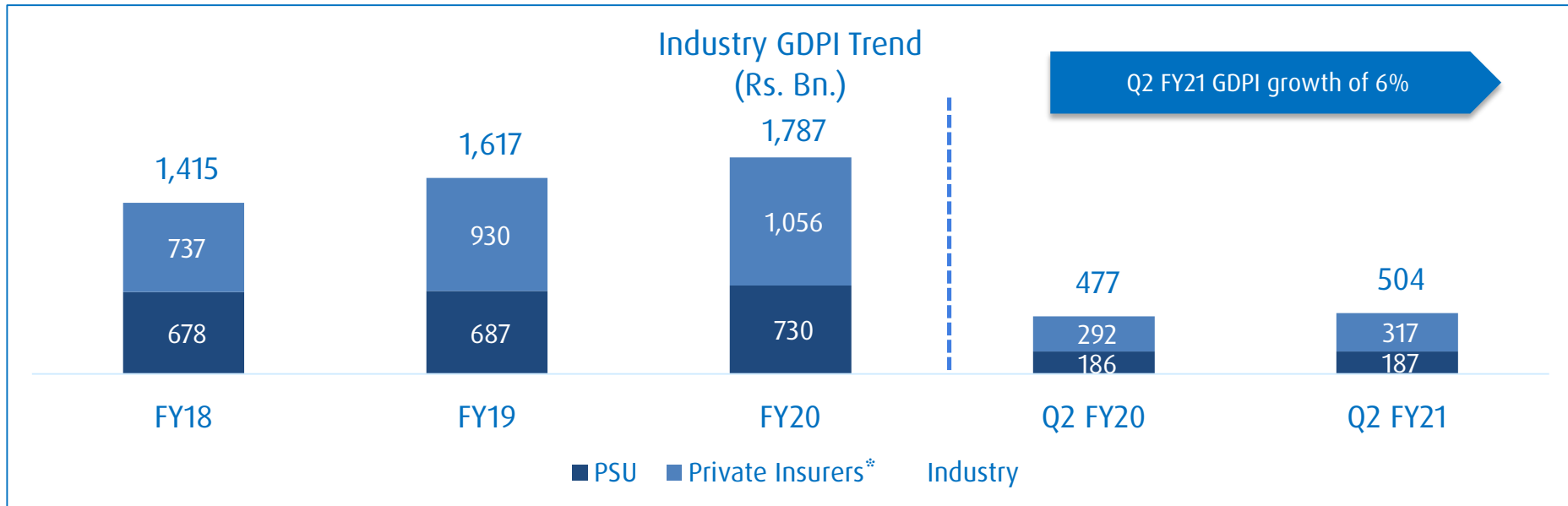
All Figures in Rs Million



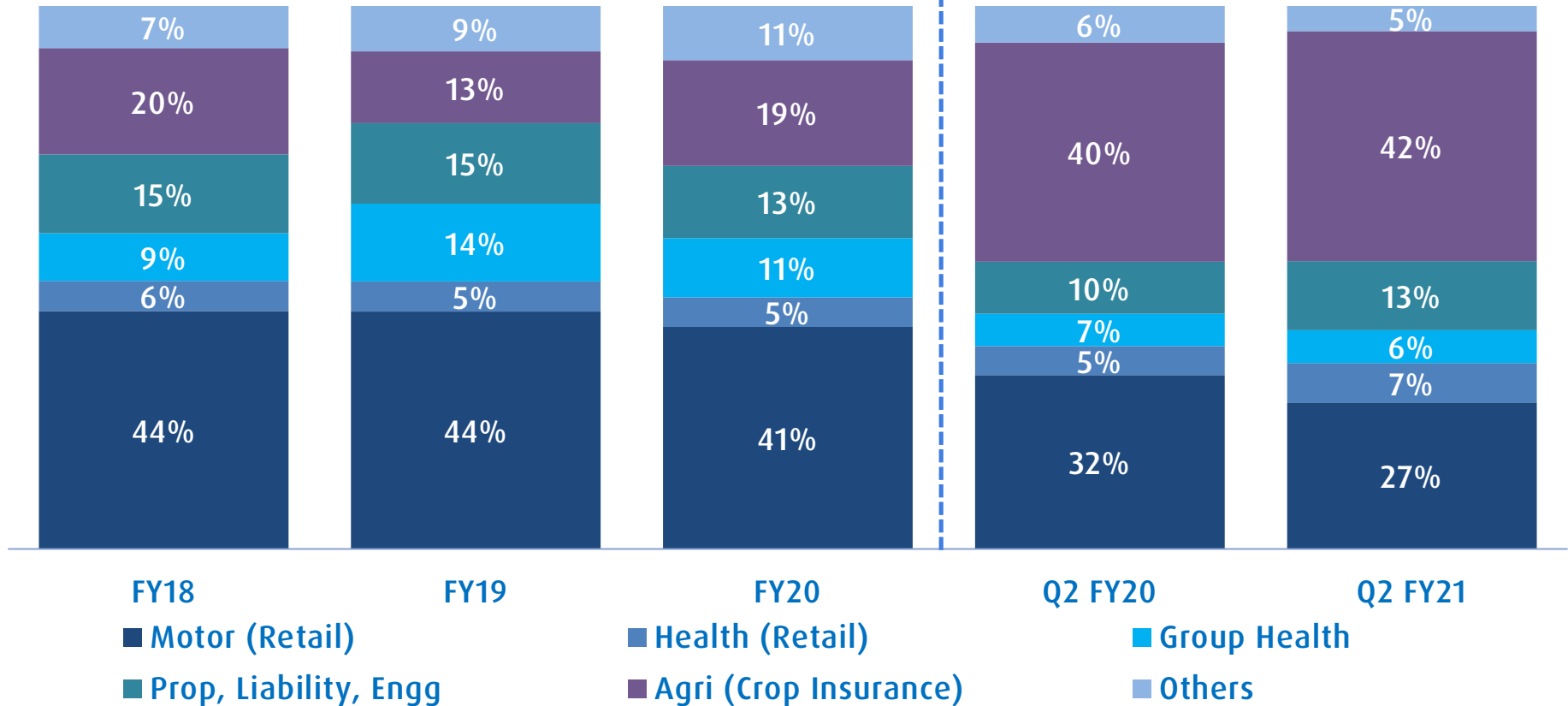
\*Accumulated profit includes reserves



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

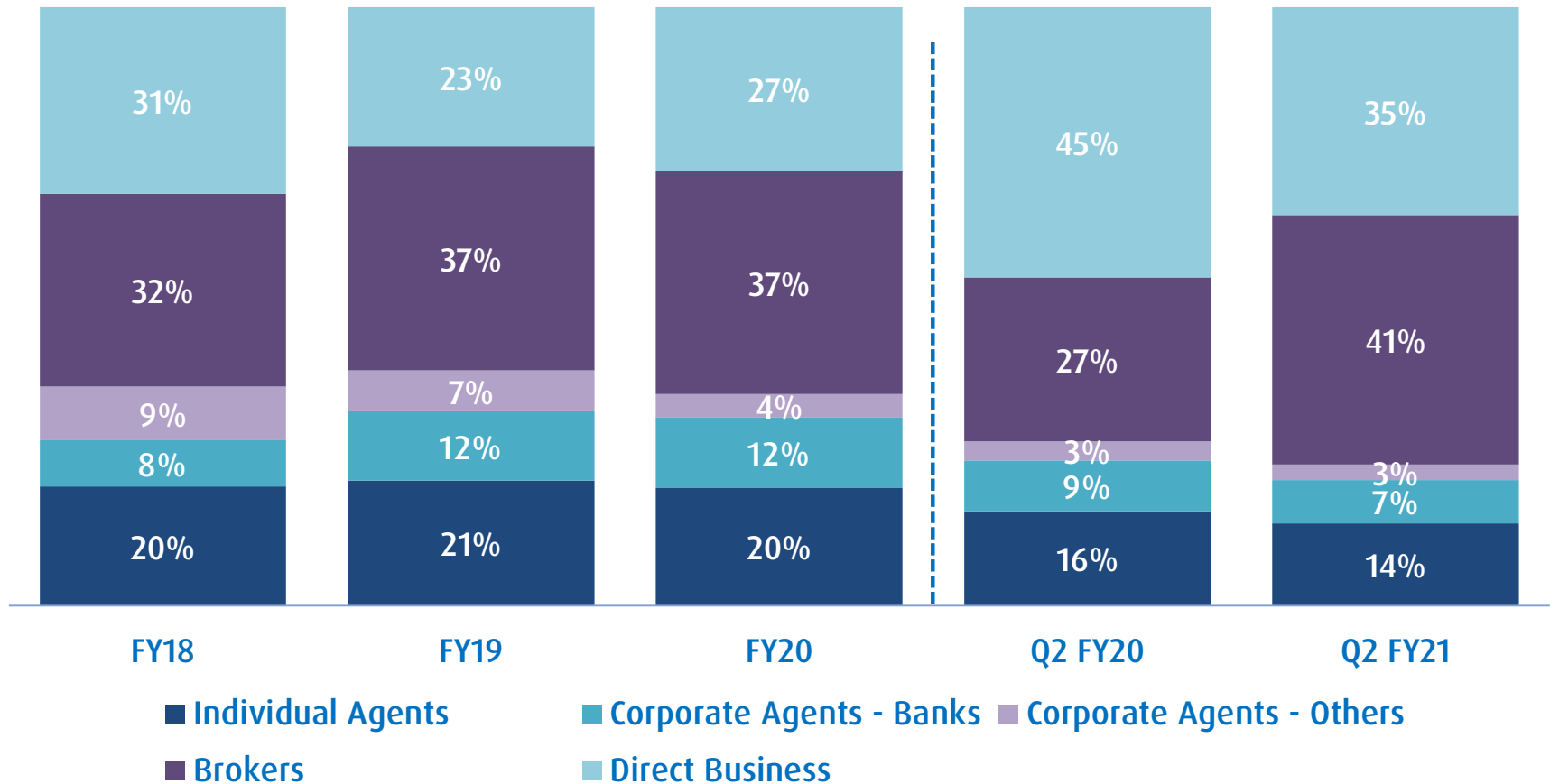


## Business Mix



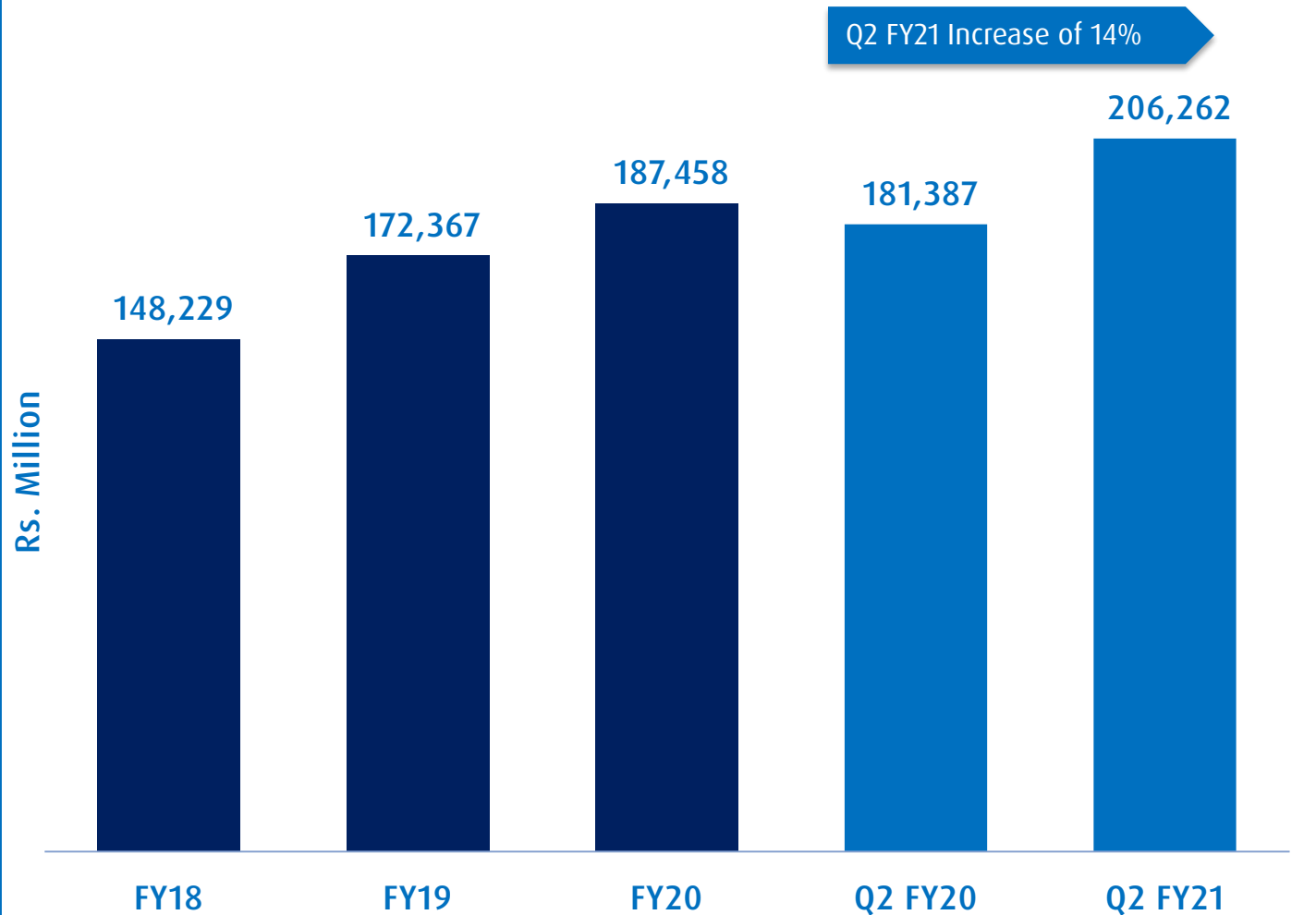
- BAGIC's GWP ex-crop, GMC and Government health de - grew by 9.3%
- Lockdown has affected new sales significantly especially for Motor insurance; Hence, contribution has dropped from 32% in Q2 FY20 to 27% in Q2 FY21

## Channel Mix



- BAGIC has the largest network of bancassurance partners in the industry
- Major relationships include : Citi Bank, HDFC Bank, Bajaj Finance Ltd., Canara Bank, J&K Bank, IDBI Bank, United Bank of India, KVB, RBL, Union Bank, Karnataka Bank, Bandhan Bank & PNB

## AUM (cash and investments)



BAGIC continues to grow its AUM strongly

Investments are largely in fixed income securities

Investment Leverage of 3.06x as on 30 Sep 2020

**Purchase & Renewals**  
(1 Cr+ policies issued, 90% issued digitally)

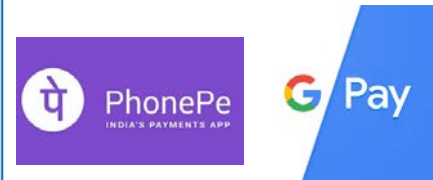
## Digital Platforms

In addition to agent's app and platform, mediums used



## Insta Pay Services

Apart from Google Pay and Phone - Pe, 48 other services providers being used



## Campaigns

- ❑ New express bitly links with prepopulated details
- ❑ Voice Blasters, AI bot "BOING"
- ❑ Enhanced digital campaigns for Health, 5 min policy issuance

**Claims Settlement**  
26,00,000+ claims processed

## Digital Processing

- ❑ Health Claims: 48% reimbursement processed digitally
- ❑ Motor claims: 25% settled digitally

**Policy Servicing**  
(19 lac footprints)

- ❑ Digital Servicing (Increase from 25% to over 69%)
  - Instant care via Whatsapp + AI enabled Chat BOT "Boing"; 12.3 Mn messages 97k unique visitors every month

\*- Data period: April 2020 to September 2020

#- Includes policies across all lines of businesses i.e. Motor, Health, Crop, etc.

# 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

- Focus on all retail segments – mass and mass affluent customers. Deep pan India distribution reach with presence over 524 branches
- Diverse channels – Agency, Banca, Proprietary sales
- Leader in Online investments product sale & strong presence in credit protection segment

### Strong proprietary channels

- Large pan-India agency force : 3<sup>rd</sup> highest agency premium amongst private players in FY20.
- Robust BALIC Direct channel to invest in up-selling and cross-selling

### Innovative products and Sustainable product mix

- Balanced product mix; with an aspiration to provide our customers 'Best in class' product suite
- Our key product offering like Life Goal Assure with differentiated product proposition like ROMC\*, GIG\*\* & Goal Suraksha (Non Par Guaranteed Product), Flexi Income Goal (participating product) and Smart Protect goal (Retail protection product) have helped us cater to different segments and needs of customers

### Efficient Operations

- Lean support structure
- Providing seamless end to end customer journey through digital enablement

- ❑ **New business** was challenged for the Life insurance sector with initial covid-19 related lockdowns. Despite the lockdowns, BALIC consistently reported industry beating individual rated premium growth.
- ❑ No. of branches open have almost reached the pre – covid levels but average customer walk – ins are still below average.
- ❑ **Preference for protection and guarantees continues:** But with increased term rates and huge uptake in previous quarter, term growth has moderated in line with the industry.
  - ❑ **Term Protection & Non Par Savings in Q2 FY21** stand at 5% and 36% respectively
  - ❑ Interest rate risk pertaining to guaranteed products and retail protection products is hedged through Forward Rate Agreements
- ❑ Market volatility has lead to **decreased preferences for ULIP** – Though market recovery in this quarter has helped to some extent.
- ❑ **Agency recruited** 11000+ POSPs and 647 Agency sales officers in H1 FY21. Pace of recruitment is expected to pick up in H2.
- ❑ **BALIC Direct** has moved into growth trajectory overcoming the challenges due to call center shutdowns.
- ❑ **Institutional business** has picked up growth with large partnerships like Axis Bank, Bandhan Bank, RBL Bank and IPPB contributing.
- ❑ Company is well capitalized with a Solvency at 730% as against minimum solvency of 150%.

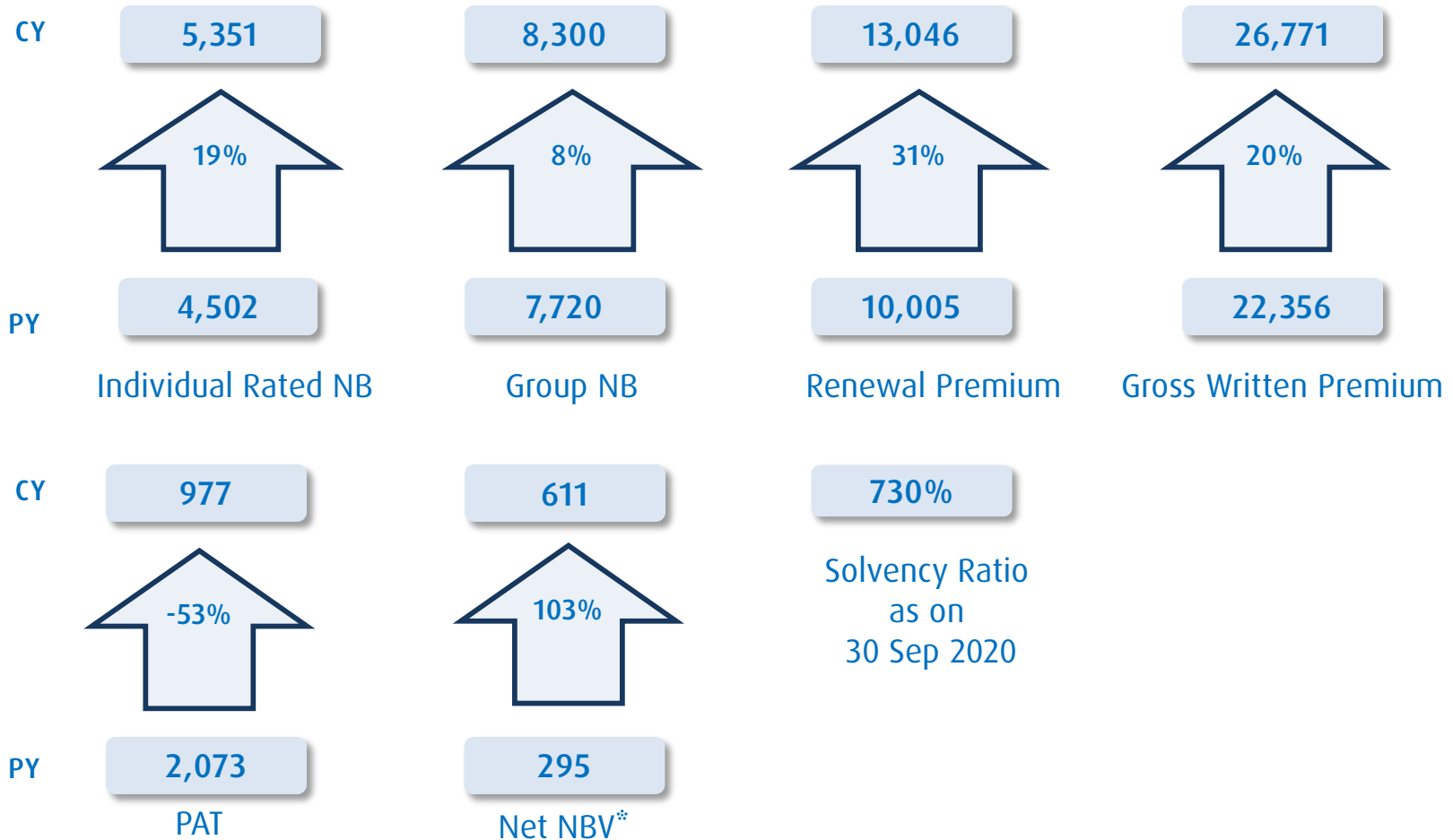


## Q2 2020-21

- ❑ Despite Covid-19 related lockdown, BALIC had an market beating Individual Rated premium growth of 19% in Q2 FY21 vs Industry reporting a flat growth (Private sector de-grew by 3%)
  - ❑ Individual Rated premium growth of 11% in H1 FY21 vs Industry degrowth of 7% (Private sector de-grew by 11%)
- ❑ Excluding fund business, **Group Protection business de – grew by 21%** primarily on account of lower disbursement by Banks, NBFCs, and MFIs.
- ❑ During the quarter, BALIC has commenced its operations with **Karur Vyasa Bank & IDFC First Bank**
- ❑ **Renewals registered a strong growth** of 31% in Q2 FY21
- ❑ **Institutional Business** have been a **growth driver** with 82% growth in IRNB for Q2 FY21 as new partnerships have started delivering
- ❑ **BALIC launched Smart Assist** – Industry’s 1<sup>st</sup> co-browsing capability tool for digital policy issuance
- ❑ **Profit after tax for Q2 FY21 decreased by 53% to Rs. 977 Mn vs Rs. 2,073 Mn in Q2 FY20**
  - ❑ Losses were primarily on account of higher new business strain and lower capital gains (Rs. 468 Mn in Q2 FY21 vs 1,021 Mn in Q2 FY20)
- ❑ **Net New Business Value increased by 103%** from Rs. 295 Mn in H1 FY20 to Rs. 611 Mn in H1 FY21

All Figures in Rs. Million

## Performance Highlights of Q2 FY21 over Q2 FY20

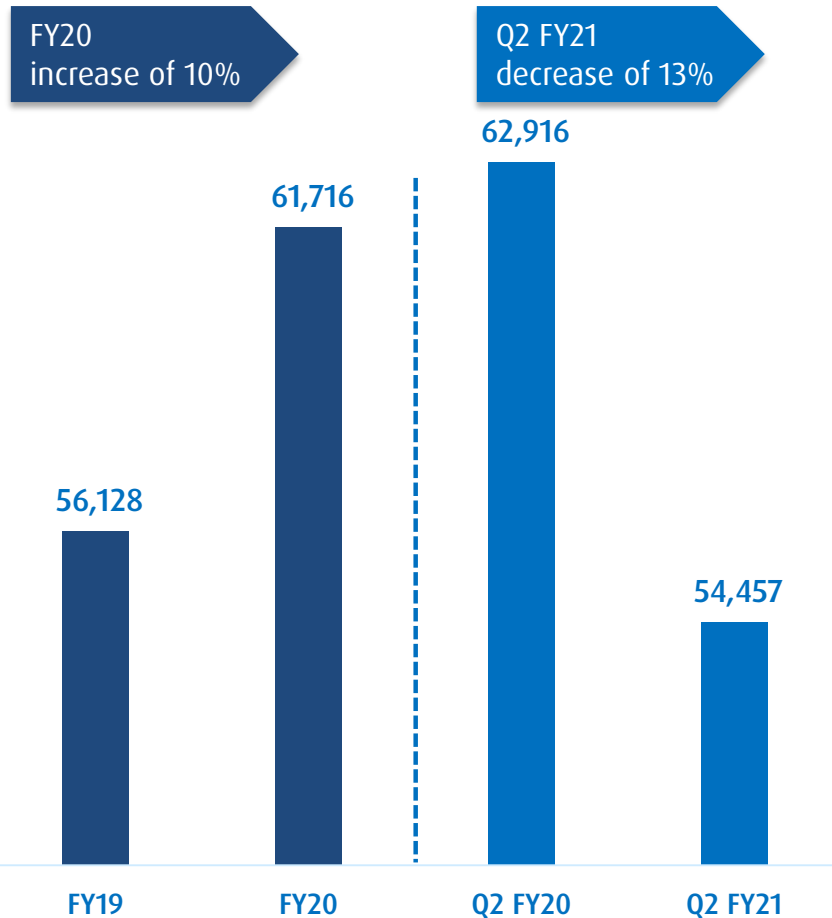


Individual Rated NB = (100% of first year premium & 10% of single premium excluding group products)

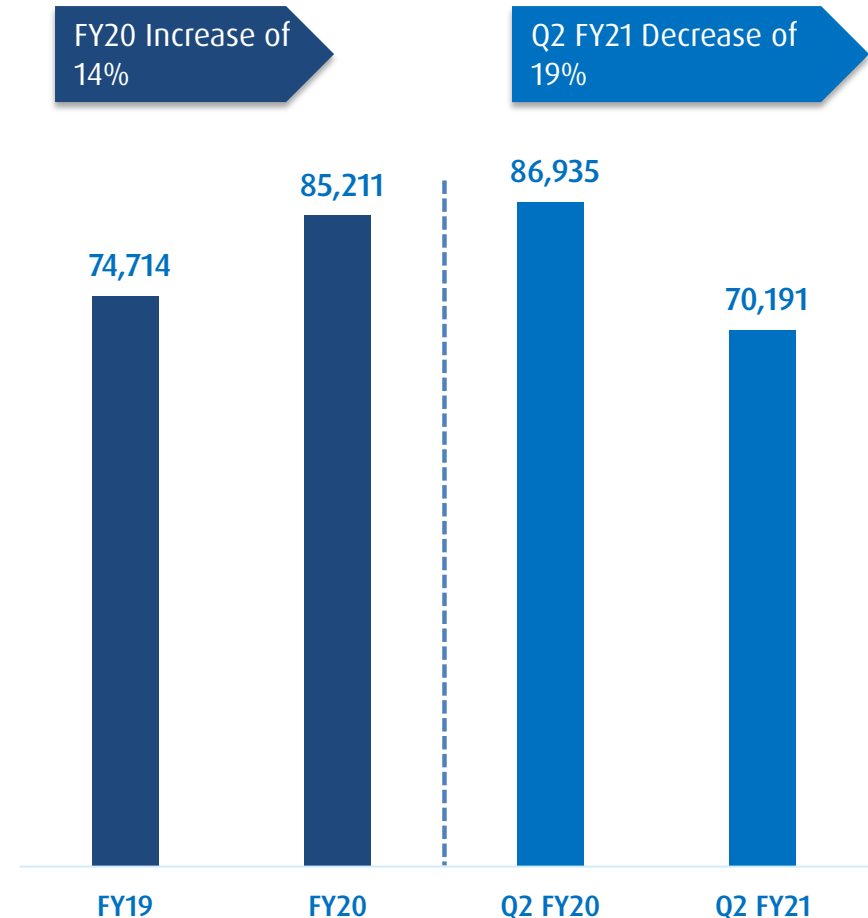
\*Net New Business Value numbers are as of H1 FY21 vs H1 FY20

All Figures in Rs.

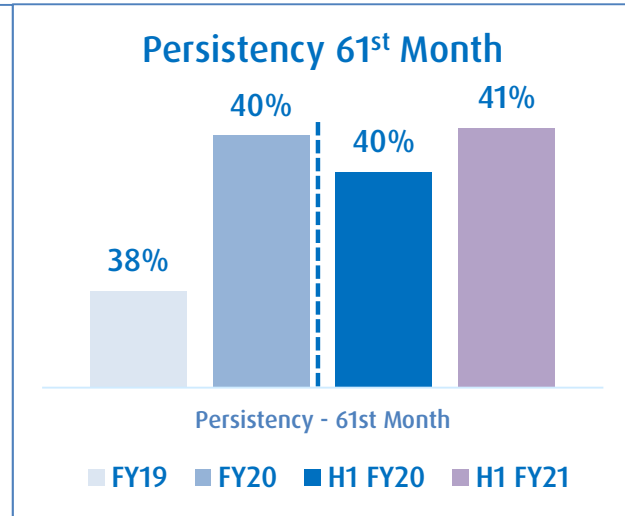
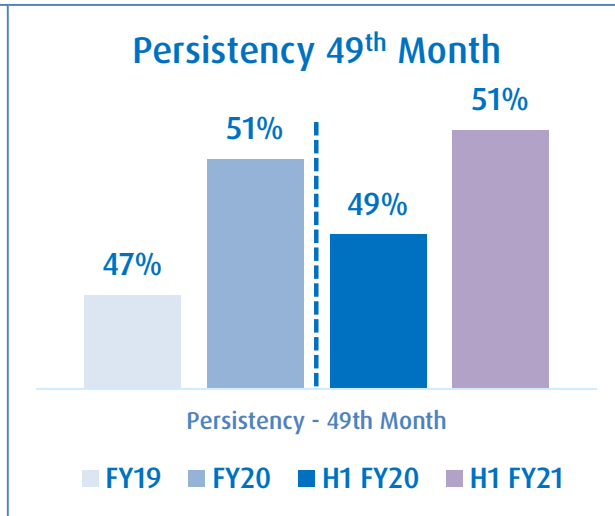
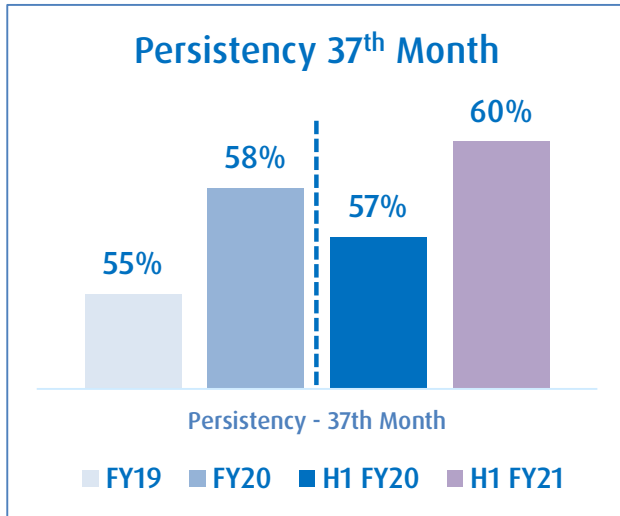
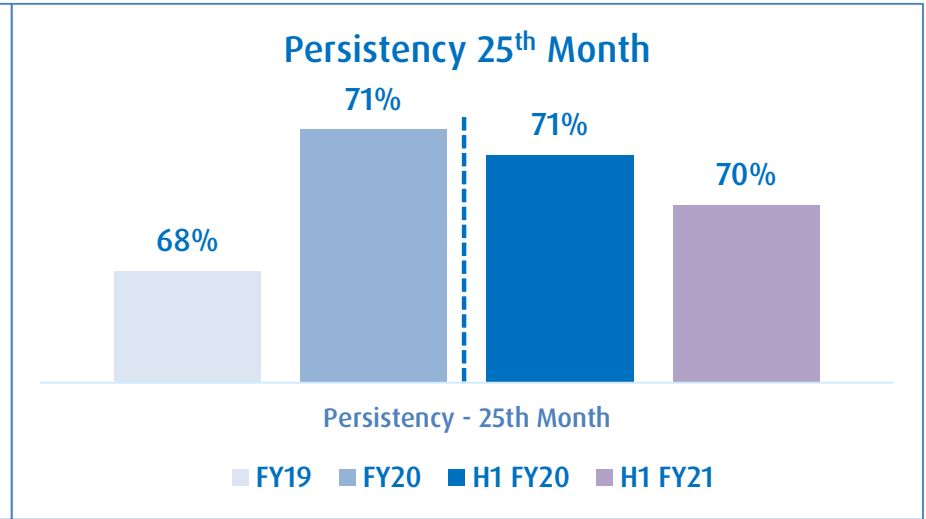
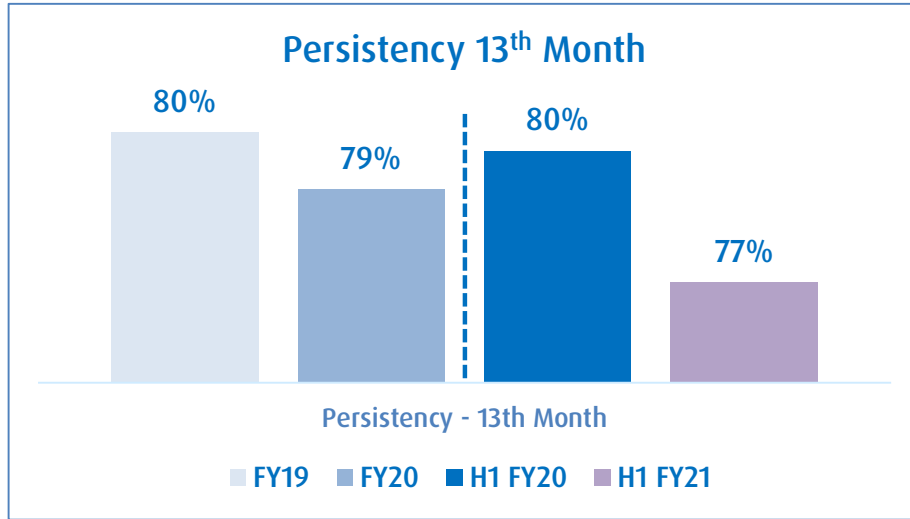
## Regular Premium Ticket Size



## Regular Premium Ticket Size (Agency)



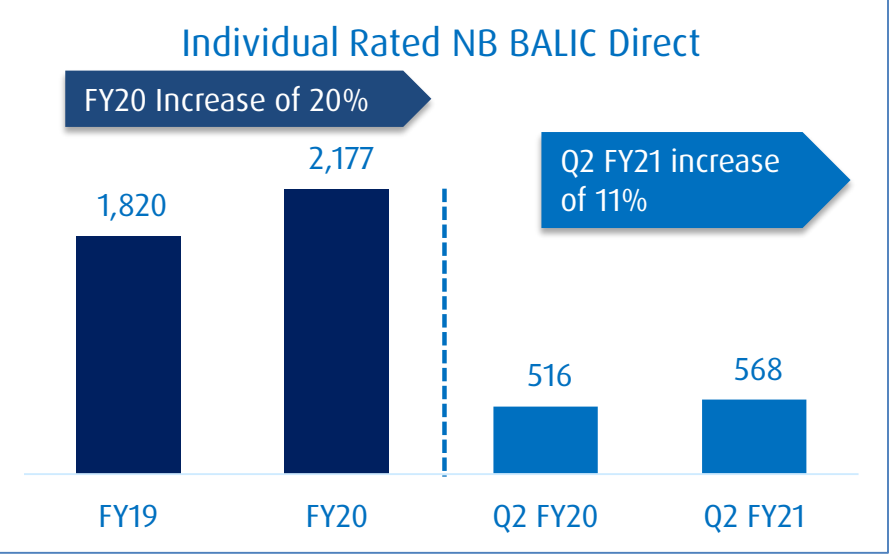
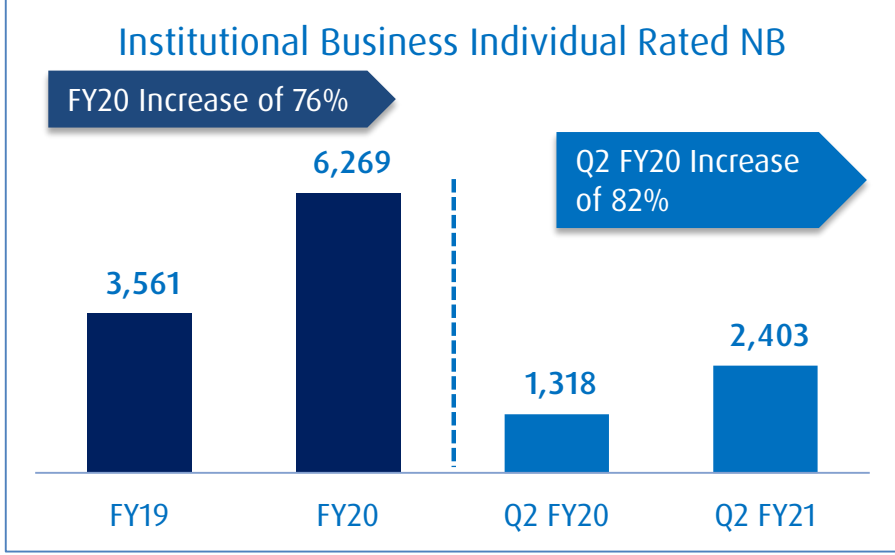
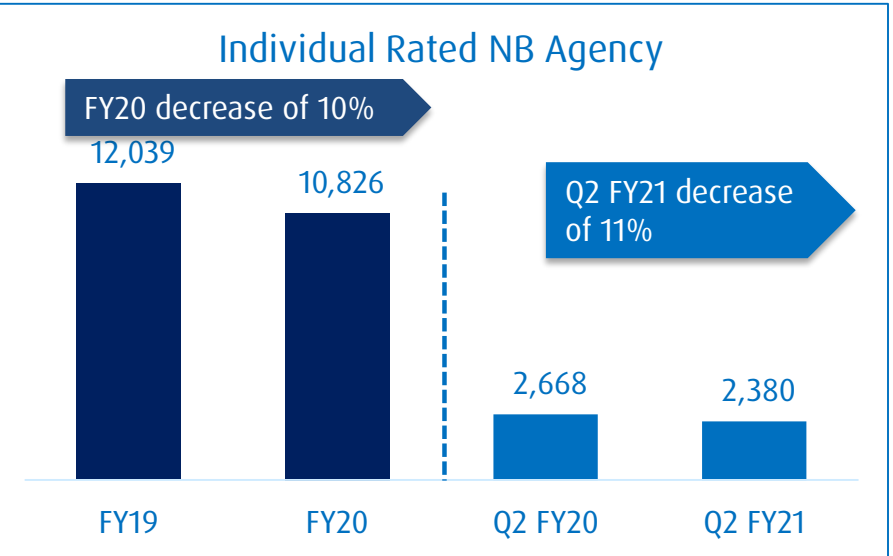
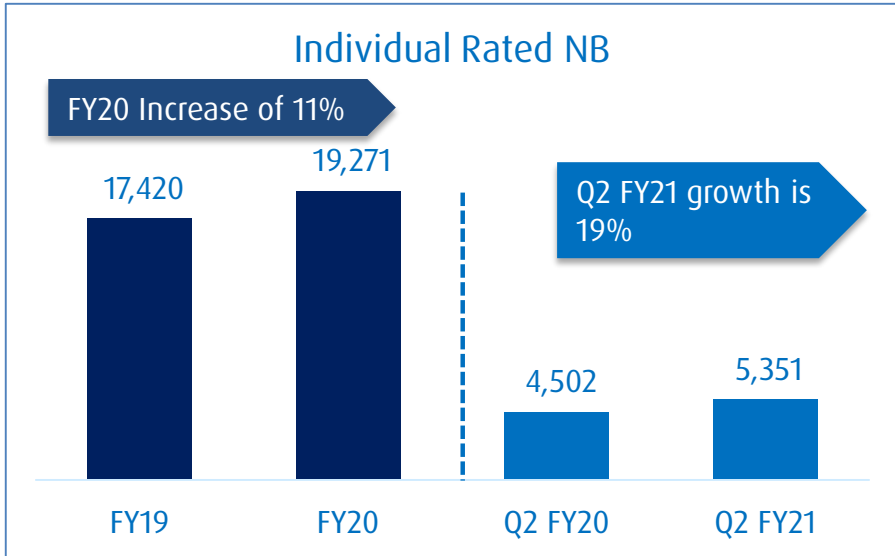
- With increase of smaller ticket retail protection in product mix, average ticket size has dropped significantly
- Excluding term, average ticket size for the company de-grew by 8% in Q2



Due to Covid-19 & extreme market volatility, renewal collection for H1 FY21 was severely impacted, which has led to marginally lower 13<sup>th</sup> and 25<sup>th</sup> month persistency.

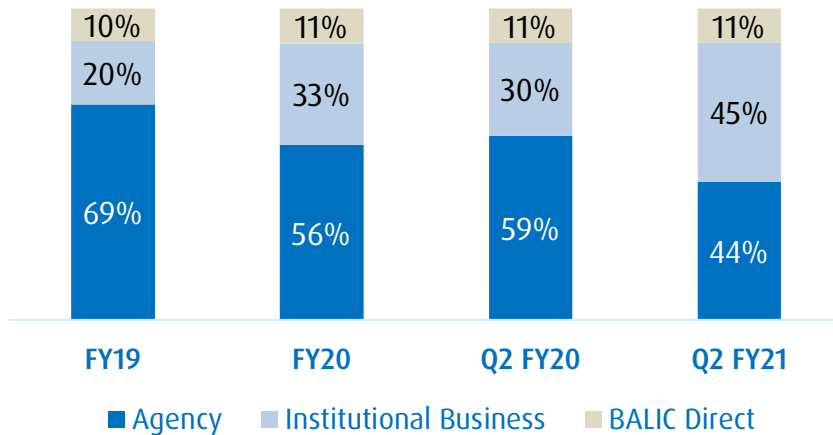
\*Note : Persistency as per IRDAI framework | The persistency ratios for the period ended have been calculated for the policies issued in Sep to Aug period of the relevant years

All Figures in Rs Million



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

Individual Rated NB Channel Mix



- ❑ BALIC embarked on diversifying its distribution mix, scaling up alternate channels and enabling wider presence by exploring alternate partnerships
- ❑ Reduced over reliance on Agency channel with agency contribution reducing from 92% in FY 15 to 56% in FY20
- ❑ 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 towards profitability and driving higher traditional Mix

- ❑ 3<sup>rd</sup> largest agency in private LI space; backed by 80K+ agents
- ❑ Traditional mix increased to 67% in H1 FY21 from 48% in H1 FY20
- ❑ Variabilization of Agency through low cost models

## 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

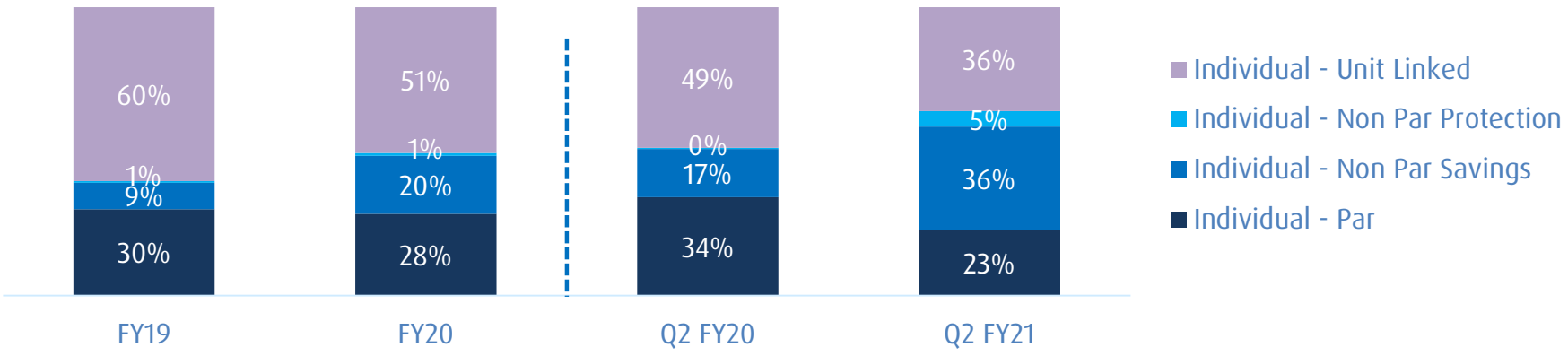
## BALIC Direct :

Analytics backed, focused verticals for upsell and cross sell initiatives

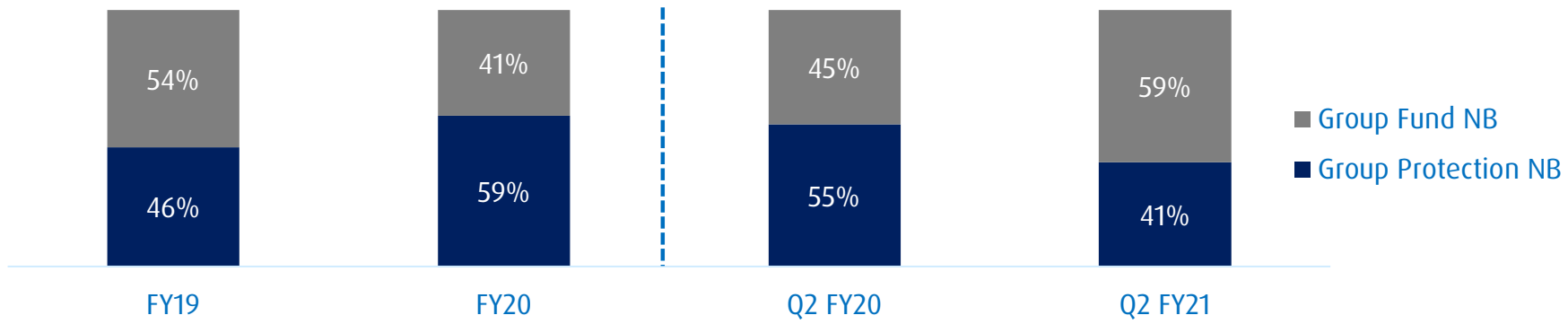
- ❑ Presence in 53 cities, with Dedicated Verticals for various customer Segments
  - ✓ Maturity
  - ✓ Service to Sales
  - ✓ Elite Relationship force
- ❑ Data and Analytics as a key pillar for Direct business

### Individual Rated Mix

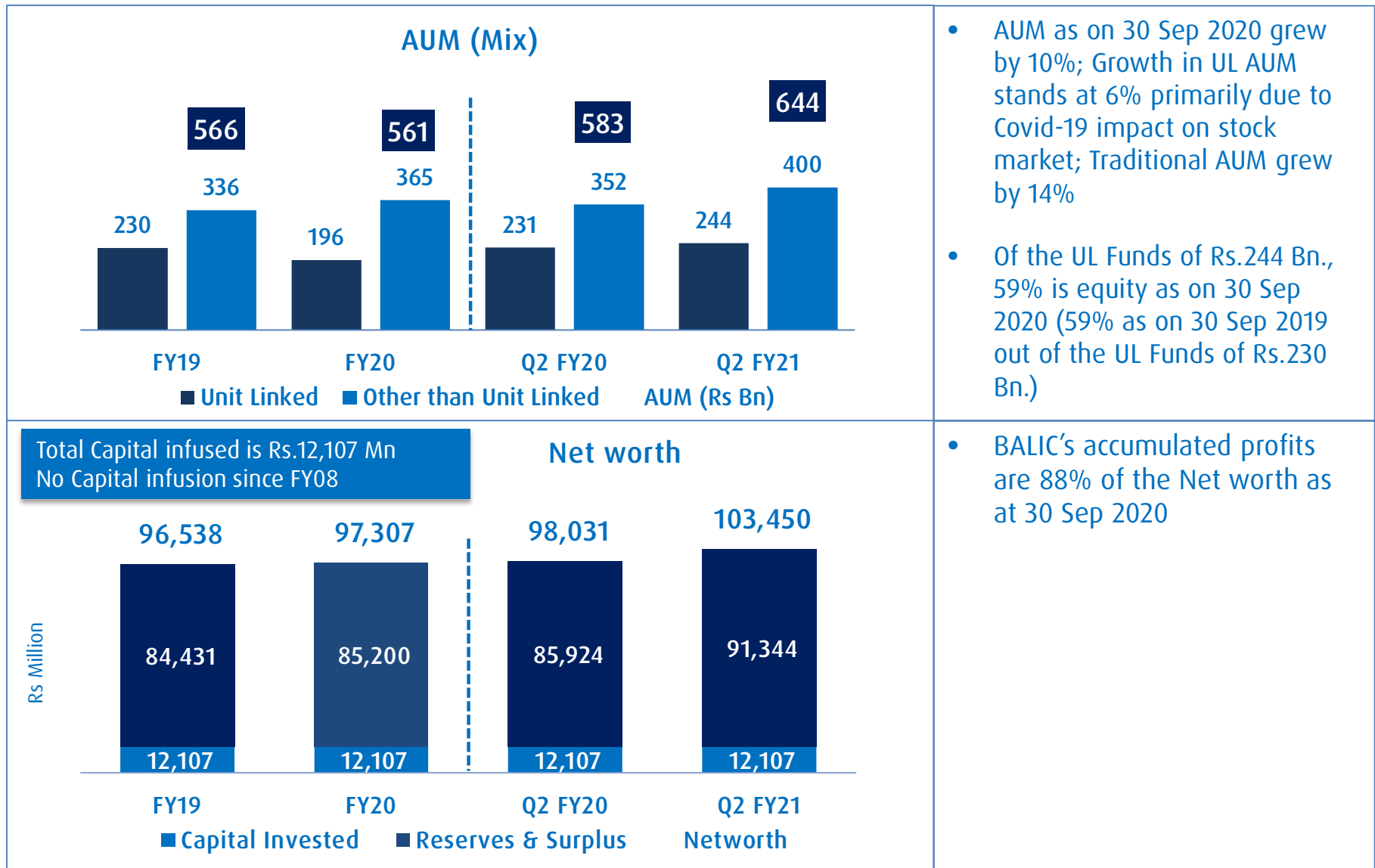
Share of Non-ULIP business in individual business increasing



### Group NB Mix



Protection (Group) new business in Q2 FY21 Rs. 3,381 Mn (Q2 FY20 Rs.4,275 Mn)



\*Accumulated profit includes reserves



# Digital Initiatives to offer next in class customer experience



## Smart Assist

*Co-Browsing capabilities : First time in India*

- Face-2-Face meetings NOW Screen-2-Screen (*device agnostic platform for customers*)
- New Business form filling via INSTAB screen sharing
- Secured platform for application processing & online payment collection



40,000+  
Sessions done  
since launch



## WhatsApp

*Real Time servicing Platform*

- 530,000+ *Transactions Done in H1 FY21*



## BOING Chat-Bot

*For quick query resolution*

- 103,000+ *Transactions done in H1 FY21*



## i-Serve

*Award winning - Video Based Policy Servicing tool*

- 6,200+ *Call serviced in H1 FY21*
- *Available in 12 languages*

All Figures in Rs Million

Particulars	H1 FY21	H1 FY20	FY20
Annualized Premium** (ANP)	10,456	9,749	22,945
Gross New Business Value* (NBV)	2,258	1,707	4,351
Net New Business Value**+(NBV)	611	295	2,266
Gross Margins on ANP <sup>+</sup>	21.6%	17.5%	19.0%
Net Margins on ANP	5.9%	3.0%	9.9%
Embedded Value <sup>++</sup> (EV)	145,274	135,284	134,384

- One-year forward rates derived from the risk free yield curve are used for discounting cash flows. Allowance for risk is provided in computing cash flows for various risks and the cost of risk capital. Investment returns are derived from the risk free yield curve. Currently applicable tax rate of 14.56% is assumed.
- Results not audited or reviewed externally but methodology is in line with APS 10 of the Institute of Actuaries of India.

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

\*\* ANP refers to annualised 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.

+ Par Business Overruns are considered at 10% overrun net of tax

++ On Market consistent basis

# Additional Information – Claims & Investments

# BAGIC : LOB wise Net Claim ratio (Major LOBs)

Line of Business	Net Claim Ratio			
	Q2 FY21	Q2 FY20	H1 FY21	H1 FY20
Fire	43.9%	115.8%	76.2%	105.7%
Marine Cargo	104.4%	94.2%	90.2%	86.9%
Motor OD	40.0%	64.5%	45.4%	65.7%
Motor TP	78.9%	65.5%	79.4%	65.8%
<b>Motor Total</b>	<b>62.9%</b>	<b>65.1%</b>	<b>65.5%</b>	<b>65.8%</b>
Engineering	-7.3%	91.0%	50.1%	63.2%
PA	52.3%	48.6%	50.6%	50.2%
Health	106.0%	88.7%	84.5%	86.8%
Crop	101.0%	105.2%	99.2%	108.8%
<b>Total</b>	<b>74.2%</b>	<b>75.0%</b>	<b>71.3%</b>	<b>73.9%</b>
<b>Total (Ex Crop)</b>	<b>70.8%</b>	<b>71.7%</b>	<b>69.3%</b>	<b>71.4%</b>

# Exposure to Downgraded Investments (Debt) : BALIC & BAGIC



THERE WERE NO ADDITIONAL IMPAIRMENTS IN Q2 FY21 & BOTH COMPANIES ARE ADEQUATELY PROVISIONED

## BALIC

Sr. No.	Type of Fund (BALIC) (Amt in Rs. Mn)	Total exposure as of 30 Sep 2020	Of which performing	Of which (non performing)	Impairment Provided for
1	PAR	2,455	533	1,923	1,940
2	N-PAR	52	0	52	52
3	ULIP	500	0	500	500
4	SH	2,119	32	2,087	2,087
	Total	5,126	565	4,561	4,579

## BAGIC

Sr. No.	Type of Fund (BAGIC) (Amt in Rs. Mn)	Total exposure as of 30 Sep 2020	Of which performing	Of which (non performing)	Impairment Provided for
1	Total	2,503	750	1,753	1,435

\*Performing : Interest and / principal payment of the security is regular as per term sheet | All exposure is shown at face value & accrued interest, wherever applicable.

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