BAJAJ FINSERV LIMITED

Investor Presentation – Q3 FY19*

* Financial year 2018-19

Bajaj Finserv – A diversified financial services group

BAJAJ FINSERV

Bajaj Finance Limited

54.99%

- Diversified Consumer, Rural, SME, Commercial & Mortgages lender in India
- Credit rating is AAA/Stable by CRISIL, India Ratings, CARE Ratings and ICRA
- Credit rating for Short Term Debt Program is A1+ by CRISIL, ICRA & India Ratings
- Strong distribution presence
- AUM++ of Rs. 1,099 Bn. as on 31 Dec 18
- Net NPA stood at 0.62% as on 31 Dec 18

Bajaj Allianz General Insurance

74%

- Consistently profitable amongst the private players. ROE of 23% in FY18
- 2nd largest private General insurer in India as of FY18 in terms of Gross Premium
- Offers a wide range of products across retail & corporate segments
- Combined ratio of 92.3% for FY18 and 94.2% for Q3 FY19
- Recognized in the market for claims servicing

Bajaj Allianz Life Insurance

74%

- Among the top 5 private sector Life insurers in India on new business in FY18
- Deep, pan India distribution reach
- Diversified distribution mix – agency, bancassurance, alternate channels, direct etc.
- AUM of Rs. 547 Bn. as on 31 Dec 18
- Net-worth of Rs. 95 Bn. as on 31 Dec 18
- One of the most profitable private life insurers in India

- Bajaj group has a long track record of building large scale, profitable businesses
- Bajaj Finserv is a diversified financial services group with a pan-India presence in life insurance, general insurance, and lending.
- Bajaj Finserv is also a listed opportunity to participate in India's insurance sector

*BFS shareholding in BFL (Bajaj Finance Ltd.) as at 31 March 2018 was 54.99%.
++ Includes AUM of Rs.140 Bn of Bajaj Housing Finance Limited. BHFL is a 100% subsidiary of BFL which became fully operational in Feb 2018
Shareholding is as of 31 Dec 2018. Chart shows only major subsidiaries.
Not listed

Bajaj Finserv performance highlights

BAJAJ FINSERV

All Figures in Rs Million

Performance Highlights of Q3 FY19 over Q3 FY18 (Ind AS)

	Total Revenue (Consolidated)	PAT* (Consolidated)	Net Worth (Standalone)
CY	111,416	8,505	31,584
	39%	16%	10%
PY	80,054	7,305	28,693

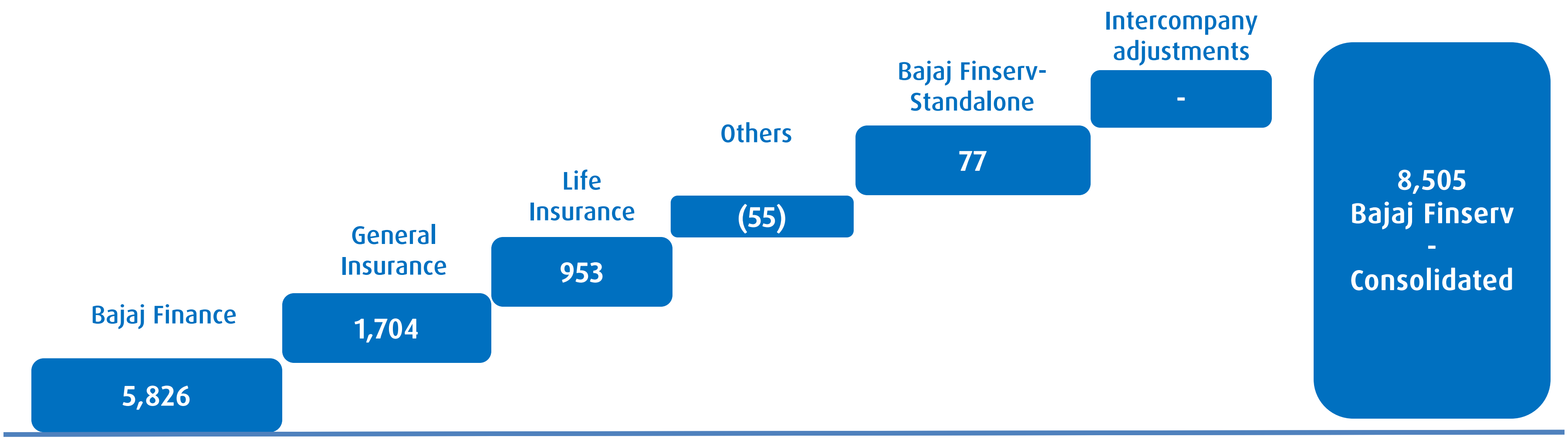
- Bajaj Finserv remains a debt free company. Bajaj Finserv's surplus funds (Excluding Group Investments) stood at Rs. 8.3 Bn as on 31 Dec 2018 (Rs. 6.6 Bn. as on 31 Dec 2017)
- Consolidated Net Worth stood at Rs. 228 Bn. (Rs. 199 Bn. as on 31 Dec 2017) and Consolidated Book Value Per Share at Rs. 1,433 as on 31 Dec 2018 (Rs.1,251 as on 31 Dec 2017)

Note : *PAT attributable to owners of the company

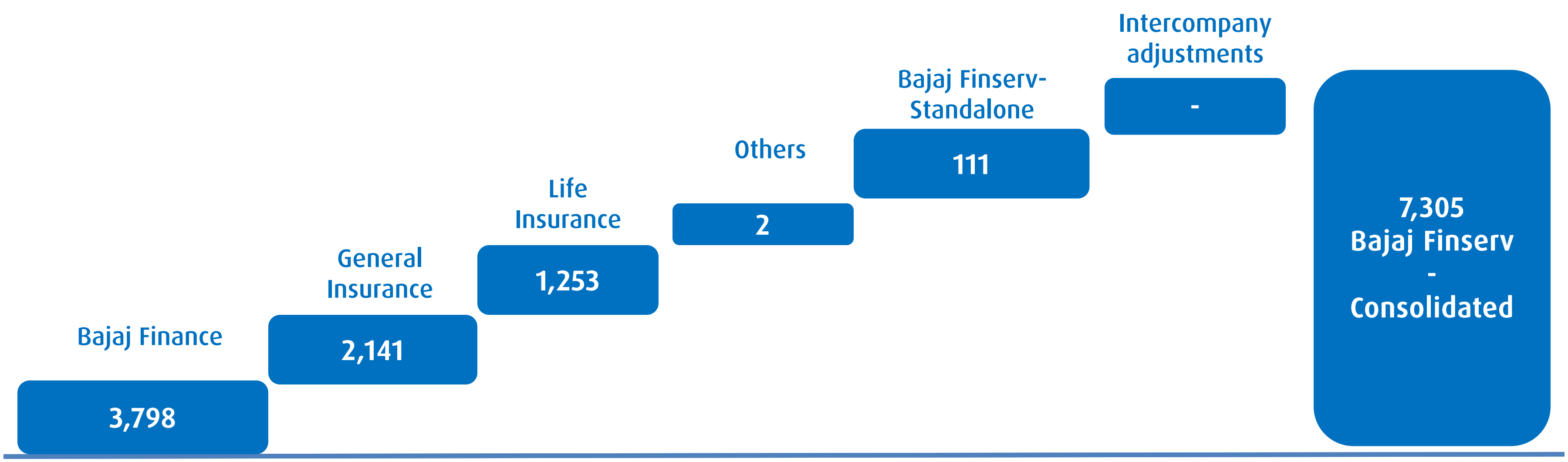
Consolidated profit components

All Figures in Rs Million

Consolidated profit components for Q3 FY19 (Ind AS)



Consolidated profit components for Q3 FY18 (Ind AS)



Adoption of Ind AS Accounting standards

- Bajaj Finserv has adopted Indian Accounting Standards (Ind AS) with effect from 1st April 2018
- Insurance companies' stand-alone numbers are as per Indian GAAP, as Ind AS is not applicable to them. However, for consolidation purposes, they have provided Ind AS compliant financial statements
- Figures in respect of Bajaj Finance Ltd. are as per Ind AS
- Consolidated figures for Q3 FY19 & 9M FY19 are compliant with Ind AS
- Corresponding figures for FY18 (Q3, 9M and FY) have been restated to be compliant with Ind AS
- Figures in the business presentation of insurance companies are based on their stand alone Indian GAAP numbers

Bajaj Finserv : Reconciliation of Consolidated profit as per Ind AS with Indian GAAP

All Figures in Rs Million

Particulars	Q3 FY19	Q3 FY18	9M FY19	9M FY18	FY2018
Net Profit after Tax as per IGAAP	9,067	7,486	25,847	20,560	27,414
Ind AS Adjustments : Increase / (decrease)					
Adoption of Effective Interest Rate (EIR) for financial assets recognised at amortised cost*	(447)	(326)	(1,629)	(747)	(706)
Adoption of Effective Interest Rate (EIR) for financial liabilities recognised at amortised cost*	198	18	286	48	46
Fair Valuation of Investments	177	208	142	642	37
Expected Credit Loss	(301)	(46)	(596)	(90)	57
Fair Valuation of ESOP	(115)	(65)	(332)	(181)	(247)
Others	(74)	30	85	(100)	(98)
Net Profit after Tax as per Ind AS	8,505	7,305	23,803	20,132	26,503

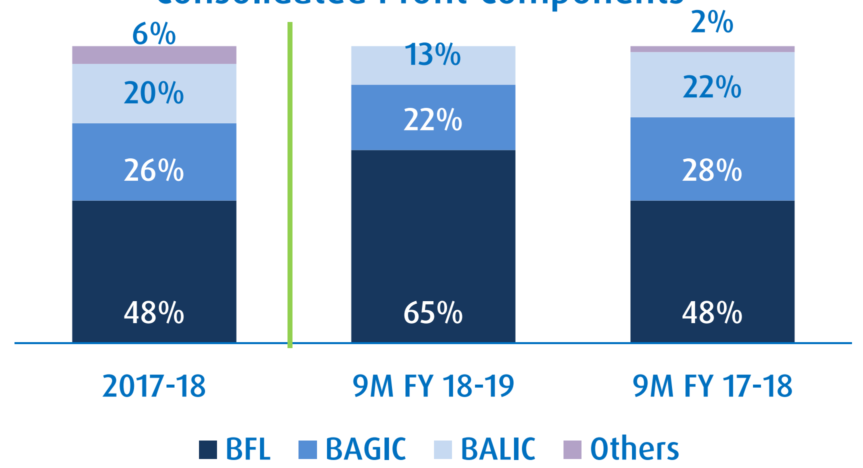
Note : Indian GAAP for Q3 and 9M FY19 are un-audited figures | * Net of Deferred tax impact or adjustments

9M FY19 Highlights

All Figures in Rs Million

BAJAJ FINSERV$	9M FY19	9M FY18	Growth
Total Revenue	296,111	238,074	24%
Net worth (Cons)	227,999	199,046	15%
PAT	23,803	20,132	18%

$ Ind AS



Highlights of Group Companies

BAJAJ FINANCE$#	9M FY19	9M FY18	Growth
AUM	1,099,298	780,338	41%
Total Income	132,329	92,740	43%
PAT	28,189	17,488	61%

#Consolidated | $ Ind AS

BAGIC	9M FY19	9M FY18	Growth
GWP	76,947	67,225	14%
Investments	162,785	132,578	23%
PAT	6,968	7,346	-5%

BALIC	9M FY19	9M FY18	Growth
GWP	55,672	49,084	13%
Investments	546,874	524,008	4%
PAT	3,900	5,450	-28%

- Bajaj Finserv and Bajaj Finance figures are as per Ind AS
- BAGIC and BALIC figures are as per IRDAI & the Indian Accounting Standard framework

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

Bajaj Finance Limited

Bajaj Finance - Overview

BAJAJ FINSERV

Business Construct

- Non-bank with strategy & structure of a bank with consistent track record of profitability
- Focussed on mass affluent & above clients with strong cross sell orientation
- Diversified financial services strategy seeks to optimise risk and profit to deliver a sustainable business model
- Business construct is to deliver a superior ROE and ROA
- Focussed on continuous innovation to transform customer experience to create growth opportunities

Bajaj Finance – Overview

BAJAJ FINSERV

DIFFERENTIATORS

Differentiator	Details
Part of the Bajaj Group – one of the oldest & most respected business houses	❑ A trusted brand with strong brand equity
Focus on mass affluent and above customers	❑ Overall customer franchise of 32.57 Mn. and Cross sell client base of 19.69 Mn.
Strong focus on cross selling assets, insurance and wealth products to existing customer	❑ Centre of Excellence for each business vertical to bring efficiencies across businesses and improve cross sell opportunity
Diversified lending strategy	❑ AUM mix for Consumer : Rural : SME : Commercial : Mortgage stood at 40% : 8% : 13% : 11% : 28%
Highly agile and 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

Bajaj Finance's businesses

BAJAJ FINANCE

Consumer

- Largest consumer electronics, digital products & furniture lender in India
- Presence in 867 locations with 68,700+ active points of sale
- Amongst the largest personal loan lenders
- EMI (Existing Member Identification) Card franchise of over 16.5 Mn
- Among the largest new loans acquirers in India (6.77 Mn in Q3 FY19, 15.32 Mn in FY18)
- Bajaj Finserv – Mobikwik active wallet users stood at 6.5 Mn as on 31 Dec 2018 who have linked EMI card to wallet

SME

- Focused on affluent SMEs with an average annual sales of around Rs. 10-12 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

Rural

- Unique hub-and-spoke model in 869 locations and retail presence across 13,100+ points of sale
- Diversified rural lending model with 10 product lines for consumer and MSME segments

Bajaj Finance – Q3 highlights

All Figures in Rs Million

Performance Highlights of Q3 FY19 over Q3 FY18 (Ind AS)

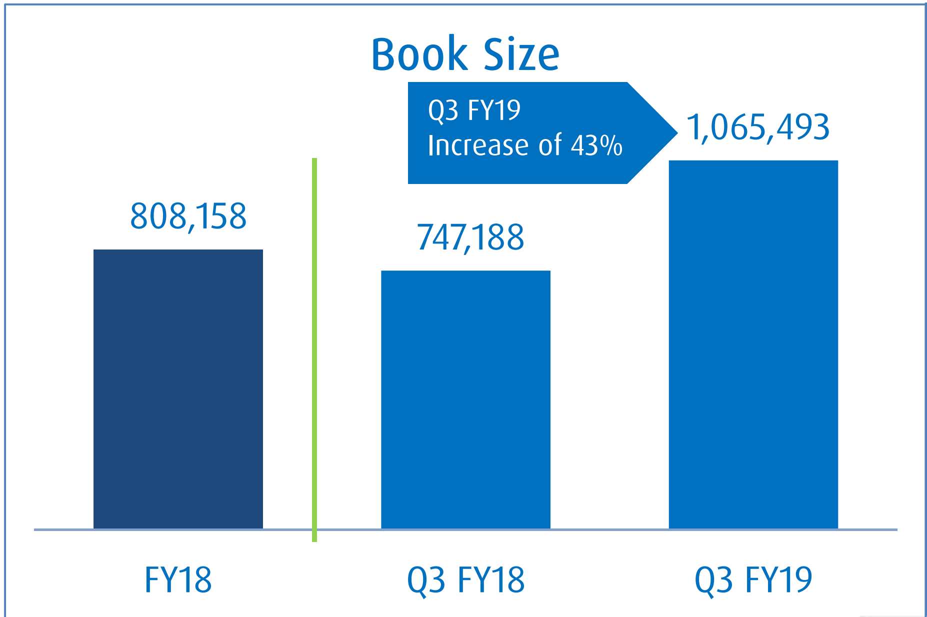
	Book Size	Total Income	Profit After Tax
CY	1,065,493	49,953	10,596
	43%	48%	54%
PY	747,188	33,741	6,900

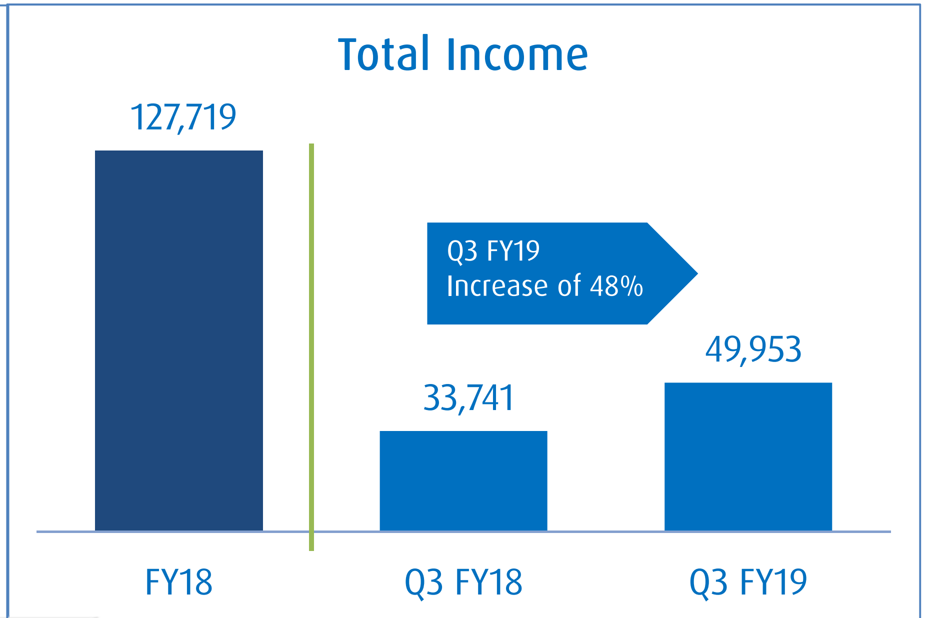
	Return on Assets (Non-annualized)	ROE (Non-annualized)
CY	1.05%	5.9%
PY	0.96%	4.7%

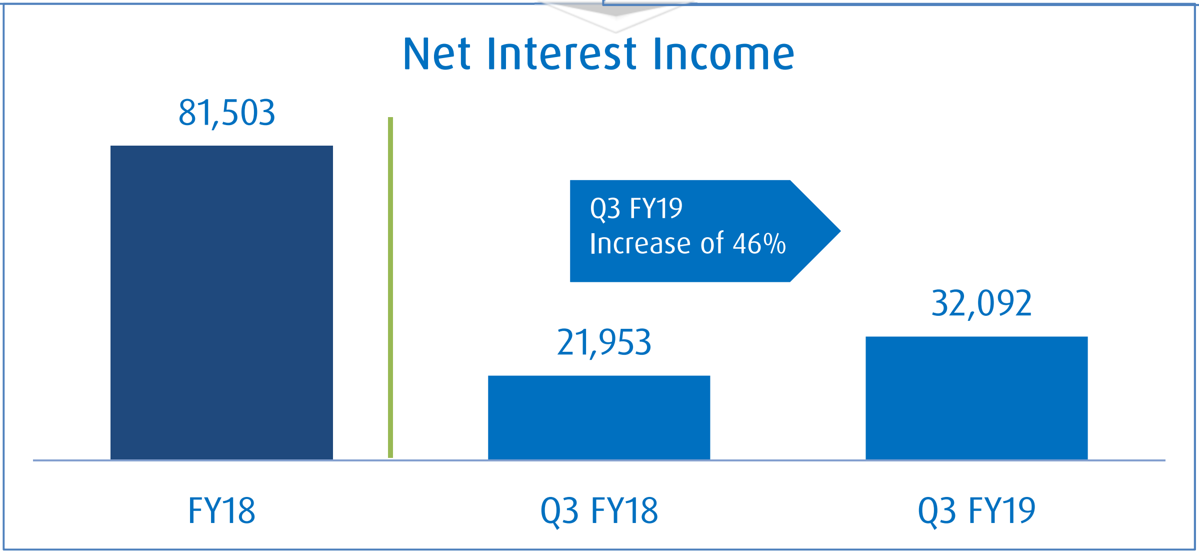
- Borrowing mix is not excessively dependent on banks. (Mix of 36 : 52 : 12 between banks, money markets and deposits as of 31 Dec 2018)
- Capital Adequacy stands at 21.38% as of 31 Dec 2018

Bajaj Finances' growth momentum continues

All Figures in Rs Million



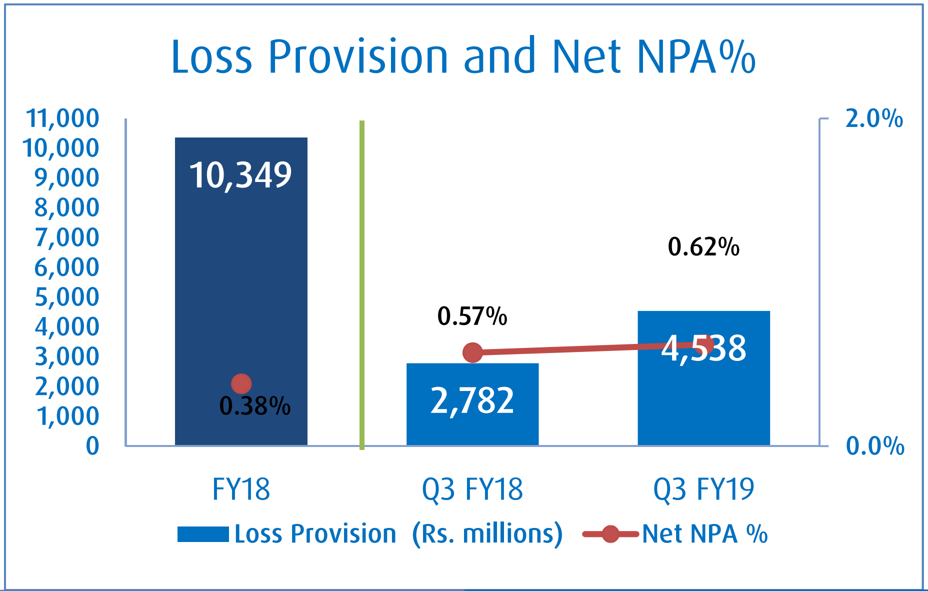


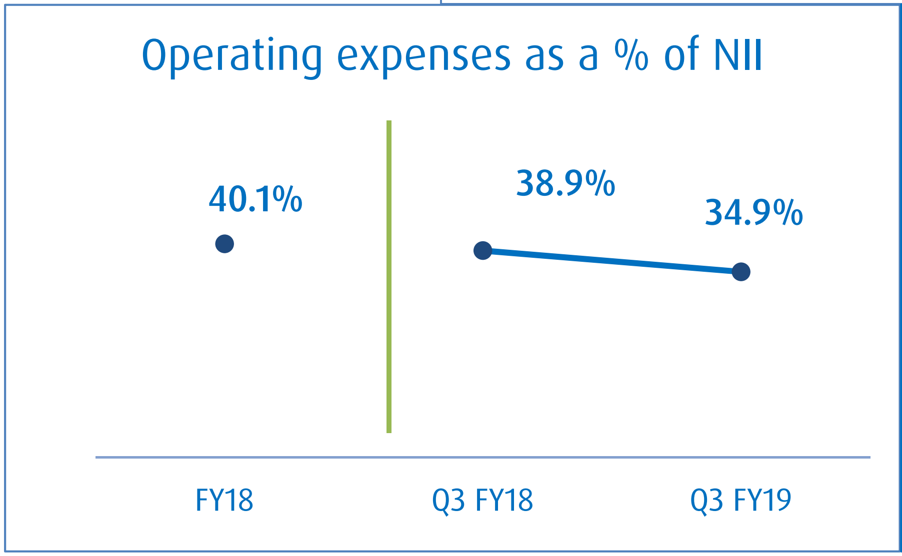


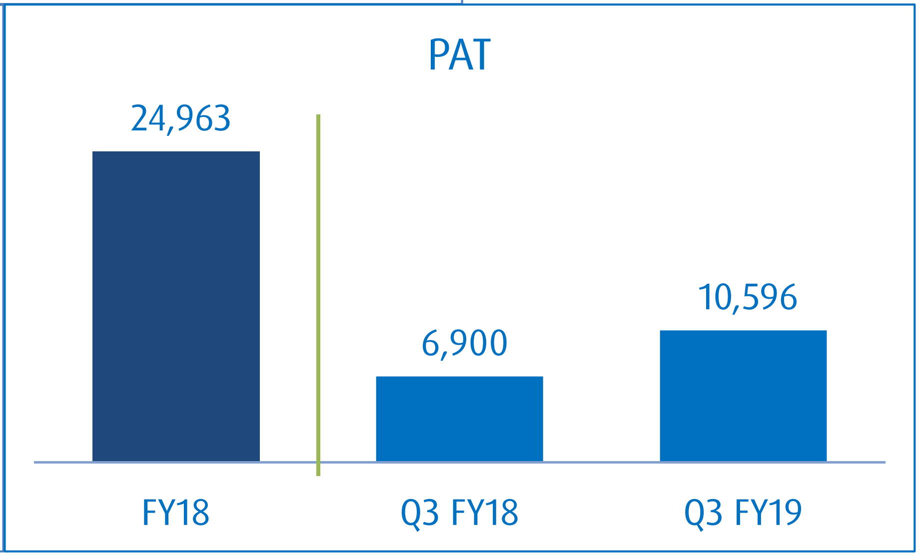
Bajaj Finance Consolidated results are as per Ind AS, previous years figures have been re-stated for comparability

Strong profit growth aided by low NPA and control on Opex

All Figures in Rs Million







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

Relationship Beyond Insurance

Bajaj Allianz General Insurance

BAGIC - Key Strategic Differentiators

STRATEGY

Strive for market share growth 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 92.3% FY18 Business construct is to deliver superior ROE
Disruptive innovation	Geographical Expansion through Virtual Points of Sale
Balanced distribution mix	Multi channel distribution network encompassing Broking, Direct, multi-line agents, bancassurance network serving retail and corporate segments.
Focused on Segmentation	Focused on retail segments – mass, mass affluent and HNI while maintaining strong position in institutional business
Excellent claims servicing	Has a consistent track record of excellence in claims servicing with lowest grievances amongst major private players

Bajaj Allianz General – Q3 highlights

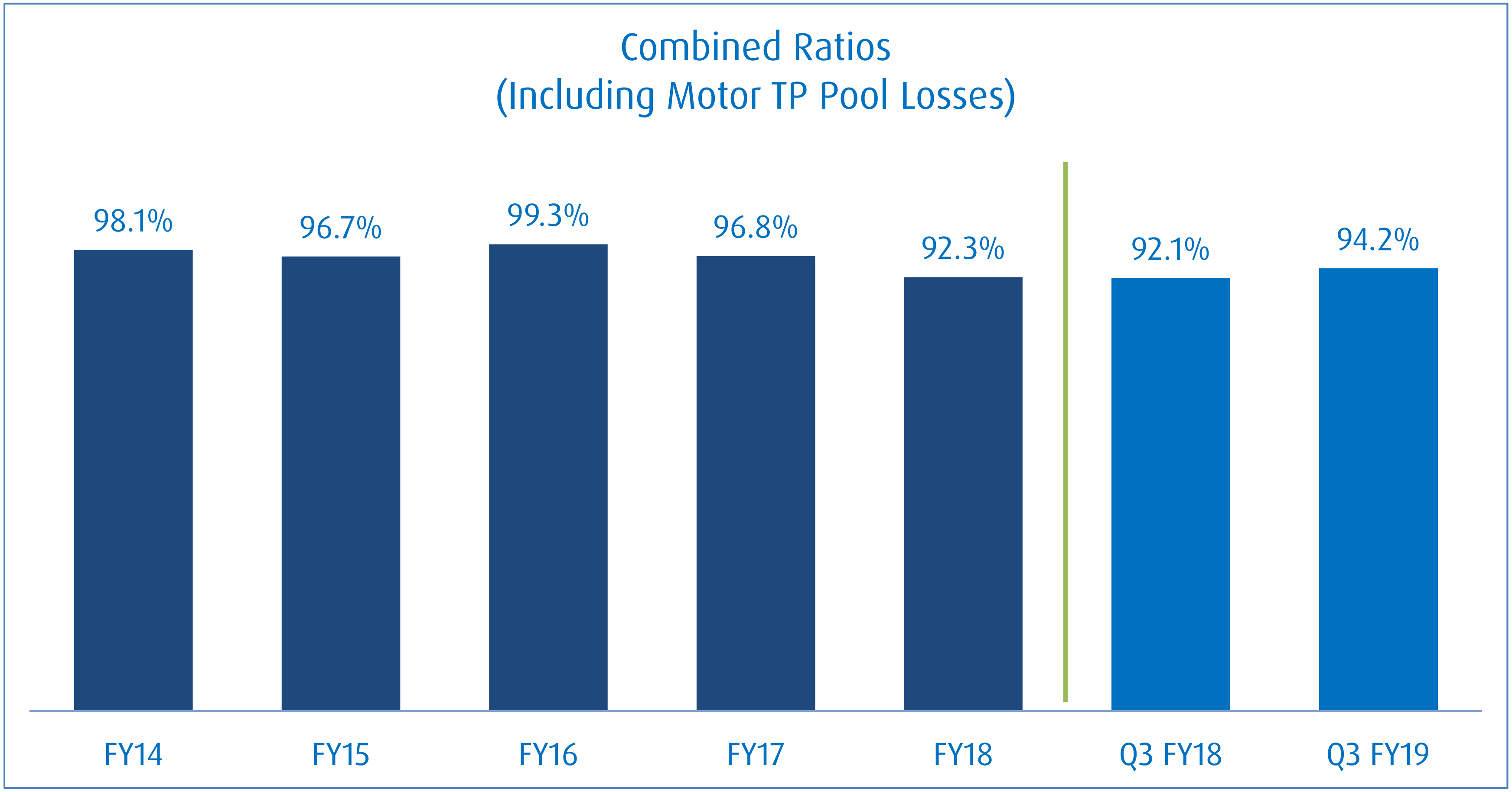
All Figures in Rs Million

Performance Highlights of Q3 FY19 over Q3 FY18

	CY		PY
Gross Written Premium	25,470	35%	18,924
Net Written Premium	20,226	35%	15,036
Net Earned Premium	18,009	21%	14,861
Profit After Tax	2,236	-15%	2,617
ROE (Not Annualized)	4.5%		6.3%

- Ex Crop GWP was Rs. 24,219 Mn in Q3 FY19 (Rs.18,187 Mn Q3 FY18) a growth of 33%
- Solvency Ratio was 281% as against regulatory requirement of 150% as of 31 Dec 2018

In a highly price competitive market BAGIC has maintained its Combined ratio, below 100% on a sustained basis

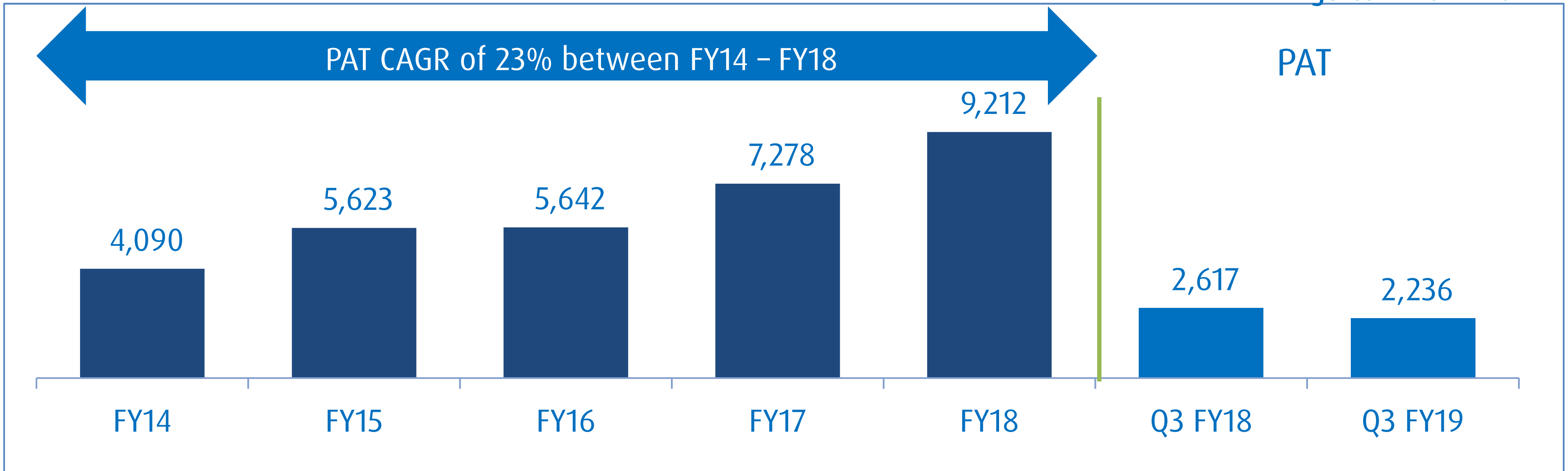


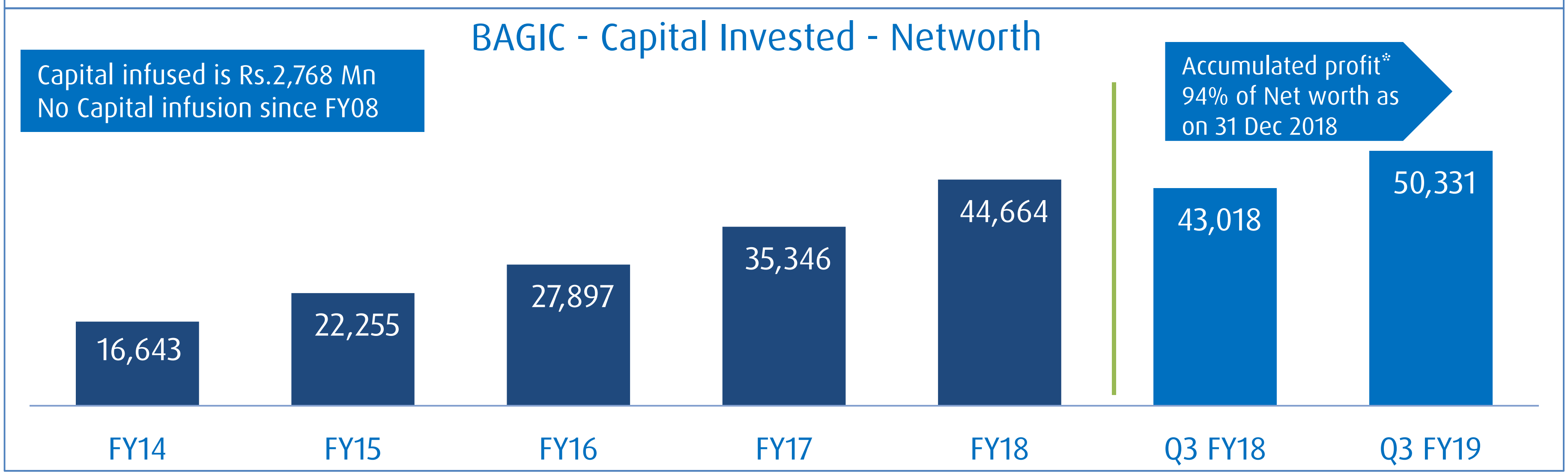
1. Combined Ratios are in accordance with the Master Circular on 'Preparation of Financial statements of General Insurance Business' issued by IRDA effective from 1st April, 2013. (Net claims incurred divided by Net Earned Premium) + (Expenses of management including net Commission divided by Net Written Premium). Pool losses, wherever applicable, include the impact of the erstwhile IMTPIP and Declined Risk Pool.

2. Combined ratio ex Motor Third Party Pool for BAGIC for FY14 was 94.2%.

Profit after tax and capital efficiency

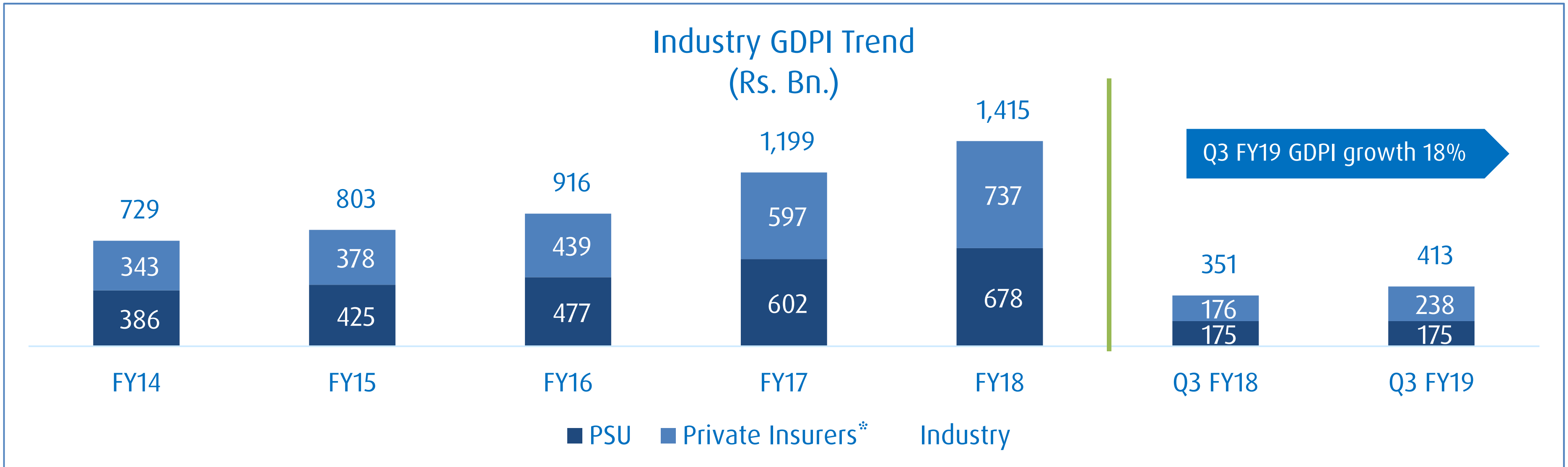
All Figures in Rs Million

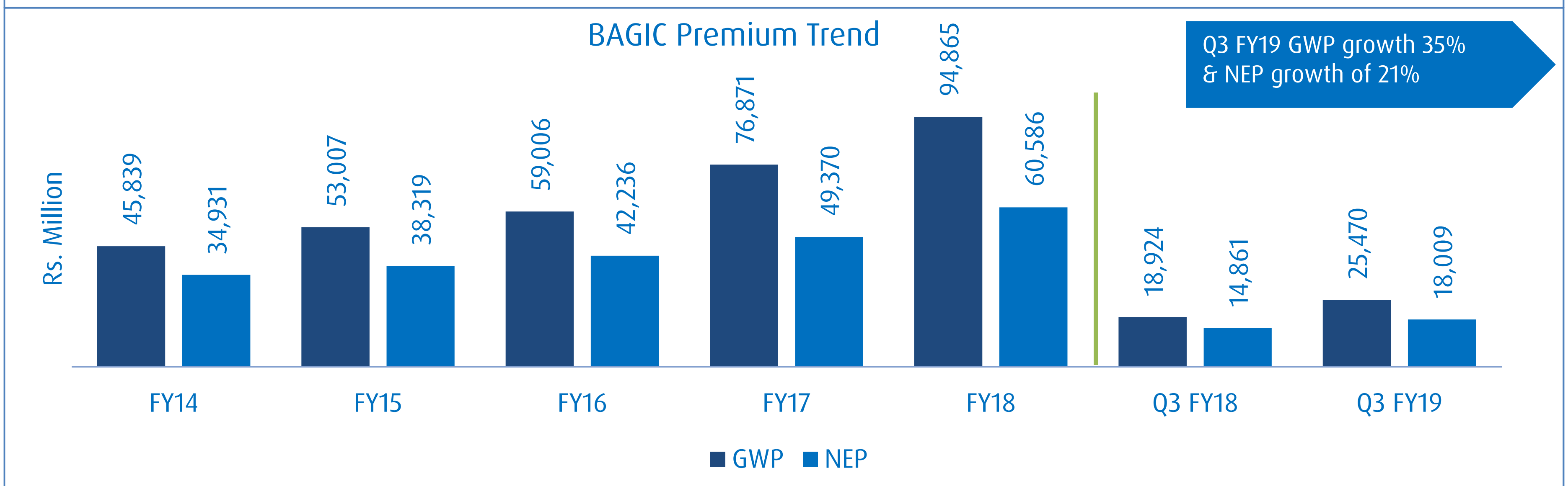




*Accumulated profit includes reserves

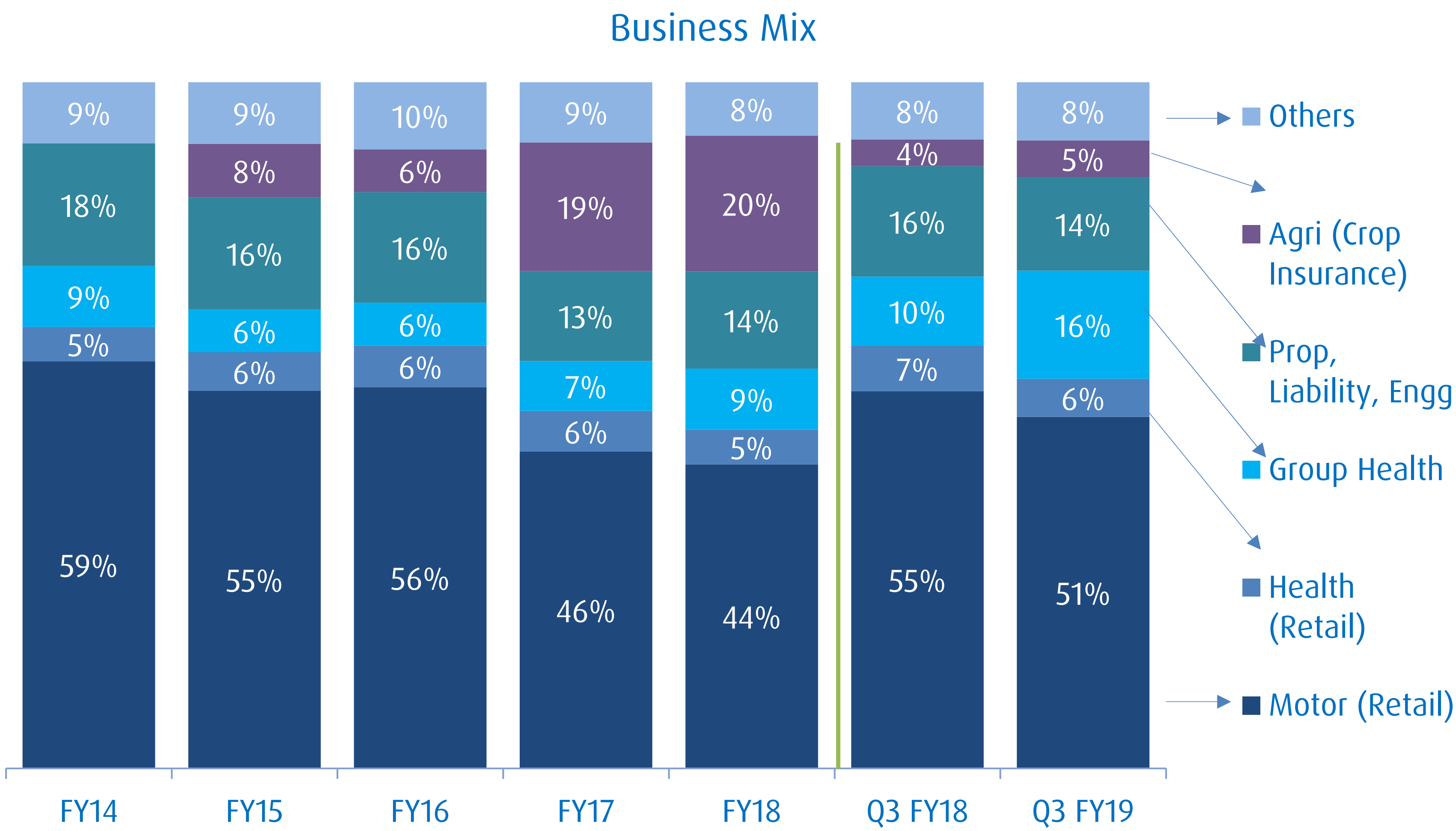
BAGIC consistently amongst top 2 private insurers in terms of Gross Premium





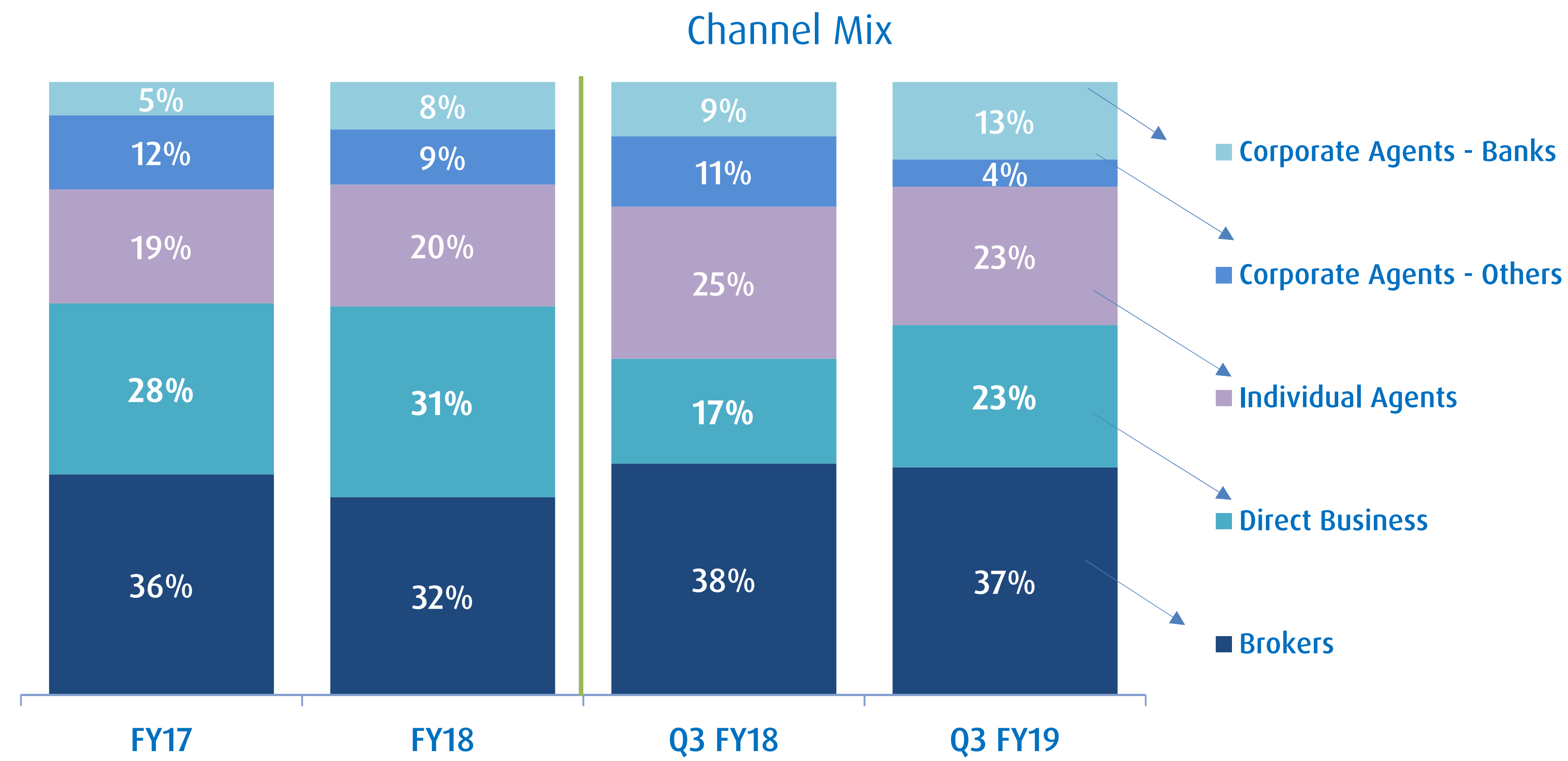
Source : IRDAI, GDPI : Gross Direct Premium Income | *Private Insurers : Includes Standalone Health Insurers, PSU excludes AIC of India, GIC and ECGC

BAGIC has a well balanced product mix



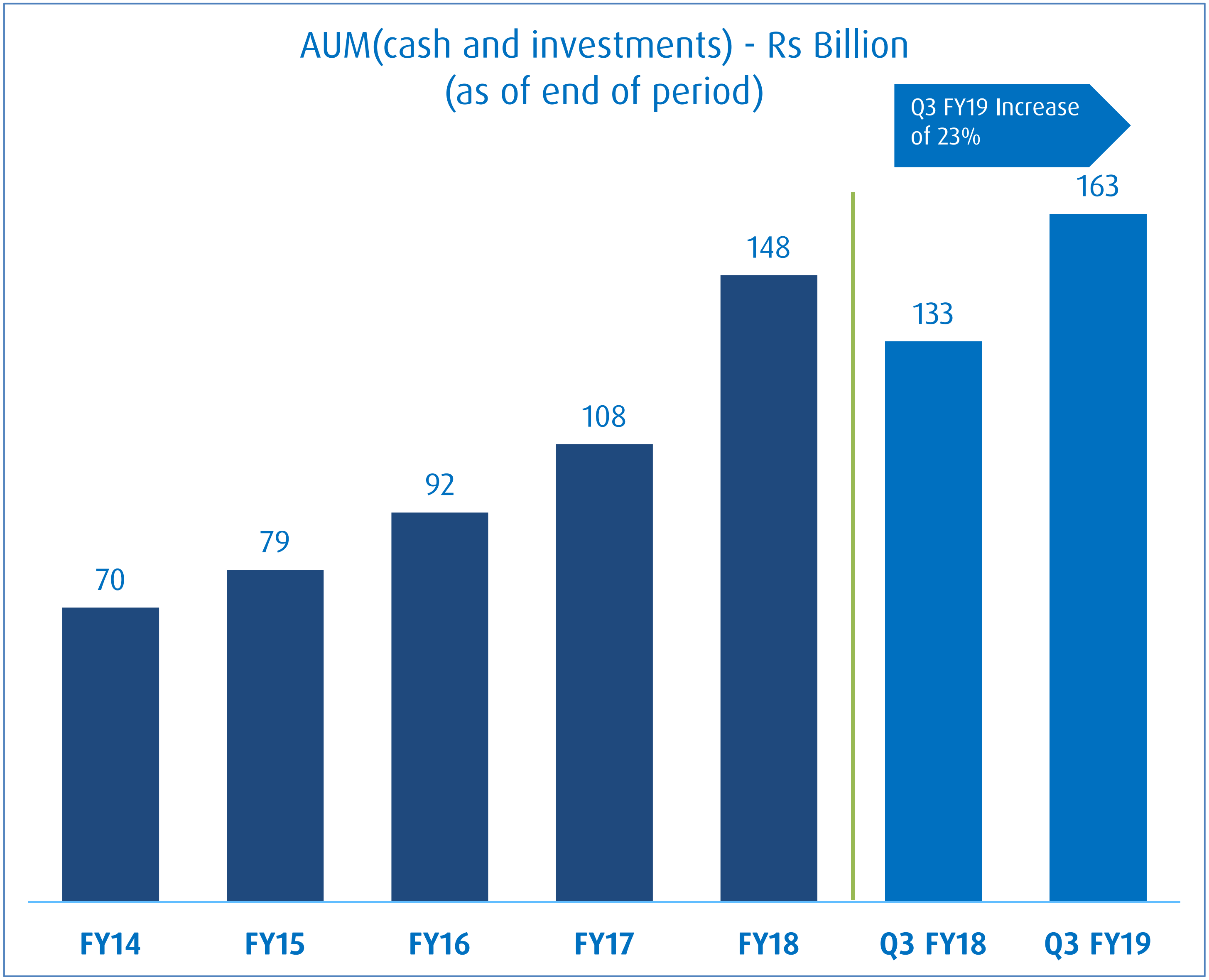
- Business mix is retail focused
- Ex Crop GWP Growth for Q3 FY19 was 33% and for FY18 was 23%

BAGIC's Channel Mix : Bancassurance strengthening



- Focus on Bancassurance channel has yielded results with a growth of 93% in Q3 FY19 (FY18 growth of 77%)

Assets Under Management continue to grow



BAGIC continues to grow its AUM strongly

Investments are largely in fixed income securities

LIFE GOALS. DONE.

BAJAJ | Allianz

Bajaj Allianz Life Insurance

BALIC – KEY STRATEGIC DIFFERENTIATORS

STRATEGY

- Balance growth with balanced product mix, seeking steady increase in market share of individual business
- Business construct is to balance customer benefit with shareholder returns, focusing on New Business Value

DIFFERENTIATORS

Focused on segmentation

- Focused on retail segments – mass, and mass affluent customers

Large Proprietary Agency Force

- Large pan-India agency force 3rd highest agency premium amongst private players.
- Lean support structure

Sustainable product mix

- Balanced product mix between Unit-Linked Insurance Plans (ULIP) and Traditional products

Financial Inclusion

- In terms of lives covered in group schemes BALIC leads the private sector, with about 30% share of lives covered in FY18

Bajaj Allianz Life – Q3 highlights

All Figures in Rs. Million

Performance Highlights of Q3 FY19 over Q3 FY18

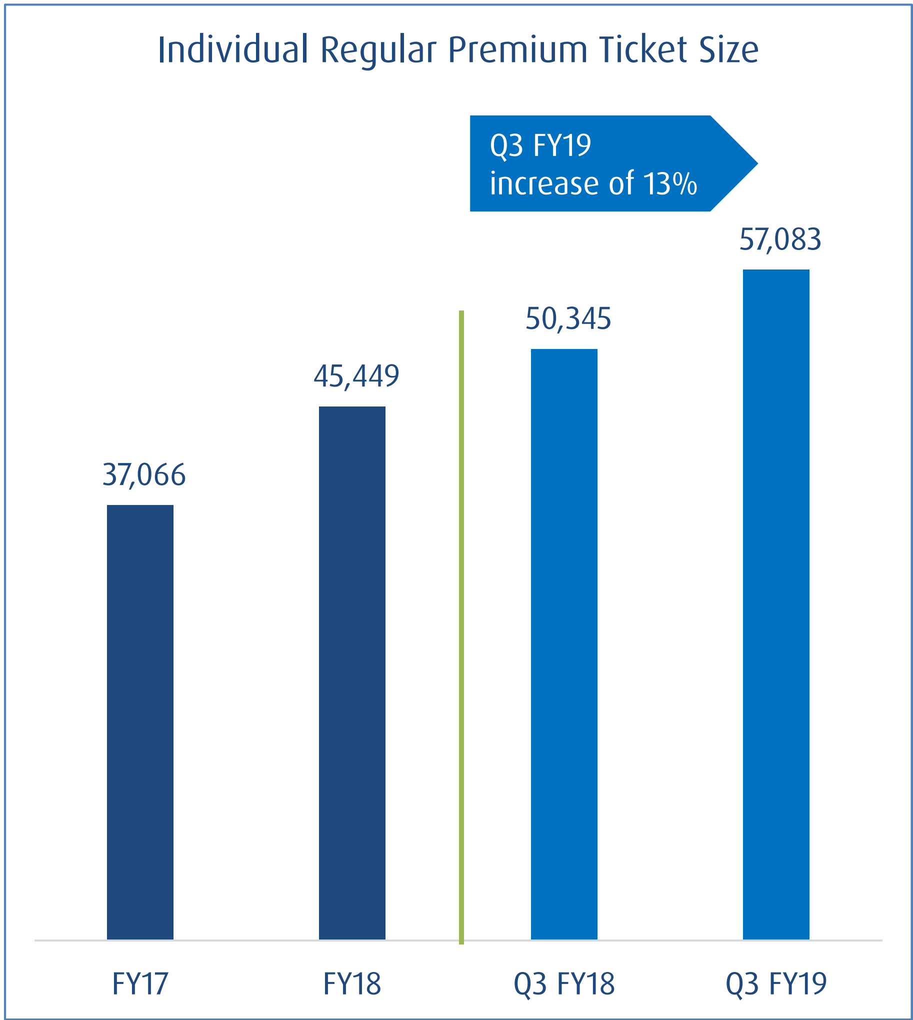
	Individual Rated NB	Group NB	Renewal Premium	Gross Written Premium
CY	4,241	7,367	9,523	21,232
	16%	30%	20%	22%
PY	3,648	5,685	7,956	17,392

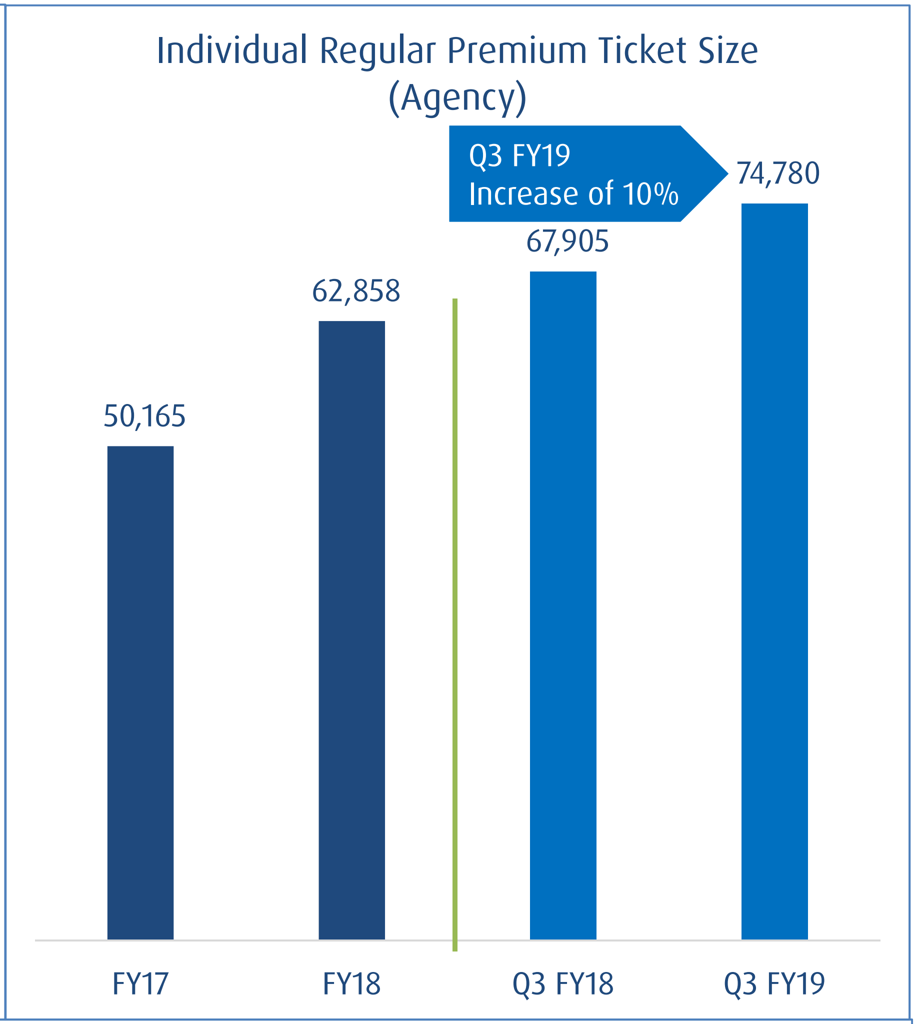
	PAT	Solvency Ratio as on 31 Dec 2018	AUM
CY	1,122	767%	546,874
	-31%		4%
PY	1,629		524,008

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

Ticket size continues to increase

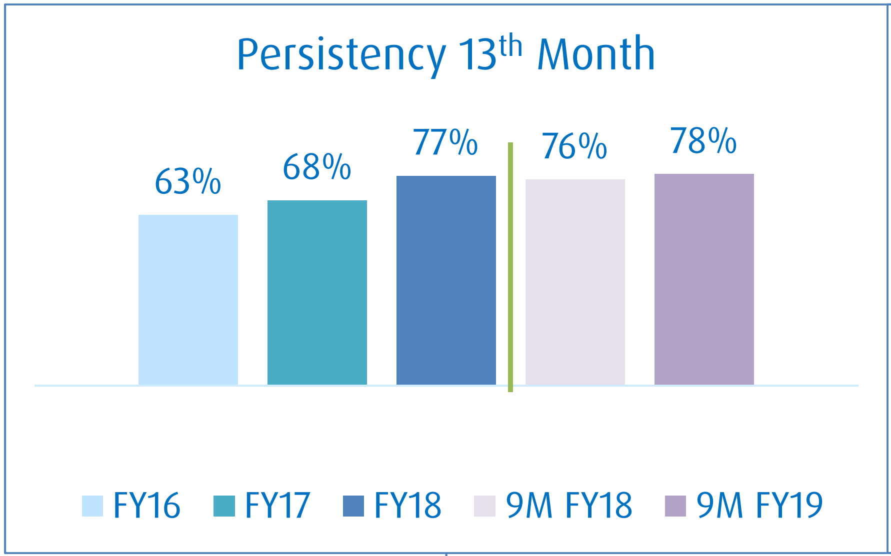
All Figures in Rs.

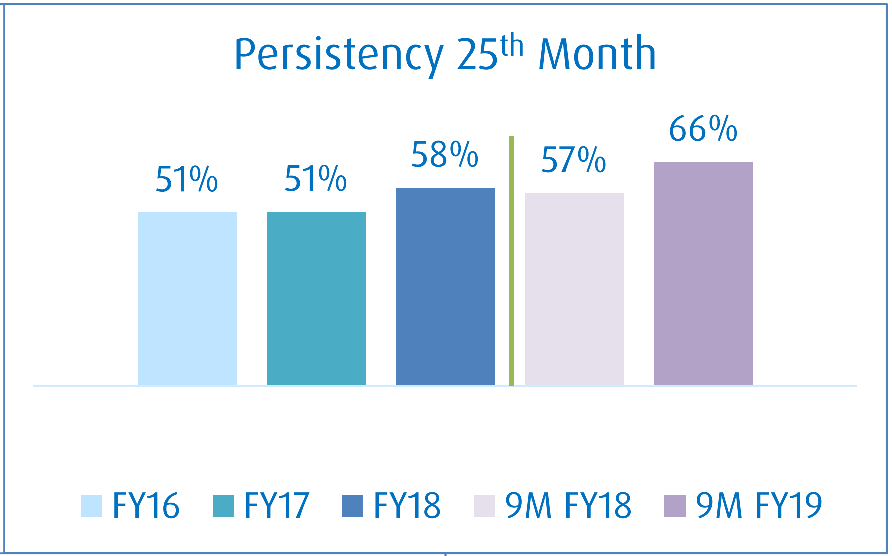


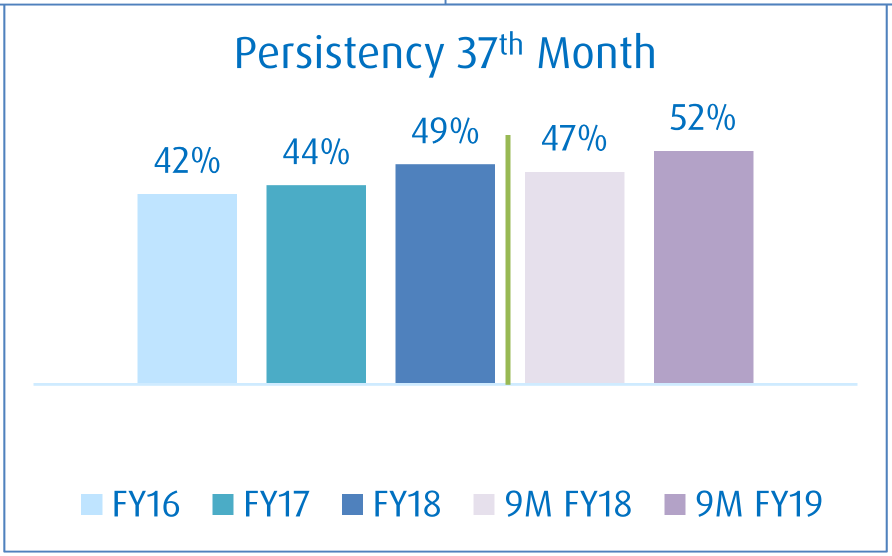


Focus on balancing various customer segments for sustainability

Efforts to improve Persistency paying off



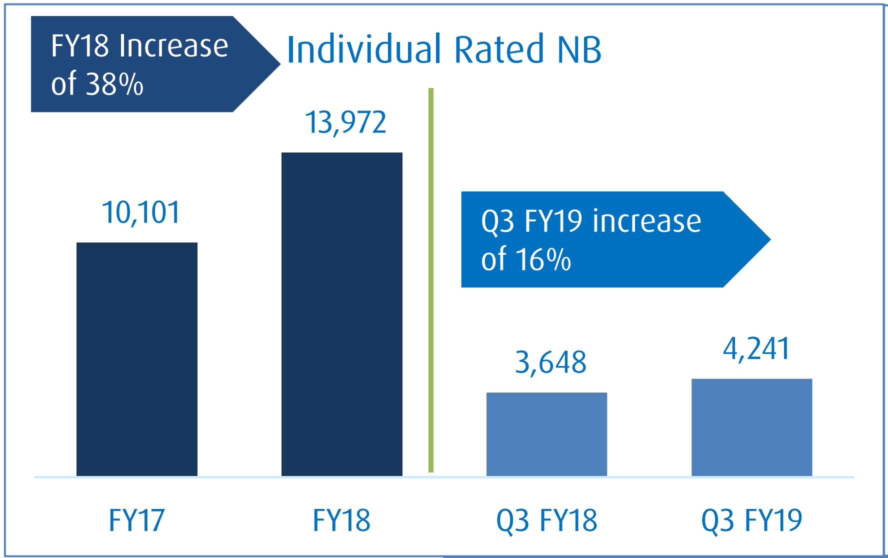


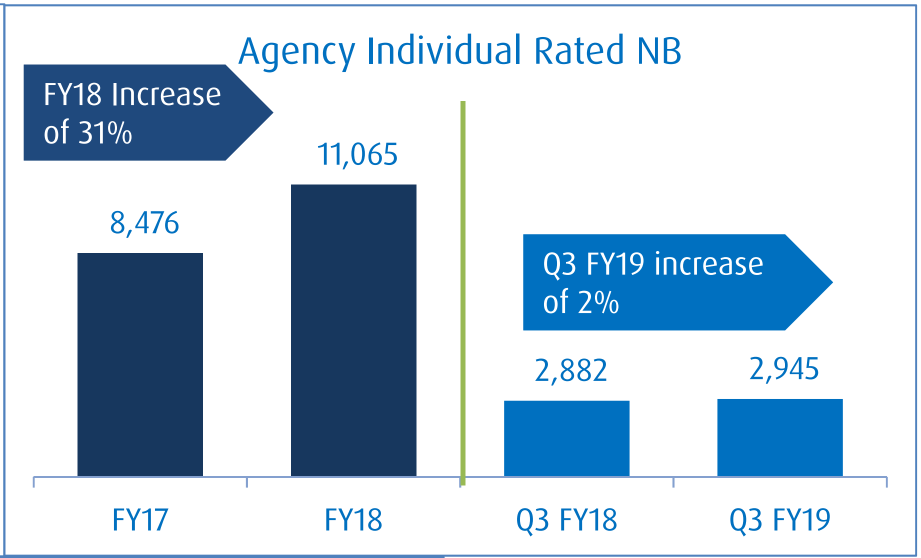


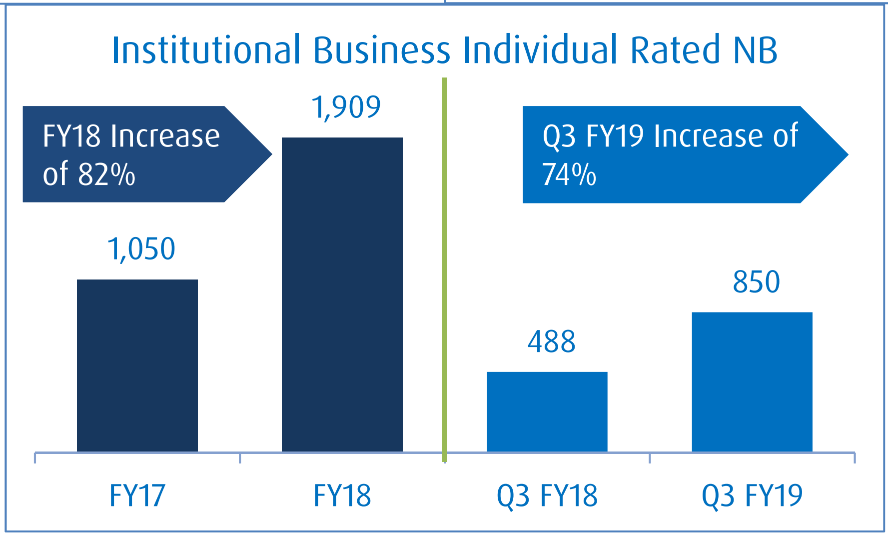
Note : Persistency for 9M FY19 is measured as per IRDAI framework for the period Apr'18 to Nov'18 measured in Dec 2018

BALIC's Individual Rated premiums growing across all major channels

All Figures in Rs Million



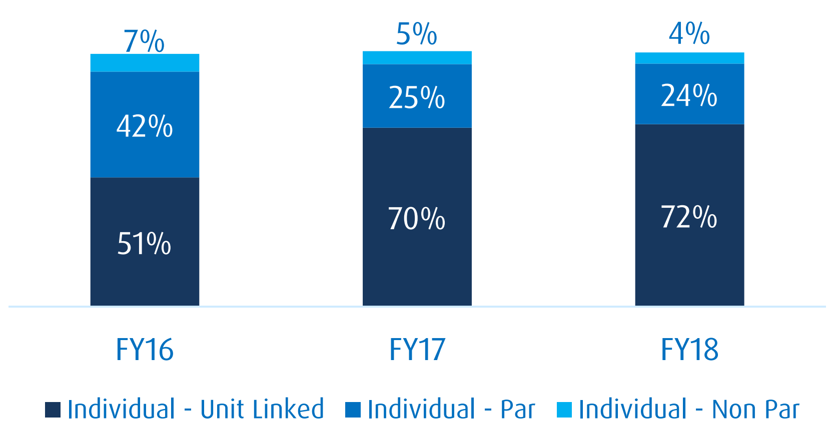




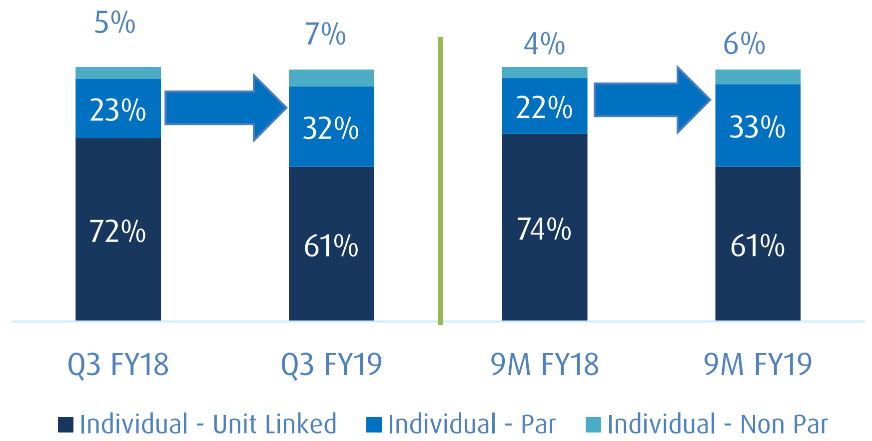
Rated individual NB = (100% of first year premium & 10% of single premium excluding group products)

Balanced product mix

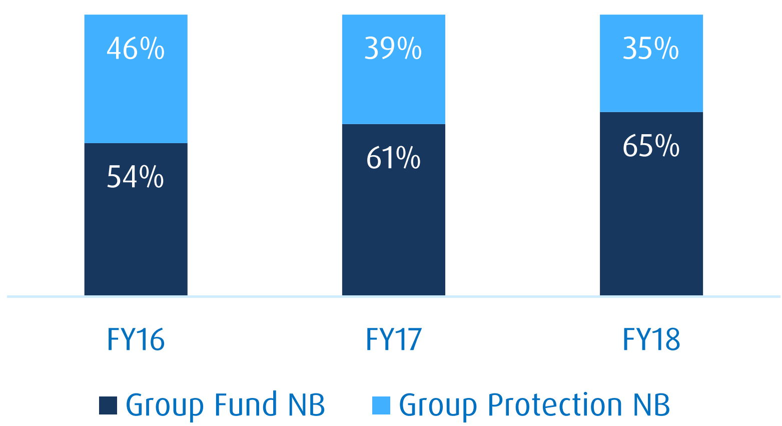
Individual Rated Mix (Annual)



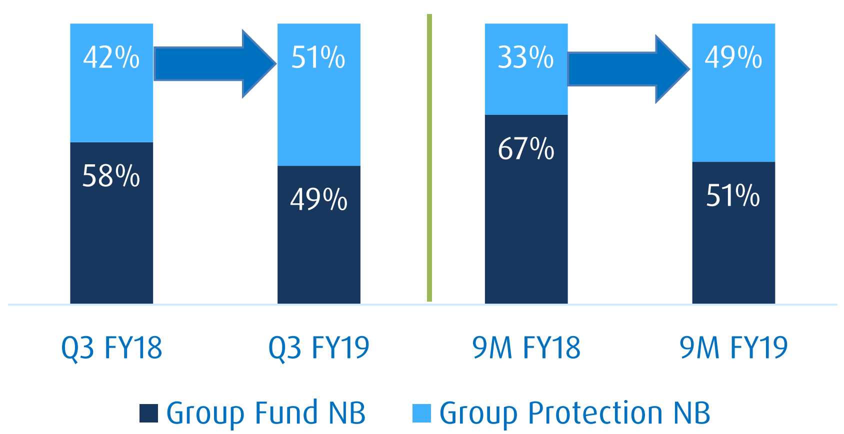
Individual Rated Mix (Quarterly & YTD)



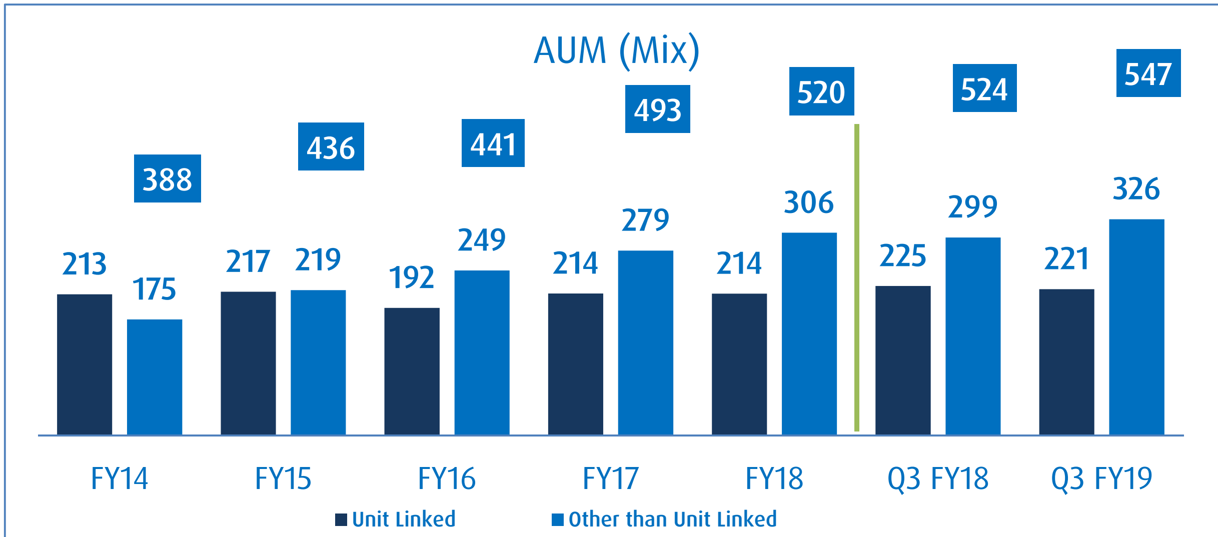
Group NB Mix (Annual)



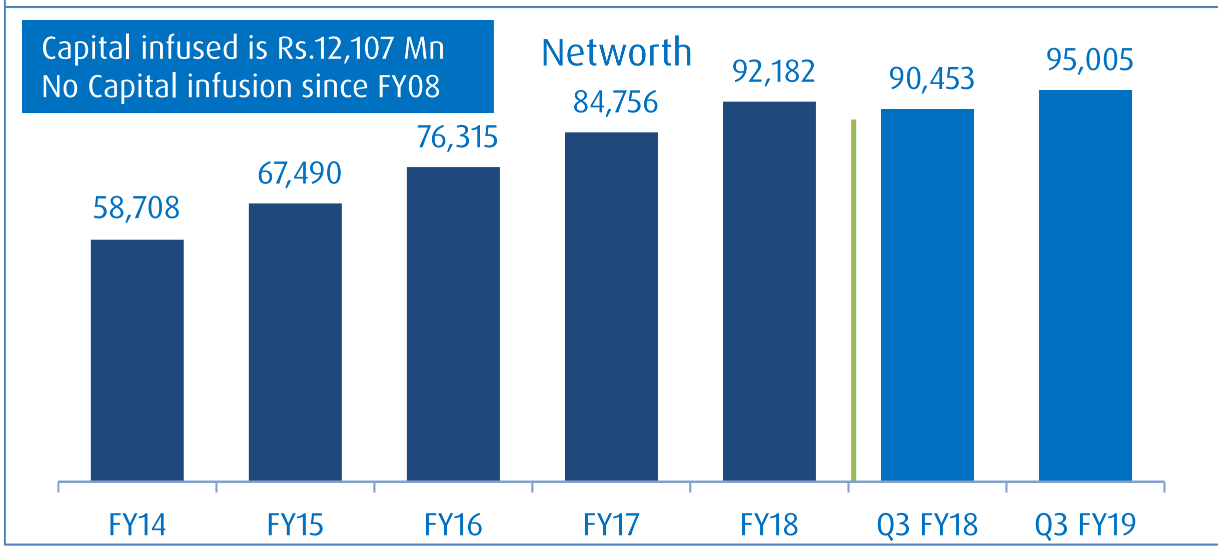
Group NB Mix (Quarterly & YTD)



Assets Under Management



- AUM growth of 4% for Q3 FY19 vs Q3 FY18
- 9M FY19 AUM grew by 5% vs FY18
- Of the UL Funds of Rs.221 Bn., 58% is equity funds as on 31 Dec 2018 (66% as on 31 Dec 2017 out of the UL Funds of Rs.225 Bn.)



- BALIC's accumulated profits are 87% of the Net worth as at 31 Dec 2018

*Accumulated profit includes reserves

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