

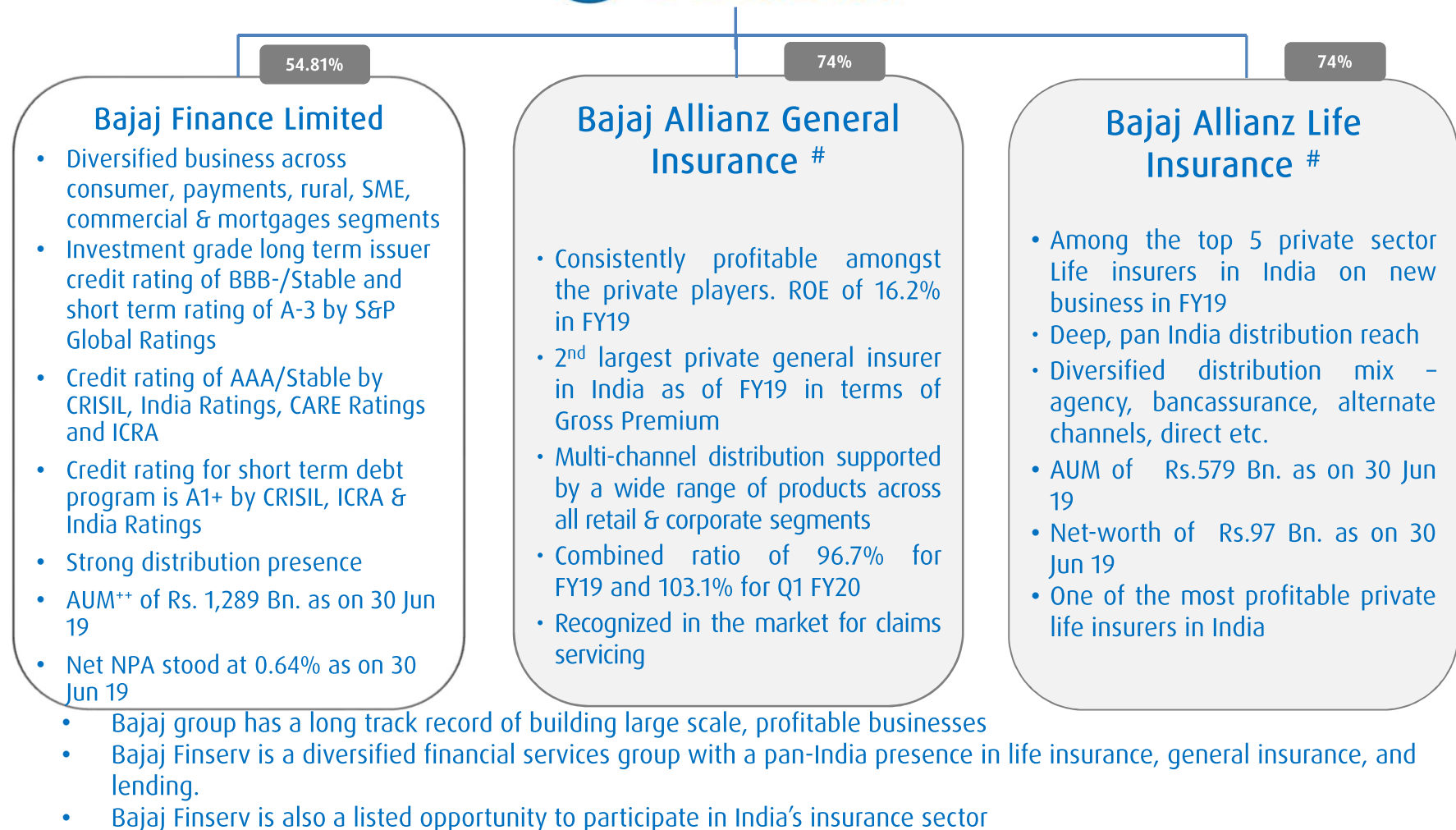


BAJAJ FINSERV LIMITED

Investor Presentation – Q1 FY20*

** Financial year 2019-20*

Bajaj Finserv – A diversified financial services group



*BFS shareholding in BFL (Bajaj Finance Ltd.) as at 31 March 2019 was 54.99%.

⁺⁺ Includes AUM of Rs.217 Bn of Bajaj Housing Finance Limited. BHFL is a 100% subsidiary of BFL which became fully operational in Feb 2018

Shareholding is as of 30 Jun 2019. Chart shows only major subsidiaries.

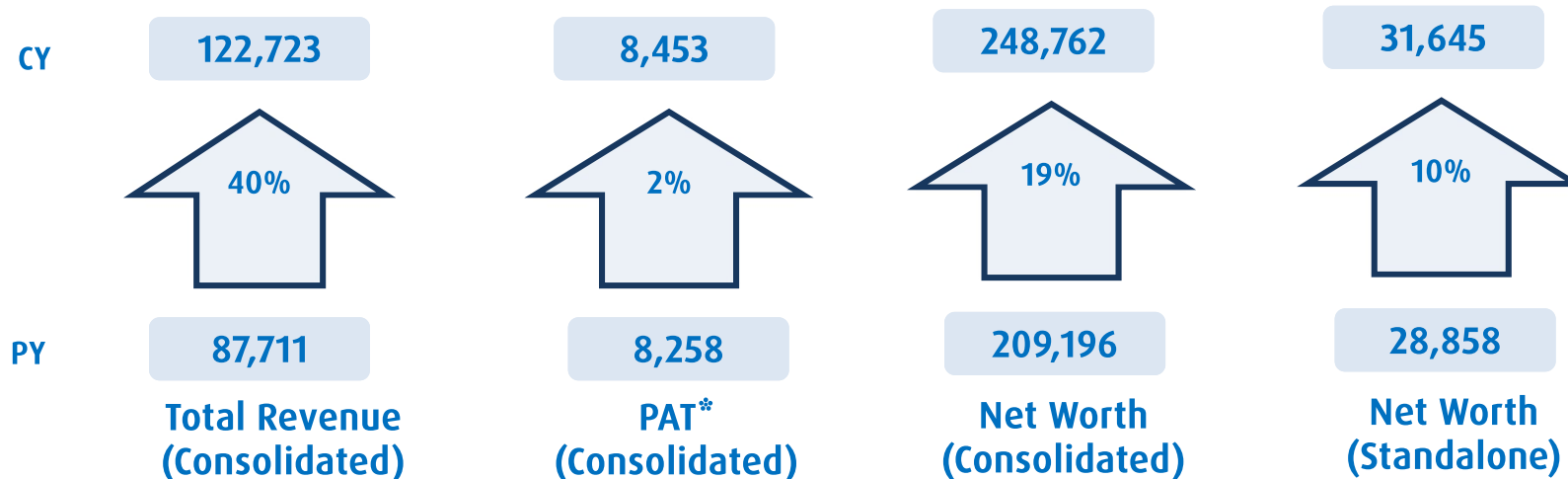
Not listed

Bajaj Finserv performance highlights :



All Figures in Rs Million

Performance Highlights of Q1 FY20 over Q1 FY19 (Ind AS)



- Bajaj Finserv remains a debt free company. Bajaj Finserv's surplus funds (Excluding Group Investments) stood at Rs. 7.9 Bn as on 30 Jun 2019 (Rs. 6.6 Bn. as on 30 Jun 2018)
- Consolidated Book Value Per Share at Rs. 1,563 as on 30 Jun 2019 (Rs.1,315 as on 30 Jun 2018)

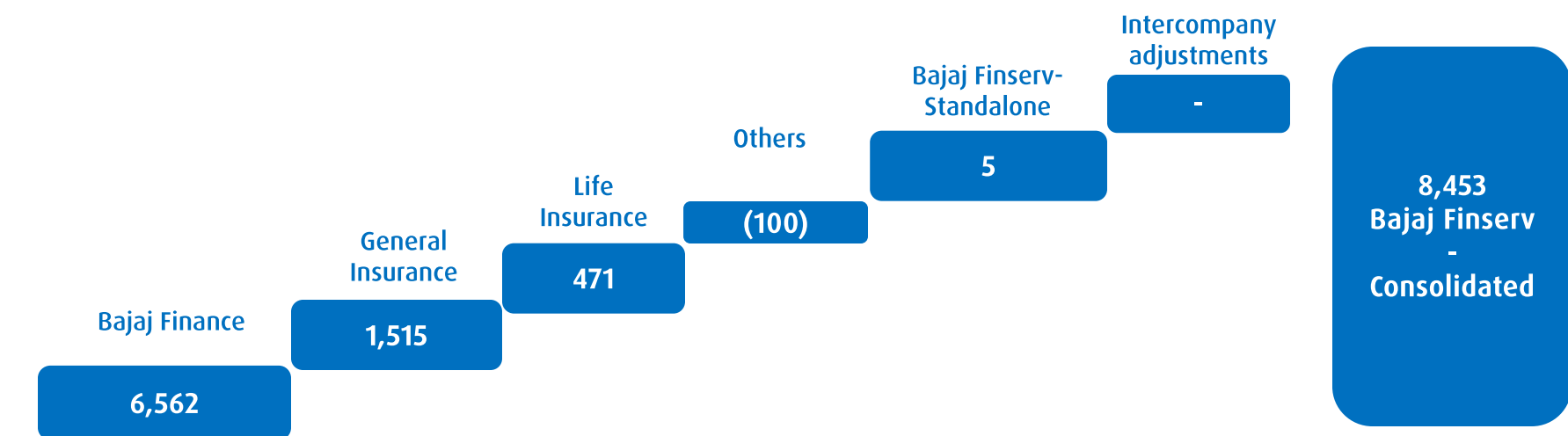
Note : *PAT attributable to owners of the company

Consolidated profit components

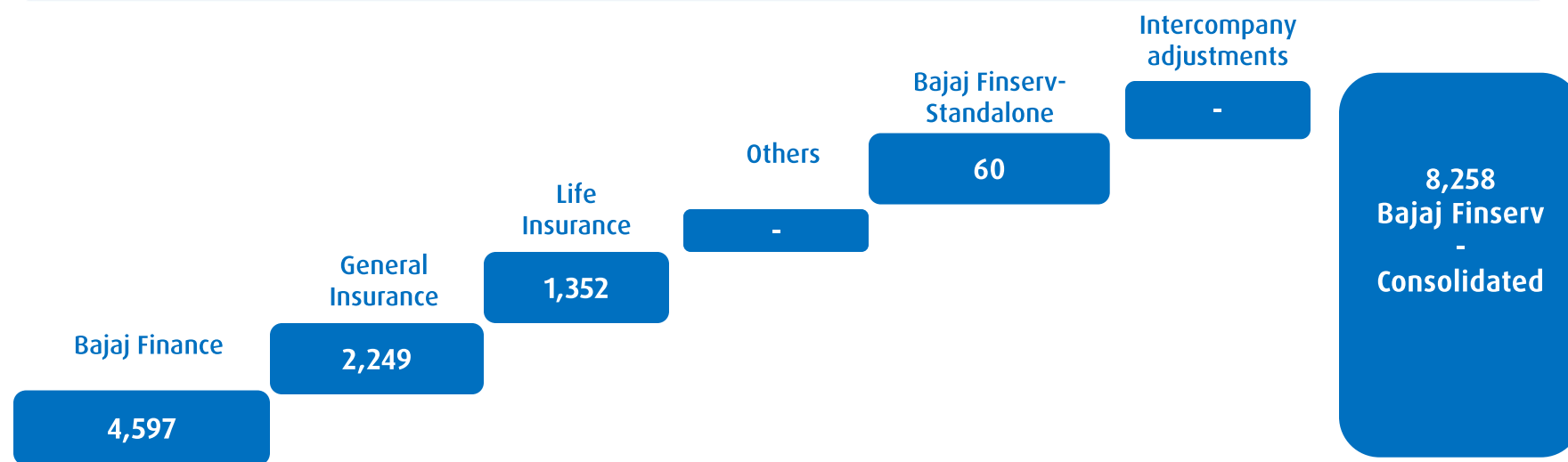


All Figures in Rs Million

Consolidated profit components for Q1 FY20 (Ind AS)



Consolidated profit components for Q1 FY19 (Ind AS)



Q1 FY20 Highlights

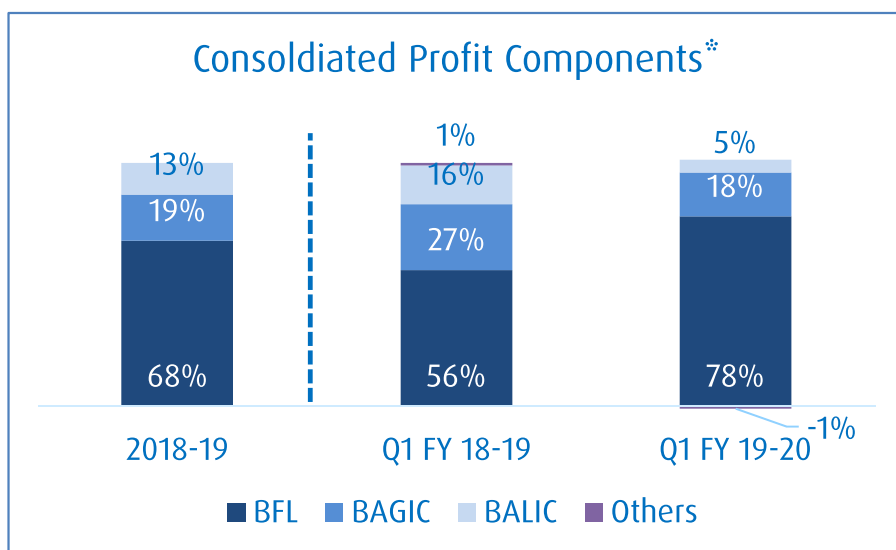


All Figures in Rs Million



BAJAJ FINSERV\$#	Q1 FY20	Q1 FY19	Growth
Total Revenue	122,723	87,711	40%
Net worth	248,762	209,196	19%
PAT	8,453	8,258	2%

#Consolidated | \$ Ind AS



Highlights of Group Companies

BAJAJ FINANCE\$#	Q1 FY20	Q1 FY19	Growth
AUM	1,288,976	912,868	41%
Total Income	58,083	39,378	47%
PAT	11,952	8,359	43%

#Consolidated | \$ Ind AS

BAGIC	Q1 FY20	Q1 FY19	Growth
GWP	28,433	24,294	17%
Investments	174,656	149,732	17%
PAT	2,104	2,911	-28%

BALIC	Q1 FY20	Q1 FY19	Growth
GWP	18,367	13,614	35%
Investments	578,596	532,192	9%
PAT	617	1,462	-58%

- 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

BFL – KEY STRATEGIC DIFFERENTIATORS



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 36.94 Mn. and Cross sell client base of 21.85 Mn.

Strong focus on cross selling existing customer

Centre of Excellence for each business vertical to bring efficiencies across businesses and improve cross sell opportunity

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 mix for Consumer : Rural : SME : Commercial : Mortgage stood at 39%: 8%: 13%: 11%: 29%
Consolidated borrowing Mix for Banks: Money Markets: Deposits stood at 37%: 50%: 13%

BFL : Business Segments



BAJAJ FINANCE

Consumer

- Largest consumer electronics, digital products & furniture lender in India
- Presence in 944 locations with 79,000+ active points of sale
- Amongst the largest personal loan lenders
- EMI Card franchise of over 19.8 Mn. cards in force
- Among the largest new loans acquirers in India 7.27 Mn in Q1 FY20
- Bajaj Finserv – Mobikwik active wallet users stood at 10 Mn as on 30 Jun 2019 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

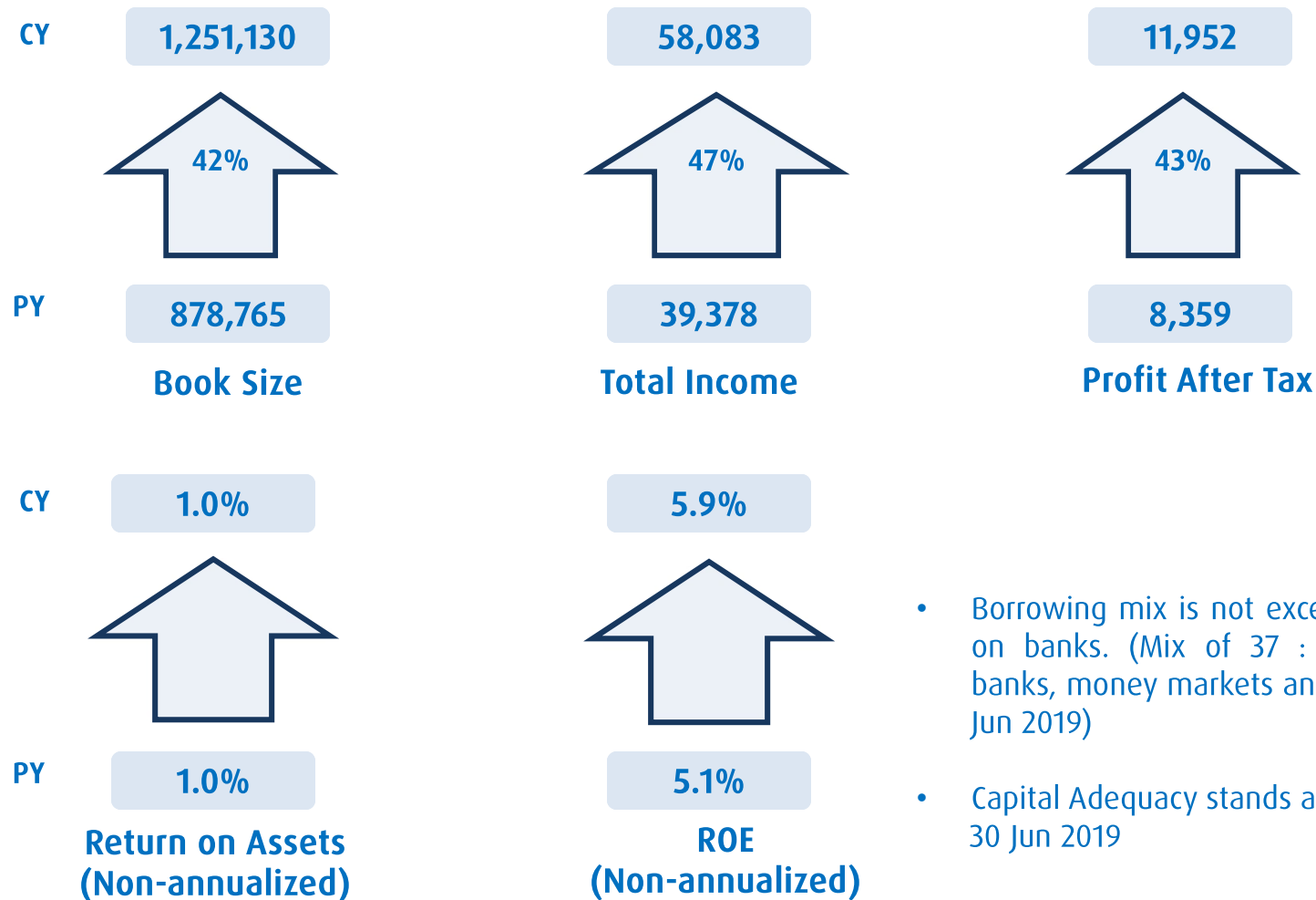
Rural

- Unique hub-and-spoke model in 951 locations and retail presence across 15,200+ points of sale
- Diversified rural lending model with 10 product lines across consumer and professional business categories

BFL – Q1 FY20 highlights

All Figures in Rs Million

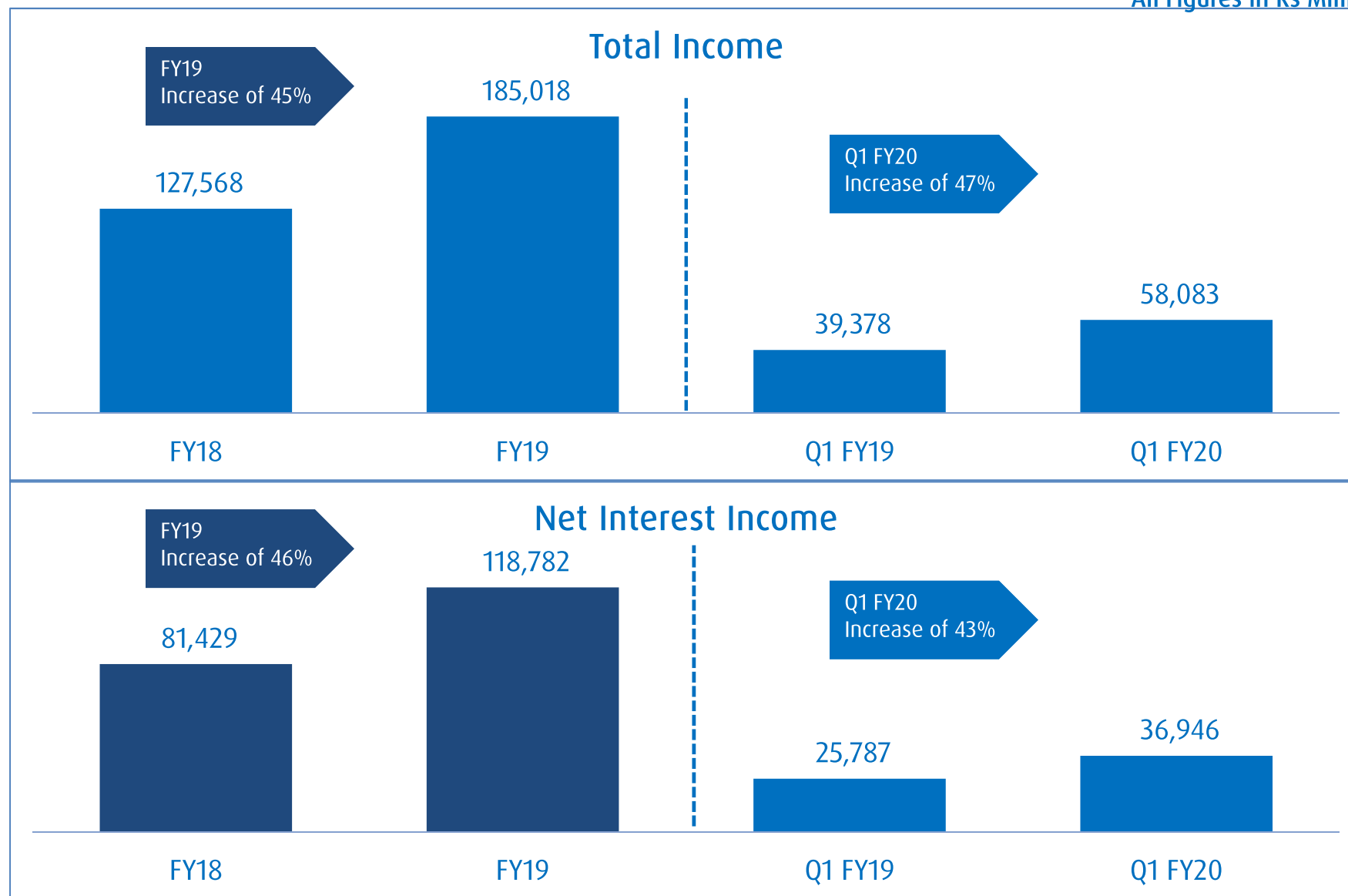
Performance Highlights of Q1 FY20 over Q1 FY19 (Ind AS)



- Borrowing mix is not excessively dependent on banks. (Mix of 37 : 50 : 13 between banks, money markets and deposits as of 30 Jun 2019)
- Capital Adequacy stands at 19.48% as of 30 Jun 2019

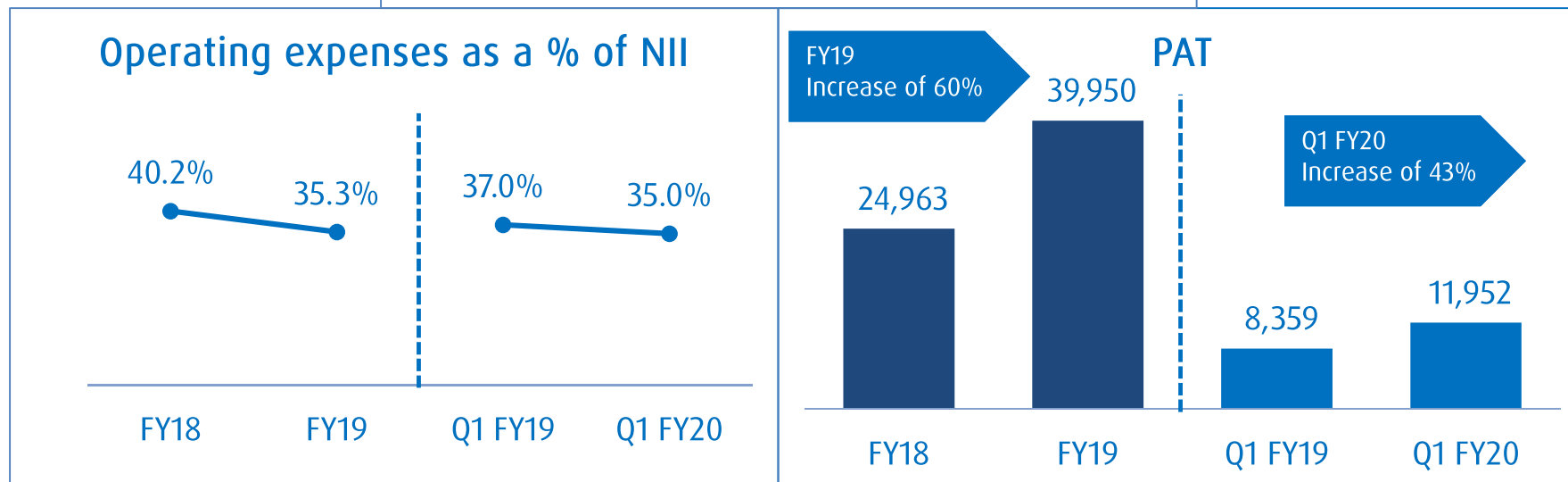
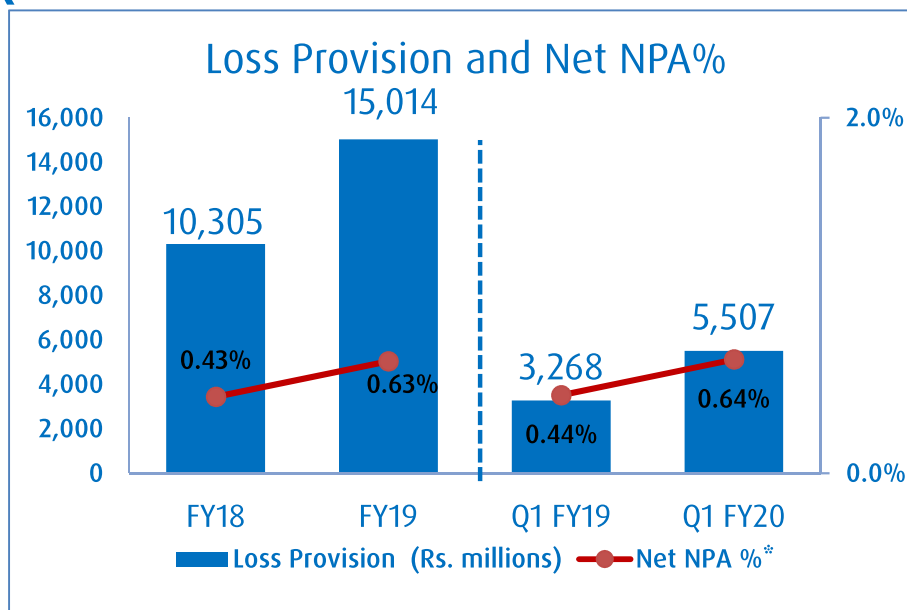
BFL : growth momentum continues

All Figures in Rs Million



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

BFL : Strong profit growth aided by low NPA and control on Opex



*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

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 96.7% FY19
- Business construct is to deliver superior ROE

Disruptive innovation

- Geographical Expansion through Virtual Points of Sale
- On-the-spot claims settlement for small Motor claims

Balanced distribution mix

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

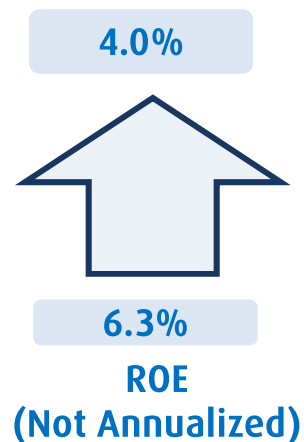
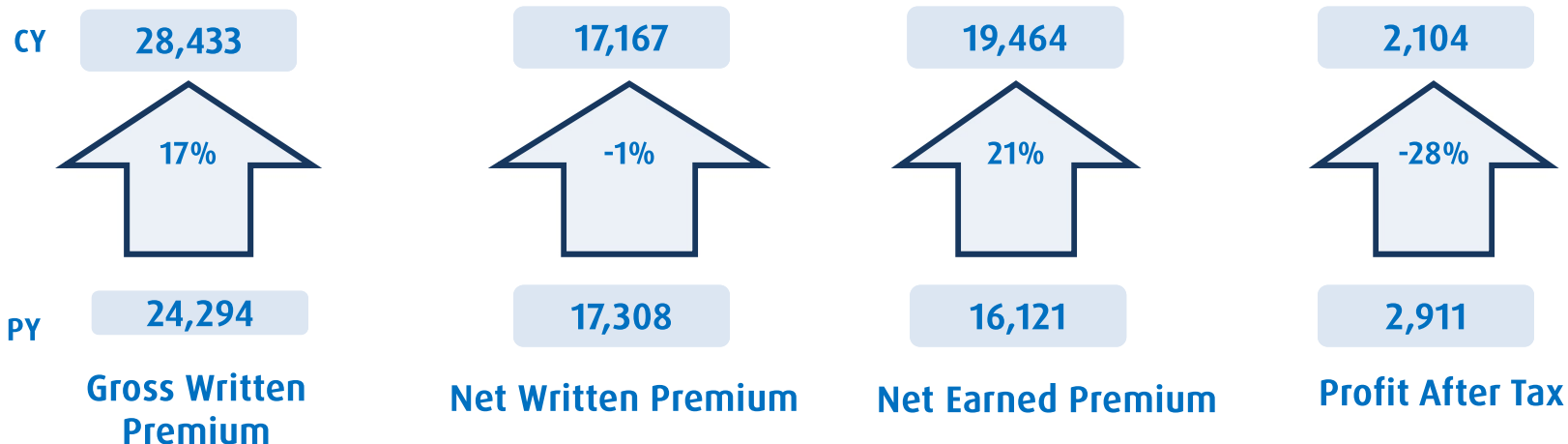
Retail orientation

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

BAGIC : Q1 FY20 highlights

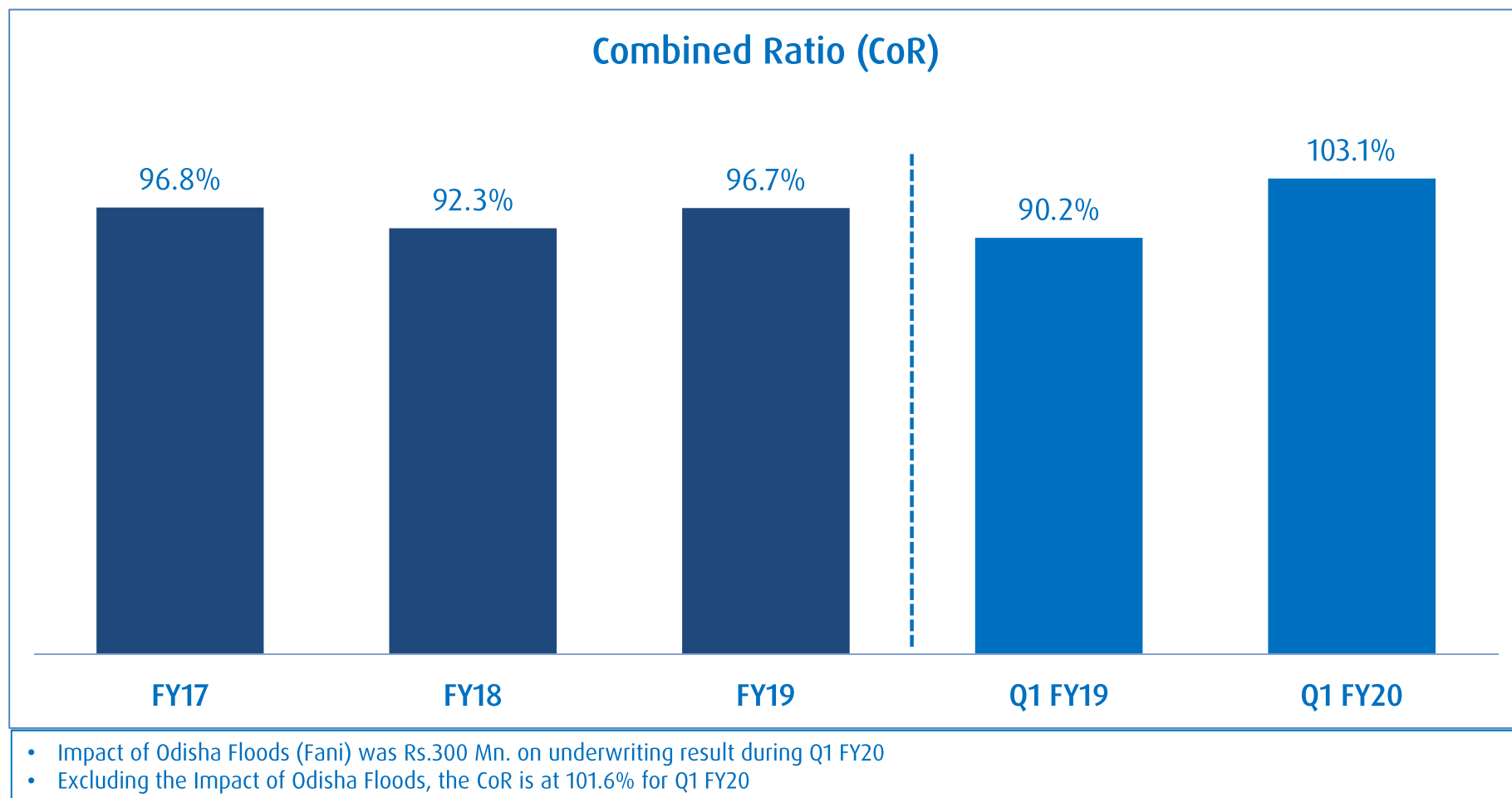
All Figures in Rs Million

Performance Highlights of Q1 FY20 over Q1 FY19



- Ex Crop GWP was Rs. 27,244 Mn in Q1 FY20 (Rs.24,192 Mn Q1 FY19) a growth of 13%
- Solvency Ratio was 249% as against regulatory requirement of 150% as of 30 Jun 2019
- Profitability impacted due to provision for impairment of Investments by Rs.502 Mn, post tax (Rs.762 Mn before tax) in Q1 FY20

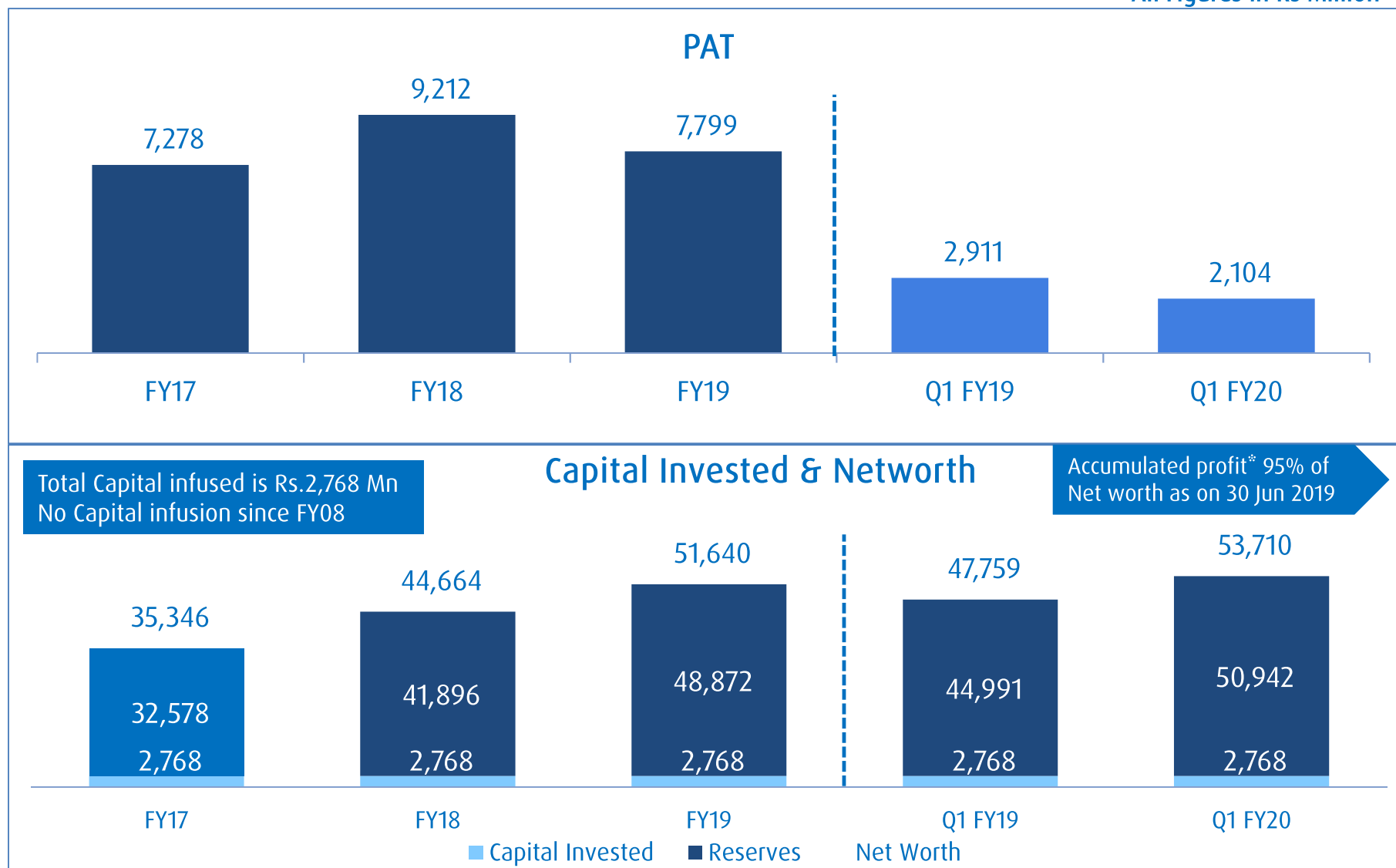
BAGIC : Combined Ratio trend



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).

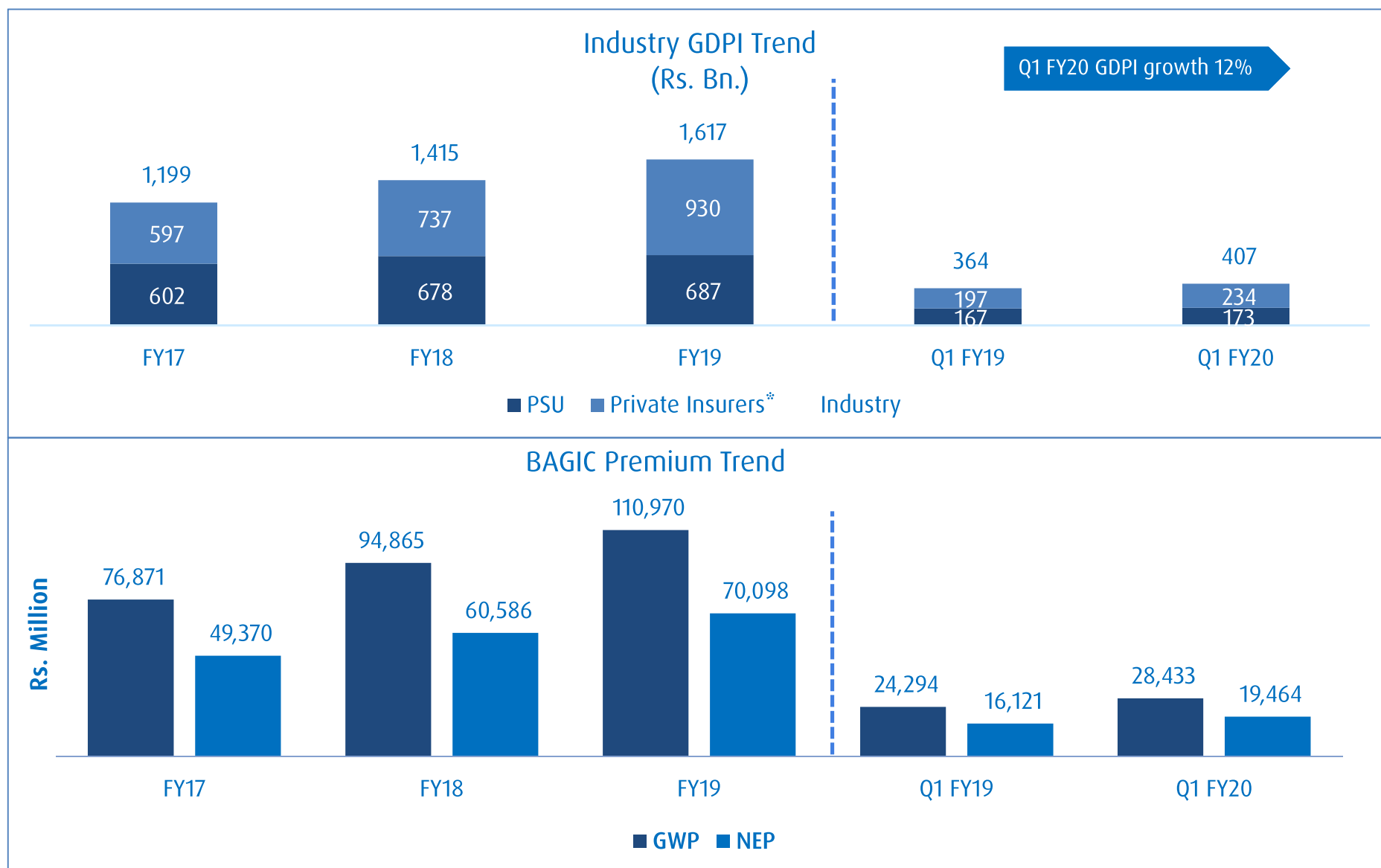
BAGIC : Profit after tax and capital efficiency

All Figures in Rs Million



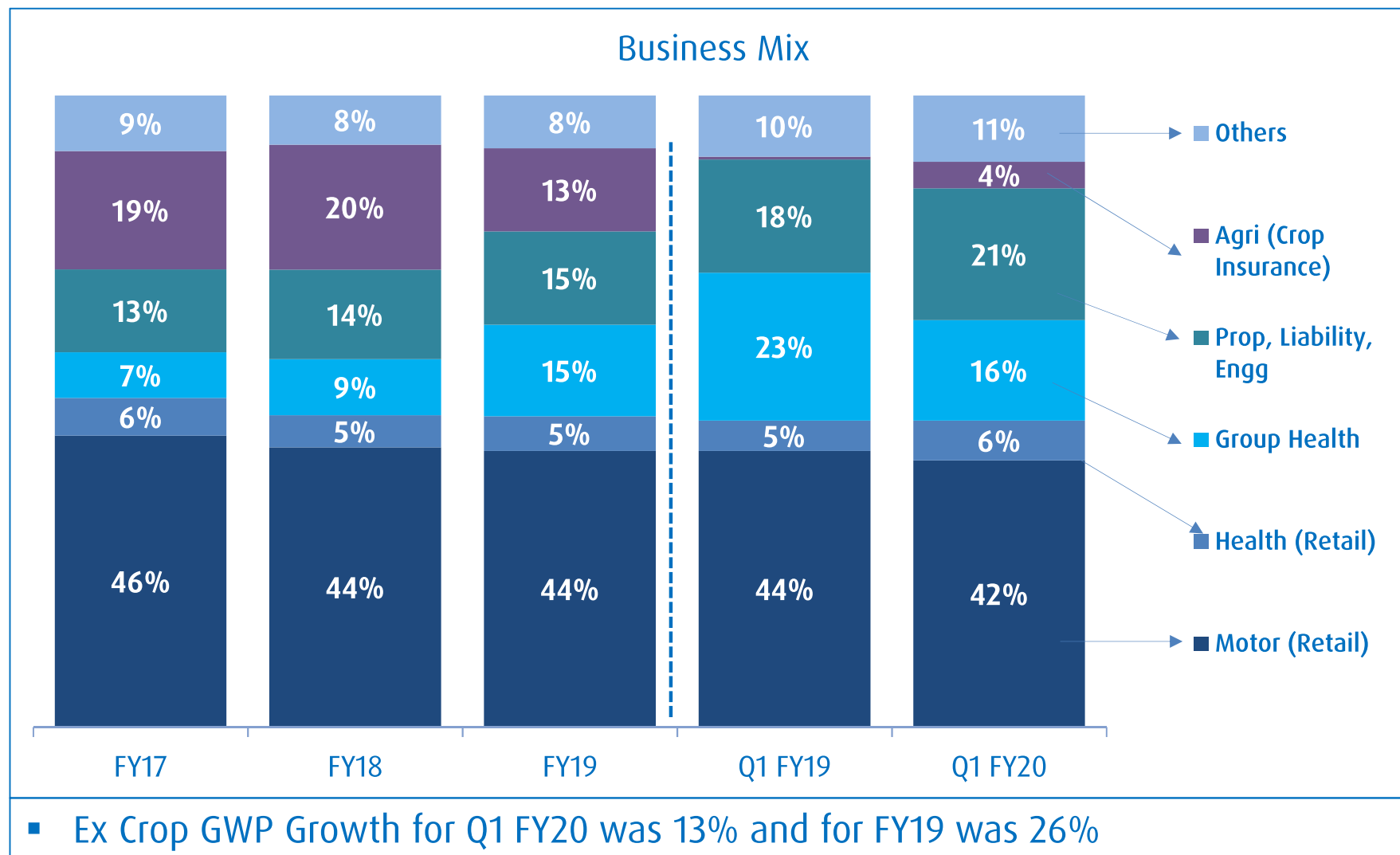
*Accumulated profit includes reserves

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

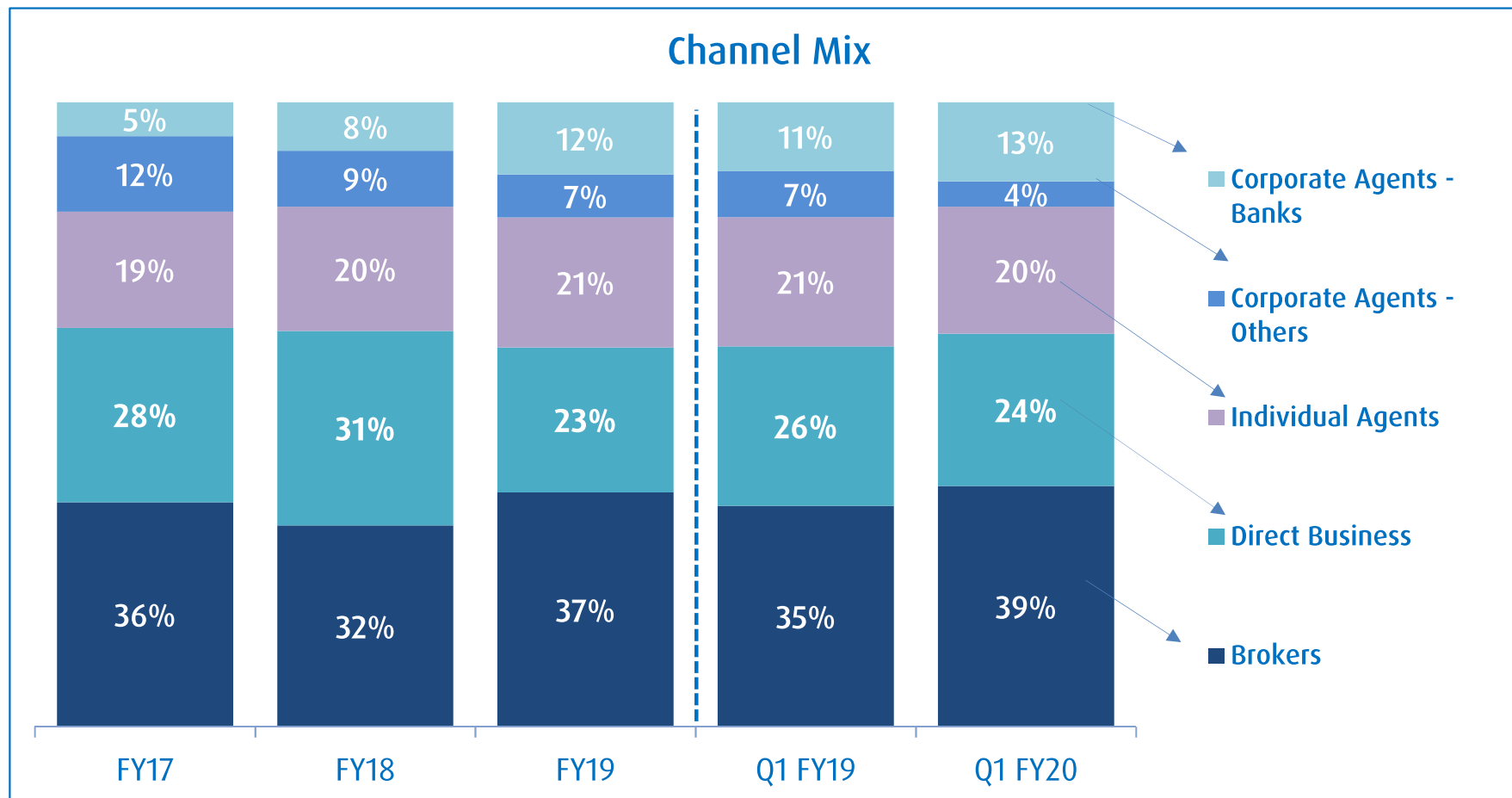


Source : IRDAI, GDPI : Gross Direct Premium Income | *Private Insurers : Includes Standalone Health Insurers, PSU excludes AIC of India, GIC and ECGC

BAGIC : Balanced product mix

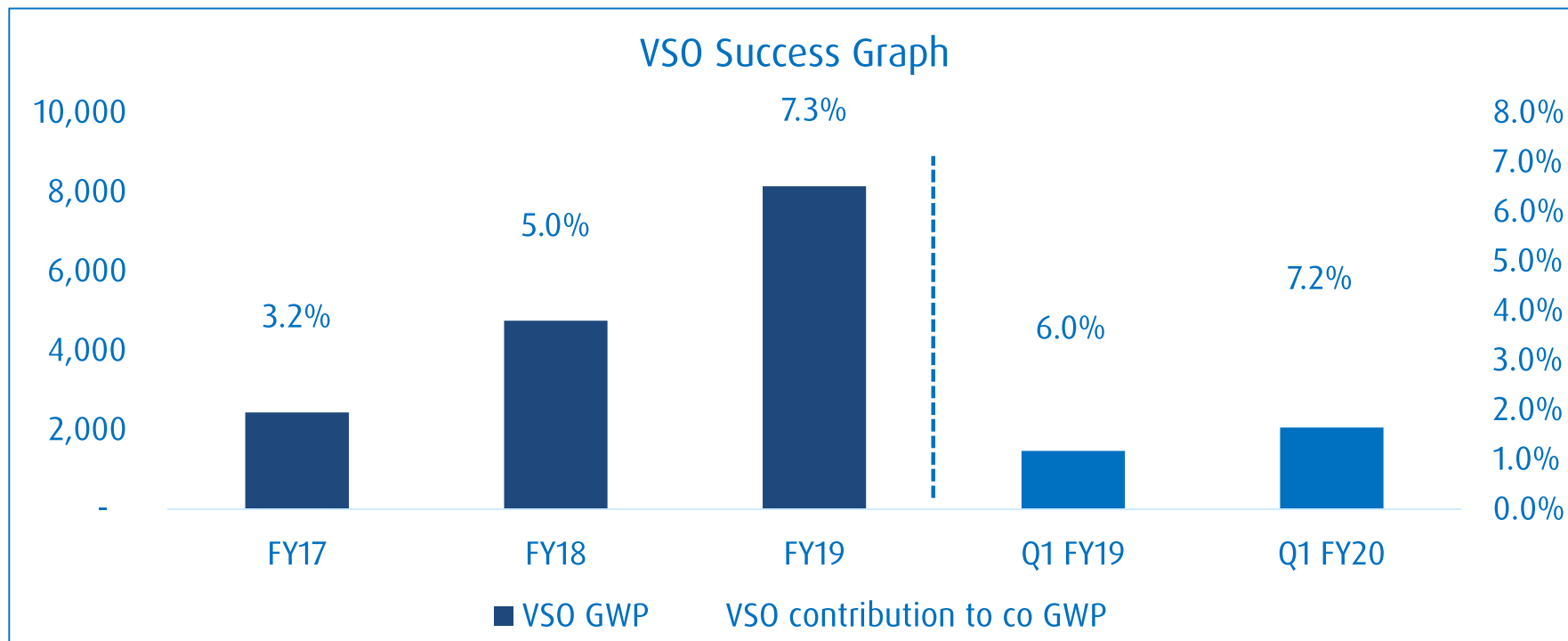


BAGIC: Channel Mix - Bancassurance strengthening



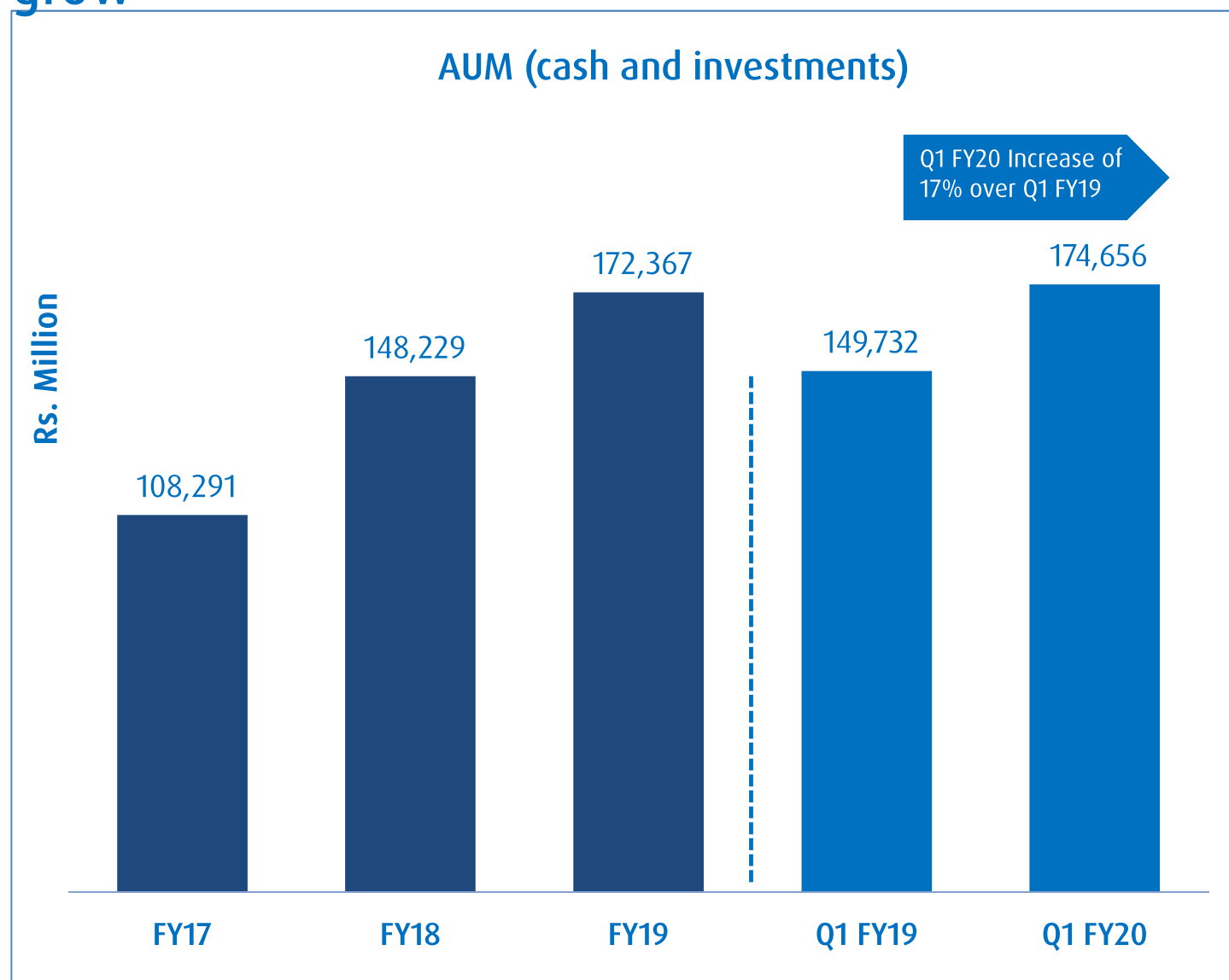
- With over 75 corporate agent bancassurance tie-ups, this channel has recoded superior growth of 35% in Q1 FY20 (FY19 growth of 75%);
- Some of the major relationships are : Citi Bank, HDFC Bank, Bajaj Finance Ltd., Canara Bank, J&K Bank, IDBI Bank, United Bank of India, KVB, RBL, Union Bank, Karnataka Bank, Bandhan Bank & PNB

BAGIC - VIRTUAL POINTS OF PRESENCE –AN INDUSTRY FIRST



- Initiated in August 2014 and has grown exponentially to 1,600+ locations as at Q1 FY20
- Q1 FY20 GWP growth of 40%
- Ensures a virtual point of presence with minimum sunk costs
- Over 0.5 MM policies issued in Q1 FY20 (Over 2.4 MM policies in FY19)

BAGIC : Assets Under Management continue to grow



BAGIC continues to grow its AUM strongly

Investments are largely in fixed income securities

Investment Leverage of 3.3x as on 30 Jun 2019

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

Diversified Distribution

- Focus on all retail segments – mass and mass affluent customers
- Diverse channels – Agency, Banca, Proprietary sales
- Strong Online Presence

Strong proprietary channels

- Large pan-India agency force : 3rd highest agency premium amongst private players in FY19.
- Dedicated proprietary sales channel

Innovative products and Sustainable product mix

- Balanced product mix between Unit Linked and Traditional Plans
- Differentiated product propositions like ROMC*, 36 critical illness and Pension

Efficient Operations

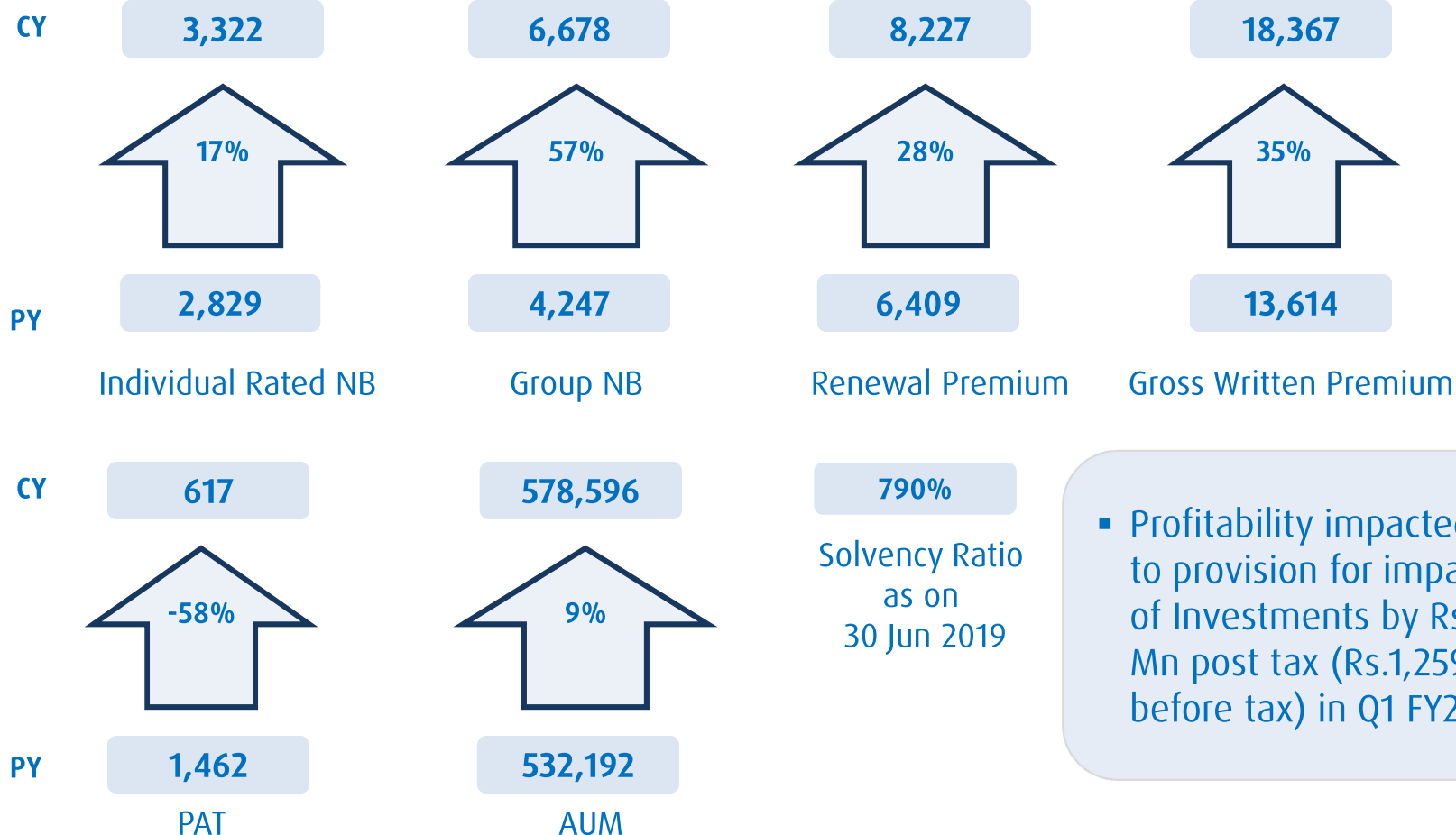
- Lean support structure
- Leverage technology to drive efficiencies

*ROMC : Return of Mortality Charge

BALIC – Q1 FY20 highlights

All Figures in Rs. Million

Performance Highlights of Q1 FY20 over Q1 FY19

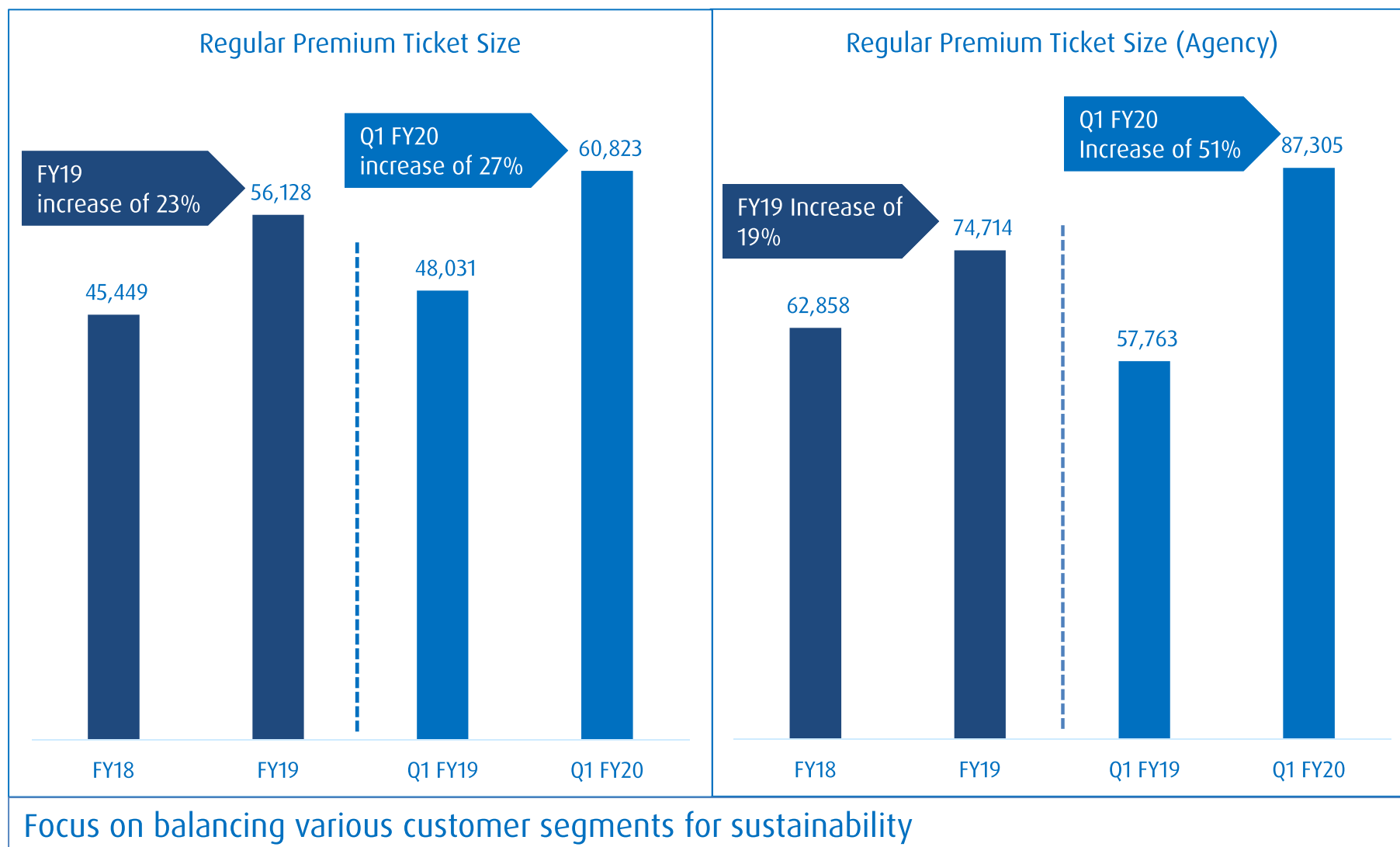


- Profitability impacted due to provision for impairment of Investments by Rs.1,077 Mn post tax (Rs.1,259 Mn before tax) in Q1 FY20

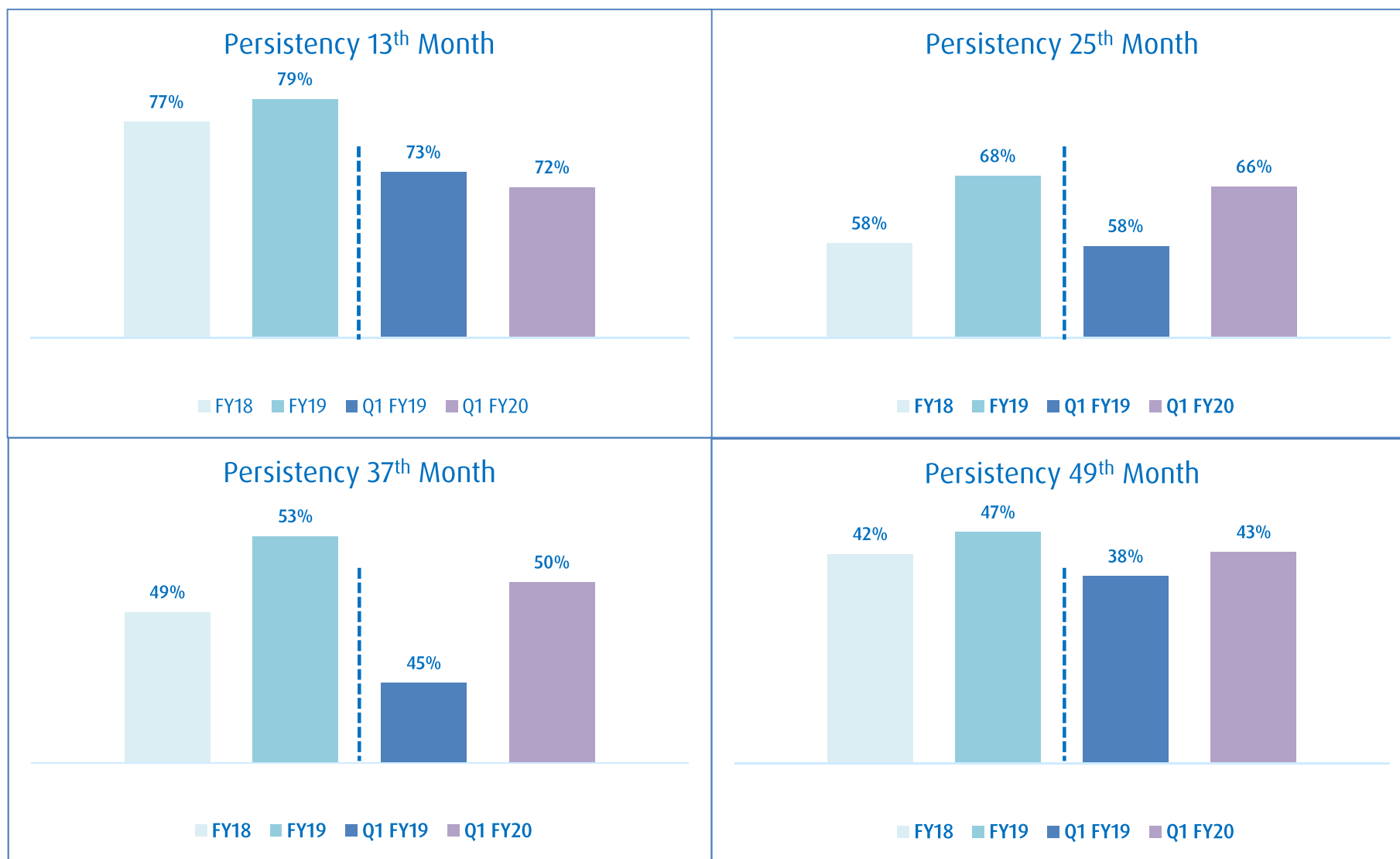
Individual Rated NB = (100% of first year premium & 10% of single premium excluding group products)

BALIC : Strong ticket size

All Figures in Rs.



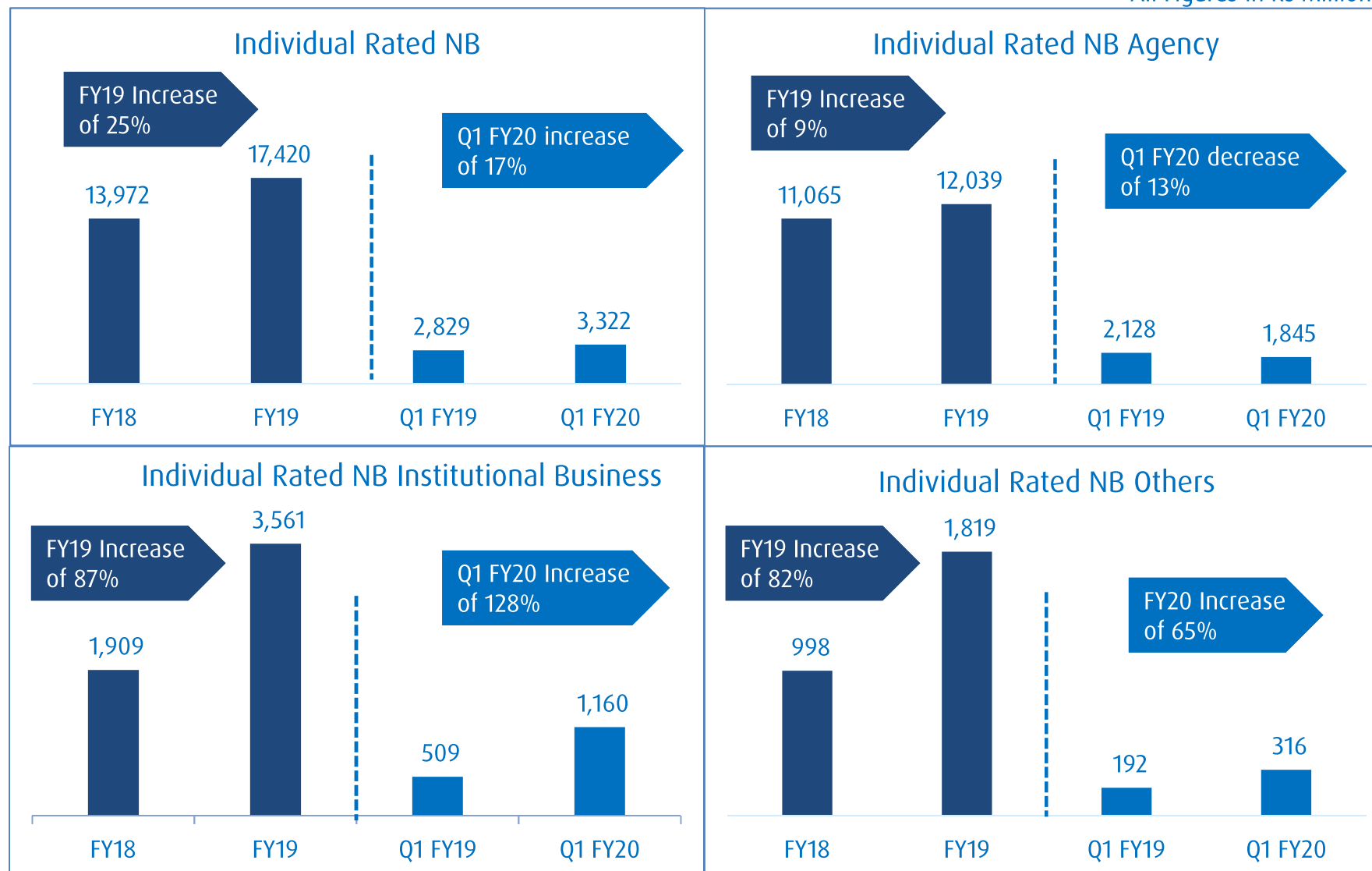
BALIC : Persistency trend



Note : Persistency as per IRDAI framework

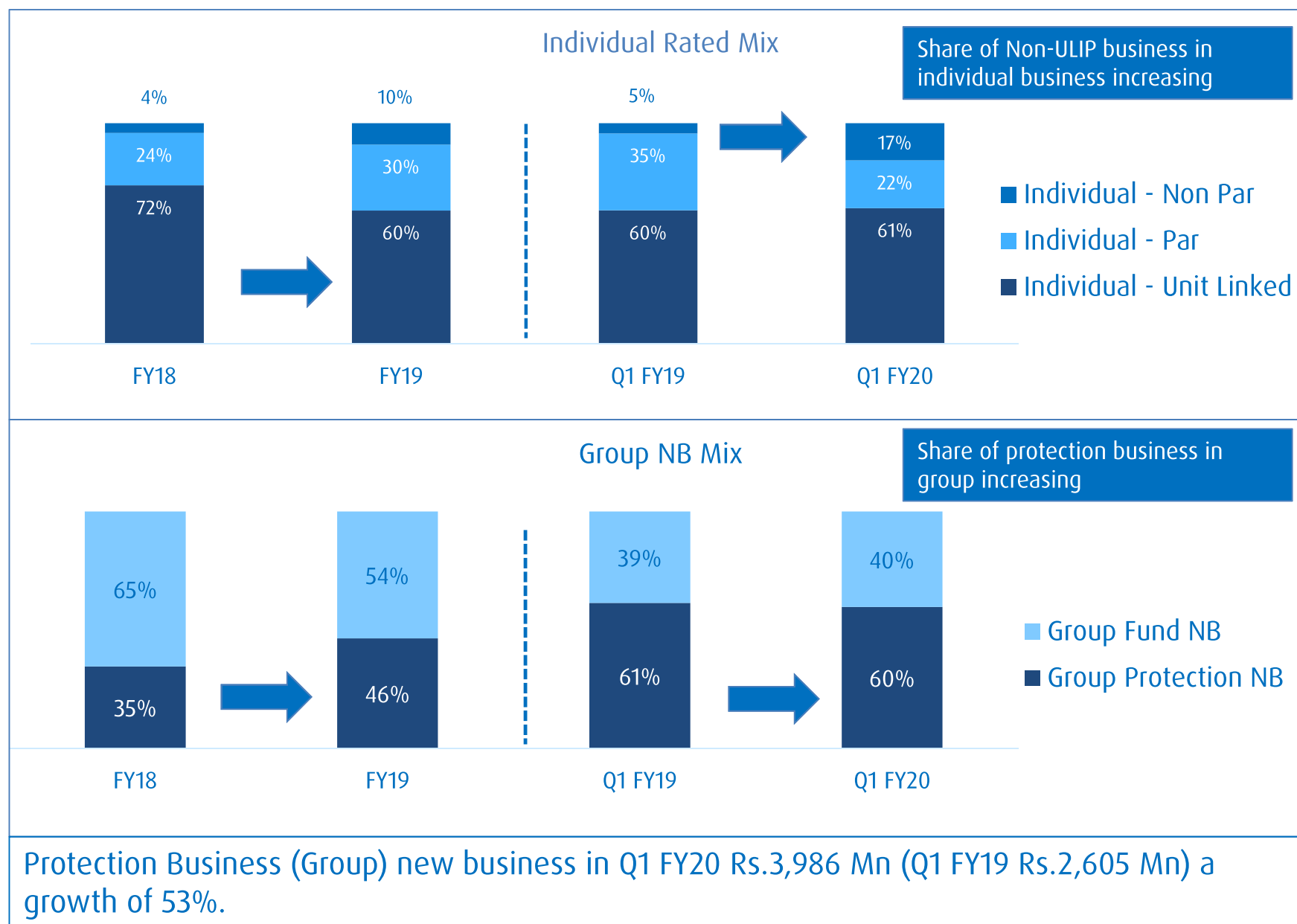
BALIC : Individual Rated premiums

All Figures in Rs Million

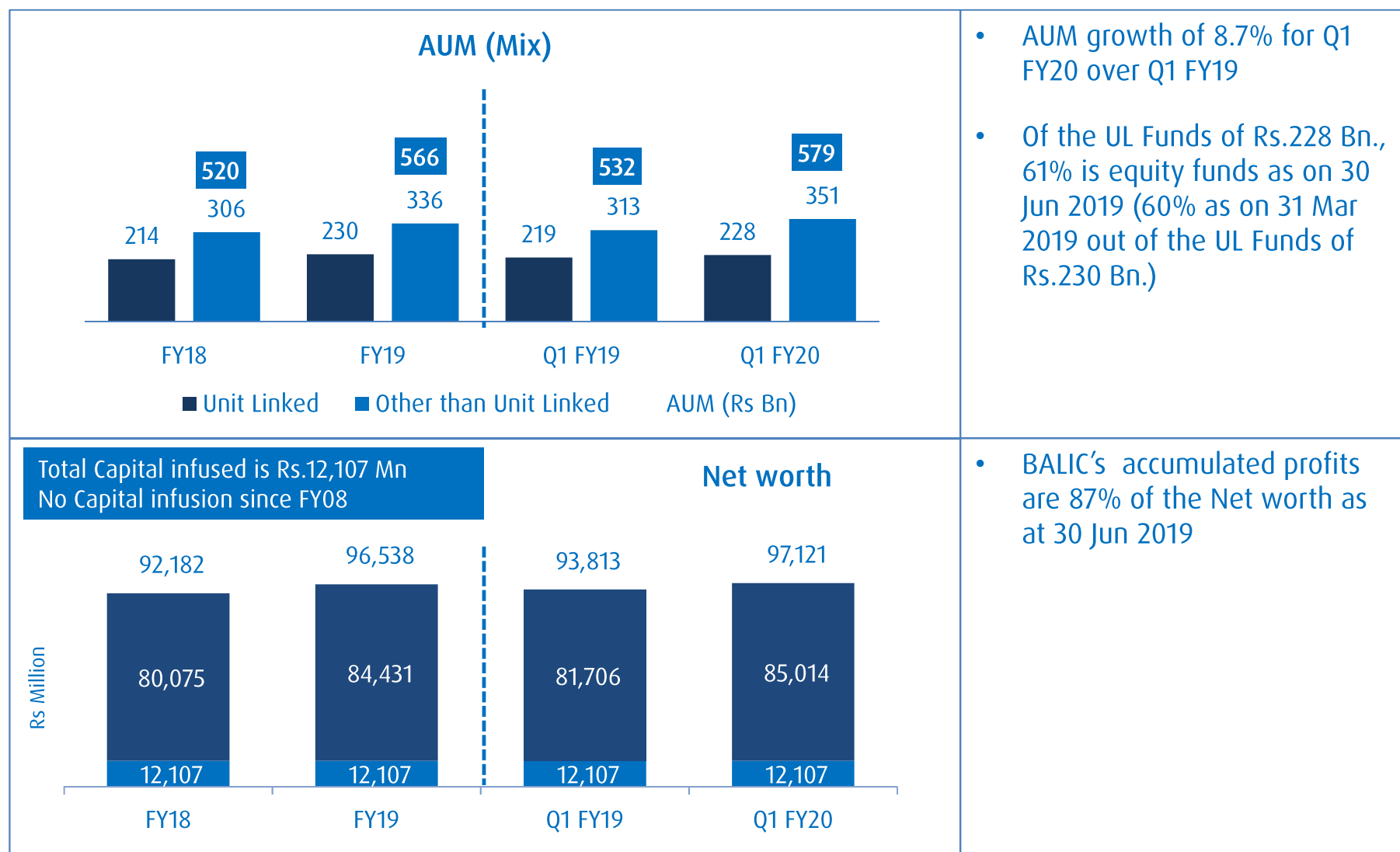


Individual Rated NB = (100% of first year premium & 10% of single premium excluding group products)

BALIC : Balanced product mix



BALIC : Assets Under Management



- AUM growth of 8.7% for Q1 FY20 over Q1 FY19
- Of the UL Funds of Rs.228 Bn., 61% is equity funds as on 30 Jun 2019 (60% as on 31 Mar 2019 out of the UL Funds of Rs.230 Bn.)
- BALIC's accumulated profits are 87% of the Net worth as at 30 Jun 2019

* Accumulated profit includes reserves

Annexure

BAGIC : Loss Triangle : Whole Account Excluding IMTPIP on Net Basis as at 31 March 2019



Particulars (Rs. Mn)	Accident Year Cohort										
	31-Mar-09 and Prior	31-Mar-10	31-Mar-11	31-Mar-12	31-Mar-13	31-Mar-14	31-Mar-15	31-Mar-16	31-Mar-17	31-Mar-18	31-Mar-19
A] Ultimate Net loss Cost - Original Estimate	33,840	11,525	12,952	13,966	17,138	24,093	27,962	31,663	35,632	42,579	52,882
B] Outstanding losses & IBNR (end of year 0)	7,848	4,158	4,475	4,901	6,721	10,516	12,782	13,818	16,782	23,378	26,764
C] Cumulative Payment as of											
one year later - 1 st Diagonal	28,743	9,090	10,355	11,006	12,799	16,386	18,585	21,590	23,224	26,713	-
two years later - 2 nd Diagonal	29,739	9,498	10,758	11,381	13,326	17,297	19,435	22,666	24,656	-	-
three years later - 3 rd Diagonal	30,492	9,725	11,048	11,651	13,798	17,936	20,110	23,600	-	-	-
four years later - 4 th Diagonal	31,097	9,915	11,273	11,867	14,075	18,471	20,905	-	-	-	-
five years later - 5 th Diagonal	31,602	10,044	11,459	12,015	14,335	19,002	-	-	-	-	-
six years later - 6 th Diagonal	31,992	10,197	11,599	12,170	14,706	-	-	-	-	-	-
seven years later - 7 th Diagonal	32,319	10,285	11,723	12,368	-	-	-	-	-	-	-
eight years later - 8 th Diagonal	32,615	10,367	11,819	-	-	-	-	-	-	-	-
nine years later - 9 th Diagonal	32,859	10,496	-	-	-	-	-	-	-	-	-
ten years later - 10 th Diagonal	33,186	-	-	-	-	-	-	-	-	-	-

1. Ultimate Net loss Cost – Original estimate: is the year end position for the year (For 2009 and prior it is the position as at 2009 end for all prior year)
2. Outstanding losses & IBNR includes outstanding claims provisions, IBNR / IBNER & ALAE
3. Ultimate Net loss cost (A) – Net Claims provision (B) = Amount of claims paid within the year
4. IMTPIP : Indian Motor Third Party Insurance Pool

BAGIC : Loss Triangle : Whole Account Excluding IMTPIP on Net Basis as at 31 March 2019...



Particulars (Rs. Mn)	Accident Year Cohort										
	31-Mar-09 and Prior	31-Mar-10	31-Mar-11	31-Mar-12	31-Mar-13	31-Mar-14	31-Mar-15	31-Mar-16	31-Mar-17	31-Mar-18	31-Mar-19
A] Ultimate Net loss Cost - Original Estimate	33,840	11,525	12,952	13,966	17,138	24,093	27,962	31,663	35,632	42,579	52,882
D] Ultimate Net Loss Cost re-estimated											
one year later - 1 st Diagonal	33,623	10,836	12,361	13,022	16,705	23,462	26,603	30,508	33,626	38,830	-
two years later - 2 nd Diagonal	33,869	10,812	12,339	13,015	16,523	22,998	26,285	30,436	32,798	-	-
three years later - 3 rd Diagonal	33,996	10,842	12,356	13,033	16,526	22,655	26,084	30,051	-	-	-
four years later - 4 th Diagonal	34,240	10,851	12,395	13,188	16,195	22,507	25,851	-	-	-	-
five years later - 5 th Diagonal	34,129	10,837	12,440	13,269	16,149	22,367	-	-	-	-	-
six years later - 6 th Diagonal	34,174	10,924	12,533	13,236	16,255	-	-	-	-	-	-
seven years later - 7 th Diagonal	34,352	11,013	12,490	13,225	-	-	-	-	-	-	-
eight years later - 8 th Diagonal	34,574	10,981	12,466	-	-	-	-	-	-	-	-
nine years later - 9 th Diagonal	34,595	11,006	-	-	-	-	-	-	-	-	-
ten years later - 10 th Diagonal	34,683	-	-	-	-	-	-	-	-	-	-
Favorable / (unfavorable) development Amount(A-D)	(843)	519	486	741	883	1,726	2,111	1,612	2,834	3,749	-
In % [(A-D)/A]	-2%	5%	4%	5%	5%	7%	8%	5%	8%	9%	-

1. Ultimate Net loss Cost – Original estimate: is the year end position for the year (For 2009 and prior it is the position as at 2009 end for all prior year)
2. Outstanding losses & IBNR includes outstanding claims provisions, IBNR / IBNER & ALAE
3. Ultimate Net loss cost (A) – Net Claims provision (B) = Amount of claims paid within the year
4. IMTPIP : Indian Motor Third Party Insurance Pool

BAGIC : Loss Triangles - IMTPIP reserving

- The IMTPIP came to operation on 1st April 2007 exclusively for third party claims in respect of commercial vehicles. All insurers registered to carry on non-life insurance business including motor business were automatically required to participate in the pooling arrangement to provide cover at rates notified by IRDA. Losses from the pool were distributed to each company in proportion to their market share from all lines of business.
- The pool was dismantled on 31st March 2012. The outstanding claims in respect of vehicles ceded by BAGIC to the pool were transferred back to the company. An amount of Rs 20,587 Mn was paid to BAGIC to pay off the outstanding claims.
- The position of the IMTPIP claims transferred to BAGIC as at 31st March 2019 is as follows:-

Particulars	Rs Mn
Amount received by BAGIC from the disbanded pool	20,587
Amount paid till 31 st March 2019	-16,919
Balance available to settle remaining claims	3,668
Strengthening of pool reserves	
Outstanding claims of IMTPIP as at 31 st March 2019	70
IBNR reserves of IMTPIP as at 31 st March 2019	1469
Total provision as at 31st March 2019	1,539

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