Bajaj Finserv Limited

Investor Presentation – Q2 FY17*

* Financial year 2016-17

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Bajaj Finserv – A diversified financial services group

BAJAJ FINSERV

Bajaj Finance Limited	Bajaj Allianz General Insurance	Bajaj Allianz Life Insurance
57.28%*	74%	74%
• Diversified NBFC present in consumer finance, SME, commercial and rural lending • Strong distribution presence • Book size of over Rs 427 Bn as of FY16. • Net NPA stood at 0.28% in FY16 • Leading player in consumer electronics financing	• 2nd largest private General insurer in India as of FY16 • Offers a wide range of products across retail & corporate segments • Highest PAT among private players and 2nd highest in industry in FY16. ROE of 22.5% in FY16 • Combined ratio of 99.3% in FY16 • Recognized in the market for claims servicing	• 4th largest private player in India in FY 16 by new business • Deep, pan India distribution reach • Diversified distribution mix – agency, banca, alternate channels, direct etc • FY 16 AUM of over Rs 441 Bn • Net-worth of Rs 76,315 Mn as of 31 Mar 2016 • 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 spanning life insurance, general insurance, and lending, with a pan India presence.
- Bajaj Finserv is also a listed opportunity to participate in India's insurance sector.

Shareholding is as of 30th September 2016. Chart shows only major subsidiaries.

**BFS holds 9,250,000 warrants convertible into equity shares of BFL on or before 1 December 2016. When exercised, the holding of BFS in BFL will increase from 57.28% to 58%.*

Bajaj Finserv performance highlights

All Figures in Rs Million

Performance Highlights of Q2 FY 2017 over Q2 FY2016

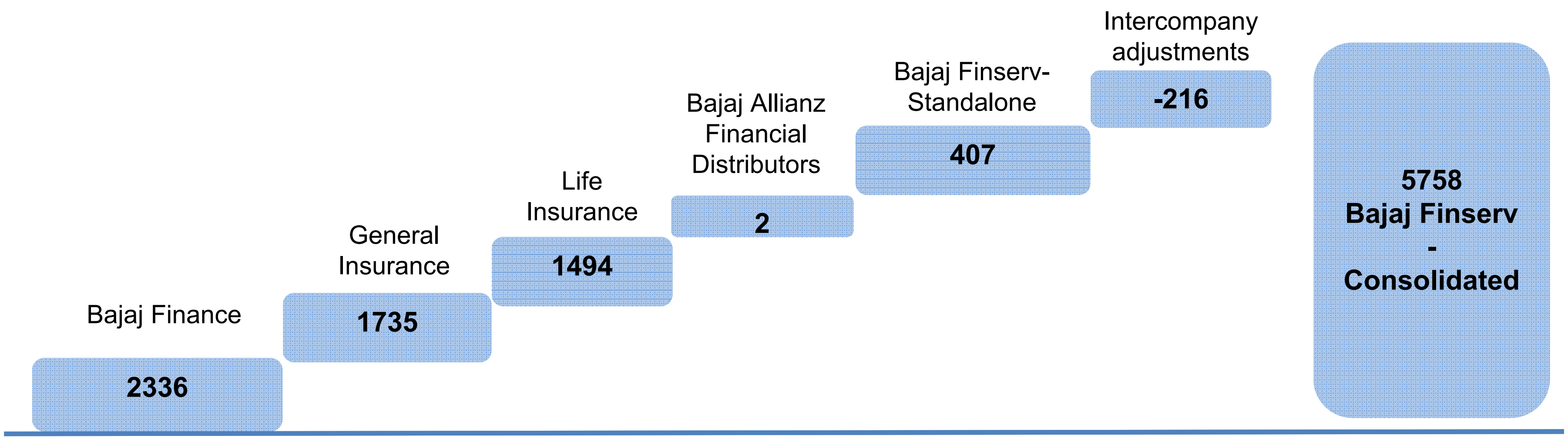
	Gross Revenue (Consolidated)	Profit before Tax (Consolidated)	PAT (Consolidated)	Net Worth (Standalone)
CY	69118	12326	5758	27534
	33.3%	37.3%	30.5%	4.1%
PY	51852	8978	4411	26457

- **Bajaj Finserv : Bajaj Finserv remains a debt free company. Bajaj Finserv's surplus funds stood at Rs. 8,416 million as on September 30, 2016.**
- **Consolidated Net Worth stood at Rs. 144,988 million and Consolidated Book Value Per Share at Rs. 911.**

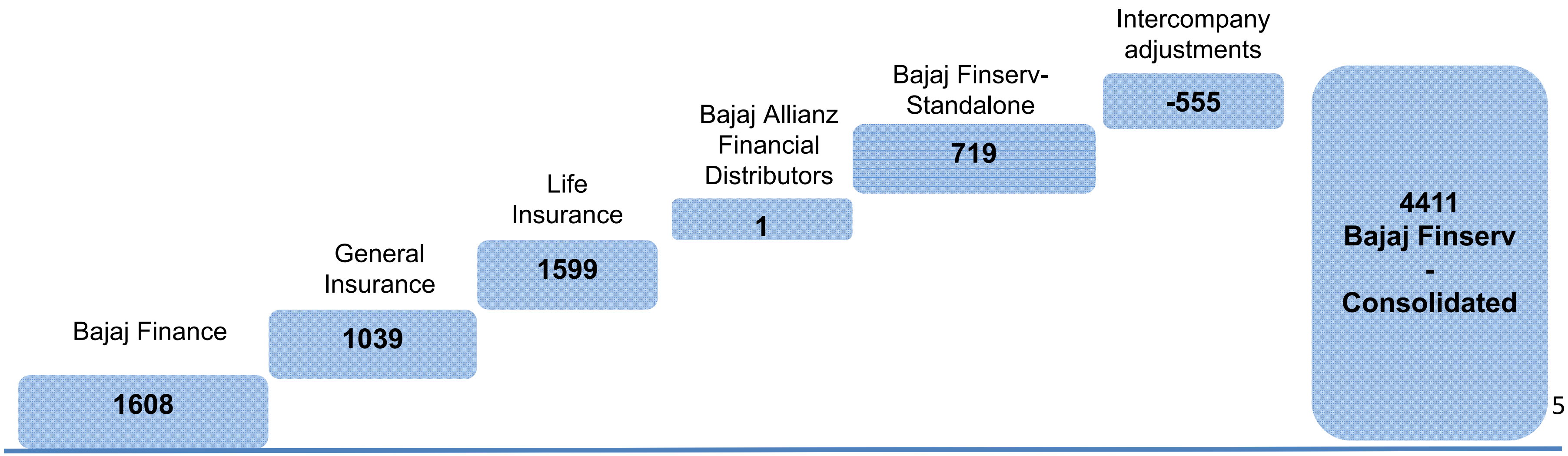
Consolidated profit components

All Figures in Rs Million

Consolidated profit components for Q2 FY2017



Consolidated profit components for Q2 FY2016

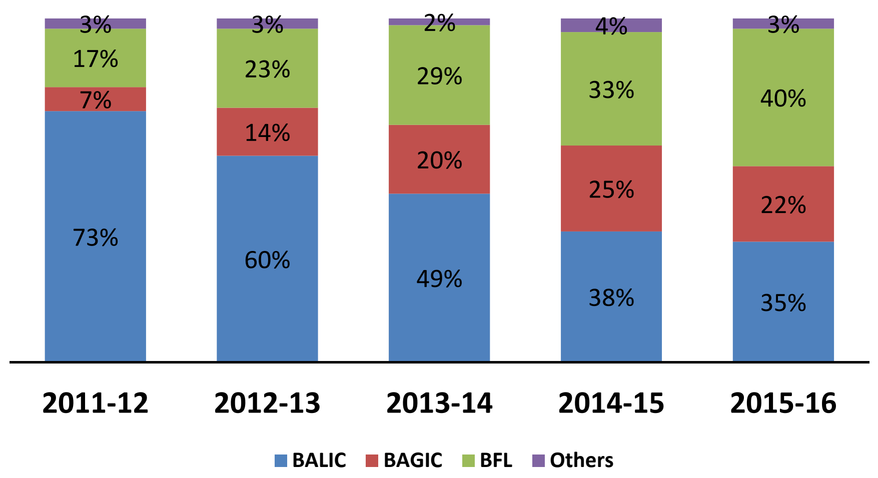


H1 Highlights

All Figures in Rs Million

BAJAJ FINSERV	H1 FY17	H1 FY16	Growth
Gross Revenue	125,819	100,122	26%
Net worth (Cons)	144,988	124,721	16%
PAT	11,133	9,080	23%

Consolidated Profit Components *



Group Company Highlights

BALIC	H1 FY17	H1 FY16	Growth
GWP	24,508	22,535	9%
Total Investments	468,802	429,545	9%
PAT	4,456	4,566	-2%

BAGIC	H1 FY17	H1 FY16	Growth
GWP	37,059	28,221	31%
Investments	103,598	88,314	17%
PAT	3,659	2,879	27%

BAJAJ FINANCE	H1 FY17	H1 FY16	Growth
AUM	523,320	379,637	38%
Total Income	46,670	33,564	39%
PAT	8,317	5,550	50%

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

Bajaj Allianz General Insurance

General Insurance – Overview

BAJAJ | Allianz

STRATEGY

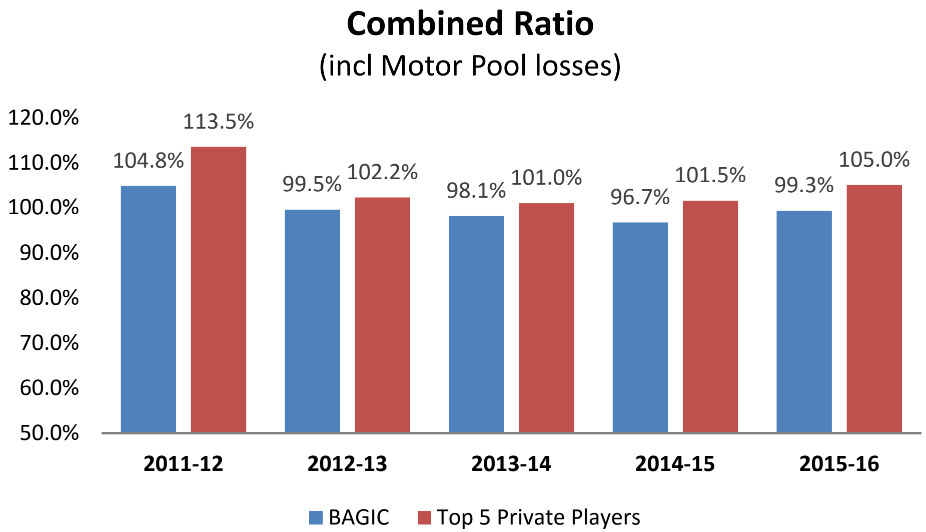
- Grow faster than market in chosen segments.
- Presence across retail and commercial lines, with a focus on retail business
- Emphasis on profitability through superior underwriting, & strong cash flow generation, resulting in superior ROE
- Deliver industry leading customer experience

General Insurance – Overview

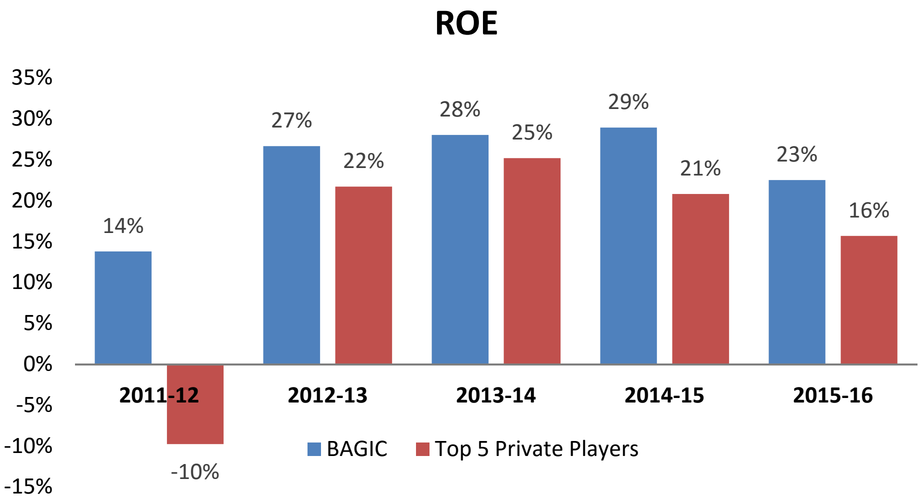
DIFFERENTIATORS

Underwriting Strength	❑ Industry leading combined ratios over the last several years with superior ROE. ❑ Highest PAT in private sector in FY16
Sustained Innovation	❑ Trend-setter in the industry for cash-less claims. First to insource health insurance administration. ❑ Geographic expansion through unique models like virtual points of sale, All women branches etc
Multi Channel Distribution	❑ Multi-channel distribution with pan India presence. ❑ Over 8.3 Mn policies in FY16

General Insurance – Overview



- Industry leading combined ratios on a sustained basis

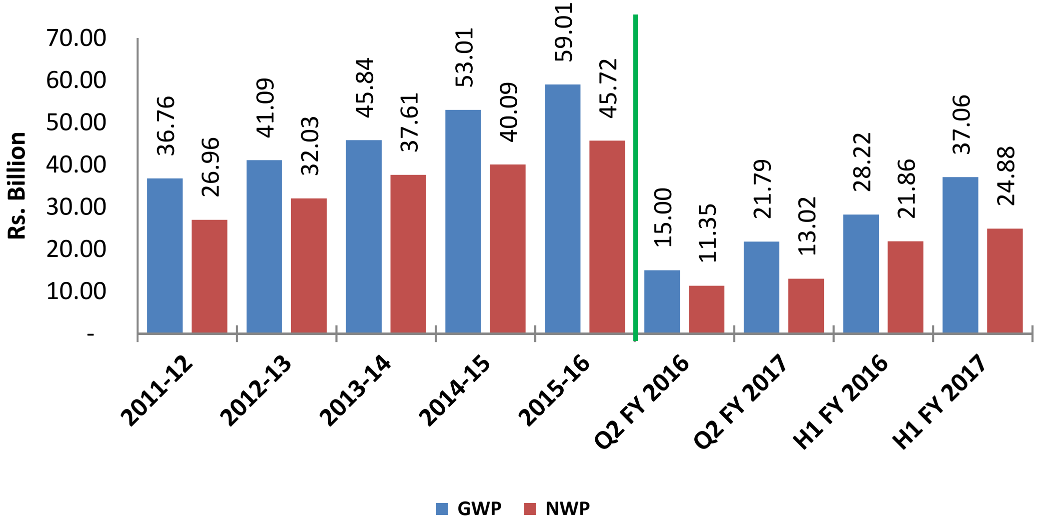


- Consistently delivered industry beating ROEs

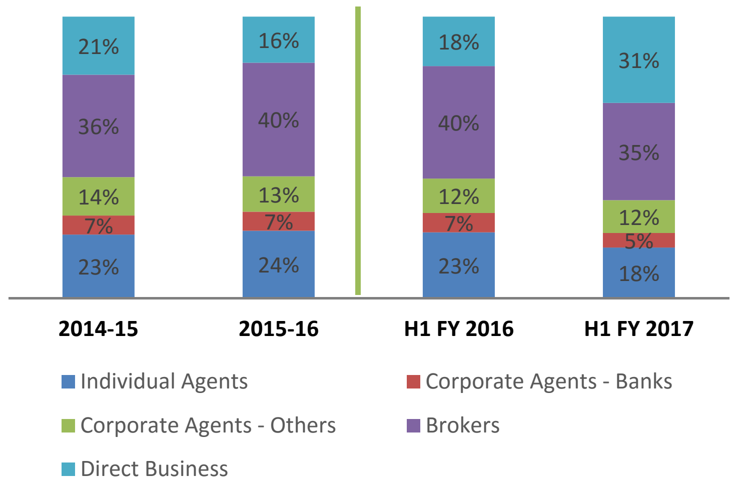
Based on internal workings using publicly available data.
Top 5 Private players refers to top 5 non specialized private players by GDPI as of FY16 (includes BAGIC).
Combined ratio ex Motor Third Party Pool for BAGIC from FY12 to FY14 were 93.8%, 89.4% and 94.2% respectively

Premium update

BAGIC Premium Trend

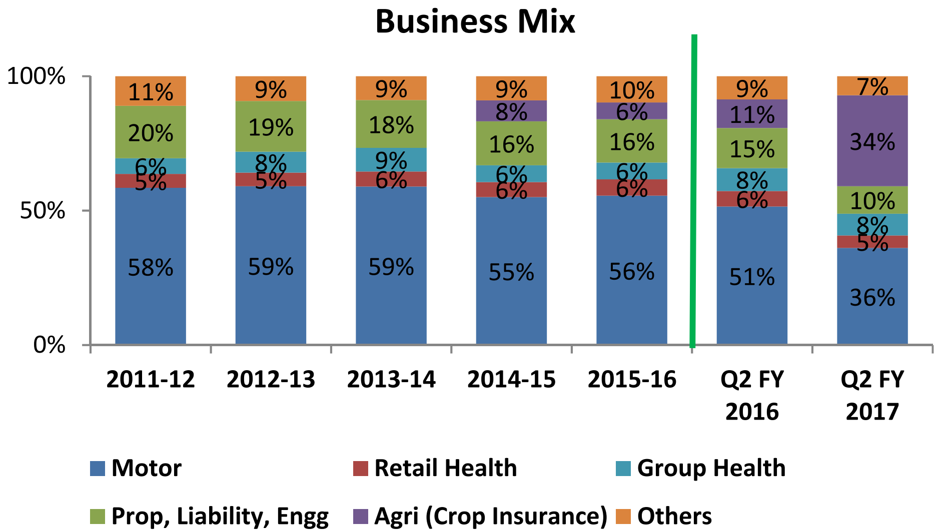


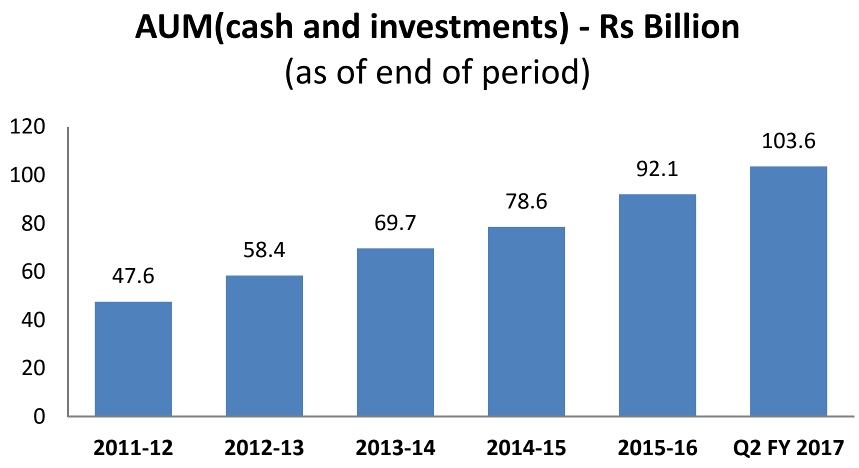
Diversified distribution mix



- **BAGIC has consistently been among the top 2 insurers in terms of GWP.**
- **BAGIC has one of the most diversified distribution channels in the industry with a combination of direct and intermediated channels.**
- **Strong growth delivered in Q2 and H1 FY 17**

Business mix and AUM growth

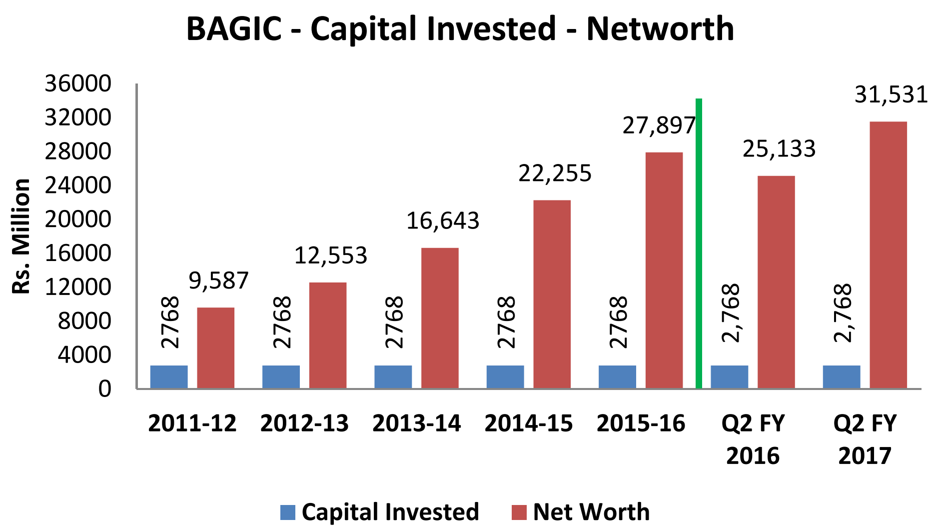


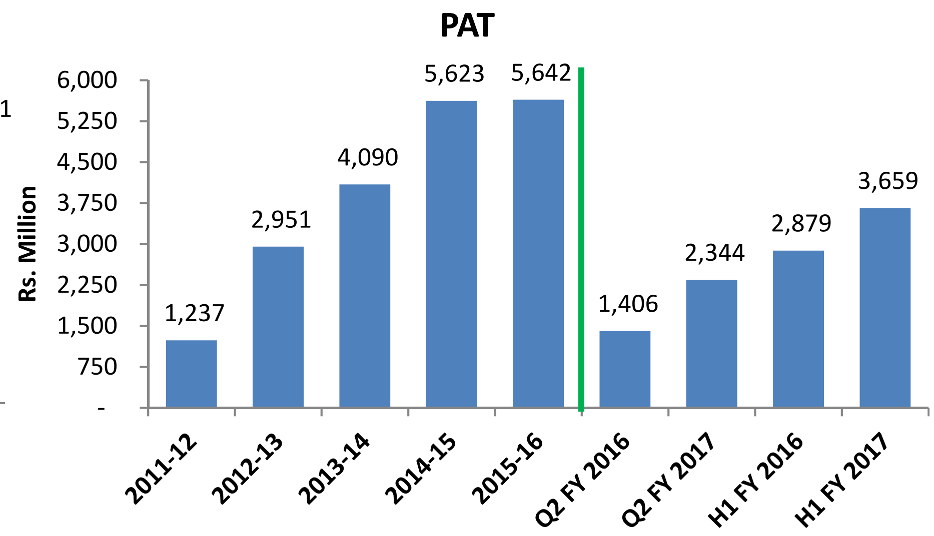


- **During Q2 FY 2017 the company has written crop insurance of Rs 7371 Mn against Rs 1,594 Mn in Q2 FY 2016**
- **AUM crossed Rs 100 Bn in H1 FY 17.**
- **AUM is 3.3 times the Net Worth as at 30th September 2016**

Capital efficiency and PAT trend

All Figures in Rs Million





- **BAGIC's Net worth is over 10x the capital infused**
- **It is one of most profitable private sector insurers with highest ROEs amongst the top companies in the industry**

Bajaj Allianz General – Q2 highlights

All Figures in Rs Million

Performance Highlights of Q2 FY2017 over Q2 FY2016

	Gross Written Premium	Net Earned Premium	Profit After Tax	ROE (Not Annualized)
CY	21,788	12,405	2,344	7.7%
	45%	17%	67%	
PY	15,002	10,615	1,406	5.8%

	Combined Ratio	Claim Ratio
CY	94.3%	71.6%
PY	98.9%	72.9%

Solvency Ratio was 253% as against regulatory requirement of 150% as of 30th September 2016

Bajaj Allianz Life Insurance

Life Insurance - Overview

STRATEGY

- Grow regular premium
- Diversified distribution channels with an emphasis on individual agents
- Maintain a sustainable product mix
- Maintain leadership amongst private companies in the financial inclusion segment

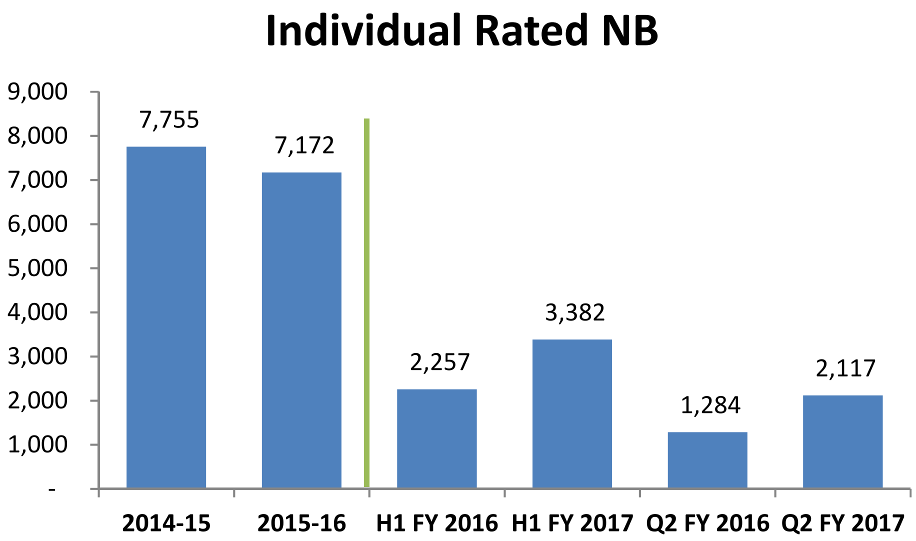
Life Insurance - Overview

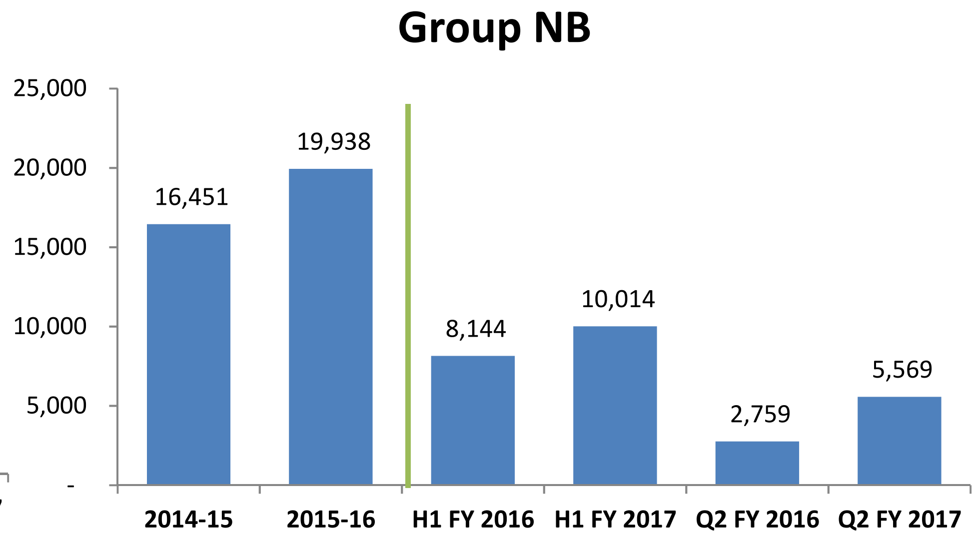
DIFFERENTIATORS

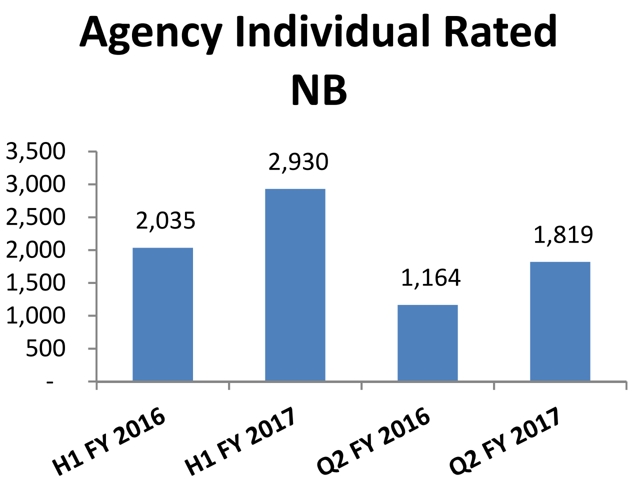
Large Proprietary Agency Force	❑ Deep pan India distribution presence ❑ Focus on improving efficiency and productivity of agency channel
Financial Inclusion	❑ BALIC leads the private sector, with about 40% share of lives covered in group schemes (FY16) ❑ Well entrenched participant in rural markets through partnerships with Rural banks, MFIs, SFBs etc.
Sustainable Model	❑ Higher mix of ULIP in top tier markets, higher mix of traditional in lower tier markets

New business update

All Figures in Rs Million

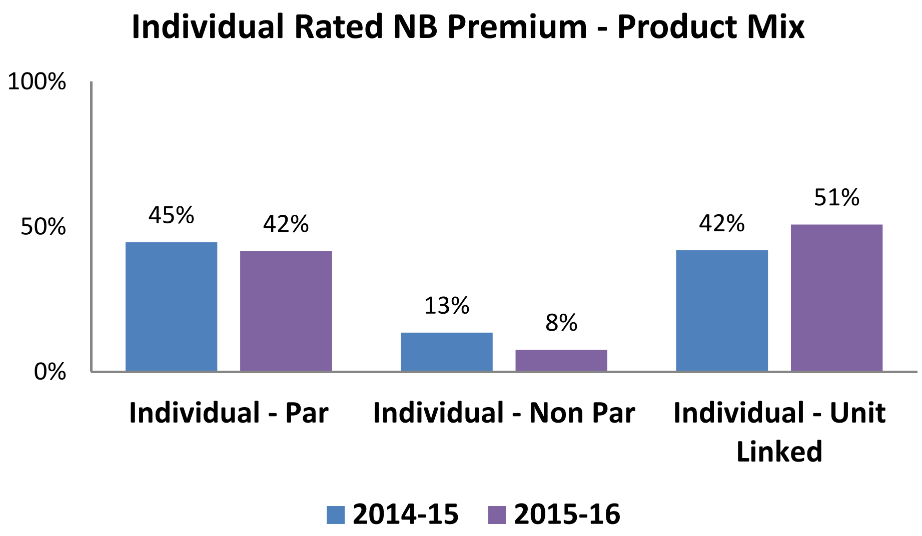


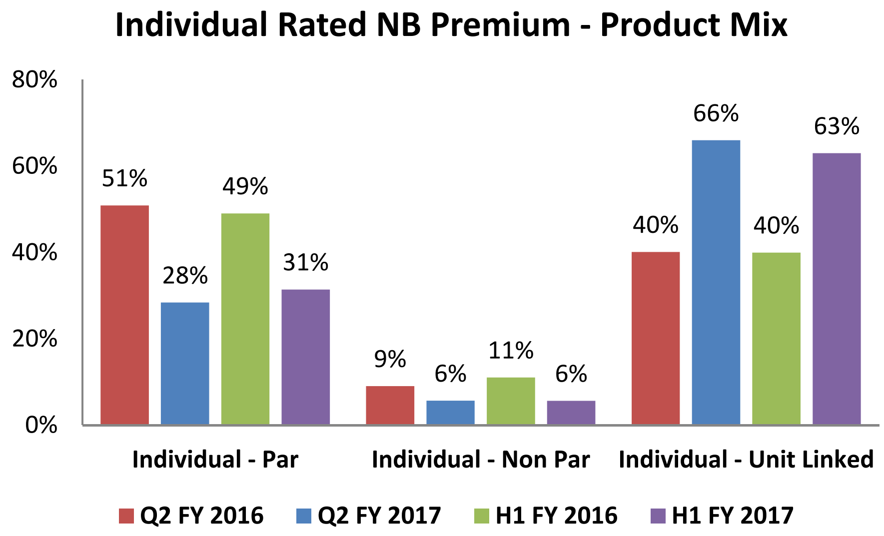




- **BALIC's focus is to grow regular premium which is reflected in individual rated premium**
- **BALIC's Individual Rated New Business has grown 65% in Q2 FY17 and 50% in H1 FY 17 over Q2 FY16 & H1 FY 16 respectively**
- **Agency channel's Individual Rated New Business is up 56% in Q2 FY17 over Q2 FY16. Changes effected in agency over last 2 years have started to pay off.**

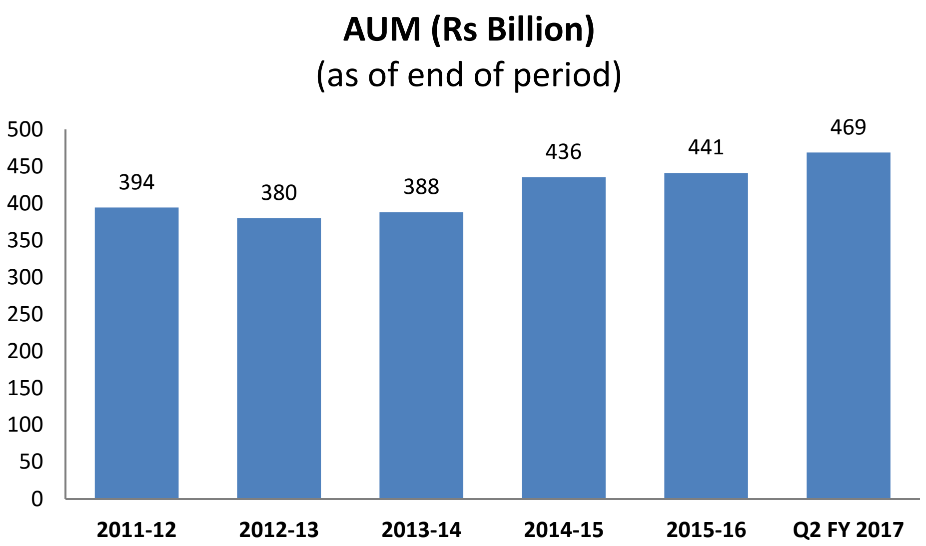
Diversified product mix

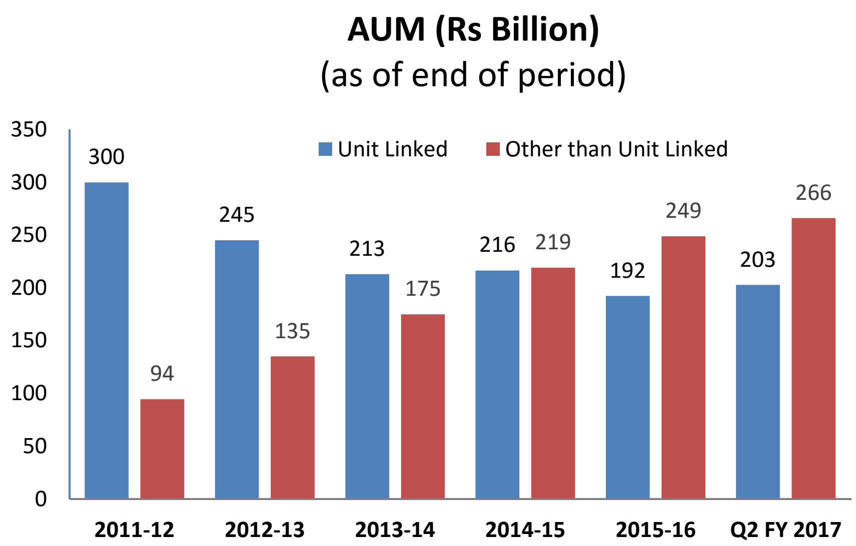




- Individual Rated NB product mix is well diversified across par, non par and UL
- Group Business : Group Fund business in Q2 FY 17 was Rs 3,489 Mn (Q2 FY 16 Rs 1,018 Mn) and H1 FY 17 Rs 5,747 Mn (H1 FY 16 Rs 4,812 Mn). In H1 FY 17 Group Fund business was 42% of New Business (PY 43%)

Assets Under Management are significant

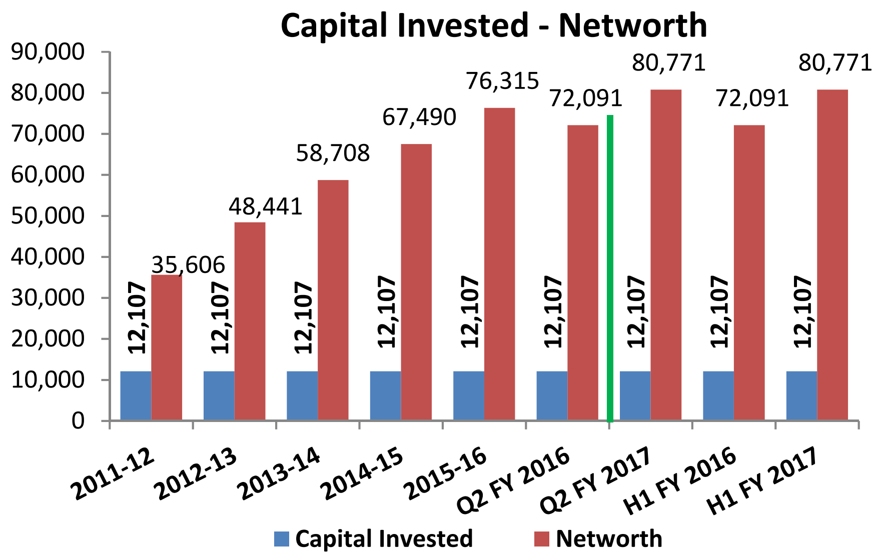




- **Of the UL Funds of Rs 203 Billion, 66% is equity funds as at 30th September 2016**

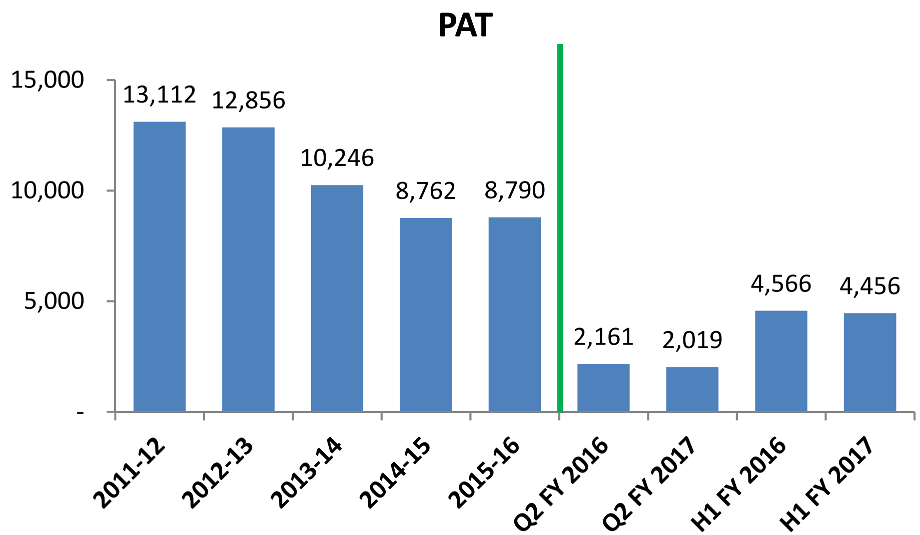
Capital efficiency and PAT

All Figures in Rs Million



BALIC's Networth is 6.7 times the Capital infused.

No Capital infused after FY08



Includes net Transfer from Policyholders' account to P&L – Rs 540 Mn in Q2 FY17 (Q2 FY16 Rs 513 Mn).

Bajaj Allianz Life – Q2 highlights

All Figures in Rs Million

Performance Highlights of Q2 FY2017 over Q2 FY2016

	Individual Rated NB	Group NB	Renewal Premium	Gross Written Premium
CY	2,117	5,569	6,650	14,467
Growth	65%	202%	-7%	23%
PY	1,284	2,759	7,125	11,719

	PAT	Solvency Ratio as on 30th September 2016	AUM
CY	2,019	784%	468,802
Growth	-7%		9%
PY	2,161		429,545

Bajaj Finance Limited

Standalone

Bajaj Finance - Overview

Overview

- A non bank with strategy, structure & support model of a bank
- Diversified financial services strategy envisages an optimal mix of risk and profit to deliver a sustainable business model
- The business construct is to deliver a sustainable and superior ROA & ROE

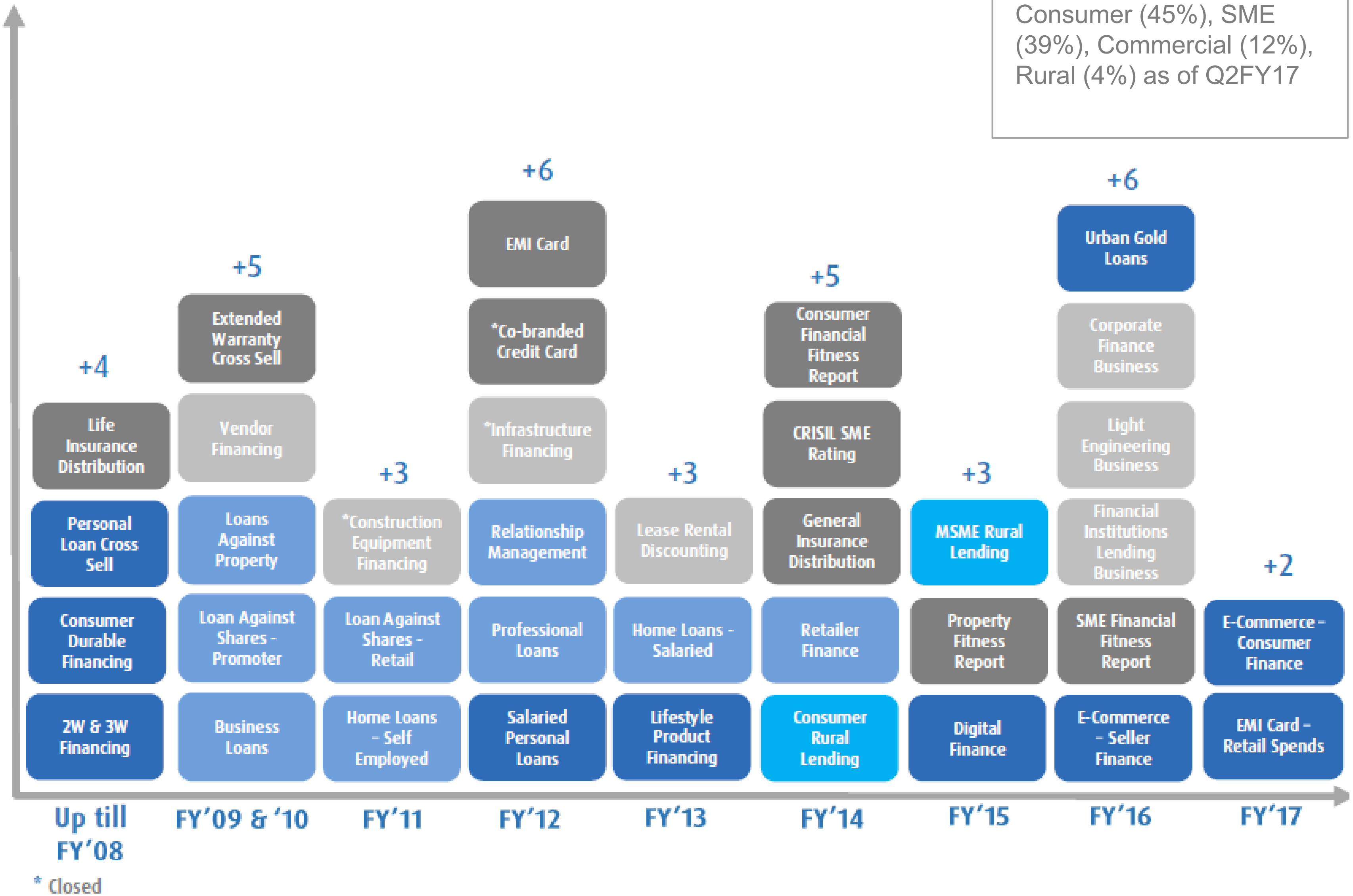
Bajaj Finance – Overview

DIFFERENTIATORS

Strong brand equity of Bajaj group	Focus on mass affluent and above customers
Strong focus on cross-sell covering assets, insurance & wealth products	Diversified lending strategy
Highly agile and innovative	Deep investment in technology and analytics

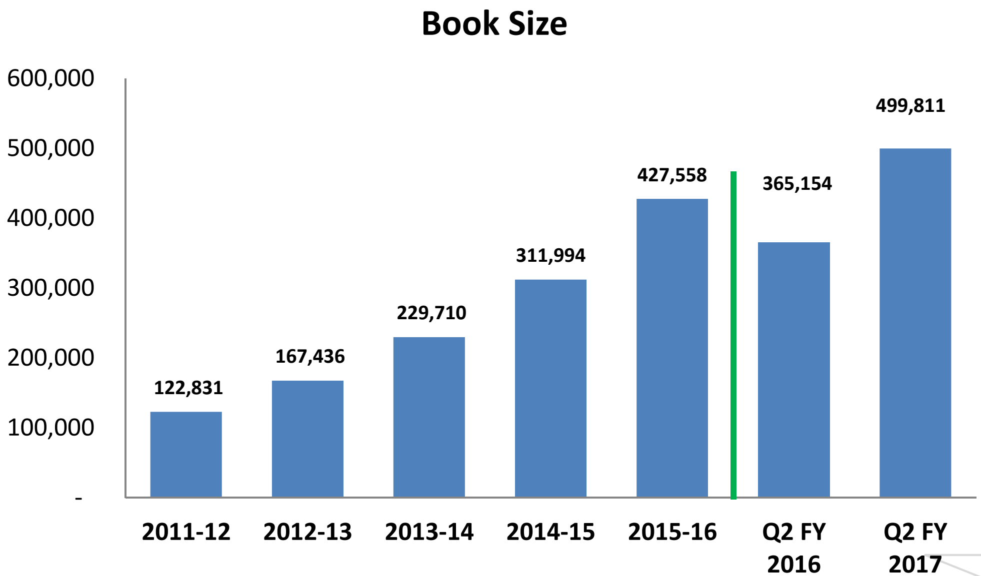
Bajaj Finance – Business / Product Launch Journey

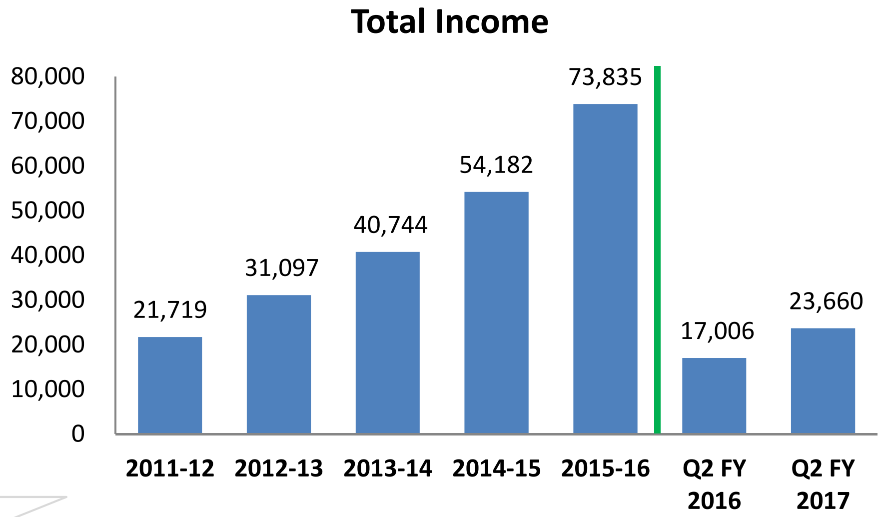
AUM mix:
Consumer (45%), SME (39%), Commercial (12%), Rural (4%) as of Q2FY17

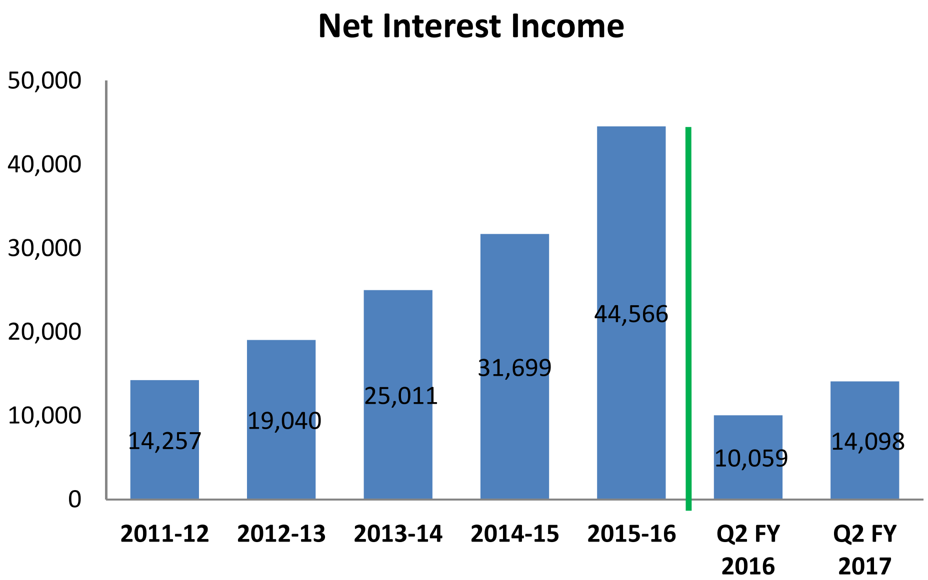


Bajaj Finance has clocked healthy growth in revenues

All Figures in Rs Million

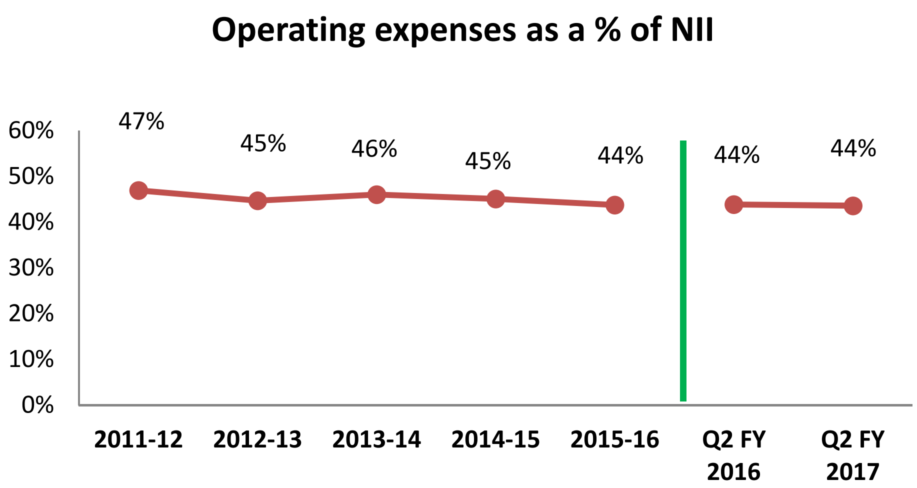


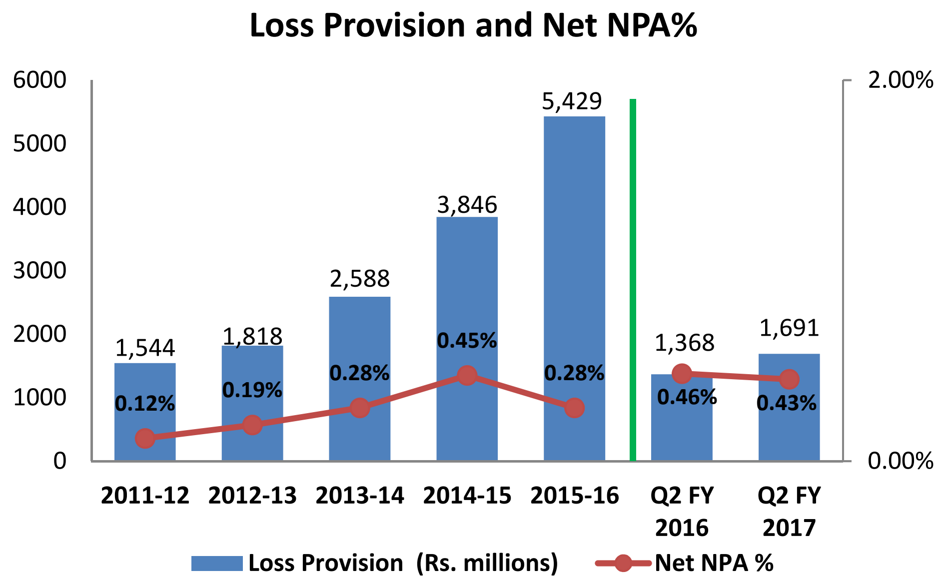


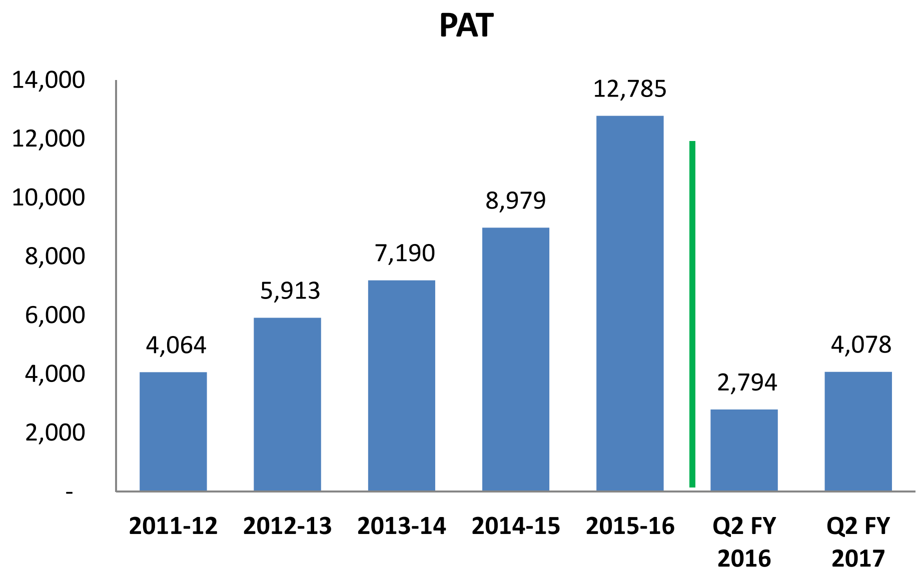


Quality of assets is good, and operating costs remain under control

All Figures in Rs Million







Bajaj Finance – Q2 highlights

All Figures in Rs Million

Performance Highlights of Q2 FY2017 over Q2 FY2016

	Book Size	Total Income	Profit After Tax
CY	499,811	23,660	4,078
Growth	37%	39%	46%
PY	365,154	17,006	2,794

	Return on Assets (Non-annualized)	ROE (Non-annualized)
CY	0.8%	5.1%
PY	0.8%	4.2%

- Borrowing mix is not excessively dependent on banks (38:62 mix between banks and other sources as of 30th September 2016).
- Capital Adequacy stands at 21.48% as of 30th September 2016

Thank You