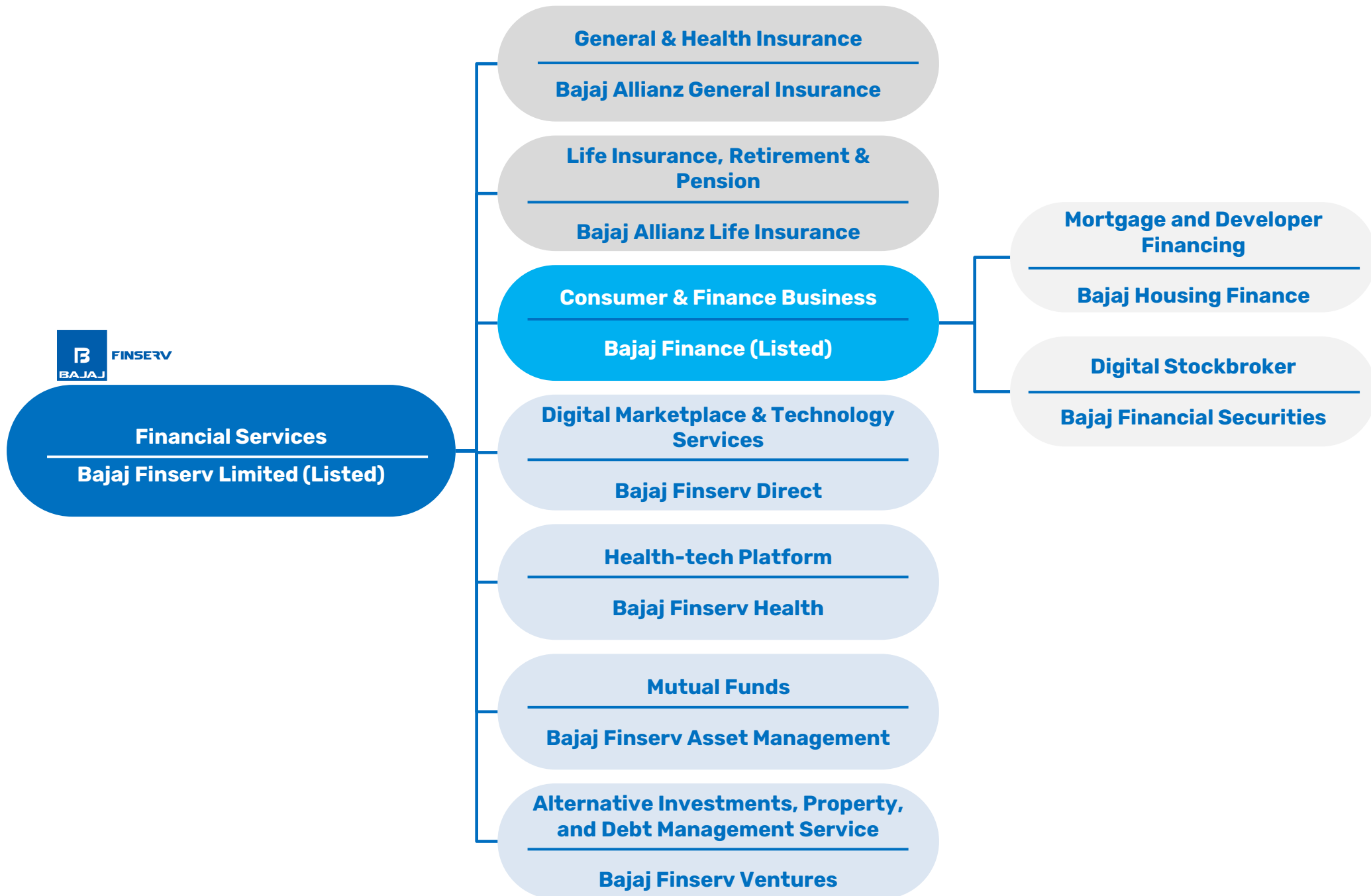




# **BAJAJ FINSERV LIMITED**

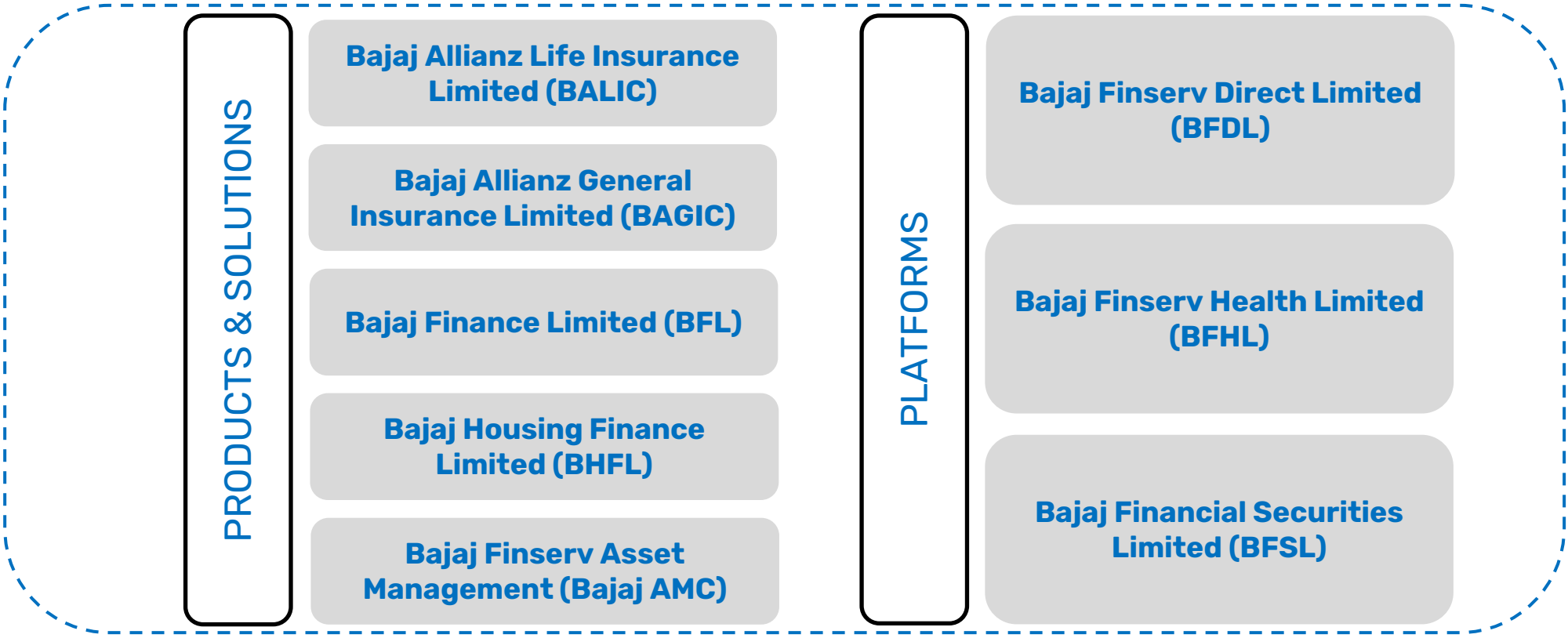
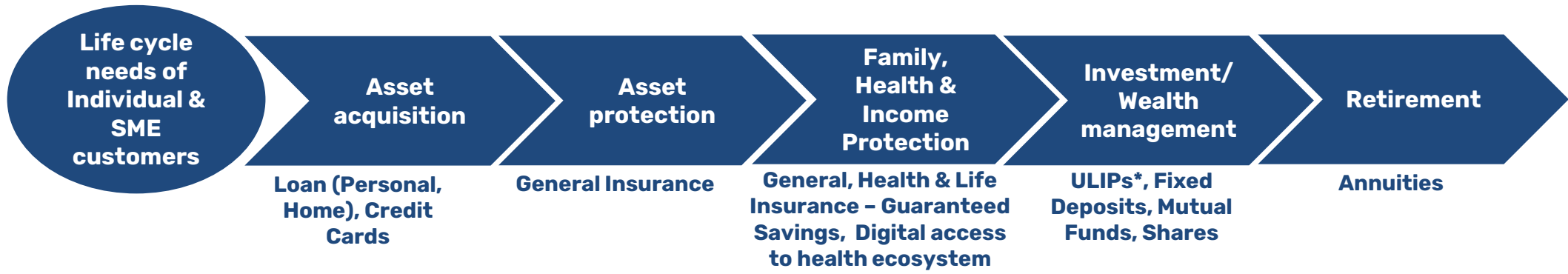
**Investor Presentation – FY23**

# Bajaj Finserv Group Structure



- Bajaj Finserv Limited (BFS) is the financial services arm under Bajaj Holdings and Investment Ltd (BHIL)
- Its other major arms – Bajaj Auto Ltd and Maharashtra Scooters Ltd are focused on Auto & Spare Parts Manufacture

# 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 Limited filed for its first 7 products with SEBI in Mar-23 and Apr-23. Its first 2 funds, Liquid and Overnight, were launched at the end of Jun-23 while the Money Market Fund NFO was launched in Jul-23
- BFS has also incorporated Bajaj Finserv Ventures Limited, a wholly owned subsidiary, which will focus on alternative investments

\*ULIPs - Unit Linked Investment Plans

# Bajaj Finserv – Established businesses with strong track record

## 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 Finance Limited



- ❑ Non-Bank with **strategy & structure of a bank**
- ❑ Diversified financial services strategy with **an optimal mix of risk and sustainable profit**
- ❑ Focused 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 Housing Finance Limited



- ❑ **Offers full range of mortgage products** such as home loans, loan against property and lease rental discounting
- ❑ Focused on **originating home loans at developer points** and through distributors
- ❑ Focused on mass affluent and above customers, offering customized propositions to both self employed and salaried customers

\*Bajaj Housing Finance Limited is a 100% subsidiary of Bajaj Finance Limited

## 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 a **suite of products and services for individuals and corporates**, offering a wide range of personalized, preventive and prepaid healthcare packages such as OPD care, telemedicine, etc.

## Bajaj Finserv Direct Limited

- ❑ **BFSI B2C marketplace** (Bajaj Markets) to digitally source and distribute Financials products pan-India
- ❑ **Digital Technology Services** - 6 Offerings encompassing Digital Application Development, Enterprise Solution Development, Data Engineering, Analytics, Quality Assurances & Automation and Managed Cloud Services
- ❑ Attract new-to-Finserv customers by **creating awareness and discovery of the Finserv brand** in the digital medium

## Bajaj Finserv Asset Management

- ❑ Newly formed Asset Management Company and Trustee Company for the purpose of strengthening the group's suite of retail financial offerings through **launch of mutual fund business**
- ❑ Strategy built on **innovation, win-win partnerships and a future-ready business model** through usage of data and tech platforms

## 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

# Group Best practices

- **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 businesses
- 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 **standardization of investment processes**
- Oversight and **monitoring of ESG policy** and its implementation across the group

# Returns to shareholders BFS and BFL

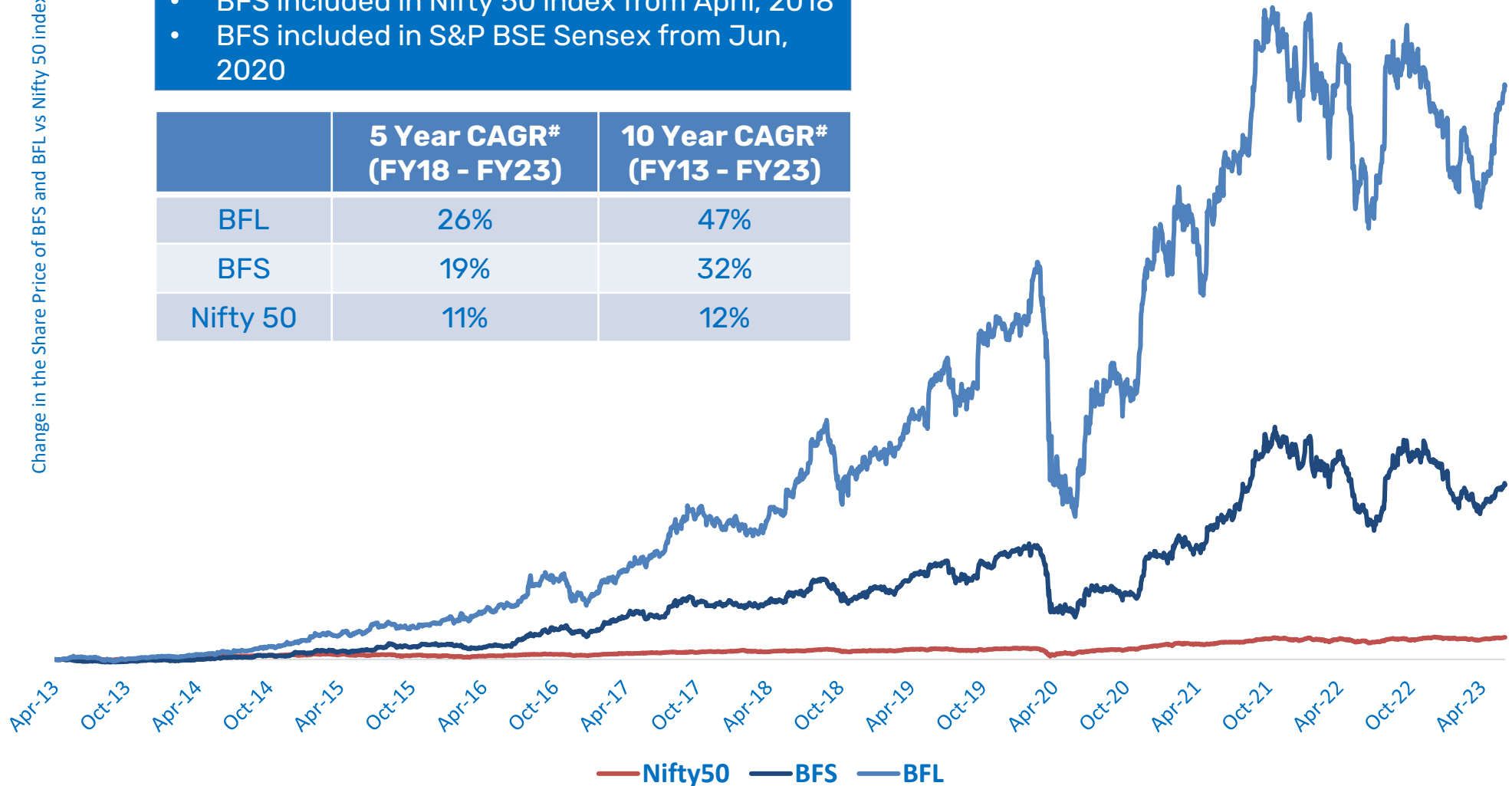
## Bajaj Finserv & Bajaj Finance

- BFL included in Nifty 50 index from Sep, 2017
- BFL included in S&P BSE Sensex from Dec, 2018
- BFS included in Nifty 50 index from April, 2018
- BFS included in S&P BSE Sensex from Jun, 2020

On 28<sup>th</sup> July 2022, Bajaj Finserv Limited announced a 5:1 Stock Split along with a 1:1 Bonus Issue

	5 Year CAGR# (FY18 - FY23)	10 Year CAGR# (FY13 - FY23)
BFL	26%	47%
BFS	19%	32%
Nifty 50	11%	12%

Change in the Share Price of BFS and BFL vs Nifty 50 index on base year



# Price as at year end for respective years

# Bajaj Finserv – Consolidated Financial Highlights

1 USD = Rs.82

<b>Financials Snapshot, USD MM</b>	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>	<b>CAGR</b>
Life Insurance (GWP)	924	1,080	1,189	1,466	1,967	2,373	21%
General Insurance (GWP)	1,157	1,353	1,565	1,540	1,681	1,889	10%
Retail Finance	1,556	2,256	3,218	3,254	3,860	5,049	27%
Investment, Eliminations & Others	371	506	656	1,129	839	697	13%
Consolidated Revenue	4,008	5,196	6,628	7,389	8,346	10,009	20%
<b>Segment Results before tax</b>	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>	<b>CAGR</b>
Life Insurance	100	94	5	169	5	-23	<0%
General Insurance	166	153	126	292	212	171	1%
Retail Finance	478	764	908	779	1,220	1,972	33%
Others including Investments	0	-17	-26	-37	-62	-70	
Profit for the period (before tax)*	744	994	1,012	1,203	1,374	2,050	22%
Consolidated profit after tax (after non-controlling interest)	323	393	411	545	556	783	19%
Shareholders fund (Consolidated)	2,498	2,898	3,817	4,370	4,908	5,659	18%
Book value per share (USD/share) <sup>2</sup>	1.6	1.8	2.4	2.7	3.1	3.5	18%

Note: Segment wise revenue and results, P&L and balance sheet used for above compilation; The same is compliant with International Financial Reporting Standards (IFRS)

\*Profit for the period (before tax) is before non-controlling interest | CAGR – Compounded Annual Growth Rate

<sup>2</sup>Adjusting for impact of Stock Split and Bonus Issue

# **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 & disciplined underwriting**

- Industry leading combined ratios consistently over time - Combined Ratio stood at 100.5% in FY23
- 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

**Investments in technology with focus on all stakeholders**

Deep investments in technology to drive efficiencies for the Company and convenience for all stakeholders - Customers, distributors and employees

# BAGIC – Key financial metric: Performance vs. industry

1USD = Rs.82

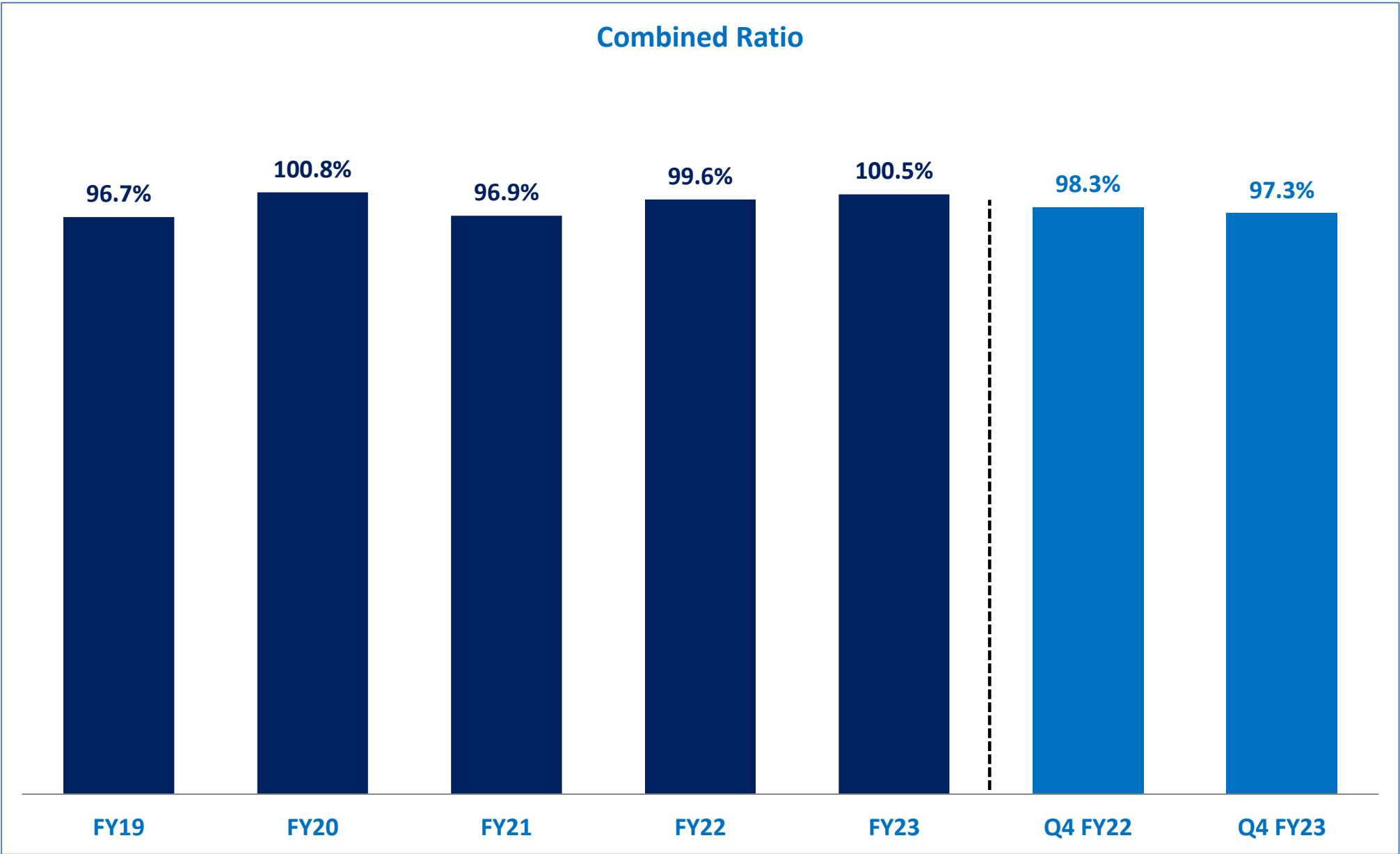
	BAGIC	INDUSTRY
GWP Growth - 5 Year CAGR	8.7%	9.5%
COR - 5 Year average	99.0%	118.3%
Opex Ratio* - 5 year average	28.2%	31.4%
Cumulative UW Profit for 5 years	\$ 19 MM	\$ (15,071) MM
Cumulative PAT for 5 years	\$ 707 MM	\$ (691) MM
AUM Growth - 5 year CAGR	14%	15%
Average Solvency Margin for 5 years	321%	<b>Highest in the industry</b>

All metric are for five year period FY2019 to FY2023

GWP: Gross written premium; UW: Underwriting

COR: Combined Ratio as per IRDAI definition – (Net claims incurred divided by Net Earned Premium) + ( Expenses of management including net Commission divided by Net Written Premium); \* Opex Ratio = (Net Commission + Expenses)/Net Written Premium

Source : IRDAI Annual Report and Handbook for data upto FY22, and public disclosures for FY23



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's Product Suite – Diversified across retail and corporate lines

## Motor

- Private Cars
- Two-Wheeler
- Commercial Vehicles
- Liability Only
- Long term two-wheeler & private car Insurance

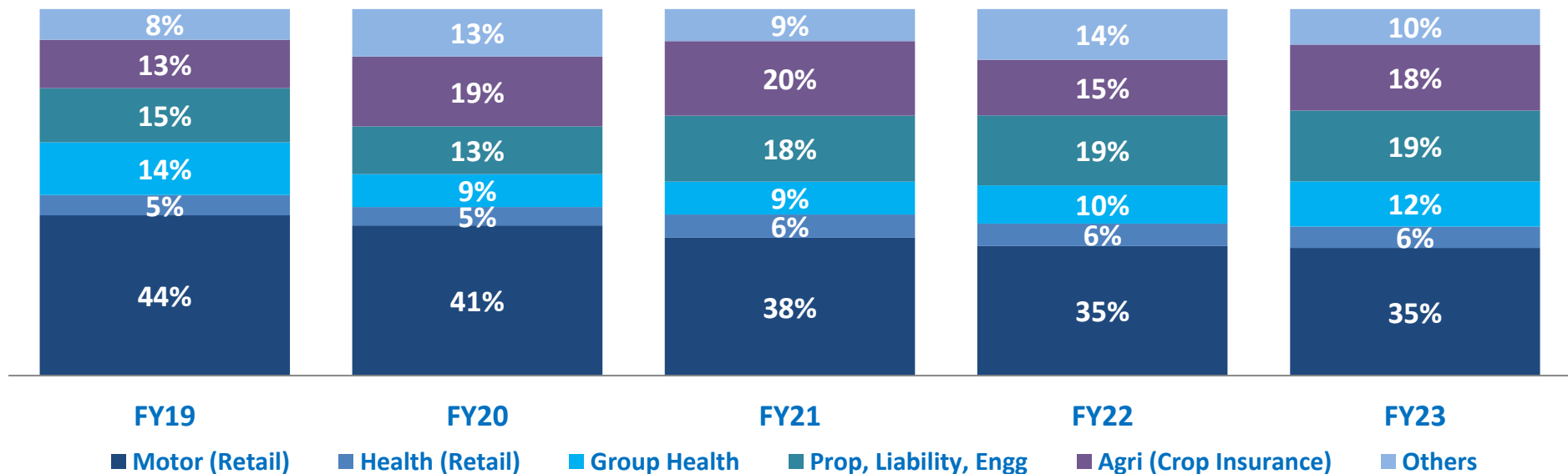
## Health

- Retail health
- Group health
- Critical Illness
- Personal Accident
- Government Business

## Miscellaneous

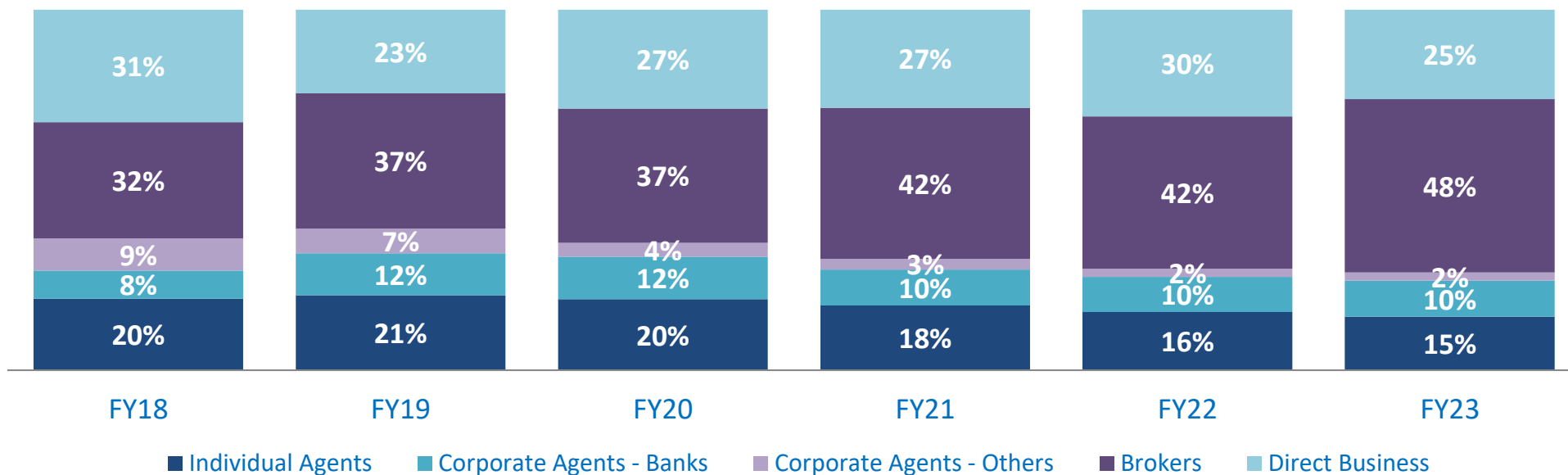
- Commercial Lines\*
- Travel
- Extended Warranty
- Crop Insurance
- Retail Cyber protect
- Pet Insurance

### Business Mix



\*Commercial Lines include Fire, Engineering, Marine and Liability insurance

## Channel Mix



### Partnership with over 200 Banks and Financial Institutions

- 22 National Tie-ups & MNC Banks
- 26 NBFCs, 5 SFBs, 1 Payments Bank
- 134 Co-operative banks, 15 RRBs
- **New Tie-ups in FY23** : Axis, PNB Housing, LIC Housing, DBS, etc.

### Over 100K Agents & Other Retail Partners

- 50,900+ agents & 65,500+ POS (Point of Sales Persons)
- Fully digital Virtual Sales Offices
- Proprietary Sales Force

### Presence across most OEMs and Dealer Networks

- 41 national Tie-ups and over 9,000 network of dealers across pan India

### Rural Focus and Reach

- 1.92 MM farmers insured in FY2023
- Issued 3.51 MM NOPs under crop insurance in FY2023
- 36,400+ active Common Service Centres (CSC)

### Presence in FinTech and e-Commerce

- 20+ distribution Partnerships across Insurtech companies, aggregators, e-commerce, wallets such as Phone Pe, payments banks, etc.

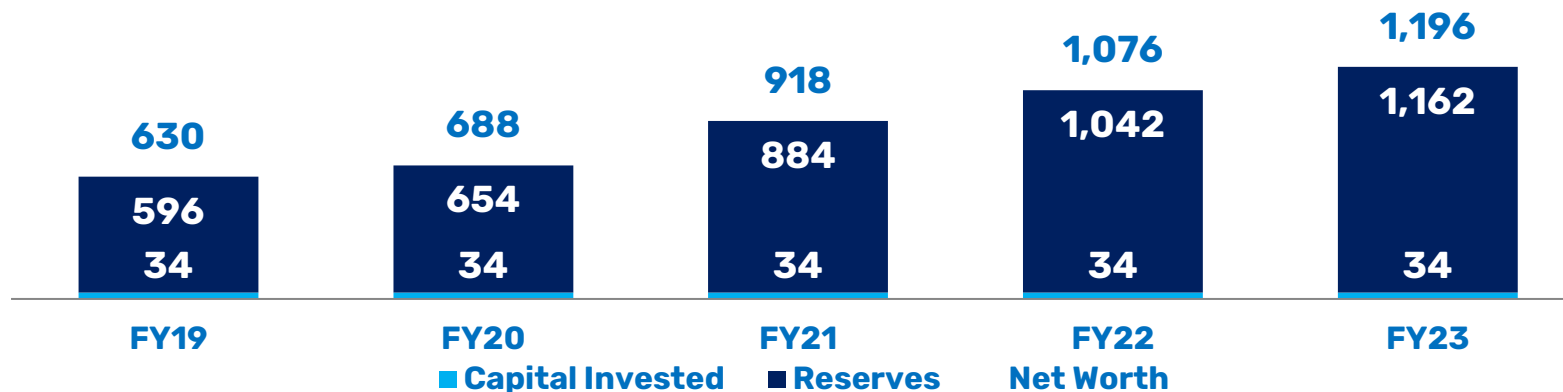
CSC – Common Service Centres are physical facilities for delivering e-Services to rural and remote locations

# BAGIC - Net Worth and Assets Under Management

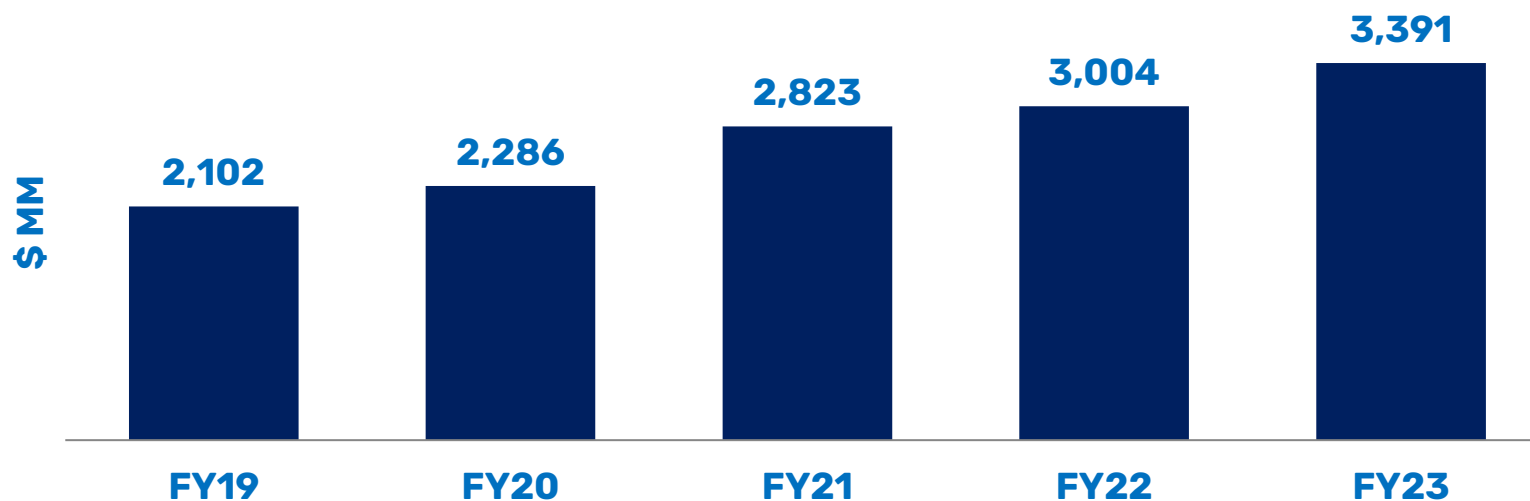
All numbers in \$ MM  
1USD = Rs.82

## BAGIC - Net Worth

Accumulated profit\* 97% of Net worth as on 31 Mar 2023



## AUM (cash and investments)



**98.9% of debt portfolio is in AAA or sovereign securities. 97.7% of Equity investment is in BSE 100 stocks**

BAGIC continues to grow its AUM strongly

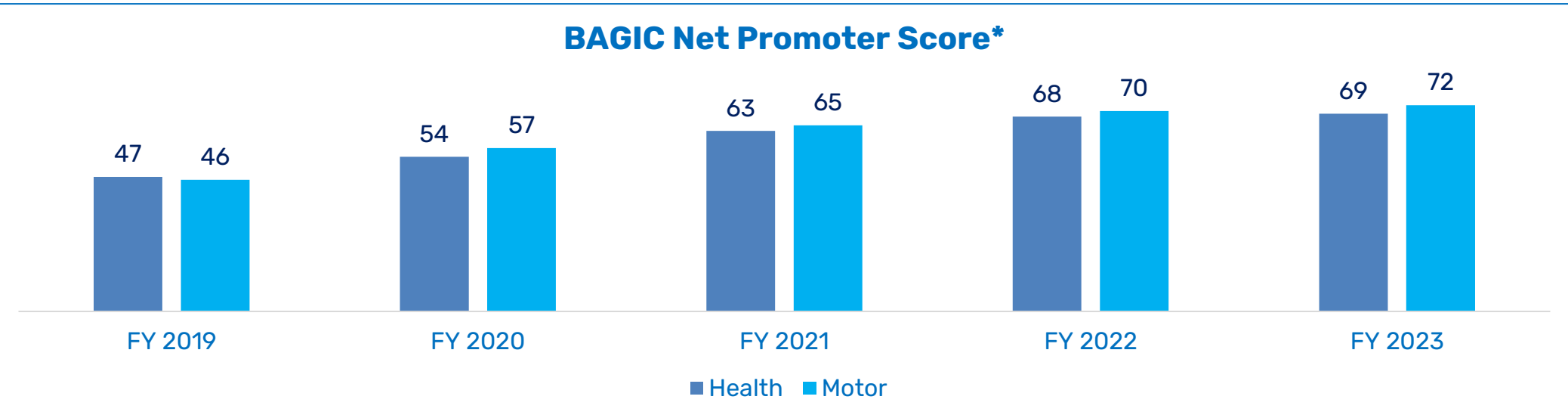
Investments are largely in fixed income securities

Investment Leverage of 2.84 as on 31 March 2023

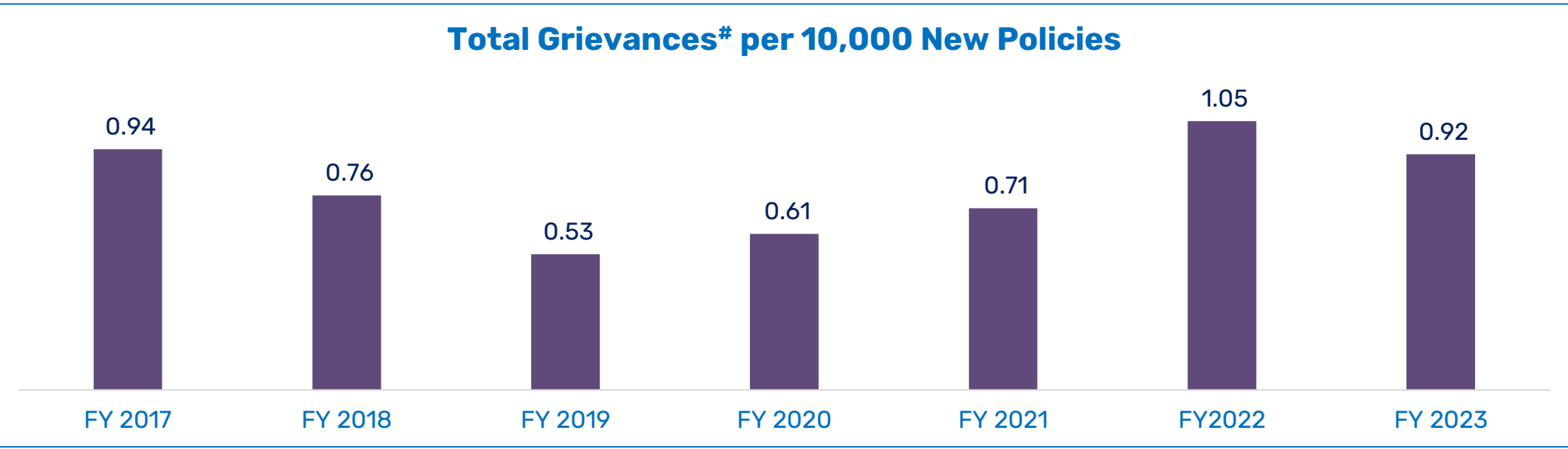
Advance premium as on 31 March 2023 \$ 177 MM, growth at 30%

# BAGIC – Customer obsession

## NPS\* score & Grievances#



Consistently rated highest in terms of Relationship NPS amongst all top competitors



Consistently the lowest number of Grievances per 10K policies in India

\* Relationship NPS (Net Promoter Score) survey done by third party agency Martinet Research | Customer touchpoints surveyed - overall Pre & post sales experience with agent, services provided by the company till now, renewals / claims experience

# Grievances numbers as per IRDAI (Insurance Regulatory and Development Authority of India)



- BAGIC hosted the **first-ever General Insurance Festival of India (GIFI)** on the 3rd of July 2023 in Pune, India
- There was a **record turnout of 5,235 attendees**, which officially set a **new Guinness World Records achievement for the Largest attendance for an insurance conference**

## Digital Journey Metrics

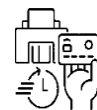
### Digital Agent Onboarding FY22-23



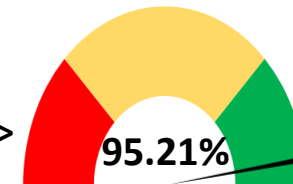
From **100%** in FY 21-22 ->



### Digital Issuance FY 22-23



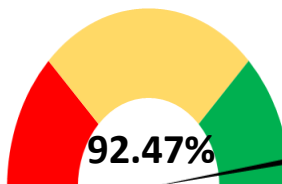
From **94.48%** in FY 21-22 ->



### Digital Payment FY 22-23



From **90.10%** in FY 21-22 ->



### Net Promoter Score\*



Motor		Health	
FY21	FY22	FY21	FY22
65	↑ 70	63	↑ 68

## Key Initiatives Summary

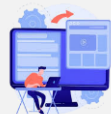
### Mobile App

#### for Investigation and Loss Management - Anveshak



A single platform for investigators to view allocated cases, conduct investigation and submit report

### Agent Microsite



Enables agents to have their own digital identity & brand; CBM code to track business.

### Revamped ACA (Any Chat App)



A mobile first redesigned platform for Motor claims on web site. DIY platform.

### Electric Vehicle Insurance Journey



Industry first launch of buy journey. Single journey with multiple premiums

**First GI company to be a part of Account Aggregator framework as financial information user in India**



## Products Launched

End-to-end product journeys developed for quote generation, policy issuance, claims & renewals.


- 7** - New Retail Products
- 64** - GC Product
- 10** - Add-on Covers

### Integrations


A total of **110** integrations were delivered across **41** partners (21 New & 20 Existing)

\* NPS conducted by an independent external agency | KYC – Know Your Customer | ILM- Investigation & Loss Mitigation | DIY- Do It Yourself


## Transformation Projects Update



**Core Transformation**  
Motor Third Party renewals was moved to the new Policy admin system (TCS BaNCA)




**Data Center Modernization**  
The hybrid cloud journey has made a significant progress with Data Centre Modernization project going live



**Customer Loyalty**  
Loyalty program has made initial progress with integration with CRM, & priority service cell


## Existing Digital Capabilities Enhanced & Scaled-up



**Our website is now available in 7 different languages for our customers**  
*25 MM visitors | 500 K policies issued*




**Customer Facing App - Caringly Yours**  
Caringly Yours app remains as the most used app in Insurance Industry  
*2.7 M downloads*  
*624 K active users in FY 22-23*



**Customer Relationship Management – BAGICARE**  
Agri. claim registration, WhatsApp integration, Customer loyalty flagging & Gold 7 upgrade to enhance the UX  
*4.1 Mn+ Service Requests*  
*8.1 Mn Leads Generated*



**Flagship Portal for agents – I Mitra**  
I Mitra has over **93 products** available for policy issuance and services  
*3.2 MM+ policies issued with over \$ 205 MM of business booking*



**Agent & VSO app - Ezeetab**  
Ezeetab app has over **87 products** available for policy issuance and services  
*1.4 MM+ policies issued with over \$ 55 MM of business booking*

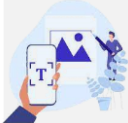


**App for farmer community - Farmitra**  
The usage of the app launched for Farmer Community has seen a significant uptake  
*620 K+ downloads*  
*41.2 K claims processed via app in 22-23*

## Innovation Scaled-up




**Chatbots - WhatsApp + BOING 2.0**  
Enabled premium calculators for various retail products, notification for Health claims and various enhancements in BOING & Spark bot  
*937 K Unique Customers*



**Data Extraction using OCR**  
Our OCR (Optical Character Reader) capabilities were extended to various use cases, including motor claims invoice processing, NEFT automation, legal contract validation, and travel policy issuance.

## RPA Automation



**Finance Automation System**  
Finance process like 64VB, payment reconciliation, collection & BRS has been automated

## Asset Quality

- 98.9% of the debt portfolio in AAA and sovereign assets
- 94.5% of Equity is in Nifty 50 stocks & 97.7% is in BSE100 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 General Insurance – Financial Highlights

1USD = Rs.82

Financials Snapshot, USD MM (IGAAP)	FY 18	FY 19	FY 20	FY 21	FY22	FY23	CAGR
Capital Infused including premium	34	34	34	34	34	34	
Net Worth	545	630	688	918	1,076	1,196	17%
Asset under Management (AUM)	1,808	2,102	2,286	2,823	3,004	3,391	13%
GWP	1,157	1,353	1,565	1,540	1,681	1,889	10%
NEP	739	855	1,001	907	949	978	6%
Underwriting Result	36	2	-1	29	4	-15	
Profit after tax*	112	95	122	162	163	164	8%

Ratios	FY 18	FY 19	FY 20	FY 21	FY22	FY23	CAGR
Combined Ratio	92.3%	96.7%	100.8%	96.9%	99.6%	100.5%	
Return on Avg Equity (%)	23.0%	16.2%	18.5%	20.3%	17.3%	15.0%	
Book Value per share (USD/Share)	4.9	5.7	6.2	8.3	9.8	10.8	17%

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). Pool losses, wherever applicable, include the impact of the erstwhile IMTPIP and Declined Risk Pool.

2. BAGIC's financial numbers are as per Indian GAAP as prescribed by IRDAI

\* Under Indian GAAP, all acquisition and management expenses are written off as incurred and cannot be deferred. Premiums are recognized over the life of the policy. Claims provisions are undiscounted including those for long-tail Motor Third Party claims

# 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

### Balancing growth with quality

- Consistent annual growth in persistency across all buckets
- Robust ALM and Risk Management frameworks
- Strong focus on delivering superior Net New Business Value

### Diversified Distribution

- Pan India distribution reach with presence in over 500 branches
- Strong presence in group credit protection and online offerings

### 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 Magnum Fortune Plus (ULIP), Assured Wealth Goal (Non-Par), Guaranteed Pension Goal (Annuity), SISO\*\* (SIP), Smart Wealth Goal (ULIP), Flexi Income Goal (Par) have witnessed strong response from the customers

### Digital Offerings & Innovations

- Increasing adoption and usage of industry-first digital assets, both customer facing (Life Assist, Chatbot – Boing, etc.) and internal facing (i-Recruit, INStab, etc.)
- Continued focus on innovation to improve policy issuance and customer experience through initiatives like Customer Data Platform and Customer 360

# BALIC – Key financial metric: Performance vs. industry

	BALIC	INDUSTRY
GWP Growth - 5 Year CAGR	22%	11%
IRNB Growth - 5 Year CAGR	32%	11%
Solvency ratio as on 31 <sup>st</sup> March 2023	581%	258%
AUM Growth - 4 year CAGR (till FY22)	15%	12%
Cumulative PAT for 5 years	\$ 274 MM	NA
NBV Growth - 5 Year CAGR	58%	27%

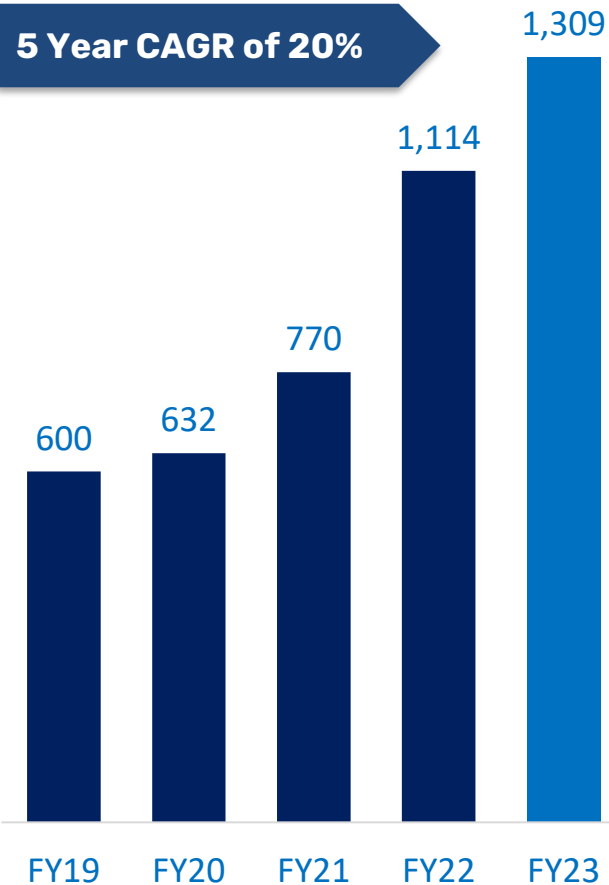
\*NBV CAGR of industry is of 4 private listed players (information available) i.e. HDFC Life, SBI Life, Max life, ICICI Pru and BALIC

NBV: Net Business Value

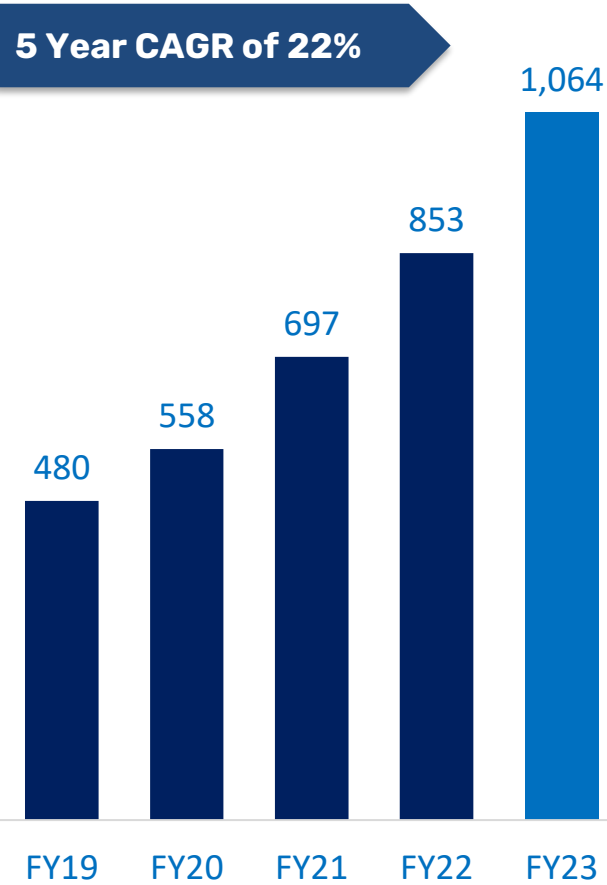
Note : 5 Year Numbers are for the period FY19 to FY23 (except for AUM growth)

All Figures in \$ Million (1 USD = Rs. 82)

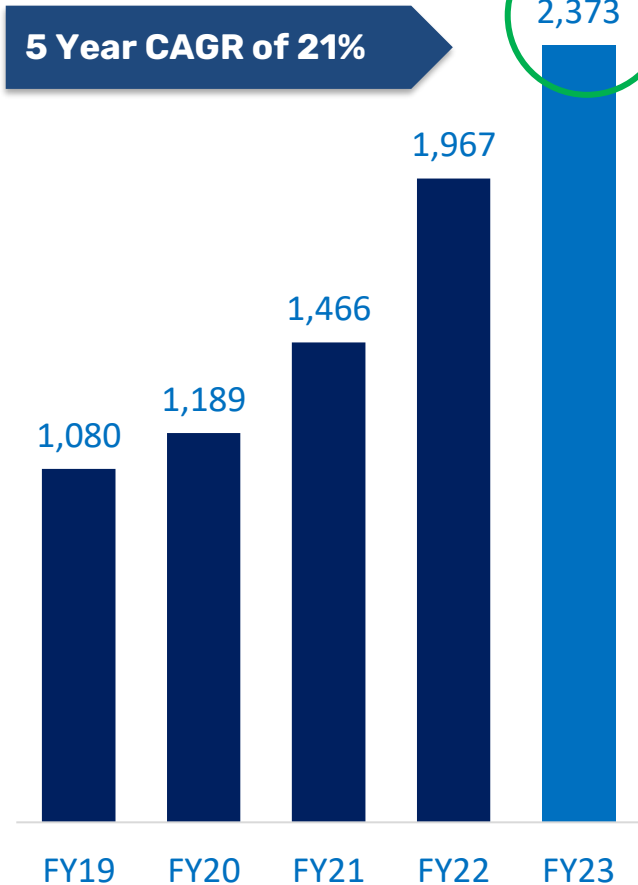
## New Business



## Renewal Premium

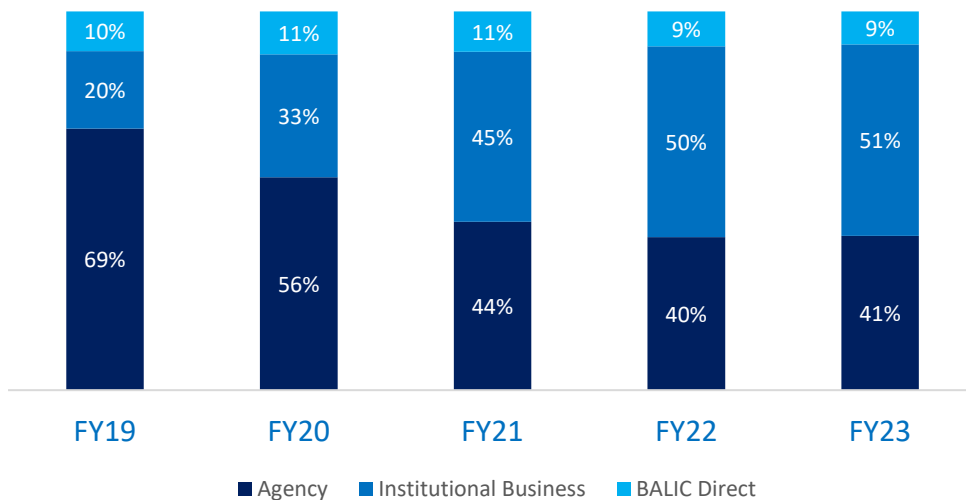


## Gross premium



- ❑ **Topline** related metrics for BALIC continue to grow and are well above the pre-COVID-19 levels
- ❑ **BALIC registered its highest ever GWP** - GWP grew by 21% to \$2,373 MM in FY23 from \$1,967 MM in FY22
- ❑ Among the private players, on Individual Rated New Business (IRNB) basis, market share increased from 6.7% in FY22 to 7.6% in FY23; BALIC's 3 Years IRNB CAGR at 39% is the highest in the Industry

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 proprietary retail channels** - Agency, Institutional Business and BALIC Direct contributing 41%, 51% and 9% respectively in FY23 (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**

- ❑ One of the largest agency in private LI space; backed by 130K+ agents
- ❑ Continued balanced product mix with traditional IRNB mix at 69% in FY23
- ❑ Variabilization of Agency cost through low-cost models (17% contribution in FY23 vs 10% in FY22)
- ❑ Wide geographical presence with over 500 offices in India

## Institutional Business:

**Building sustainable business through strong integration with partners**

- ❑ Diverse mix of large and small partner banks, NBFC, brokers and web aggregators
- ❑ New Corporate Agency tie-ups with Development Bank of Singapore, City Union Bank, TamilNad Mercantile Bank, Punjab & Sind Bank and Jammu & Kashmir Bank
- ❑ Opening of Rep Office in Dubai

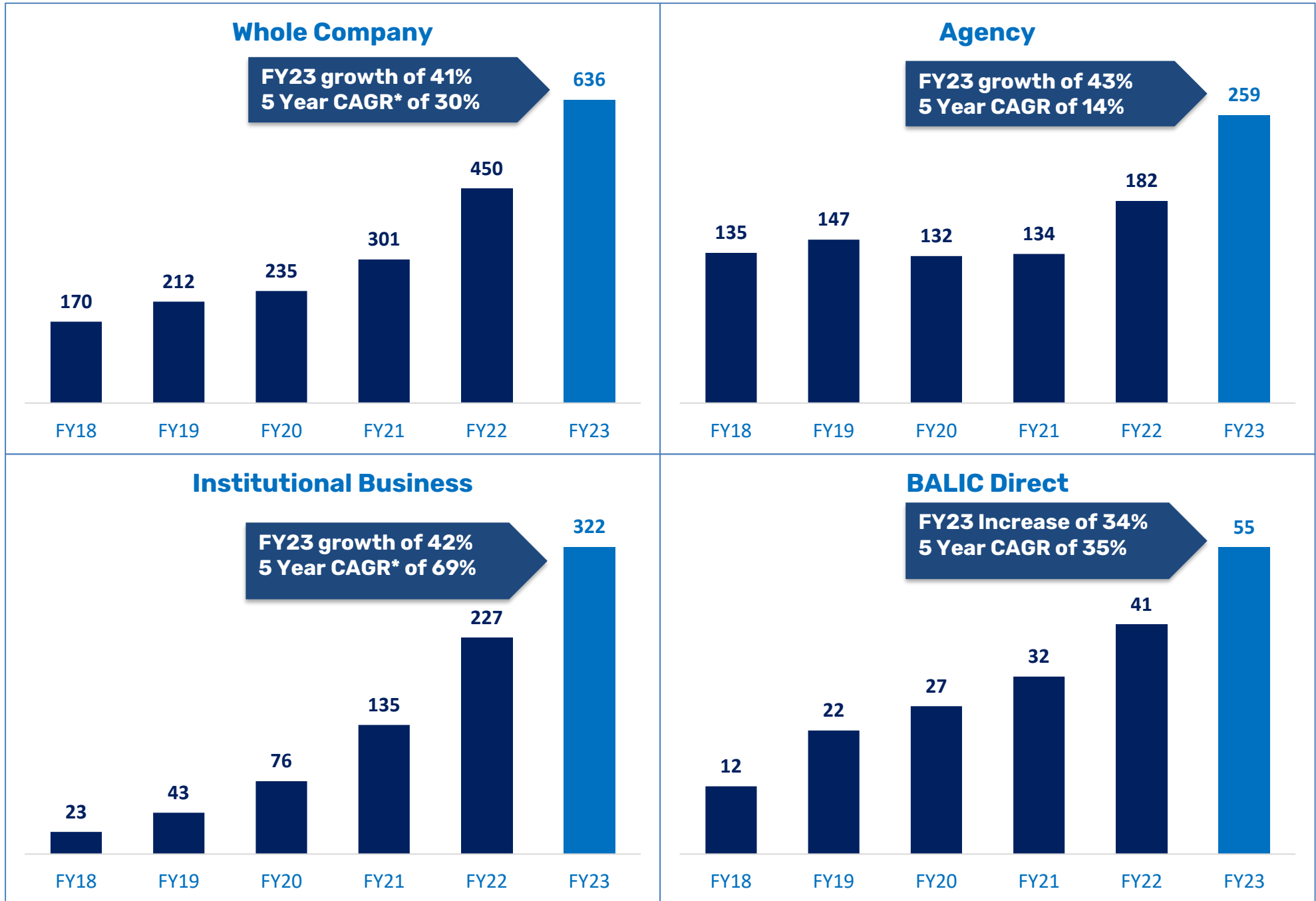
## BALIC Direct :

**Analytics backed, focused verticals for upsell and cross sell initiatives**

- ❑ Presence in 196 cities, with Dedicated Verticals for various customer Segments
  - ✓ Customer Portfolio Management
  - ✓ Service to Sales
  - ✓ Hub and Spoke
  - ✓ New to BALIC (NTB)
  - ✓ Defence Personnel
- ❑ Data and Analytics as a key pillar for Direct business – through In-house Online channel and Proprietary Sales Force (PSF)

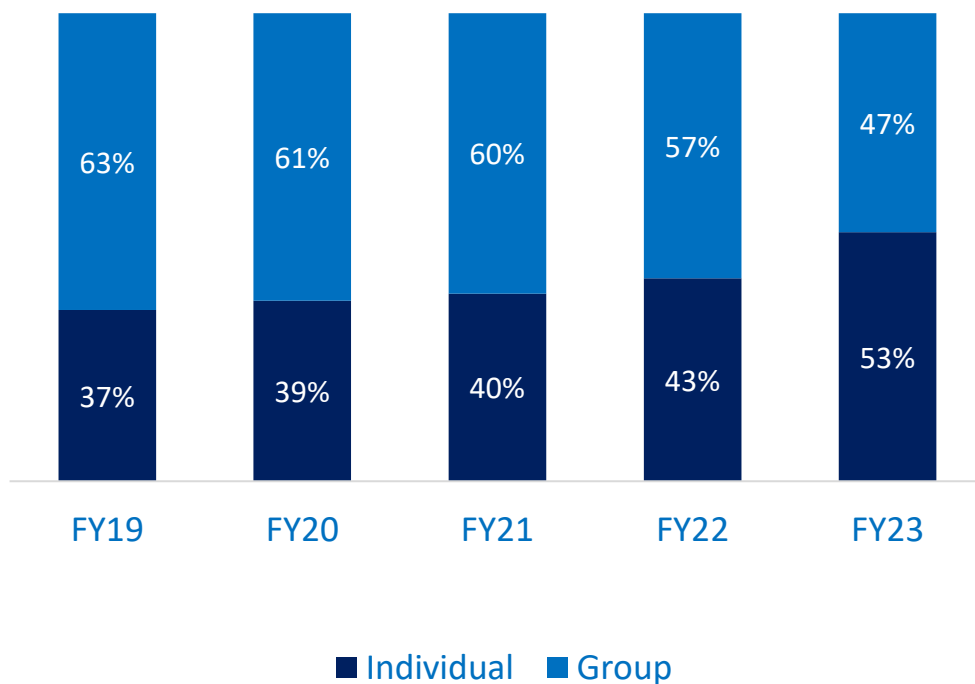
# BALIC : All-round Growth in Individual Rated New Business

All Figures in \$ Million (1 USD = Rs. 82)

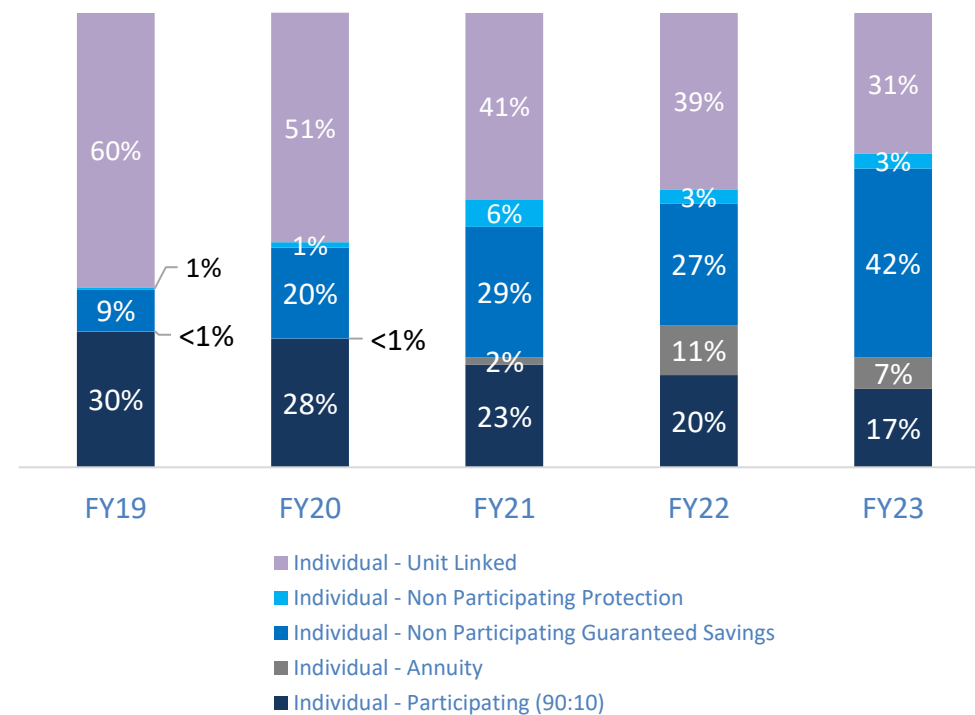


Individual Rated NB = (100% of first year premium & 10% of single premium excluding group products); \*CAGR – Compounded Annual Growth Rate

## New Business Product Mix

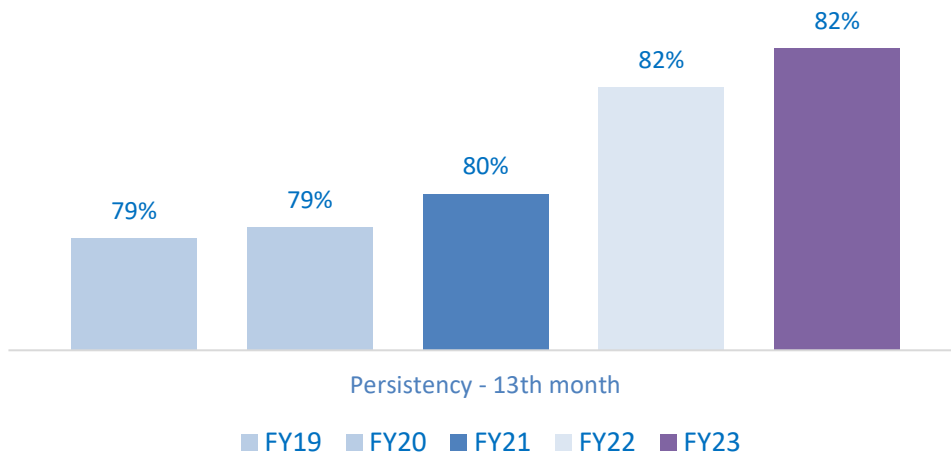


## IRNB\* Mix

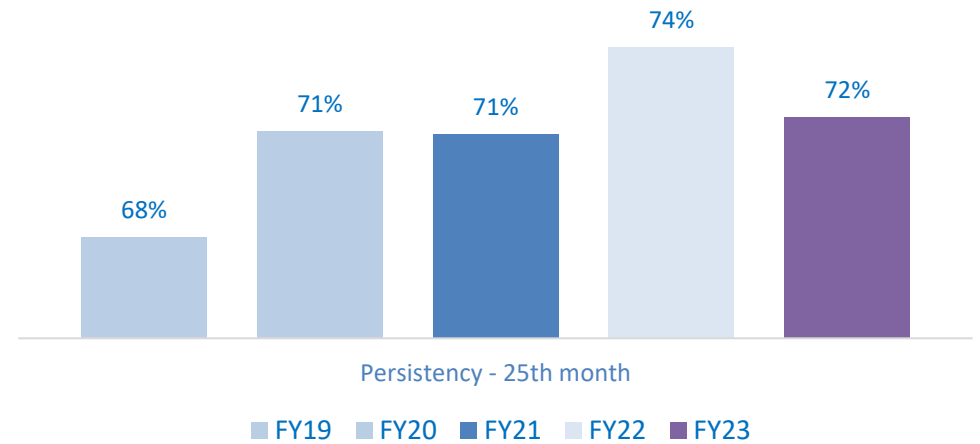


- ❑ **Balancing product mix between traditional and Unit-linked as well as between Individual and group** has been the cornerstone of BALIC’s strategy.
- ❑ **Individual Rated NB product mix is well diversified** across par, non par savings, protection, annuity and Unit Linked. Contribution of ULIP decreased from 60% in FY19 to 31% in FY23 and traditional product increased correspondingly
- ❑ Maintained a **balanced mix** between Group Protection and Group Fund Based New Business – Fund based business has low bearing on profitability

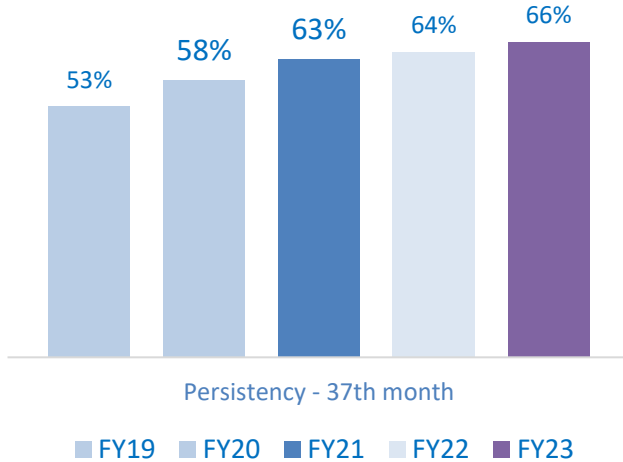
### 13<sup>th</sup> Month Persistency



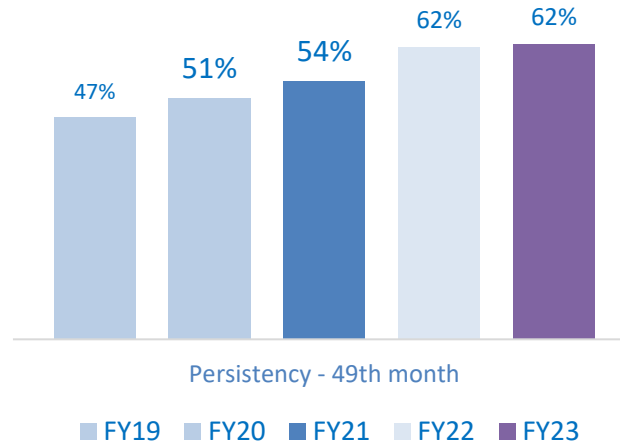
### 25<sup>th</sup> Month Persistency



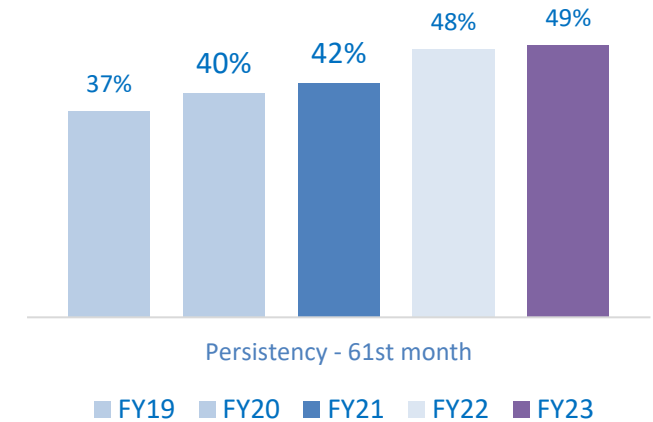
### 37<sup>th</sup> Month Persistency



### 49<sup>th</sup> Month Persistency



### 61<sup>st</sup> Month Persistency



Continued focus on renewal collection via various initiatives such as driving auto-payment registration, digital payments & higher distribution ownership have led to significant improvement in persistency across most cohorts especially in the later buckets wherein 49th & 61st month have both seen improvement of 2% each

**\*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 March to February period of the relevant years

Figures in USD : Mn  
1 USD = Rs.82

Particulars	FY 19	FY 20	FY21	FY22	FY23
Annualized Premium** (ANP)	271	280	356	532	746
Present Value of Gross Premium (PVGP)	1,285	1,408	1,871	2,742	3,641
Net New Business Value* (NBV)	19	28	44	76	116
NBV Growth		47.1%	59.2%	72.2%	52.9%
Implied Net Margins on ANP	6.9%	9.9%	12.4%	14.2%	15.5%
Implied Net Margins on PVGP	1.4%	2.0%	2.4%	2.8%	3.2%
Embedded Value++ (EV)	1,584	1,639	1,894	2,104	2,266
Value in Force (VIF)	321	333	464	685	915
Net Worth	1,263	1,306	1,430	1,418	1,351

- 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.
- 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.
- ++On Market consistent basis

## Digital asset usage

### Life Assist App

- BALIC's one-stop self-servicing platform for policy related transactions
- 19% increase in transactions in FY23 over PY

### WhatsApp

- Customer servicing via Whatsapp
- 26% growth in unique users in FY22 over PY

### Website

- BALIC's customer portal for insurance purchase and servicing
- 400K Unique Users
- 29% increase in FY23 over PY

### i-Recruit

- Fully digital Insurance Consultant hiring portal
- 2.5 MM total logins
- 62% increase in FY23 over PY

### WhatsApp for ICs

- Policy Sourcing and Servicing assistance
- 33K Unique Users
- 35% increase in FY23 over PY

### INStab

- Virtual Assistant for digitally connecting Insurance Consultants with customers
- 100% online login process
- 24% increase in unique users in FY23 over PY



## BALIC Innovations

### CDP (Customer Data Platform)

Dynamic engine to target customers and build sharper use cases to pitch at the right time of servicing, cross-sell/upsell etc



### Video Medical via Smart Assist

Gone live on March '22 with an objective of facilitating faster policy issuance



### Customer 360

A platform to facilitate an intelligent nudge and rich intuitive feature-based platform for the salesforce



35%

1USD = Rs.82

Financials Snapshot, USD MM (IGAAP)	FY18	FY19	FY20	FY21	FY22	FY23	CAGR
Capital infused including premium	148	148	148	148	148	148	
Net Worth	1,124	1,177	1,187	1,309	1,334	1,315	3%
Assets under management (AUM)	6,338	6,905	6,840	8,997	10,442	11,047	12%
New Business	523	600	632	770	1,114	1,309	20%
Renewal Premium	401	480	558	697	853	1,064	22%
Gross premium	924	1,080	1,189	1,466	1,967	2,373	21%
Benefits Paid	982	650	819	745	1,074	1,509	9%
Policyholder Surplus	57	115	61	77	105	145	31%
Statutory profit after tax*	87	61	55	71	40	48	
Embedded Value	1,446	1,584	1,639	1,894	2,104	2,266	9%
Book value per share (USD/share)	7.5	7.8	7.9	8.7	8.9	8.7	3%

- BALIC achieved highest ever GWP of \$2,373 MM in FY23 – growth of 21% over FY22
- New business (NB) premium for FY23 grew by 18%, while renewal premium for FY23 grew by 25%

BALIC's financial numbers are as per Indian GAAP as prescribed by IRDAI

\*All acquisition and management expenses are written off as incurred and cannot be deferred under Indian GAAP. Accordingly, New Business Growth shows strain in Statutory profit

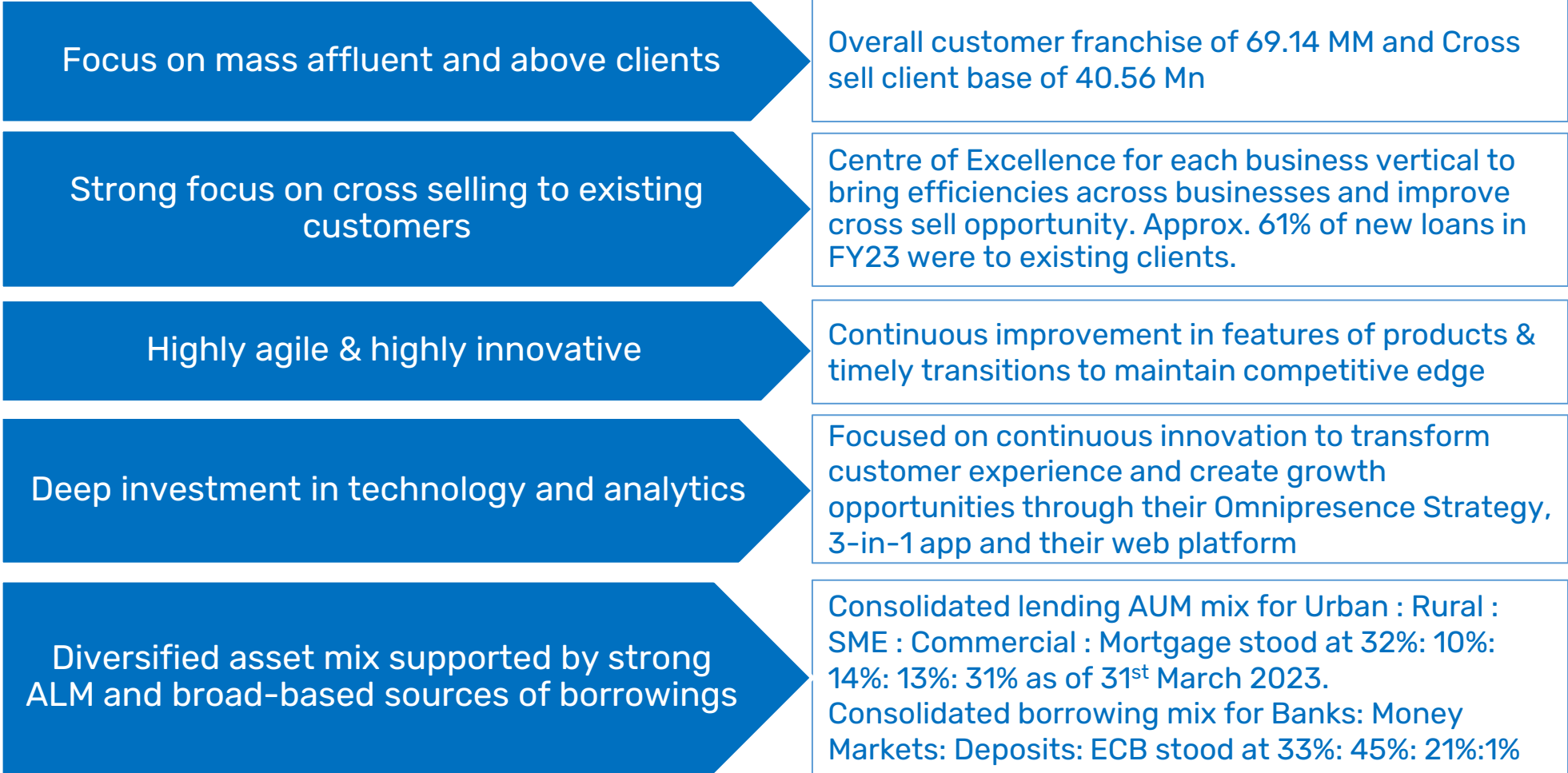
**BAJAJ FINANCE**

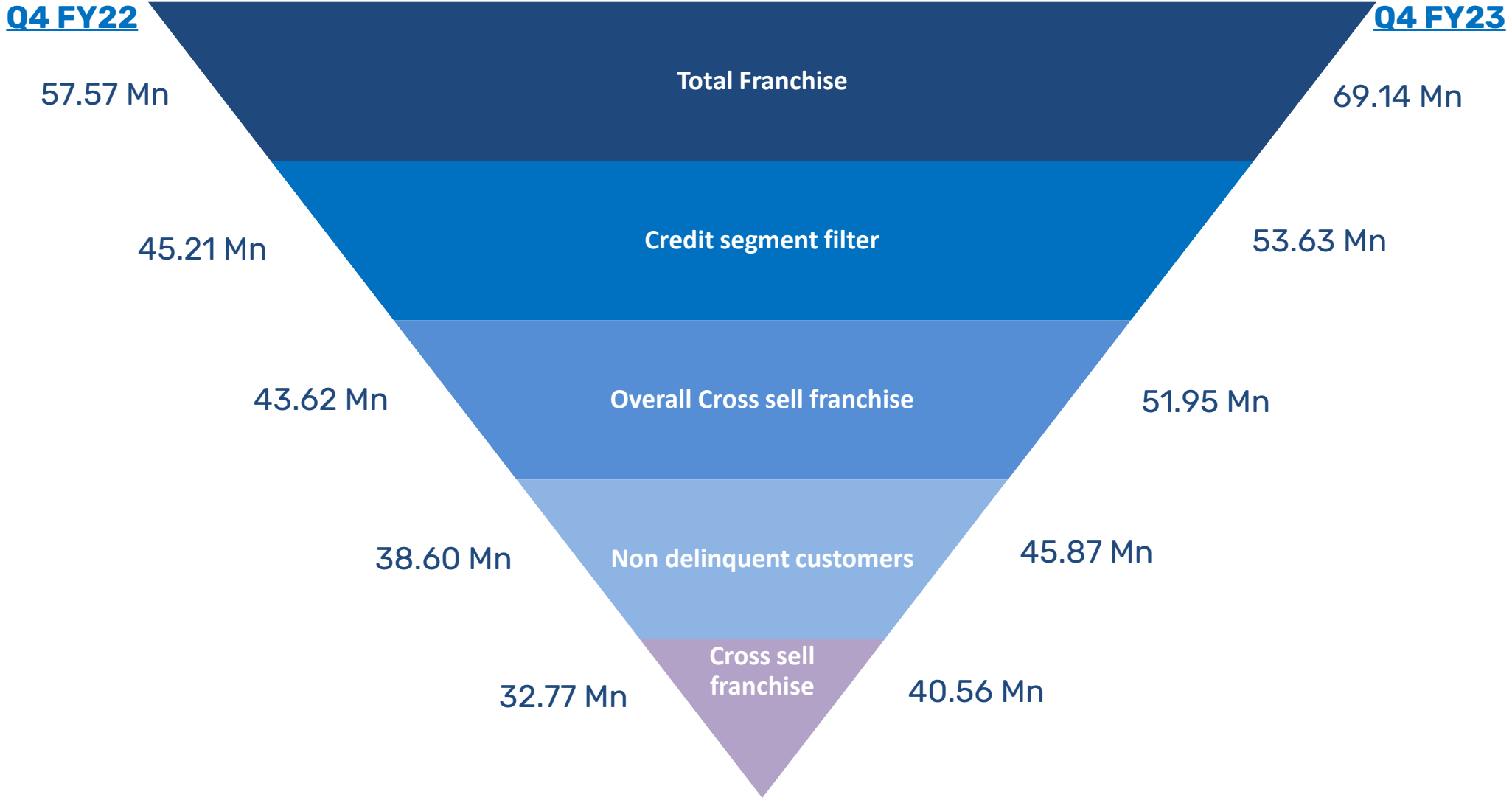
# BFL – Key Strategic Differentiators

## STRATEGY

- Diversified financial services strategy seeking to optimize 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





### New to Bajaj Finance Customers



Existing customers contributed to 60.9% of new loans booked during FY23 versus 63.5% in FY22

## BAJAJ FINANCE

### Consumer

- Largest consumer electronics, digital products & lifestyle lender in India
- Presence in 1,392 locations with 110K+ active points of sale
- Amongst the largest personal loan lenders
- EMI Card franchise of over 42 MM cards in force as on 31 March 2023
- Among the largest new loans acquirers in India 7.56 MM in Q4 FY23
- Digital app platform has 35.5 MM net users as of 31 March 2023
- Co-branded credit card CIF stood at 3.46 MM as of 31 Mar 2023

### SME

- Focused on affluent SMEs with established financials & demonstrated borrowing track records
- Offer a range of working capital & growth capital products to SME & self-employed professionals
- Secured offerings include enterprise loans against property
- Focused on accelerating used car financing business
- Offers medical equipment financing for medical professionals

### Commercial

- Wholesale Lending products covering short-, medium- and long-term financing needs of mid market corporates such as
  - ✓ Auto component and ancillary manufacturers
  - ✓ Pharma
  - ✓ Specialty Chemicals
  - ✓ Lease Rental Discounting
  - ✓ Financial institution Groups
- Structured products collateralized by marketable securities or mortgage
- Financing against shares, mutual funds, insurance policies and deposits

### Rural

- Unique hub-and-spoke business model in 2,341 towns and villages with retail presence across 37K+ active points of sale as of 31 March 2023
- Diversified rural lending model with 10 product lines across consumer and SME business categories

# BFL : Key Takeaways

## Growing customer franchise

- Customer franchise as of 31 Mar 2023 up by 20%, 69.14 MM in FY2023 from 57.57 MM for FY2022

## Strong AUM growth

- Consolidated AUM of \$30,168 MM as on 31 Mar 2023, up by 25% from \$24,080 MM as on 31 Mar 2021

## Robust Profit growth

- Consolidated PAT of \$1,403 MM for FY2023, up by 64% from \$857 MM in FY2022

## Strong Capital Adequacy

- Capital Adequacy remained strong at 24.97%, Tier I capital stood at 23.20%

## One of lowest NPA's

- Net NPA stood at 0.34% as on 31 Mar 2023, one of the lowest in the Industry

## Strong positive ALM

- BFL has had consistently positive Asset Liability Mismatch, i.e., the inflows are greater than the outflows

# Bajaj Finance – Financial Highlights

1USD = Rs.82

Financial Snapshot, USD MM	FY18 (Consol.)	FY19 (Consol.)	FY20 (Consol.)	FY21 (Consol.)	FY22 (Consol.)	FY23 (Consol.)	CAGR <sup>1</sup>
Assets under management	10,051	14,133	17,946	18,652	24,080	30,168	25%
Income from operations	1,556	2,256	3,218	3,254	3,860	5,049	27%
Interest expenses	563	808	1,155	1,148	1,189	1,532	22%
Net Interest Income (NII)	993	1,448	2,062	2,106	2,670	3,518	29%
Operating Expenses	399	512	690	647	925	1,235	25%
Loan Losses & Provision	126	183	479	728	586	389	25%
Profit before tax	469	754	893	731	1,047	1,693	29%
Profit after tax	304	487	642	539	857	1,403	36%
Ratios	FY18	FY19	FY20	FY21	FY22	FY23	CAGR <sup>1</sup>
Return on assets <sup>+</sup>	3.7%	4.2%	4.1%	3.1%	4.2%	5.3%	-
Return on equity <sup>+</sup>	20.1%	22.5%	20.2%	12.8%	17.4%	23.5%	-
Net NPA*	0.43%	0.63%	0.65%	0.75%	0.68%	0.34%	-
NPA provisioning coverage	70%	60%	60%	58%	58%	64%	-
Book value per share (USD/share)	3.5	4.2	6.6	7.5	8.8	11.0	26%

\*As per the RBI regulations, NNPA numbers for FY18 onwards are at 3 months overdue.

<sup>1</sup> CAGR is calculated for period FY18 to FY23

Note : Numbers used in the above table are compliant with International Financial Reporting Standards; Consol. refers to consolidated numbers for BFL including its two subsidiaries – Bajaj Housing Finance Limited (BHFL) and Bajaj Financial Securities Limited (BFSL);

# **Bajaj Finserv Direct Ltd (Bajaj Markets)**

## STRATEGY

BFSI marketplace is a **unique & diversified Marketplace** for **Financial Services** which **attracts** large number of consumers and **cross-sells** products by **leveraging Technology & Analytics**.

## DIFFERENTIATORS

### Diversified Marketplace Business Model

- **Open Architecture platform** offers Financial products' variants across Loans, Cards, Insurance, Investments & Payments in partnership with leading industry players

### Choice, Cost & Convenience

- Wide choice from offerings of ~62 manufacturers
- 'Compare, select & buy' from ~89 financial products
- Convenience of **end-to-end digital journey** and **frictionless** fulfilment

### Digital Technology

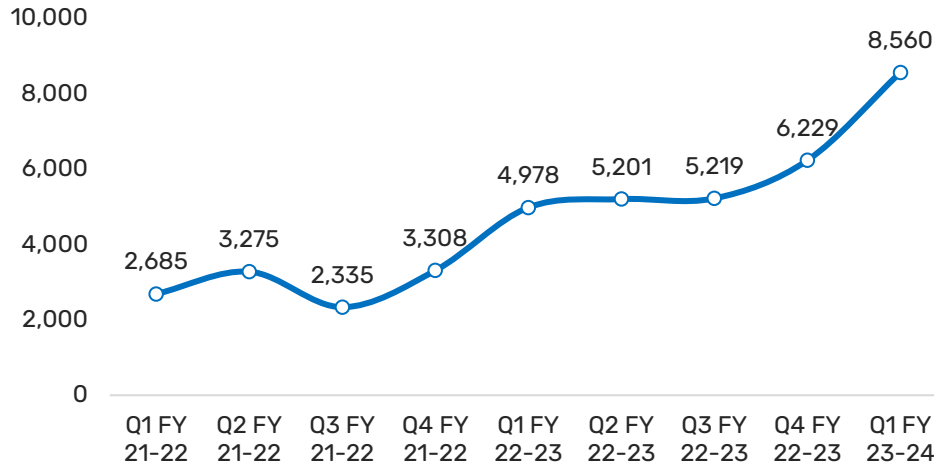
- Cloud based **digital native** architecture leveraging API ecosystem, Big Data, modern web and app technologies

### Advanced Analytics

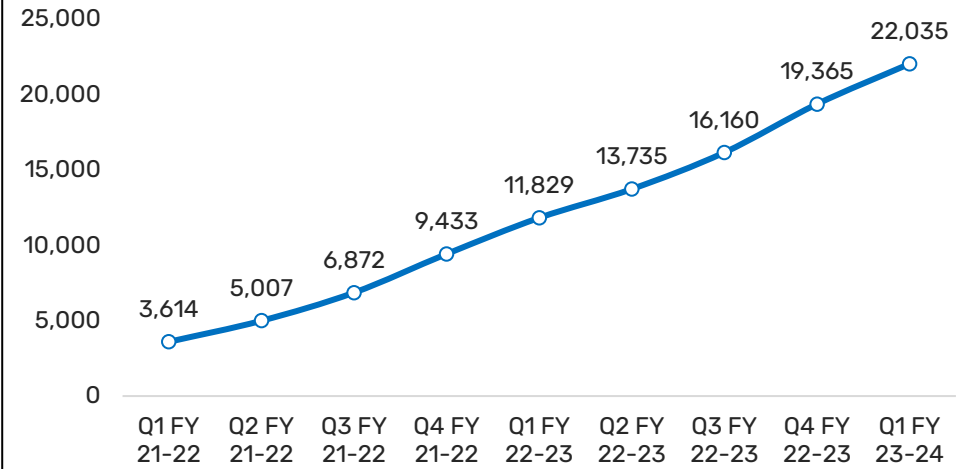
- Leveraging **large customer franchise** & its digital footprint through advanced analytics to give personalized recommendations & increase **cross-sell**

# BFSI B2C Marketplace - Bajaj MARKETS

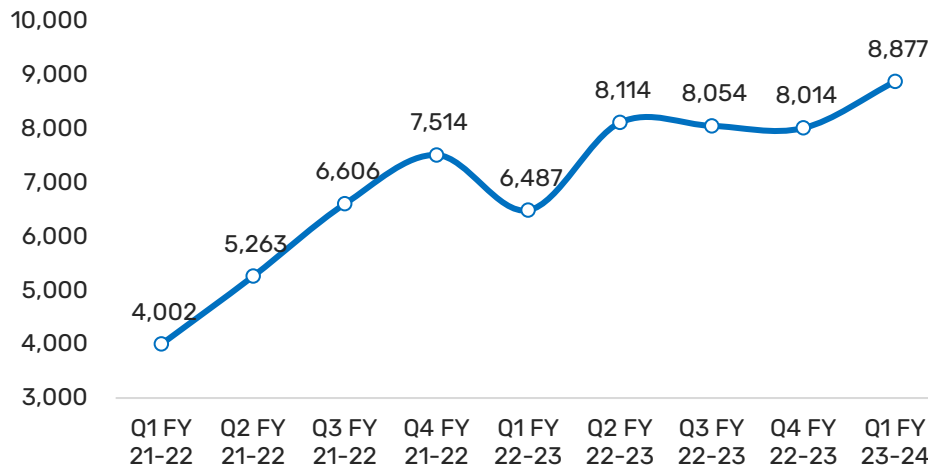
## Organic Visits (In Thousands)



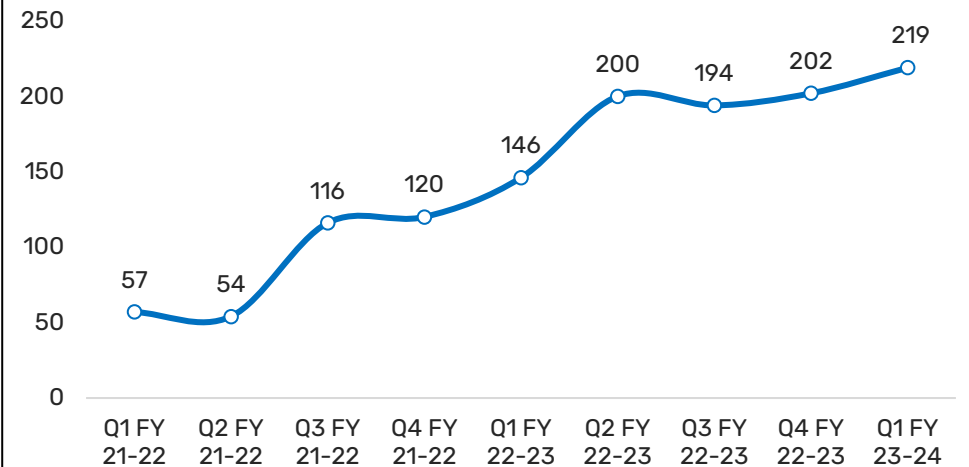
## Cumulative App Installs (In Thousands)



## Returning Web Traffic in 30 days (In Thousands)



## Transacting customers (in Thousands)



- In FY23 BFSI reported **Total Income of \$ 47.7 MM** v/s \$ 25.3 MM in FY22
- Profit (Loss) after tax was \$ (6.4) MM in FY23 v/s \$ (10.6) MM in FY22 ; Net Worth as on 31 March 2023 stood at \$ 73.3 MM
- Cumulative Capital Infused till 31 March 2023 was \$ 98.4 MM (BFS share \$ 64.1 MM)

# B2B Digital Technology Services

## STRATEGY

Be a **leading digital technology services provider** from India in the **financial services** sector through deep domain expertise and execution capabilities.

- Portfolio of 6 technology Services to address business needs of BFSI industry basis strong domain & technology expertise we possess, backed by 'Practitioners' view'
- We will offer end-to-end services including design, development, implementation & support for Digital technology solutions needs of customers.

 <p>Digital application development</p>	 <p>Enterprise Solutions development</p>	 <p>Data engineering</p>	 <p>Analytics services</p>	 <p>QA &amp; automation</p>	 <p>Managed Cloud services</p>
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## Clients



## STRATEGY

### Geo expansion

Expanding to overseas markets to achieve scale & higher profitability

- Key growth markets beyond India: **Middle East Asia** (MEA)
- **Business Dev & Delivery Centers:** India (Global delivery), Dubai (business development hub) with local presence (office &/or partnerships) as per regulations & business needs
- **Dubai Office:** A Marketing office in Dubai (at DIFC) to target customers in UAE, Qatar, Saudi Arabia, Oman, Bahrain & Kuwait; Received final approval from DIFC on **7<sup>th</sup> Sept**
- Dubai International Financial City (**DIFC**): Chosen for Marketing office location as it offers global jurisdiction, 100% ownership without local partner, corporate tax benefits, data protection, evolved global governance & compliance
- Business operations to start by **Nov-23**

# **Bajaj Finserv Health Limited**

# Bajaj Finserv Health – Key Strategic Differentiators

## STRATEGY

- Health Management platform to solve for Access and Financing of healthcare to Indian consumers
- Making healthcare Prepaid, Preventive and Personalized by covering Hospitalization, Diagnostics and Doctor consultation spends

## DIFFERENTIATORS

Digital Experience

- Comprehensive digital journey for buying, transaction or engagement
- Seamless, Cashless booking experience

Extensive Provider Network for digital cashless healthcare

- 100,000+ Doctors on platform
- 5,000+ lab touch points
- 1,950+ hospitals on network

Customised Product Management

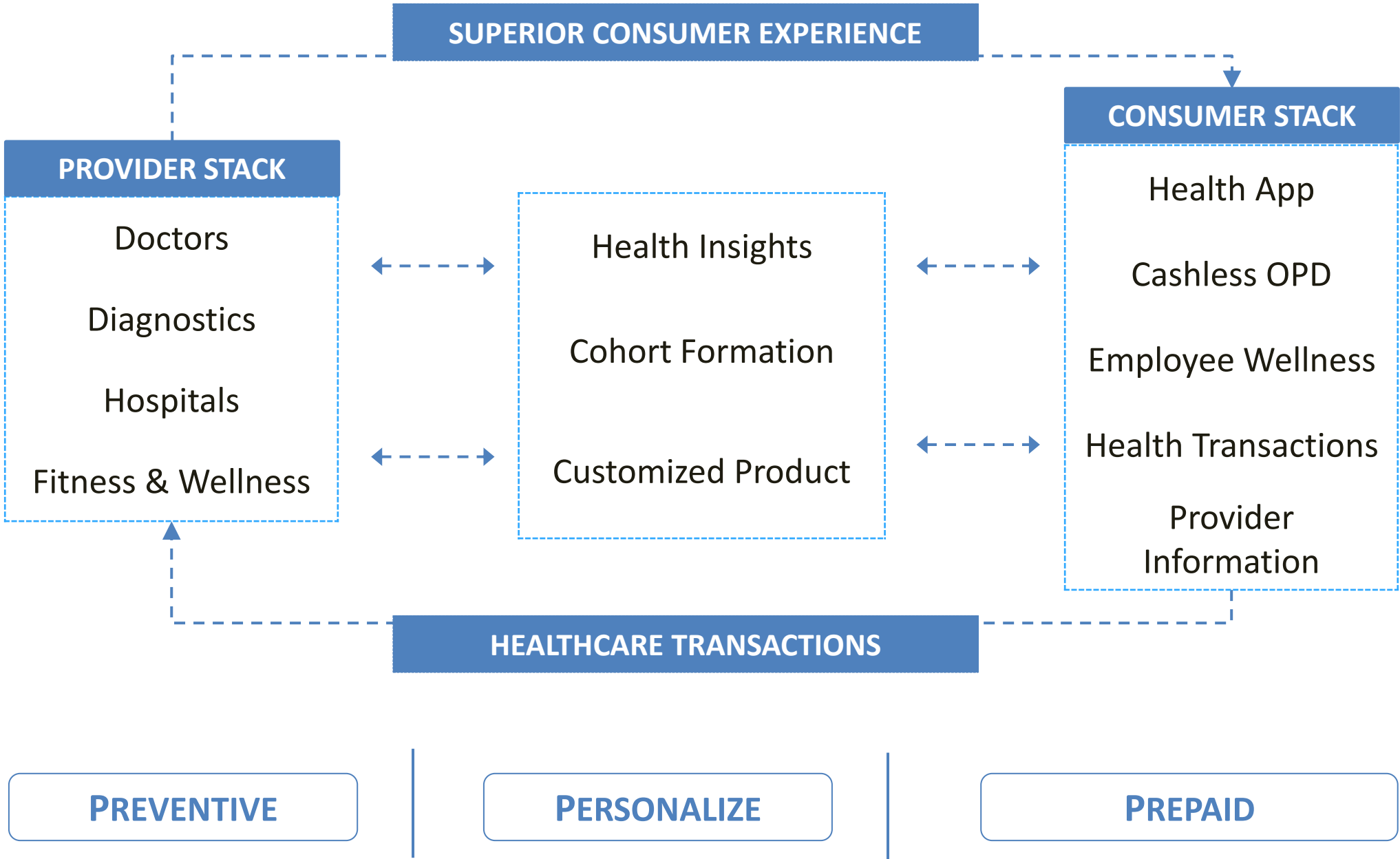
- Differentiated product plans for retail and corporate customers
- Cumulative 0.3 mn users on renewable plans

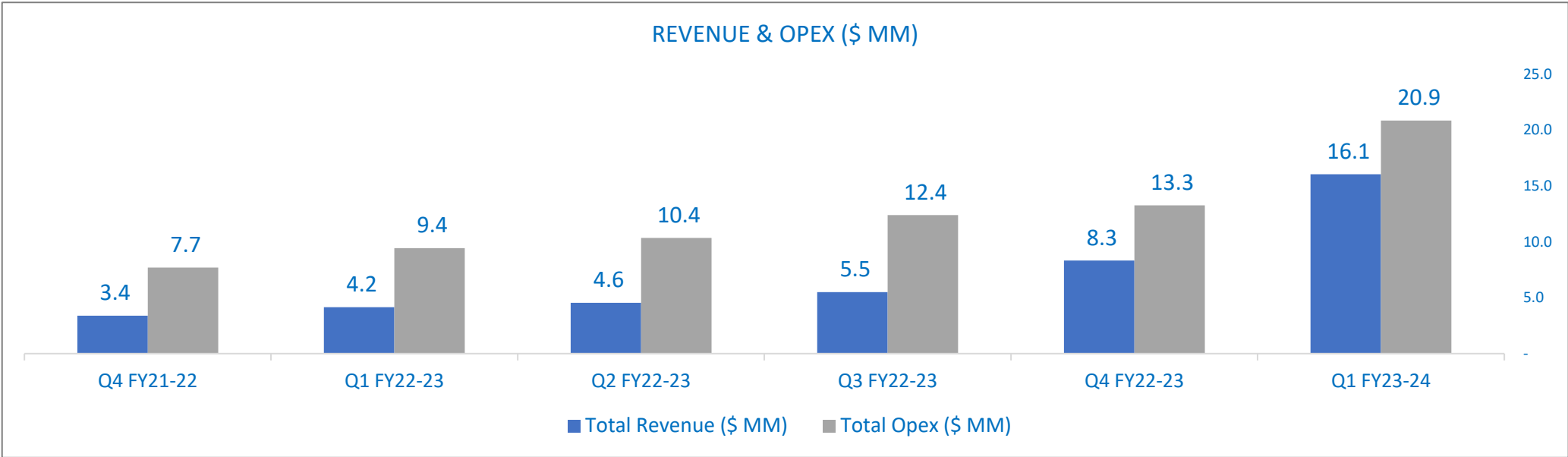
Deep investment in technology and analytics

- App first approach
- Microservice architecture

Leading Healthcare transformation

- Integration with ABDM for Health ID, HIP and HIU services, and portable health records
- Wellness modules for preventive healthcare





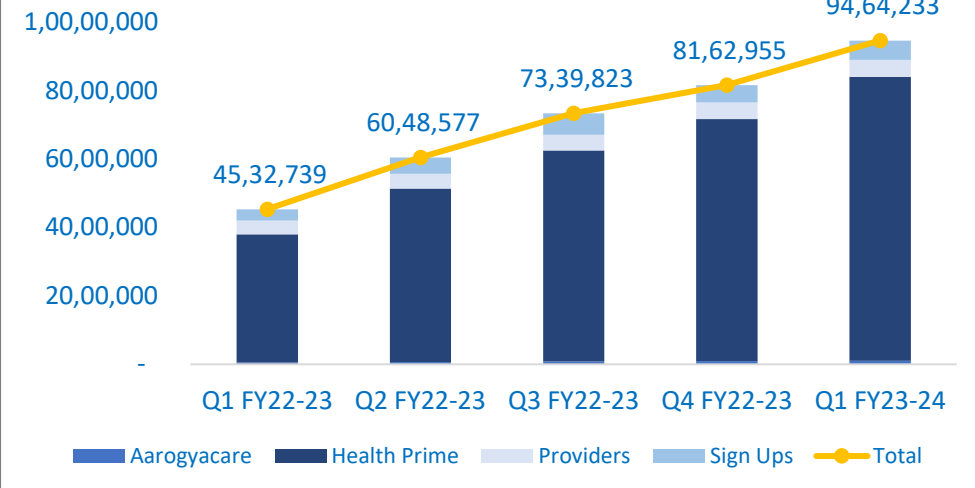
## Services Offered

Doctor Consultation	• Tele consult or In-clinic in Cashless or Reimbursement
Diagnostic Visits	• Radiology or Pathology tests in Cashless or Reimbursement
Preventive Healthcheck	• Annual health check in Cashless model
Dental	• Dental consultations & procedures

## Wellness Services

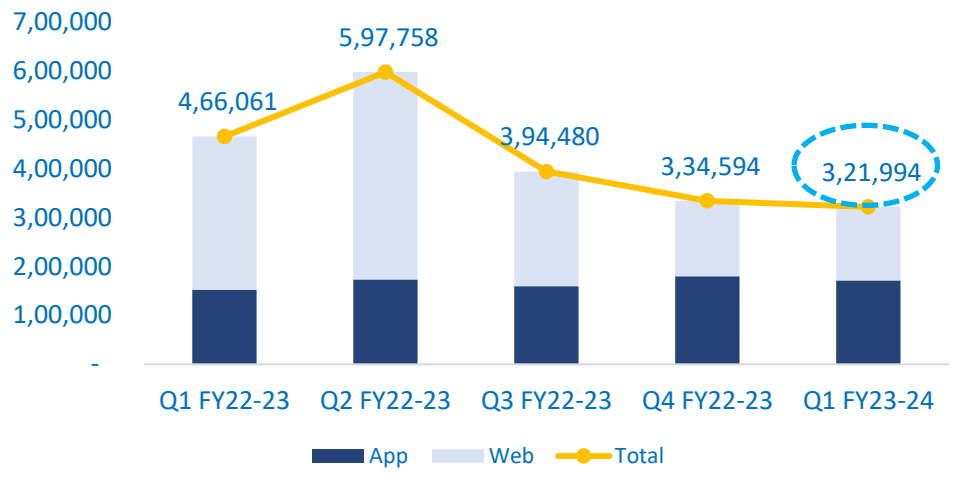
Step Tracker	• Module for activity challenges & usage-based rewards
Diet & Nutrition	• Nutritionist assessments, meal logging
Fitness Programs	• Gym access & Fitness sessions
India Stack-ABHA	• Creation of ABHA accounts • HFR/HPR IDs for providers

### REGISTERED USERS (CUMULATIVE)



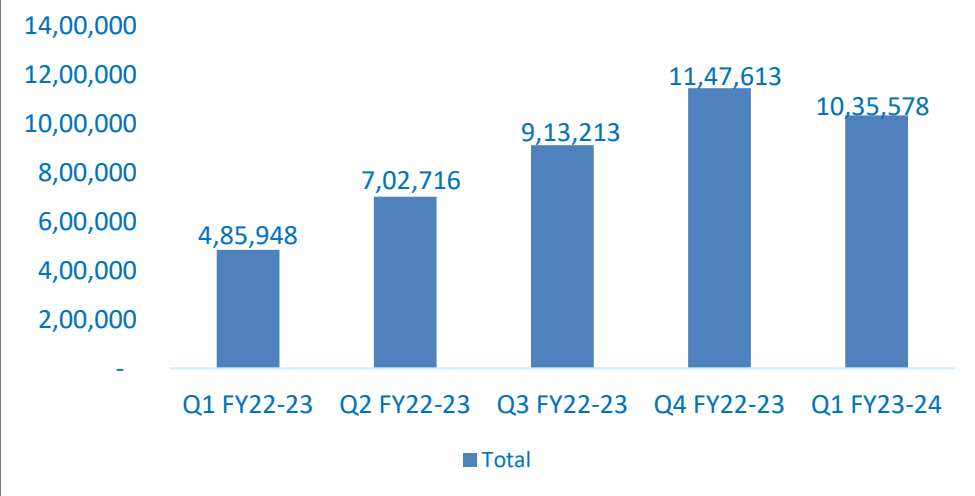
\*Cumulative unique users registered on platform or holding a product

### MONTHLY ACTIVE USERS



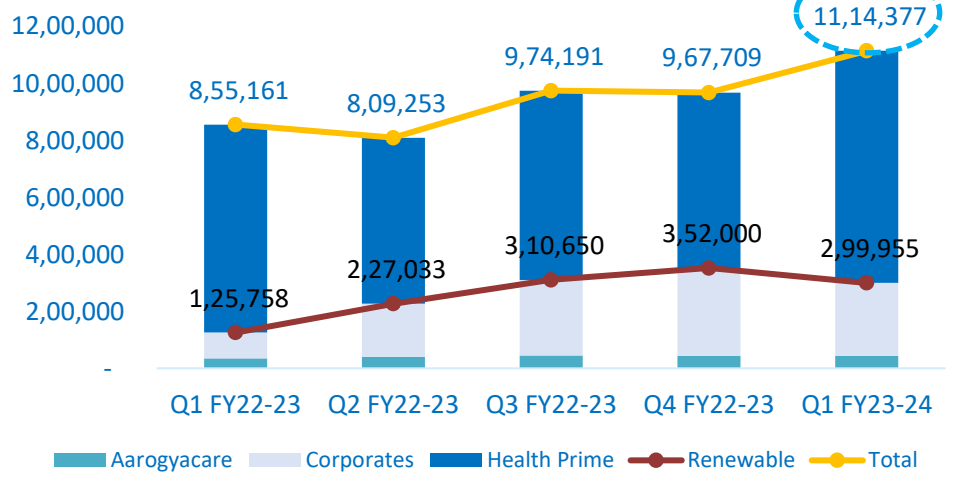
\*Users doing any interaction on platform

### TRANSACTIONS



\*Healthcare transactions across all provider points

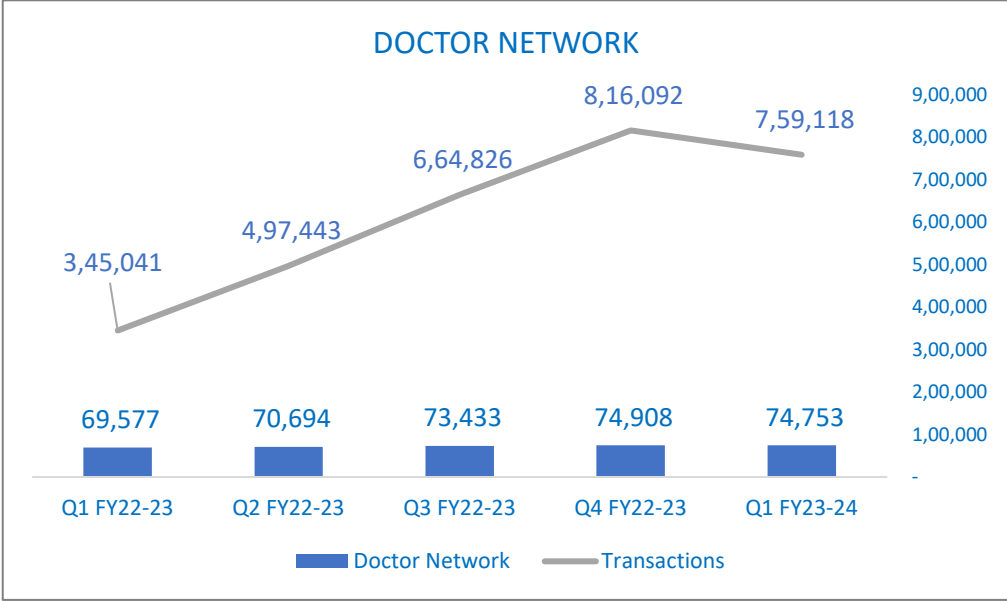
### PAYING USERS



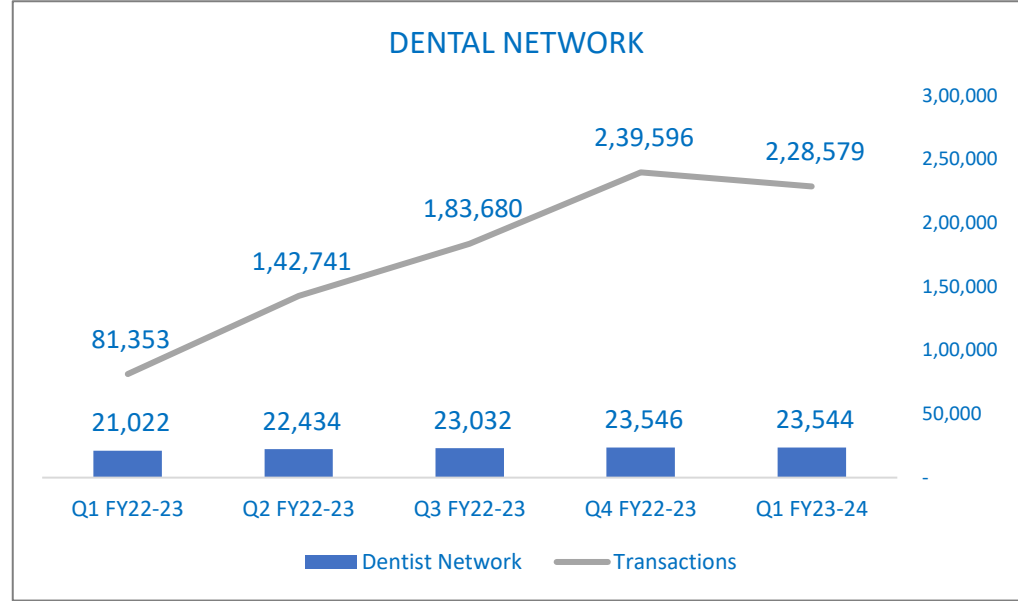
\*Users paying for services - one time or renewable

- In FY23 Bajaj Finserv Health reported **Total Income of \$ 22.6 MM** v/s \$ 10.7 MM in FY22
- Profit (Loss) after tax was \$ (22.9) MM in FY23 v/s \$ (15.7) MM in FY22; Net Worth as on 31 March 2023 stood at \$ 8.5 MM
- Cumulative Capital Infused till 31 March 2023 was \$ 56 MM; Capital infused in FY23 stood at \$ 25.6 MM

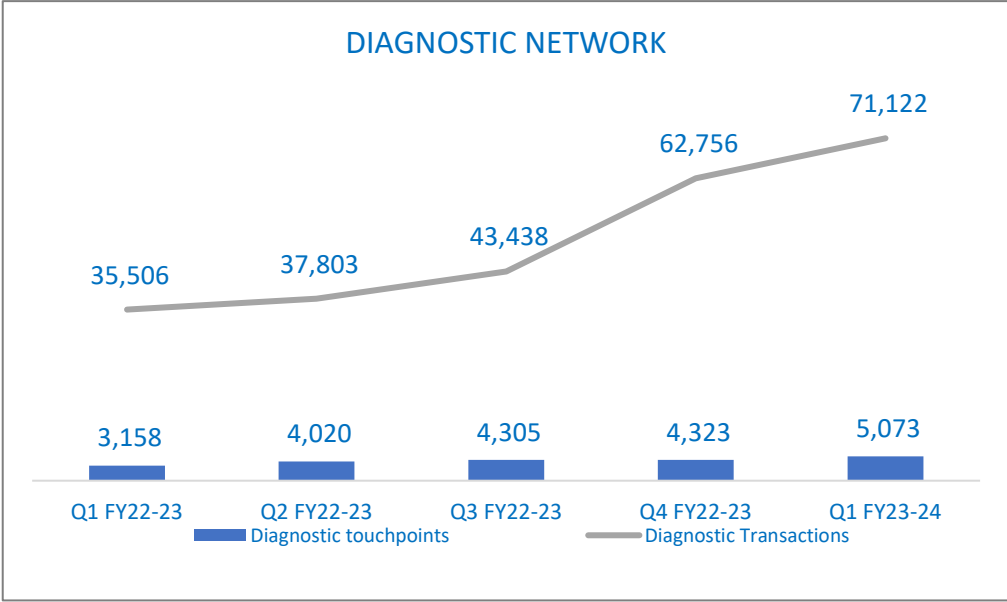
# Bajaj Finserv Health – Network Metrics



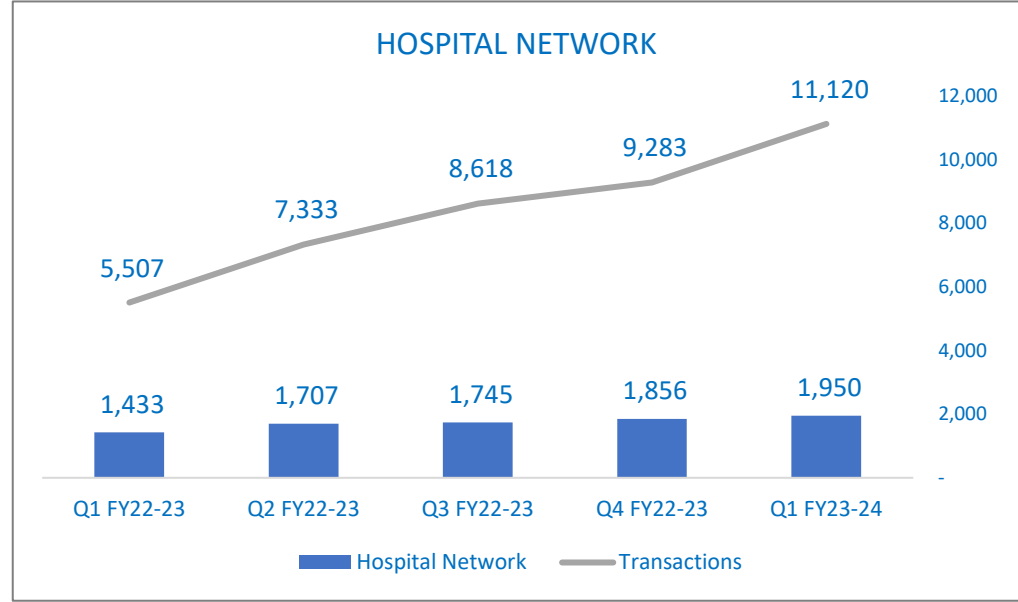
\*Network of Doctors on-boarded and total doctor transactions



\*Network of Dentists on-boarded and Dental transactions



\*Network of Diagnostic touchpoints and total diagnostic transactions



\*Network of Hospitals on-boarded and total transactions

# **ESG Initiatives and Focus Areas**

# Some key new initiatives during the year towards furtherance of ESG

***“ESG is not just the right thing to do, it is what will shape a better tomorrow.”***

More than 80% of Applicable Portfolio\* Assets are ESG assessed: 90% BAGIC and 80% BALIC

Promoting government initiatives through PMJJBY scheme achieving a coverage for ~1.2 million lives in FY2023

~1 million people benefitted from CSR projects initiated under single and multiyear programs in FY2023 covering Child, Youth etc.

Group level gender diversity % has gone up from 10.42% (March 31, 2022) to 11.41% (March 31, 2023)

ESG linked Materiality Assessment across the Group for Lending and Insurance businesses

Crop insurance availed by more than 8.5 million farmers in the last five years

“Group Sampoorna Suraksha Kavach” and “Group Sampoorna Jeevan Suraksha” provided coverage for approximately 20 million lives in FY2023

Certificate Programme in Banking, Finance and Insurance (CPBFI), the flagship program, two third students were women across 20 States with 10,781 Enrollment

Installation of rooftop solar power plants at six offices with capacity of 690.8 KW

Note : Further details on these initiatives can be found in our Business Responsibility and Sustainability Report, published on our website

\*Applicable portfolio means all the investments other than ETFs, AIFs, RelTs, InvITs, and unlisted Equity

# Illustrations on some of our ESG focus areas

## Governance

- Adoption of Board approved 'Responsible Business Conduct and Sustainability Policy' of the Company and its material subsidiaries
- More than 99% of fixed income portfolio of insurance subsidiaries comprises the highest credit rated securities (sovereign / AAA or equivalent).
- Bajaj Finserv continues to maintain favorable liquidity / solvency higher than the statutory requirement across material subsidiaries.

## Reaching Financial Services to Million of Indians

- Bajaj Finserv through its 4,500+ branches and offices offers financial and insurance products and services across subsidiaries
- Enabled livelihood of individuals through three-wheeler financing of more than \$718 MM & SME lending of more than \$4,600 MM during the last 3 years
- We continue to provide crop and cattle insurance products which are especially designed for the rural markets. In last 3 years, more than 6.6 million farmers have availed the benefits from these products.

## Preserving and Protecting Environment

- Renewable power generated is higher than the electricity consumed basis Wind Power Generation of 83.4 million units
- Added Renewable Power Capacity through Solar Rooftop power plants at certain offices with an installed capacity of 690.8 KW.
- Products for EV Finance and Insurance.
- Planted over 53,500 saplings in FY2023.
- EVs were introduced in inter-office commute as shuttle transport replacing fossil fuel-based vehicles.

## Empowering Society

- For 2022-23 the CSR Spend was \$28 MM with multiple partners across the program covering Child, Youth etc.
- ~1.3 million people benefited directly from CSR projects in initiated single and multiyear programs.
- CPBFI\*, our flagship program is now in 20 states (2/3rd students being women) with 10,781 Enrolments.

## Customer Centricity

- Charters and policies to protect interest of customers
- Use of technology to enhance customer experience
- Customer education and awareness campaigns

## Human Capital

- Diversity & Inclusion councils set up across the Group. Group level gender diversity % has gone up from 10.42% (March 31, 2022) to 11.41% (March 31, 2023)
- Imparted approximately 530k hours of training to more than 50,000 employees to upskill/multi-skill themselves
- Approximately 67% of permanent employees, are employed in areas other than the top 10 cities by population

## One Finserv – Group Level Talent & Succession Management Initiatives

Employees are assessed across 3 dimensions – **performance, potential, and leadership mindsets**, which include

- Customer Obsession
- Talent Builder
- Innovate to Simplify
- Founder's Mindset
- Dream to Deliver
- Do the Right Thing
- Being Responsible
- Delegate and Develop

Group level **common job structure** and job evaluation using Hay Points

**Mobility across the group** through group IJP (Internal Job Posting) – all jobs are advertised internally

**Talent mapping** for 376 employees spanning top bands across 6 companies - monitored centrally

**Succession Planning for Top Management** – Top positions mapped to potential talent and individuals mapped to potential opportunities across the group

Group level **L&D initiatives** and **Talent Pool Building** through:

- Group Young Leaders Program (GYLP)
- Group Finance Associate Program (GFAP)
- 30-Under-30 Program (Junior Management Talent Acceleration Program)
- Women Talent Acceleration Program

**Thank You**

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