

21 May 2020

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

**Subject: Investor Presentation for the financial results of the fourth quarter ended 31 March 2020- Regulation 30**

Dear Sir/Madam,

Further to our letter dated 7 May 2020, please find enclosed Investor Presentation for the financial results of the fourth quarter ended 31 March 2020 under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with Schedule III thereto.

This is for your information please.

Thanking you,

Yours faithfully,  
**For Bajaj Finserv Limited**

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



Encl: as above.

Page 1 of 1

**Bajaj Finserv Limited**

Corporate Office: 6th Floor, Bajaj Finserv Corporate Office, Off Pune-Ahmednagar Road,  
Viman Nagar, Pune - 411 014, Maharashtra, India  
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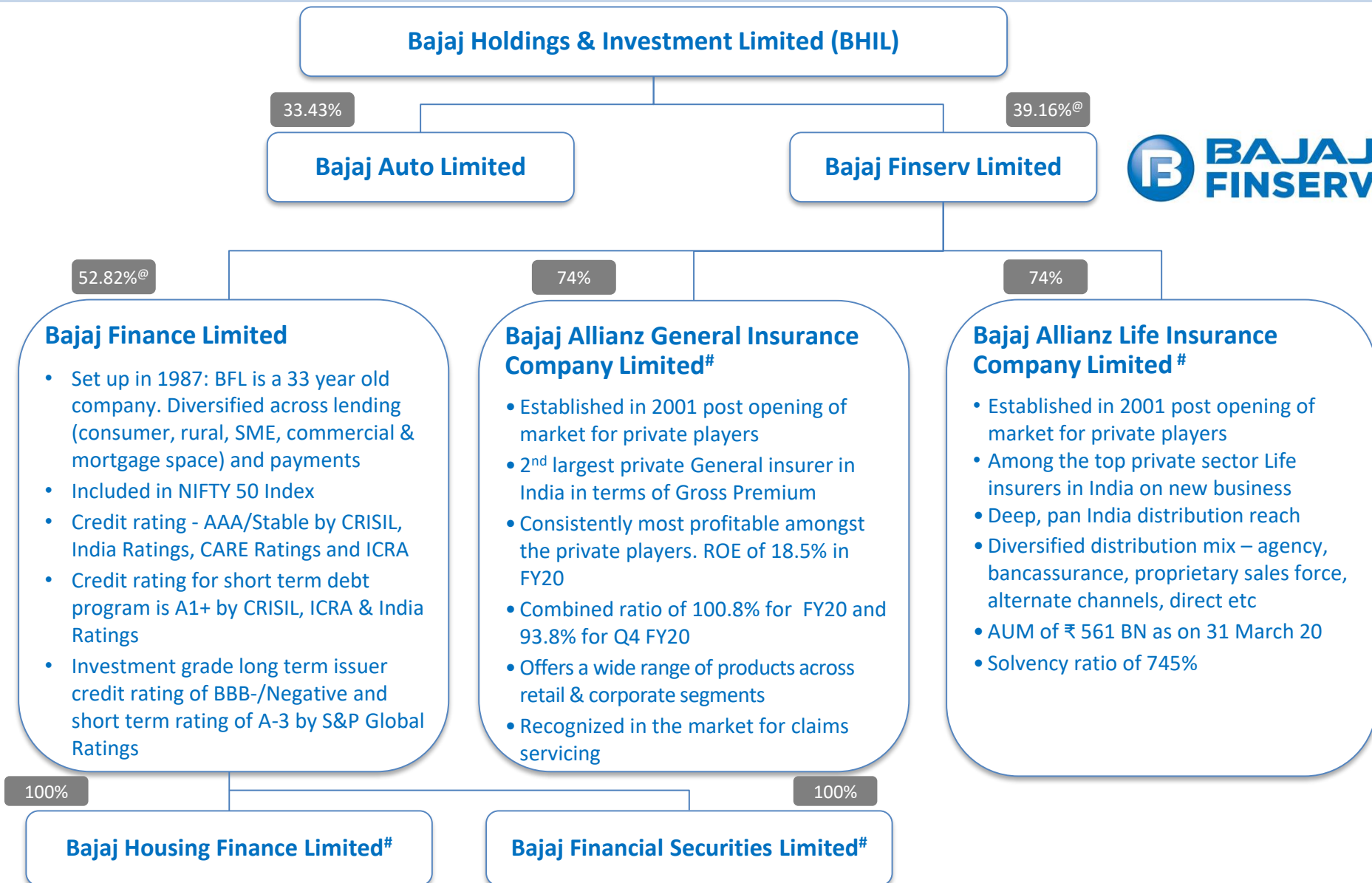
www.bajajfinserv.in  
Corporate ID No: L65923PN2007PLC130075



# BAJAJ FINSERV LIMITED

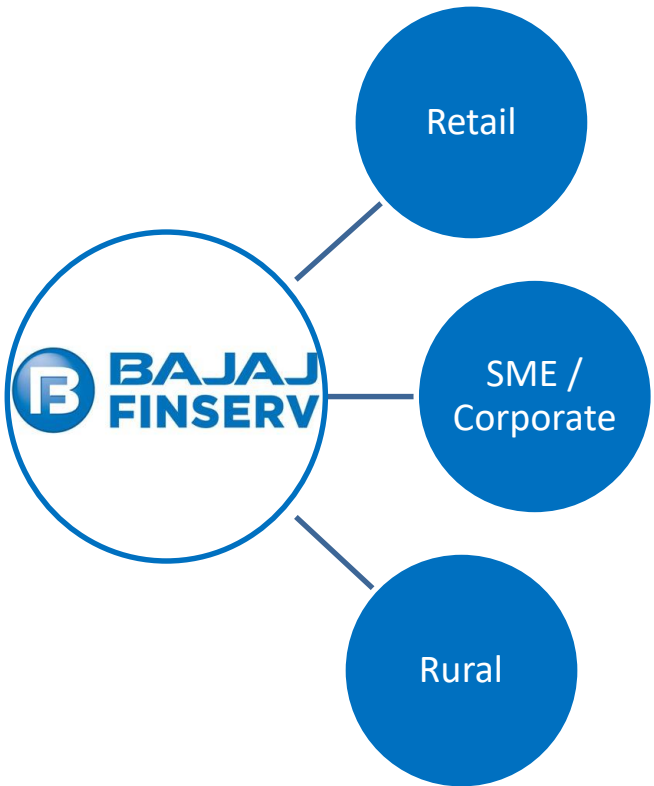
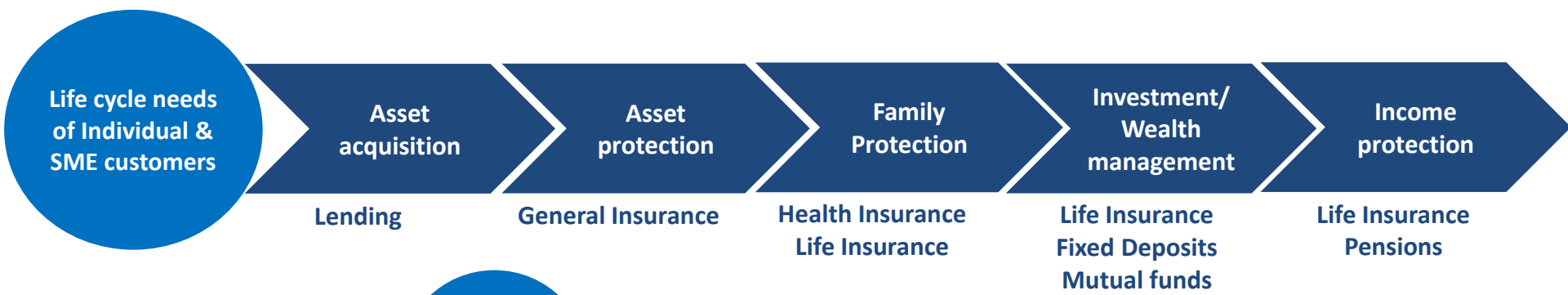
**Investor Presentation – Q4 FY20\***

# Bajaj Group Structure



BFS shareholding in BFL was 54.99% as on 31 Mar 2019 . BHIL is a 100% subsidiary of BFL which became fully operational in Feb 2018. Bajaj Financial Securities Limited is 100% subsidiary of BFL which became fully operational in Aug 2019

Note: Shareholding is as of 31 Mar 2020. Only major subsidiaries shown in this chart | <sup>#</sup> - Not Listed, @ - Represents BHIL's & BFS's direct holding



Diversified across products and markets, with a strong retail core

**Retail Consumer:**

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

**SME and Corporate:**

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

**Rural Focus:**

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

1

## Activated Business Continuity Plan

- ☐ WFH drill done even before lockdown
- ☐ Emergency response teams monitoring the situation; Implementing actions on real time
- ☐ Board and Committee meetings held through video conferencing
- ☐ Swiftly moved the IT infrastructure to ensure availability of adequate bandwidth, setting up virtual private networks, making portable devices available where needed

2

## Employees

- ☐ Keeping employee safe as the top priority, all employees moved to Work From Homes
- ☐ A health support hotline was created for employees with doctor on call
- ☐ Advisories to strictly follow the lockdown guidelines
- ☐ Created multiple secure platforms for collaboration and team meetings over digital media
- ☐ **Training** on end to end digital sales process
- ☐ Facilitate virtual engagements with partners, customers through emailers, WhatsApp, phone calls, social engagement platforms

3

## Customers

- ☐ Reached out to customers to reduce the panic and appraise that their servicing needs & payments can be processed through various digital assets.
- ☐ Came out with dedicated indemnity cover for Covid-19 through partners like PhonePe
- ☐ **Enhanced Communication** on Safety, investment advisory (Market Recovery stories from past) and Digital assets for service

4

## Partners / Distribution

- ☐ Continuous engagement with partners; virtual product training
- ☐ Mapping of partner capabilities and integration of new processes at priority, ensuring smooth transition
- ☐ Digital on-boarding of insurance agents

5

## Regulator / Authorities

- ☐ Engaging with regulators wherever needed to see through the Covid-19 challenges and implications. Ex – engaging with IRDAI on grace period for persistency reporting
- ☐ Insurance as essential service

6

## Community

- ☐ Bajaj Group committed Rs. 100 Cr to fight this pandemic
- ☐ Over 20 lakh cooked meals and other 25 lakh family ration packet distributed
- ☐ 25000 PPE to healthcare workers have been provided
- ☐ Pilot with 50,000 auto rickshaw drivers across 10 cities to make their vehicles Covid-19 safe
- ☐ Group matched BFS & BHIL employees' contribution of Rs. 5 Cr to PM CARES Fund

# Bajaj Finserv – A resilient diversified financial services business

## Bajaj Finance Limited



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

## Bajaj Allianz General Insurance



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

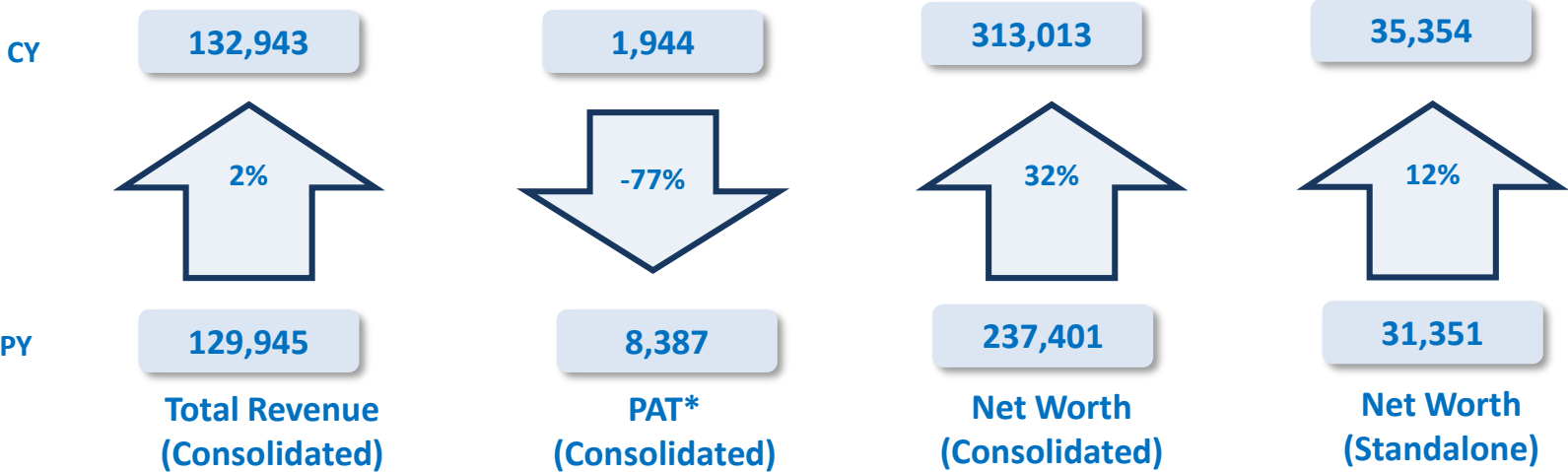
## Bajaj Allianz Life Insurance



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

All Figures in Rs Million

## Performance Highlights of Q4 FY20 over Q4 FY19 (Ind AS)



- Bajaj Finserv remains a debt free company. Bajaj Finserv’s surplus funds (Excluding Group Investments) stood at Rs. 10.6 Bn as on 31 Mar 2020 (Rs. 7.6 Bn. as on 31 Mar 2019)
- Consolidated Book Value Per Share at Rs. 1,967 as on 31 Mar 2020 ( Rs.1,492 as on 31 Mar 2019)

Note : \*PAT attributable to owners of the company



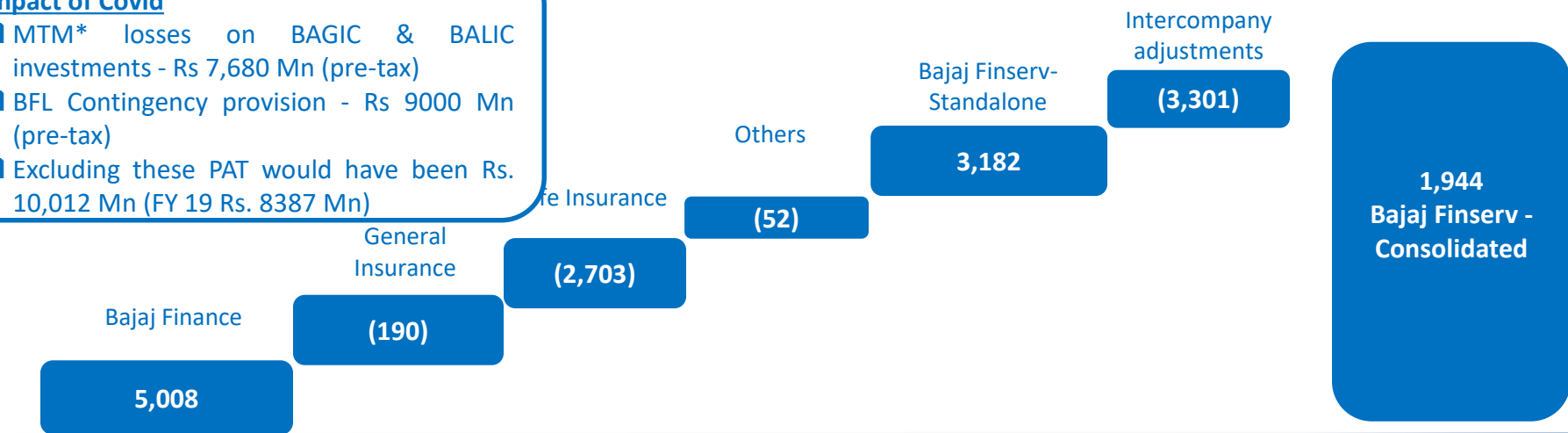
# Consolidated profit components – Q4 FY20

All Figures in Rs Million

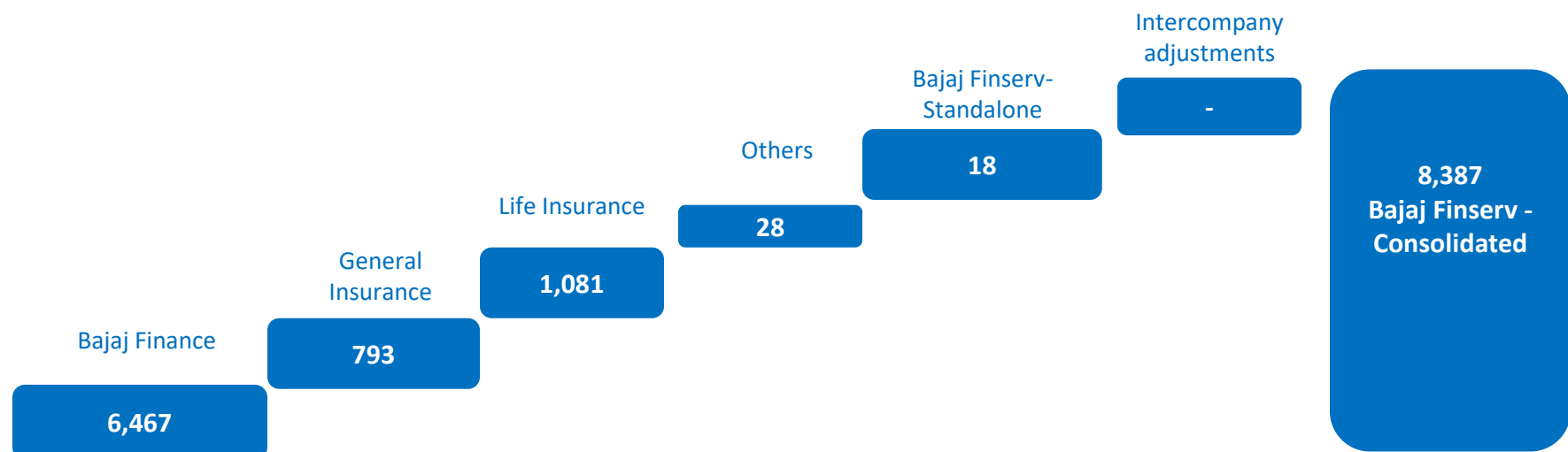
## Consolidated profit components for Q4 FY20 (Ind AS)

### Impact of Covid

- ❑ MTM\* losses on BAGIC & BALIC investments - Rs 7,680 Mn (pre-tax)
- ❑ BFL Contingency provision - Rs 9000 Mn (pre-tax)
- ❑ Excluding these PAT would have been Rs. 10,012 Mn (FY 19 Rs. 8387 Mn)



## Consolidated profit components for Q4 FY19 (Ind AS)



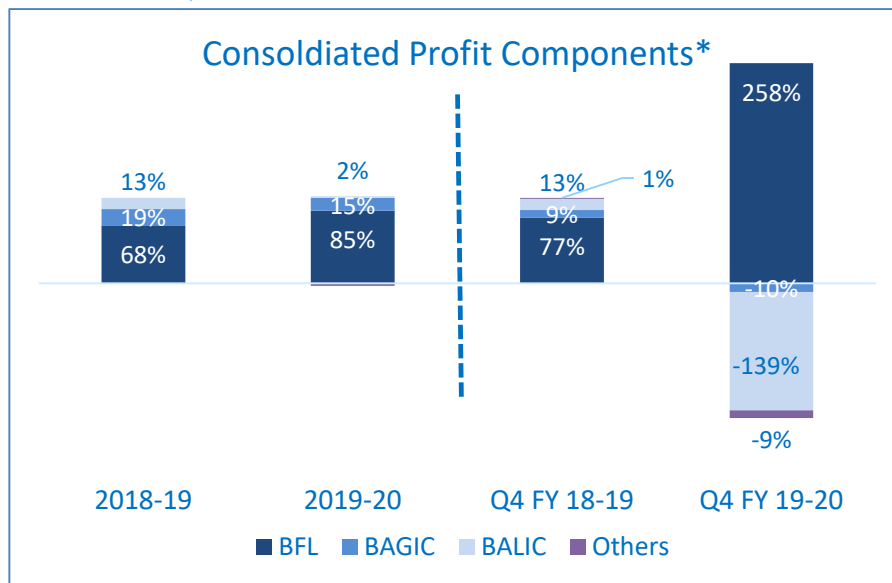


All Figures in Rs Million

## Highlights of Group Companies

| BAJAJ FINSERV# | FY20    | FY19    | Growth |
|----------------|---------|---------|--------|
| Total Revenue  | 543,515 | 426,056 | 28%    |
| Net worth      | 313,013 | 237,401 | 32%    |
| PAT            | 33,691  | 32,190  | 5%     |

#Consolidated | Ind AS



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

| BAJAJ FINANCE# | FY20      | FY19      | Growth |
|----------------|-----------|-----------|--------|
| AUM            | 1,471,534 | 1,158,884 | 27%    |
| Total Income   | 263,856   | 185,002   | 43%    |
| PAT            | 52,637    | 39,950    | 32%    |
| NNPA           | 0.65%     | 0.63%     | 2 bps  |

| BAGIC                 | FY20    | FY19    | Growth    |
|-----------------------|---------|---------|-----------|
| GWP                   | 128,331 | 110,970 | 16%       |
| Investments           | 187,458 | 172,367 | 9%        |
| PAT                   | 9,988   | 7,799   | 28%       |
| <b>Combined Ratio</b> | 100.8%  | 96.7%   | -4.1% abs |

| BALIC                  | FY20        | FY19       | Growth   |
|------------------------|-------------|------------|----------|
| GWP                    | 97,525      | 88,571     | 10%      |
| Investments            | 560,854     | 566,201    | -1%      |
| PAT                    | 4,496       | 5,019      | -10%     |
| <b>NBV &amp; NBM**</b> | 2,266   10% | 1,541   7% | 47%   3% |

- Bajaj Finserv and Bajaj Finance figures are as per Ind AS
- BAGIC and BALIC figures are as per IRDAI Regulations (Indian GAAP)& the Indian Accounting Standard framework is used only for consolidated numbers
- Bajaj Finserv's FY20 profit adjusted for BFL's Covid provision of Rs. 9,000 Mn is Rs. 37,249 Mn (16% Growth over PY); BFL FY20 PAT adjusted for Covid-19 provision is Rs. 59,372 Mn(49% growth over PY)



**Bajaj Finance Limited**

STRATEGY

- Diversified financial services strategy seeking to optimise risk and profit, to deliver a sustainable business model and deliver a superior ROE and ROA
- Focused on continuous innovation to transform customer experience to create growth opportunities.

DIFFERENTIATORS

Focus on mass affluent and above clients

Overall customer franchise of 42.60 Mn. and Cross sell client base of 24.13 Mn.

Strong focus on cross selling to existing customers

Centre of Excellence for each business vertical to bring efficiencies across businesses and improve cross sell opportunity. 68% of new loans in Q4 were to existing clients

Highly agile & highly innovative

Continuous improvement in features of products & timely transitions to maintain competitive edge

Deep investment in technology and analytics

Has helped establish a highly metricised company and manage risk & controllership effectively

Diversified asset mix supported by strong ALM and broad-based sources of borrowings

Consolidated lending AUM mix for Consumer : Rural : SME : Commercial : Mortgage stood at 39%: 9%: 13%: 8%: 31% as of 31<sup>st</sup> March 2020  
Consolidated borrowing mix for Banks: Money Markets: Deposits: ECB stood at 38%: 42%: 17%:3%

## BAJAJ FINANCE

### Consumer

- Largest consumer electronics, digital products & furniture lender in India
- Presence in 1,035 locations with 89,900+ active points of sale
- Amongst the largest personal loan lenders
- EMI Card franchise of over 21.98 Mn. cards in force
- Among the largest new loans acquirers in India 6.03 Mn in Q4 FY20
- Bajaj Finserv – Mobikwik active wallet users stood at 15.2 Mn as on 31 March 2020 who have linked EMI card to wallet
- Bajaj Finserv – RBL Bank co-branded credit card stood at 1.84 Mn as of 31 March 2020

### SME

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

### Commercial

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

### Rural

- Unique hub-and-spoke model in 1,357 locations and retail presence across 19,600+ points of sale
- Diversified rural lending model with 10 product lines across consumer and professional business categories

## Prior to Covid-19

- ❑ Due to various fiscal stimulus measures implemented by government and good monsoon, economy was clearly on mend in Q4
- ❑ Overall systemic liquidity was quite strong at nearly Rs. 300,000 Crore
  - ❑ BFL is well placed with liquidity surplus of approximately Rs. 15,725 Crore as on 31 Mar 2020

## Response to Covid-19

- ❑ The Company has taken a cautious stance, and has tightened underwriting and LTV norms across all businesses till July 2020.
- ❑ For B2C, Rural B2C and SME business, company has taken a stance to not lend till the lockdown has lifted. Commercial lending is in pause mode except for lending to few existing customers.
- ❑ For B2B and auto finance business there was no lending in April 2020 due to the lockdown but these businesses have resumed operations in May in the green and orange zones.
- ❑ Mortgage business comes from top 30 cities which are in red zone, so it will take longer time to gain momentum.

- ❑ BFL has **offered repayment moratorium** to its impacted customers on a suo-moto basis as well as on customer requests to assist them in protecting their cash flows in these tough times.
  - ❑ **As a matter of prudence, Company decided that a set of customers with 60 days overdue and high likelihood of moving into NPA should not be offered moratorium**
- ❑ Consolidated book under moratorium as of 30 April 2020 is 27% by value. Of these customers, 68% have no recent bounce history with us.
  - ❑ Took Rs. 900 crore (pre-tax) of contingency provision for Covid-19 based on moratorium, bounce behaviour of customers in April and May and expected worsening in Macro environment
- ❑ Company has frozen all incremental and replacement hiring till September 2020, except for certain strategic positions.
- ❑ Company has temporarily suspended all new branch expansion till September 2020.
- ❑ **Elevated default and collection related constraints** are likely to result in higher credit costs than witnessed hitherto.
  - ❑ BFL has **committed requisite investment to deepen its collections infrastructure** to control its credit costs.

## Q4 2019-20

- ❑ **Strong AUM growth - 27% YoY for the company as well as** across all lines of businesses in the company except for securities lending which contracted by 24%
- ❑ **New loans booked increased by 3%** to 6.03 MM in Q4 FY20 from 5.83 MM in Q4 FY19. Adjusted for lower acquisition due to lockdown, **new loans booked would have grown by 21% to approximately 7.03 MM.**
- ❑ **New customer acquisition** for the quarter remained robust at 1.9 MM. Adjusted for lower customer acquisition due to lockdown, this number would have been approximately 2.25 MM.
- ❑ **Q4 FY20 Profit contracted by 19% to Rs. 948 crore.** Adjusted for contingency provisions for Covid-19 for same, PAT was up by 38%.
  - ❑ Profit after tax for FY20 grew by 32% to Rs. 5,264 crore from Rs. 3,995 crore in FY19



## Q4 2019-20

- ❑ **Cost of funds at consolidated level** has sequentially increased by 8 bps to 8.37% in Q4 FY20.
- ❑ BFL liquidity position remains very strong with overall liquidity surplus of approximately ₹ 15,725 crore as of 31 March 2020. The Company's liquidity surplus as of 15 May 2020 was approximately ₹ 20,900 crore.
- ❑ Gross NPA & Net NPA stood at 1.61% and 0.65% as of 31 March 2020.
  - ❑ Adjusted for one time provision of Rs. 1,419 crore (Covid-19, broker accounts and recalibration of ECL model), loan losses and provisions for Q4 FY20 were Rs. 535 crore.
- ❑ During the year, company introduced several initiatives to take innovation to next level
  - ❑ Conceptualized, co-designed, developed and deployed a state-of-art Technology Innovation and Collaboration Center (TICC) in Pune.
  - ❑ **Deployed the data lake infrastructure** – this enables exploratory deep data analysis on raw data as against pre-cooked and curated variables.

## Q4 2019-20

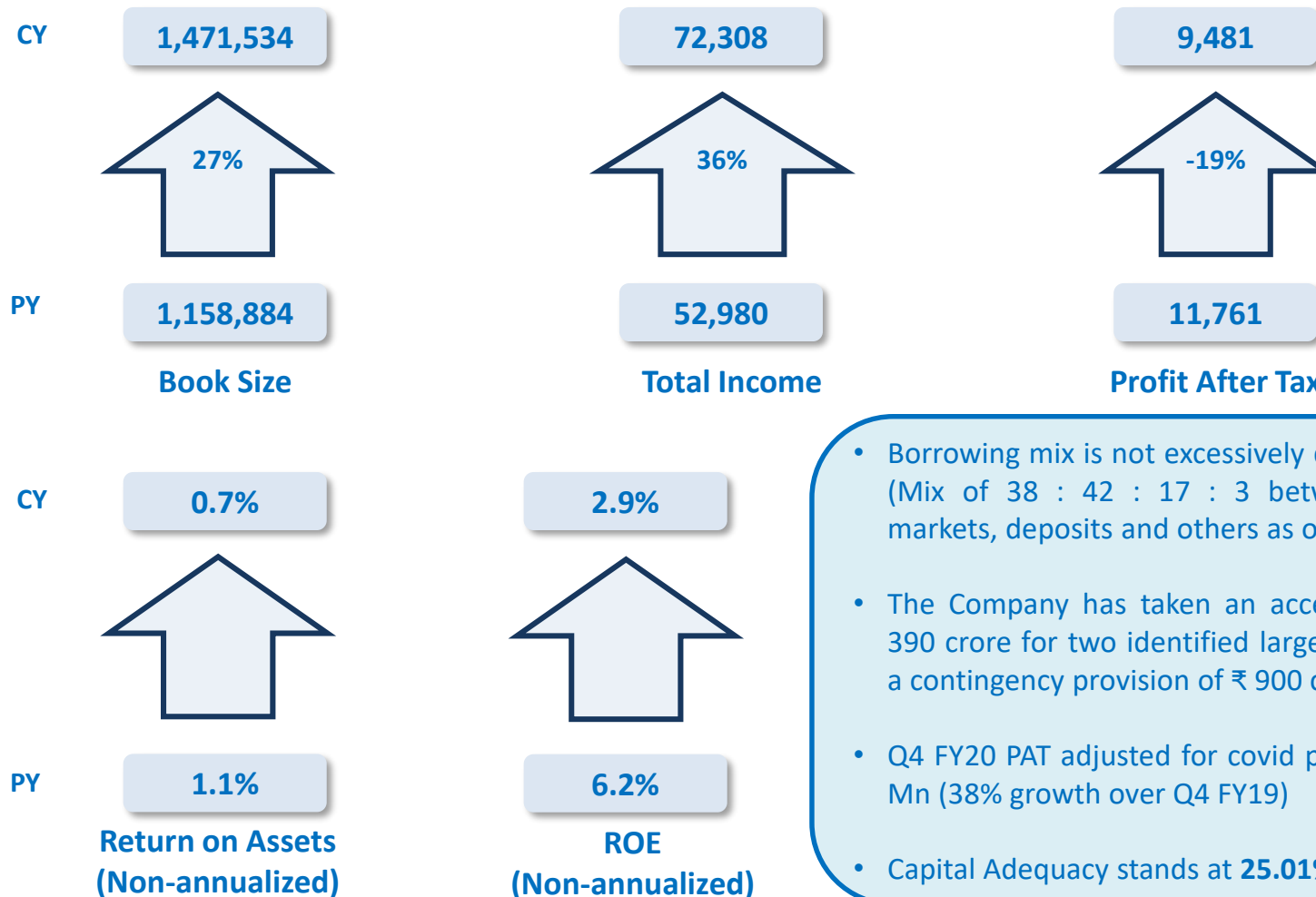
- ❑ The Company is well **capitalised with CRAR of 25.01%** as at 31 March 2020. The Tier-I capital stood at 21.27%.

### Subsidiaries (included in BFL Consolidated Performance)

- ❑ **Bajaj Housing Finance Ltd (BHFL)** delivered **profit after tax growth of 47%** to Rs. 91 crore in Q4 FY20 vs Rs. 62 crore in Q4 FY19; This PAT is after the contingency provision of Rs. 50 crore for Covid-19
- ❑ **BHFL AUM grew by 86%** to Rs. 32,705 crore as of 31 March 2020 from Rs. 17,562 crore as of 31 March 2019. Adjusted for lower acquisition due to lockdown, AUM would have grown by 93% to approximately ₹ 33,900.
- ❑ **Bajaj Financial Securities Limited** commenced operations from August 2019; **Total income** for FY20 was Rs. 11 crore and **PAT** for FY20 of Rs. 2 crore

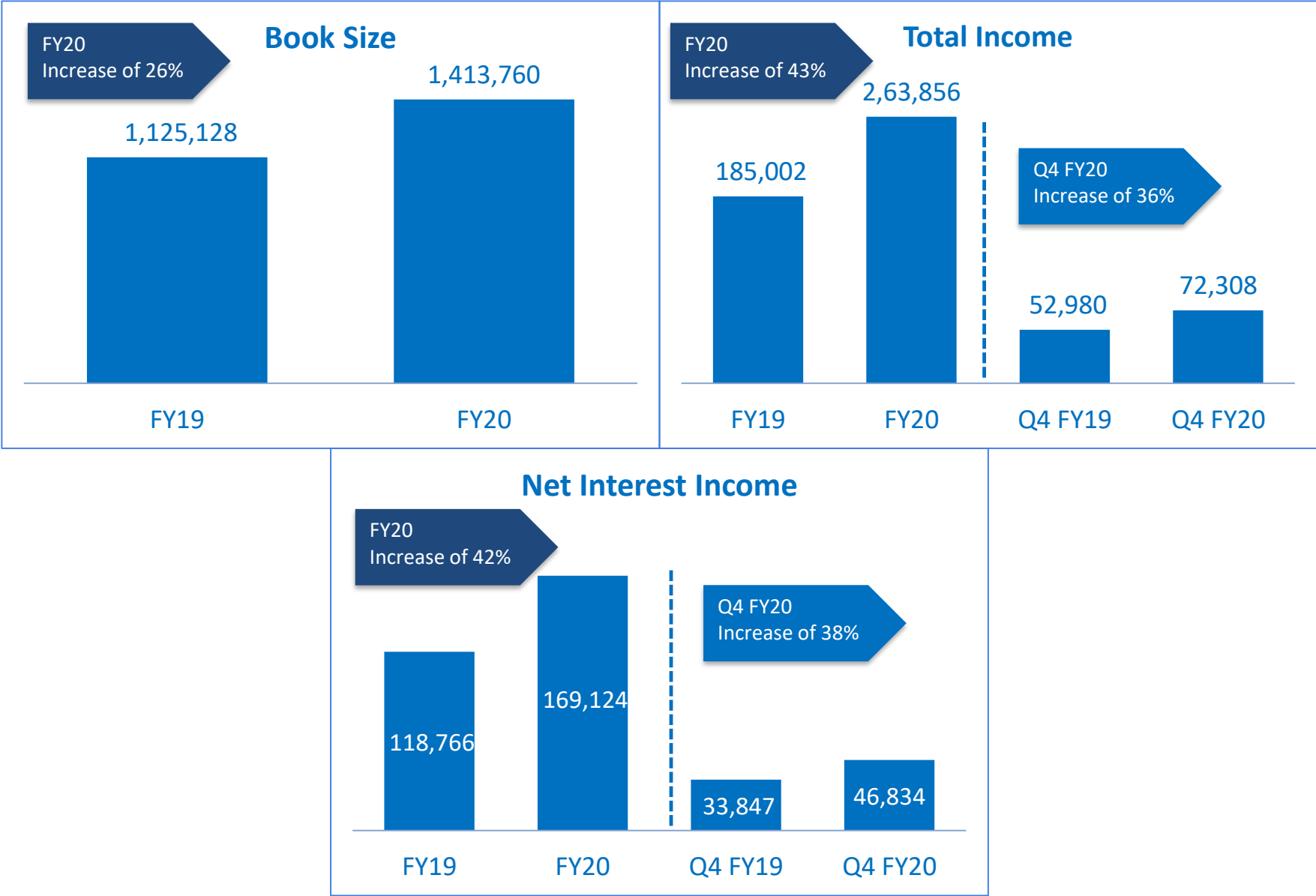
All Figures in Rs Million

## Performance Highlights of Q4 FY20 over Q4 FY19 (Ind AS)



- Borrowing mix is not excessively dependent on banks. (Mix of 38 : 42 : 17 : 3 between banks, money markets, deposits and others as of 31 Mar 2020)
- The Company has taken an accelerated charge of ₹ 390 crore for two identified large accounts and made a contingency provision of ₹ 900 crore for Covid-19
- Q4 FY20 PAT adjusted for covid provision is Rs.16,216 Mn (38% growth over Q4 FY19)
- Capital Adequacy stands at **25.01%** as of 31 Mar 2020

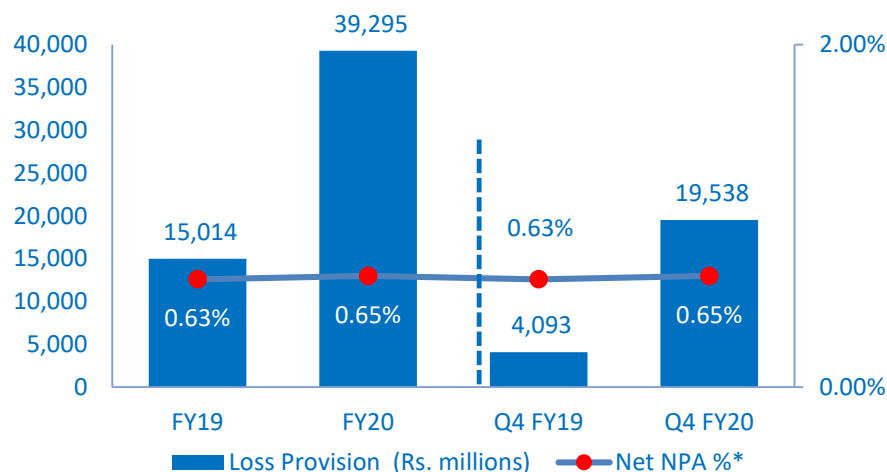
All Figures in Rs Million



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

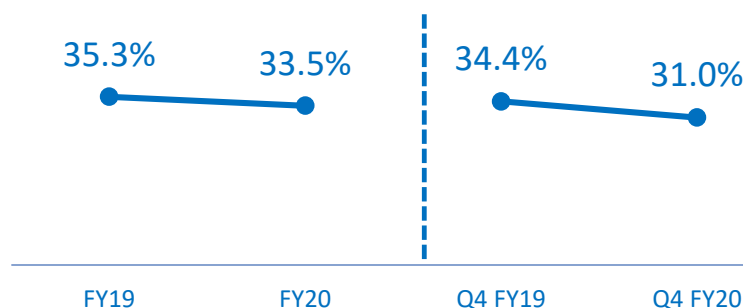
All Figures in Rs Million

## Loss Provision and Net NPA%



- Loan losses and provisions (expected credit loss) for Q4 FY20 were Rs. 1,954 Cr as against Rs. 409 Cr in Q4 FY19.
- During the quarter, the Company has taken a contingency provision of Rs. 900 Cr for Covid-19, an accelerated charge of Rs. 390 Cr. for two identified large accounts and additional provision of Rs. 129 Cr on account of recalibration of its ECL model.
- Adjusted for this one-time provision of Rs. 1,419 Cr., loan losses and provisions for Q4 FY20 was Rs. 535 Cr.
- Gross NPA & Net NPA stood at 1.61% and 0.65% as of 31 March 2020

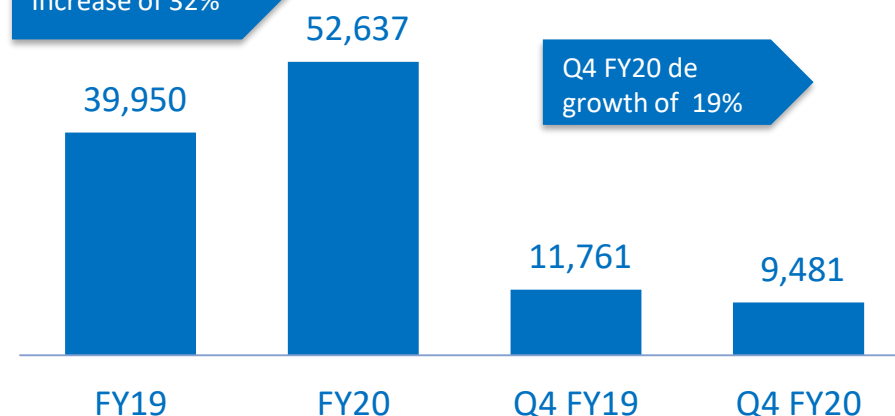
## Operating expenses as a % of NII



FY20

Increase of 32%

PAT



Q4 FY20 de  
growth of 19%

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

# **Bajaj Allianz General Insurance**

## STRATEGY

Strive for market share growth in chosen segments through a well-diversified product portfolio and multi-channel distribution supported by prudent underwriting

## DIFFERENTIATORS

Strong selection of Risk & prudent underwriting

- Industry leading combined ratios consistently over time-BAGIC's Combined Ratio stood at 100.8% FY20
- Business construct is to deliver superior ROE

Balanced Product Mix

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

Deep and wide distribution

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

Retail orientation

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

## Q4 2019-20

- ❑ **BAGIC GWP de-grew by 22 %** in Q4 FY20 vs Industry de - growth of 1%;
  - ❑ FY20 growth for BAGIC was 15.6% vs Industry growth of 9.5% (Industry excl. specialized insurers grew by 10.7%)
  
- ❑ **Combined ratio (COR)** improved and stood at **93.8% in Q4 FY20** v/s 103.9% in Q4 FY19
  - ❑ Ex Crop COR for Q4 FY20 improved from 97.9% in Q4 FY19 to 97%
  - ❑ FY20 COR was 100.8% vs 96.7% in FY19; Still expected to be amongst the lowest in the industry
  
- ❑ **Profit after tax for Q4 FY20 increased by 266% YoY** to Rs.3,041 Mn vs Rs. 831 Mn in Q4 FY19
  - ❑ Gains from lower tax rate, and improved LR (62.1% in Q4 FY20 vs 75.5% in Q4 FY19) were slightly offset by impairment for stressed asset (Rs. 530 Mn in Q4 FY20 vs Rs. 190 Mn in Q4 FY19)
  - ❑ For FY20, despite challenges such as higher claim ratio due to multiple catastrophes, PAT increased by 28.1% to Rs. 9,988 Mn .

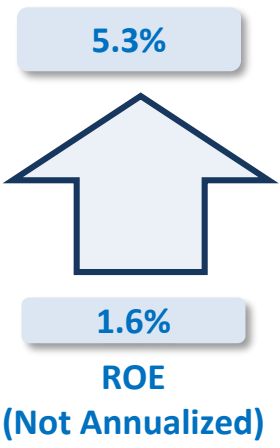
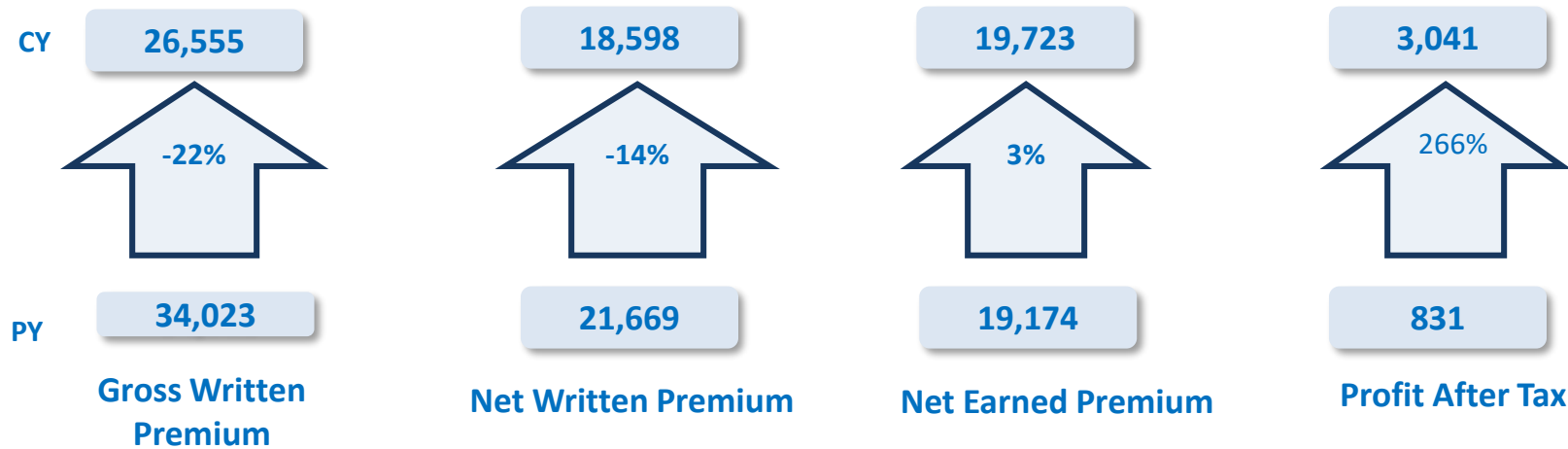


## Q4 2019-20

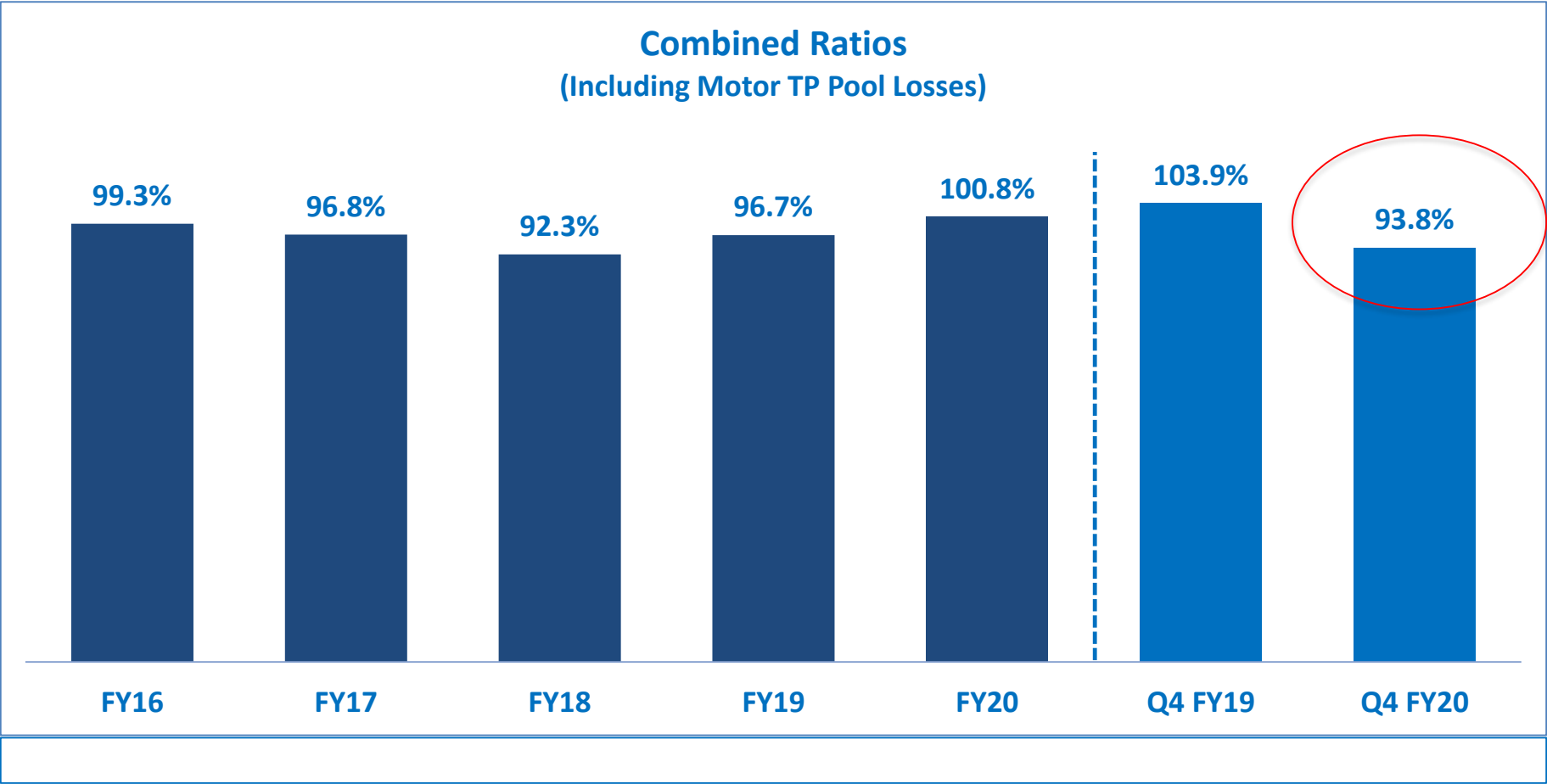
- ❑ During the year, the Company introduced several initiatives to further enhance its service . Some of the capabilities developed are:
  - ❑ A new CRM was launched to provide an integrated omni-channel experience for new business, renewals and service
  - ❑ Fully digital onboarding of agents
  - ❑ “Saksham” - group health portal for corporates
  - ❑ Digi “Swasth” - pre-policy medicals process for medicals in zero-day TAT
- ❑ The company **launched two innovative products during the lockdown** under the insurance sandbox.
  - ❑ **Pay As You Consume** that allows customers to choose insurance based on distance driven or days.
  - ❑ **Innovative co-pay product** where customers can choose their deductible based on a healthy lifestyle.

All Figures in Rs Million

Performance Highlights of Q4 FY20 over Q4 FY19

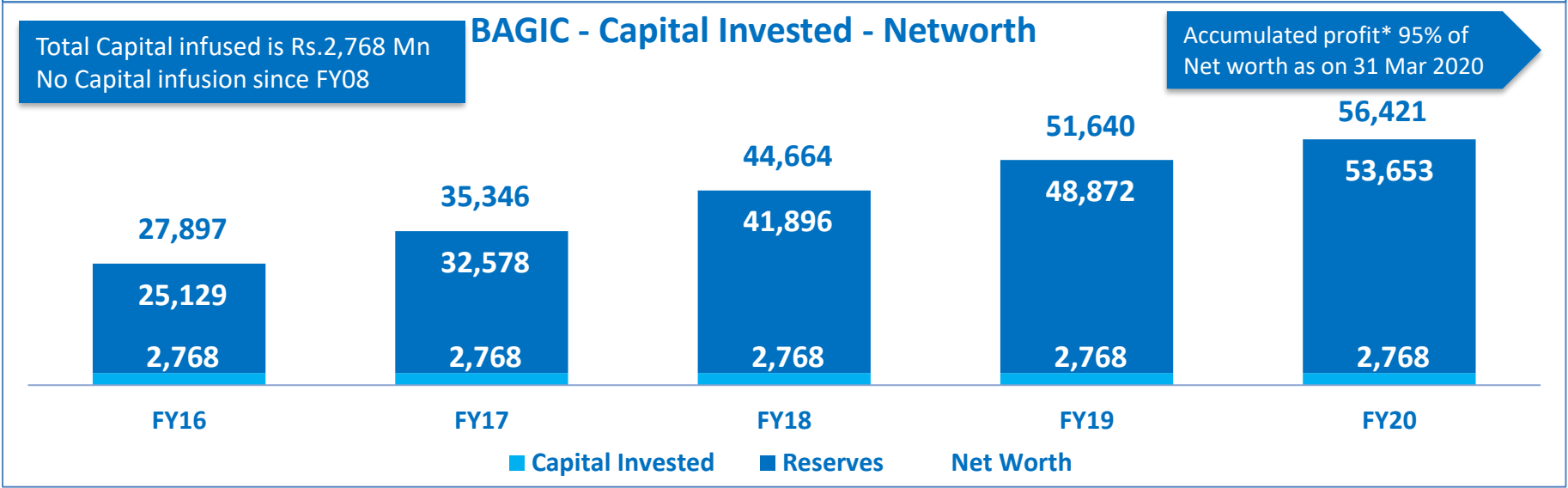
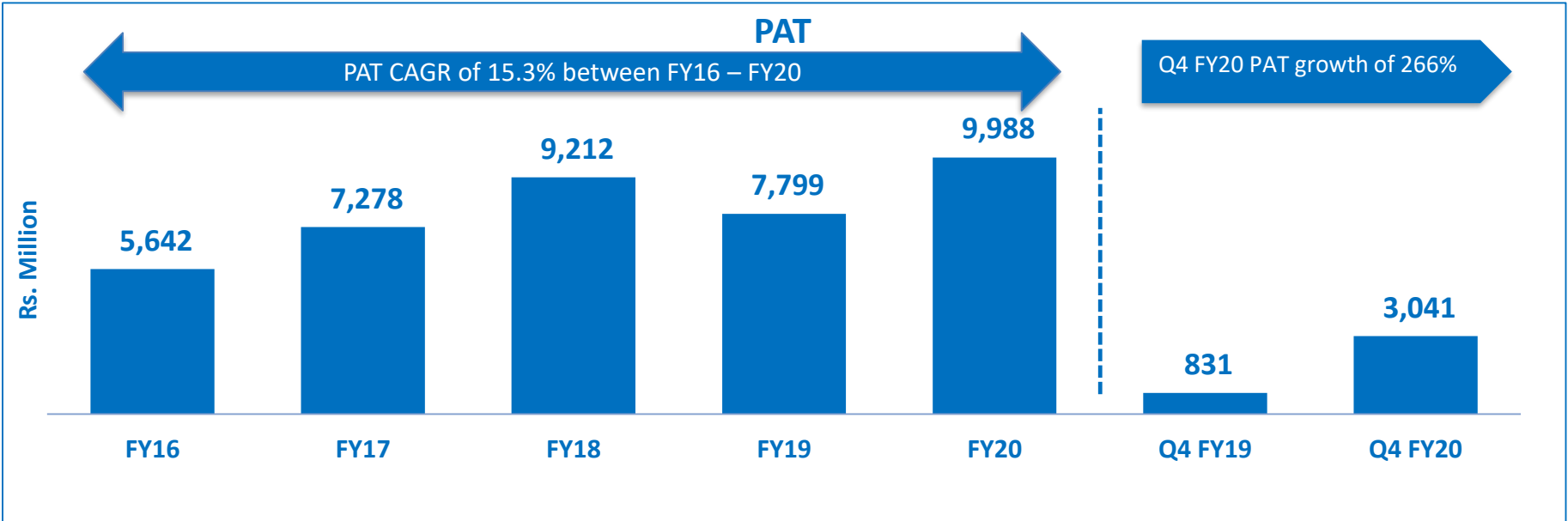


- Ex Crop GWP was Rs. 24,143 Mn in Q4 FY20 (Rs.25,513 Mn Q4 FY19) a degrowth of 5% (Industry growth of 3%)
- Solvency Ratio was 254% as against regulatory requirement of 150% as of 31 Mar 2020
- **FY20 ROE for BAGIC was 18.5%; Improved from 16.2% for FY19**



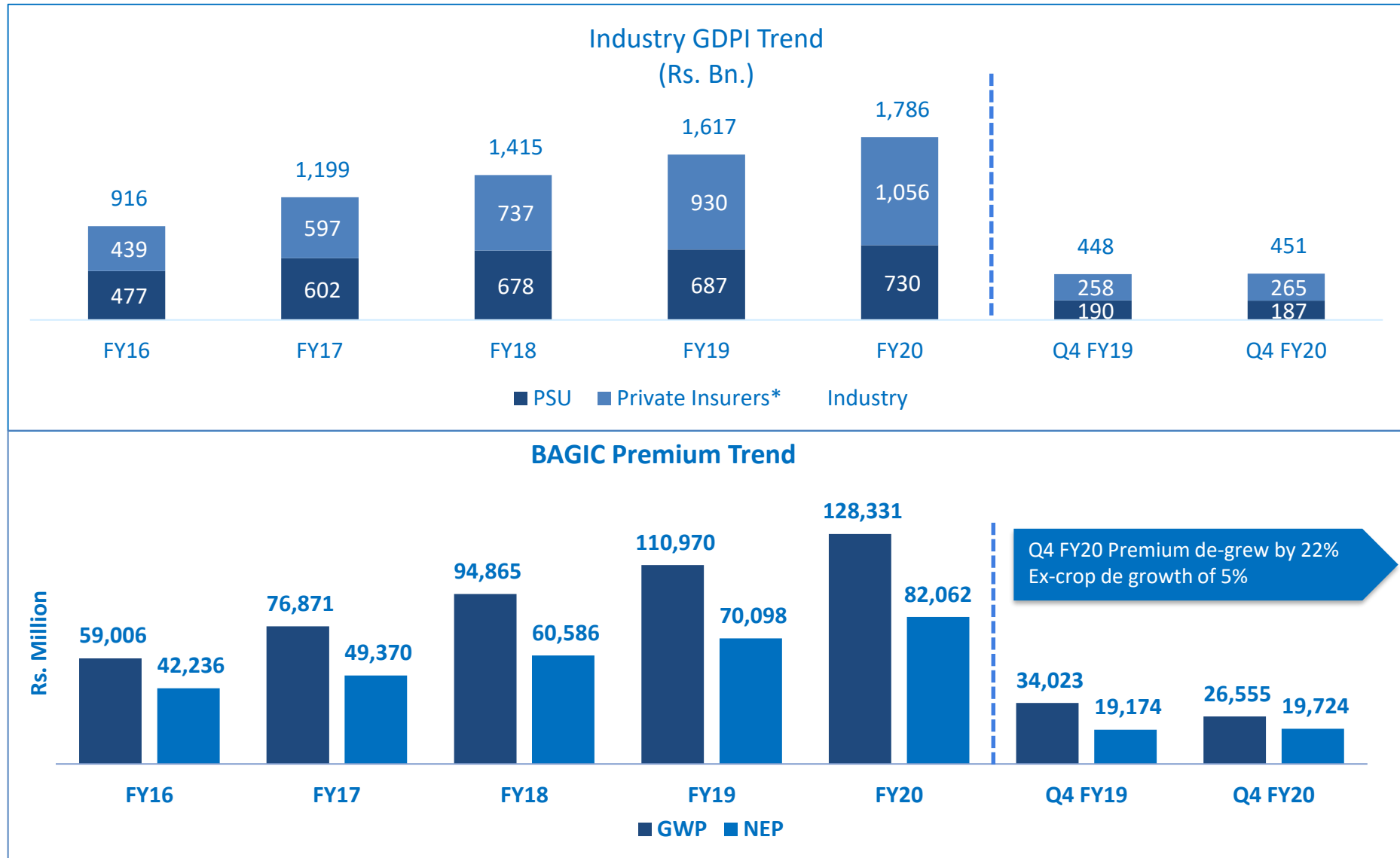
1. Combined Ratios are in accordance with the Master Circular on ‘Preparation of Financial statements of General Insurance Business’ issued by IRDA effective from 1<sup>st</sup> April, 2013. (Net claims incurred divided by Net Earned Premium) + ( Expenses of management including net Commission divided by Net Written Premium).

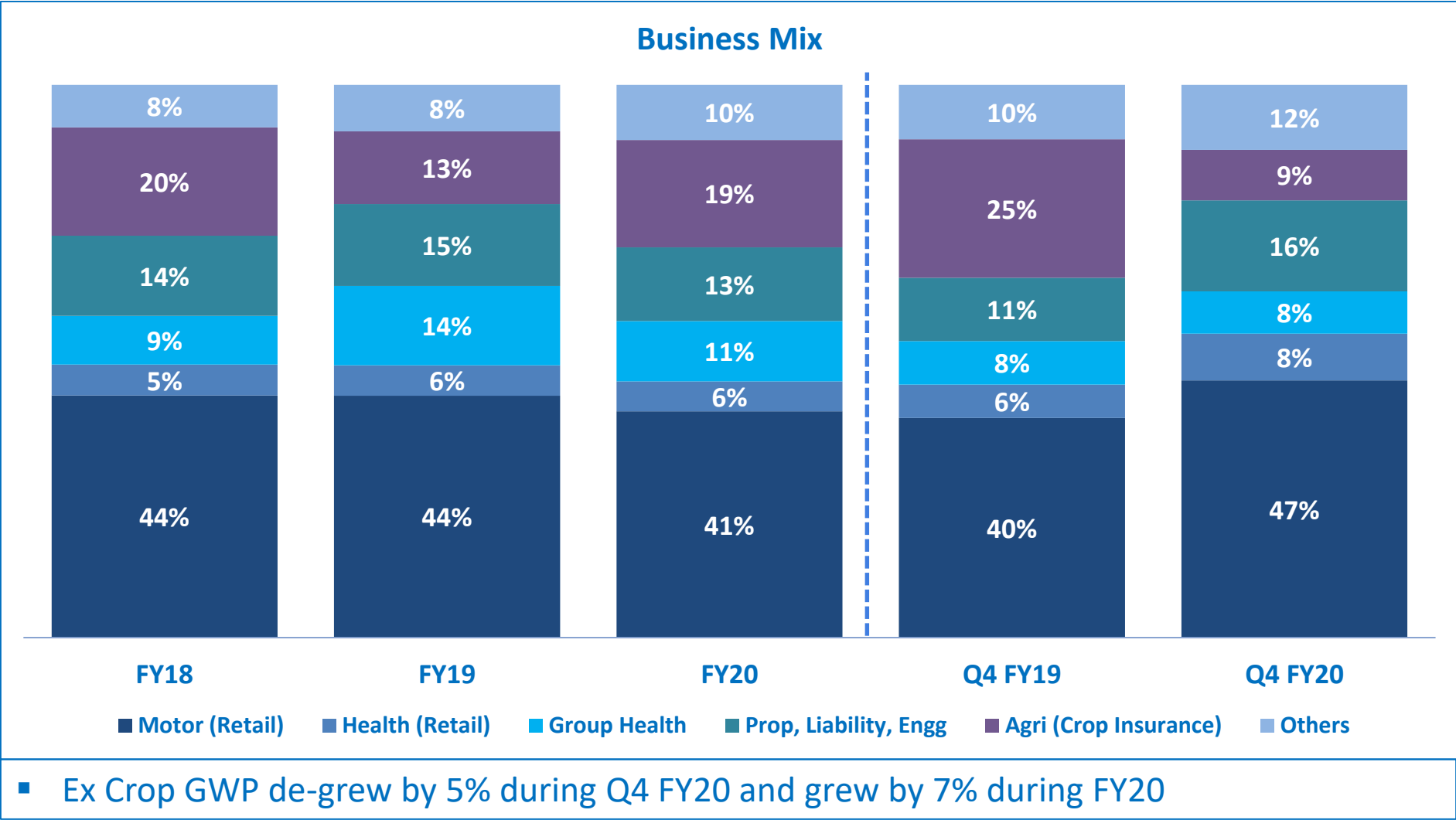
All Figures in Rs Million



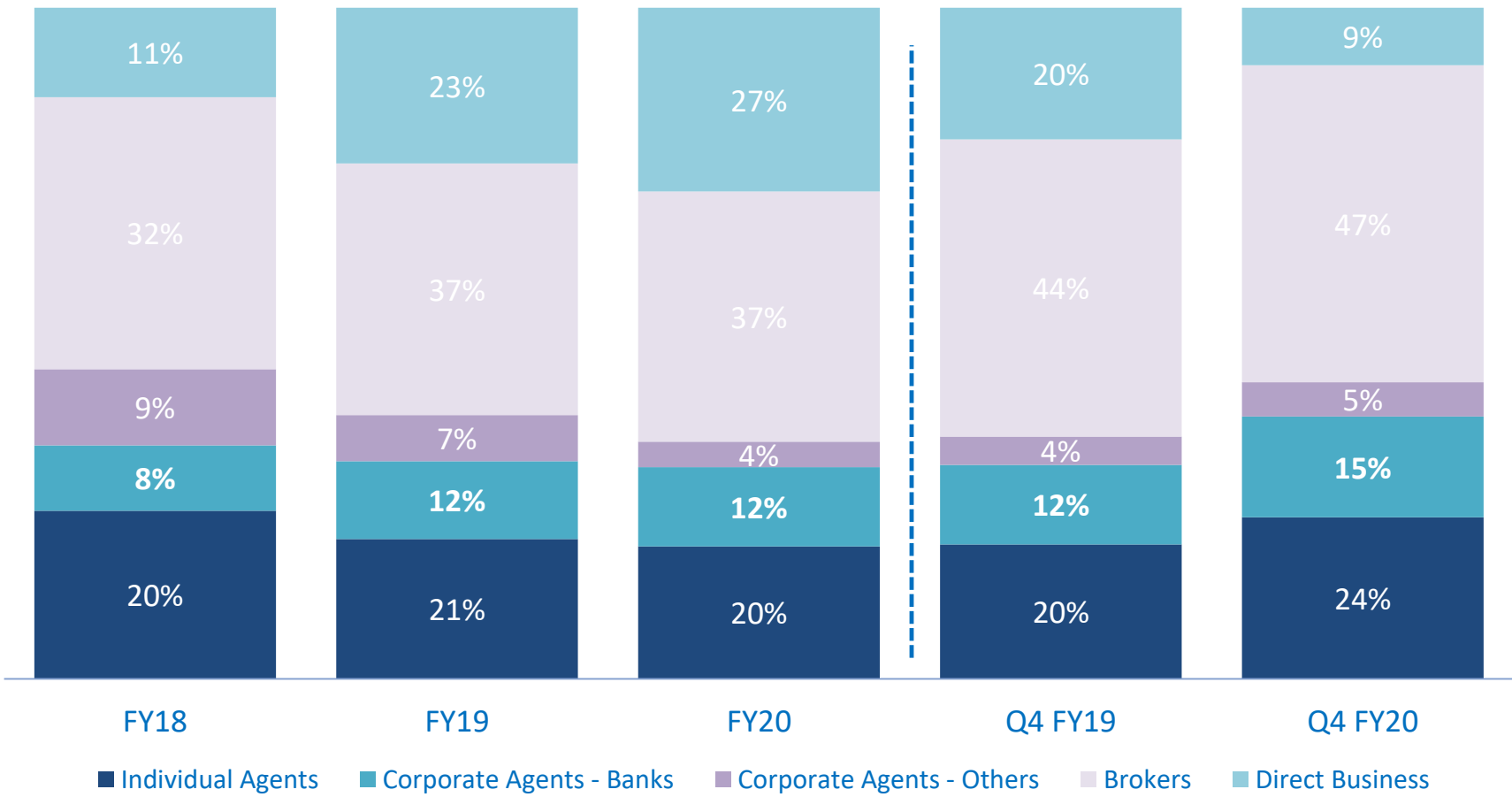
\*Accumulated profit includes reserves

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

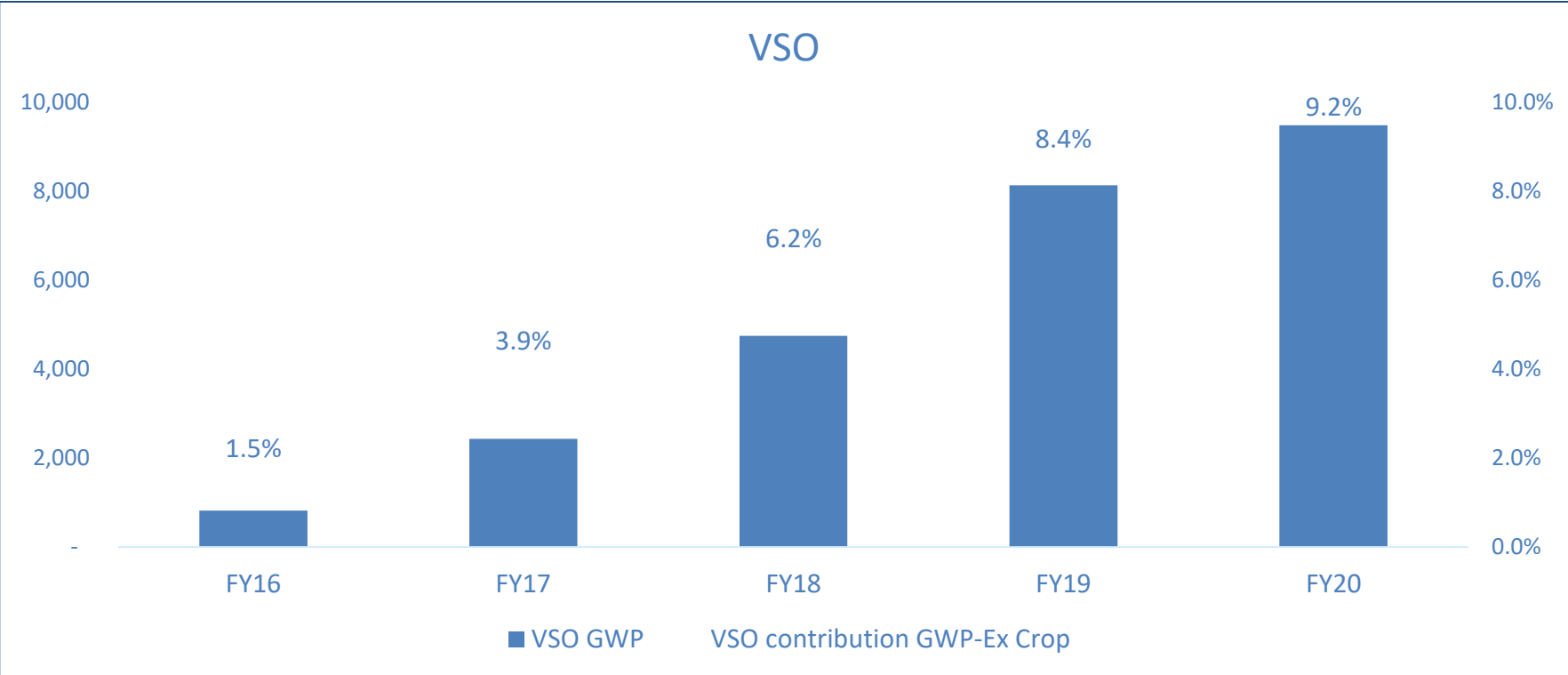




Channel Mix



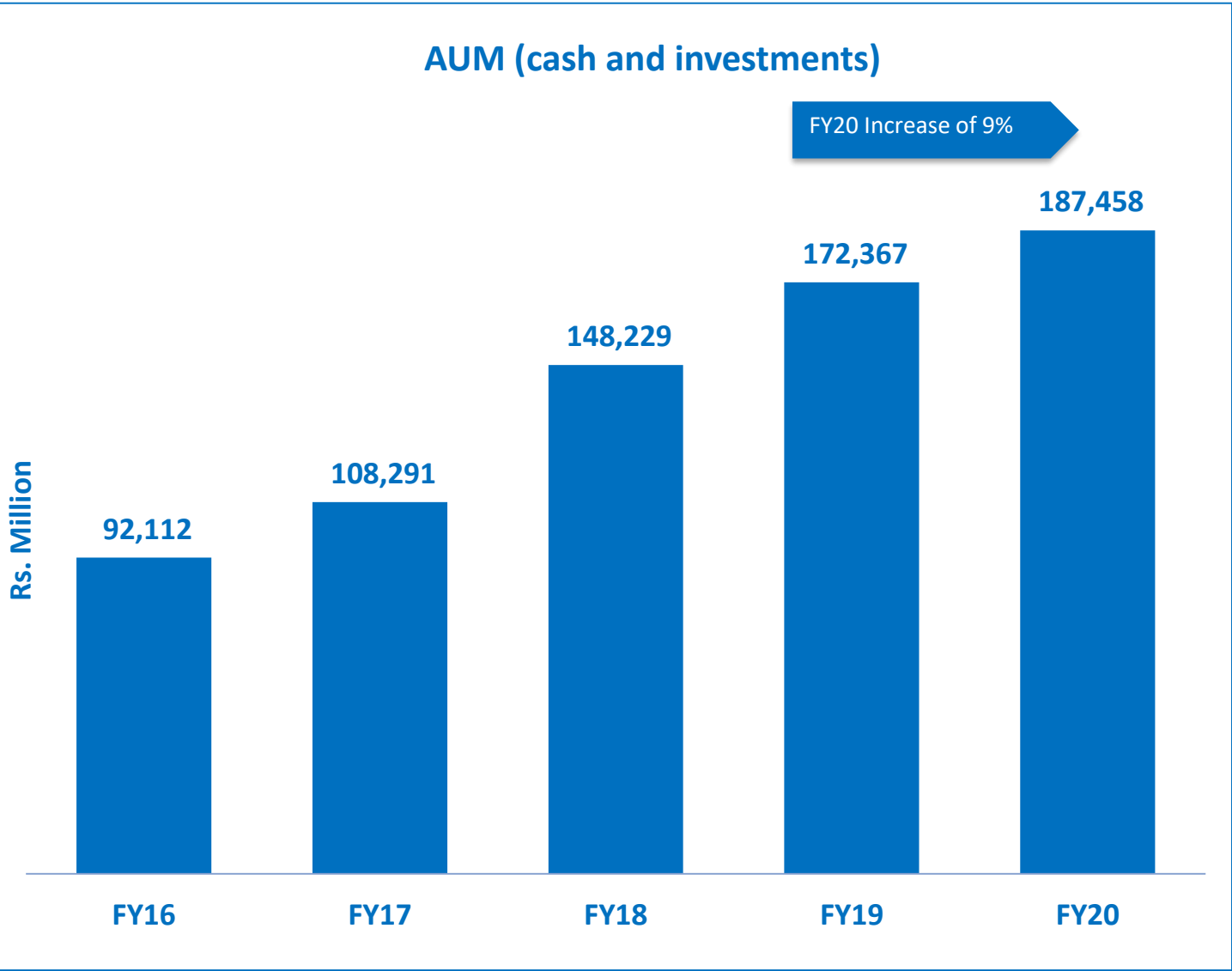
- Bancassurance channel delivered 18% growth in FY 20
- BAGIC has the largest network of bancassurance partners in the industry
- Major relationships include : Citi Bank, HDFC Bank, Bajaj Finance Ltd., Canara Bank, J&K Bank, IDBI Bank, United Bank of India, KVB, RBL, Union Bank, Karnataka Bank, Bandhan Bank & PNB
- 10,000 plus bank branches expected to be added due to PSU bank mergers



- Initiated in August 2014 and has grown exponentially to approx. 2,000 locations as of Q4 FY20
- FY20 GWP grew by 17% from Rs. 8,135 Mn in FY19 to Rs. 9,481 Mn in FY20
- Ensures a virtual point of presence with minimum sunk costs
- Approx. 2.5 Mn policies issued in FY20



AUM (cash and investments)



BAGIC continues to grow its AUM strongly

Investments are largely in fixed income securities

Investment Leverage of 3.3x as on 31 March 2020

**Purchase & Renewals**  
(1,474,158 policies issued#)

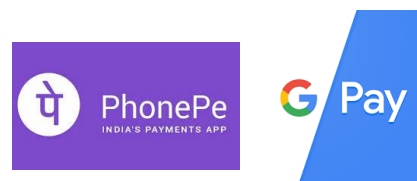
## Digital Platforms

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



## Insta Pay Services

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



## Campaigns

- ☐ New express bitly links with all prepopulated details
- ☐ Voice Blasters, AI enabled bot “BOING”
- ☐ Enhanced digital campaigns for Health, 5 min policy issuance,

**Claims Settlement**  
(705,584 claims settled)

- ☐ **Health Claims: 100% reimbursement processed digitally**
  - Reimbursement settlement in 2.62 days (moved to scan based processing via. Caringly Yours app)
- ☐ **Motor claims: 46% settled digitally**
- ☐ **Non Motor, Non Health Claims: 96% settled digitally**

**Policy Servicing**  
(275,505 customer footprint serviced)

- ☐ **Digital Servicing**
  - Instant care via Whatsapp + AI enabled Chat BOT “Boing”; 1.2Mn messages
- ☐ **Call center: Converting Inbound to Outbound**
  - Missed Call & Short Code SMS
- ☐ **“BAGICARE” (New CRM)**
  - Seamlessly working from home

\* - Lockdown period considered: 19<sup>th</sup> March 2020 to 30<sup>th</sup> April 2020

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

# **Bajaj Allianz Life Insurance**

## STRATEGY

- Continued focus on sustainable and profitable growth by maintaining balanced product mix and investment in retail growth engines
- Business construct is to maximize customer benefits while gaining market share in retail space, maintaining shareholder returns and continued focus on increasing New Business Value (NBV)

## DIFFERENTIATORS

### Diversified Distribution

- Focus on all retail segments – mass and mass affluent customers. Deep pan India distribution reach with presence over 556 branches
- Diverse channels – Agency, Banca, Proprietary sales
- Leader in Online investments product sale & strong presence in credit protection segment

### Strong proprietary channels

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

### Innovative products and Sustainable product mix

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

### Efficient Operations

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

\*ROMC : Return of Mortality Charge

## Q4 2019-20

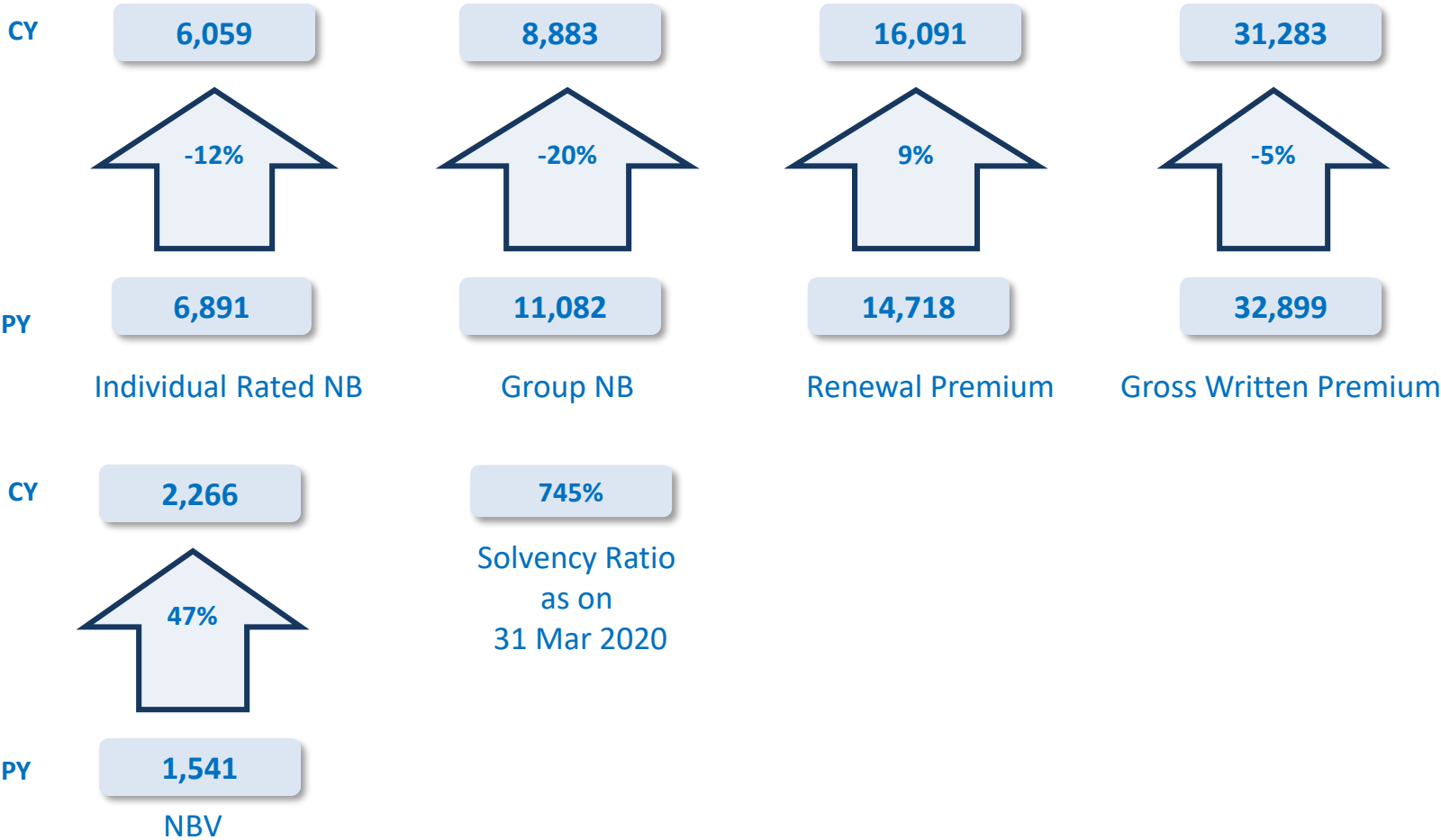
- ❑ **BALIC Individual Rated premium de-grew by 12 %** in Q4 FY20 vs Industry de growth of 13% (Private sector de-grew by 16%)
  - ❑ **FY20 BALIC growth of 10.6%** vs Industry growth of 6.2% (Private sector grew by 4.8%)
  - ❑ During FY20, BALIC is one of the three companies to witness double digit growth
- ❑ **Renewals registered a strong growth** of 9% and 16% in Q4 FY20 an FY20 respectively
- ❑ **Institutional Business** have been a **growth driver** with 46% growth in IRNB for Q4 FY20 and 76% growth in FY20
  - ❑ Key new partnerships include Axis Bank, Doha Bank, India Post Payment Bank, North East Small Finance Bank, Karur Vysya Bank, Uttar Bihar Gramin Bank
- ❑ Launched Smart Protect Goal in Dec'19; Low cost best in class retail term product; 6,739 number of policies sold till 31<sup>st</sup> March 2020
- ❑ **Profit after tax** for Q4 FY20 decreased by 66% to Rs. 378 Mn vs Rs. 1,119 Mn in Q4 FY19
  - ❑ Due to increased group claims and lower investment income (Rs.1,717 Mn in Q4 FY20 vs Rs. 2,266 Mn in Q4 FY19)

## Q4 2019-20

- ❑ FY20 PAT decreased by 10% to Rs. 4,496 Mn largely on account of increased new business strain, and higher group claims.
- ❑ Strong **growth in Net New Business Value (NBV) by 47%** from Rs. 1,541 Mn to Rs. 2,266 Mn
  - ❑ Net New Business margins moved to double digit (10%) compared to 7% in FY19; largely attributable to focus on improving the product mix across the channels.
- ❑ During the year, the Company introduced numerous initiatives to enhance customer experience . Some of the initiatives institutionalised during the year are:
  - ❑ Launch of video based chat solution
  - ❑ Servicing through WhatsApp with many industry first features
  - ❑ Launch of a very comprehensive Goal based need analysis tool to help customer pick suitable products

All Figures in Rs. Million

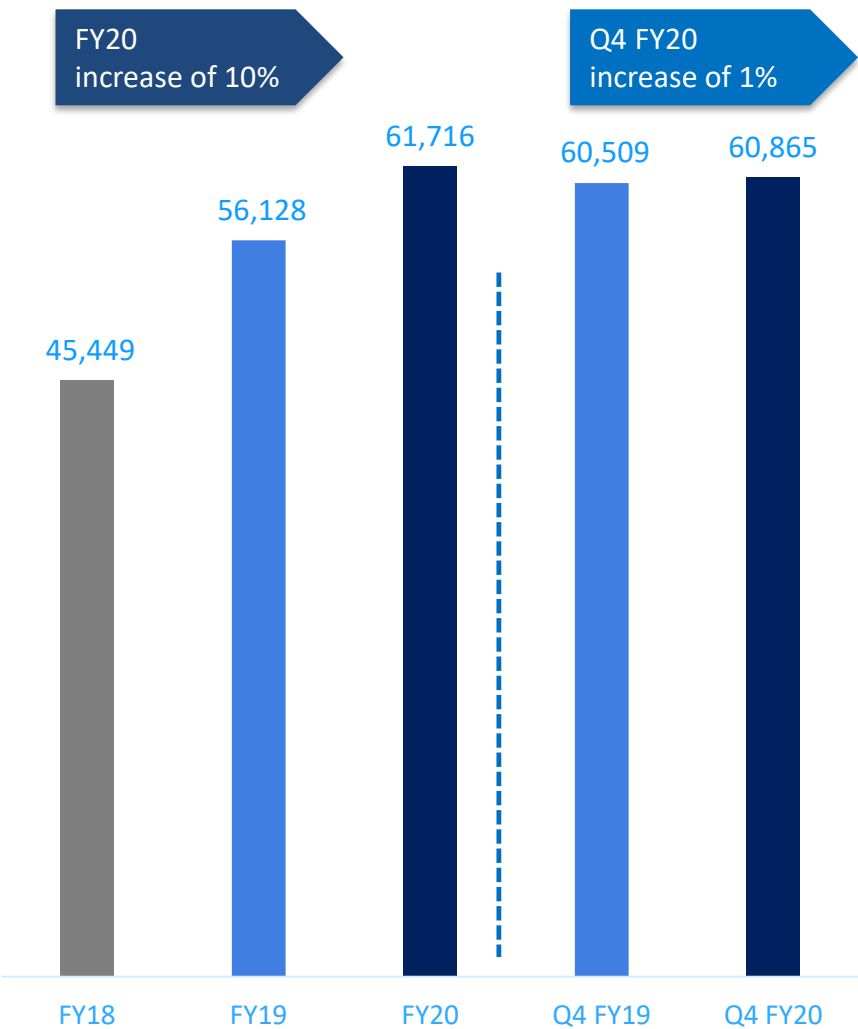
Performance Highlights of Q4 FY20 over Q4 FY19



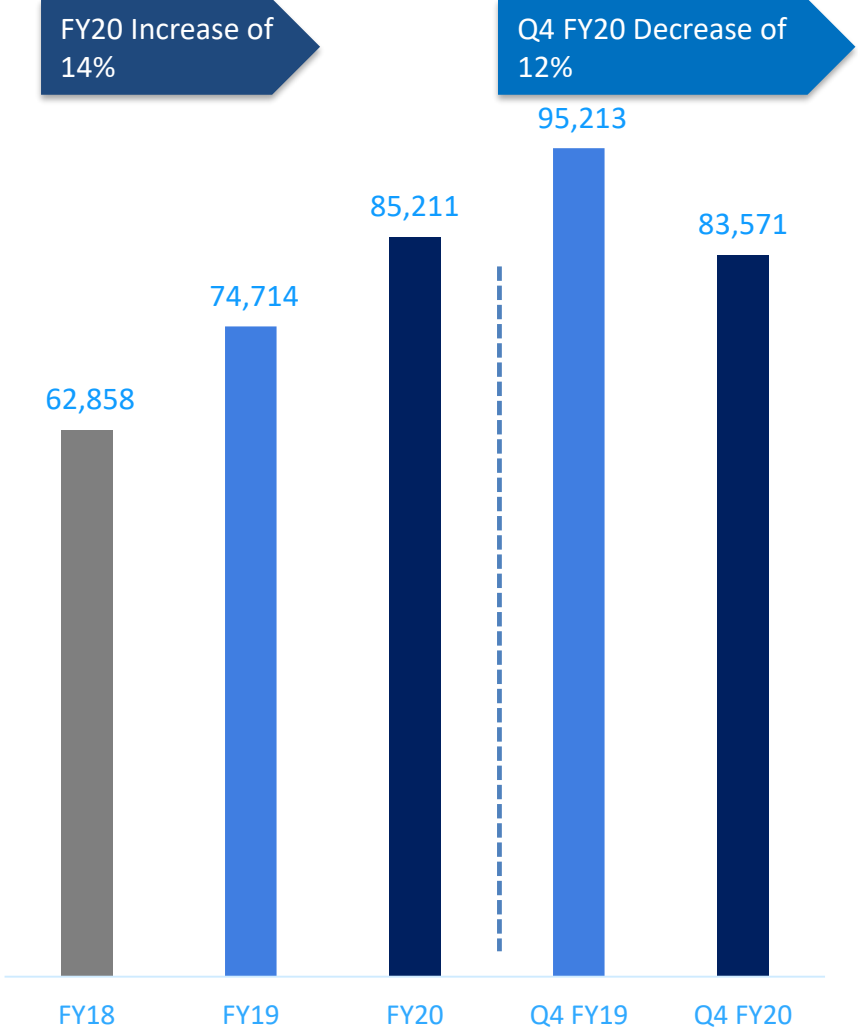
Individual Rated NB = (100% of first year premium & 10% of single premium excluding group products)  
\*NBV is Net New Business Value

All Figures in Rs.

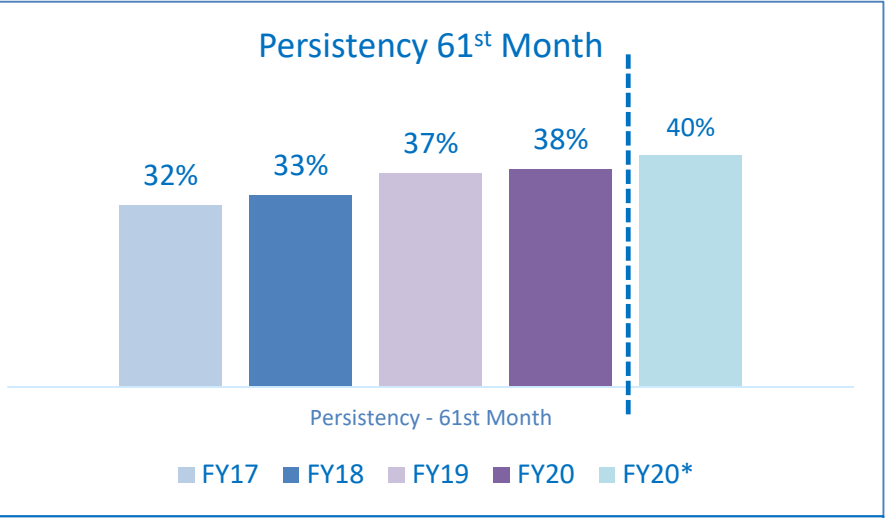
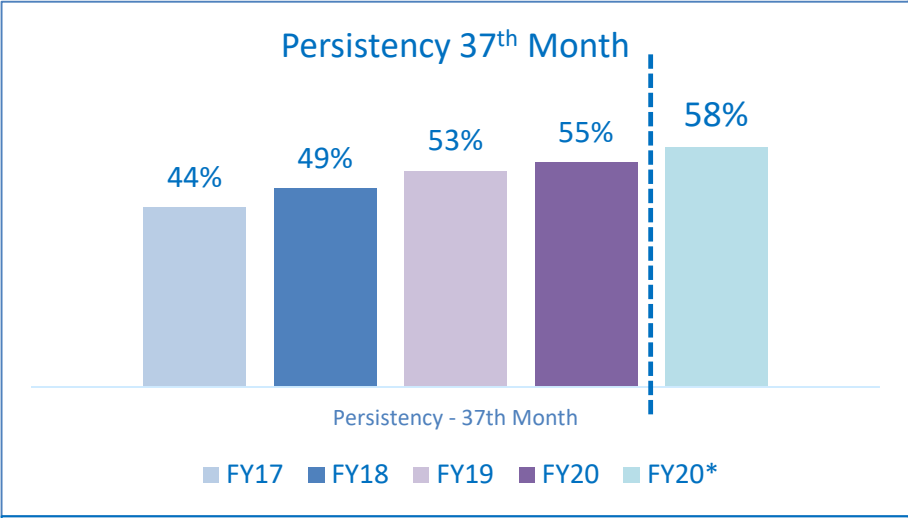
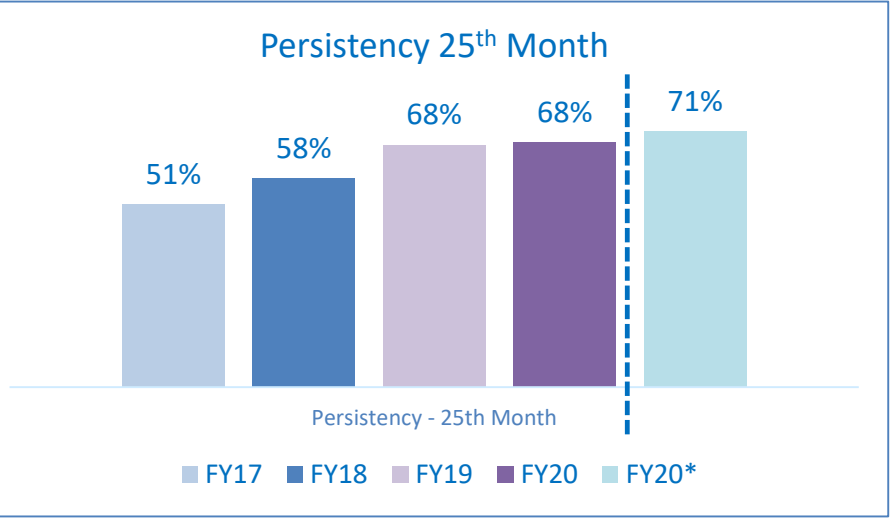
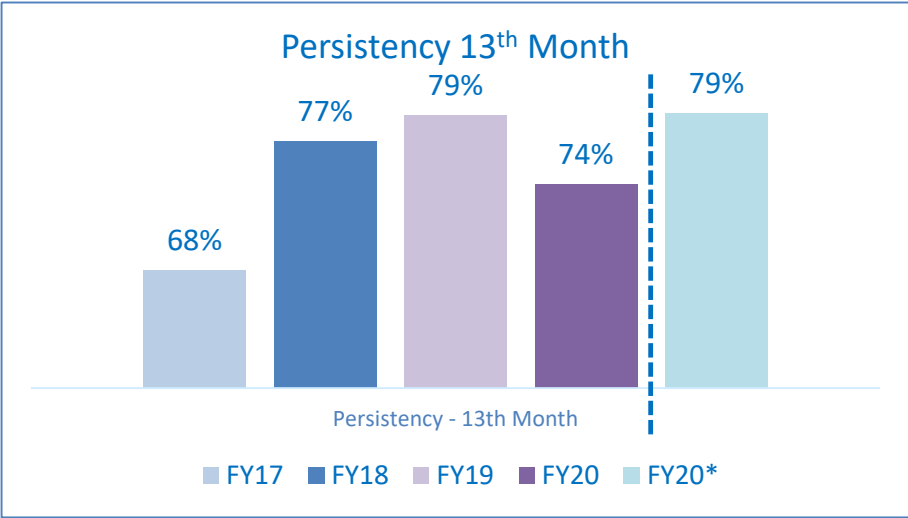
Regular Premium Ticket Size



Regular Premium Ticket Size (Agency)



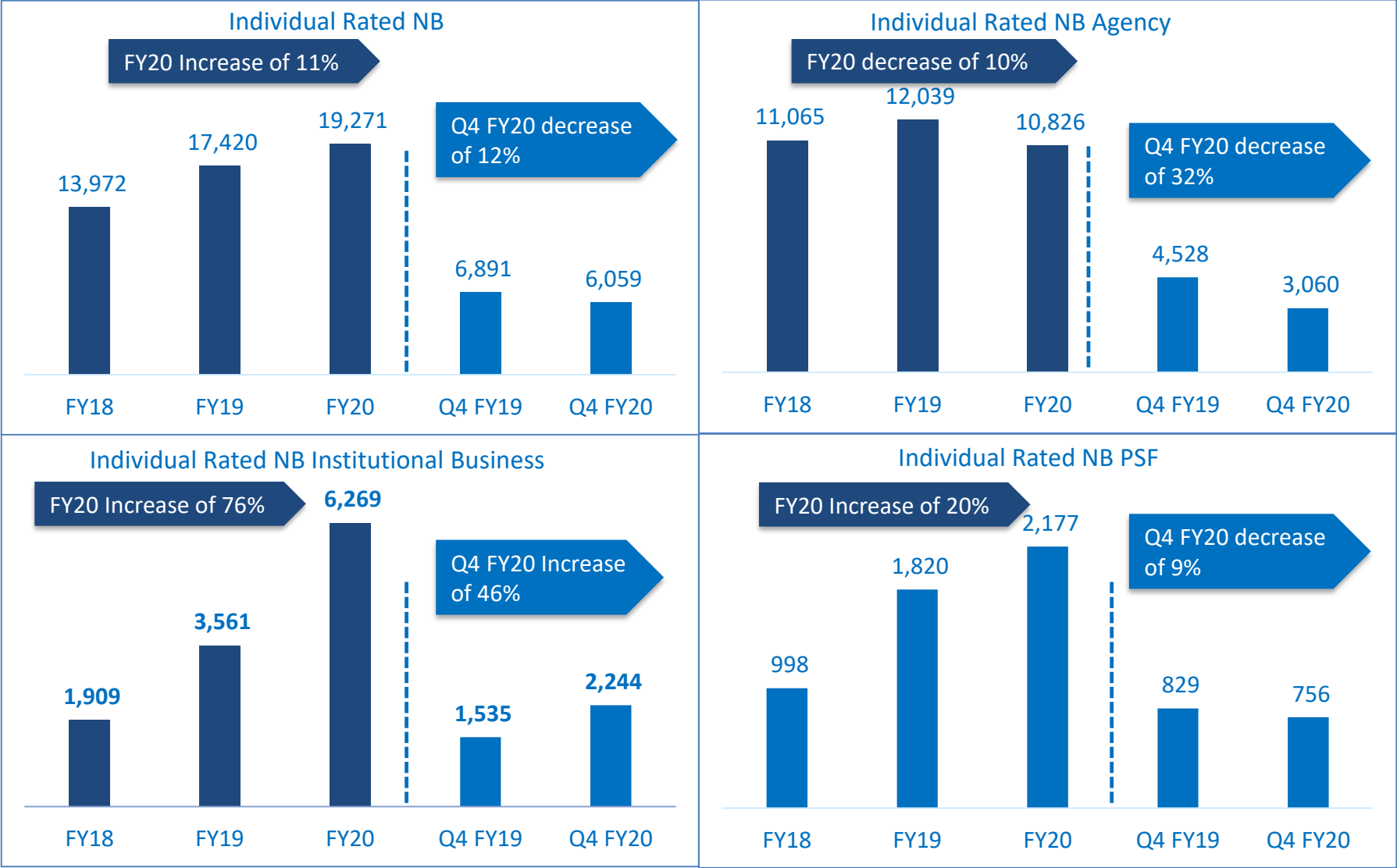




Due to Covid-19 lockdown and market volatility, renewal collection for the month of Mar'20 was severely impacted and further IRDAI granted additional grace period for the life insurance policies whose premium were falling due in March'20; thereby leading to lower 13th and 49th month persistency for FY20

**\*Note :** Persistency as per IRDAI framework | Persistency for the period ended 31 Mar 2020, measured on 30 April 2020  
**\*The** persistency ratios for the year ended March 31, 2020 have been calculated for the policies issued in March to February period of the relevant years. E.g.: the 13th month persistency for the current year is calculated for the policies issued from March 2018 to February 2019

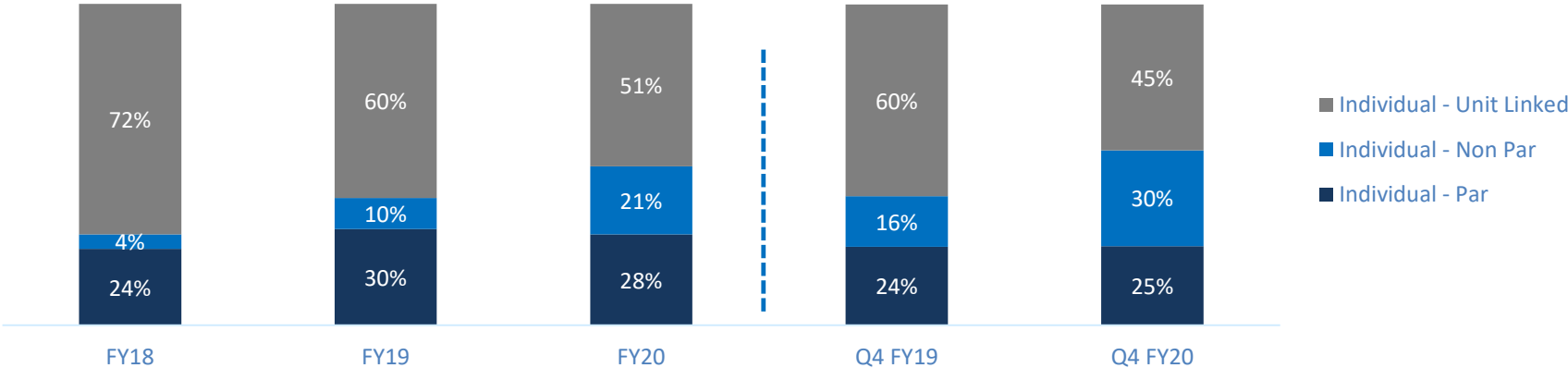
All Figures in Rs Million



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

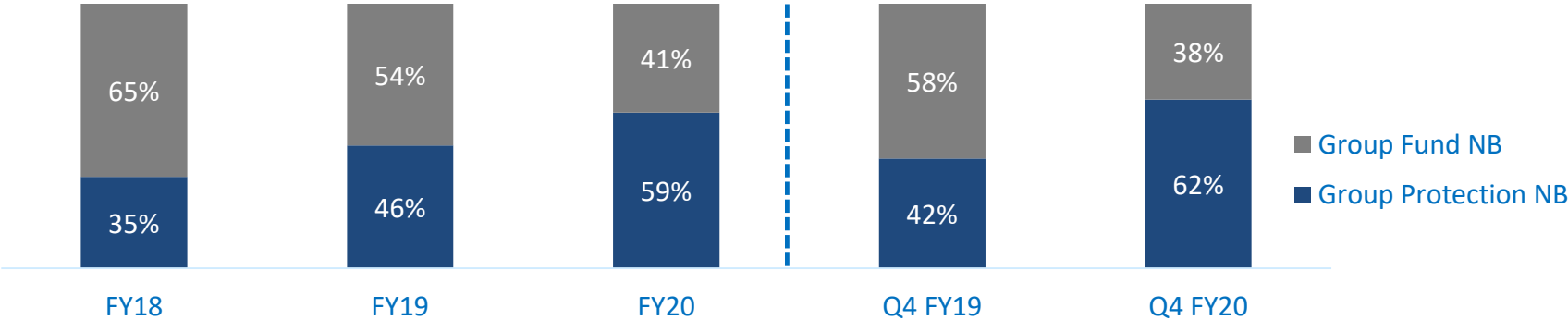
Individual Rated Mix

Share of Non-ULIP business in individual business increasing



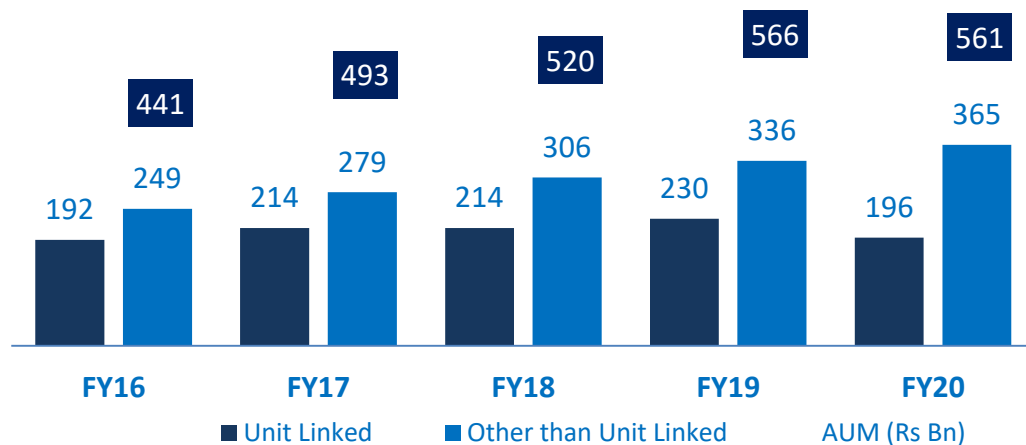
Group NB Mix

Share of protection business in group increasing



Protection Business (Group) new business in Q4 FY20 Rs.6,177 Mn (Q4 FY19 Rs.4,601 Mn)

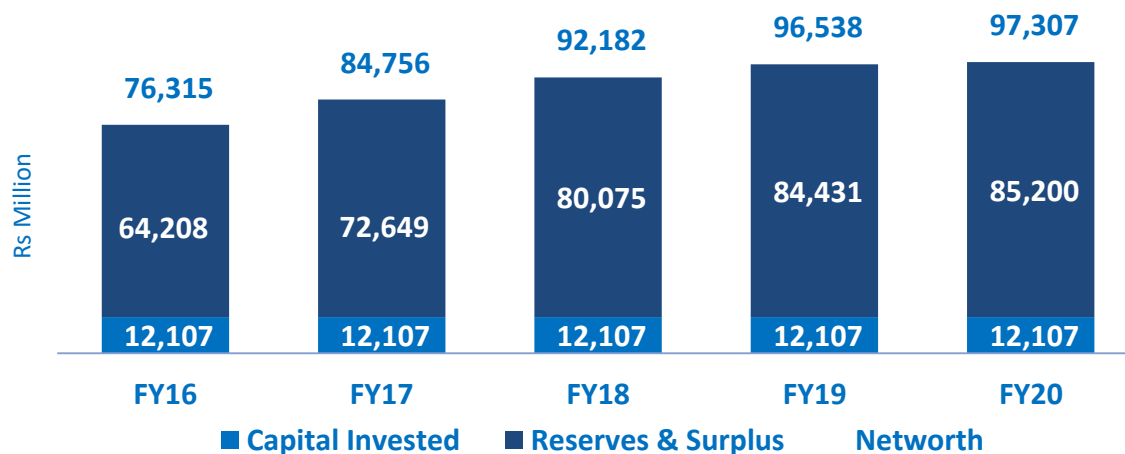
## AUM (Mix)



- AUM as on 31 March 2020 de-grew by 1%; Primarily due to Covid-19 impact on stock market leading to de-growth in UL AUM; Traditional AUM grew by 9%
- Of the UL Funds of Rs.196 Bn., 59% is equity as on 31 Mar 2020 (60% as on 31 Mar 2019 out of the UL Funds of Rs.230 Bn.)

Total Capital infused is Rs.12,107 Mn  
No Capital infusion since FY08

## Net worth



- BALIC's accumulated profits are 88% of the Net worth as at 31 Mar 2020

All Figures in Rs Million

| Particulars                         | FY 19   | FY 20   |
|-------------------------------------|---------|---------|
| Annualized Premium** (ANP)          | 22,255  | 22,945  |
| Gross New Business Value* (NBV)     | 3,477   | 4,351   |
| Net New Business Value* (NBV)       | 1,541   | 2,266   |
| Net Margins on ANP+ (Post overruns) | 6.9%    | 9.9%    |
| Embedded Value++ (EV)               | 129,889 | 134,384 |

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

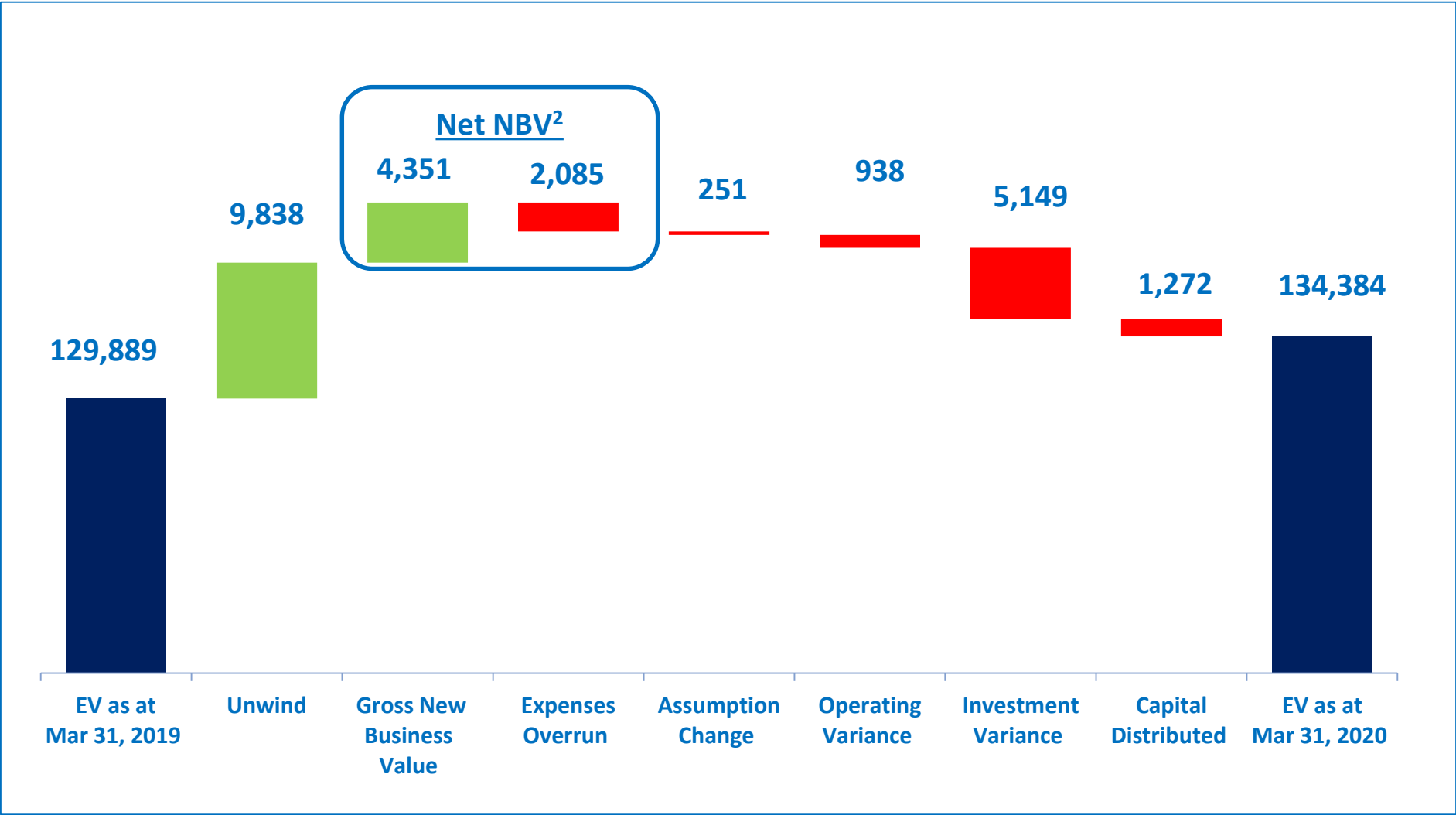
\* New Business Value represents discounted present value of expected net cash flows from new business written during the year.

\*\*ANP refers to annualised new business written during the year and is calculated by assigning a 10% weight to single premium and 100% weight to regular premium. Group Fund business is included in the definition of ANP.

+ Net Margin post overruns turned positive during the year FY19

++On Market consistent basis

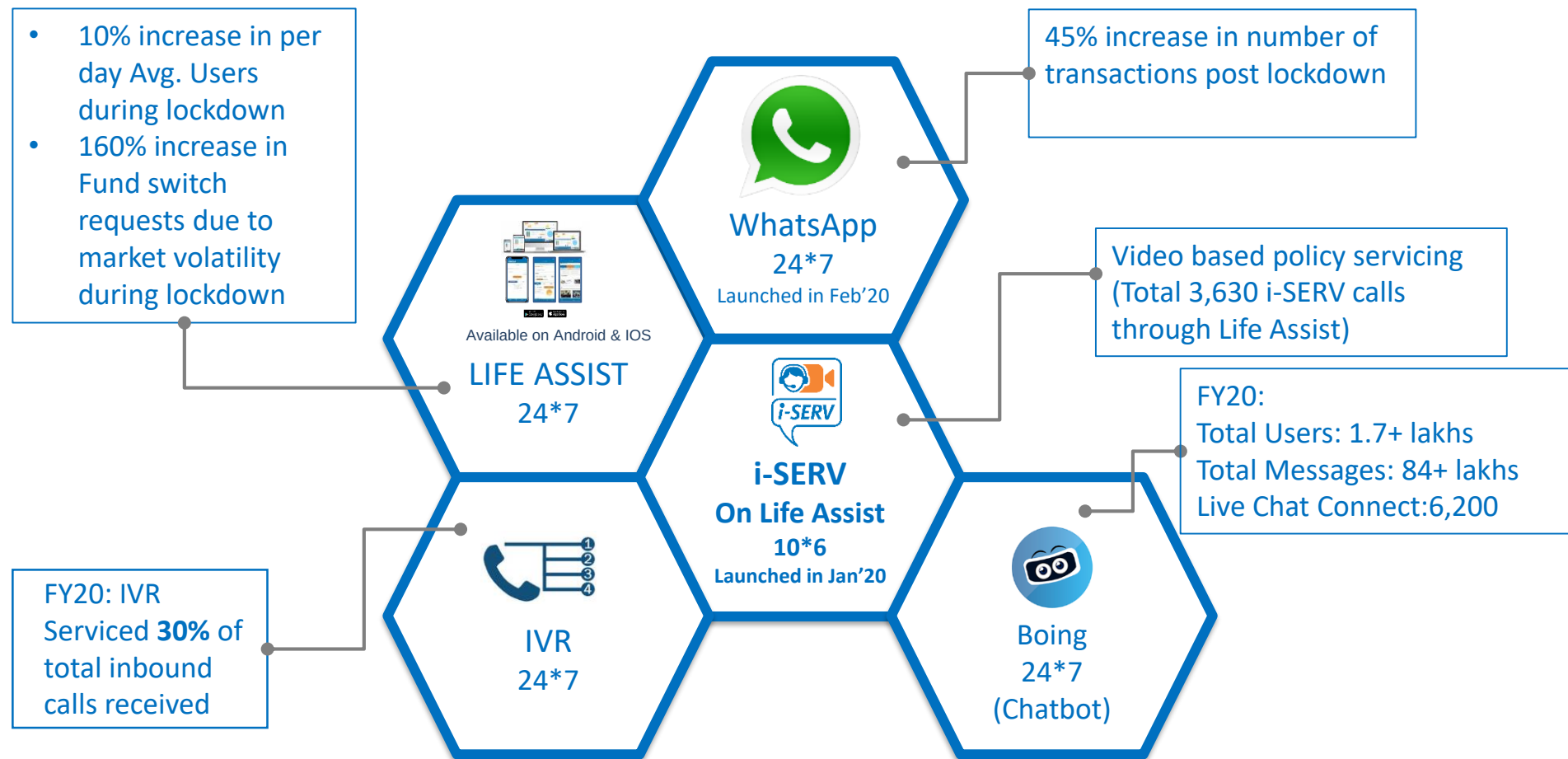
All Figures in Rs Mn



Increase / Decrease

- 1. Par Business Overruns are considered at 10% of Overrun net of tax; FY2020 Rs. 2,085 Mn (FY19 Rs.1,936 Mn)
- 2. Gross NBV Rs. 4,351 Mn less overruns Rs. 2,085 Mn = Net NBV of Rs. 2,266 Mn; considering overrun of PAR business @10%
- 3. Unwinding is the roll forward of opening figures at Best Estimate rate of interest. It also contains the Best Estimate expected profit transferred from the Value In Force to NAV over the year.
- 4. Others include impact of expected loss on exposure to investments and Dividend

# BALIC's digital Infrastructure – The key enabler during COVID-19 lockdown\*



In addition, BALIC have used tools such as insta-learn for self - learning and training; i-recruit for digital onboarding.

# **Annexure**



| Line of Business       | Net Claim Ratio |         |       |              |
|------------------------|-----------------|---------|-------|--------------|
|                        | Q4 FY20         | Q4 FY19 | FY20  | FY19         |
| Fire                   | 48.0%           | 59.0%   | 68.0% | 74.4%        |
| Marine Cargo           | 59.2%           | 105.0%  | 67.3% | 94.0%        |
| Motor OD               | 66.4%           | 64.9%   | 67.7% | 60.0%        |
| Motor TP               | 59.4%           | 54.2%   | 64.5% | 64.5%        |
| Motor Total            | 62.2%           | 58.9%   | 65.8% | 62.4%        |
| Engineering            | 71.6%           | 10.1%   | 52.8% | 43.5%        |
| PA                     | 57.8%           | 60.1%   | 56.0% | 50.2%        |
| Health                 | 82.6%           | 95.7%   | 85.6% | 89.5%        |
| Crop                   | -12.9%          | 181.9%  | 92.0% | 74.9%        |
| Total                  | 62.1%           | 75.5%   | 70.7% | 68.6%        |
| <b>Total (Ex Crop)</b> | 65.2%           | 67.2%   | 69.2% | <b>68.4%</b> |

# BAGIC : Loss Triangle : Whole Account Excluding IMTPIP on Net Basis as at 31 March 2020



| 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 | 31-Mar-20 |
| 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    | 62,963    |
| 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    | 32,869    |
| C] Cumulative Payment as of                   |                      |           |           |           |           |           |           |           |           |           |           |           |
| one year later - 1 <sup>st</sup> Diagonal     | 28,743               | 9,090     | 10,355    | 11,006    | 12,799    | 16,386    | 18,585    | 21,590    | 23,224    | 26,713    | 33,053    | -         |
| two years later - 2 <sup>nd</sup> Diagonal    | 29,739               | 9,498     | 10,758    | 11,381    | 13,326    | 17,297    | 19,435    | 22,666    | 24,316    | 28,294    | -         | -         |
| three years later - 3 <sup>rd</sup> Diagonal  | 30,492               | 9,725     | 11,048    | 11,651    | 13,798    | 17,936    | 20,110    | 23,940    | 25,294    | -         | -         | -         |
| four years later - 4 <sup>th</sup> Diagonal   | 31,097               | 9,915     | 11,273    | 11,867    | 14,075    | 18,471    | 20,905    | 24,866    | -         | -         | -         | -         |
| five years later - 5 <sup>th</sup> Diagonal   | 31,602               | 10,044    | 11,459    | 12,015    | 14,335    | 19,002    | 21,570    | -         | -         | -         | -         | -         |
| six years later - 6 <sup>th</sup> Diagonal    | 31,992               | 10,197    | 11,599    | 12,170    | 14,706    | 19,485    | -         | -         | -         | -         | -         | -         |
| seven years later - 7 <sup>th</sup> Diagonal  | 32,319               | 10,285    | 11,723    | 12,368    | 14,965    | -         | -         | -         | -         | -         | -         | -         |
| eight years later - 8 <sup>th</sup> Diagonal  | 32,615               | 10,367    | 11,819    | 12,528    | -         | -         | -         | -         | -         | -         | -         | -         |
| nine years later - 9 <sup>th</sup> Diagonal   | 32,859               | 10,496    | 11,914    | -         | -         | -         | -         | -         | -         | -         | -         | -         |
| ten years later - 10 <sup>th</sup> Diagonal   | 33,186               | 10,563    | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         |
| 11 years later - 11 <sup>th</sup> Diagonal    | 33,452               | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         |

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 2020

| Particulars (Rs. Mn)                                     | Accident Year Cohort   |           |           |           |           |           |           |           |           |           |           |           |
|----------------------------------------------------------|------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|                                                          | 31-Mar-09<br>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 | 31-Mar-20 |
| 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    | 62,963    |
| <b>D] Ultimate Net Loss Cost re-estimated</b>            |                        |           |           |           |           |           |           |           |           |           |           |           |
| one year later - 1 <sup>st</sup> Diagonal                | 33,623                 | 10,836    | 12,361    | 13,022    | 16,705    | 23,462    | 26,603    | 30,508    | 33,626    | 38,830    | 48,555    | -         |
| two years later - 2 <sup>nd</sup> Diagonal               | 33,869                 | 10,812    | 12,339    | 13,015    | 16,523    | 22,998    | 26,285    | 30,436    | 32,458    | 37,266    | -         | -         |
| three years later - 3 <sup>rd</sup> Diagonal             | 33,996                 | 10,842    | 12,356    | 13,033    | 16,526    | 22,655    | 26,084    | 30,390    | 32,189    | -         | -         | -         |
| four years later - 4 <sup>th</sup> Diagonal              | 34,240                 | 10,851    | 12,395    | 13,188    | 16,195    | 22,507    | 25,851    | 30,296    | -         | -         | -         | -         |
| five years later - 5 <sup>th</sup> Diagonal              | 34,129                 | 10,837    | 12,440    | 13,269    | 16,149    | 22,367    | 25,839    | -         | -         | -         | -         | -         |
| six years later - 6 <sup>th</sup> Diagonal               | 34,174                 | 10,924    | 12,533    | 13,236    | 16,255    | 22,534    | -         | -         | -         | -         | -         | -         |
| seven years later - 7 <sup>th</sup> Diagonal             | 34,352                 | 11,013    | 12,490    | 13,225    | 16,366    | -         | -         | -         | -         | -         | -         | -         |
| eight years later - 8 <sup>th</sup> Diagonal             | 34,574                 | 10,981    | 12,466    | 13,300    | -         | -         | -         | -         | -         | -         | -         | -         |
| nine years later - 9 <sup>th</sup> Diagonal              | 34,595                 | 11,006    | 12,507    | -         | -         | -         | -         | -         | -         | -         | -         | -         |
| ten years later - 10 <sup>th</sup> Diagonal              | 34,683                 | 11,044    | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         |
| 11 years later - 11 <sup>th</sup> Diagonal               | 34,736                 | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         |
| <b>Favorable / (unfavorable) development Amount(A-D)</b> | (896)                  | 481       | 444       | 667       | 772       | 1,559     | 2,112     | 1,367     | 3,443     | 5,313     | 4,327     |           |
| <b>In % [(A-D)/A]</b>                                    | -3%                    | 4%        | 3%        | 5%        | 5%        | 6%        | 8%        | 4%        | 10%       | 12%       | 8%        |           |

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

- The IMTPIP came to operation on 1<sup>st</sup> 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 31<sup>st</sup> 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 31<sup>st</sup> March 2020 is as follows:-

| Particulars                                      | FY 19   | FY 20   |
|--------------------------------------------------|---------|---------|
| Amount received by BAGIC from the disbanded pool | 20,587  | 20,587  |
| Claims paid till year end                        | -16,919 | -17,912 |
| Balance available to settle remaining claims     | 3,668   | 2,675   |
| Strengthening of pool reserves                   |         |         |
| Outstanding claims of IMTPIP                     | 3,737   | 3,463   |
| IBNR reserves of IMTPIP                          | 1,469   | 1,200   |
| Total provision                                  | 5,206   | 4,663   |

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

## BALIC

| Sr. No. | Type of Fund (BALIC)<br>(Amt in Rs. Mn) | Total exposure as of<br>31 Mar 2020 | Of which performing | Of which<br>(non performing) | Impairment<br>Provided for |
|---------|-----------------------------------------|-------------------------------------|---------------------|------------------------------|----------------------------|
| 1       | PAR                                     | 3,003                               | 1,012               | 1,991                        | 2,096                      |
| 2       | N-PAR                                   | 408                                 | 250                 | 158                          | 206                        |
| 3       | ULIP                                    | 994                                 | 0                   | 994                          | 871                        |
| 4       | SH                                      | 2,865                               | 356                 | 2,510                        | 2,501                      |
|         | Total                                   | 7,271                               | 1,618               | 5,653                        | 5,673                      |

## BAGIC

| Sr. No. | Type of Fund (BAGIC)<br>(Amt in Rs. Mn) | Total exposure as of<br>31 Mar 2020 | Of which performing | Of which (non<br>performing) | Impairment<br>Provided for |
|---------|-----------------------------------------|-------------------------------------|---------------------|------------------------------|----------------------------|
| 1       | Total                                   | 3,653                               | 1,900               | 1,753                        | 1,776                      |

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

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