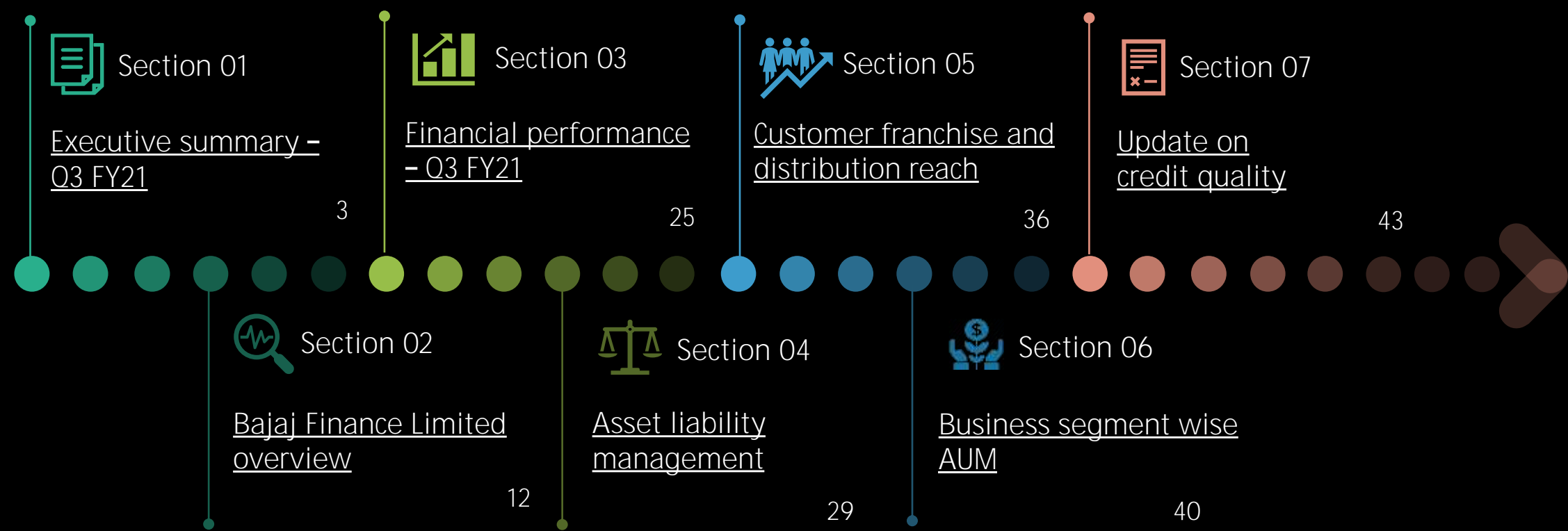




# Bajaj Finance Limited

Q3 FY21 Investor Presentation

20 January 2021





## Section 01

# Executive summary – Q3 FY21

1.1

Quarter gone by

1.2

Executive summary on Q3 FY21

# Quarter gone by

A quarter marked by granular business recovery, significant improvement in risk metrics, tracking implementation of business transformation plan and putting into motion a plan for pre-COVID growth and financial performance from Q1 FY22.



\*Not annualized

\* This NPA is based on Hon'ble Supreme Court's interim order of not classifying NPA.

# Executive summary – Q3 FY21

## Balance Sheet and Franchise:

1. Q3 AUM was at ₹ 143,550 crore as against ₹ 145,092 crore last year. Core AUM growth in Q3 FY21 was approximately ₹ 8,000 crore (adjusted for IPO receivable of ₹ 987 crore and higher ECL of Rs 520 crore) as compared to ₹ 9,559 crore in Q3 FY20. The Company expects core AUM growth to resume to pre-COVID levels by Q4 FY21.
2. AUM growth is back across all businesses except auto finance. AUM growth was granular across all lines. The Company booked 6.04 MM new loans in Q3 FY21 as against 7.67 MM in Q3 FY20. Most businesses have started disbursing 85-**100% of last year's** volumes with incremental growth being observed every month.
3. In Q3, urban consumption businesses (B2B) were at 86%, rural consumption business (B2B) at 100%, credit card origination at **102%, ecommerce at 107% and auto finance business was at 62% of last year's volume.**
4. **In Q3, loan disbursements (B2C, SME, Rural B2C, Mortgages) were at 81% of last year's disbursements.**
5. Mortgages disbursement was at 90% of Q3 FY20 level. However, AUM growth for the quarter was ₹ 770 crore as against ₹ 3,700 crore in Q3 FY20 due to significant portfolio attrition caused by pricing pressures. The Company has taken pricing actions to revert to pre-COVID growth levels by Q4 / Q1.
6. Commercial business AUM grew by 15%. LAS business AUM de-grew by 22%.
7. The Company acquired 2.19 MM new customers in the current quarter v/s 2.46 MM in Q3 FY20. Total customer franchise stood at 46.31 MM as of 31 Dec 2020, a growth of 15% YoY. Cross sell franchise stood at 25.25 MM, a growth of 8% YoY.
8. Existing customers contributed to 64% of new loans booked during Q3 FY21 vs 68% in Q3 FY20
9. Risk metrics of new volumes originated across businesses are tracking significantly better than pre-COVID-19 origination.
10. The Company has received RBI approval for issuance of cobranded credit card in association with DBS Bank (India) Limited.

## NIM Metrics

11. Margin profile in all lines of businesses was steady at pre-COVID levels other than mortgages.
12. Net Interest Income (NII) for Q3 FY21 was ₹ 4,296 crore as against ₹ 4,535 crore in Q3 FY20. NII for the quarter was lower by ₹ 239 crore compare to Q3 FY20. This was mainly caused by interest reversal of ₹ 450 crore versus ₹ 83 crore in Q3 FY20 and cost of surplus liquidity of ₹ 213 crore against ₹ 83 crore in Q3 FY20.

## Liquidity Management

13. As of 31 Dec 2020, the Company had consolidated liquidity buffer of ₹ 14,347 crore. This represents 11.6% of its total borrowing. Average consolidated liquidity buffer for the quarter was ₹ 19,373 crore.
14. Given stable market conditions, the Company has brought down its liquidity buffer to 11.6% of its total borrowing as of 31 Dec 2020 from 21.9% as of 20 Oct 2020. The company will go back to its pre-COVID liquidity buffer of 7-8% of its borrowings by Mar'21. This will ensure that the cost of excess liquidity normalizes to pre-COVID levels in Q4.
15. In the last 45 days, as part of its strategy to reduce liquidity buffer and optimize cost of funds, the Company has made prepayments of approximately ₹ 6,600 crore. **The Company's consolidated cost of fund for Q3 FY21 was 7.78% and is expected to go down to 7.5% by Mar'21.**
16. Deposits book stood at ₹ 23,777 crore, a growth of 18% YoY. Its contribution to consolidated balance sheet was 19% as of 31 Dec 2020. The Company continued to attract sizable retail deposits in Q3. The Retail : Corporate mix stood at 76 : 24 in Q3 FY21 as against 61 : 39 in Q3 FY20 in line with its strategy of reducing its reliance on corporate deposits.

# Executive summary – Q3 FY21

## Operating expense management

17. Operating expenses for Q3 FY21 were ₹ 1,389 crore, lower by 9% YoY despite ₹ 58 crore increase in recovery costs. It was lower due to marginally lower business volumes and the measures taken to reduce operating expenses. Some of the opex measures have now been institutionalized to deliver sustained cost savings going forward.
18. The Company has rolled back some of the transient cost cuts (eg Employee costs) as it reverts to pre-COVID growth. However, business transformation should lead to structural reductions in call center costs, travel costs, advertising & promotion and employee trainings costs etc.

## Credit Costs

19. Loan losses and provisions for Q3 FY21 was ₹ 1,352 crore as against ₹ 831 crore in Q3 FY20. During the quarter, the Company has also done one-time principal write-off of ₹ 1,970 crore on account of COVID-19 related stress. The Company holds management overlay provision of ₹ 800 crore as of 31 Dec 2020 for COVID-19 related stress.
20. Loan loss and provisions estimates for FY21 are based on lifetime loss estimates on account of COVID-19. This also means that the Company is accounting for additional losses that may otherwise occur in FY22.
21. FY22 onwards, the Company expects loan losses and provisions to revert to pre-COVID-19 levels of 160-170 bps of average assets. If recoveries are better in FY22, we may experience lower net loan loss to average assets.
22. The Company experienced continued improvement in portfolio quality in Q3. In Q3, Collection efficiencies in bucket 0 was back to pre-COVID levels and in early buckets (1 and 2), it was significantly better than pre-COVID levels.

23. The Company last provided an update on its credit cost scenario model as part of Q2 earnings call. It expected the residual loan loss and provision in second half at ₹ 2,600-2,900 crore with a downward bias. Post ₹ 1,352 crore of provisioning in current quarter, the Company estimates residual credit costs in Q4 at ₹ 1,200 – 1,250 crore. Thus, an overall credit cost of ₹ 5,925 – 5,975 crore in FY21 on account of COVID-19. However, if the collection efficiencies remain better through Q4, there could be a further reduction in credit cost estimates.
24. The Company offered resolution plan to its customers pursuant to the RBI resolution framework for COVID-19 related stress dated 6 Aug 2020. Stage 1 receivables under resolution plan were ₹ 2,040 crore (Mortgages - ₹ 930 crore , unsecured - ₹ 523 crore, B2B incl. retailer account - ₹ 407 crore and AF - ₹ 179 crore) as of 31 Dec 2020 against which the Company is holding a provision of ₹ 397 crore.
25. **Based on Hon'ble Supreme Court's interim order of not classifying customers as NPA after 31 Aug 2020, GNPA & NNPA for the quarter stood at 0.55% & 0.19% respectively.**
26. **Adjusted GNPA and NNPA stood at 2.86% and 1.22% respectively as against 1.61% and 0.70% as of Dec'19. B2B businesses (Urban and rural) have seen increase in NNPA by 7 bps, SME by 48 bps, B2C (urban and rural) by 89 bps and auto finance business by 348 bps. The Company expects to revert to pre-COVID NNPA by H1 FY22 except auto finance business which may take longer due to underlying collateral value.**

## Profitability

27. Consolidated PBT for Q3 contracted by 28% to ₹ 1,555 crores due to increase in loan loss provisions by ₹ 520 crore, interest reversals by ₹ 367 crore and cost of additional liquidity by ₹ 130 crore v/s Q3 FY20. As the loan loss provisions, interest reversals and cost of surplus liquidity normalizes to pre-COVID levels by Q1 FY22, it will lead to natural addition to profitability.



## Capital

28. The Company continues to remain very well capitalized with CRAR of 28.18% as of 31 Dec 2020. Tier-1 capital was 24.73%. The Company has adequate capital to meet its next 3 years growth aspiration.

## Update on Business transformation:

29. **The** Company has accelerated its business transformation journey to provide financial products and services to its 46MM customers in a seamless manner by creating an omnichannel framework. The omnichannel model will enable the customer to move between online to offline and vice versa in a frictionless manner.
30. Business transformation required significant change in operating processes and core technology stack of the Company. **The Company has made significant progress on these counts and expects to complete this process by May'21. An integrated offering & Omnichannel model will enable the Company to become a moment of truth company for the customers.**
31. **The Company is also developing or significantly transforming 4 'Productivity apps' – Sales One app, Merchant app, Collections app and Partner app. These apps will significantly improve the productivity and efficiencies of our employees, channel partners and merchant ecosystem by May'21. Once deployed, this will require much lower headcount addition as a proportion of growth.**
32. **The Company is in the process of launching 'Bajaj Pay for consumers' in Q4. Bajaj Pay will offer an integrated payment solution comprising of UPI, PPI, EMI card and credit card to its customers.**
33. **The Company is building 'Bajaj Pay for merchants'. This will broaden payment solution offering for our ~103 K merchants and enable disproportionate growth in our market share from these merchants in the medium term.**
34. The Company is building 5 proprietary **marketplaces, 'EMI Store', 'Insurance Marketplace', 'Investment Marketplace', 'BF Health'** and broking app with the help of group Companies. These 5 apps will provide customers with an option to review, compare and buy host of financial products and services across electronics, insurance, investments and health.

- 35. The Company also plans to partner with 25+ adjunct app ecosystem which have relevant product/services for its customers. These **apps will provide adjacency to BFL's core offerings thereby increasing stickiness.**
- 36. **The Company plans to roll out the first phase of its business transformation by mid Jul'21. The business transformation once** fully delivered will drive significant velocity gains, reduction in operating costs and significant improvement in customer experience.

## Customer Experience:

**The Company's has a stated business strategy of 'acquire and cross sell'. The Company has 46 MM customers as of 31 Dec 2020** and it continues to add 1.8-2.5 MM new customers every quarter. It is imperative for the Company to design its product, processes, technology stack and practices that reduce friction for purchase and post purchase experience of customers. Some of the initiatives taken by the Company in last 2 quarters are as below:

- 37. Business transformation process will lead to significant enhancements in self service infrastructure for customers resulting in **superior experience, greater stickiness and larger share of customer's financial services wallet.**
- 38. As a proactive measure, the Company has appointed an Internal Ombudsman (IO) and has institutionalized a process to strengthen customer grievance redressal mechanism.
- 39. The Company has invested in centralized call monitoring infrastructure for its outsourced agency network to significantly improve controllership over its outsourced agency network.
- 40. As a proactive measure, the Company has started to invest in Debt Recovery Agent (DRA) certification for its collections infrastructure. It plans to cover all the agents in next 12-18 months in a phased manner.
- 41. The Company has a well-established Net promoter score (NPS) methodology to gauge customer experience. As a proactive measure, the Company has now started NPS for its collections processes.

## Subsidiaries

- 42. Bajaj Housing Finance Ltd (BHFL) profit after tax contracted by 24% to ₹ 99 crore in Q3 FY21 against ₹ 131 crore in Q3 FY20 due to higher provisioning.
- 43. **BHFL's** AUM increased by 18% to ₹ 35,492 crore as of 31 Dec 2020 from ₹ 30,035 crore as of 31 Dec 2019.
- 44. **BHFL's Net Interest Income for Q3 FY21 increased by 15% to ₹ 329 crore from ₹ 285 crore in Q3 FY20.**
- 45. **BHFL's Opex to NII improved to 26.4% in Q3 FY21 as against 33.7% in Q3 FY20.**
- 46. During the quarter, BHFL has further increased its provision on stage 1 and 2 assets by ₹ 72 crore taking the overall contingency provision to ₹ 292 crore as of 31 Dec 2020.
- 47. Bajaj Financial Securities Ltd (BFinsec) made a net profit of ₹ 0.7 crore in Q3 FY21.

## Section 02 Bajaj Finance Limited overview

2.1

Bajaj group structure

2.2

What do we stand for

2.3

Our shareholder profile

2.4

10-year financial snapshot

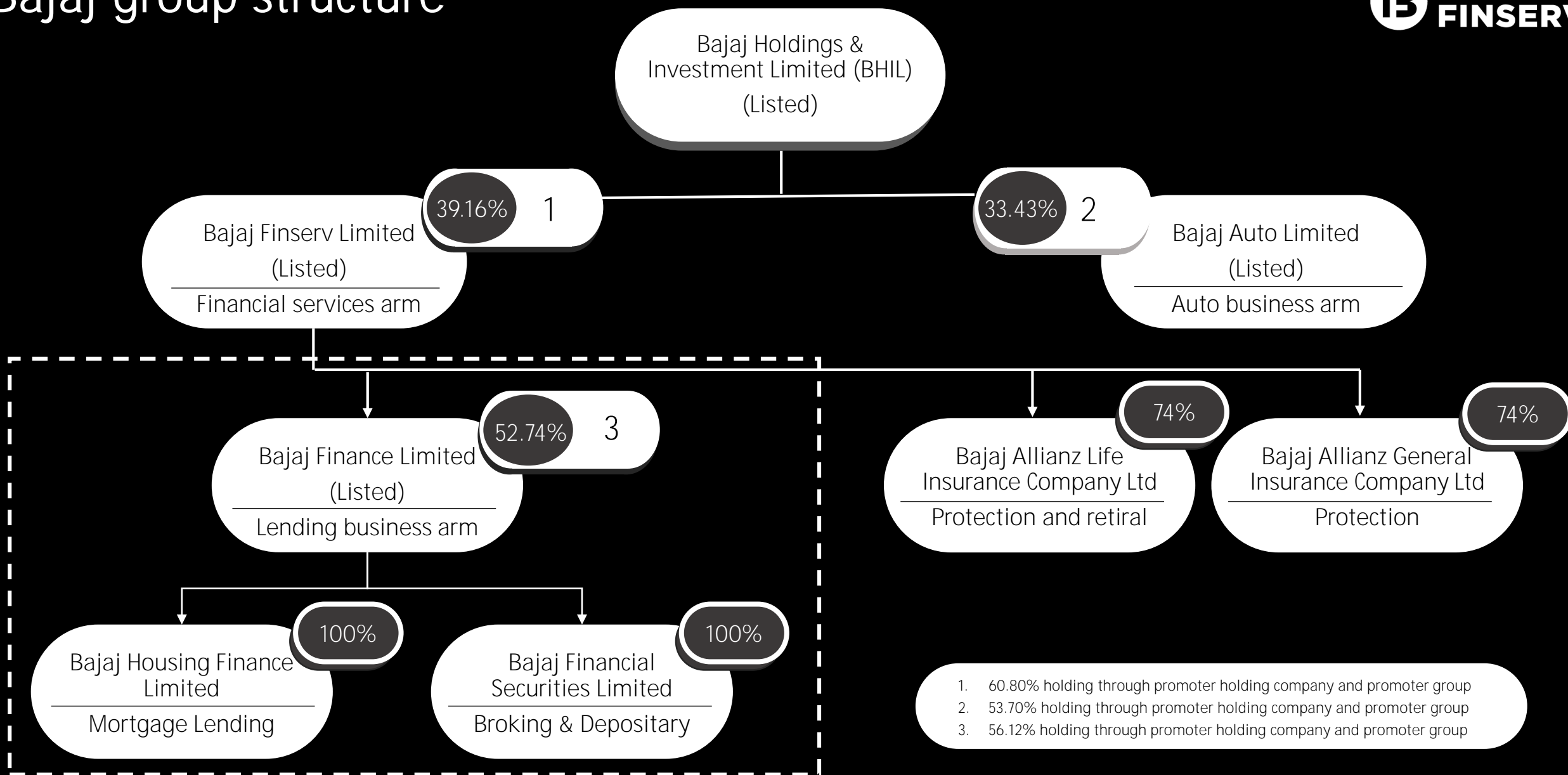
2.5

Product suite

2.6

Executive summary

# Bajaj group structure



**“Non-bank with strategy & structure of a bank”**

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**“Focused on mass affluent & above clients with a strategy to cross sell”**

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**“Diversified financial services strategy with an optimal mix of risk and profit to deliver a sustainable business model”**

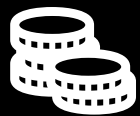
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**“Business construct to deliver a sustainable ROA of 3.3-3.5% and ROE of 19-21% in the long term”**

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**“Focused on continuous innovation to transform customer experience and create growth opportunities”**

# Our general long-term guidance on financial metrics



AUM growth  
in corridor of  
25%-27%



Profit growth  
in corridor of  
23%-24%



GNPA  
in corridor of  
1.4%-1.7%



NNPA  
in corridor of  
0.4%-0.7%



Return on assets  
in corridor of  
3.3%-3.5%



Return on equity  
in corridor of  
19%-21%

# Key strategic differentiators

Part of the Bajaj group – one of the oldest & most respected business houses

A trusted brand with strong brand equity

Focus on mass affluent and above clients

Total customer franchise of 46.31 MM

Strong focus on cross selling assets, payments, insurance and deposit products to existing customers

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

A well diversified balance sheet

Consolidated lending AUM mix for Consumer: Rural: SME: Commercial: Mortgages stood at 36%: 9%: 13%: 9%: 33%  
Consolidated borrowing mix for Money Markets :Banks: Deposits: ECB stood at 42%: 35%: 19%: 4%

Highly agile & innovative

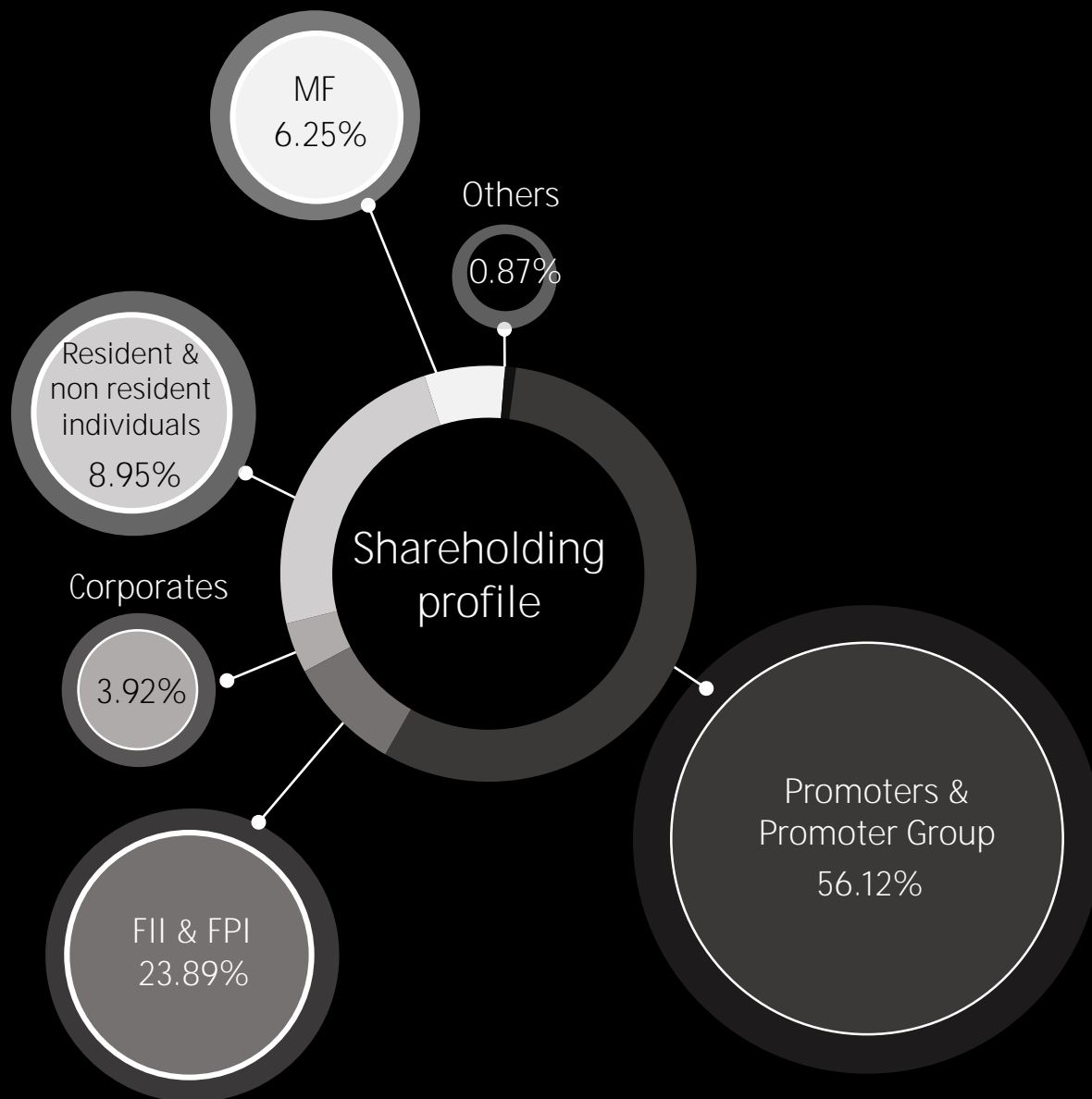
Continuous improvements in product features and digital technologies to maintain competitive edge

Deep investment in technology and analytics

Has helped achieve multi product cross sell and manage risk & controllership effectively. Obsessed to deliver frictionless experience to customer



# Our shareholder profile



## Top 20 investors & their holdings

S.No	Name of Shareholder	As on 31 Dec 20	As on 30 Sep 20	As on 31 Dec 19
1	BAJAJ FINSERV LTD	52.74%	52.74%	52.82%
2	GOVERNMENT OF SINGAPORE	4.28%	4.20%	4.62%
3	MAHARASHTRA SCOOTERS LIMITED	3.15%	3.15%	3.15%
4	AXIS LONG TERM EQUITY FUND	0.79%	0.93%	0.77%
5	NEW HORIZON OPPORTUNITIES MASTER FUND	0.77%	0.77%	0.77%
6	AXIS BLUECHIP FUND	0.68%	0.64%	0.31%
7	STEADVIEW CAPITAL MAURITIUS LIMITED	0.63%	0.77%	0.89%
8	LIFE INSURANCE CORPORATION OF INDIA	0.62%	0.94%	0.10%
9	NEW WORLD FUND INC	0.56%	0.56%	0.56%
10	SMALLCAP WORLD FUND, INC	0.54%	0.54%	0.54%
11	SBI-ETF NIFTY 50	0.52%	0.68%	0.57%
12	VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	0.50%	0.53%	0.48%
13	VANGUARD EMERGING MARKETS STOCK INDEX FUND	0.45%	0.43%	0.44%
14	SBI EQUITY HYBRID FUND	0.45%	0.55%	0.42%
15	ST. JAMES'S PLACE EMERGING MARKETS EQUITY UNIT TRUST MANAGED BY WASATCH ADVISORS INC	0.44%	0.46%	0.23%
16	AXIS FOCUSED 25 FUND	0.44%	0.46%	0.32%
17	PEOPLE'S BANK OF CHINA	0.42%	0.31%	0.30%
18	FIDELITY INVESTMENT TRUST FIDELITY SERIES EMERGING MARKETS OPPORTUNITIES FUND	0.42%	0.00%	0.00%
19	SBI LIFE INSURANCE CO. LTD	0.39%	0.39%	0.43%
20	DF INTERNATIONAL PARTNERS	0.38%	0.38%	0.22%

Above shareholding is as of 31 Dec 2020

# 10-year financial snapshot

₹ in crore

Financials snapshot @	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18 <sup>@</sup> (Consol.)	FY19 <sup>@</sup> (Consol.)	FY20 <sup>@</sup> (Consol.)	YoY (FY19-FY20)	CAGR (10 yrs)
Assets under management	7,573	13,107	17,517	24,061	32,410	44,229	60,196	82,422	1,15,888	1,47,153	27%	39%
Income from operations	1,406	2,172	3,110	4,073	5,418	7,333	9,989	12,757	18,500	26,386	43%	39%
Interest expenses	371	746	1,206	1,573	2,248	2,927	3,803	4,614	6,623	9,473	43%	43%
Net Interest Income (NII)	1,035	1,426	1,904	2,500	3,170	4,406	6,186	8,143	11,877	16,913	42%	36%
Operating Expenses	460	670	850	1,151	1,428	1,898	2,564	3,270	4,197	5,662	35%	32%
Loan Losses & Provision (ECL)	205	154	182	258	385	543	804	1,030	1,501	3,929	162%	39%
Profit before tax	370	602	872	1,091	1,357	1,965	2,818	3,843	6,179	7,322	18%	39%
Profit after tax	247	406	591	719	898	1,279	1,837	2,496	3,995	5,264	32%	40%

Ratios	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
Opex to NII	44.4%	47.0%	44.6%	46.0%	45.0%	43.1%	41.4%	40.2%	35.3%	33.5%
Return on assets	4.4%	4.2%	4.1%	3.6%	3.3%	3.5%	3.7%	3.7%	4.2%	4.1%
Return on equity	19.7%	24.0%	21.9%	19.5%	20.4%	20.9%	21.6%	20.1%	22.5%	20.2%
Net NPA *	0.80%	0.12%	0.19%	0.28%	0.45%	0.28%	0.44%	0.43%	0.63%	0.65%
NPA provisioning coverage	79%	89%	83%	76%	71%	77%	74%	70%	60%	60%

@ All figures till including FY17 are as per previous GAAP, whereas for FY18 onwards are as per IndAS

\* As per the RBI regulations, NNPA numbers for upto FY15 are at 6 months overdue, FY16 are at 5 months overdue, FY17 are at 4 months overdue and FY18 onwards are at 3 months overdue. Hence NPA across periods are not comparable.

# Product suite

BAJAJ FINANCE LIMITED					
Consumer	SME	Commercial	Rural	Deposits	Partnerships & Services
1. Consumer Durable Loans 2. Digital Product Loans <sup>(E)</sup> 3. Lifestyle Product Loans 4. Lifecare financing 5. EMI Cards 6. Retail Spend Financing 7. 2-Wheeler & 3-Wheeler Loans 8. Personal Loan Cross-Sell 9. Salaried Personal Loans <sup>(E)</sup> 10. E-Commerce - Consumer Finance 11. Retailer Finance 12. Health EMI Card	1. Unsecured Working Capital Loans <sup>(E)</sup> 2. Loans to self employed and Professionals <sup>(E)</sup> 3. Secured Enterprise Loans 4. Used-car financing 5. Medical equipment financing	1. Loan against securities 2. IPO financing 3. ESOP financing 4. Vendor financing to auto component manufacturers 5. Financial Institutions Lending 6. Light Engineering Lending 7. Specialty Chemicals Lending	1. Consumer Durable Loans 2. Digital Product Loans 3. Lifestyle Product Loans 4. Personal Loans Cross Sell 5. Salaried Personal Loans 6. Gold Loans 7. Loans to Professionals	1. Retail Term Deposits 2. Corporate Term Deposits 3. Systematic Deposit Plan	1. Life Insurance Distribution 2. General Insurance Distribution 3. Health Insurance Distribution 4. Pocket Insurance <sup>(E)</sup> 5. Co-Branded Credit Card 6. Co-Branded Wallet 7. Financial Fitness Report

BAJAJ HOUSING FINANCE LIMITED			
1. Salaried Home Loans <sup>(E)</sup> 2. Salaried Loan Against Property	1. Loan Against Property 2. Self Employed Home Loans 3. Lease Rental Discounting	1. Developer Finance	1. Loan Against Property 2. Home Loans 3. Secured Enterprise Loans

BAJAJ FINANCIAL SECURITIES LIMITED	
1. Depository services 2. Margin Trading Facility 3. Spread Financing 4. Brokerage account	

# Executive summary – Consolidated

Overview	<ul style="list-style-type: none"> <li>• 33-year-old non bank with a demonstrated track record of profitable growth</li> <li>• Diversified financial services company focused on Consumer, Rural, SME, Commercial, Mortgages and Payments</li> <li>• Focused on mass affluent client with a strategy to cross sell</li> <li>• Strong focus on deposits acceptance and fee product distribution</li> <li>• Present in 1,210 urban locations and 1,604 rural locations in India with over 1,02,800+ point of sale</li> <li>• Large customer franchise of 46.31 MM</li> <li>• Amongst the largest new loan acquirers in India (6.04 MM in Q3 FY21)</li> <li>• AUM mix of Consumer: Rural: SME: Commercial: Mortgages stood at 36%: 9%: 13%: 9%: 33% as of 31 Dec 2020</li> <li>• AUM of ₹ 1,43,550 crore as of 31 Dec 2020 and a post tax profit of ₹ 1,146 crore in Q3 FY21</li> <li>• Capital adequacy ratio (including Tier II capital) stood at 28.18% as of 31 Dec 2020. Tier I capital stood at 24.73%</li> </ul>
Subsidiaries	<ul style="list-style-type: none"> <li>• 100% shareholding in Bajaj Housing Finance Limited</li> <li>• 100% shareholding in Bajaj Financial Securities Limited</li> </ul>
Treasury	<ul style="list-style-type: none"> <li>• Strategy is to create a balanced mix of wholesale and retail borrowings</li> <li>• Borrowings of ₹ 124,162 crore with a mix of 42: 35: 19: 4 between money markets, banks, deposits &amp; ECB as of 31 Dec 2020</li> </ul>
Credit Quality	<ul style="list-style-type: none"> <li>• Consolidated Gross and Net NPA as of 31 Dec 2020 stood at 0.55% and 0.19%, respectively</li> <li>• <b>Provisioning coverage ratio as of 31 Dec' 2020</b> was 65%</li> <li>• Provisioning coverage on stage 1 &amp; 2 stood at 190 bps as of 31 Dec 2020 versus 369 bps as of 30 Sept 2020 . This was 90-100 bps during pre-pandemic situation.</li> </ul>

Overview	<ul style="list-style-type: none"><li>• Focused on Consumer, Rural, SME, Commercial and Payments lines of businesses</li><li>• Strategic business unit organization design supported by horizontal common utility functions to drive domain expertise, scalability and operating leverage</li><li>• Focused on cross sell, customer experience and product &amp; process innovations to create a differentiated &amp; profitable business model</li><li>• AUM mix of Consumer: Rural: SME: Commercial: Mortgage (residual) stood at 47%: 12%: 17%: 11%: 13% as of 31 Dec 2020</li><li>• AUM of ₹ 1,09,598 crore as of 31 Dec 2020 and a post tax profit of ₹ 1,049 crore in Q3 FY21</li></ul>
Consumer business	<ul style="list-style-type: none"><li>• Present in 1,210 locations with 75,100+ active distribution points of sale as of 31 Dec 2020</li><li>• Largest consumer electronics, digital products &amp; lifestyle products lender in India</li><li>• 2-wheeler financing business disbursed 228K accounts in the quarter (degrowth of 33% YOY)</li><li>• 3-wheeler financing business disbursed 18K accounts in the quarter (degrowth of 67% YOY)</li><li>• Amongst the largest personal loan lenders in India</li></ul>
Payments	<ul style="list-style-type: none"><li>• EMI Card franchise stood at 23.55 MM cards in force (CIF) as of 31 Dec 2020</li><li>• Bajaj Finserv - RBL Bank co-branded credit card CIF stood at 1.95 MM as of 31 Dec 2020</li><li>• Bajaj Finserv Mobikwik app has 18.30 MM users as of 31 Dec 2020 who have linked their EMI card to the wallet</li></ul>
Rural business	<ul style="list-style-type: none"><li>• Highly diversified lender in rural markets offering 10 loan products across consumer and SME business categories</li><li>• Operates with a unique hub and spoke business model</li><li>• Geographic presence across 1,604 towns and villages with retail presence across 22,500+ points of sale</li></ul>

SME Business	<ul style="list-style-type: none"><li>• Offers unsecured working capital loans to SME and self-employed professionals</li><li>• Secured offerings include enterprise loans against property and financing against used car</li><li>• Focused on affluent SMEs (average sales of ₹15 to 17 crore) with established financials &amp; demonstrated borrowing track record</li></ul>
Commercial business	<ul style="list-style-type: none"><li>• Offers short, medium- and long-term financing to mid market corporates</li><li>• Offers a range of structured products collateralized by marketable securities or mortgage</li><li>• Offers financing against shares, mutual funds, insurance policies and deposits</li></ul>
Treasury	<ul style="list-style-type: none"><li>• Strategy is to create a balanced mix of wholesale and retail borrowings with a focus on long term borrowings</li><li>• Borrowings stood at ₹ 97,335 crore with a mix of 44: 26: 24: 6 between money markets, banks, deposits &amp; ECB as of 31 Dec 2020</li></ul>
Credit Quality	<ul style="list-style-type: none"><li>• Gross and Net NPA as of 31 Dec 2020 stood at 0.68% and 0.24% respectively</li><li>• Provisioning coverage ratio as of 31 Dec 2020 was 65%</li><li>• Provisioning coverage on stage 1 &amp; 2 stood at 218 bps as of 31 Dec 2020 versus 451 bps as of 30 Sep 2020.</li></ul>
Credit Rating	<ul style="list-style-type: none"><li>• Credit rating for long term borrowing is AAA/Stable by CRISIL, ICRA, CARE &amp; India Ratings</li><li>• Credit rating for short term borrowing is A1+ by CRISIL, ICRA &amp; India Ratings</li><li>• Credit rating for FD program is FAAA/Stable by CRISIL &amp; MAAA (Stable) by ICRA</li><li>• Long term issuer credit rating of BB+/Stable and short-term rating of B by S&amp;P Global</li></ul>

# Executive summary – Bajaj Housing Finance Limited

## Bajaj Housing Finance Limited

- A 100% subsidiary of Bajaj Finance Limited, registered with National Housing Bank as a Housing Finance Company
- Offers full range of mortgage products such as home loans, loan against property and lease rental discounting to salaried & self-employed customers. It also offers construction finance and inventory finance to credit worthy developers
- Focused on mass affluent and above customers (salaried and self employed)
- AUM of ₹ 35,492 crore as of 31 Dec 2020 and a post tax profit of ₹ 99 crore for Q3 FY21
- Capital adequacy ratio (including Tier II capital) stood at 24.94% as of 31 Dec 2020

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## Home Loans

- Offers home loans to salaried customers for an average ticket size of approximately 45 lakhs
- Focused on developing sales finance business by leveraging existing developer finance relationships and through tie-ups with new project launches
- Currently present across 32 locations in India

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## Loan Against Property

- Offers loan to mass affluent and above self-employed customers for an average ticket size of approximately 51 lakhs
- Strategy is to sell LAP product to existing customers as well as focus on building distribution network
- Currently present across 14 locations in India

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## Rural

- Offers home loans and loans against property to salaried and self-employed customers with an average ticket size of approximately 17 lakhs for home loans and 12 lakhs for loan against property
- Hub and spoke strategy through branch network and ASSC tie ups
- Currently present across 78 locations in India

# Executive summary – Bajaj Housing Finance Limited



## Lease Rental Discounting

- Offers loan against lease rentals to high net worth individuals and developers on commercial property leased mainly to corporate tenants
- All lease rental discounting transactions are backed by rentals through escrow mechanism
- Ticket size of lease rental discounting ranges from 5 - 200 crore with an average ticket size of approximately 25 crore
- Currently present across 8 locations in India (Mumbai, Delhi, Bangalore, Pune, Ahmedabad, Chennai, Kolkata and Hyderabad)

## Developer Financing

- Offers construction finance and inventory finance mainly to category A and A+ developers in India
- Average ticket size ranges between 15 – 35 crore
- Currently present in 8 locations (Mumbai, Bangalore, Pune, Ahmedabad, Chennai, Kolkata, Hyderabad and Surat)

## Credit Quality

- Gross NPA and Net NPA, recognized as per extant NHB prudential norms and provisioned as per Expected Credit Loss (ECL) method prescribed in Ind AS, as of 31 Dec 2020 stood at 0.06% and 0.03% respectively


## Treasury

- Strategy is to create a balanced and sustained mix of borrowings
- Borrowings stood at ₹ 26,694 crore with a mix of 66 : 34 between banks and money markets as of 31 Dec 2020

## Credit Rating

- Credit rating for long term borrowing is AAA/Stable by CRISIL & IND AAA/Stable by India Ratings
- Credit rating for short term borrowing is A1+ by CRISIL & IND A1+ by India Ratings





## Section 03

# Financial performance – Q3 FY21

3.1

Financial statement summary –  
Consolidated

3.2

Financial statement summary –  
Bajaj Finance Limited

3.3

Financial statement summary –  
Bajaj Housing Finance Limited

# Financial statement summary – Consolidated

₹ in crore

Financials snapshot	Q3 FY21	Q3 FY20	Y-o-Y	9M FY21	9M FY20	Y-o-Y	FY20
Assets under management	143,550	145,092	(1%)	143,550	145,092	(1%)	147,153
Assets under finance	137,920	139,561	(1%)	137,920	139,561	(1%)	141,376
Interest income	5,723	6,104	(6%)	17,279	16,668	4%	22,970
Fee and other income	797	777	3%	2,009	2,125	(5%)	2,879
Net gain on fair value changes on investment	139	143	(3%)	540	362	49%	537
Total Income	6,659	7,024	(5%)	19,828	19,155	4%	26,386
Interest expenses	2,363	2,489	(5%)	7,218	6,926	4%	9,473
Net Interest Income	4,296	4,535	(5%)	12,610	12,229	3%	16,913
Operating Expenses	1,389	1,534	(9%)	3,702	4,209	(12%)	5,662
Loan losses and provisions	1,352	831	63%	4,738	1,976	140%	3,929
ECL stage 1 & 2	(2,391)	203	(1278%)	409	462	(11%)	1,318
ECL stage 3 & write off	3,743	628	496%	4,329	1,514	186%	2,611
Profit before tax	1,555	2,170	(28%)	4,170	6,044	(31%)	7,322
Profit after tax	1,146	1,614	(29%)	3,073	4,316	(29%)	5,264
Ratios							
Operating expenses to Net Interest Income	32.3%	33.8%		29.4%	34.4%		33.5%
Loan loss to average AUF*	1.00%	0.61%		3.39%	1.57%		3.10%
Earning per share - Basic (₹) *	19.08	27.32		51.18	74.17		89.77
Return on Average Assets*	0.9%	1.2%		2.2%	3.4%		4.1%
Return on Average Equity *	3.3%	5.9%		9.1%	16.6%		20.2%

\* Not annualized

# Financial statement summary – Bajaj Finance Limited

₹ in Crore

Financials snapshot	Q3 FY21	Q3 FY20	Y-o-Y	9M FY21	9M FY20	Y-o-Y	FY20
Assets under management	109,598	116,460	(6%)	109,598	116,460	(6%)	116,102
Assets under finance	107,056	113,601	(6%)	107,056	113,601	(6%)	113,417
Interest income	4,973	5,486	(9%)	15,141	15,052	1%	20,668
Fee and other income	745	709	5%	1,908	1,952	(2%)	2,706
Net gain on fair value changes on investment	129	121	7%	487	315	55%	460
<b>Total Income</b>	<b>5,847</b>	<b>6,316</b>	<b>(7%)</b>	<b>17,536</b>	<b>17,319</b>	<b>1%</b>	<b>23,834</b>
Interest expenses	1,870	2,051	(9%)	5,723	5,801	(1%)	7,857
<b>Net Interest Income</b>	<b>3,977</b>	<b>4,265</b>	<b>(7%)</b>	<b>11,813</b>	<b>11,518</b>	<b>3%</b>	<b>15,977</b>
Operating Expenses	1,310	1,449	(10%)	3,502	3,975	(12%)	5,364
<b>Loan losses and provisions</b>	<b>1,245</b>	<b>817</b>	<b>52%</b>	<b>4,520</b>	<b>1,940</b>	<b>133%</b>	<b>3,805</b>
ECL stage 1 & 2	(2,463)	198	(1344%)	229	445	(49%)	1,233
ECL stage 3 & write off	3,708	619	499%	4,291	1,495	187%	2,572
<b>Profit before tax</b>	<b>1,422</b>	<b>1,999</b>	<b>(29%)</b>	<b>3,791</b>	<b>5,603</b>	<b>(32%)</b>	<b>6,808</b>
<b>Profit after tax</b>	<b>1,049</b>	<b>1,488</b>	<b>(30%)</b>	<b>2,795</b>	<b>3,990</b>	<b>(30%)</b>	<b>4,881</b>
<b>Ratios</b>							
Operating expense to Net Interest Income	32.9%	34.0%		29.6%	34.5%		33.6%
Loan loss to Average AUF*	1.19%	0.74%		4.10%	1.86%		3.65%
Return on Average Assets*	1.0%	1.3%		2.5%	3.8%		4.7%
Return on Average Equity*	3.1%	5.6%		8.4%	15.5%		19.0%

\* Not annualized

# Financial statement summary – Bajaj Housing Finance Limited



₹ in Crore

Financials snapshot	Q3 FY21	Q3 FY20	YoY	9M FY21	9M FY20	YoY	FY20
Assets under management	35,492	30,035	18%	35,492	30,035	18%	32,705
Assets under finance	30,772	25,961	19%	30,772	25,961	19%	27,975
Interest income	747	620	20%	2,134	1,616	32%	2,303
Fee and other income	65	81	(20%)	130	212	(39%)	269
Net gain on fair value changes on Investments	9	22	(59%)	51	44	16%	74
<b>Total Income</b>	<b>821</b>	<b>723</b>	<b>14%</b>	<b>2,315</b>	<b>1,872</b>	<b>24%</b>	<b>2,646</b>
Interest expenses	492	438	12%	1,495	1,125	33%	1,616
<b>Net Interest Income</b>	<b>329</b>	<b>285</b>	<b>15%</b>	<b>820</b>	<b>747</b>	<b>10%</b>	<b>1,030</b>
Operating Expenses	87	96	(9%)	231	266	(13%)	339
Loan losses and provisions (ECL stage 1 & 2)	72	6	1100%	180	18	900%	86
Loan losses and provisions (ECL stage 3 & write off)	35	8	338%	37	18	106%	38
<b>Profit before tax</b>	<b>135</b>	<b>175</b>	<b>(23%)</b>	<b>372</b>	<b>445</b>	<b>(16%)</b>	<b>567</b>
<b>Profit after tax</b>	<b>99</b>	<b>131</b>	<b>(24%)</b>	<b>274</b>	<b>331</b>	<b>(17%)</b>	<b>421</b>
<b>Ratios</b>							
Operating expense to Net Interest Income	26.4%	33.7%		28.2%	35.6%		32.9%
Loan loss to Average AUF*	0.36%	0.06%		0.74%	0.17%		0.55%
Return on Average Assets*	0.3%	0.5%		0.9%	1.5%		1.9%
Return on Average Equity*	1.7%	3.3%		4.8%	8.7%		9.1%

\* Not annualized



## Section 04

# Asset liability management

4.1

Conservative leverage standards –  
Bajaj Finance Limited

4.2

Resilient business model –  
Consolidated

4.3

Behaviouralized ALM as of 31 Dec –  
Bajaj Finance Limited

4.4

Behaviouralized ALM as of 31 Dec –  
Bajaj Housing Finance Limited

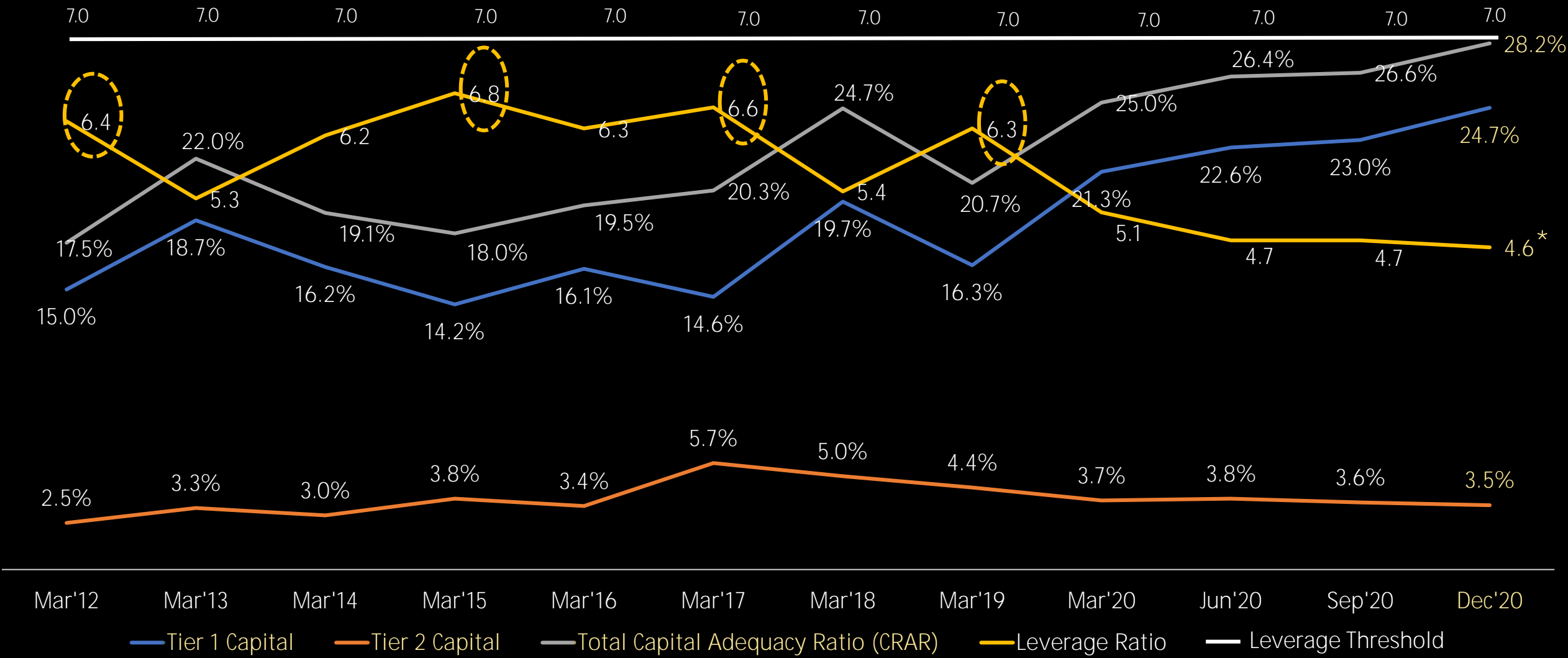
4.5

Disciplined ALM Management –  
Bajaj Finance Limited

4.6

Liability mix over the last 9 years –  
Bajaj Finance Limited

# Conservative leverage standards – Bajaj Finance Limited

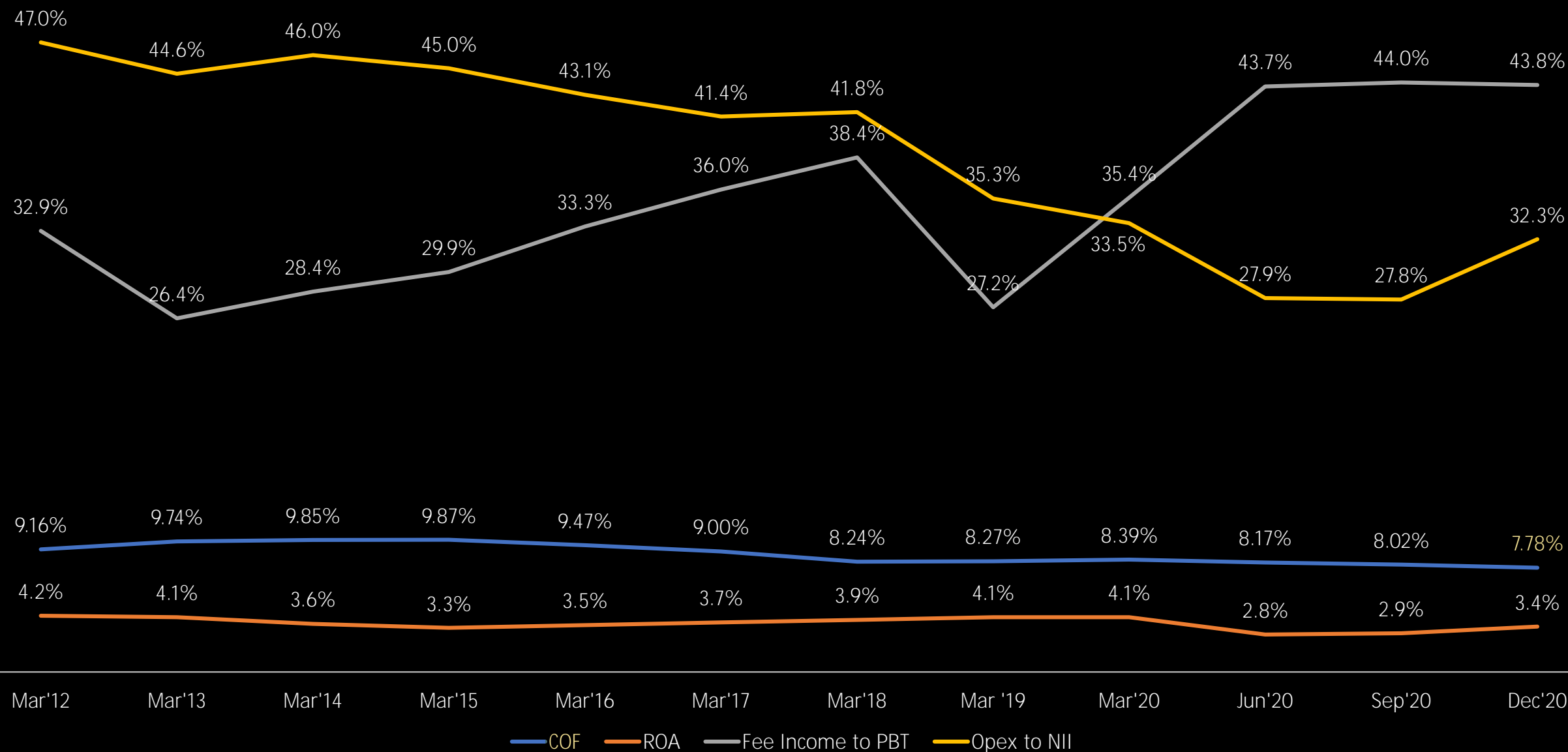


\*Standalone leverage is approximately 3.9X as of 31 Dec 2020  
Capital Adequacy Ratios (CRAR) are on standalone basis  
Mar '19 onwards numbers are as per Ind AS

denotes point at which the Company initiated its capital raising plan in last 9 years

30

# Resilient business model – Consolidated



Mar '19 onwards numbers are as per Ind AS. Jun'20, Sep'20 & Dec'20 numbers of COF are for the quarter  
 Post Ind AS, Fee income to PBT represents non-loan fees and commission income as a % of Profit Before Tax

# Behaviouralized ALM as of 31 Dec 2020 – BFL

\* As per previous GAAP

Particulars	1 - 7 D	8 - 14 D	15 - 30 D	> 1 - 2 M	> 2 - 3 M	> 3 - 6 M	> 6M - 1Y	> 1 - 3Y	> 3 - 5 Y	> 5 Y	Total
Cash & Investments	12,307	0	110	1	1	695	1,069	1,716	0	5,580	21,479
Advances	3,520	1,263	2,308	5,334	4,986	11,589	19,217	36,836	18,364	6,660	1,10,076
Other inflows	534	802	3,814	29	570	250	919	1,214	0	4,429	12,562
Total Inflows (A)	16,361	2,064	6,232	5,364	5,557	12,535	21,205	39,766	18,364	16,668	1,44,116
Cumulative Total Inflows (B)	16,361	18,426	24,658	30,022	35,578	48,113	69,318	1,09,084	1,27,448	1,44,116	
Borrowings	6,338 <sup>#</sup>	3,256	623	1,358	2,807	5,149	13,696	44,125	10,377	11,146	98,875
Capital Reserves and Surplus	-	-	-	-	-	-	-	-	-	35,772	35,772
Other Outflows	3,295	214	342	352	541	1,621	421	1,375	709	598	9,469
Total Outflows (C)	9,634	3,470	965	1,710	3,348	6,770	14,117	45,500	11,086	47,517	1,44,116
Cumulative Total Outflows (D)	9,634	13,104	14,069	15,779	19,127	25,897	40,014	85,514	96,600	1,44,116	
Mismatch (E = A - C)	6,727	(1,406)	5,267	3,654	2,209	5,765	7,088	(5,734)	7,278	(30,849)	
Cumulative mismatch (F = B-D)	6,727	5,322	10,589	14,243	16,451	22,216	29,304	23,570	30,849	-	
Cumulative mismatch as % (F/D)	70%	41%	75%	90%	86%	86%	73%	28%	32%	0%	
Permissible cumulative gap %			-20%				-15%				
Additional borrowings possible			16,753				24,783				

<sup>#</sup> Includes Rs 3,975 crore of prepayment to banks. In last 60 days, BFL has prepaid 6,600 crore of term loans.



# Behaviouralized ALM as of 31 Dec 2020 – BHFL

\* As per previous GAAP

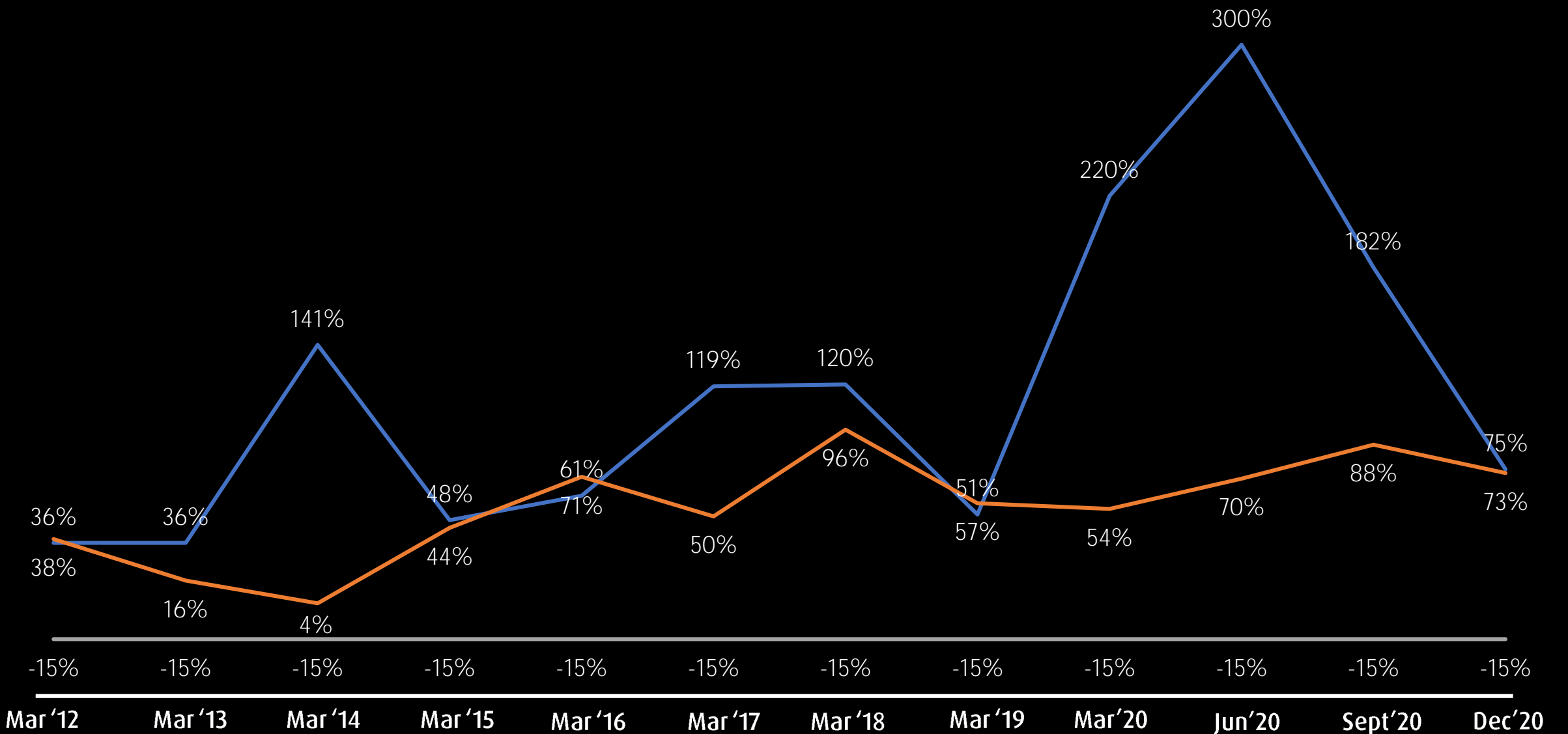
₹ in Crore

Particulars	1 - 7 D	7-14 D	15-30 D	>1 - 2 M	>2 - 3 M	>3 - 6 M	>6M- 1 Y	>1 - 3 Y	> 3 - 5 Y	> 5 - 7 Y	> 7- 10 Y	> 10 Y	Total
Cash, Cash Equivalents & Investments	509	250	-	-	-	750	-	-	-	-	-	-	1,509
Advances	335	152	279	583	595	1,655	3,005	9,161	5,687	3,740	3,301	2,788	31,280
Other inflows	221	-	1440	2	151	1,518	53	786	839	567	180	709	6,467
<b>Total Inflows (A)</b>	<b>1,066</b>	<b>402</b>	<b>1,718</b>	<b>585</b>	<b>746</b>	<b>3,924</b>	<b>3,058</b>	<b>9,947</b>	<b>6,525</b>	<b>4,307</b>	<b>3,481</b>	<b>3,497</b>	<b>39,257</b>
<b>Cumulative Total Inflows (B)</b>	<b>1,066</b>	<b>1,468</b>	<b>3,186</b>	<b>3,772</b>	<b>4,517</b>	<b>8,441</b>	<b>11,499</b>	<b>21,446</b>	<b>27,972</b>	<b>32,279</b>	<b>35,760</b>	<b>39,257</b>	
Borrowings	-	-	1,059	48	290	3,432	3,506	12,622	4,119	1,001	0	1,800	27,877
Capital and Reserves and Surplus	-	-	-	-	-	-	-	-	-	-	-	5,847	5,847
Other Outflows	229	274	477	284	182	971	78	153	0	0	2,500	385	5,533
<b>Total Outflows (C)</b>	<b>229</b>	<b>274</b>	<b>1,536</b>	<b>331</b>	<b>473</b>	<b>4,403</b>	<b>3,584</b>	<b>12,775</b>	<b>4,119</b>	<b>1,001</b>	<b>2,500</b>	<b>8,033</b>	<b>39,257</b>
<b>Cumulative Total Outflows (D)</b>	<b>229</b>	<b>503</b>	<b>2,038</b>	<b>2,370</b>	<b>2,843</b>	<b>7,246</b>	<b>10,829</b>	<b>23,605</b>	<b>27,724</b>	<b>28,725</b>	<b>31,225</b>	<b>39,257</b>	
Mismatch (E = A-C)	837	128	183	254	273	(479)	(526)	(2,828)	2,406	3,306	981	(4,536)	
Cumulative mismatch (F= B-D)	837	965	1,148	1,402	1,675	1,195	670	(2,158)	248	3,554	4,536		
Cumulative mismatch as a % (F/D)	366%	192%	56%	59%	59%	16%	6%	-9%	1%	12%	15%	0%	
Permissible cumulative gap %			-20%				-15%						
Additional borrowings possible			1,994				753						

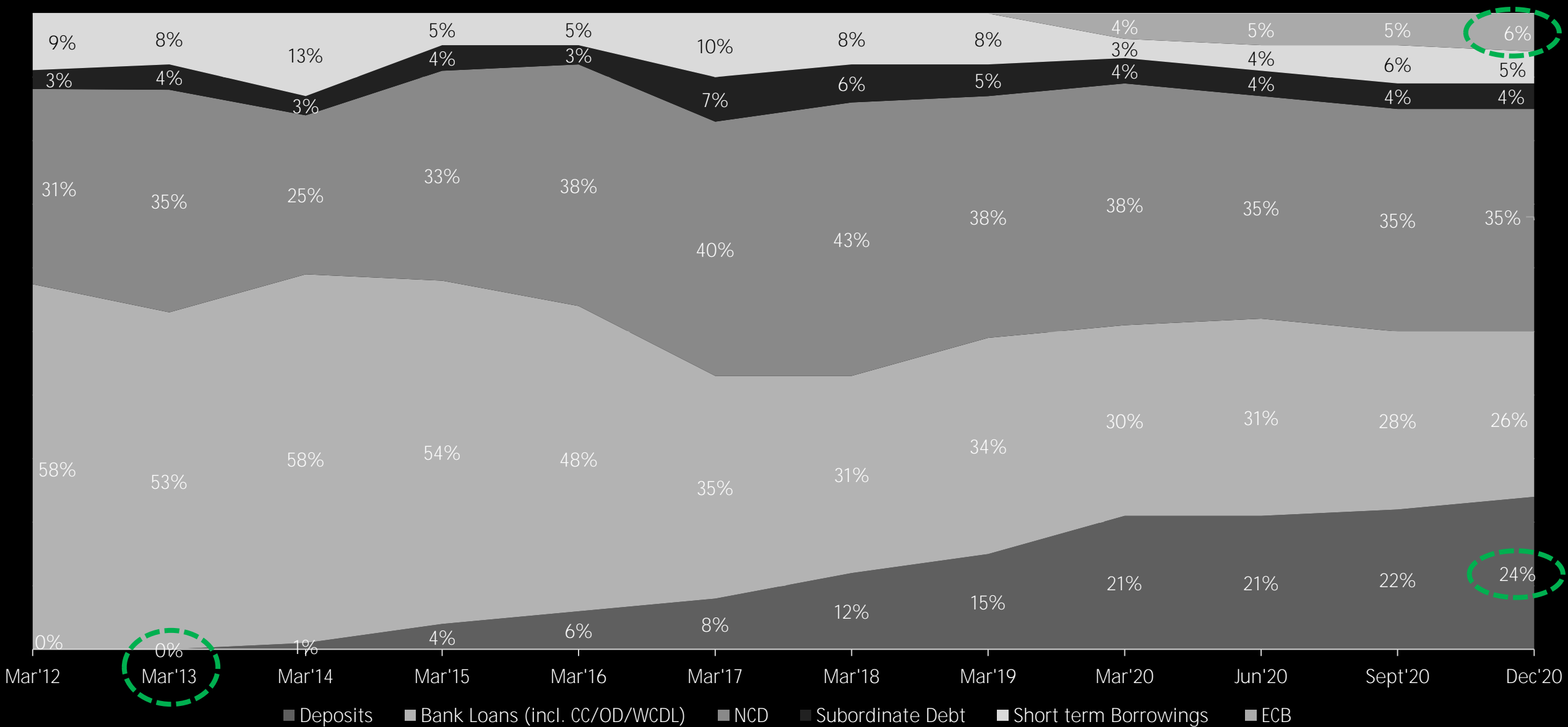
# Disciplined ALM Management – Bajaj Finance Limited




Cumulative gap upto 1 month      Cumulative gap upto 12 month      Permissible limit



# Liability mix over the last 9 years – Bajaj Finance Limited





## Section 05

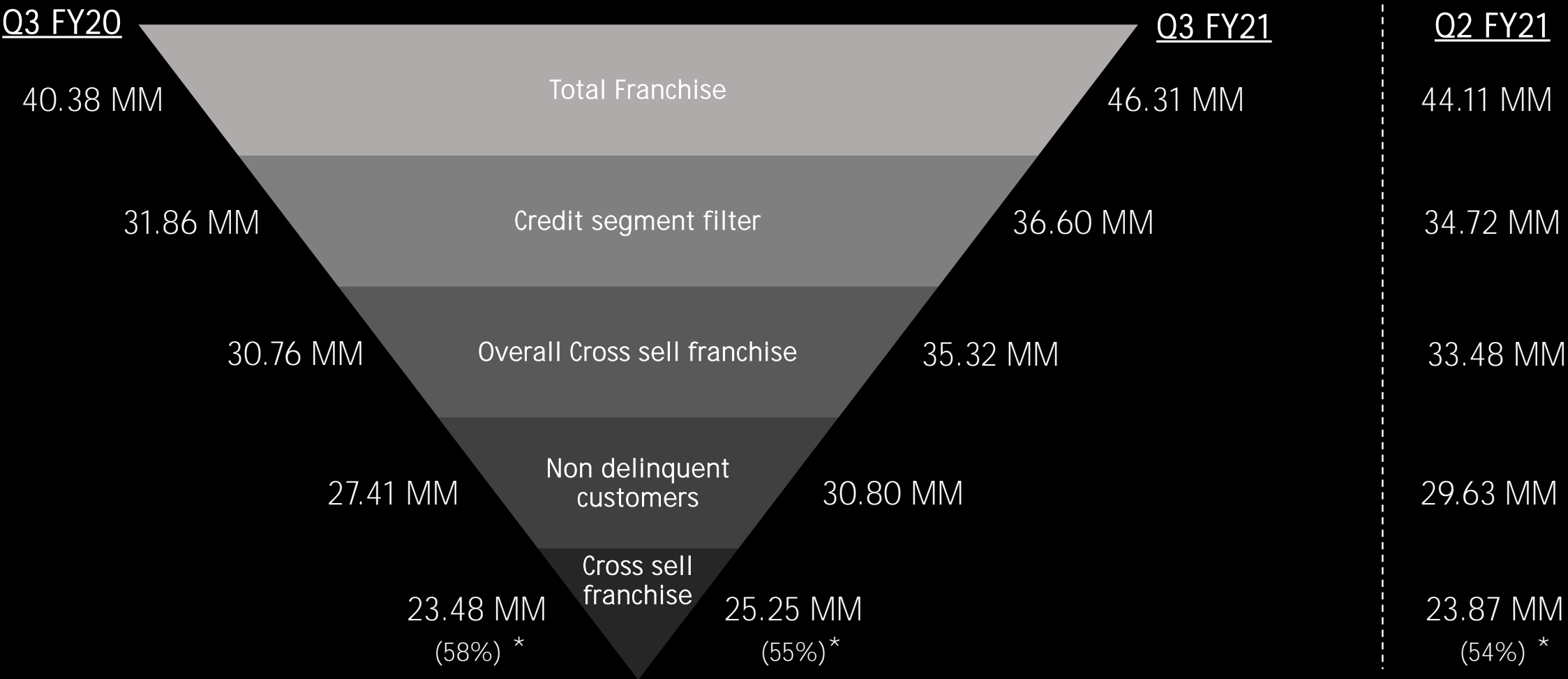
# Customer franchise and distribution reach

5.1 Customer franchise

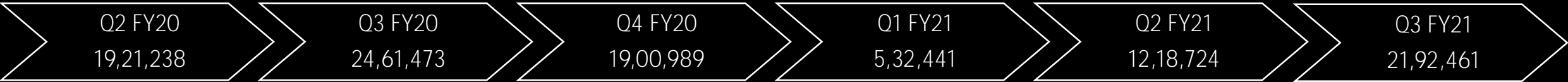
5.2 Geographic presence

5.3 Strong distribution reach

# Customer franchise



## New to Bajaj Finance Customers



\*Represents cross sell franchise as a % of total franchise

# Geographic presence



Map not to scale

Geographic Presence	31 Mar 2017	31 Mar 2018	31 Mar 2019	31 Mar 2020	30 Sep 2020	31 Dec 2020
Urban	377	730	927	1,035	1,134	1,210
Of which urban lending branches	377	730	927	1,035	1,134	1,137
Of which urban lending franchise						73
Rural	538	602	903	1,357	1,507	1,604
Of which rural lending branches	177	219	347	527	527	527
Of which rural lending franchise	361	383	556	830	980	1,077
Total Bajaj Finance presence	915	1,332	1,830	2,392	2,641	2,814

# Strong distribution reach

Active distribution – points of sale	31 Mar 2017	31 Mar 2018	31 Mar 2019	31 Mar 2020	30 Sept 2020	31 Dec 2020
Consumer durable stores – Urban	14,000+	15,500+	20,400+	24,200+	24,200+	24,700+
Consumer durable stores – Rural	5,500+	8,200+	14,500+	19,600+	19,600+	22,500+
Digital product stores	5,900+	15,900+	22,500+	26,400+	26,400+	25,400+
Lifestyle retail stores	3,900+	6,000+	7,700+	9,500+	9,500+	8,800+
EMI card – retail spends stores	5,600+	12,100+	19,100+	24,300+	24,300+	10,400+
Bajaj Auto dealers, sub-dealerships and ASSC	3,200+	3,900+	4,600+	5,500+	5,500+	5,800+
Direct Sales Agents	1,500+	2,100+	2,800+	4,900+	4,900+	5,200+
Overall active distribution network	39,600+	64,300+	91,700+	1,14,400+	1,14,400+	1,02,800+



## Section 06

# Business segment wise AUM

6.1

Business segment wise AUM as of 31 Dec - Consolidated

6.2

Business segment wise AUM as of 31 Dec - Mortgages



# Business segment wise AUM as of 31 Dec 2020 – Consolidated

₹ in crore

Assets Under Management	Standalone as of 31 Dec 2020	BHFL as of 31 Dec 2020	Consolidated as of 31 Dec 2020	Consolidated as of 31 Dec 2019	Growth	Composition as of 31 Dec 2020
Auto Finance Business	12,707	-	12,707	13,176	-4%	9%
Sales Finance Business	10,186	-	10,186	13,960	-27%	7%
Consumer B2C Business	28,060	981	29,042	29,381	-1%	20%
Rural Sales Finance Business	2,438	-	2,438	2,708	-10%	2%
Rural B2C Business	10,954	-	10,954	9,957	10%	7%
SME Lending Business	18,716	165	18,882	18,703	1%	13%
Securities Lending Business	4,977	-	5,074	6,514	-22%	4%
Commercial Lending Business	7,510	-	7,510	6,503	15%	5%
Mortgages	14,050	34,346	46,758	44,192	6%	33%
Total	109,598	35,492	143,550	145,092	-1%	
Credit Card – CIF			1.9 MM	1.7 MM	17%	
EMI Card – CIF			23.5 MM	20.5 MM	15%	
Wallets			18.3 MM	13.5 MM	36%	

# Break-up of AUM as of 31 Dec 2020 - Mortgages

₹ in crore

Assets Under Management	Bajaj Housing Finance Limited			Mortgage - All			Composition as of 31 Dec 2020
	31 Dec 2020	31 Dec 2019	Growth	31 Dec 2020	31 Dec 2019	Growth	
Home Loans	22,217	19,570	14%	26,120	25,170	4%	56%
Loan against property	4,417	3,561	24%	11,249	11,823	-5%	24%
Lease rental development	3,972	2,879	38%	5,075	3,480	46%	11%
Developer Finance	1,893	1,665	14%	1,930	1,890	2%	4%
Rural	1,846	1,486	24%	2,384	1,829	30%	5%
Total	34,346	29,160	18%	46,758	44,192	6%	100%

Home loan portfolio customer categorisation	Bajaj Housing Finance Limited			Mortgage - All			Composition as of 31 Dec 2020
	31 Dec 2020	31 Dec 2019	Growth	31 Dec 2020	31 Dec 2019	Growth	
Home Loan to Salaried	20,632	17,870	15%	22,741	18,765	21%	84%
Home Loan to Self Employed	1,271	1,245	2%	2,821	3,014	-6%	11%
Home Loan to Professional	1,156	1,062	9%	1,448	1,315	10%	5%

Salaried focused home loans acquisition strategy (94% of Q3 FY21 acquisition)

## Section 07

# Update on credit quality

7.1

Provisioning Coverage - Consolidated

7.2

Provisioning Coverage - Consolidated (Proforma)

7.3

ECL summary - Consolidated

7.4

ECL summary - Bajaj Housing Finance Limited

7.5

Portfolio stagewise provisioning

7.6

Portfolio credit quality - Consolidated

# Provisioning Coverage - Consolidated

Assets Under Management	Consol AUM 31 Dec 2020	GNPA	NNPA	PCR (%)	GNPA %		NNPA %	
					31 Dec 19	31 Dec 20	31 Dec 19	31 Dec 20
Auto Finance Business	12,707	443	146	67%	5.68%	3.16%	2.61%	1.07%
Sales Finance Business	10,186	8	1	85%	0.92%	0.05%	0.18%	0.01%
Consumer B2C Business	29,042	82	20	76%	1.34%	0.28%	0.38%	0.07%
Rural Sales Finance Business	2,438	1	0	79%	0.59%	0.02%	0.12%	0.00%
Rural B2C Business	10,954	37	9	74%	1.33%	0.32%	0.44%	0.08%
SME Lending Business	18,882	100	25	75%	1.41%	0.51%	0.36%	0.13%
Securities Lending Business	5,074	-	-	-	-	-	-	-
Commercial Lending Business	7,510	-	-	-	0.60%	-	0.25%	-
Mortgages	46,758	131	81	38%	1.36%	0.30%	0.99%	0.19%
Total	143,550	801	283	65%	1.61%	0.55%	0.70%	0.19%

## Note:

**Above data is basis Hon'ble Supreme Court's interim order dated 3 Sep 2020, which has directed that accounts which were not declared NPA till 31 Aug 2020 shall not be declared as NPA till further orders.**

# Provisioning Coverage – Consolidated (Proforma)

Assets Under Management	Consol AUM 31 Dec 2020	GNPA	NNPA	PCR (%)	GNPA %		NNPA %	
					31 Dec 19	31 Dec 20	31 Dec 19	31 Dec 20
Auto Finance Business	12,707	1,617	804	50%	5.68%	11.54%	2.61%	6.09%
Sales Finance Business	10,186	265	32	88%	0.92%	1.91%	0.18%	0.24%
Consumer B2C Business	29,042	982	355	64%	1.34%	3.34%	0.38%	1.23%
Rural Sales Finance Business	2,438	52	6	88%	0.59%	2.08%	0.12%	0.26%
Rural B2C Business	10,954	416	162	61%	1.33%	3.64%	0.44%	1.45%
SME Lending Business	18,882	452	160	65%	1.41%	2.33%	0.36%	0.84%
Securities Lending Business	5,074	-	-	-	-	-	-	-
Commercial Lending Business	7,510	-	-	-	0.60%	-	0.25%	-
Mortgages	46,758	410	242	41%	1.36%	0.95%	0.99%	0.56%
Total	143,550	4,194	1,761	58%	1.61%	2.86%	0.70%	1.22%

## Note:

Above data is before considering **Hon'ble Supreme Court's interim order dated 3 Sep 2020**, which has directed that accounts which were not declared NPA till 31 Aug 2020 shall not be declared as NPA till further orders.

# ECL summary – Consolidated

Assets categorization	Dec '19	Mar'20	Jun'20	Sep'20	Dec'20
Stage 1 & 2 (represents standard assets)	98.39%	98.39%	98.60%	98.66%	97.14%
Stage 3 (classified as NPA)	1.61%	1.61%	1.40%	1.03%	0.55%
Stage 3 (not classified as NPA)	-	-	-	0.31%	2.32%

## Summary of stage wise assets and provision for impairment allowance

₹ in Crore

Assets and impairment allowance	Dec '19	Mar '20	Jun'20	Sept '20	Dec '20
Gross Stage 1 & 2 assets* (A)	1,43,534	1,44,199	1,36,461	1,38,035	1,42,287
ECL Provision Stage 1 & 2 (B)	1,443	2,299	3,729	5,099	2,708
Net Stage 1 & 2 assets (C = A-B)	1,42,091	1,41,900	1,32,732	1,32,936	1,39,579
ECL Provision % Stage 1 & 2 assets (D = B/A)	1.01%	1.59%	2.73%	3.69%	1.90%
Gross Stage 3 assets@ (E)	2,354	2,363	1,938	1,873	4,194
ECL Provision Stage 3 (F)	1,335	1,425	1,257	1,102	2,433
Net Stage 3 assets (G = E-F)	1,019	938	681	771	1,761
Coverage Ratio % Stage 3 assets (H= F/E)	57%	60%	65%	59%	58%
Overall coverage ratio	1.90%	2.54%	3.60%	4.43%	3.51%

\*Gross stage 1 & 2 assets represent loans balance as per Ind AS after adjusting for the impact of amortisation of fees earned and acquisition cost incurred including other assets like security deposits, advance to dealer, receivable from related parties, capital advances etc

@ Gross Stage 3 assets represents loans balance as per Ind AS after adjusting for the impact of (i) amortisation of fees earned and acquisition cost incurred and (ii) overdue interest considered recoverable under Ind AS and other receivables considered as non-performing as at the end of respective periods.

# ECL summary – Bajaj Housing Finance Limited

ECL categorization	Dec'19	Mar'20	Jun'20	Sept'20	Dec'20
Stage 1 & 2 (represents standard assets)	99.93%	99.92%	99.92%	99.91%	99.65%
Stage 3 (represents GNPA)	0.07%	0.08%	0.08%	0.08%	0.06%
Stage 3 (not classified as NPA)				0.01%	0.29%

## Summary of stage wise assets and ECL provisioning

₹ in Crore

Financial Assets & ECL provision	Dec'19	Mar'20	Jun'20	Sept'20	Dec'20
Gross Stage 1 & 2 assets* (A)	26,532	28,199	28,739	29,601	31,356
ECL Provision Stage 1 & 2 (B)	43	112	156	220	291
Net Stage 1 & 2 assets (C = A-B)	26,488	28,088	28,582	29,381	31,065
ECL Provision % Stage 1 & 2 assets (D = B/A)	0.16%	0.40%	0.54%	0.74%	0.93%
Gross Stage 3 assets <sup>@</sup> (E)	19.9	23.7	24.1	26.9	110.2
ECL Provision Stage 3 (F)	6.3	9.0	9.3	10.1	41.3
Net Stage 3 assets (G = E-F)	13.6	14.7	14.8	16.8	68.9
Coverage Ratio % Stage 3 assets (H= F/E)	32%	38%	38%	38%	38%
ECL/Total Assets	0.19%	0.43%	0.58%	0.78%	1.06%

\*Gross stage 1 & 2 assets represent loans balance as per Ind AS after adjusting for the impact of amortisation of fees earned and acquisition cost incurred including other assets like security deposits, receivable from related parties, capital advances etc

@ Gross Stage 3 assets represents Loans balance as per Ind AS after adjusting for the impact of (i) amortisation of fees earned and acquisition cost incurred and (ii) overdue interest considered recoverable under Ind AS and other receivables considered as non-performing as at the end of respective periods.

# Portfolio stagewise provisioning – Q3 FY21

	Gross Assets Receivable			Stagewise Provision			PCR %		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Auto Finance Business	9,779	2,634	1,617	122	375	813	1.2%	14.3%	50.3%
Sales Finance Business	10,217	222	265	152	114	233	1.5%	51.4%	87.8%
Consumer B2C Business	27,118	1,393	982	357	410	628	1.3%	29.4%	63.9%
Rural Sales Finance Business	2,418	34	52	22	19	46	0.9%	54.2%	87.8%
Rural B2C Business	10,603	422	416	107	115	254	1.0%	27.1%	61.1%
SME Lending Business	18,469	493	452	243	149	292	1.3%	30.3%	64.6%
Securities Lending Business	4,971	11	0	3	0	0	0.1%	3.5%	0.0%
Commercial Lending Business	7,483	36	0	16	1	0	0.2%	2.2%	0.0%
Mortgages	41,918	647	410	384	120	168	0.9%	18.5%	41.1%
Total (Q3 FY21)	1,32,974	5,892	4,194	1,405	1,303	2,433	1.1%	22.1%	58.0%
Total (Q3 FY20)	1,36,407	3,579	2,354	770	672	1,335	0.6%	18.8%	56.7%

	Gross Assets receivables	Provision	Net Assets receivables
Total (Q3 FY21)	1,43,061	5,141	1,37,920
Total (Q3 FY20)	1,42,339	2,778	1,39,561

Stage 1 - Customer with no overdue on reporting date;

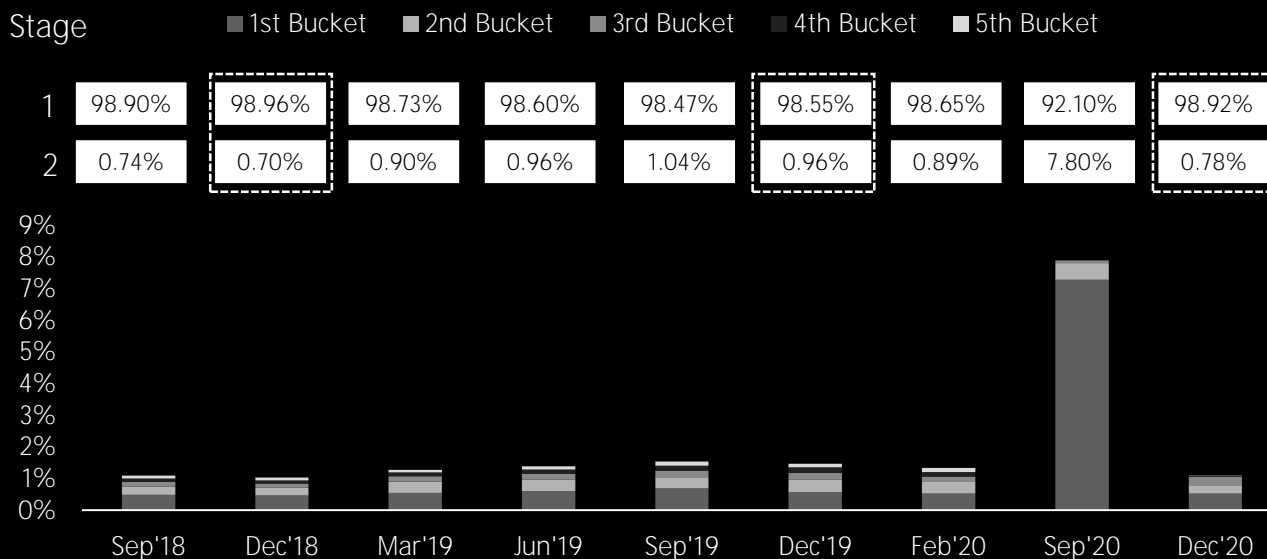
Stage 2 - Customer with 1 & 2 instalments overdue, including weak accounts without any overdue;

Stage 3 - Customer with 3 & above instalments overdue

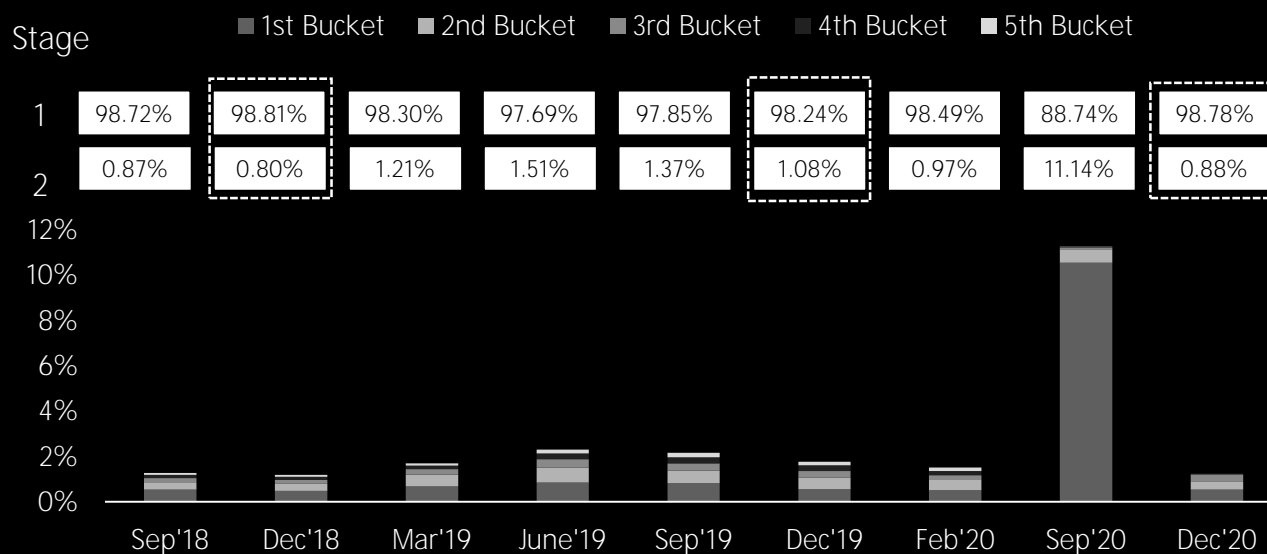


# Portfolio credit quality – Consolidated

Consumer durable + Lifestyle

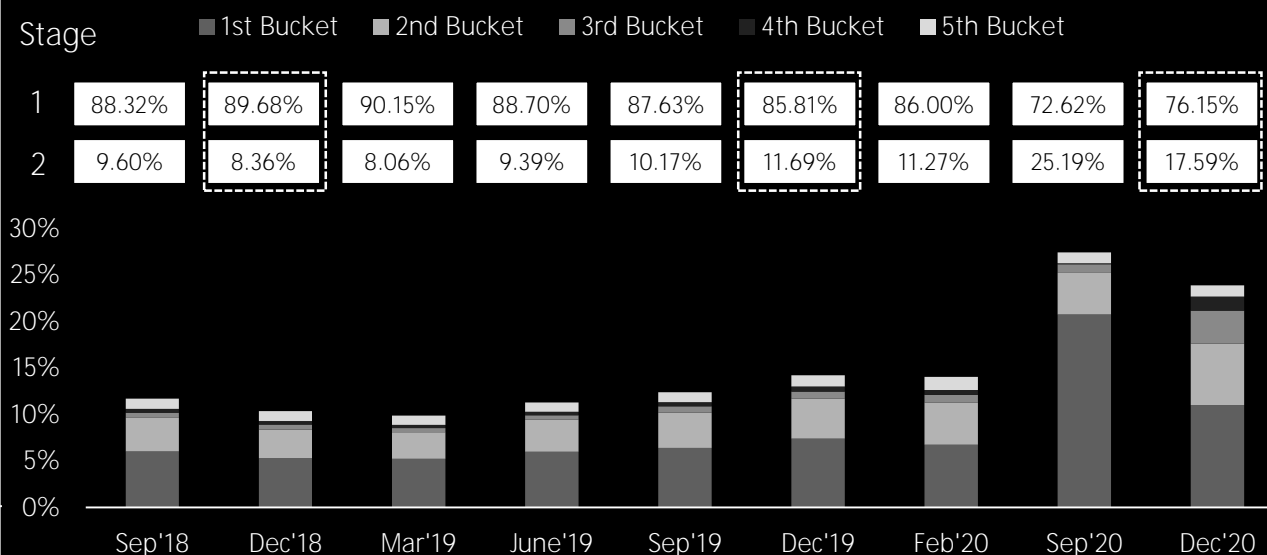


## Digital product

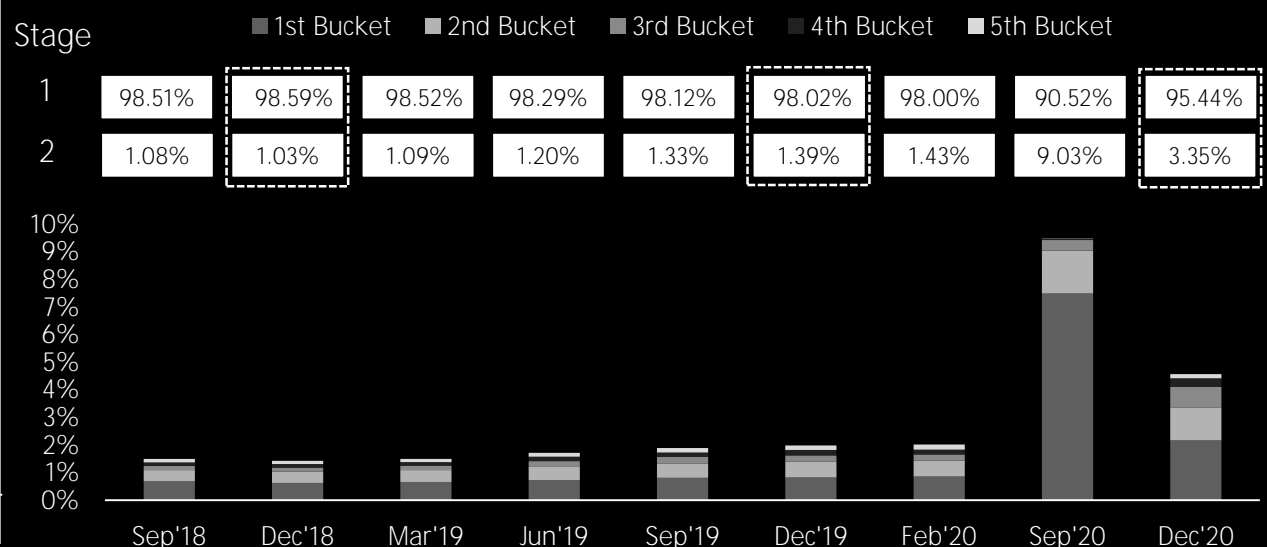


Dec'20 numbers are net of provision excl stage 1.

## Two & three-wheeler

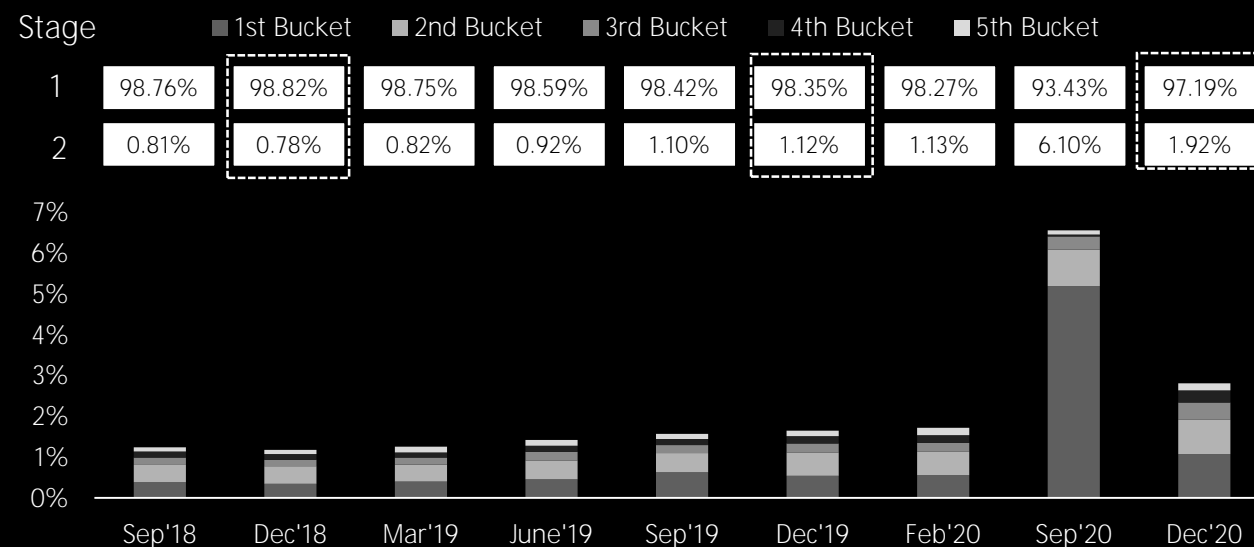


## B2C loans

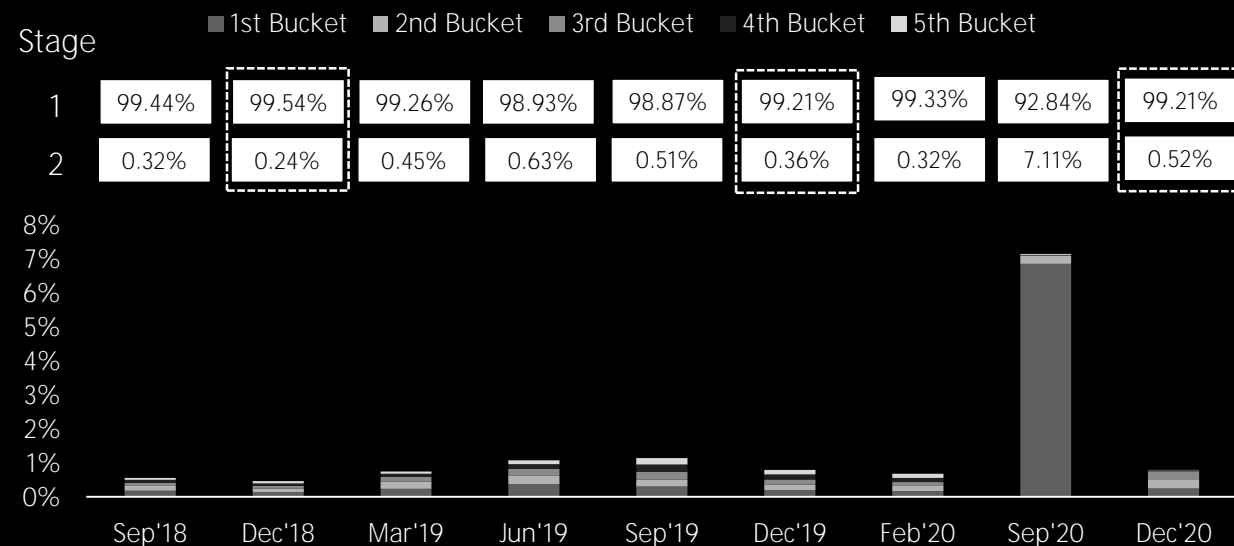


# Portfolio credit quality – Consolidated

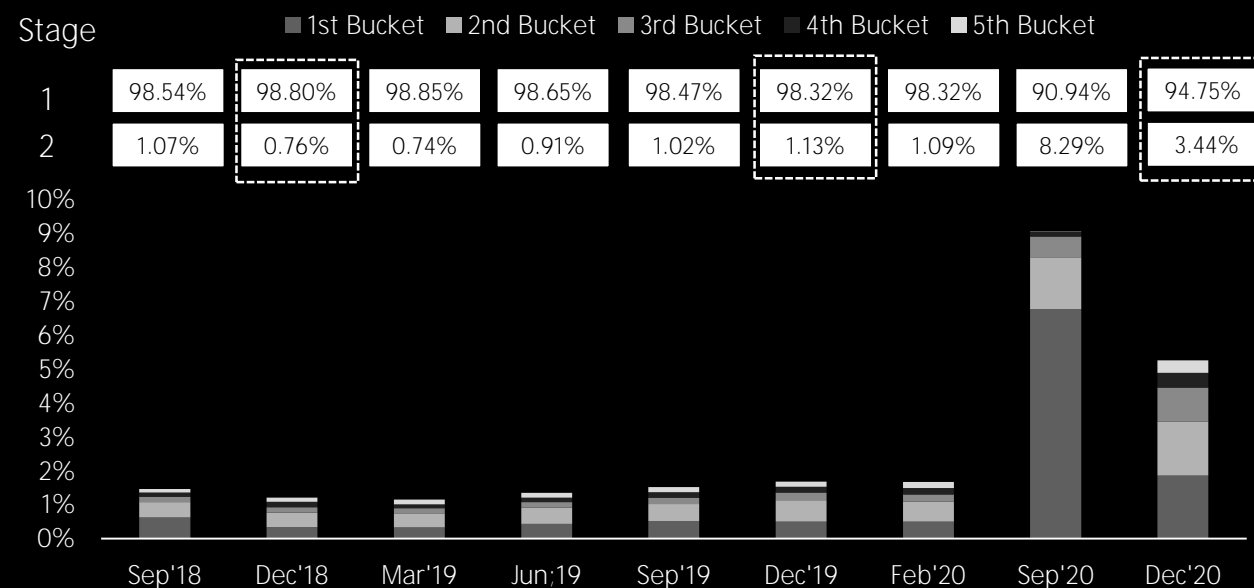
## Business & professional loans



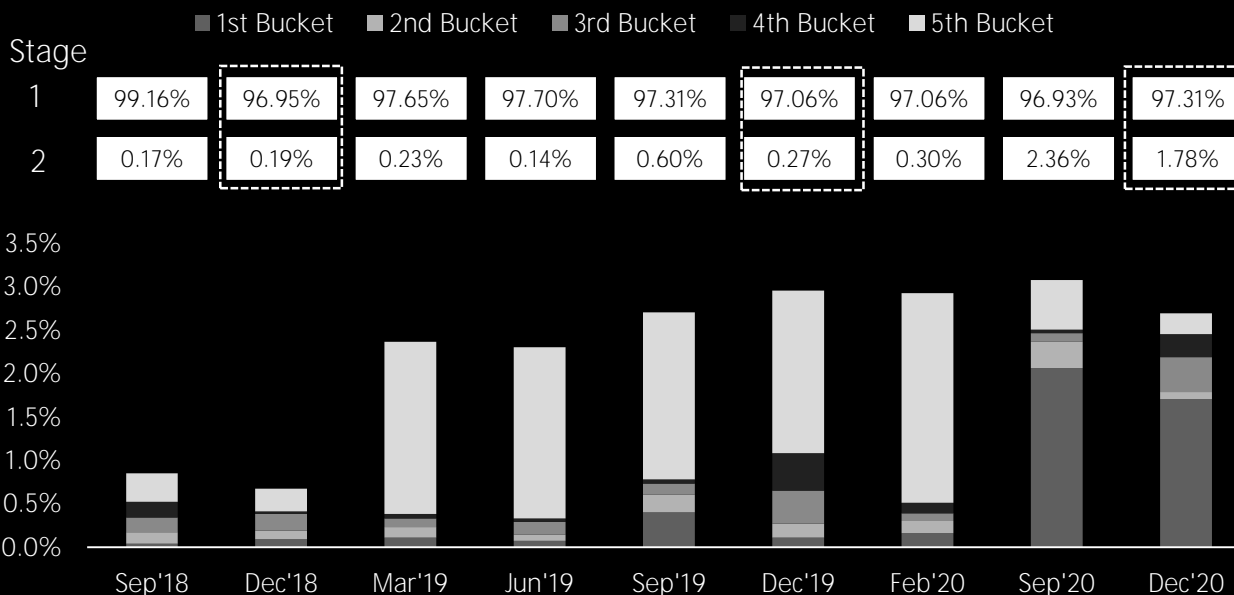
## Rural Lending B2B



## Rural lending B2C



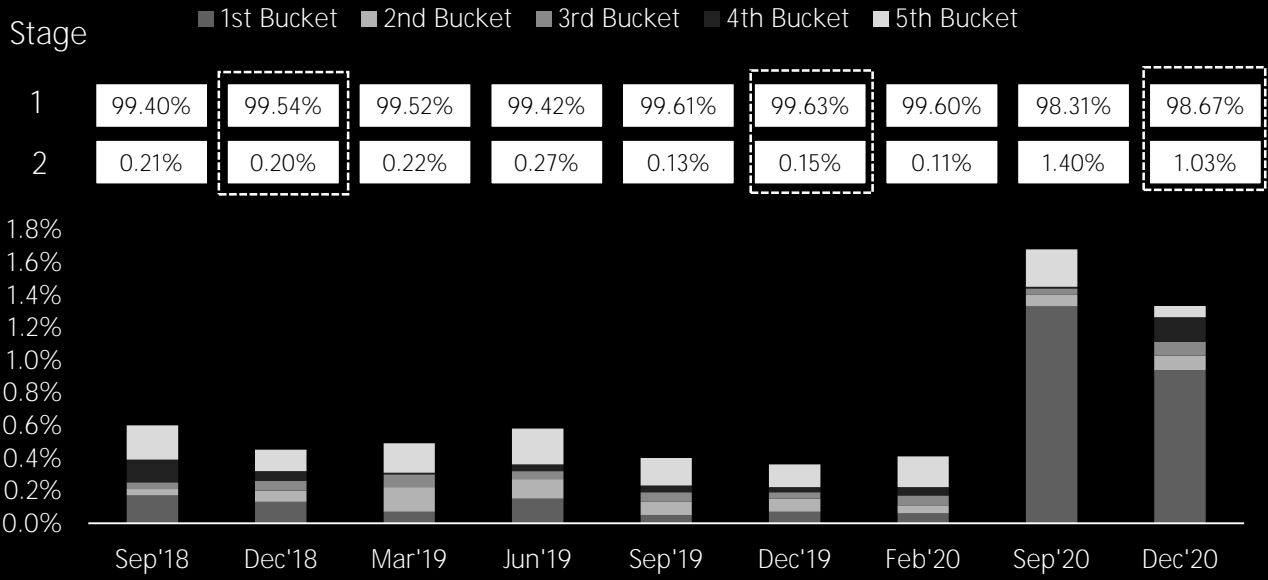
## Loan against property



Dec'20 numbers are net of provision excl stage 1.

# Portfolio credit quality – Consolidated

## Home loans



Dec'20 numbers are net of provision excl stage 1.

# BAJAJ FINANCE LIMITED

Q3 FY21 Investor Presentation

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