

MicroLend

QUARTERLY PUBLICATION ON
MICROFINANCE LENDING

VOLUME XIX
MAR 2022



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Microfinance Industry Snapshot (Mar 2022)

GLP (Cr)

₹286.5K

- Q-o-Q Growth %
8.6%
- Y-o-Y Growth %
10.2%

Active Loans (Cr)

11.9

- Q-o-Q Growth %
3.5%
- Y-o-Y Growth %
2.9%

Avg. Balance Per Account

₹24.1K

- Q-o-Q Growth %
4.8%
- Y-o-Y Growth %
7.1%

Avg. Balance Per Unique Borrower

₹46.9K

- Q-o-Q Growth %
5.4%
- Y-o-Y Growth %
9.1%

Amount Disbursed in Last 3 M (Cr)

₹77,423

- Q-o-Q Growth %
18.3%
- Y-o-Y Growth* %
(-13.9%)

Loans Disbursed in Last 3 M (Lakh)

191.2

- Q-o-Q Growth %
15.5%
- Y-o-Y Growth* %
(-17.2%)

Average Ticket Size in Last 3M

₹40.5K

- Q-o-Q Growth %
2.5%
- Y-o-Y Growth* %
4.1%

Value Delinquency 30+%

6.0%

- Q-o-Q Growth %
(-3.2%)
- Y-o-Y Growth %
(-3.3%)

Value Delinquency 90+%

2.7%

- Q-o-Q Growth %
(-1.0%)
- Y-o-Y Growth %
(-1.5%)

Microfinance Industry – Key Takeaways (Mar 2022)

8.6% Q-o-Q growth in the Microfinance book in Q4 FY22, and Y-o-Y growth of 10.2% as of Mar'22

Banks continue to dominate the market with portfolio share of 37.7%, NBFC MFIs 33.3% and SFBs 17.1%, as of Mar'22

PAR 30+ DPD improved from 9.2% as of Dec'21 to 6% as of Mar'22, PAR 90+ DPD improved from 3.7% to 2.7% during the same period

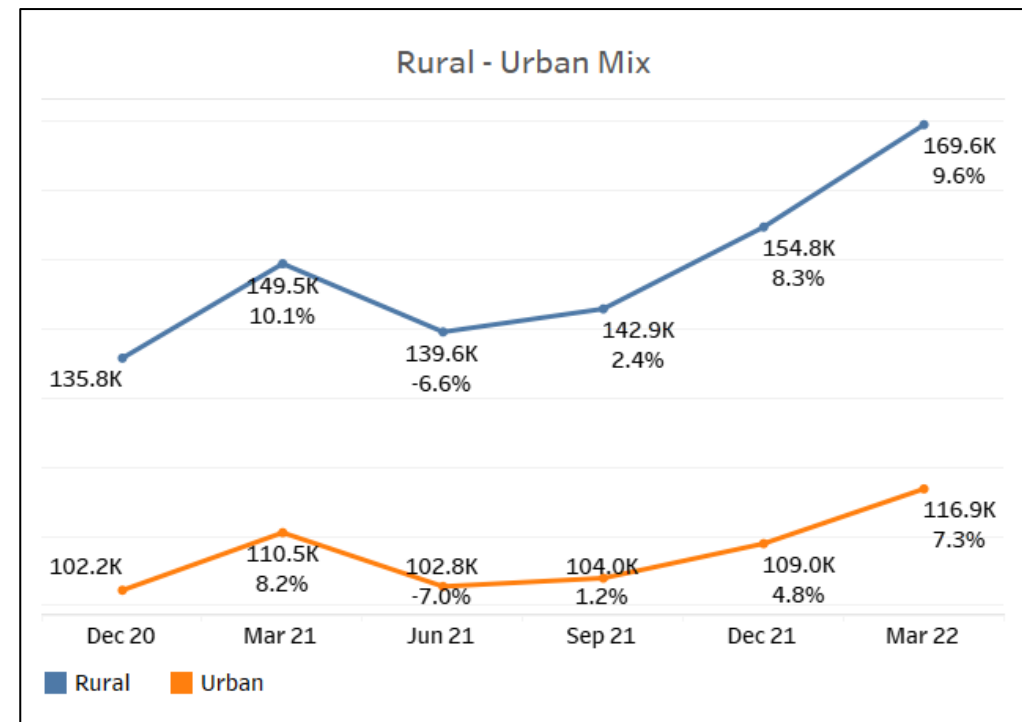
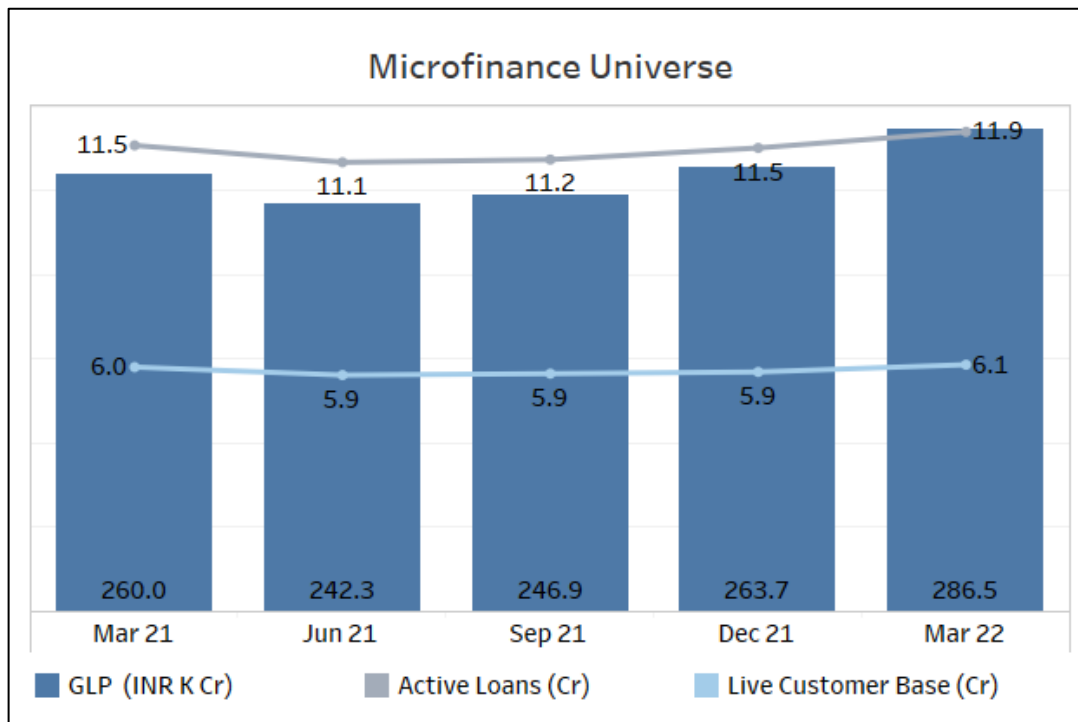
Top 10 states constitute 83.4% of the National GLP, Bihar recording highest Q-o-Q growth of 16.6% as of Mar '22

₹77.4K crore originations (by value) and 191.2 lakh originations (by volume) in Q4 FY22

Quarterly growth of 4.8% in Avg. balance per account and 5.4% in Avg. balance per unique customer as of Mar'22

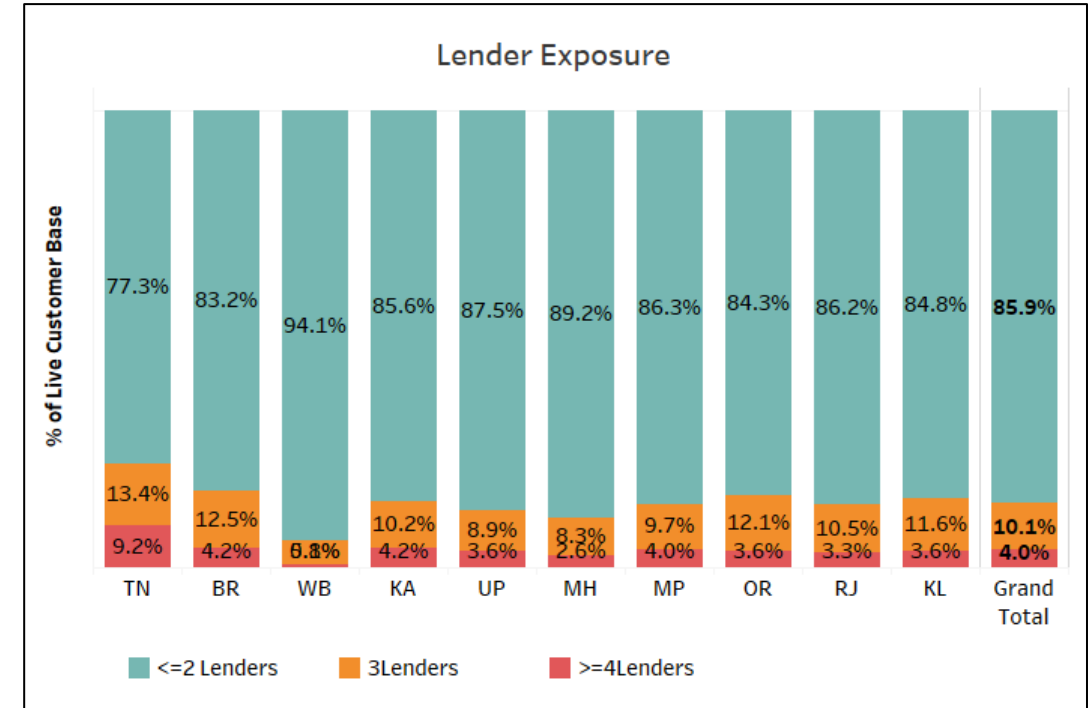
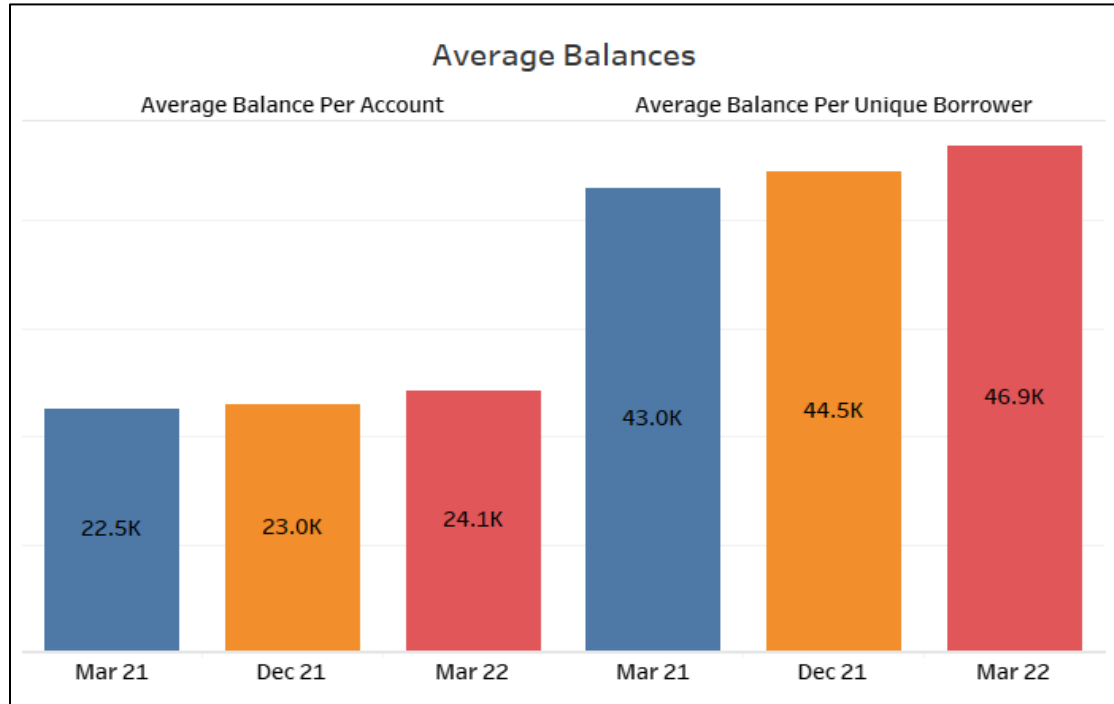
New to Credit (NTC) inquiries from Nov'21 to Mar'22 in the range of 16%-22%.

Microfinance Universe



- ❑ Microfinance sector witnessed Q-o-Q growth of 8.6% in the book, and Y-o-Y growth of 10.2% as of Mar'22
- ❑ Live customer base grew by 3.4% Q-o-Q and by 1.7% Y-o-Y
- ❑ Rural markets grew by 9.6% Q-o-Q and 13.5% Y-o-Y as of Mar'22
- ❑ Urban markets witnessed 7.3% Q-o-Q and 5.7% Y-o-Y growth as of Mar'22

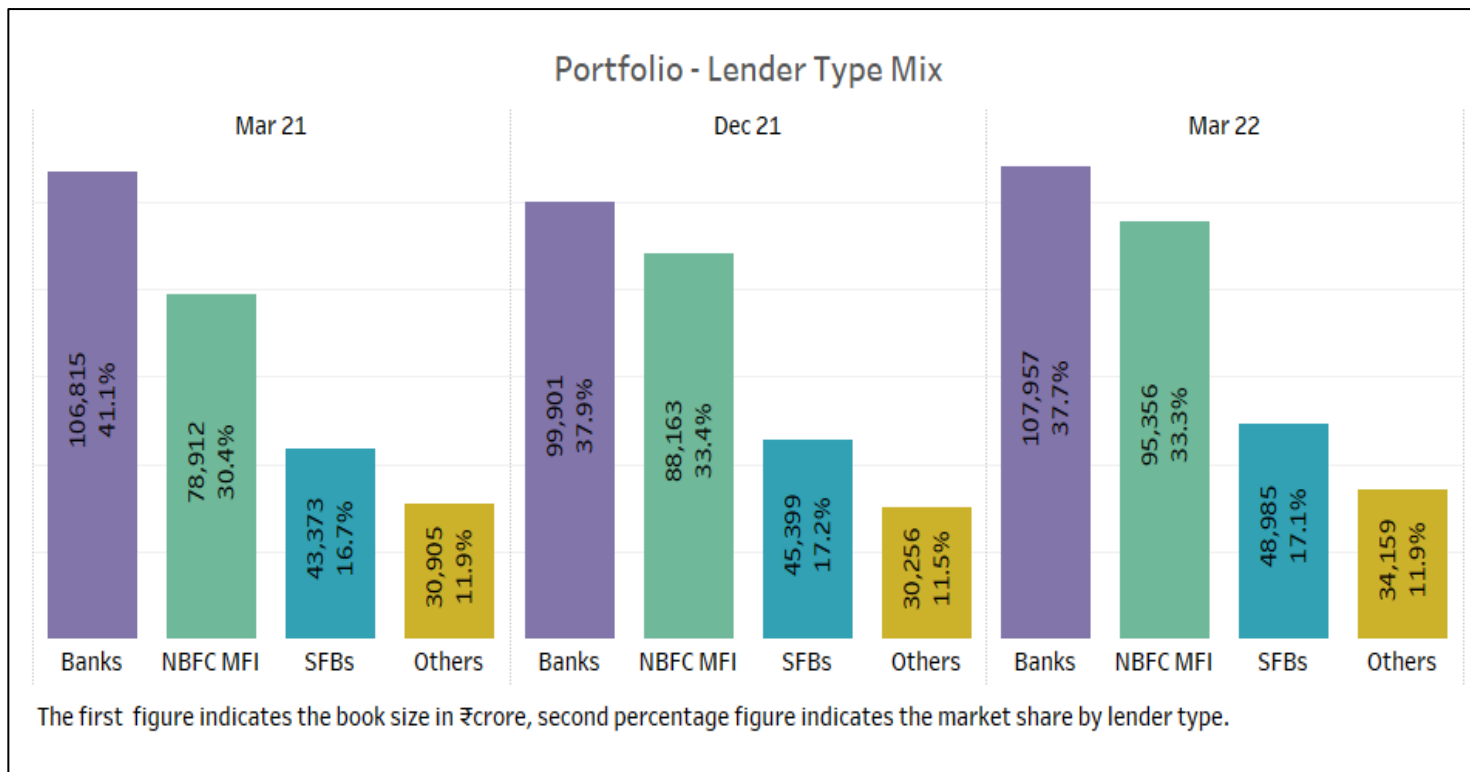
Average Balances & Lender Exposure



- ❑ Average balance per account witnessed a quarterly growth of 4.8% and a Y-o-Y growth of 7.1% as of Mar'22
- ❑ Average balance per unique borrower witnessed Q-o-Q growth of 5.4% and Y-o-Y growth of 9.1% as of Mar'22

- ❑ 4% of borrowers have exposure to 4 or more lenders
- ❑ Among major states, the proportion is
 - ❑ Highest for Tamil Nadu (9.2%)
 - ❑ Least for West Bengal (0.8%)

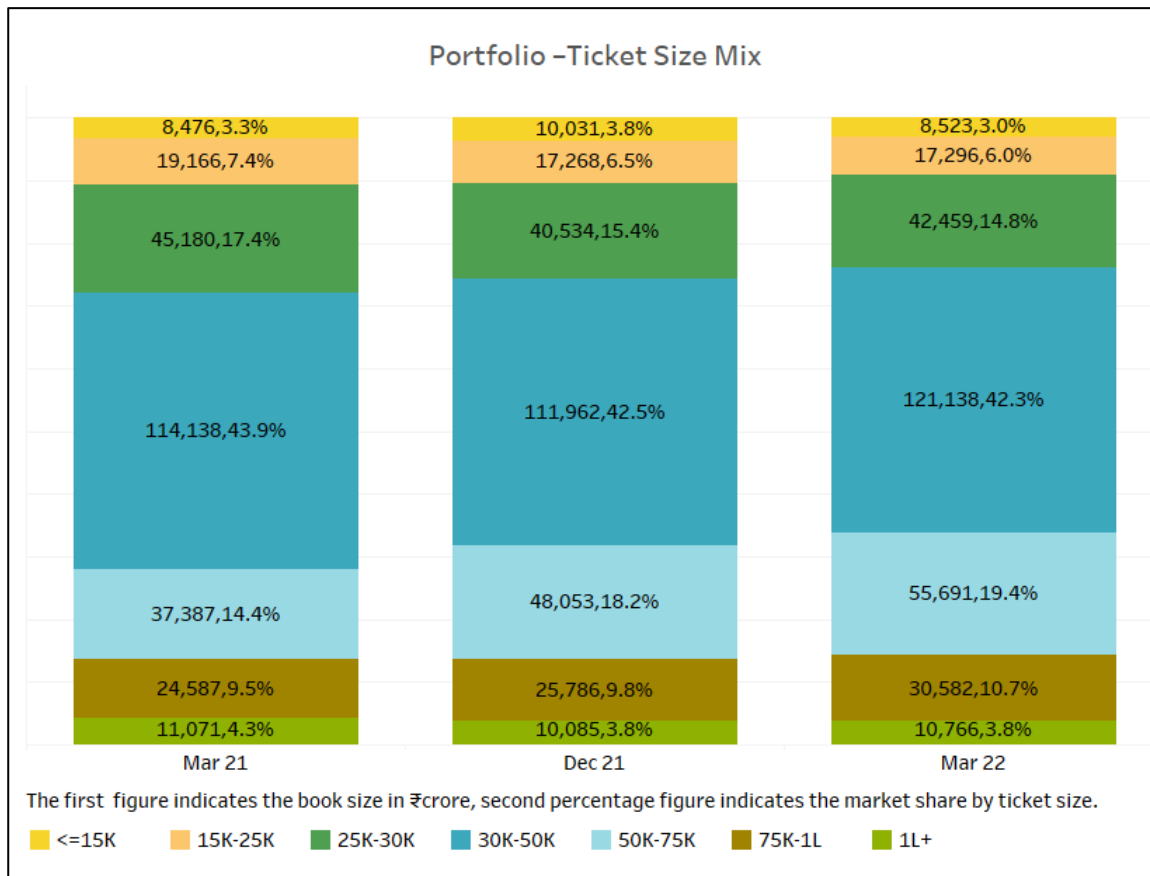
Portfolio – Lender Type Mix



- ❑ Banks continue to dominate the market with portfolio share of 37.7%, with Q-o-Q growth of 8.1% in portfolio.
- ❑ From Mar'21 to Mar'22, banks lost market share to NBFC MFIs and SFBs
- ❑ 8.2% Q-o-Q growth in GLP for NBFC MFIs as against 7.9% for SFBs
- ❑ Y-o-Y growth of nearly 21% for NBFC MFIs, 1.1% for banks, 12.9% for SFBs.
- ❑ 52% of SFBs' portfolio comprised of loans of ticket sizes of ₹30-50K, as against 44.8% for NBFC MFIs and 33.5% for Banks

| Lender Type | Banks | NBFC MFI | SFBs | Others | Total |
|------------------|-------|----------|-------|--------|-------|
| Q-o-Q GLP Growth | 8.1% | 8.2% | 7.9% | 12.9% | 8.6% |
| Y-o-Y GLP Growth | 1.1% | 20.8% | 12.9% | 10.5% | 10.2% |

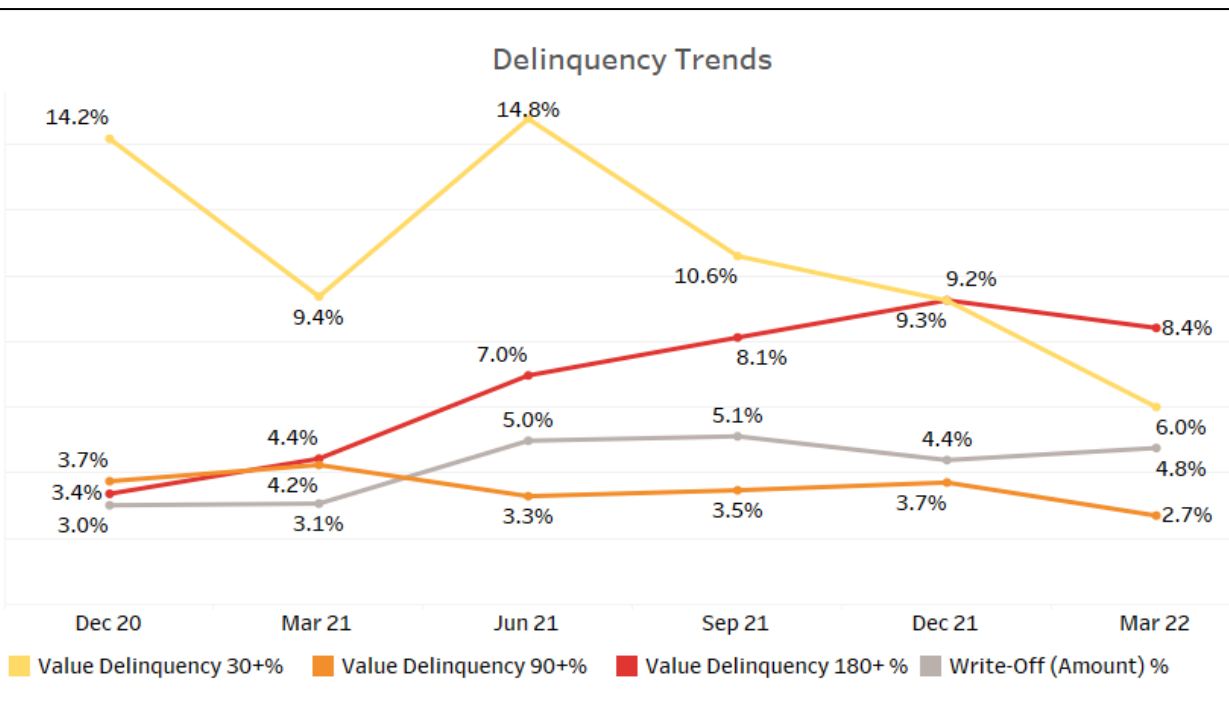
Portfolio –Ticket Size Mix



- ❑ Portfolio of ticket size <=₹15K witnessed Y-o-Y growth of 0.6% and Q-o-Q degrowth of 15% as of Mar'22
- ❑ Portfolio of ticket size ₹75K-₹1L witnessed Y-o-Y growth of 24.4% and Q-o-Q growth of 18.6% as of Mar'22
- ❑ Share of portfolio of higher ticket sized loans >₹50K increased from 28.1% in Mar'21 to 33.9% in Mar'22
- ❑ As of Mar'22, loans of ticket size ₹30K-₹50K have the maximum share by value and volume of 42.3% and 39.6% respectively
- ❑ Share of loans of ticket size ₹50K-75K has increased from 14.4% as of Mar'21 to 19.4% as of Mar'22.

| Ticket Size | <=15K | 15K-25K | 25K-30K | 30K-50K | 50K-75K | 75K-1L | 1L+ | Total |
|------------------|--------|---------|---------|---------|---------|--------|-------|-------|
| Q-o-Q GLP Growth | -15.0% | 0.2% | 4.8% | 8.2% | 15.9% | 18.6% | 6.8% | 8.6% |
| Y-o-Y GLP Growth | 0.6% | -9.8% | -6.0% | 6.1% | 49.0% | 24.4% | -2.8% | 10.2% |

Microfinance - Risk Profile



- ❑ PAR 30+ DPD improved from 9.2% as of Dec'21 to 6% as of Mar'22
- ❑ PAR 90+ DPD improved Q-o-Q from 3.7% to 2.7% as of Mar'22
- ❑ PAR 180+ DPD also declined from 9.3% in Dec'21 to 8.4% in Mar'22, Maharashtra and West Bengal have highest PAR 180+ DPD as of Mar'22
- ❑ Write-offs increased from 4.4% as of Dec'21 to 4.8% as of Mar'22
- ❑ In terms of delinquency management:
 - ❑ 5 best performing lenders have PAR 30+, 90+ & 180+ DPD of 1.5%, 0.8% & 7.4% respectively
 - ❑ 5 worst performing lenders have PAR 30+, 90+ & 180+ DPD of 12.2%, 4.5% & 5.9% respectively

Value delinquency 30+% or PAR 30+ DPD refers to proportion of portfolio delinquent by 31-180 days past due, value delinquency 90+% or PAR 90+ DPD refers to proportion of portfolio delinquent by 91-180 days past due, value delinquency 180+% or PAR 180+ DPD refers to proportion of portfolio delinquent by >180 days past due (excluding write-offs), calculated as % of total portfolio outstanding, through out the report

| | 5 Best Performing Lenders | 5 Worst Performing Lenders | Industry |
|-------------------------|---------------------------|----------------------------|----------|
| Cumulative GLP (₹Cr) | 27,676 | 28,580 | 2,86,453 |
| Value Delinquency 30+% | 1.5% | 12.2% | 6.0% |
| Value Delinquency 90+% | 0.8% | 4.5% | 2.7% |
| Value Delinquency 180+% | 7.4% | 5.9% | 8.4% |

Note: The analysis is limited to top 30 MFI institutions with a market share of 88% as of Mar'22. Performance is based on PAR 30+ DPD performance as of Mar'22

Risk Profile – Top Districts

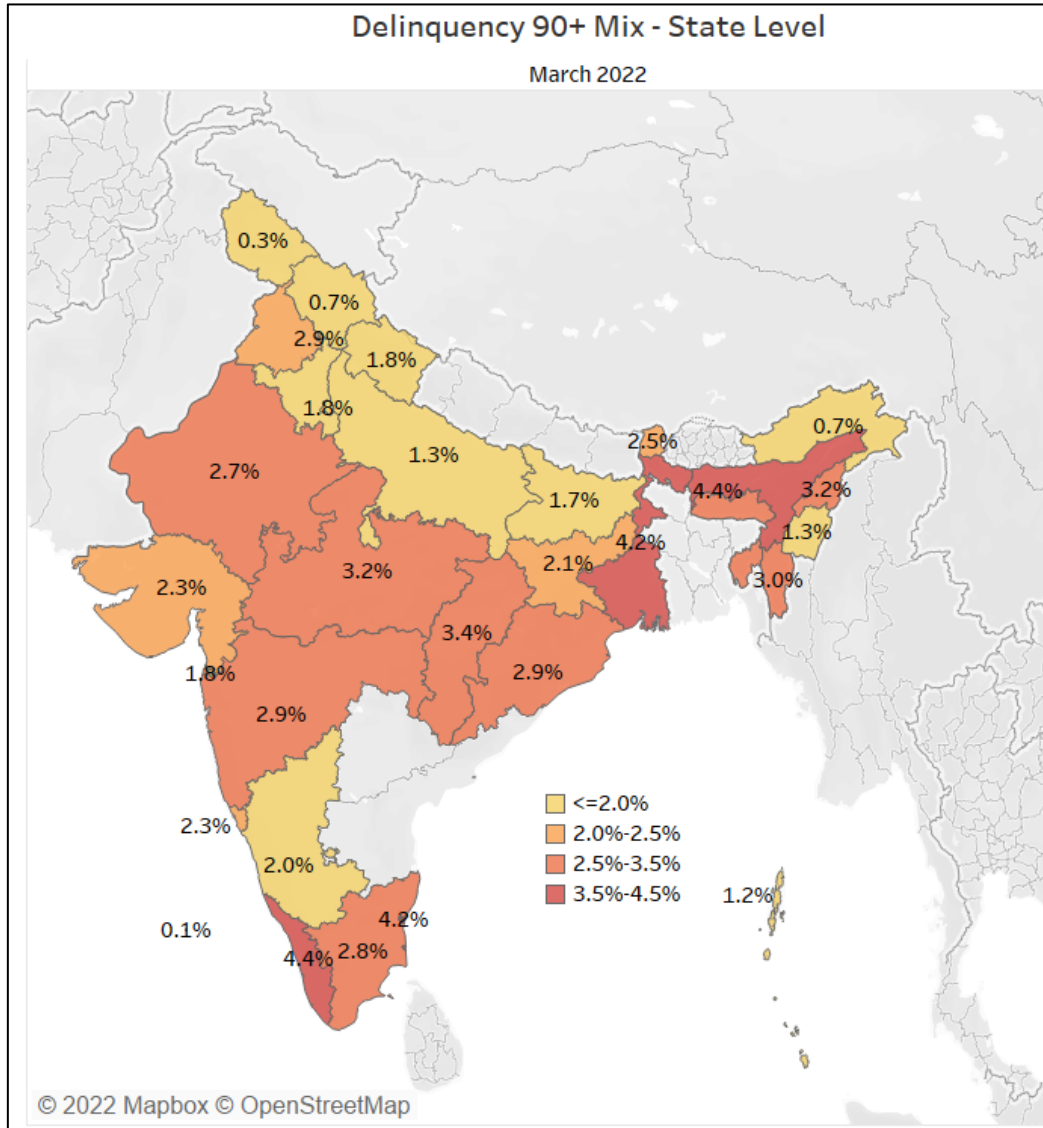
| Best Performing Districts | GLP Band (₹ Cr) | GLP (₹ Cr) | Value Delinquency 30+% | Value Delinquency 90+% | Value Delinquency 180+ % |
|---------------------------|-----------------|------------|------------------------|------------------------|--------------------------|
| Samastipur | >2000 Cr | 2,489 | 2.8% | 1.2% | 2.6% |
| Muzaffarpur | >2000 Cr | 2,456 | 3.5% | 1.5% | 3.4% |
| Purba Champaran | >2000 Cr | 2,457 | 4.2% | 1.7% | 2.9% |
| Darbhanga | 1500-2000 Cr | 1,692 | 1.7% | 0.7% | 1.6% |
| Madhubani | 1500-2000 Cr | 1,822 | 2.8% | 1.1% | 2.1% |
| Begusarai | 1500-2000 Cr | 1,753 | 2.8% | 1.2% | 2.8% |
| Deoria | 1000-1500 Cr | 1,036 | 1.8% | 0.9% | 3.0% |
| Sitamarhi | 1000-1500 Cr | 1,324 | 1.8% | 0.7% | 1.6% |
| Nanded | 1000-1500 Cr | 1,214 | 1.9% | 1.0% | 5.7% |
| Kolhapur | 500-1000 Cr | 996 | 6.3% | 3.4% | 25.9% |
| Banswara | 500-1000 Cr | 981 | 10.9% | 5.2% | 4.9% |
| Varanasi | 500-1000 Cr | 977 | 3.7% | 1.6% | 6.2% |

| Worst Performing Districts | GLP Band (₹ Cr) | GLP (₹ Cr) | Value Delinquency 30+% | Value Delinquency 90+% | Value Delinquency 180+ % |
|----------------------------|-----------------|------------|------------------------|------------------------|--------------------------|
| Cuddalore | >2000 Cr | 2,441 | 11.3% | 4.3% | 5.8% |
| Nadia | >2000 Cr | 2,641 | 11.3% | 5.8% | 19.7% |
| North 24 Parganas | >2000 Cr | 3,148 | 11.5% | 5.8% | 17.8% |
| Hugli | 1500-2000 Cr | 1,956 | 8.8% | 4.1% | 14.2% |
| Salem | 1500-2000 Cr | 1,747 | 10.5% | 3.5% | 9.0% |
| Coimbatore | 1500-2000 Cr | 1,687 | 10.7% | 3.0% | 8.0% |
| Alappuzha | 1000-1500 Cr | 1,281 | 12.8% | 4.9% | 5.6% |
| Kollam | 1000-1500 Cr | 1,361 | 14.0% | 5.8% | 9.6% |
| Thiruvananthapuram | 1000-1500 Cr | 1,477 | 14.2% | 6.4% | 7.9% |
| Surat | 500-1000 Cr | 507 | 5.8% | 2.6% | 9.2% |
| Dhule | 500-1000 Cr | 507 | 6.3% | 3.3% | 11.7% |
| Wardha | 500-1000 Cr | 504 | 2.5% | 1.9% | 23.0% |

| GLP Band (₹ Cr) | >2000 Cr | 1,500 Cr-2000 Cr | 1000Cr-1500 Cr | 500 Cr-1000 Cr | <500 Cr | Industry |
|-------------------------|----------|------------------|----------------|----------------|---------|----------|
| # Districts | 15 | 19 | 46 | 120 | 432 | 632 |
| Cumulative GLP (₹Cr) | 37,945 | 32,224 | 57,406 | 84,188 | 74,690 | 2,86,453 |
| Value Delinquency 30+% | 8.2% | 6.0% | 6.3% | 5.5% | 5.2% | 6.0% |
| Value Delinquency 90+% | 3.8% | 2.4% | 2.6% | 2.6% | 2.5% | 2.7% |
| Value Delinquency 180+% | 10.5% | 7.0% | 7.0% | 8.1% | 9.4% | 8.4% |

Note: Performance is based on PAR 30+ DPD performance as of Mar'22

Risk Profile – State wise Delinquency 90+ (Mar 2022)



- ❑ Top 10 states have a combined PAR 90+ DPD of 2.7% as of Mar'22 reducing from 3.7% as of Dec'21
- ❑ PAR 90+ DPD witnessed Y-o-Y decline across top 10 states except Kerala and Rajasthan, as of Mar'22
- ❑ Among top 10 states, Bihar, Karnataka and Uttar Pradesh have $\leq 2\%$ PAR 90+ DPD each as of Mar'22
- ❑ 6 out of top 10 states - Tamil Nadu, West Bengal, Maharashtra, Madhya Pradesh, Odisha and Kerala have higher PAR 90+ DPD than overall industry (2.7%) as of Mar'22

Risk Profile - Geographic Deep Dive

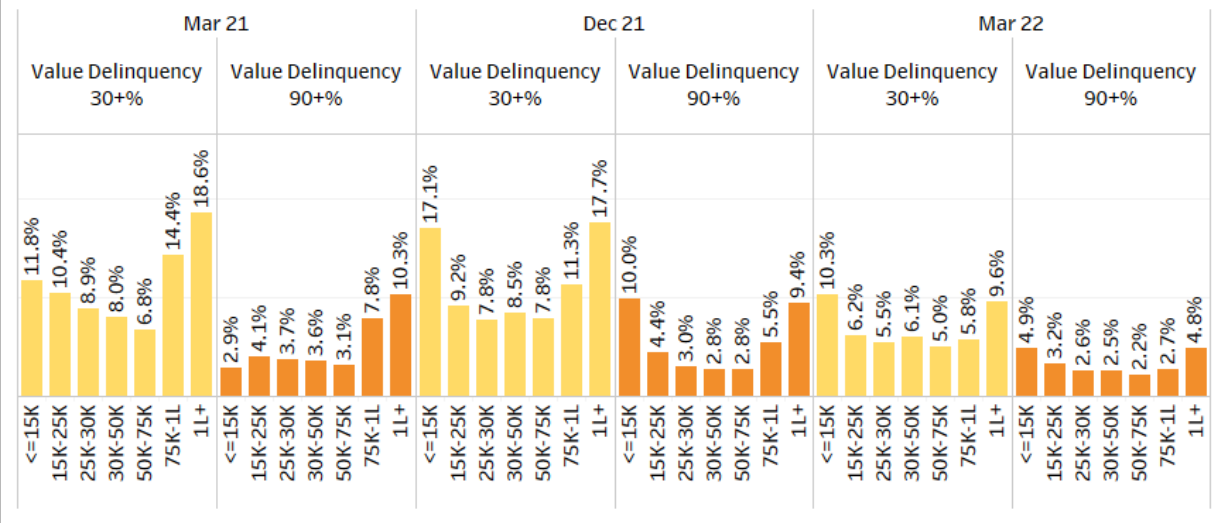
Delinquency Trends - Top 10 States

| State | Value Delinquency 1-30% | | | Value Delinquency 30+% | | | State | Value Delinquency 90+% | | | Value Delinquency 180+ % | | |
|-------|-------------------------|--------|--------|------------------------|--------|--------|-------|------------------------|--------|--------|--------------------------|--------|--------|
| | Mar 21 | Dec 21 | Mar 22 | Mar 21 | Dec 21 | Mar 22 | | Mar 21 | Dec 21 | Mar 22 | Mar 21 | Dec 21 | Mar 22 |
| TN | 3.6% | 8.0% | 4.9% | 6.6% | 11.9% | 8.0% | TN | 3.1% | 4.0% | 2.8% | 2.7% | 8.7% | 6.2% |
| BR | 5.5% | 4.1% | 2.2% | 6.3% | 6.8% | 3.8% | BR | 2.4% | 2.7% | 1.7% | 1.4% | 4.8% | 3.7% |
| WB | 7.8% | 6.5% | 3.9% | 18.6% | 14.8% | 8.8% | WB | 9.0% | 7.5% | 4.2% | 4.4% | 13.5% | 13.4% |
| KA | 2.6% | 4.8% | 2.4% | 4.5% | 7.0% | 4.7% | KA | 2.1% | 2.1% | 2.0% | 4.6% | 7.1% | 6.9% |
| UP | 4.2% | 3.5% | 1.6% | 5.3% | 4.9% | 2.9% | UP | 2.2% | 2.1% | 1.3% | 3.2% | 5.5% | 5.1% |
| MH | 4.7% | 3.6% | 2.3% | 11.2% | 7.2% | 5.5% | MH | 5.6% | 3.1% | 2.9% | 8.4% | 15.2% | 14.3% |
| MP | 3.3% | 5.2% | 2.4% | 6.9% | 8.4% | 6.0% | MP | 3.6% | 3.3% | 3.2% | 5.2% | 9.1% | 9.0% |
| OR | 5.3% | 3.8% | 1.8% | 8.3% | 7.4% | 5.3% | OR | 3.3% | 3.0% | 2.9% | 5.8% | 8.1% | 8.4% |
| RJ | 3.1% | 4.7% | 2.6% | 4.9% | 8.5% | 5.8% | RJ | 1.9% | 3.4% | 2.7% | 1.8% | 4.4% | 4.9% |
| KL | 6.2% | 10.1% | 4.5% | 8.4% | 16.8% | 11.1% | KL | 3.4% | 3.5% | 4.4% | 3.8% | 7.8% | 7.4% |

- ❑ PAR 30+ DPD as of Mar'22 reduced for all top 10 states compared to as of Dec'21
- ❑ PAR 30+ DPD is lower than overall industry (6%) for all top 10 states, except Tamil Nadu, West Bengal and Kerala, as of Mar'22
- ❑ PAR 90+ DPD has reduced Q-o-Q for all top 10 states, except Kerala, as of Mar'22
- ❑ PAR 180+ DPD as of Mar'22 reduced Q-o-Q for all top 10 states, except Odisha and Rajasthan

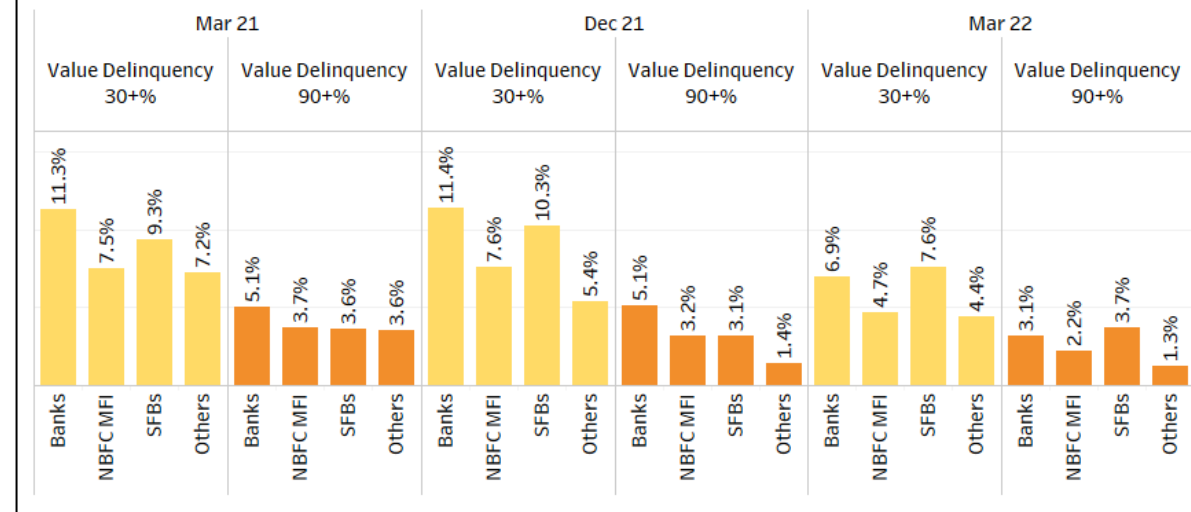
Risk Profile – Ticket Size & Lender Type Mix

Delinquency by Ticket Size



- ❑ PAR 30+ DPD reduced for all ticket sizes compared to Dec'21
- ❑ PAR 30+ DPD improved for all ticket sizes compared to Mar'21
- ❑ PAR 90+ DPD reduced for all ticket sizes compared to Dec'21
- ❑ PAR 90+ DPD improved for all ticket sizes, except <=15K compared to Mar'21

Delinquency by Lender Type



- ❑ PAR 30+ DPD reduced for all lender types compared to Dec'21
- ❑ PAR 30+ DPD reduced for all lender types compared to Mar'21
- ❑ PAR 90+ DPD reduced for all lender types compared to Dec'21, except SFBs
- ❑ PAR 90+ DPD reduced for all lender types compared to Mar'21, except SFBs

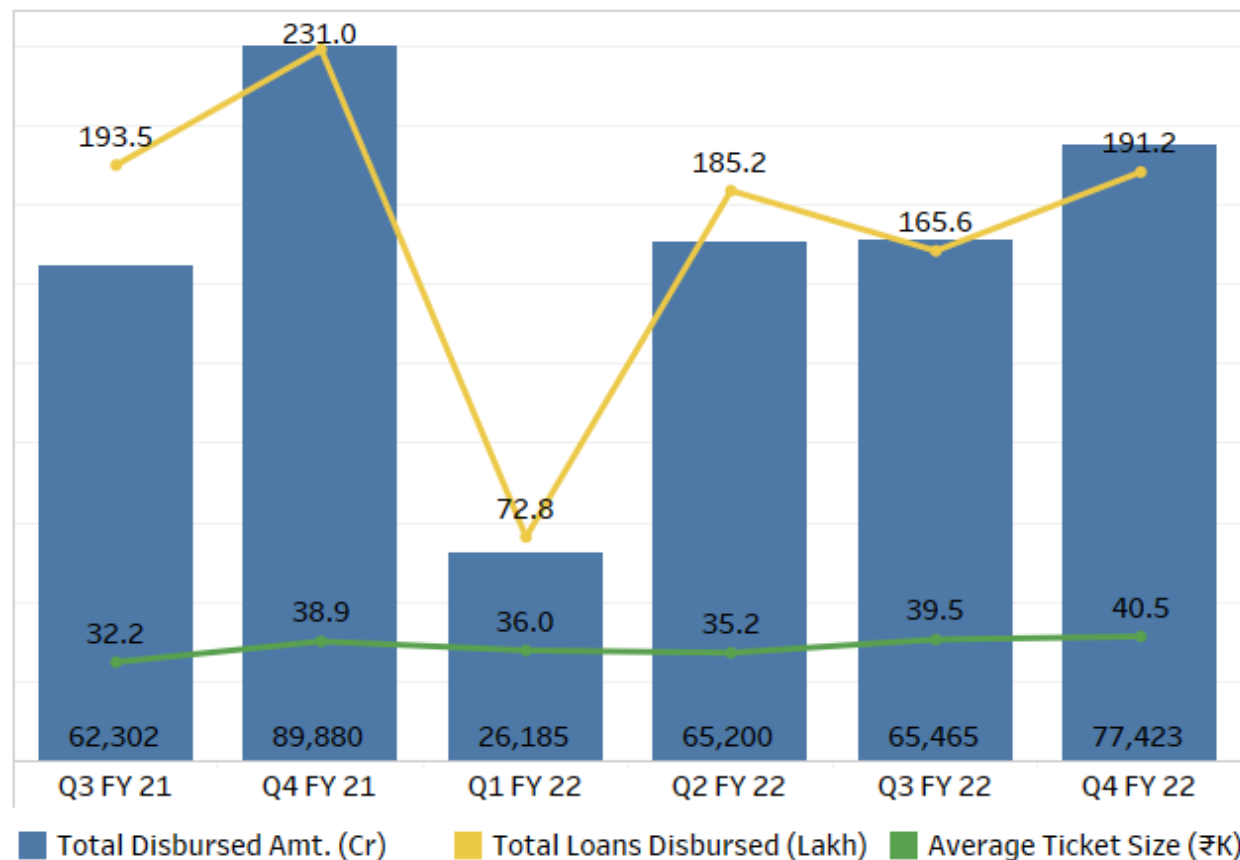
Risk Profile – Collections Performance



- ❑ Monthly forward flow rates have increased in Mar'22 for all delinquency buckets
- ❑ Monthly Roll-back rates for 1-30 DPD and 31-90 DPD buckets increased in Mar'22 after declining between Dec 21 and Feb'22. For 91-180 DPD bucket, monthly roll back rates increased in Jan'22, but declined in Feb'22, increasing again in Mar'22
- ❑ Monthly forward flows in 91-180 DPD bucket decreased for banks in Mar'22, while increased for all other lender types during the same period

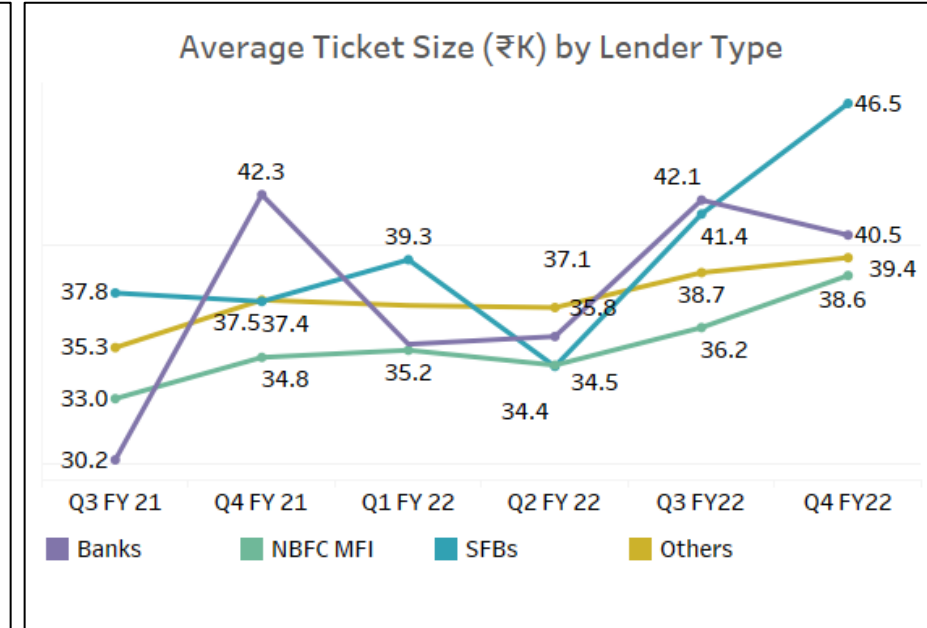
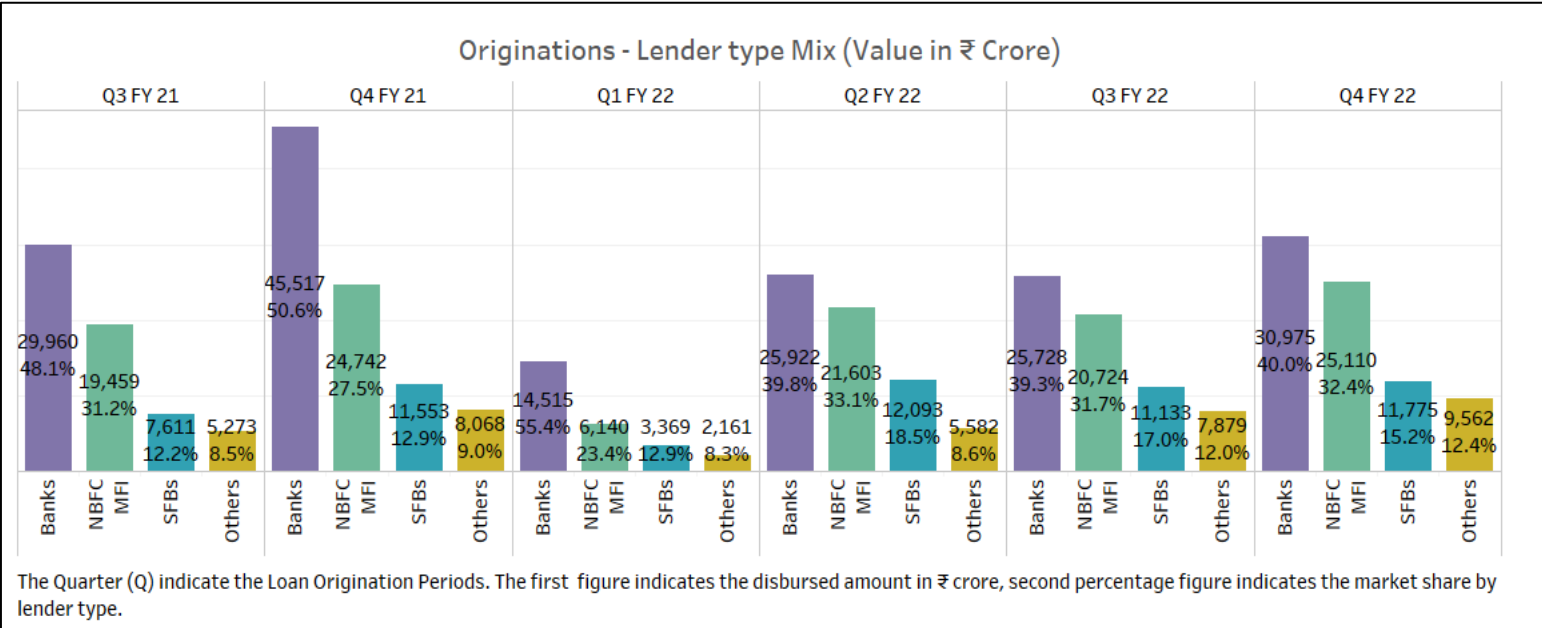
Microfinance - Originations

Originations - Trends



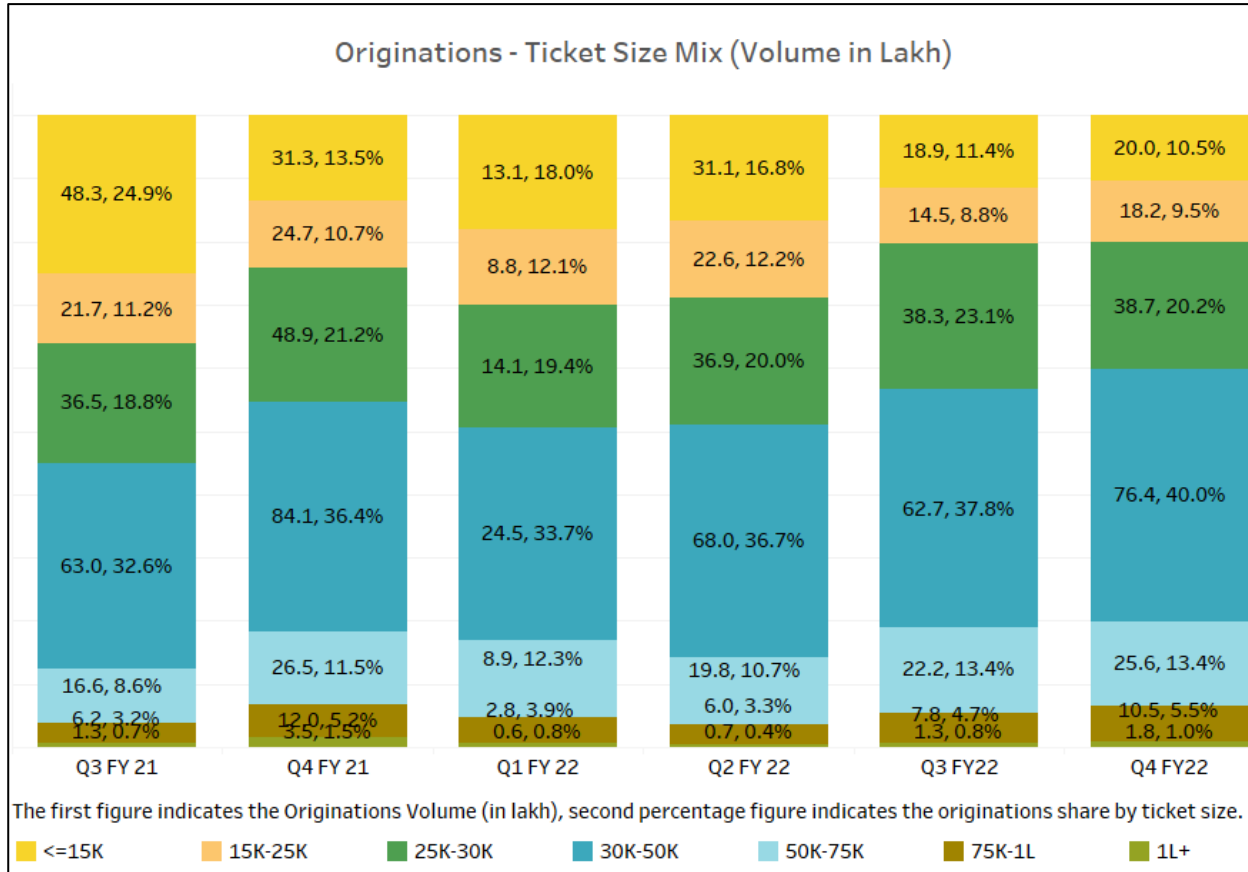
- ❑ ₹77.4K crore originations (by value) in Q4 FY22, growth of 18.3% compared to Q3 FY 22 and decline of 13.9% compared to Q4 FY21
- ❑ 191.2 lakh loans disbursed in Q4 FY22, growth of 15.5% compared to Q3 FY 22 and decline of 17.2% compared to Q4 FY21
- ❑ Share of Eastern region (36.6%) in disbursements (value) in Q4 FY22 slightly increased from previous quarter, share of Southern region declined
- ❑ Average ticket size at ₹40.5K in Q4 FY22, with growth of 2.5% compared to Q3 FY22 and 4.1% compared to Q4 FY21

Originations - Lender Type Mix



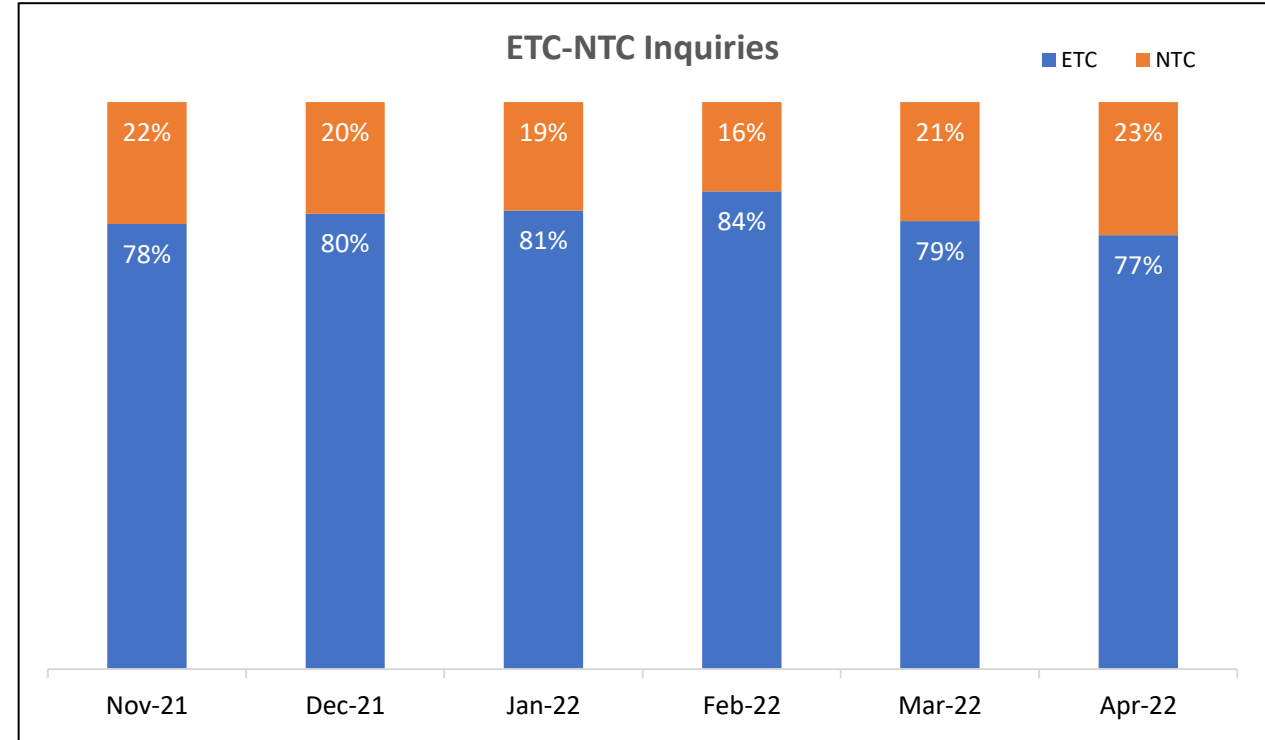
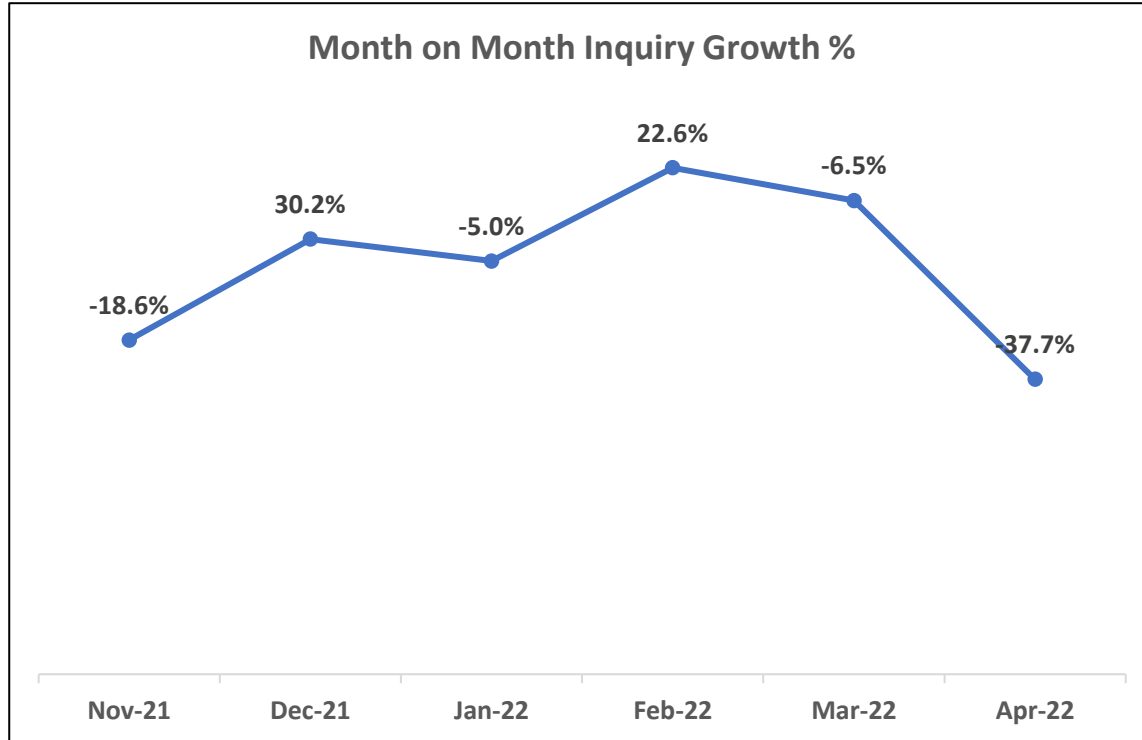
- ❑ Banks continue to dominate disbursements (by value) with growth of 20.4% over Q3 FY22
- ❑ Share of banks declined from 50.6% in Q4 FY21 to 40% in Q4 FY22
- ❑ NBFC MFIs and SFBs too witnessed growth in amount disbursed in Q4 FY22 over Q3 FY22 of 21.2% and 5.8% respectively
- ❑ Average ticket size for SFBs witnessed highest Q-o-Q growth of 12.2% in Q4 FY22 over Q3 FY22
- ❑ Average ticket size for NBFC MFIs grew by 6.6% but for Banks declined by 3.8% in Q4 FY22 compared to Q3 FY22

Originations - Ticket Size Mix



- ❑ Slight increase in Originations share (by volume) from 18.2% in Q4 FY21 to 19.9% in Q4 FY22 for >₹50K ticket size loans
- ❑ Decline in Originations share (by volume) from 24.2% in Q4 FY21 to 20% in Q4 FY22 for <=₹25K ticket size loans
- ❑ Originations share (by volume) of loans ₹30K-₹50K remains the largest at 40% in Q4 FY22
- ❑ For top 2 states by GLP Tamil Nadu and Bihar, share of originations (volume) of loans of ticket size ₹30K-₹50K continues to be the largest at 52.6% and 42.5% respectively in Q4 FY22

Monthly Inquiries



- ❑ Volume of inquiries witnessed decline in Mar'22, however inquiries in Q4 FY22 remained higher than Q3 FY22
- ❑ New to Credit (NTC) inquiries from Nov'21 to Mar'22 in the range of 16%-22%.

Glossary and End Notes

| | | |
|-----------------|--|---|
| GLP | Gross Loan Portfolio | Portfolio outstanding of the microfinance sector |
| ATS | Average Ticket Size | The average size of the microfinance loan disbursed |
| PAR | Portfolio at Risk | The proportion of portfolio outstanding which is delinquent by >0 days |
| DPD | Days Past Due | Measure of loan delinquency/overdue, segmented as 1-30, 31-180, 180+ |
| Y-o-Y | Year on Year | Year on year comparison for change, example Dec 2021 compared to Dec 2020 |
| Q-o-Q | Quarter on Quarter | Quarterly comparison for change, example Dec 2021 compared to Sep 2021 |
| M-o-M | Month on Month | Monthly comparison for change, example Dec 2021 compared to Nov 2021 |
| Q4 FY 21 | Fourth Quarter of the Financial Year 2020-21 | January-February-March 2021 |
| Q3 FY 22 | Third Quarter of the Financial Year 2021-22 | October-November-December 2021 |
| Q4 FY 22 | Fourth Quarter of the Financial Year 2021-22 | January-February-March 2022 |

Notes:

1. The CRIF Microfinance Credit Bureau has undergone data corrections (updates, closure, etc.) by institutions as part of the year end book closing and reconciliation activity. This report accommodates these corrections to the historical trends presented in the report for the previous quarters.
2. The analysis in this Edition of MicroLend is based on data which is around 90% representative of the Industry as of Mar'22 as received by the bureau
3. Value Delinquency 30+% or PAR 30+ DPD refers to proportion of portfolio delinquent by 31-180 days past due, value delinquency 90+% or PAR 90+ DPD refers to proportion of portfolio delinquent by 91-180 days past due, value delinquency 180+% or PAR 180+ DPD refers to proportion of portfolio delinquent by >180 days past due (excluding write-offs), calculated as % of total portfolio outstanding, through out the report

Disclaimer: This report contains only aggregate level information. It does not contain any Credit Information and shall not be construed as Credit Information Report or part thereof. The analysis in this report is based on Credit Information in CRIF High Mark's database. The results are NOT to be construed or used as a "legal description". CRIF High Mark strives to keep its data accurate and up to date but does not guarantee its accuracy. CRIF High Mark does not assume any liability for any errors, omissions, or inaccuracies in the data provided regardless of the cause of such or for any decision made, action taken, or action not taken by the user in reliance upon any data provided herein. The contents of the report shall not be reproduced in part or whole without permission from CRIF High Mark Credit Information Services Pvt. Ltd. The opinions expressed herein are those of the author. Its contents, therefore, do not represent any commitment between CRIF High Mark and the recipient(s) and no liability or responsibility is accepted by CRIF High Mark for the content herein.

About MicroLend

MicroLend is a quarterly publication from CRIF High Mark on Microfinance lending in India. The publication presents trends & analysis of key parameters such as Gross Loan Portfolio, Growth, Market Share, Borrower Leverage, Compliance and Portfolio Risks. The report also slices the data for major states and Urban/Rural geographies. Semi-urban portfolio is reported as part of urban split in the report.

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About CRIF High Mark

CRIF High Mark in INDIA- partner for all your credit related requirements

CRIF High Mark in India, now offers products and services for Credit Information, Business Information, Analytics, Scoring, Credit Management and Decision solutions in India.

CRIF operates **CRIF High Mark**, India's leading credit bureau, which has largest database of individual records and supports millions of lending decision every month. CRIF High Mark is India's first full-service credit bureau covering all borrower segments – MSME/Commercial, Retail and Microfinance. CRIF High Mark works with all leading financial institutions in the country, providing them a comprehensive bureau coverage using its proprietary 'Made in India for India Search Engine', proven to work even with low quality data.

We bring our global expertise in Analytics, Scoring, Credit Management and Decision Solutions to India through our center of excellence at Pune. Our team of expert data scientist and statisticians bring together years of experience in developing bespoke scorecards for Origination, Marketing and Collections for Financial Services, Insurance or Telecom sectors.

We bring together best of both worlds – comprehensive data and sophisticated dedupe technology for India along with global best practices, expertise in scoring and top-rated credit management software solutions – to add most value to our clients.

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