MicroLend

QUARTERLY PUBLICATION ON MICROFINANCE LENDING

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Microfinance Industry Snapshot (Sep 2023)

GLP (Cr)

₹379.8K

- Q-o-Q Growth %
  6.9%
- Y-o-Y Growth %
  26.6%

Active Loans (Cr)

14.9

- Q-o-Q Growth %
  2.8%
- Y-o-Y Growth %
  19.2%

Avg. Balance Per Account

₹25.4K

- Q-o-Q Growth %
  3.3%
- Y-o-Y Growth %
  5.8%

Avg. Balance Per Unique Borrower

₹48.2K

- Q-o-Q Growth %
  3.0%
- Y-o-Y Growth %
  1.0%

Amount Disbursed in Last 3 M (Cr)

₹85,870

- Q-o-Q Growth %
  14.1%
- Y-o-Y Growth* %
  15.0%

Loans Disbursed in Last 3 M (Lakh)

189.5

- Q-o-Q Growth %
  8.5%
- Y-o-Y Growth* %
  1.2%

Average Ticket Size in Last 3M

₹45.3K

- Q-o-Q Growth %
  5.1%
- Y-o-Y Growth* %
  13.5%

Value Delinquency 30+%

2.0%

- Q-o-Q Growth# %
  0.01%
- Y-o-Y Growth# %
  (-3.4%)

Value Delinquency 90+%

0.9%

- Q-o-Q Growth# %
  0.05%
- Y-o-Y Growth# %
  (-1.8%)

*Y-o-Y Growth refers to growth compared to same quarter previous year

Growth in percentage points (unit for difference of two percentages)

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Microfinance Industry – Key Takeaways (Sep 2023)

Portfolio outstanding of Microfinance sector at ₹379.8K crore as of Sep'23 with 6.9% Q-o-Q and 26.6% Y-o-Y growth

NBFC MFI dominate the market with portfolio share of 39%, followed by Banks 31.6%, SFBs 19.2%, as of Sep'23

PAR 30+ DPD and PAR 90+ DPD remain stable at 2.0% and 0.9% as of Sep'23 respectively compared to Jun'23

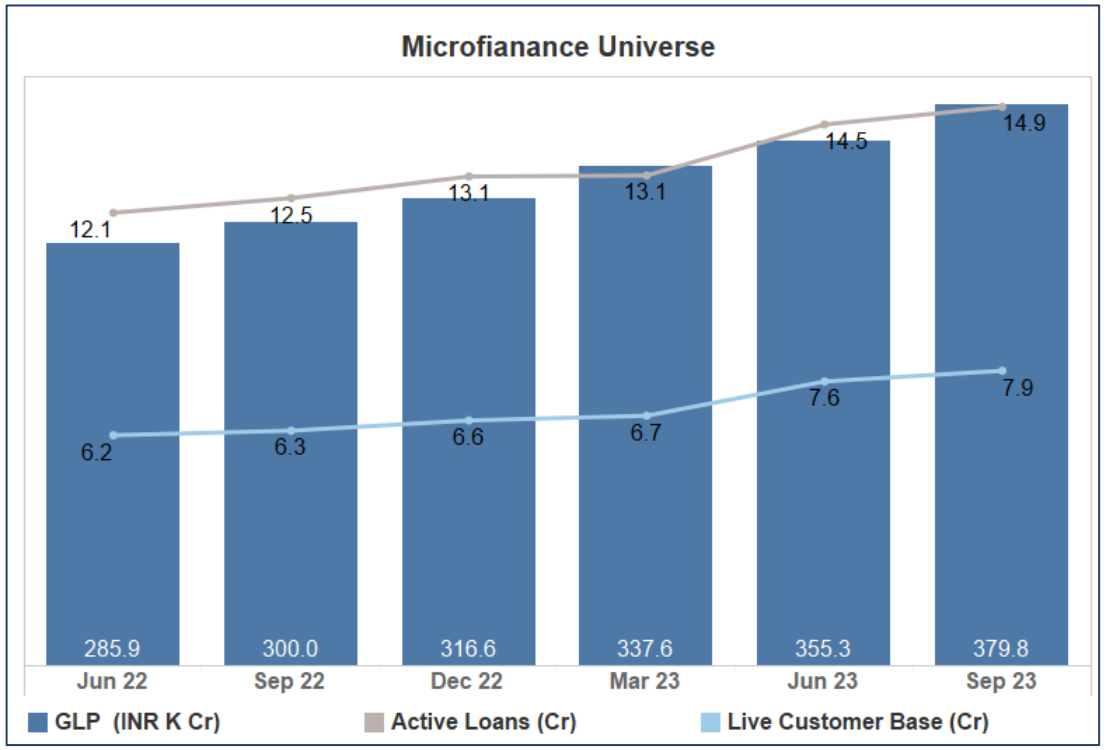
Top 10 states by GLP contribute to 83.4% of national GLP, Bihar continue to dominate as top state by GLP as of Sep'23

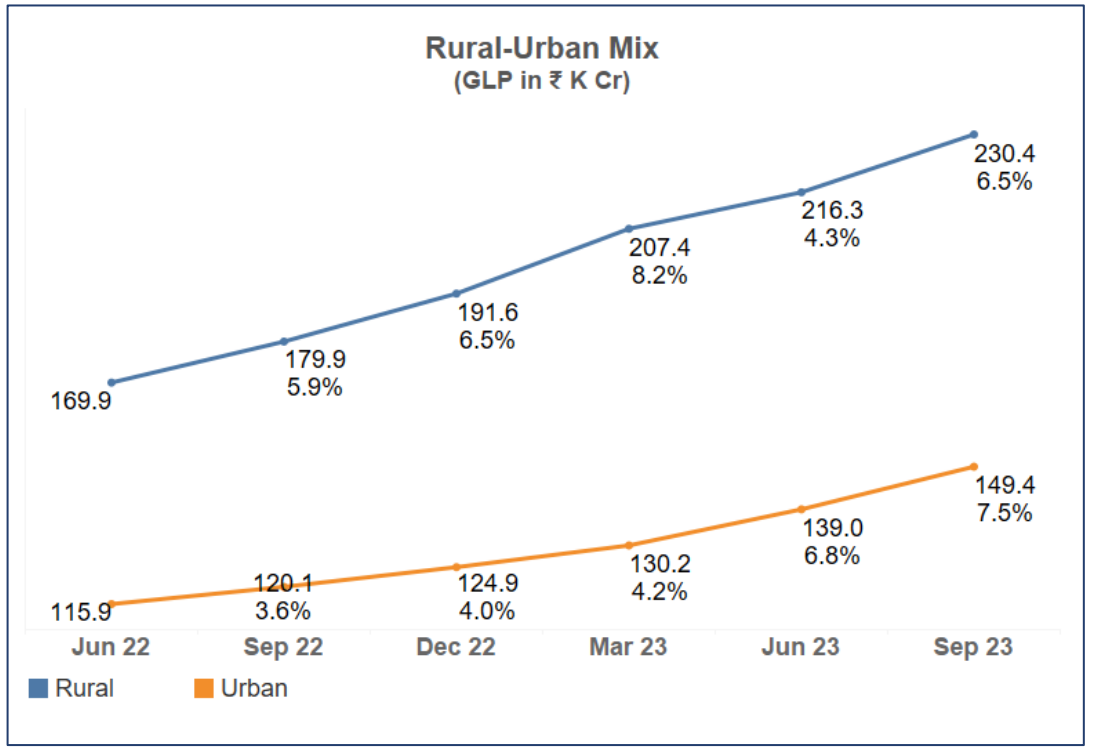
₹85.9K crore originations (by value) and 189.5 lakh originations (by volume) in Q2 FY24

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CRIF Together to the next level

Microfinance Universe



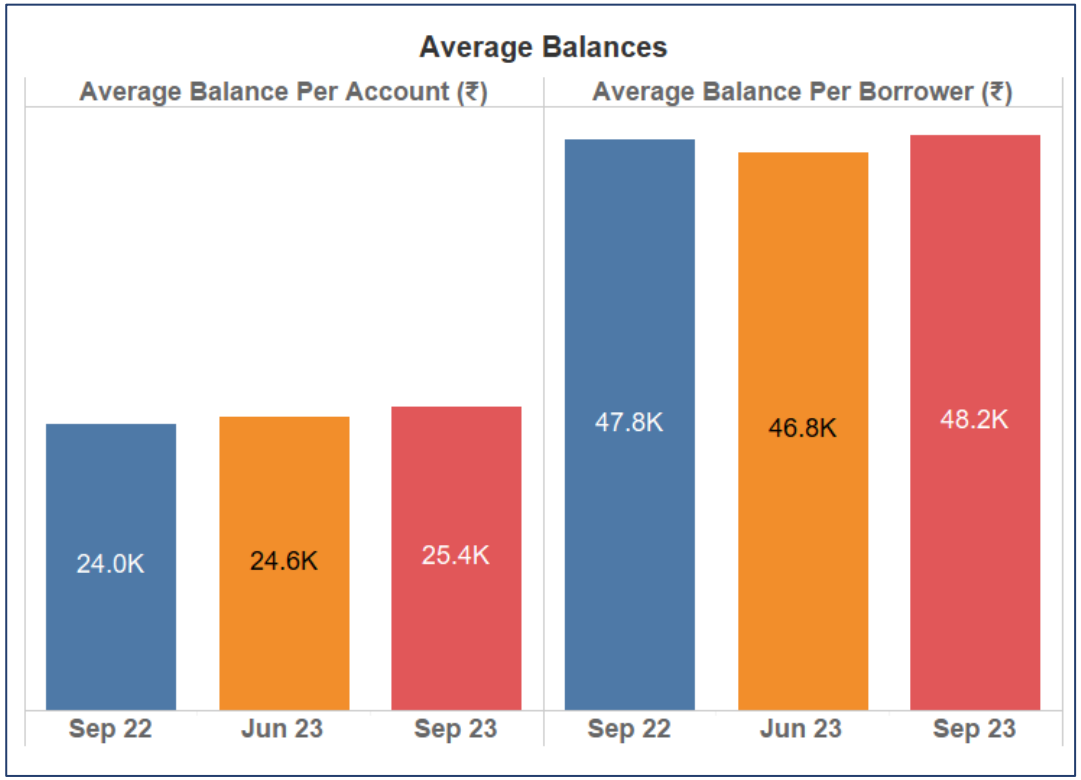


- ❑ Microfinance sector witnessed quarterly growth of 6.9% in the book, and Y-o-Y growth of 26.6% as of Sep'23
- ❑ Live customer base grew by 3.9% Q-o-Q and by 25.4% Y-o-Y as of Sep'23
- ❑ Rural markets grew by 6.5% Q-o-Q and 28.1% Y-o-Y as of Sep'23
- ❑ Urban markets witnessed 7.5% Q-o-Q and 24.4% Y-o-Y growth as of Sep'23

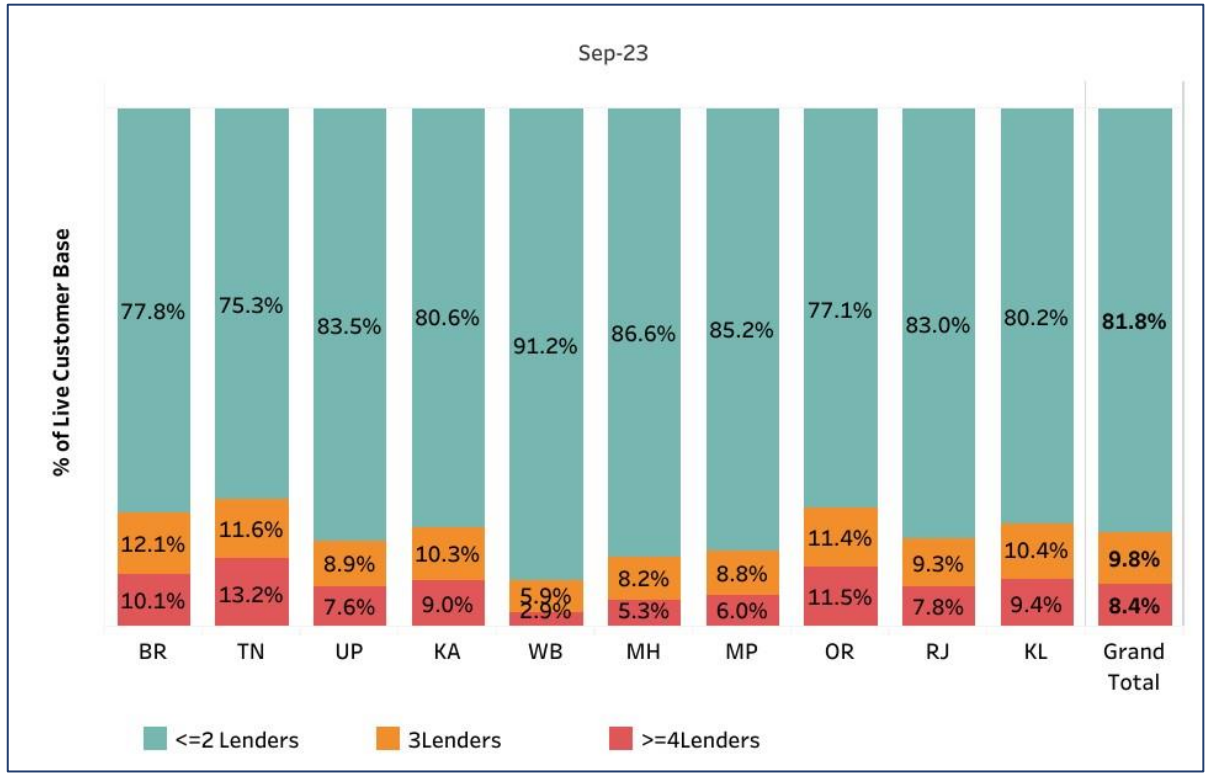
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Average Balances and Lender Exposure



- Average balance per account witnessed quarterly growth of 3.3% and Y-o-Y growth of 5.8% as of Sep'23
- Average balance per borrower witnessed quarterly growth of 3.0% and flat Y-o-Y growth of 1% as of Sep'23



- 8.4% of borrowers have exposure to 4 or more lenders
- Among major states, the proportion is
  - Highest for Tamil Nadu (13.2%)
  - Least for West Bengal (2.9%)

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Geographic Deep Dive

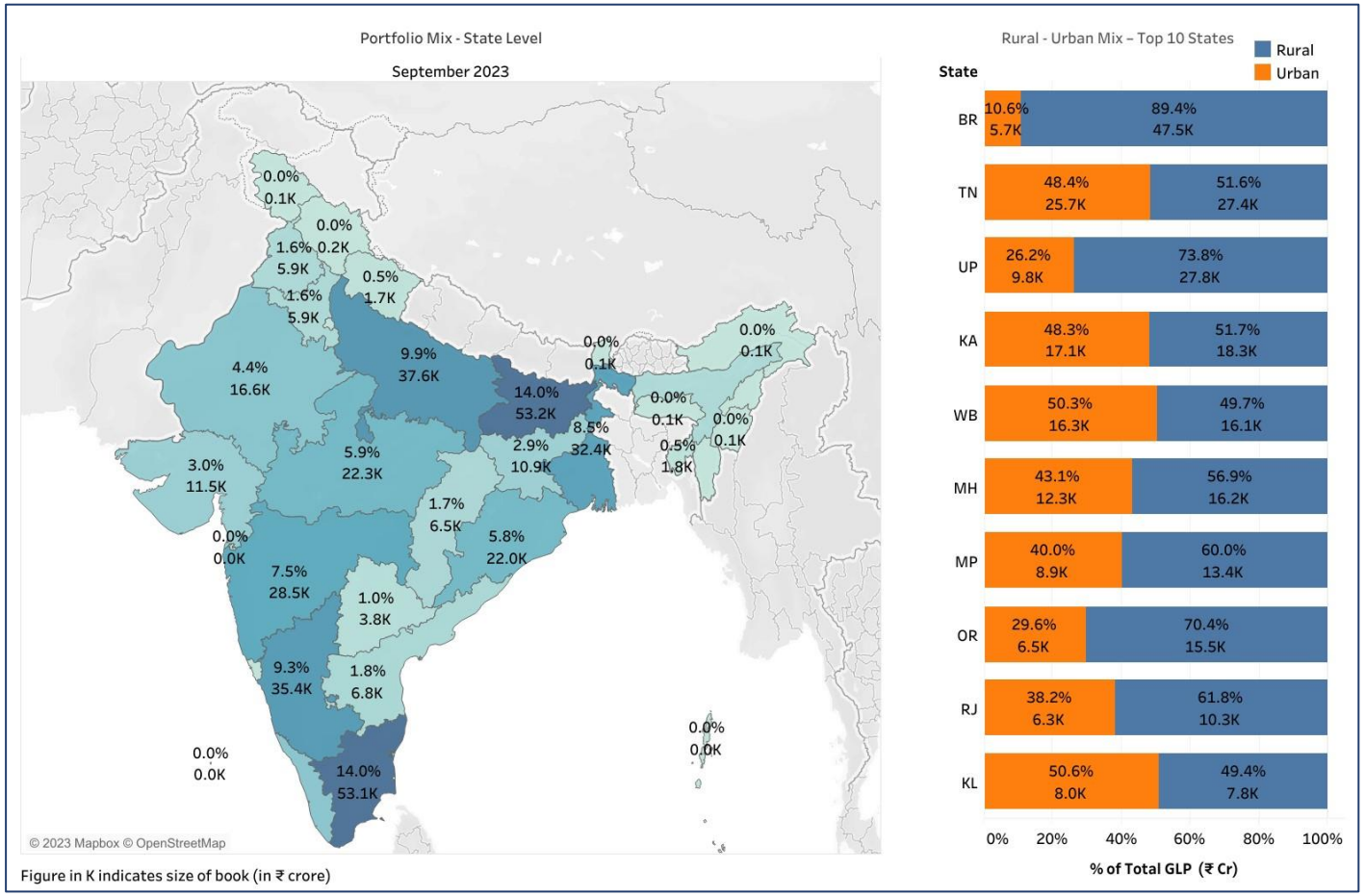


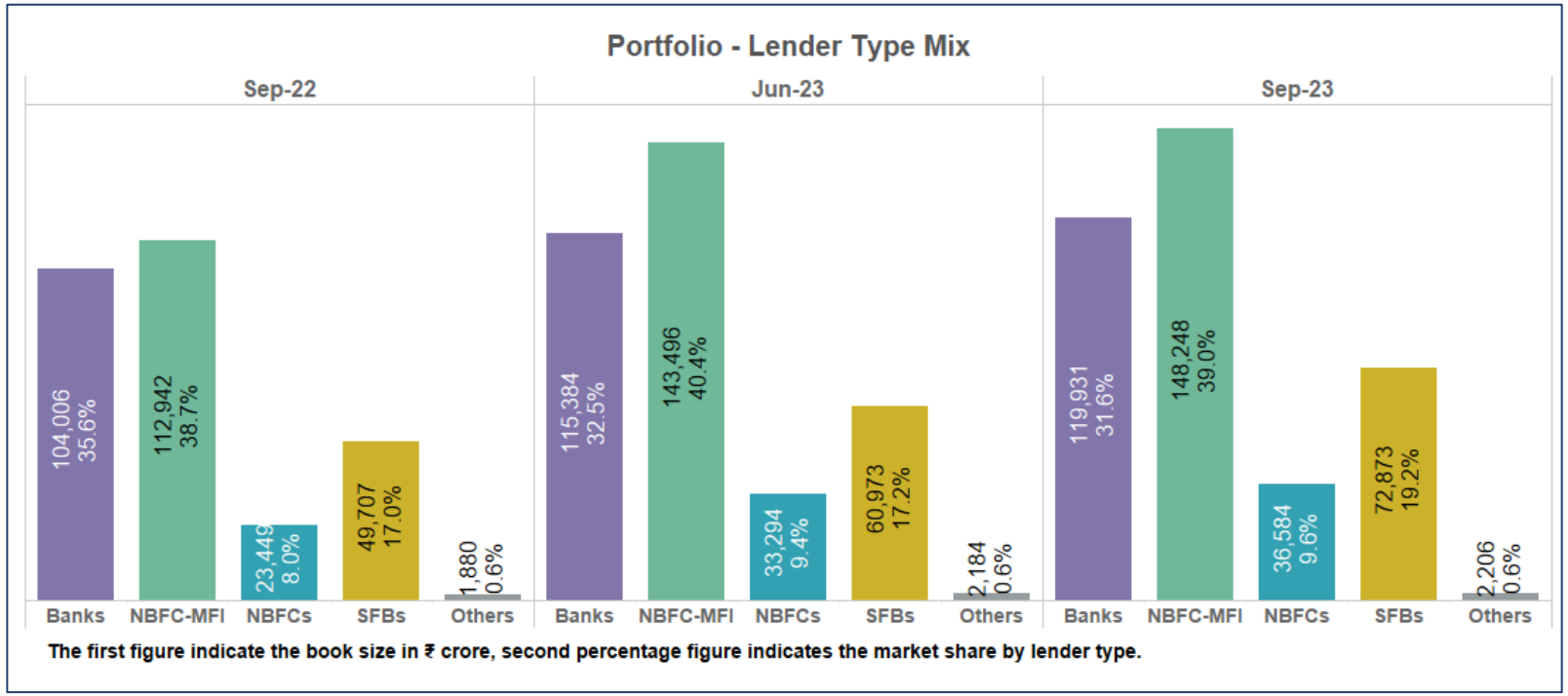
Figure in K indicates size of book (in ₹ crore)

- Top 10 states constitute 83.4% of the GLP as of Sep'23
- Kerala, Karnataka and Tamil Nadu recorded highest Q-o-Q growth of 16.2%, 10.2% and 9.9% respectively as of Sep'23
- Average balance per borrower for top states Bihar, Tamil Nadu and Uttar Pradesh stood at ₹56.8K, ₹60.6K,₹48K respectively as of Sep'23
- Microfinance sector dominated by Eastern region (34%) followed by Southern (32.9%), as of Sep'23
- NBFC MFIs have 30.3% share in East, NBFCs have 49.1% in South and SFBs have concentration of 39.3% in South

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Portfolio – Lender Type Mix



- NBFC MFIs continuous to dominate the market with portfolio share of 39% as of Sep'23
- 19.5% Q-o-Q growth in GLP for SFBs as against 9.9% for NBFCs, 3.9% for Banks and 3.3% for NBFC MFI as of Sep'23
- Y-o-Y growth of 56% for NBFC, 46.6% for SFBs, 31.3% for NBFC MFI and 15.3% for Banks
- 52% of NBFC MFIs' portfolio comprised of loans of ticket sizes ₹30K-₹50K, as against 50.4% for SFBs, 45.4% for NBFCs and 45.1% for Banks

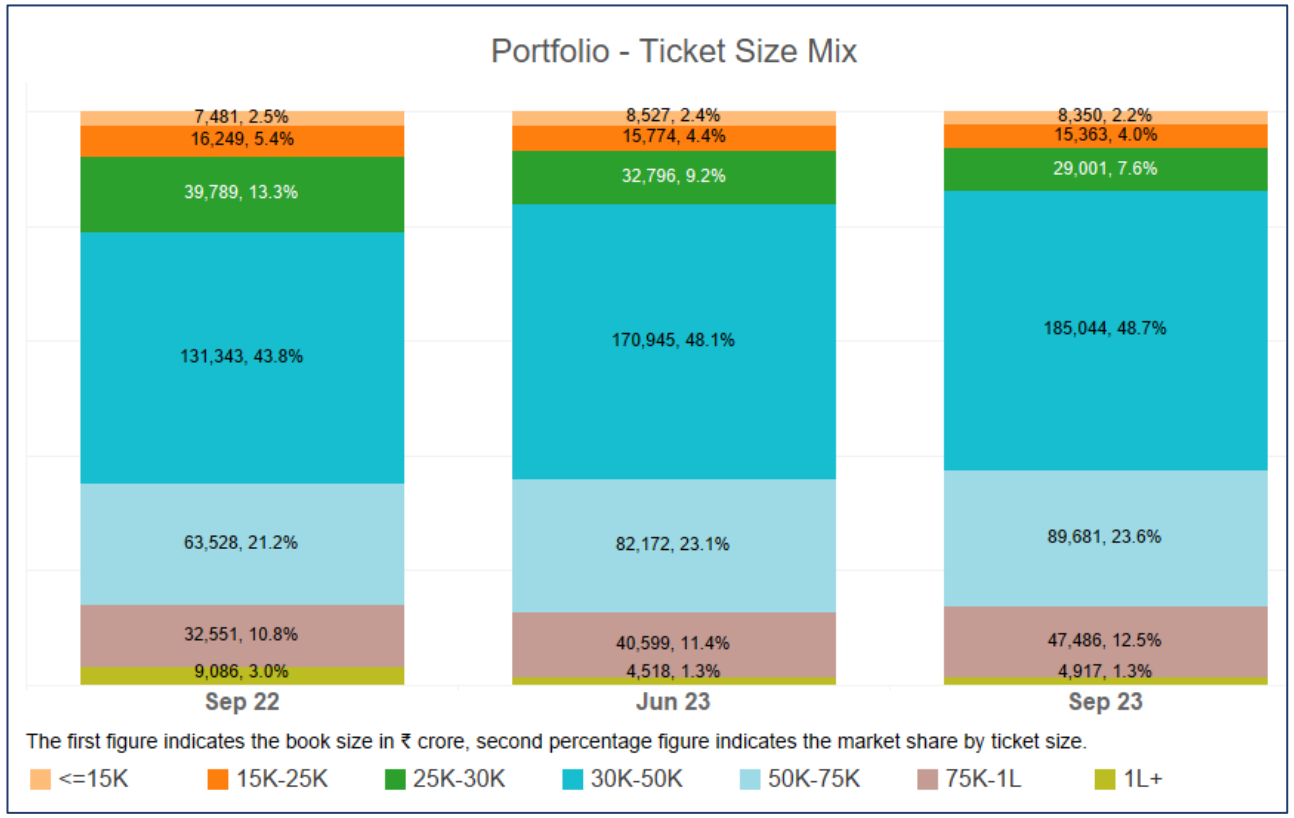
Lender Type	Banks	NBFC MFI	NBFCs	SFBs	Others	Total
Q-o-Q GLP Growth	3.9%	3.3%	9.9%	19.5%	1.0%	6.9%
Y-o-Y GLP Growth	15.3%	31.3%	56.0%	46.6%	17.4%	30.1%

Please note that MicroLend Report-Mar'23 had 4 lender types - Banks, NBFC-MFIs, SFBs and Others. However, we have updated list of lender types and list of financial institutions from June'23 onwards. Hence, MicroLend Report-Sep'23 had 5 lender types - Banks, NBFC-MFIs, NBFCs, SFBs and Others

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Portfolio –Ticket Size Mix

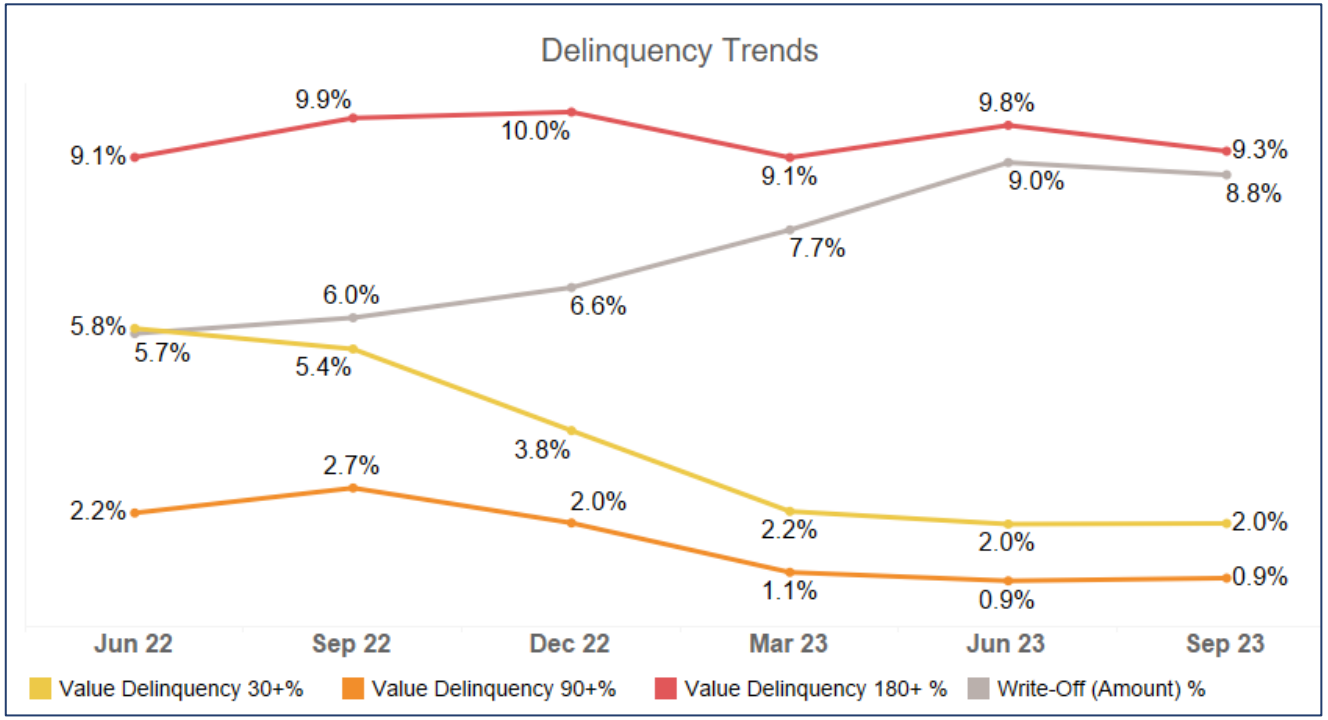


- Portfolio of ticket size ₹50K-₹75K witnessed Y-o-Y growth of 41.2% and Q-o-Q growth of 9.1% as of Sep'23
- Portfolio of ticket size <=₹30K witnessed Y-o-Y decline of 11.4% and Q-o-Q decline of 7.7% as of Sep'23
- Share of portfolio of lower ticket sized loans <₹30K decreased from 21.2% in Sep'22 to 13.8% in Sep'23
- As of Sep'23, loans of ticket size ₹30K-₹50K have the maximum share by value and volume at 48.7% and 46.2% respectively
- Share of loans of ticket size ₹30K-₹50K has increased from 43.8% as of Sep'22 to 48.7% as of Sep'23.

Ticket Size	<=15K	15K-25K	25K-30K	30K-50K	50K-75K	75K-1L	1L+	Total
Q-o-Q GLP Growth	-2.1%	-2.6%	-11.6%	8.2%	9.1%	17.0%	8.8%	6.9%
Y-o-Y GLP Growth	11.6%	-5.5%	-27.1%	40.9%	41.2%	45.9%	-45.9%	26.6%

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Microfinance - Risk Profile



	5 Best Performing Lenders	5 Worst Performing Lenders	Industry
Cumulative GLP (₹Cr)	58,647	59,875	3,79,842
Value Delinquency 30+%	0.5%	4.1%	2.0%
Value Delinquency 90+%	0.2%	2.0%	0.9%
Value Delinquency 180+%	2.8%	11.6%	9.3%

Note: The analysis is limited to top 30 MFI institutions with a market share of 87.9% as of Sep'23. Performance is based on PAR 30+ DPD performance as of Sep'23

- PAR 30+ DPD improved from 5.8% as of Jun'22 to 2.0% as of Sep'23
- PAR 90+ DPD improved from 2.2% as of Jun'22 to 0.9% as of Sep'23
- PAR 180+ DPD decreased from 9.9% as of Sep'22 to 9.3% as of Sep'23. West Bengal, Maharashtra and Orissa have highest PAR 180+ DPD
- Write-offs increased from 6.0% as of Jun'22 to 8.8% as of Sep'23
- In terms of delinquency management:
  - 5 best performing lenders have PAR 30+, 90+ & 180+ DPD of 0.5%, 0.2% & 2.8% respectively
  - 5 worst performing lenders have PAR 30+, 90+ & 180+ DPD of 4.1%, 2.0% & 11.6% 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

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Risk Profile – Top Districts

Best Performing Districts	GLP Band (₹ Cr)	GLP (₹ Cr)	Value Delinquency 30+%	Value Delinquency 90+%	Value Delinquency 180+ %
Belgaum	>2000	2,509	0.5%	0.3%	4.6%
Tumkur	>2000	2,258	0.6%	0.3%	4.4%
Sitamarhi	>2000	2,224	0.6%	0.2%	1.6%
Araria	1,500 -2000	1,721	0.5%	0.3%	2.0%
Hassan	1,500 -2000	1,719	0.6%	0.3%	4.3%
Mandya	1,500 -2000	1,718	0.7%	0.3%	4.1%
Madhepura	1000 -1500	0.6%	0.3%	2.3%	0.6%
Ramanathapuram	1000 -1500	0.4%	0.2%	2.6%	0.4%
Ramanagara	1000 -1500	0.5%	0.2%	4.3%	0.5%
Chittoor	500 -1000	558	0.2%	0.1%	45.0%
Khammam	500 -1000	509	0.2%	0.1%	38.6%
Kurnool	500 -1000	505	0.1%	0.1%	57.4%

Worst Performing Districts	GLP Band (₹ Cr)	GLP (₹ Cr)	Value Delinquency 30+%	Value Delinquency 90+%	Value Delinquency 180+ %
North 24 Parganas	>2000	2,862	2.7%	1.6%	23.9%
Jalpaiguri	>2000	2,225	4.8%	2.5%	16.2%
Tirunelveli	>2000	2,111	3.0%	1.4%	7.4%
Thrissur	1,500 -2000	1,868	3.0%	1.0%	7.0%
Pune	1,500 -2000	1,619	3.3%	1.4%	16.9%
Koch Bihar	1,500 -2000	1,548	4.3%	2.6%	15.8%
Jalgaon	1000 -1500	1,371	4.2%	1.8%	13.6%
Ahmadnagar	1000 -1500	1,153	3.6%	1.9%	15.3%
Banswara	1000 -1500	1,088	3.6%	1.8%	12.6%
Nagaon	500 -1000	547	13.3%	11.5%	48.5%
Mumbai	500 -1000	518	5.3%	2.2%	20.1%
Churu	500 -1000	511	4.8%	2.1%	10.1%

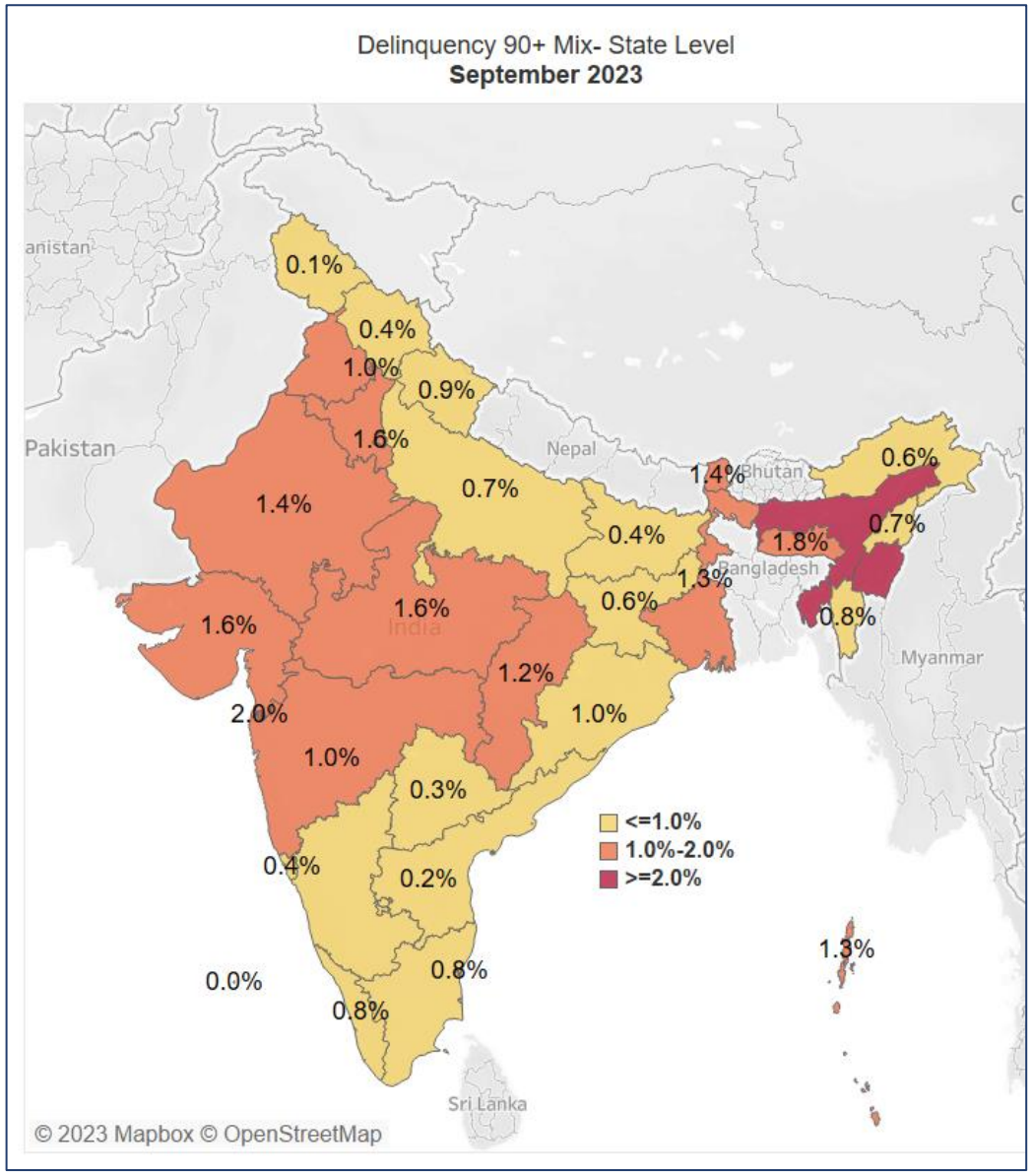
GLP Band (₹ Cr)	>2000 Cr	1,500 Cr-2000 Cr	1000 Cr-1500 Cr	500 Cr-1000 Cr	<500 Cr	Industry
# Districts	36	30	61	130	399	656
Cumulative GLP (₹Cr)	91,299	52,700	72,512	91,005	72,326	3,79,842
Value Delinquency 30+%	1.5%	1.7%	1.6%	2.3%	3.0%	2.0%
Value Delinquency 90+%	0.7%	0.8%	0.7%	1.0%	1.5%	0.9%
Value Delinquency 180+%	7.1%	8.3%	6.9%	10.0%	14.1%	9.3%

Note: Performance is based on PAR 30+ DPD performance as of Sep'23

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CRIF Together to the next level

Risk Profile – State wise Delinquency 90+ (Jun 2023)



- Top 10 states have a combined PAR 90+ DPD of 0.8% as of Sep'23 improved from 2.5% as of Sep'22
- PAR 90+ DPD as of Sep'23 witnessed Y-o-Y decline for all top 10 states
- Among top 10 states, West Bengal witnessed highest decline in PAR 90+ DPD from 5.5% in Sep'22 to 1.3% in Sep'23
- Among top 10 states, Madhya Pradesh, West Bengal, Rajasthan, Orissa and Maharashtra have higher PAR 90+ DPD than overall industry (0.9%) as of Sep'23

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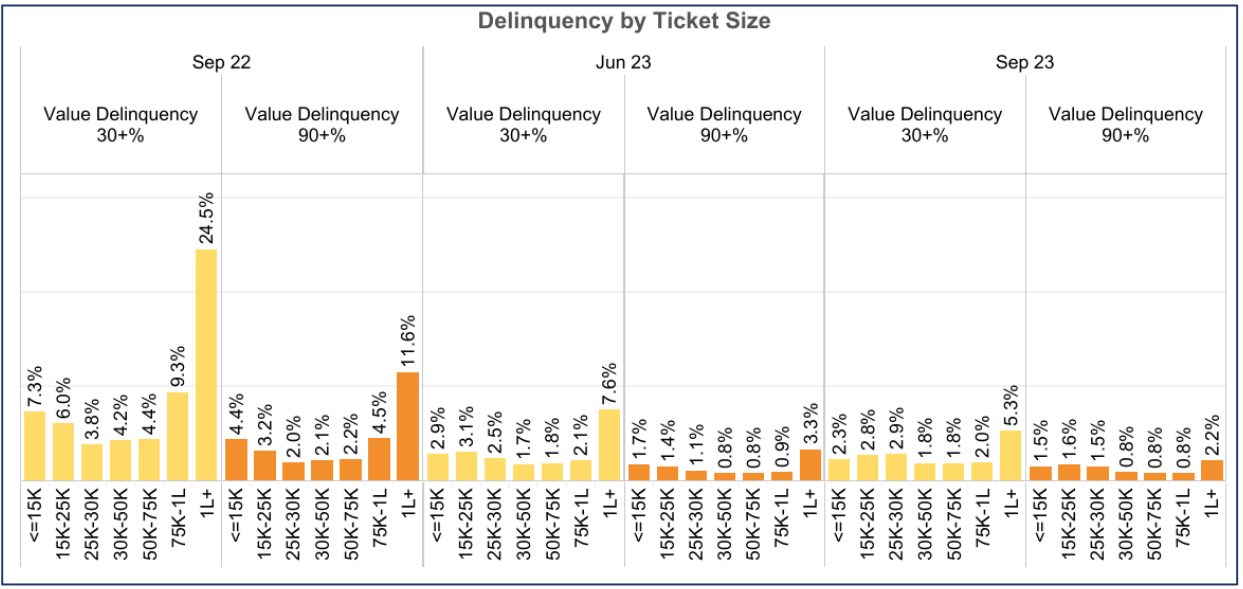
Risk Profile - Geographic Deep Dive

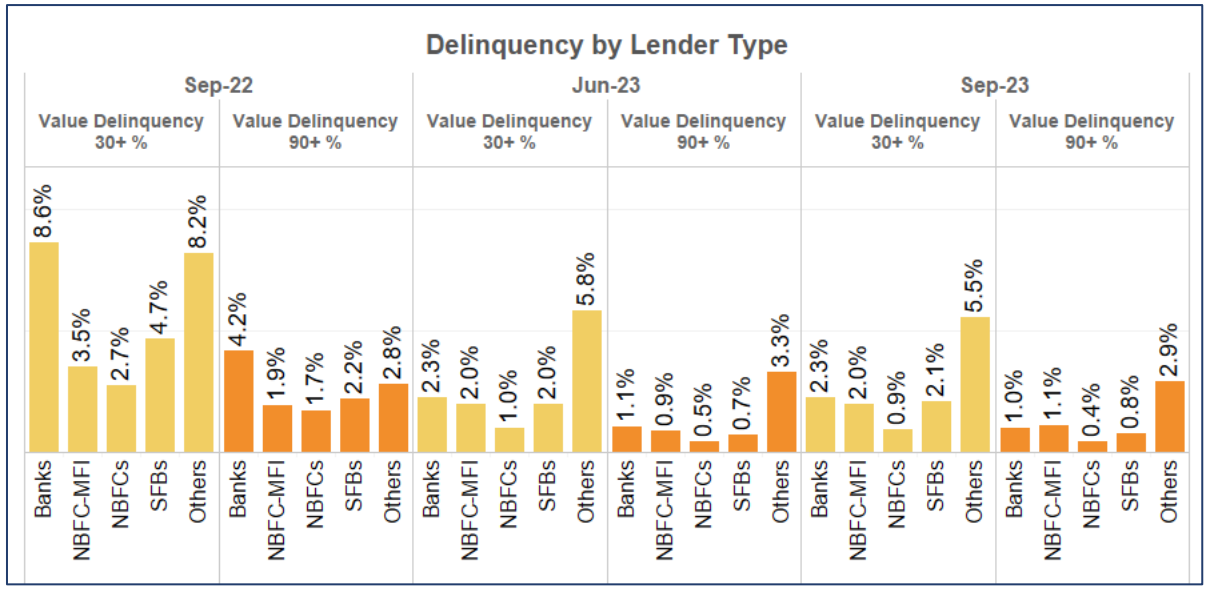


- Among top 10 states, Bihar, Karnataka, Tamil Nadu and Uttar Pradesh have lower PAR 30+ DPD than overall industry (2.0%) as of Sep'23
- PAR 30+ DPD as of Sep'23 reduced Q-o-Q for Tamil Nadu, West Bengal, Karnataka and Orissa, while Y-o-Y reduced for all top 10 states
- PAR 90+ DPD as of Sep'23 improved Q-o-Q except Uttar Pradesh, Madhya Pradesh and Rajasthan, while Y-o-Y reduced for all top 10 states
- PAR 180+ DPD as of Sep'23 improved or remained stable Q-o-Q for all top 10 states except Uttar Pradesh and Rajasthan
- PAR 180+ DPD as of Sep'23 improved Y-o-Y across all top 10 states except Rajasthan

Internal

Risk Profile – Ticket Size & Lender Type Mix



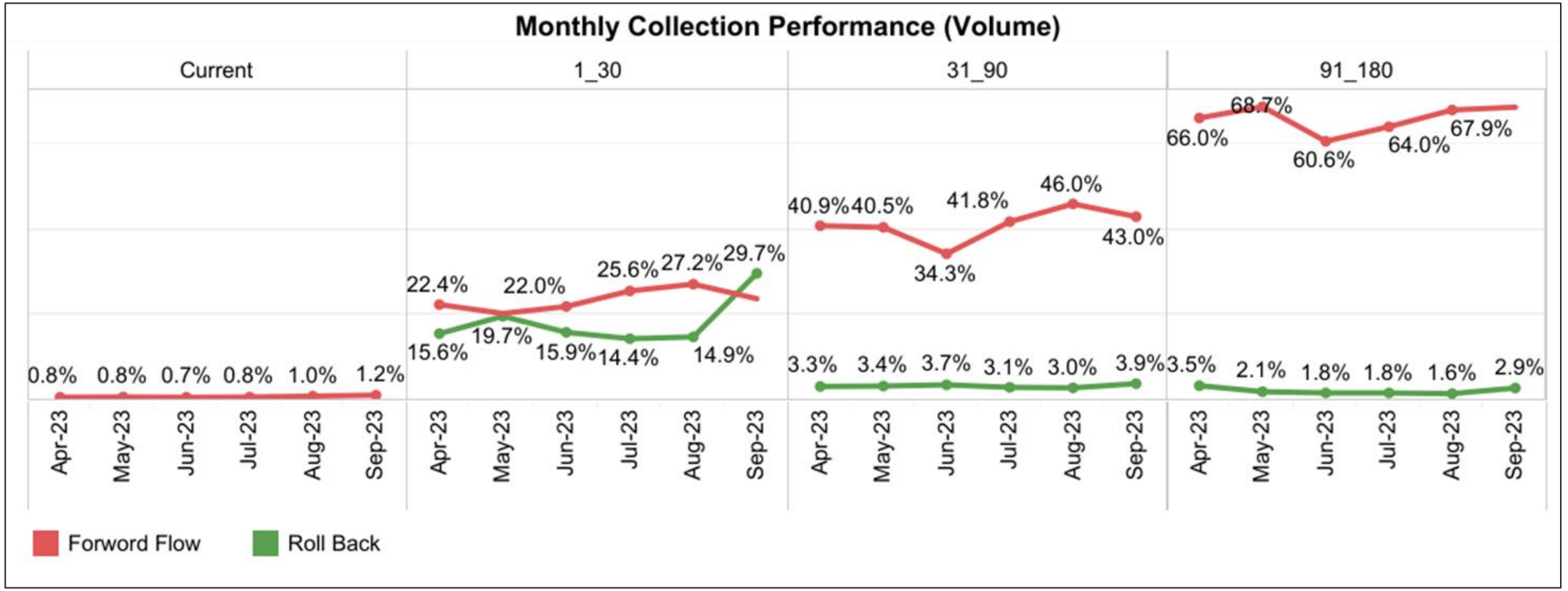


- PAR 30+ DPD improved for all ticket sizes in Sep'23 compared to Jun'23 except for ticket size 25K-30K and 30K-50K
- PAR 30+ and 90+ DPD improved for all ticket size in Sep'23 compared to Sep'22
- PAR 90+ DPD improved for all ticket sizes in Sep'23 compared to Jun'23 except for ticket size 15K-25K and 25K-30K

- PAR 30+ DPD improved for all lender types in Sep'23 compared to Jun'23 except SFBs
- PAR 90+ DPD improved for all lender types in Sep'23 compared to Jun'23 except NBFC MFI and SFBs
- PAR 30+ and 90+ DPD improved for all lender types in Sep'23 compared to Sep'22

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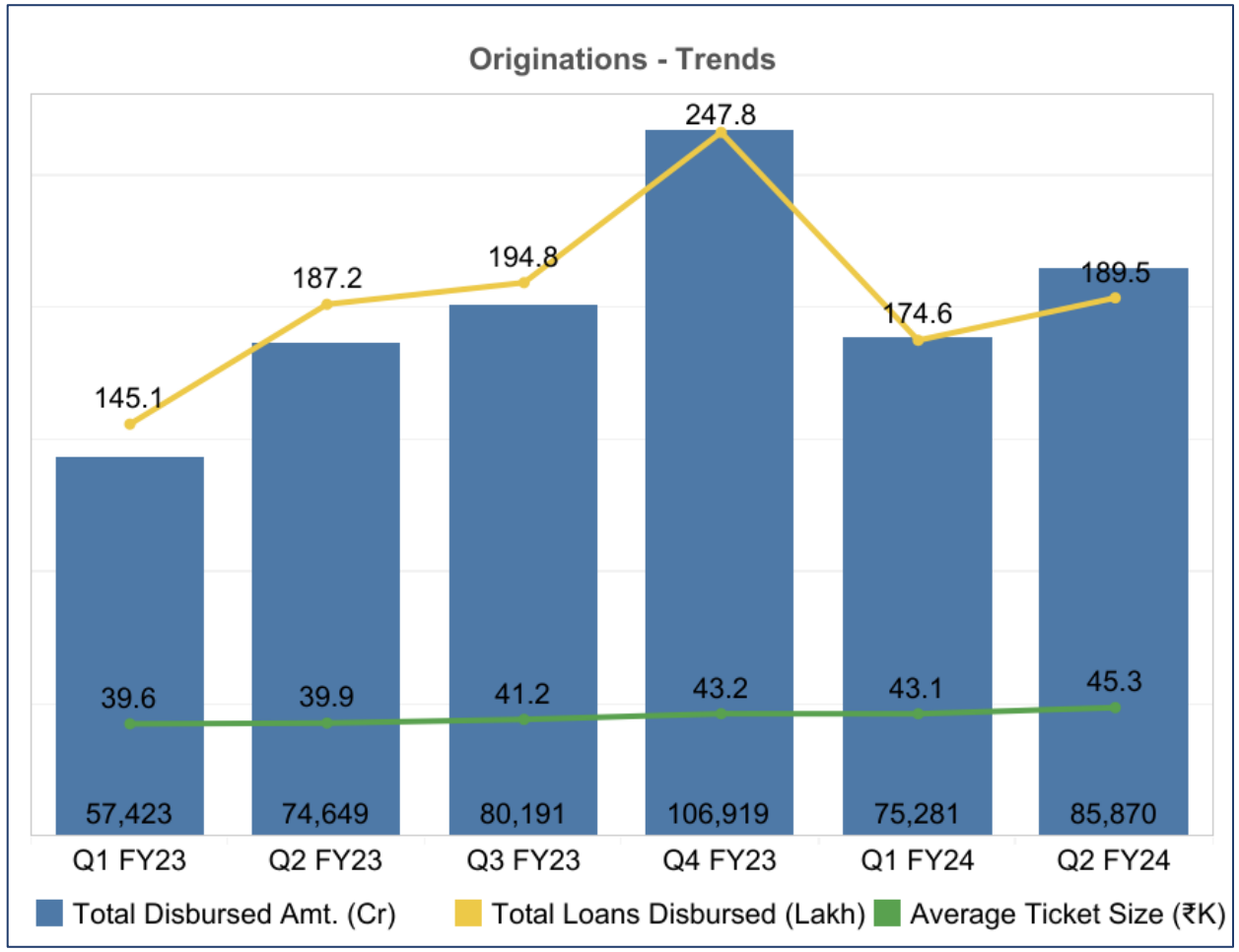
Risk Profile – Collections Performance



- Monthly forward flow rates have decreased in Sep'23 for all delinquency buckets except Current compared to Aug'23
- Monthly Roll back rates have increased in Sep'23 for all delinquency buckets compared to Aug'23
- In Sep'23, Monthly forward flows in 31-90 DPD decreased across all ticket sizes

Internal

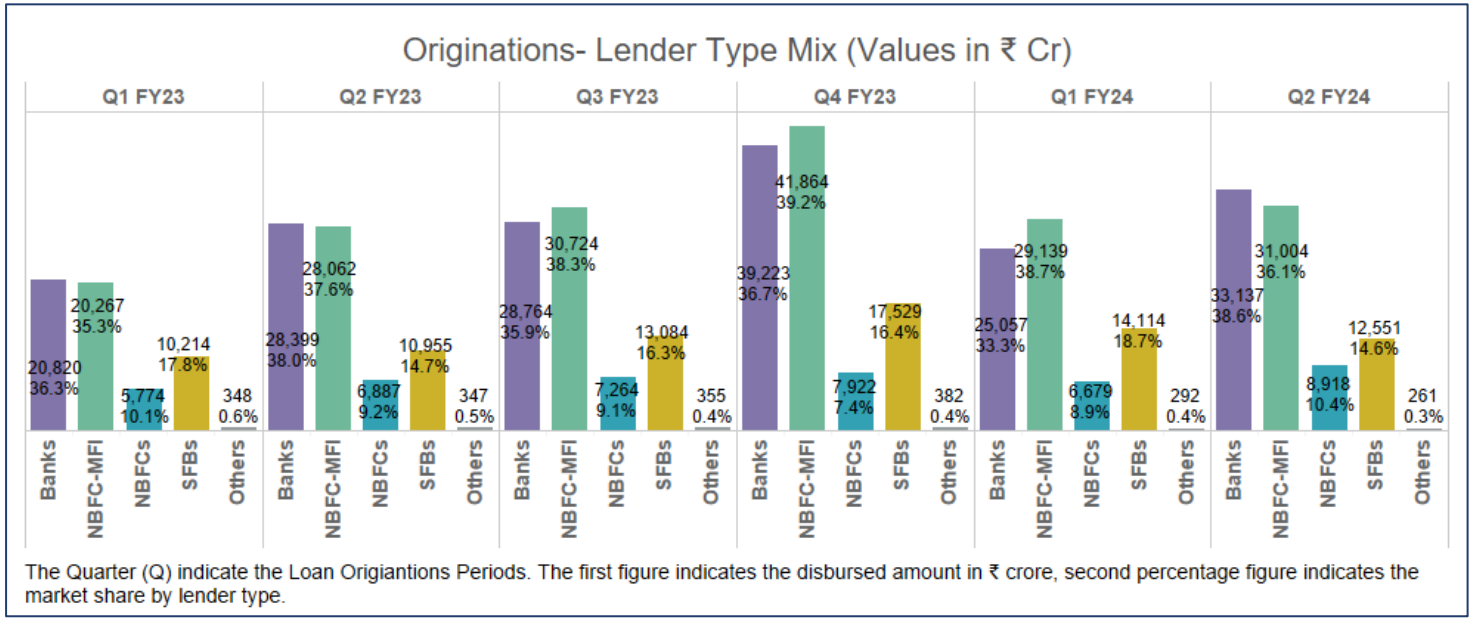
Microfinance - Originations



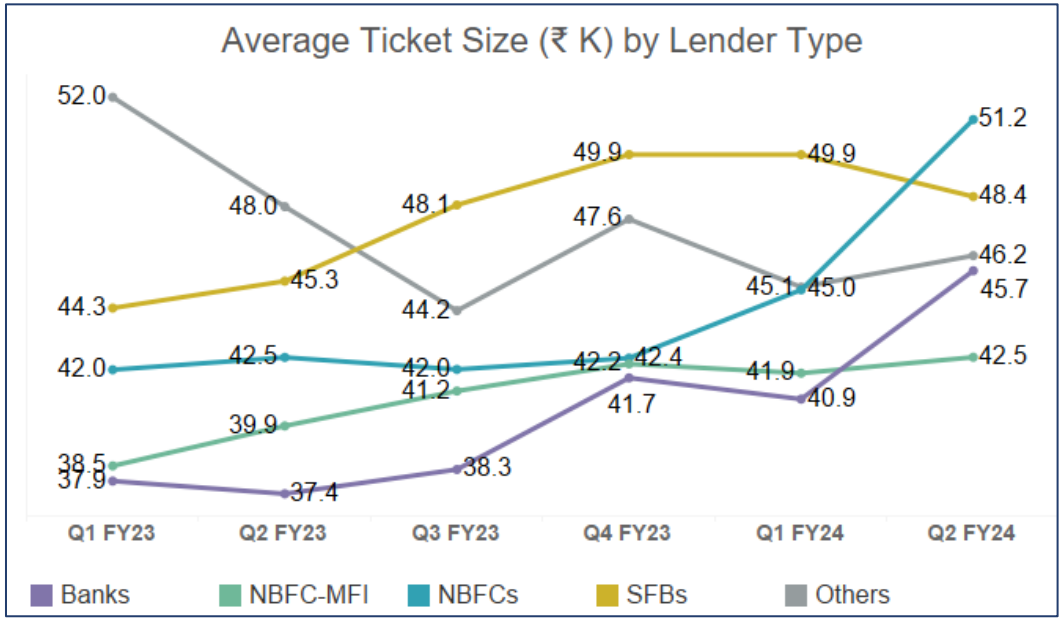
- ₹85.9K crore originations (by value) in Q2 FY24, growth of 14.1% compared to Q1 FY24 and growth of 15% compared to Q2FY23
- 189.5 lakh loans disbursed in Q2 FY24, growth of 8.5% compared to Q1 FY24 and flat growth of 1.2% compared to Q2 FY23
- Share of Southern region in disbursements (value) increased from 27% in Q2 FY23 to 29.4% in Q2 FY24, share of Northen, Central and Western region declined
- Average ticket size at ₹45.3K in Q2 FY24, growth of 5.1% compared to Q1 FY24 and growth of 13.5% compared to Q2 FY23

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Originations - Lender Type Mix



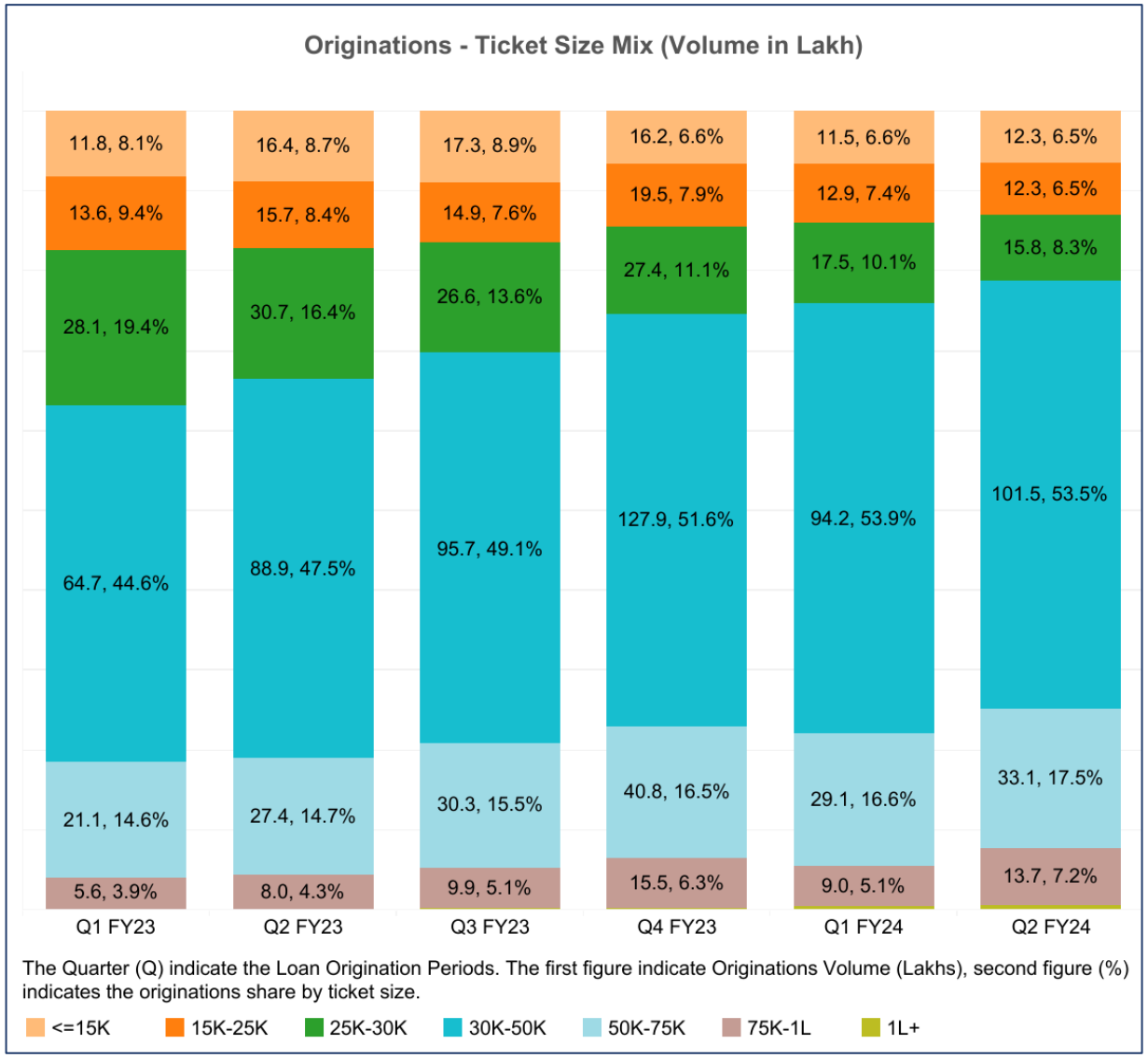
The Quarter (Q) indicate the Loan Origiantions Periods. The first figure indicates the disbursed amount in ₹ crore, second percentage figure indicates the market share by lender type.



- Banks dominate with 38.6% Originations share (by value) followed by NBFC-MFI with 36.1% in Q2 FY24
- Originations share (by value) of NBFC MFIs and SFBs decreased in Q2 FY24 compared to Q1 FY24
- Average ticket size for NBFCs grew Q-o-Q by 13.8%, Banks by 11.7%, NBFC-MFI by 1.4% while SFBs decline by 3% in Q2 FY24
- Average ticket size is highest for NBFCs at ₹51.2K among all Lender Type in Q2 FY24

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Originations - Ticket Size Mix



- Originations share (by volume) of loans ₹30K-₹50K remained the largest at 53.5% in Q2 FY24
- Originations share (by volume) of loans >₹50K increased from 19% in Q2 FY23 to 25.2% in Q2 FY24
- For top state Bihar and Tamil Nadu, share of originations (volume) of loans of ticket size ₹30K-₹50K continues to be the largest at 54.7% and 51% respectively in Q2 FY24
- Originations share by volume for loans of <=₹30K declined from 25.5% to 18.5% in Bihar and from 21.9% to 13.5% in Tamil Nadu from Q2 FY23 to Q2 FY24

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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 Sep 2023 compared to Sep 2022
Q-o-Q	Quarter on Quarter	Quarterly comparison for change, example Sep 2023 compared to Jun 2023
M-o-M	Month on Month	Monthly comparison for change, example Sep 2023 compared to Aug 2023
Q4 FY23	Fourth Quarter of the Financial Year 2022-23	January-February-March 2023
Q1 FY24	First Quarter of the Financial Year 2023-24	April-May-June 2023
Q2 FY24	Second Quarter of the Financial Year 2023-24	July-August-September 2023

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 Jun'23 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

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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 is an RBI licensed credit bureau in India that commenced its bureau operations in March 2011. CRIF High Mark offers Credit Bureau Information and Identification and anti-fraud services. It is India's first full service credit information bureau which provides comprehensive information solutions for all borrower segments – MSME and Commercial borrowers, Retail consumers, and Microfinance borrowers. With the databases of individuals and businesses from over 5,000 financial institutions CRIF High Mark provides credit information services and supports millions of lending decisions every month.

CRIF High Mark is part of CRIF S.p.A. a global company headquartered in Bologna, Italy. CRIF is a global company specializing in credit & business information systems, analytics, outsourcing and processing services, as well as advanced digital solutions for business development and open banking. CRIF is ranked amongst the prestigious top 100 IDC Fintech Rankings. Globally, CRIF operates in 39 countries with more than 10,000 financial institutions and over 600 insurance companies. CRIF's services are used by over 90,000 companies and more than 1,000,000 consumers.