

21 October 2020

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|--|---|
| THE MANAGER, BSE LIMITED DCS - CRD PHIROZE JEEJEEBHOY TOWERS DALAL STREET, MUMBAI - 400 001 | THE MANAGER, LISTING DEPARTMENT NATIONAL STOCK EXCHANGE OF INDIA LTD. EXCHANGE PLAZA, C-1. BLOCK G, BANDRA - KURLA COMPLEX, BANDRA (EAST) MUMBAI - 400 051 |
| SCRIP CODE: 500034 | SCRIP CODE: BAJFINANCE – EQ |

Dear Sir / Madam,

Sub: Investor Presentation for the quarter ended 30 September 2020

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith Investor Presentation for the quarter ended 30 September 2020.

The presentation, *inter-alia*, covers the following details pursuant to SEBI circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated 20 May 2020:

- Impact of the CoVID-19 pandemic on the business and current status;
- Estimation of the future impact of CoVID-19 on its operations;
- Capital and financial resources;
- Profitability;
- Liquidity position;
- Ability to service debt and other financing arrangements;

Please access the link to view live webcast of conference call scheduled to be held on 21 October 2020 at 4:00 p.m. IST: <https://links.ccwebcast.com/?EventId=BFinance20201021>

Kindly take the same on record and the same be treated as compliance under the aforesaid SEBI circular.

Thanking you,
Yours faithfully,
For **BAJAJ FINANCE LIMITED**

R. VIJAY
COMPANY SECRETARY
Email ID: investor.service@bajajfinserv.in

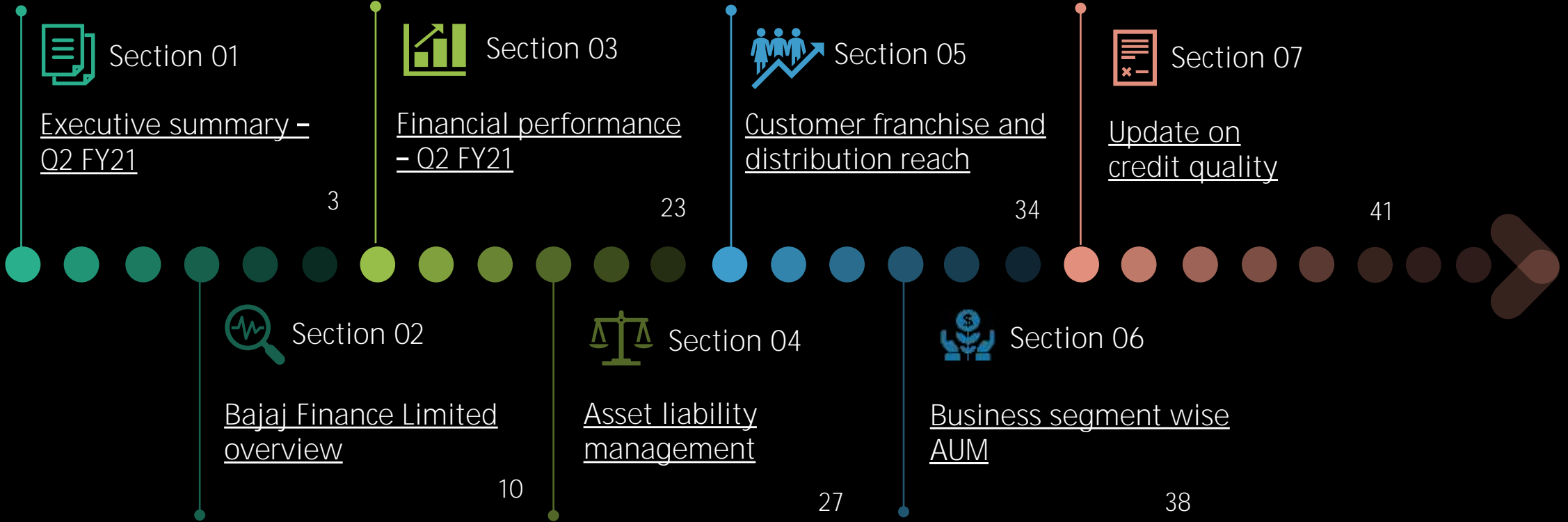
Encl.: As above



Bajaj Finance Limited

Q2 FY21 Investor Presentation

21 October 2020





Section 01

Executive summary – Q2 FY21

1.1

Quarter gone by

1.2

Executive summary on Q2 FY21

Q2 was all about gradual unlocking of the economy. Our focus, as a **company, was on restarting all businesses, creating 'back to growth' plans,** continuous risk modelling to refine loss estimates, collections capacity augmentation and begin implementation of our business transformation keeping in mind a smaller aggregate economy over the next 12-18 months.



*Not annualized

Balance Sheet and Franchise:

1. The Company has restarted origination across all businesses except REMI (452K accounts - 6.9%) and wallet loans (152K accounts - 2.3%) which are on pause mode till January and March respectively. The Company booked 3.62 MM new loans during Q2 FY21 as against 6.47 MM in Q2 FY20. We are currently witnessing MoM improvement in volumes across all businesses.
2. The Company continued to maintain a conservative stance on volumes till August, given extended moratorium and absence of updated bureau data. From September, the Company has started to accelerate volumes across all businesses. Bureau information is expected to be fully onstream by November which should further aid volume momentum.
3. In September, versus previous year, urban consumption businesses (B2B) were at 72%, rural consumption business (B2B) at 91%, **credit card origination at 73%, ecommerce at 75% and auto finance business was at 54% of last year's volume.**
4. **In September, loan disbursements (B2C, SME, Rural B2C, Mortgages) were at 62% of last year's volume.**
5. The Company acquired 1.22 MM new customers in the current quarter. Total customer franchise stood at 44.11 MM as of 30 September 2020, a growth of 14% YoY. Cross sell franchise stood at 23.87 MM.
6. Existing customers contributed to 66% of new loans booked during Q2 FY21.
7. AUM growth moderated to 1% YoY. It stood at ₹ 1,37,090 crore in Q2 FY21. The Company estimates AUM growth for FY21 at 6-7%. If the momentum by Q4 is stronger, there may be a potential upside.
8. So far, risk metrics of new volumes originated across businesses are tracking better than pre-COVID-19 origination.

9. In Q2 FY21, the Company has converted ₹ 1,750 crore of term loans into flexi loans to provide customers the flexibility of lower repayment and higher prepayment.
10. The **Company's plan is to achieve Feb 20 (Pre-COVID-19)** loan originations by March / April 21. This would position the Company to take advantage of a strong economic upturn in FY22.

Liquidity Management

11. As of 20 October 2020, the Company had consolidated liquidity buffer of ₹ 24,775 crore and SLR investments of Rs. 2,582 crore. This represents 21.9% of its total borrowing. The carry cost of total liquidity in Q2 was ₹ 220 crore as against ₹ 47 crore in Q2 FY20.
12. Given favorable market conditions, the Company will slowly dial down its liquidity buffer over the next 6 months and expects to revert closer to pre-COVID-19 liquidity buffer by March 21. It will also ensure that the cost of excess liquidity normalizes by Q4.
13. Deposits book stood at ₹ 21,669 crore, a growth of 23% YoY. Its contribution to consolidated balance sheet was 17% as of 30 September 2020. The Company continued to attract sizable retail deposits in Q2. The Retail : Corporate mix stood at 75 : 25 in Q2 FY21 as against 56 : 44 in Q2 FY20 in line with its strategy of reducing its reliance on corporate deposits.

Operating expense management

14. Given COVID-19, in April, the Company had a choice to make. Significantly cut cost or grow volumes over the next 6 months. We chose to cut costs. In Q2, despite higher fees and commission cost to the tune of ₹25 crore, the overall opex is down by ₹224 crore. As a result, NII grew by 4% but opex de-grew by 16%. Opex to NII improved to 27.8% in Q2 FY21 as against 34.6% in Q2 FY20.
15. Some of these cost cuts are structural in nature and some are transient. As we get back to growth and parallelly implement our transformation plan, the overall Opex to NII will be much lower.

16. The Company has now started to gradually roll back some of its actions of operating expense management. The Company has reinstated its quarterly incentive plans for its staff from Q3 onwards. However, call center optimization, freeze on travel, advertising & promotion and deferred physical trainings etc will continue in Q3 as well.

Credit Costs

17. 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.

18. FY22 onwards, loan losses and provisions should revert to pre-COVID-19 levels of 160-180 bps of average assets. If recoveries are better in FY22 against provisions taken in FY21, we may experience lower net loan loss to average assets.

19. During the quarter, the Company has further increased its provisioning coverage for stage 1 and 2 assets by ₹ 1,370 crore taking it to ₹ 5,099 crore as of 30 September 2020 ([refer page 44](#)).

20. The Company experienced continued improvement in portfolio quality in Q2. Against 15.7% of moratorium book in June 2020, stage 2 (1 and 2 installments overdue) book as of 30 September 2020 stood at 8.0% versus 2.3% in Q2 FY20 ([refer page 46](#)).

21. The Company last provided an update on its credit cost scenario model on 21 July 2020. As of September 2020, the Company is holding its credit costs estimate at ₹6,000-6,300 crore for FY21 in addition to 1,150 Cr (900 Cr of COVID-19 provision & 250 Cr of estimated write off recovery) provisioned in Q4 FY20. Our loan loss models are currently projecting an improvement to this estimate. The Company continues to roll forward its loan loss forecast every month by each of its portfolio.

22. So far, the Company has taken a loan loss provision of ₹ 3,386 crore against its credit cost estimate of ₹6,000-6,300 crore for FY21. Based on current risk estimates, the Company has to residually take ₹ 2,600 - 2,900 crore in H2 FY21.

23. Pursuant to the RBI resolution framework for COVID-19 related stress dated 6 August 2020, the Company has provided resolution plan on assets worth ₹ 252 crore (₹ 214 crore in Mortgages & ₹ 38 crore in Consumer) as of 30 September 2020.

24. Additionally, as a matter of prudence, the Company has reversed capitalized interest amounting to ₹142 crore on loans under moratorium. Overall amount of interest income reversed in H1 FY21 stood at ₹ 361 crore.
25. **Based on Hon'ble Supreme Court's interim order of not classifying customers as NPA after 31 August, GNPA & NNPA for the quarter** stood at 1.03% & 0.37% respectively. Adjusted GNPA and NNPA stood at 1.34% and 0.56% respectively.

Profitability

26. Consolidated PBT for Q2 contracted by 35% to ₹ 1,305 crores after taking additional provisions for stage 1 and 2 of ₹ 1,370 crore, cost of additional liquidity of ₹ 173 crore and interest income reversal of ₹ 142 crore. The Company has strong pre provisioning profitability.

Capital:

27. The Company continues to remain well capitalised with CRAR of 26.6% as of 30 September 2020. Tier-1 capital was 23.0%.

Update on Business transformation project:

28. **The objective of business transformation is to become a 'moment of truth' Company across all our products and services and deliver financial services products to all our customers in a frictionless manner.**
29. The Company has significantly accelerated its 3rd transformation journey. The Company is in the middle of significantly strengthening its technology, data science, app design and content design teams. The Company is working towards delivering a transformed customer experience model for its 105 MM customers and prospects by June-July 21.
30. Once implemented, this transformation should lead to significantly higher velocity at much lower cost.

Subsidiaries

31. Bajaj Housing Finance Ltd (BHFL) profit after tax contracted by 36% to ₹ 83 crore in Q2 FY21 against ₹ 130 crore in Q2 FY20.
32. **BHFL's** AUM increased by 30% to ₹ 33,463 crore as of 30 September 2020 from ₹ 25,714 crore as of 30 September 2019.
33. **BHFL's Net Interest Income for Q2 FY21 contracted by 6% to ₹ 248 crore from ₹ 264 crore in Q2 FY20.**
34. **BHFL's Opex to NII improved to 28.2% in Q2 FY21 as against 33.3% in Q2 FY20.**
35. During the quarter, BHFL has further increased its provision on stage 1 and 2 assets by ₹ 64 crore taking the overall contingency provision to ₹ 220 crore as of 30 September 2020.
36. Bajaj Financial Securities Ltd (BFinsec) made a net profit of ₹ 2 crore in Q2 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

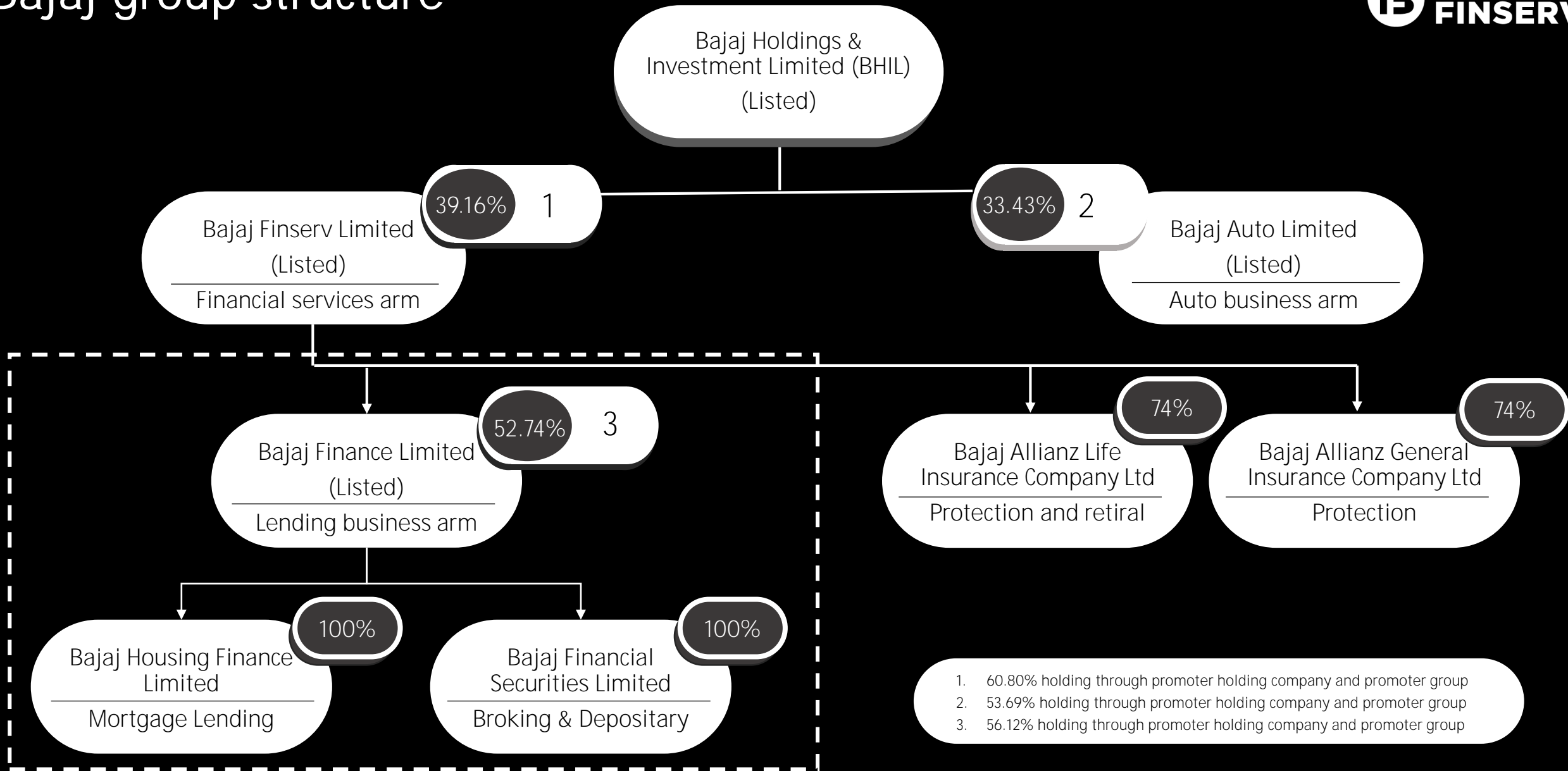
2.5

Product suite

2.6

Executive summary

Bajaj group structure



- 1. 60.80% holding through promoter holding company and promoter group
- 2. 53.69% holding through promoter holding company and promoter group
- 3. 56.12% holding through promoter holding company and promoter group

Above shareholding is as of 30 September 2020

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

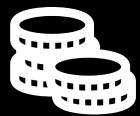
“Focused on mass affluent & above clients with a strategy to cross sell”

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

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

“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%



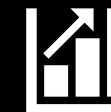
GNPA
in corridor of
1.4%-1.7%



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 44.11 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%: 37%: 17%: 4%

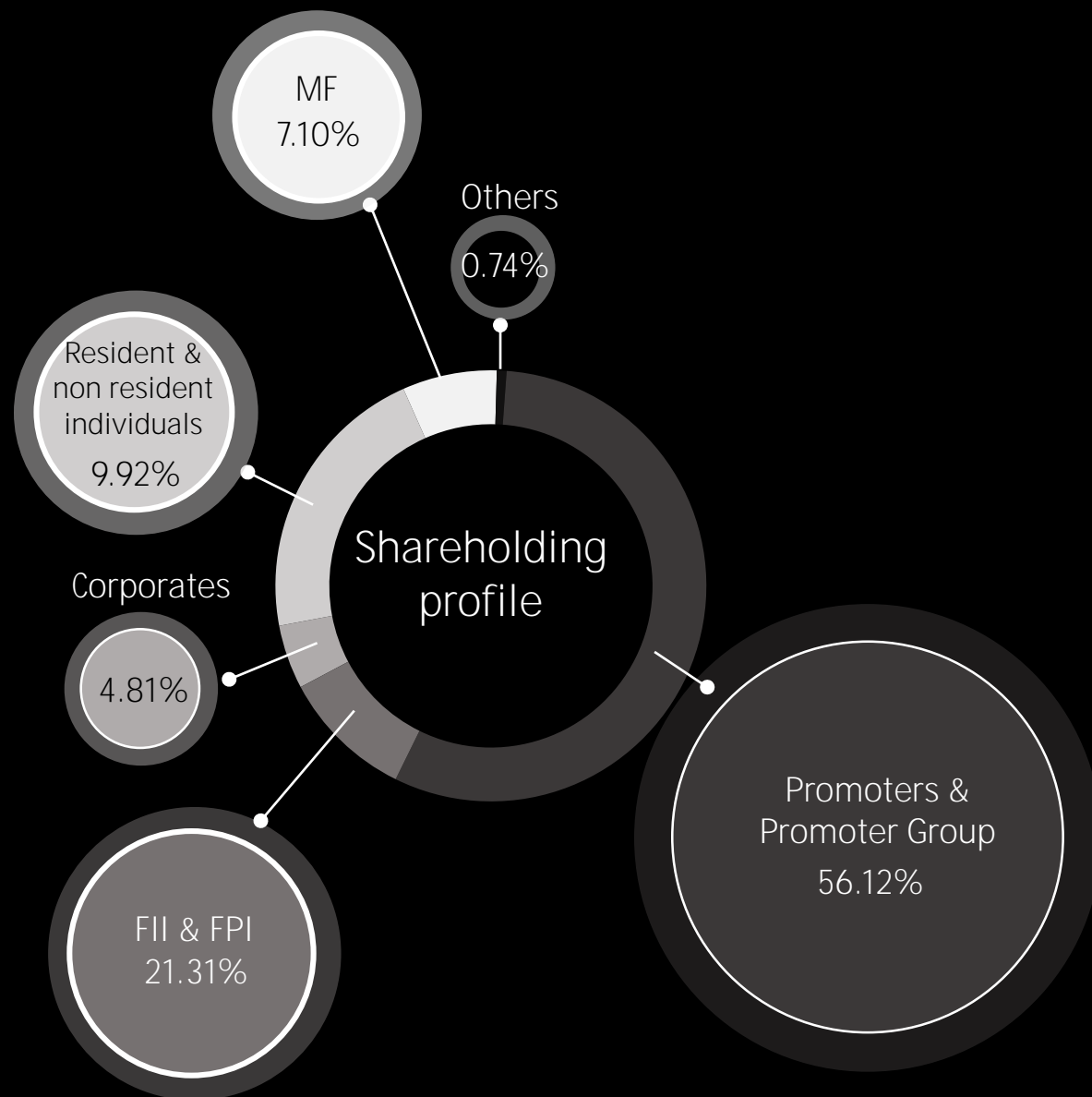
Highly agile & innovative

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



Above shareholding is as of 30 September 2020

Top 20 investors & their holdings

| S.No | Name of Shareholder | As on 30 Sept 20 | As on 31 March 20 | As on 30 Sept 19 |
|------|---|------------------|-------------------|------------------|
| 1 | BAJAJ FINSERV LTD | 52.74% | 52.82% | 54.81% |
| 2 | GOVERNMENT OF SINGAPORE | 4.20% | 4.46% | 3.71% |
| 3 | MAHARASHTRA SCOOTERS LTD. | 3.15% | 3.15% | 3.27% |
| 4 | LIFE INSURANCE CORPORATION OF INDIA | 0.94% | 0.15% | 0.10% |
| 5 | AXIS LONG TERM EQUITY FUND | 0.93% | 0.76% | 0.83% |
| 6 | NEW HORIZON OPPORTUNITIES MASTER FUND | 0.77% | 0.77% | 0.80% |
| 7 | STEADVIEW CAPITAL MAURITIUS LTD. | 0.77% | 0.79% | 1.14% |
| 8 | SBI ETF NIFTY 50 | 0.68% | 0.65% | 0.51% |
| 9 | AXIS BLUECHIP FUND | 0.64% | 0.41% | 0.29% |
| 10 | NEW WORLD FUND INC. | 0.56% | 0.56% | 0.58% |
| 11 | SBI EQUITY HYBRID FUND | 0.55% | 0.45% | 0.43% |
| 12 | SMALL CAP WORLD FUND INC | 0.54% | 0.54% | 0.56% |
| 13 | VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND | 0.53% | 0.52% | 0.48% |
| 14 | AXIS FOCUSED 25 FUND | 0.46% | 0.36% | 0.36% |
| 15 | ST. JAMES'S PLACE EMERGING MARKETS EQUITY UNIT TRUST MANAGED BY WASATCH ADVISORS INC | 0.46% | 0.23% | 0.23% |
| 16 | VANGUARD EMERGING MARKET STOCK INDEX FUND | 0.43% | 0.44% | 0.45% |
| 17 | SBI LIFE INSURANCE CO. LTD | 0.39% | 0.48% | 0.38% |
| 18 | DF INTERNATIONAL PARTNERS | 0.38% | 0.22% | 0.30% |
| 19 | LIFE INSURANCE CORPORATION OF INDIA P & GS FUND | 0.37% | 0.02% | 0.01% |
| 20 | UTI – EQUITY FUND | 0.34% | 0.32% | 0.34% |

10-year financial snapshot

| Financials snapshot [@] | FY11 | FY12 | FY13 | FY14 | FY15 | FY16 | FY17 | FY18 [@] (Consol.) | FY19 [@] (Consol.) | FY20 [@] (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 | 1. Unsecured Working Capital Loans ^(E) | 1. Loan against securities | 1. Consumer Durable Loans | 1. Retail Term Deposits | 1. Life Insurance Distribution |
| 2. Digital Product Loans ^(E) | 2. Loans to self employed and Professionals ^(E) | 2. IPO financing | 2. Digital Product Loans | 2. Corporate Term Deposits | 2. General Insurance Distribution |
| 3. Lifestyle Product Loans | 3. Secured Enterprise Loans | 3. ESOP financing | 3. Lifestyle Product Loans | 3. Systematic Deposit Plan | 3. Health Insurance Distribution |
| 4. Lifecare financing | 4. Used-car financing | 4. Vendor financing to auto component manufacturers | 4. Personal Loans Cross Sell | | 4. Pocket Insurance ^(E) |
| 5. EMI Cards | | 5. Financial Institutions Lending | 5. Salaried Personal Loans | | 5. Co-Branded Credit Card |
| 6. Retail Spend Financing | | 6. Light Engineering Lending | 6. Gold Loans | | 6. Co-Branded Wallet |
| 7. 2-Wheeler & 3-Wheeler Loans | | 7. Specialty Chemicals Lending | 7. Loans to Professionals | | 7. Financial Fitness Report |
| 8. Personal Loan Cross-Sell | | | | | |
| 9. Salaried Personal Loans ^(E) | | | | | |
| 10. E-Commerce - Consumer Finance | | | | | |
| 11. Retailer Finance | | | | | |
| 12. Health EMI Card | | | | | |

BAJAJ HOUSING FINANCE LIMITED

| | | | | |
|---------------------------------------|-----------------------------|----------------------|-----------------------------|-----------------------------|
| 1. Salaried Home Loans ^(E) | 1. Loan Against Property | 1. Developer Finance | 1. Loan Against Property | 1. Property search services |
| 2. Salaried Loan Against Property | 2. Self Employed Home Loans | | 2. Home Loans | 2. Property Fitness Report |
| | 3. Lease Rental Discounting | | 3. Secured Enterprise Loans | |

BAJAJ FINANCIAL SECURITIES LIMITED

1. Depository services
2. Margin Trading Facility
3. Spread Financing
4. Brokerage account

Overview

- 33-year-old non bank with a demonstrated track record of profitable growth
- Diversified financial services company focused on Consumer, Rural, SME, Commercial, Mortgages and Payments
- Focused on mass affluent client with a strategy to cross sell
- Strong focus on deposits acceptance and fee product distribution
- Present in 1,134 urban locations and 1,507 rural locations in India with over 1,14,400+ points of sale
- Large customer franchise of 44.11 MM
- Amongst the largest new loan acquirers in India (3.62 MM in Q2 FY21)
- AUM mix of Consumer: Rural: SME: Commercial: Mortgages stood at 36%: 9%: 13%: 9%: 33% as of 30 September 2020
- AUM of ₹ 1,37,090 crore as of 30 September 2020 and a post tax profit of ₹ 965 crore in Q2 FY21
- Capital adequacy ratio (including Tier II capital) stood at 26.6% as of 30 September 2020. Tier I capital stood at 23.0%

Subsidiaries

- 100% shareholding in Bajaj Housing Finance Limited
- 100% shareholding in Bajaj Financial Securities Limited

Treasury

- Strategy is to create a balanced mix of wholesale and retail borrowings
- Borrowings of ₹ 124,900 crore with a mix of 42: 37: 17: 4 between money markets, banks, deposits & ECB as of 30 September 2020

Credit Quality

- Consolidated Gross and Net NPA as of 30 September 2020 stood at 1.03% and 0.37%, respectively
- Provisioning coverage ratio as of 30 September 2020 was 64%
- Provisioning coverage on stage 1 & 2 stood at 369 bps as of 30 September 2020 versus 273 bps as of 30 June 2020. This was 90-100 bps during pre-pandemic situation.

Overview

- Focused on Consumer, Rural, SME, Commercial and Payments lines of businesses
- Strategic business unit organization design supported by horizontal common utility functions to drive domain expertise, scalability and operating leverage
- Focused on cross sell, customer experience and product & process innovations to create a differentiated & profitable business model
- AUM mix of Consumer: Rural: SME: Commercial: Mortgage (residual) stood at 46%: 12%: 17%: 11%: 14% as of 30 September 2020
- AUM of ₹ 1,04,986 crore as of 30 September 2020 and a post tax profit of ₹ 877 crore in Q2 FY21

Consumer business

- Present in 1,134 locations with 89,900+ active distribution points of sale as of 30 September 2020
- Largest consumer electronics, digital products & lifestyle products lender in India
- 2-wheeler financing business disbursed 158K accounts in the quarter (degrowth of 42% YOY)
- 3-wheeler financing business disbursed 13K accounts in the quarter (degrowth of 72% YOY)
- Amongst the largest personal loan lenders in India

Payments

- EMI Card franchise stood at 20.6 MM cards in force (CIF)
- Bajaj Finserv - RBL Bank co-branded credit card CIF stood at 1.87 MM as of 30 September 2020
- Bajaj Finserv Mobikwik app has 16.8 MM users as of 30 September 2020 who have linked their EMI card to the wallet

Rural business

- Highly diversified lender in rural markets offering 10 loan products across consumer and SME business categories
- Operates with a unique hub and spoke business model
- Geographic presence across 1,507 towns and villages with retail presence across 19,800+ points of sale

-
- SME Business**
- Offers unsecured working capital loans to SME and self-employed professionals
 - Secured offerings include enterprise loans against property and financing against used car
 - Focused on affluent SMEs (average sales of ₹15 to 17 crore) with established financials & demonstrated borrowing track record
-
- Commercial business**
- Offers short, medium- and long-term financing to mid market corporates
 - Offers a range of structured products collateralized by marketable securities or mortgage
 - Offers financing against shares, mutual funds, insurance policies and deposits
-
- Treasury**
- Strategy is to create a balanced mix of wholesale and retail borrowings with a focus on long term borrowings
 - Borrowings stood at ₹ 99,246 crore with a mix of 44: 29: 22: 5 between money markets, banks, deposits & ECB as of 30 September 2020
-
- Credit Quality**
- Gross and Net NPA as of 30 September 2020 stood at 1.29% and 0.46% respectively
 - Provisioning coverage ratio as of 30 September 2020 was 65%
 - Provisioning coverage on stage 1 & 2 stood at 451 bps as of 30 September 2020 versus 273 bps as of 30 June 2020.
-
- Credit Rating**
- Credit rating for long term borrowing is AAA/Stable by CRISIL, ICRA, CARE & India Ratings
 - Credit rating for short term borrowing is A1+ by CRISIL, ICRA & India Ratings
 - Credit rating for FD program is FAAA/Stable by CRISIL & MAAA (Stable) by ICRA
 - Long term issuer credit rating of BB+/Stable and short-term rating of B by S&P Global

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 ₹ 33,463 crore as of 30 September 2020 and a post tax profit of ₹ 83 crore for Q2 FY21
- Capital adequacy ratio (including Tier II capital) stood at 25.97% as of 30 September 2020

Home Loans

- Offers home loans to salaried customers for an average ticket size of approximately 43 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


Loan Against Property

- Offers loan to mass affluent and above self employed customers for an average ticket size of approximately 49 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

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

| | |
|--------------------------|---|
| Lease Rental Discounting | <ul style="list-style-type: none">• 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 | <ul style="list-style-type: none">• 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 | <ul style="list-style-type: none">• 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 30 September 2020 stood at 0.08% and 0.05% respectively |
| Treasury | <ul style="list-style-type: none">• Strategy is to create a balanced and sustained mix of borrowings• Borrowings stood at ₹ 25,603 crore with a mix of 69 : 31 between banks and money markets as of 30 September 2020 |
| Credit Rating | <ul style="list-style-type: none">• 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

– Q2 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 | Q2 FY21 | Q2 FY20 | YoY | H1 FY21 | H1 FY20 | YoY | FY20 |
|--|--------------|--------------|--------------|---------------|---------------|--------------|---------------|
| Assets under management | 1,37,090 | 1,35,533 | 1% | 1,37,090 | 1,35,533 | 1% | 1,47,153 |
| Assets under finance | 1,31,765 | 1,30,790 | 1% | 1,31,765 | 1,30,790 | 1% | 1,41,376 |
| Interest income | 5,763 | 5,463 | 5% | 11,556 | 10,564 | 9% | 22,970 |
| Fee and other income | 619 | 724 | (14%) | 1,212 | 1,348 | (10%) | 2,879 |
| Net gain on fair value changes on investment | 141 | 136 | 4% | 405 | 219 | 85% | 537 |
| Total Income | 6,523 | 6,323 | 3% | 13,173 | 12,131 | 9% | 26,386 |
| Interest expenses | 2,358 | 2,323 | 2% | 4,856 | 4,437 | 9% | 9,473 |
| Net Interest Income | 4,165 | 4,000 | 4% | 8,317 | 7,694 | 8% | 16,913 |
| Operating Expenses | 1,160 | 1,384 | (16%) | 2,316 | 2,675 | (13%) | 5,662 |
| Loan losses and provisions | 1,700 | 594 | 186% | 3,386 | 1,145 | 196% | 3,929 |
| On ECL stage 1 & 2 | 1,370 | 129 | 962% | 2,800 | 258 | 985% | 1,318 |
| ECL stage 3 & write off | 330 | 465 | (29%) | 586 | 887 | (34%) | 2,611 |
| Profit before tax | 1,305 | 2,022 | (35%) | 2,615 | 3,874 | (32%) | 7,322 |
| Profit after tax | 965 | 1,506 | (36%) | 1,927 | 2,702 | (29%) | 5,264 |
| Ratios | | | | | | | |
| Operating expenses to Net Interest Income | 27.8% | 34.6% | | 27.8% | 34.8% | | 33.5% |
| Loan loss to average AUF* | 1.29% | 0.46% | | 2.48% | 0.94% | | 3.10% |
| Earning per share - Basic (₹) * | 16.1 | 26.1 | | 32.1 | 46.8 | | 89.8 |
| Return on Average Assets* | 0.7% | 1.2% | | 1.4% | 2.2% | | 4.1% |
| Return on Average Equity * | 2.9% | 7.0% | | 5.8% | 12.9% | | 20.2% |

* Not annualized

Financial statement summary – Bajaj Finance Limited

| Financials snapshot | Q2 FY21 | Q2 FY20 | YoY | H1 FY21 | H1 FY20 | YoY | FY20 |
|--|--------------|--------------|--------------|---------------|---------------|--------------|---------------|
| Assets under management | 1,04,986 | 1,10,946 | (5%) | 1,04,986 | 1,10,946 | (5%) | 1,16,102 |
| Assets under finance | 1,02,525 | 1,07,915 | (5%) | 1,02,525 | 1,07,915 | (5%) | 1,13,417 |
| Interest income | 5,066 | 4,924 | 3% | 10,168 | 9,566 | 6% | 20,668 |
| Fee and other income | 600 | 652 | (8%) | 1,163 | 1,243 | (6%) | 2,706 |
| Net gain on fair value changes on investment | 124 | 122 | 2% | 361 | 194 | 86% | 460 |
| Total Income | 5,790 | 5,698 | 2% | 11,692 | 11,003 | 6% | 23,834 |
| Interest expenses | 1,868 | 1,952 | (4%) | 3,853 | 3,750 | 3% | 7,857 |
| Net Interest Income | 3,922 | 3,746 | 5% | 7,839 | 7,253 | 8% | 15,977 |
| Operating Expenses | 1,101 | 1,305 | (16%) | 2,194 | 2,526 | (13%) | 5,364 |
| Loan losses and provisions | 1,635 | 581 | 181% | 3,275 | 1,123 | 192% | 3,805 |
| On ECL stage 1 & 2 | 1,306 | 125 | 945% | 2,691 | 247 | 989% | 1,233 |
| ECL stage 3 & write off | 329 | 456 | (28%) | 584 | 876 | (33%) | 2,572 |
| Profit before tax | 1,186 | 1,860 | (36%) | 2,370 | 3,604 | (34%) | 6,808 |
| Profit after tax | 877 | 1,377 | (36%) | 1,746 | 2,501 | (30%) | 4,881 |
| Ratios | | | | | | | |
| Operating expense to Net Interest Income | 28.1% | 34.8% | | 28.0% | 34.8% | | 33.6% |
| Loan loss to Average AUF* | 1.58% | 0.55% | | 3.03% | 1.11% | | 3.65% |
| Return on Average Assets* | 0.9% | 1.3% | | 1.6% | 2.5% | | 4.7% |
| Return on Average Equity* | 2.6% | 6.5% | | 5.3% | 12.1% | | 19.0% |

* Not annualized

Financial statement summary – Bajaj Housing Finance Limited



₹ in Crore

| Financials snapshot | Q2 FY21 | Q2 FY20 | YoY | H1 FY21 | H1 FY20 | YoY | FY20 |
|---|------------|------------|--------------|--------------|--------------|--------------|--------------|
| Assets under management | 33,463 | 25,714 | 30% | 33,463 | 25,714 | 30% | 32,705 |
| Assets under finance | 29,200 | 22,875 | 28% | 29,200 | 22,875 | 28% | 27,975 |
| Interest income | 696 | 539 | 29% | 1,387 | 996 | 39% | 2,303 |
| Fee and other income | 26 | 85 | (69%) | 64 | 131 | (51%) | 269 |
| Net gain on fair value changes on Investments | 16 | 11 | 45% | 43 | 23 | 87% | 74 |
| Total Income | 738 | 635 | 16% | 1,494 | 1,150 | 30% | 2,646 |
| Interest expenses | 490 | 371 | 32% | 1,003 | 688 | 46% | 1,616 |
| Net Interest Income | 248 | 264 | (6%) | 491 | 462 | 6% | 1,030 |
| Operating Expenses | 70 | 88 | (20%) | 143 | 170 | (16%) | 339 |
| Loan losses and provisions | 65 | 13 | 400% | 111 | 22 | 405% | 124 |
| On ECL stage 1 & 2 | 64 | 4 | 1500% | 109 | 12 | 808% | 86 |
| ECL stage 3 & write off | 1 | 9 | (89%) | 2 | 10 | (80%) | 38 |
| Profit before tax | 113 | 163 | (31%) | 237 | 270 | (12%) | 567 |
| Profit after tax | 83 | 130 | (36%) | 175 | 200 | (13%) | 421 |
| Ratios | | | | | | | |
| Operating expense to Net Interest Income | 28.2% | 33.3% | | 29.1% | 36.8% | | 32.9% |
| Loan loss to Average AUF* | 0.23% | 0.06% | | 0.39% | 0.11% | | 0.55% |
| Return on Average Assets* | 0.3% | 0.6% | | 0.6% | 1.0% | | 1.9% |
| Return on Average Equity* | 1.5% | 3.4% | | 3.1% | 5.3% | | 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 30 September–
Bajaj Finance Limited

4.4

Behaviouralized ALM as of 30 September–
Bajaj Housing Finance Limited

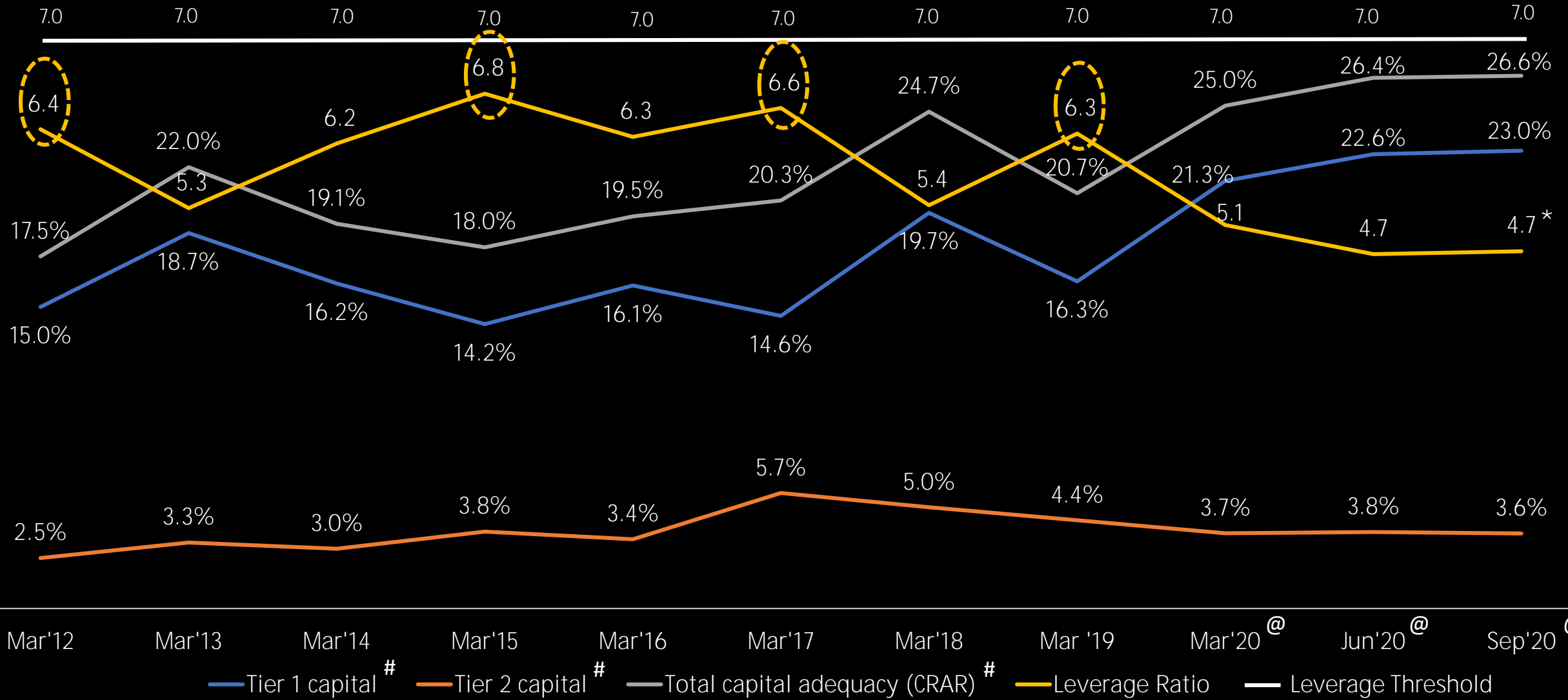
4.5

Disciplined ALM Management –
Bajaj Finance Limited

4.6

Liability mix over the last 9 years –
Bajaj Finance Limited

Conservative leverage standards – Bajaj Finance Limited



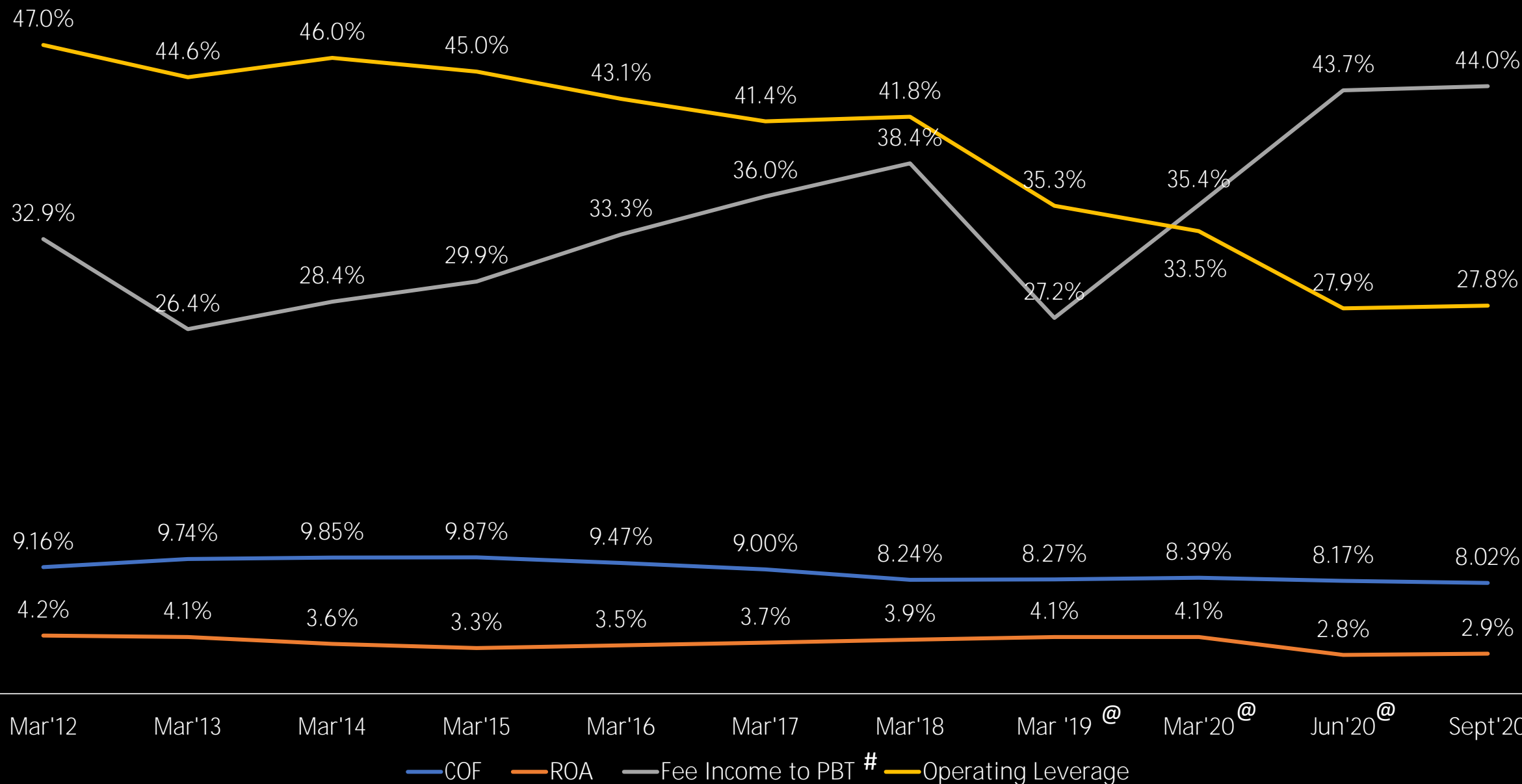
*Standalone leverage is approximately 4.0X as of 30 September 2020

#Capital Adequacy Ratios (CRAR) are on standalone basis

@ March '19 onwards numbers are as per Ind AS

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

Resilient business model – Consolidated



@ Mar '19 onwards numbers are as per Ind AS. Jun'20 & Sept'20 number is 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 30 September 2020 – BFL

| 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 | 19,441 | - | - | 1 | 751 | 118 | 1,169 | 1,048 | 383 | 5,571 | 28,483 |
| Advances | 2,963 | 1,086 | 2,231 | 4,939 | 5,136 | 12,125 | 17,917 | 36,227 | 14,958 | 7,460 | 1,05,043 |
| Other inflows | 242 | 363 | 3,999 | 951 | 435 | 45 | 208 | 2,129 | - | 4,745 | 13,117 |
| Total Inflows (A) | 22,646 | 1,449 | 6,230 | 5,892 | 6,322 | 12,289 | 19,294 | 39,404 | 15,342 | 17,777 | 1,46,644 |
| Cumulative Total Inflows (B) | 22,646 | 24,095 | 30,325 | 36,217 | 42,539 | 54,828 | 74,122 | 1,13,526 | 1,28,867 | 1,46,644 | |
| Borrowings | 4,972 | 163 | 1,662 | 2,401 | 3,999 | 5,143 | 14,403 | 47,991 | 10,661 | 11,350 | 1,02,745 |
| Capital Reserves and Surplus | - | - | - | - | - | - | - | - | - | 34,436 | 34,436 |
| Other Outflows | 3,222 | 205 | 331 | 473 | 413 | 1,426 | 591 | 1,168 | 1,072 | 560 | 9,462 |
| Total Outflows (C) | 8,195 | 368 | 1,994 | 2,873 | 4,412 | 6,569 | 14,994 | 49,159 | 11,733 | 46,347 | 1,46,644 |
| Cumulative Total Outflows (D) | 8,195 | 8,562 | 10,556 | 13,430 | 17,842 | 24,411 | 39,405 | 88,564 | 1,00,297 | 1,46,644 | |
| Mismatch (E = A - C) | 14,451 | 1,081 | 4,236 | 3,018 | 1,910 | 5,719 | 4,300 | (9,756) | 3,609 | (28,570) | |
| Cumulative mismatch (F = B-D) | 14,451 | 15,533 | 19,769 | 22,787 | 24,697 | 30,417 | 34,717 | 24,961 | 28,570 | 0 | |
| Cumulative mismatch as % (F/D) | 176% | 181% | 187% | 170% | 138% | 125% | 88% | 28% | 28% | 0% | |
| Permissible cumulative GAP % | -10% | -10% | -20% | | | | -15% | | | | |
| Additional borrowings possible | 16,968 | 1,243 | 9,140 | | | | 20,447 | | | | |

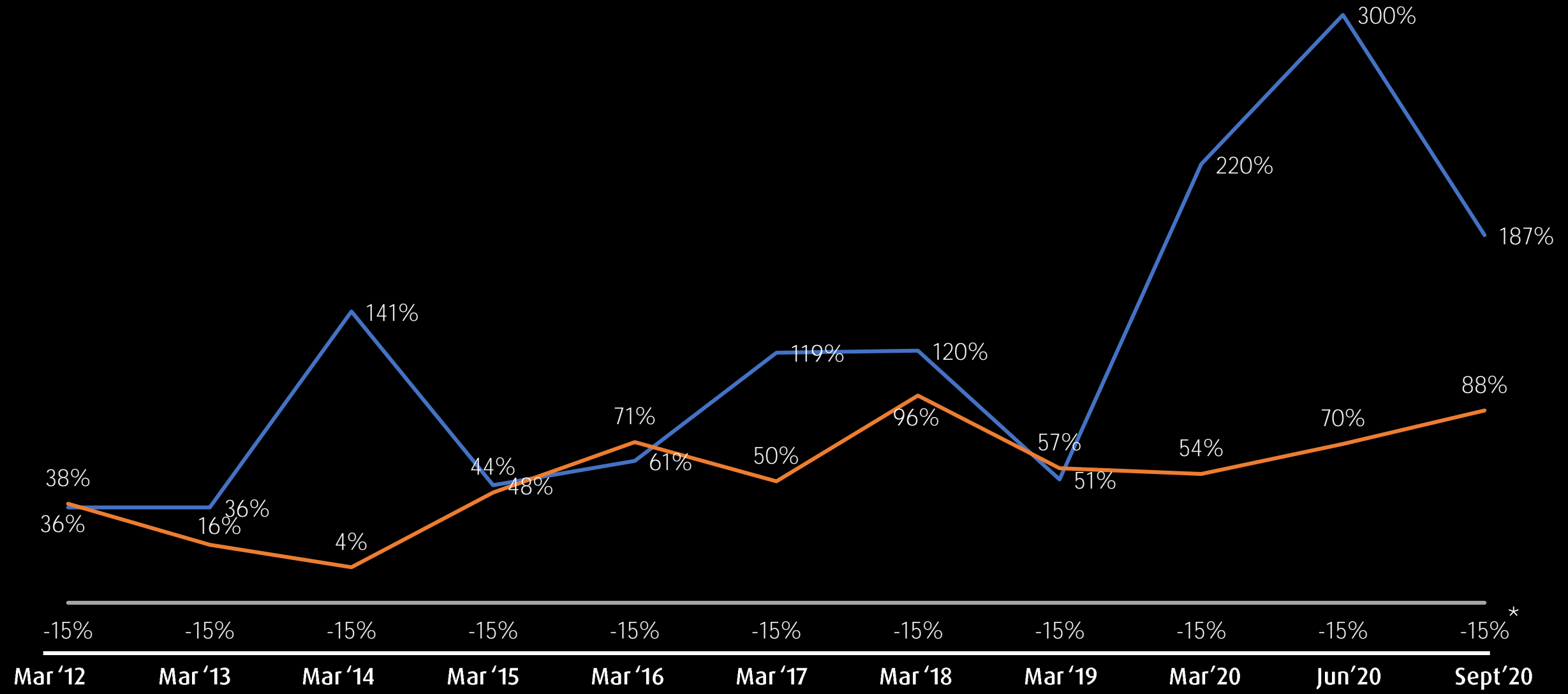
Behaviouralized ALM as of 30 September 2020 – BHFL

| Particulars | 1 -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 | 797 | 500 | - | 750 | - | - | - | - | - | - | - | 2,047 |
| Advances | 337 | 337 | 488 | 498 | 1,431 | 2,587 | 8,281 | 5,227 | 3,585 | 3,462 | 3,340 | 29,572 |
| Other inflows | 91 | 518 | 2 | 7 | 160 | 2,543 | 748 | 802 | 546 | 151 | 620 | 6,187 |
| Total Inflows (A) | 1,225 | 1,355 | 490 | 1,255 | 1,591 | 5,130 | 9,028 | 6,029 | 4,130 | 3,613 | 3,960 | 37,806 |
| Cumulative Total Inflows (B) | 1,225 | 2,580 | 3,070 | 4,324 | 5,915 | 11,045 | 20,073 | 26,102 | 30,232 | 33,845 | 37,806 | |
| Borrowings | - | 51 | 235 | 879 | 1,370 | 5,483 | 11,224 | 4,782 | 1,159 | - | 1,800 | 26,937 |
| Capital and Reserves and Surplus | - | - | - | - | - | - | - | - | - | - | 5,739 | 5,739 |
| Other Outflows | 428 | 394 | 238 | 196 | 416 | 544 | 133 | - | - | 2,500 | 279 | 5,129 |
| Total Outflows (C) | 428 | 445 | 474 | 1,075 | 1,786 | 5,982 | 11,357 | 4,782 | 1,159 | 2,500 | 7,818 | 37,806 |
| Cumulative Total Outflows (D) | 428 | 873 | 1,347 | 2,422 | 4,208 | 10,190 | 21,547 | 26,328 | 27,487 | 29,987 | 37,806 | |
| Mismatch (E = A-C) | 797 | 910 | 16 | 179 | (196) | (852) | (2,328) | 1,247 | 2,971 | 1,113 | (3,858) | |
| Cumulative mismatch (F= B-D) | 797 | 1,707 | 1,723 | 1,902 | 1,707 | 855 | (1,474) | (226) | 2,745 | 3,858 | 0 | |
| Cumulative mismatch as a % (F/D) | 186% | 204% | 128% | 79% | 41% | 8% | -7% | -1% | 10% | 13% | 0% | |
| Permissible cumulative GAP % | -15% | -15% | | | | | -15% | | | | | |
| Additional borrowings possible | 1,013 | 1,148 | | | | 642 | | | | | | |

Disciplined ALM Management – Bajaj Finance Limited

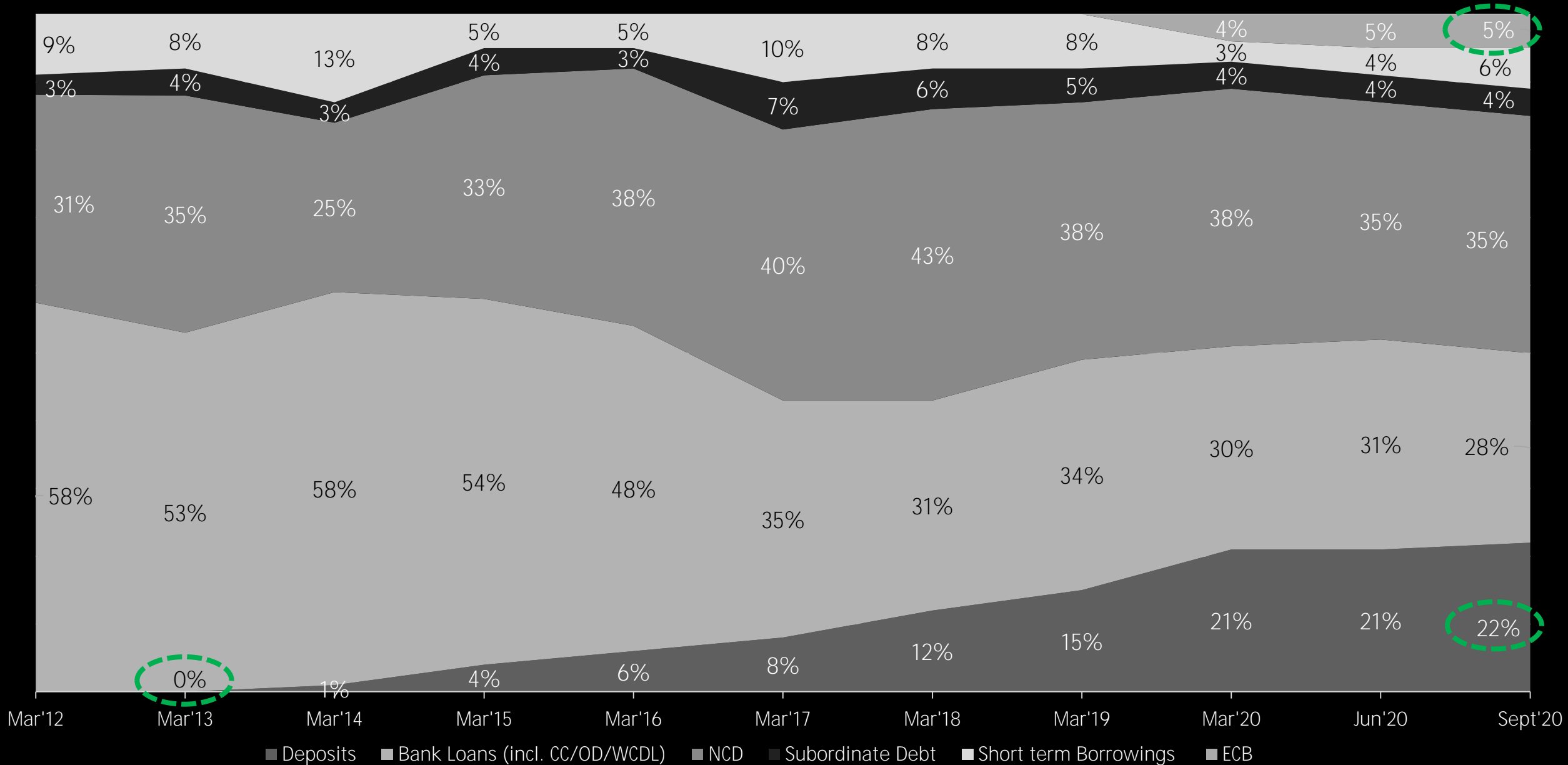


— Cumulative gap upto 1 month — Cumulative gap upto 12 month — Permissible limit




*RBI has changed permissible limit for cumulative gap up to 1-month bucket to -20% from September'20 onwards.

Liability mix over the last 9 years – Bajaj Finance Limited



*Standalone borrowing mix

An icon showing three stylized human figures in blue, with a blue arrow pointing upwards and to the right, symbolizing growth or progress.

Section 05

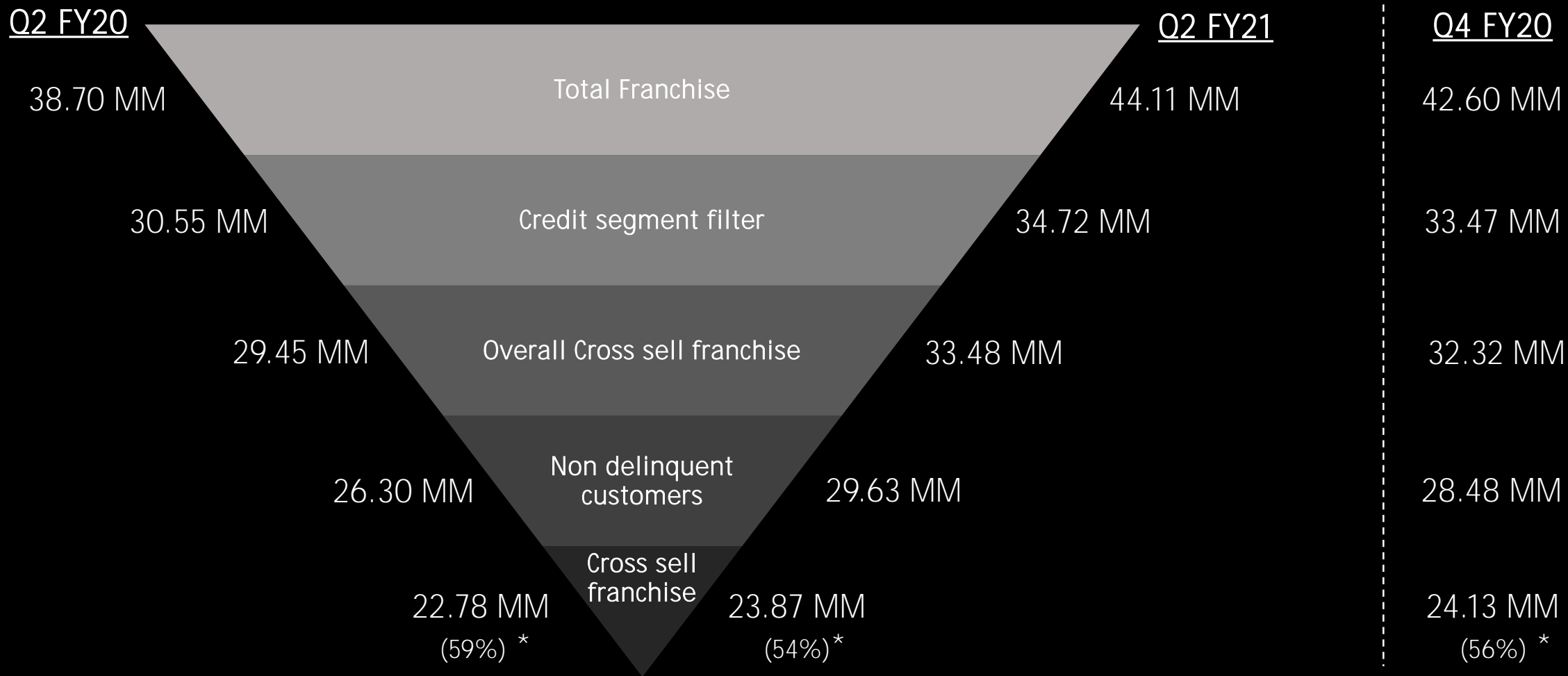
Customer franchise and distribution reach

5.1 Customer franchise

5.2 Geographic presence

5.3 Strong distribution reach

Customer franchise

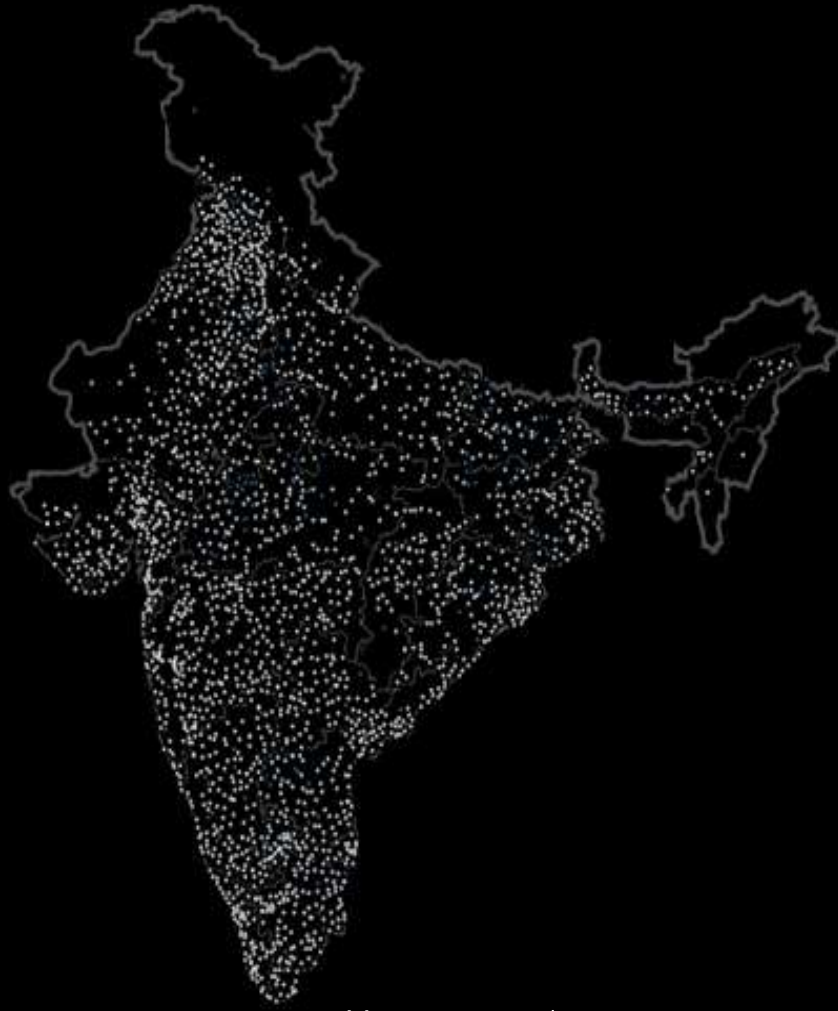


New to Bajaj Finance Customers



*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 Jun 2020 | 30 Sept 2020 |
|----------------------------------|-------------|-------------|-------------|-------------|-------------|--------------|
| Urban | 377 | 730 | 927 | 1,035 | 1,049 | 1,134 |
| Rural | 538 | 602 | 903 | 1,357 | 1,359 | 1,507 |
| Of which rural lending branches | 177 | 219 | 347 | 527 | 527 | 527 |
| Of which rural lending franchise | 361 | 383 | 556 | 830 | 832 | 980 |
| Total Bajaj Finance presence | 915 | 1,332 | 1,830 | 2,392 | 2,408 | 2,641 |

Blue dots indicates newly opened locations in Q2 FY21

Strong distribution reach

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



Section 06

Business segment wise AUM

6.1

Business segment wise AUM as of 30
September

6.2

Business segment wise AUM as of 30
September – Mortgages

Business segment wise AUM as of 30 Sept 2020

₹ in crore


| Assets Under Management | Standalone as of 30 Sept 2020 | BHFL as of 30 Sept 2020 | Consolidated as of 30 Sept 2020 | Consolidated as of 30 Sept 2019 | Growth | Composition as of 30 Sept 2020 |
|------------------------------|----------------------------------|----------------------------|------------------------------------|------------------------------------|-----------|--------------------------------------|
| Auto Finance Business | 12,687 | - | 12,687 | 11,867 | 7% | 9% |
| Sales Finance Business | 7,918 | - | 7,918 | 13,676 | -42% | 6% |
| Consumer B2C Business | 27,551 | 711 | 28,262 | 27,006 | 5% | 21% |
| Rural Sales Finance Business | 1,808 | - | 1,808 | 2,240 | -19% | 1% |
| Rural B2C Business | 10,291 | - | 10,291 | 8,929 | 15% | 8% |
| SME Lending Business | 18,079 | 174 | 18,253 | 17,908 | 2% | 13% |
| Securities Lending Business | 5,282 | - | 5,327 | 7,186 | -26% | 4% |
| Commercial Lending Business | 6,555 | - | 6,555 | 6,229 | 5% | 5% |
| Mortgages | 14,815 | 32,578 | 45,989 | 40,492 | 14% | 33% |
| Total | 1,04,986 | 33,463 | 1,37,090 | 1,35,533 | 1% | |
| Credit Card – CIF | | | 1.87 MM | 1.5 MM | 25% | |
| EMI Card – CIF | | | 20.6 MM | 20.0 MM | 3% | |
| Wallets | | | 16.8 MM | 11.8 MM | 42% | |

Break-up of Mortgages AUM as of 30 September 2020

| Assets Under Management | Bajaj Housing Finance Limited | | | Mortgage - All | | | Composition as of 30 Sept 2020 |
|--------------------------|-------------------------------|---------------|------------|----------------|---------------|------------|--------------------------------|
| | 30 Sept 2020 | 30 Sept 2019 | Growth | 30 Sept 2020 | 30 Sept 2019 | Growth | |
| Home Loans | 21,456 | 16,647 | 29% | 26,165 | 22,531 | 16% | 57% |
| Loan against property | 4,205 | 3,035 | 39% | 11,520 | 11,475 | 0% | 25% |
| Lease rental development | 3,396 | 2,651 | 28% | 4,309 | 3,251 | 33% | 9% |
| Developer Finance | 1,809 | 1,300 | 39% | 1,878 | 1,591 | 18% | 4% |
| Rural | 1,712 | 1,290 | 33% | 2,117 | 1,645 | 29% | 5% |
| Total | 32,578 | 24,923 | 31% | 45,989 | 40,492 | 14% | 100% |

| Home loan portfolio customer categorisation | Bajaj Housing Finance Limited | | | Mortgage - All | | | Composition as of 30 Sept 2020 |
|---|-------------------------------|--------------|--------|----------------|--------------|--------|--------------------------------|
| | 30 Sept 2020 | 30 Sept 2019 | Growth | 30 Sept 2020 | 30 Sept 2019 | Growth | |
| Home Loan to Salaried | 19,830 | 15,045 | 32% | 22,471 | 18,323 | 23% | 83% |
| Home Loan to Self Employed | 1,258 | 1,203 | 5% | 3,038 | 3,458 | -12% | 11% |
| Home Loan to Professional | 1,134 | 902 | 26% | 1,477 | 1,313 | 13% | 6% |

Salaried focused home loans acquisition strategy (89% of Q2 FY21 acquisition)

 Section 07
Update on credit quality

7.1

Provisioning Coverage -
consolidated

7.2

NPA movement - consolidated

7.3

ECL summary – consolidated

7.4

ECL summary – Bajaj Housing
Finance Limited

7.5

Portfolio stagewise provisioning

Provisioning Coverage - Consolidated

| Assets Under Management | Consol AUM 30 Sept 2020 | GNPA | NNPA | PCR (%) | GNPA % | | | NNPA % | | |
|------------------------------|----------------------------|--------------|------------|------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | | | | | 30 Sept 19 | 30 Jun 20 | 30 Sept 20 | 30 Sept 19 | 30 Jun 20 | 30 Sept 20 |
| Auto Finance Business | 12,687 | 631 | 216 | 66% | 5.57% | 5.80% | 4.45% | 2.36% | 2.21% | 1.57% |
| Sales Finance Business | 7,918 | 31 | 5 | 84% | 1.08% | 1.03% | 0.30% | 0.26% | 0.33% | 0.05% |
| Consumer B2C Business | 28,262 | 241 | 59 | 76% | 1.49% | 1.24% | 0.80% | 0.41% | 0.30% | 0.20% |
| Rural Sales Finance Business | 1,808 | 3 | 1 | 80% | 1.15% | 0.33% | 0.14% | 0.36% | 0.06% | 0.03% |
| Rural B2C Business | 10,291 | 95 | 23 | 75% | 1.41% | 1.30% | 0.88% | 0.45% | 0.42% | 0.22% |
| SME Lending Business | 18,253 | 207 | 61 | 71% | 1.49% | 1.42% | 1.08% | 0.34% | 0.41% | 0.32% |
| Securities Lending Business | 5,327 | - | - | - | - | - | - | - | - | - |
| Commercial Lending Business | 6,555 | 1 | 1 | 10% | 0.58% | 0.04% | 0.02% | 0.23% | 0.03% | 0.01% |
| Mortgages | 45,989 | 230 | 149 | 35% | 1.20% | 0.50% | 0.56% | 0.87% | 0.32% | 0.36% |
| Total | 1,37,090 | 1,439 | 515 | 64% | 1.61% | 1.40% | 1.03% | 0.65% | 0.50% | 0.37% |

Note:

Hon'ble Supreme Court, in a public interest litigation (Gajendra Sharma Vs. Union of India & Anr), vide an interim order dated 3 September 2020, has directed that accounts which were not declared NPA till 31 August 2020 shall not be declared as NPA till further orders. Accordingly, the Company has not classified any accounts which were not NPA as of 31 August 2020, as per RBI norms, as NPA after 31 August 2020. However, if the Company had classified borrower accounts NPA after 31 August 2020, the **Company's** Gross NPA and Net NPA ratio would have been 1.34% and 0.56% respectively.

NPA movement - Consolidated

₹ in Crore

| Particulars | Sept'19 | Dec'19 | Mar'20 | Jun'20 | Sept'20 |
|---|----------|----------|----------|----------|----------|
| Assets Under Management | 1,35,533 | 1,45,092 | 1,47,153 | 1,38,055 | 1,37,090 |
| Opening GNPA (A) | 2,094 | 2,213 | 2,354 | 2,363 | 1,938 |
| Roll Forward into NPA (i) | 779 | 924 | 994 | 138 | 283 |
| Restructuring (ii) | 7 | 12 | 43 | 2 | 1 |
| Total Slippages (B = i + ii) | 786 | 936 | 1,037 | 140 | 284 |
| Roll back to standard (iii) | 200 | 192 | 321 | 123 | 289 |
| Recoveries (iv) | 65 | 58 | 18 | 43 | 23 |
| Realisation on sale of NPA receivables* (v) | 24 | 18 | 7 | - | - |
| Write offs as per policy (vi) | 185 | 380 | 668 | 399 | 471 |
| Write offs on sale of NPA receivables (vii) | 193 | 147 | 13 | - | - |
| Total recoveries and write-offs (C = iii + iv + v + vi + vii) | 667 | 795 | 1,028 | 565 | 783 |
| Net slippages (B - C) | 119 | 141 | 9 | (425) | (499) |
| Gross NPA (A + B - C) | 2,213 | 2,354 | 2,363 | 1,938 | 1,439 |
| GNPA % | 1.61% | 1.61% | 1.61% | 1.40% | 1.03% |
| NNPA % | 0.65% | 0.70% | 0.65% | 0.50% | 0.37% |
| PCR % | 60% | 57% | 60% | 65% | 64% |

ECL summary – Consolidated

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

Summary of stage wise assets and provision for impairment allowance

₹ in Crore

| Assets and impairment allowance | Sept'19 | Dec '19 | Mar'20 | Jun'20 | Sept'20 |
|--|----------|----------|----------|----------|----------|
| Gross Stage 1 & 2 assets* (A) | 1,35,552 | 1,43,534 | 1,44,199 | 1,36,461 | 1,38,035 |
| ECL Provision Stage 1 & 2 (B) | 1,239 | 1,443 | 2,299 | 3,729 | 5,099 |
| Net Stage 1 & 2 assets (C = A-B) | 1,34,312 | 1,42,091 | 1,41,900 | 1,32,732 | 1,32,936 |
| ECL Provision % Stage 1 & 2 assets (D = B/A) | 0.91% | 1.01% | 1.59% | 2.73% | 3.69% |
| Gross Stage 3 assets@ (E) | 2,213 | 2,354 | 2,363 | 1,938 | 1,873 |
| ECL Provision Stage 3 (F) | 1,325 | 1,335 | 1,425 | 1,257 | 1,102 |
| Net Stage 3 assets (G = E-F) | 888 | 1,019 | 938 | 681 | 771 |
| Coverage Ratio % Stage 3 assets (H= F/E) | 60% | 57% | 60% | 65% | 59% |
| Overall coverage ratio | 1.86% | 1.90% | 2.54% | 3.60% | 4.43% |

*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 | Sept'19 | Dec'19 | Mar'20 | Jun'20 | Sept'20 |
|--|---------|--------|--------|--------|---------|
| Stage 1 & 2 (represents standard assets) | 99.94% | 99.93% | 99.92% | 99.92% | 99.91% |
| Stage 3 (classified as NPA) | 0.06% | 0.07% | 0.08% | 0.08% | 0.08% |
| Stage 3 (not classified as NPA) | - | - | - | - | 0.01% |

Summary of stage wise assets and provision for impairment allowance

₹ in Crore

| Financial Assets & ECL provision | Sept'19 | Dec'19 | Mar'20 | Jun'20 | Sept'20 |
|--|---------|--------|--------|--------|---------|
| Gross Stage 1 & 2 assets* (A) | 23,481 | 26,532 | 28,199 | 28,739 | 29,601 |
| ECL Provision Stage 1 & 2 (B) | 37 | 43 | 112 | 156 | 220 |
| Net Stage 1 & 2 assets (C = A-B) | 23,443 | 26,488 | 28,088 | 28,582 | 29,381 |
| ECL Provision % Stage 1 & 2 assets (D = B/A) | 0.16% | 0.16% | 0.40% | 0.54% | 0.74% |
| Gross Stage 3 assets@ (E) | 13.3 | 19.9 | 23.7 | 24.1 | 26.9 |
| ECL Provision Stage 3 (F) | 6.0 | 6.3 | 9.0 | 9.3 | 10.1 |
| Net Stage 3 assets (G = E-F) | 7.3 | 13.6 | 14.7 | 14.8 | 16.8 |
| Coverage Ratio % Stage 3 assets (H= F/E) | 45% | 32% | 38% | 38% | 38% |
| Overall Coverage ratio | 0.18% | 0.19% | 0.43% | 0.58% | 0.78% |

*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

| | 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 | 9,864 | 3,508 | 818 | 223 | 809 | 471 | 2.3% | 23.0% | 57.6% |
| Sales Finance Business | 7,788 | 833 | 46 | 214 | 497 | 37 | 2.8% | 59.6% | 82.2% |
| Consumer B2C Business | 26,833 | 2,870 | 348 | 435 | 1,124 | 231 | 1.6% | 39.2% | 66.3% |
| Rural Sales Finance Business | 1,794 | 147 | 5 | 40 | 94 | 4 | 2.2% | 64.0% | 73.2% |
| Rural B2C Business | 9,733 | 993 | 162 | 144 | 345 | 108 | 1.5% | 34.8% | 66.6% |
| SME Lending Business | 17,701 | 1,142 | 257 | 228 | 451 | 168 | 1.3% | 39.5% | 65.3% |
| Securities Lending Business | 5,327 | 4 | 0 | 3 | 0 | 0 | 0.1% | 5.3% | 0.0% |
| Commercial Lending Business | 6,529 | 92 | 1 | 63 | 4 | 0 | 1.0% | 4.5% | 9.7% |
| Mortgages | 39,611 | 1,323 | 238 | 222 | 203 | 83 | 0.6% | 15.4% | 35.0% |
| Total (Q2 FY21) | 1,25,180 | 10,913 | 1,873 | 1,571 | 3,528 | 1,102 | 1.3% | 32.3% | 58.8% |
| Total (Q2 FY20) | 1,28,130 | 3,020 | 2,204 | 711 | 528 | 1,325 | 0.6% | 17.5% | 60.1% |

| | Gross Assets receivables | Provision | Net Assets receivables |
|-----------------|--------------------------|-----------|------------------------|
| Total (Q2 FY21) | 1,37,966 | 6,201 | 1,31,765 |
| Total (Q2 FY20) | 1,33,355 | 2,565 | 1,30,790 |

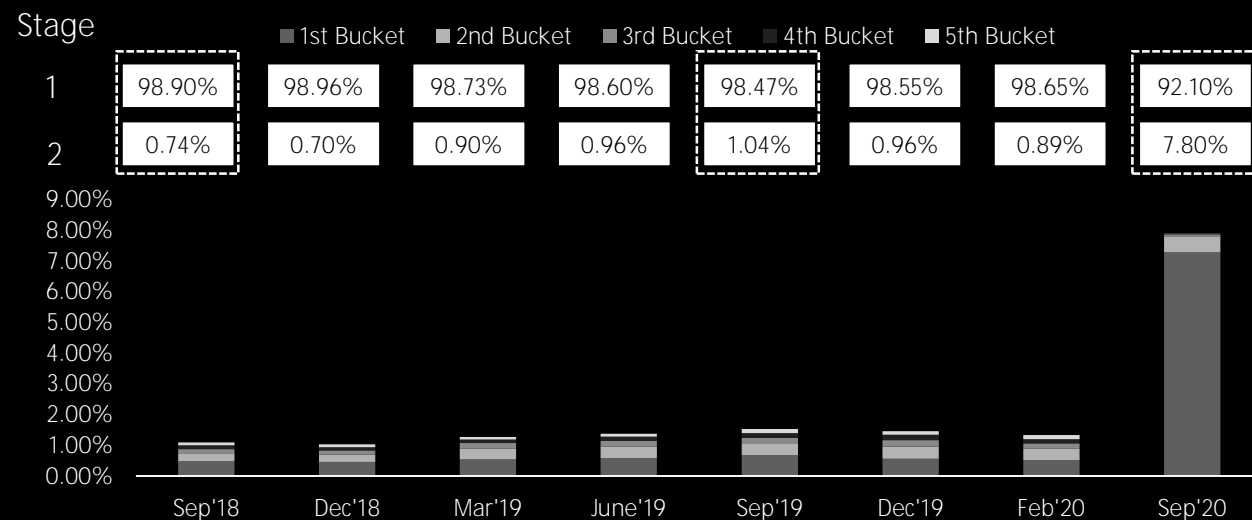
Stage 1 - Customer with no overdue on reporting date;

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

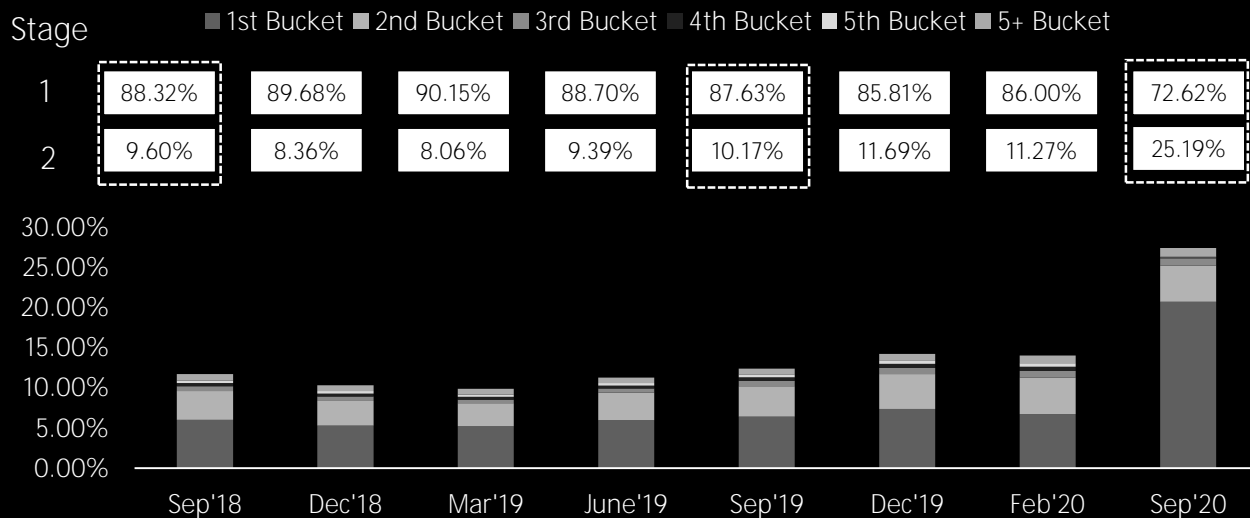
Stage 3 - Customer with 3 & above instalments overdue

Portfolio credit quality – Consolidated

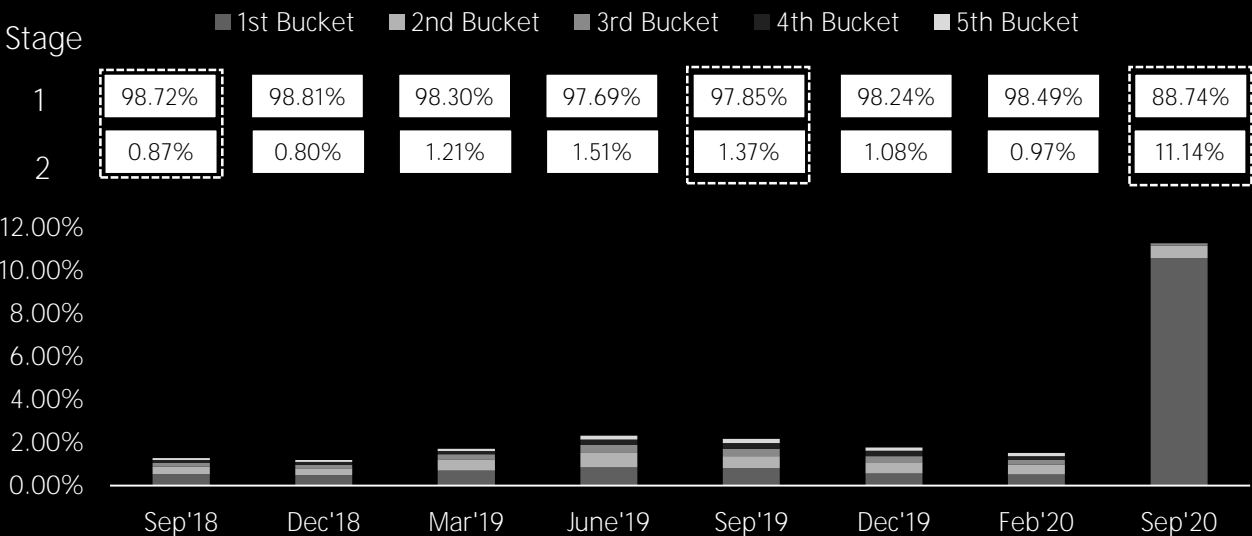
Consumer durable + Lifestyle



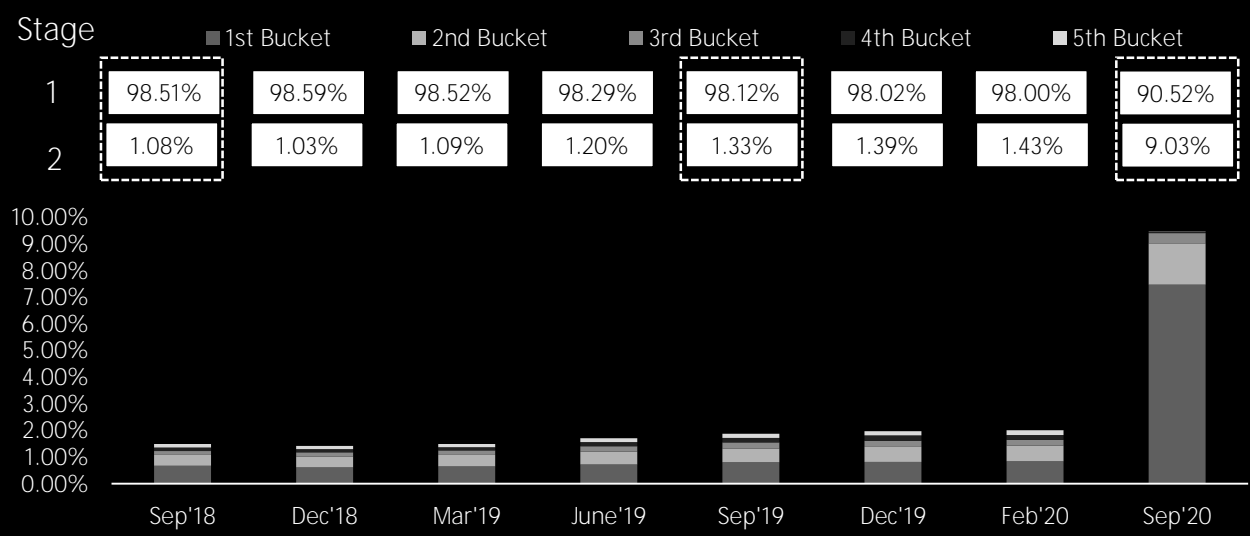
Two & three-wheeler



Digital product

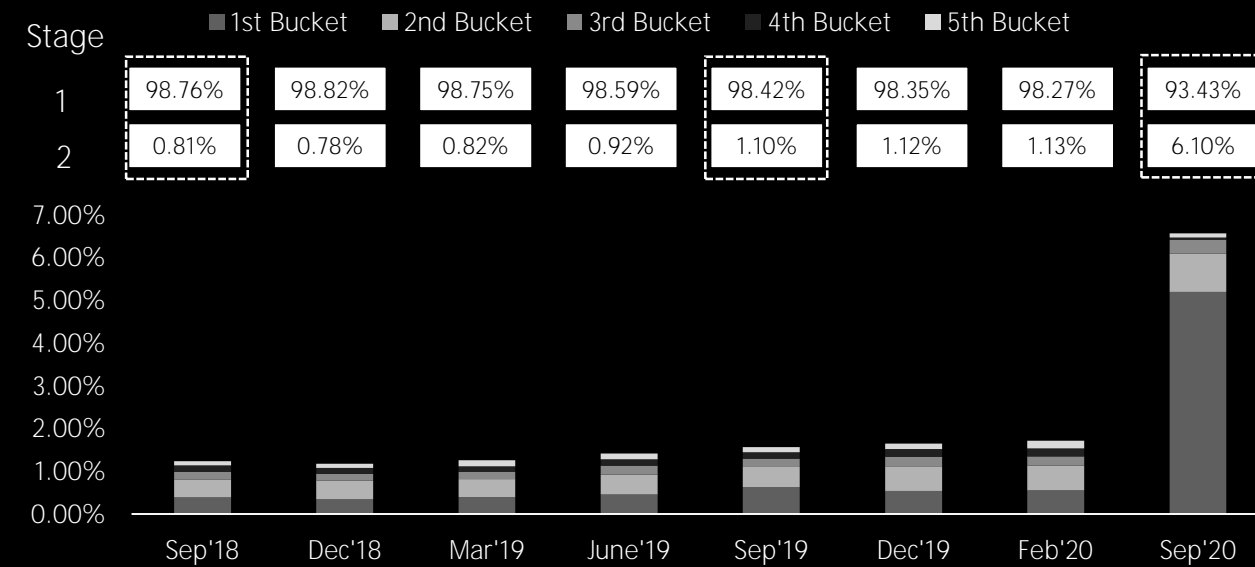


B2C loans

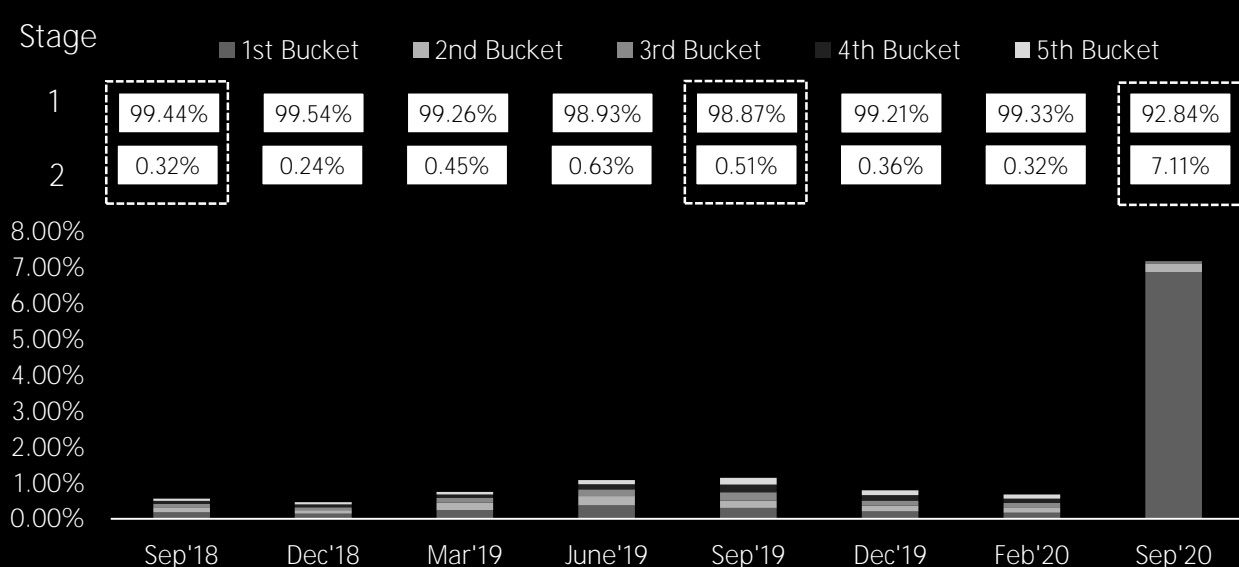


Portfolio credit quality – Consolidated

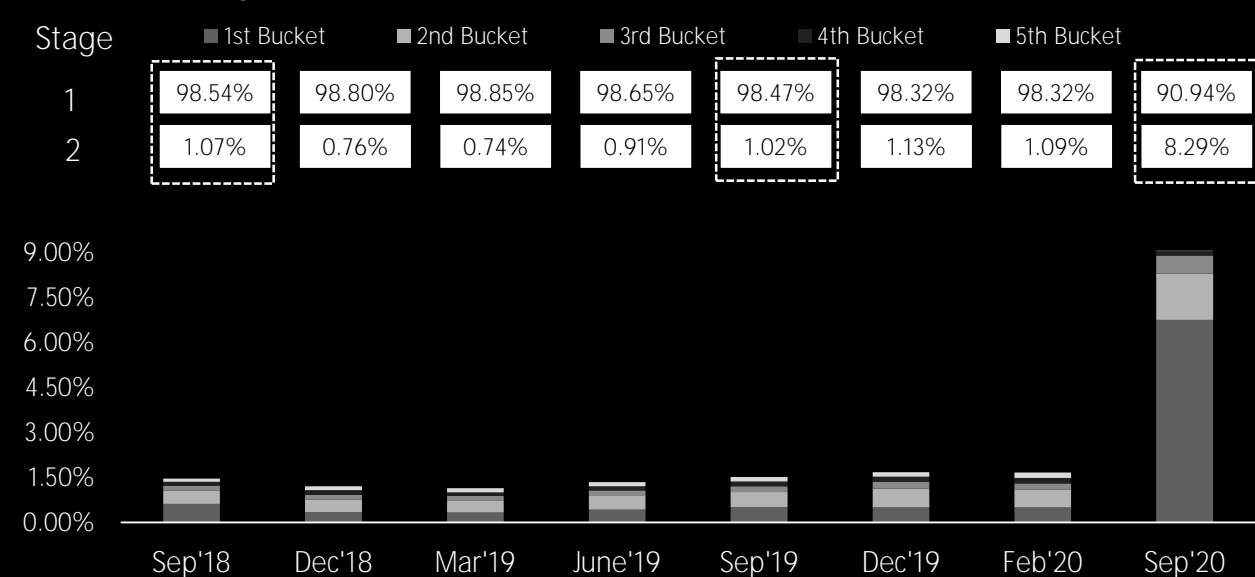
Business & professional loans



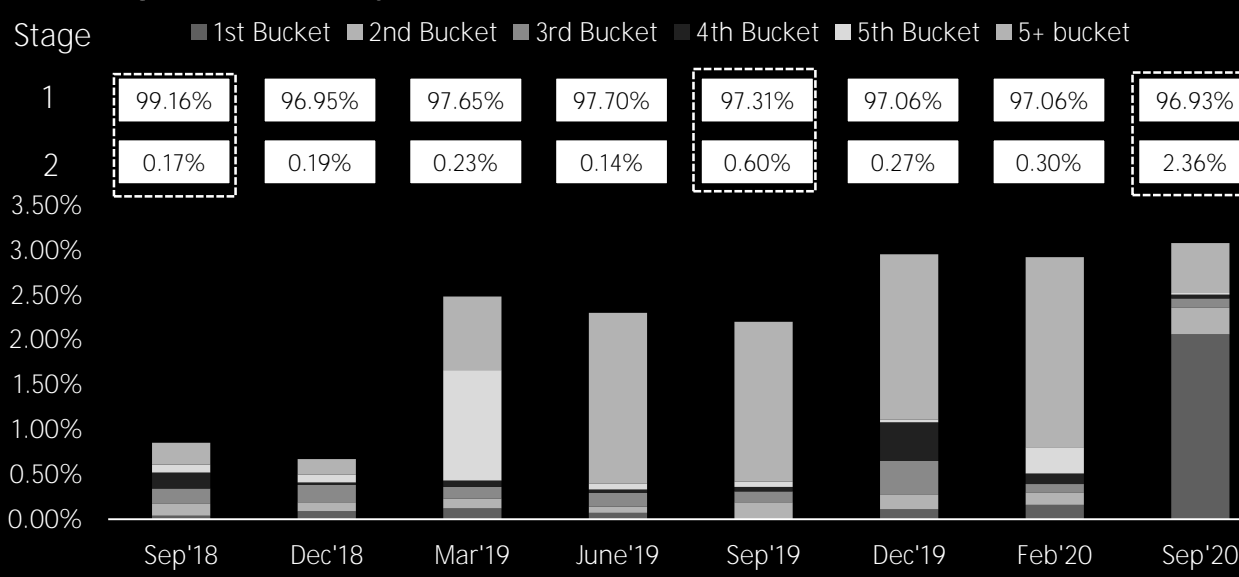
Rural Lending B2B



Rural lending B2C

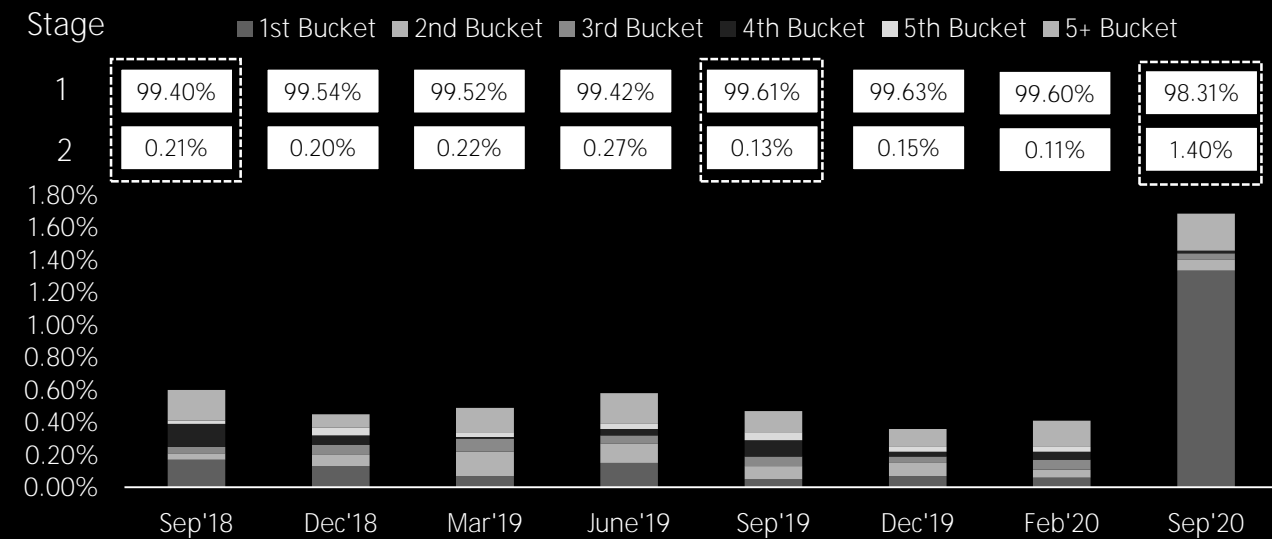


Loan against property



Portfolio credit quality – Consolidated

Home loans



BAJAJ FINANCE LIMITED

Q2 FY21 Investor Presentation

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