



## CreditAccess Grameen Limited – Third Quarter FY20-21 Results

### Business Growth Back with Pre-COVID Momentum, Early Risk Recognition To Strengthen Future Profitability

**Bengaluru, 29<sup>th</sup> January 2021:** CreditAccess Grameen Limited (NSE: CREDITACC, BSE: 541770, 'CAGL'), country's leading microfinance institution, today announced its unaudited and limited reviewed financial performance for the third quarter and first nine months of financial year ending March 31,2021.

#### Consolidated Highlights Q3 FY21:

- Gross loan portfolio grew by **39% YoY** (from INR 8,872 crore) and **10% QoQ** (from INR 11,183 crore) to **INR 12,321 crore**
- Disbursements grew by **54% YoY** (from INR 2,976.8 crore) and **179% QoQ** (INR 1,648.0 crore) to **INR 4,590 crore, indicating pre-COVID growth momentum**
- New Disbursals now account for **~49%** of gross loan portfolio, displaying stable asset quality
- Borrowers grew by **41% YoY** (from 27.7 lakh) and **1% QoQ** (from 38.8 lakh) to **39.1 lakh**
- December month **Collection Efficiency** also improved to **91%** (excl. arrears) / **96%** (incl. arrears) for **CAGL** and **86%** (excl. arrears) / **87%** (incl. arrears) for **MMFL**
- Interest income grew by **23% YoY** from INR 416.7 crore to **INR 513.2 crore**. NII grew by **1% YoY** from INR 300.9 crore to **INR 303.4 crore**
- PPOP declined by **15% YoY** from INR 200.5 crore to **INR 170.3 crore** after **de-recognition of INR 68.5 crore** interest income (on Stage 3 portfolio @ 60+ dpd)
- Impairment of financial instruments (provisions + write-offs) increased from INR 54.7 crore to **INR 275.7 crore**
  - **With the business growth being back to pre-COVID levels**, prudential approach was taken towards **early recognition of risk and conservative provisioning**
  - This increased the total ECL provisions to **INR 690.1 crore (5.72%** of loan portfolio) against **proforma GNPA of 6.14%**, while the **actual GNPA was 0.90%** considering no change in NPA recognition after 31<sup>st</sup> August in accordance with hon'ble Supreme Court Order
  - Write-offs were **INR 131.8 crore** (incl. accelerated write-offs of **INR 84.7 crore**)
- While these stringent & conservative measures resulted in a Loss After Tax of INR 79 crore in Q3 FY21, **potential risk has been adequately covered, leading to profitable growth over coming quarters.**
- Liquidity position remains robust with **INR 1,586.9 crore cash & cash equivalents** as on 31<sup>st</sup> December 2020
- Healthy capital position with standalone **CRAR of 31.4%**
- **A+ (Stable) Credit Rating** affirmed by leading rating agencies in India

#### Key Metrics Q3 FY21:

Particulars	CAGL	MMFL
Gross Loan Portfolio (INR Cr)	10,203	2,118
Borrowers (Lakh) *	28.4	11.3
Branches	929	460
Loan Officers	7,763	2,142
Employees	10,912	3,792

\* only 62,002 common borrowers



Particulars (INR Cr)	CAGL	MMFL
Net Interest Income (NII)	248.2	55.2
Pre-Provision Operating Profit (PPOP)	147.0	27.5
Profit Before Tax (PBT)	-95.4	-5.8
Profit After Tax (PAT)	-71.6	-4.4

Key Ratios	CAGL	MMFL
Net Interest Margin (NIM)	8.7%/ 9.1% *	10.2%/ 10.6% *
Cost/Income Ratio	43.5%	52.6%
Opex/GLP Ratio	4.7%	5.9%
Gross NPA	6.84%/ 1.04% #	2.79%/ 0.23% #
Provisioning	5.94%	4.60%
Return on Assets (ROA)	-2.5%	-0.8%
Return on equity (ROE)	-9.0%	-4.2%

\* NIM adjusted for negative carry impact on account of maintaining higher liquidity position on balance sheet

# GNPA considering no change in NPA recognition after 31<sup>st</sup> August in accordance with hon'ble Supreme Court Order

**Commenting on the performance, Mr. Udaya Kumar Hebbar, Managing Director and CEO of CreditAccess Grameen, said,** “We recorded 15% YoY and 11% QoQ growth in standalone loan portfolio to INR 10,203 crore and 2.4% YoY and 1.3% QoQ growth in borrower base to 28.4 lakh. This was further augmented by MMFL acquisition, leading to consolidated loan portfolio growth of 39% YoY and 10% QoQ to INR 12,321 crore and 41% YoY and 1% QoQ growth in borrower base to 39.1 lakh. Our disbursements in Q3 FY21 reached to pre-COVID levels, recording growth of 184% QoQ to INR 4,032 crore at CAGL and 144% QoQ to INR 558 crore at MMFL. The new disbursements made during Jun-20 to Dec-20 now account for around 49% of our loan portfolio, displaying stable asset quality. Our resilient business model and strong customer connect helped us to increase collection efficiency from 88% in Sep-20 to 91% in Dec-20. Overall collections (including arrears) reached 96% in Dec-20 and the trend continues in Jan-20. Even in case of MMFL, collection efficiency improved from 83% in Sep-20 to 86% in Dec-20, and overall collections (including arrears) reached 87% in Dec-20.

Given that COVID impact is now behind us and business growth has normalised, we decided to take a stringent view and bold measures on early risk recognition and conservative provisioning. At CAGL, we have built provisioning buffer of 5.94% against proforma GNPA of 6.84% (predominantly @60+ dpd). If we would have followed industry norm of recognising GNPA @ 90+ dpd, our provisioning buffer would have been 5.05% against GNPA of 5.09%. We have also written-off INR 111.9 crore (including accelerated write-off of INR 84.7 crore) and de-recognised interest income of INR 61.2 crore on Stage 3 portfolio. Similarly, at MMFL, we have built provisioning buffer of 4.60% against proforma GNPA of 2.79%, written-off INR 19.9 crore and de-recognised interest income of INR 7.3 crore on Stage 3 portfolio. While this has impacted our profits in Q3 FY21, it will safeguard our profitability over coming quarters with growth already back to normal.

Our liquidity position also continues to remain strong with INR 1,587 crore cash & cash equivalents at end of Dec-20. Our capital position also remains comfortable with Capital Adequacy Ratio of 31.4%. Our strong balance sheet will help us to focus on portfolio growth going forward, further strengthening our leadership position in the microfinance industry.”



### **About CreditAccess Grameen Limited**

CreditAccess Grameen limited is a leading Indian microfinance institution headquartered in Bengaluru, focused on providing micro-loans to women customers predominantly in rural areas across India. The Company is now operating in 231 districts in the 13 states (Karnataka, Maharashtra, Tamil Nadu, Chhattisgarh, Madhya Pradesh, Odisha, Kerala, Goa, Gujarat, Rajasthan, Uttar Pradesh, Bihar and Jharkhand) and one union territory (Puducherry) in India through 929 branches. The Company's Promoter is CreditAccess India N.V., a multinational company specializing in MSE financing (micro and small enterprise financing), which is backed by institutional investors and has a micro-lending experience in India over more than a decade.

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