

CreditAccess Grameen Limited

Corporate Presentation

October 2022





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Discussion Summary



Business Overview

Business Model & Strategy

Key Performance Highlights



Quick Snapshot



S'	One of the Leading NBFC-MFIs in India headquartered in Bengaluru
Y	Joint Liability Group (JLG) based lending model focused on rural women predominantly in the rural areas of India
V	Diverse product suite catering to entire customer life cycle
V	Calibrated, contiguous district-based expansion strategy focusing on deep rural penetration
Y	Well designed product delivery and collection systems resulting in high customer retention
V'	Track record of delivering consistent growth as well as financial performance

Consolidated Financial and Operational Snapshot (June 2022)

Gross AUM	Active Borrowers	Branches / Districts	Employees	Loan Officers	PAT
INR 15,615 Cr	36.89 Lakh	1,681 / 332	15,642	10,594	INR 140 Cr

Uniquely Positioned to Capitalise on the Highly Underpenetrated Credit in Rural Areas

Key Milestones



2020

Successfully

completed the

76.08%

Acquisition of Madura Micro

Finance Ltd

(MMFL)

Strong commitment by CreditAccess India N.V. (CAI)

2007

0

Transitioned

from an NGO

to NBFC

Independent, stable and professional management team

Granted NBFC - MFI license with effect from 05 Sep,2013 Raised INR 9.2 Cr Raised INR 53.2 Cr from from Aavishkar: CAI, Creation and Incofin Started operations in Maharashtra 2011 0 0 0 2013 2008 Commenced integration with

Credit Bureau for

credit decisions

Raised INR 120 Cr from CAI; Started operations in MP & Chhattisgarh

0

2015 0

2014 CAI acquired a majority stake in the company

Jharkhand, Rajasthan, Gujarat, Uttar Pradesh, Bihar

Raised INR 350 Cr fresh equity and INR 200 Cr as CCD from CAI

2016

2017

Introduced business loan as part of the Retail Finance division

Entered in 5 new states -

2018

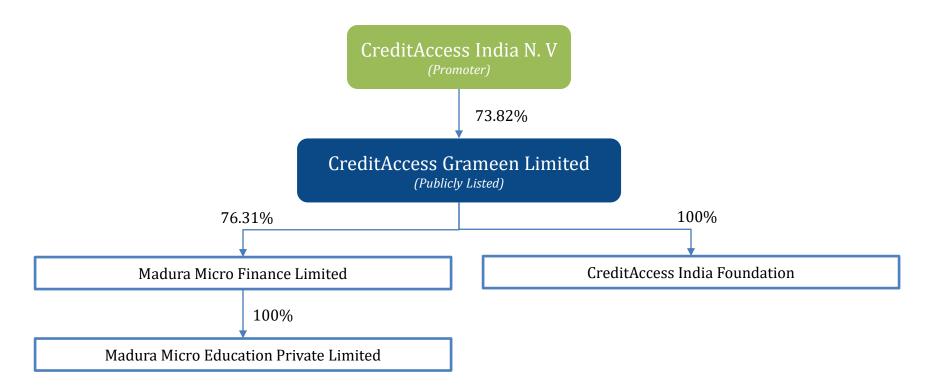
Renamed to CreditAccess Grameen Ltd: Listed on NSE / BSE with an IPO of INR 1,130 Cr

2019

Consolidated FY20 FY21 FY22 01 FY23 Branches (#) 1,393 1,424 1,635 1,681 Gross AUM (INR Cr) 11,996 13,587 16,599 15,615

Corporate Structure





^{*} Based on equity shareholding as on June 30, 2022

Promoter Background





Committed to Micro Finance Business

- CreditAccess India N.V. (CAI) specialises in Micro and Small Enterprises financing
- Widely held shareholding base across 253 shareholders. Marquee investors are as follows -
 - Olympus ACF Pte Ltd. (15.40%)
 - Asian Development Bank (8.76%)
 - Asia Impact Invest SA (8.76%)
 - Conferenza Episcopale Italiana (8.13%)
 - 249 other shareholders holding less than 5% (58.95%)
- Headquartered in Amsterdam, The Netherlands

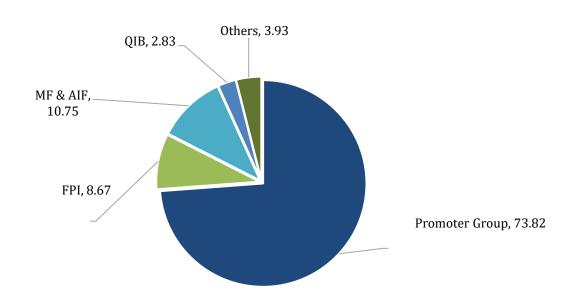
Strong Financial Support

- Invested through multiple rounds of capital funding along with secondary purchases during 2009 to 2017
- Displayed trust in our business model post demonetization by infusing INR 550 Cr (INR 350 Cr fresh equity + INR 200 Cr CCD) in FY17
- Provides access to global fundraising opportunities in the debt capital markets
- Holds 73.82% in CA Grameen, committed to holding up to the regulatory requirement in future

Shareholding Pattern



Shareholding Pattern - June 2022



Top 10 Investors



Equity Share holders - June 2022

Creditaccess India N.V.

Nippon Life India Trustee Ltd-A/C Nippon India Small Cap Fund

SBI Flexicap Fund

Government Pension Fund Global

T. Rowe Price International Discovery Fund

Tata Aia Life Insurance Co Ltd-Whole Life Mid Cap

ICICI Prudential Life Insurance Company Limited

C-Quadrat Special Situations Asia Fund

Nippon Life India Trustee Ltd-A/C Nippon India Growth Fund

SBI Banking & Financial Services Fund

Non-Convertible securities holders - June 2022

Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. (FMO)

Covered Bonds

Blue Orchard Microfinance Fund

Triodos Investment Management BV

State Bank of India

UTI International Wealth Creator 4

Global Access Fund LP

Bandhan Bank

WaterCredit Investment Fund 3, LP

Bank of India

Credit Ratings



CA Grameen	June 30, 2022	FY22	FY21	FY20
Credit Rating – CRISIL	A+ (Stable)	A+ (Stable)	A+ (Stable)	A+ (Stable)
Credit Rating – ICRA	A+ (Positive)	A+ (Stable)	A+ (Stable)	A+ (Stable)
Credit Rating – Ind-Ra	AA- (Stable)	A+ (Stable)	A+ (Stable)	A+ (RWN)
Comprehensive Microfinance Grading (Institutional Grading/ Code of Conduct Assessment (COCA)) - CRISIL / SMERA	M1C1	M1C1	M1C1	M1C1

Discussion Summary



Business Overview

Business Model & Strategy

Key Performance Highlights



Business Strategies & Competitive Strengths



Calibrated Expansion
Through Contiguous
District-Based
Approach

Continuous
Technology
Enhancement to Drive
Operational Efficiency

Customer Centric Business Model

Key Differentiators

5

Classical Joint Lending (JLG) Model

6

Unique Human Capital & Internal Audit Controls Integrating Risk Management in Every Operating Process

Uniquely positioned to capitalize on the highly underpenetrated credit in rural areas with one of the lowest lending rate & one of the best operating cost efficiency

Focus on Customer Centricity, Loyalty & Retention



One Stop Shop providing Support to Various Lifecycle Needs of the Customer



Diverse product suite:

 Income generation, education, festival, medical, emergency, water, sanitation, home improvement, livelihood improvement, business expansion



Loan size flexibility:

- Ability to borrow as required within assigned credit limit
- Ability to avail multiple loans with flexible size



Repayment flexibility:

- Weekly/ bi-weekly/ monthly repayment options
- Ability to choose repayment frequency based on cash flow cycle
- No pre-payment penalty

Loan Type	Customer Centric Products	Purpose	Ticket Size (INR)	Tenure (months)
Group	Income Generation Loan (IGL)	Business Investments and Income Enhancement activities	5,000 - 1,00,000	12 - 36
Group	Home Improvement Loan	Water Connections, Sanitation and Home Improvement & Extensions	5,000 - 50,000	12 - 36
Group	Family Welfare Loan	Festival, Medical, Education and Livelihood Improvement	Up to 20,000	3 - 12
Group	Emergency Loan	Emergencies	1,000	3
Retail Finance	Retail Finance Loan	Purchase of inventory, machine, assets or for making capital investment in business or business expansion	Up to 20,00,000	6 - 180

High customer satisfaction & borrower retention rate

Sustainable & Socially Relevant

Significant growth from existing customer

Lower customer acquisition cost

Calibrated Expansion Through Contiguous District-Based Approach





Systematic geography selection based on availability of infrastructure, competition, historical performance trend, social/economic/political/climate risk, growth potential



Ensures consistent replication of processes/ controls



Familiarity with demographics/ culture of nearby districts enables effective customer evaluation and better servicing



Achieving deeper penetration within a particular district within three years of commencement of operations



Gradual expansion into the next (typically adjoining) district



Lower exposure to a particular district (92% of districts <=1% of Gross AUM, No single district has > 4% of total Gross AUM)

Continuous Technology Enhancement to Drive Operational Efficiency



Ensures Quick And Seamless Delivery of Need Based Financial Products and Services backed by Robust Technology Infrastructure

High touch-high tech delivery model:

- Digitized all customer touchpoints
- Field staff equipped with handheld tabs for managing Kendra meetings & collections
- Automated/paperless customer on-boarding, faster KYC, and CB checks
- Lower TAT, same day and on-field loan disbursements
- Cashless disbursement / digital repayment options for customers
- Robust CBS to support innovative product features, and enhanced data analytics for anticipating future trends
- Strong tech-enabled internal audit, risk, and control systems to enable real-time field risk monitoring

Committed to Basics Through Classical JLG Lending Model



Microfinance loans are unsecured. JLG mechanism acts as security/loan collateral

ILG Benefits:

- ✓ Strong group bonding
- Mutual support both financial & emotional
- Guidance & grievance resolution
- **Building awareness**
- High quality customer good behaviour & strong credit discipline

Fully aligned with new harmonized guidelines in terms of -

- ✓ Formulation of Board approved policies
- ✓ Process modifications
- ✓ Underwriting changes
- ✓ Technology changes in Core Banking System
- ✓ Training to all the employees

JLG Mechanism allows Multiple Layers of Checks before and after disbursement of loan

Group **Formation**

- Self-chosen group
- Mutual
- reliance Group: 5-10
- members Kendra:
- 2-6 groups
- Digital process to capture KYC & household income details in Tab

Data Entry & CB Check

- Data entry into CBS at
- RPCs
- KYC verification by RPCs
- Comprehensive CB check for all earning family members

Group Confirmation

- 5-days CGT by LO
- Re-interview by BM
- Compulsory house visits
- GRT by AM, ad-hoc verifications. group approval

Kendra **Meetings**

- Weekly / Fortnightly meetings
- Duration: 30-45 mins
- Act as early warning indicator

Loan **Applications**

- New LA is captured in Tab
- Subject to group's approval, LA is accepted by the LO for further
- First loan IGL only

processing

Loan **Evaluation**

- Compulsory house visit
- Repayment capacity to be assessed on existing cash flows
- Household income assessment

Loan Sanction & Disbursal

- Loan sanction after complying with max 50% FOIR
- Group's reconfirmation
- Fund transfer to bank a/c
- Passbook/ repayment schedule & pricing fact sheet

Loan Repayment

- Choice of repayment frequency
- Collections updated online on Tab

Loan Utilization

- LUC & Followups
- LUC recorded in passbook and LUC card

Note: CB: Credit Bureau, CBS: Core Banking System, RPC: Regional Processing Center, CGT: Compulsory Group Training, LO: Loan Officer, BM: Branch Manager, AM: Area Manager, LA: Loan Application, LUC: Loan Utilization Check

Integrating Risk Management in Every Operating Process



Microfinance is a Collection Business, hence Risk Management is Integral to Core Strategy and Operating Processes

Contiguous District-based Expansion



- Consistent replication of processes/ controls
- Better understanding of social/ economic/ political/ climate risks, historical PAR, competition intensity
- High quality growth

Target Customer Segment



- Focus on rural markets:
- Less served, high potential
- Better control & asset quality

Focus on new-to-credit customers:

- Shapes customer behaviour and credit discipline
- · Increases loyalty
- Avoids overleveraging

Customer Due-Diligence



- Self-chosen group formation
- CGT, GRT, house visits
- Comprehensive bureau check for all earning family members help to manage competition and overleveraging

Lending Model



- Responsible loan usage due to flexible products/ repayment options
- Better cash flow management
- Reduced risk of overleveraging

Customer Engagement Model



- More frequent engagement through weekly model
- Early identification of imminent stress
- Better control on collections
- Faster recovery

Employee Incentive Structure



- No incentive to push higher disbursements
- No impact on incentives due to external impact on collections
- Incentivization for process adherence, customer training, customer servicing

Employee Rotation Policy



- Annual rotation of LOs and triannual rotation of BMs
- Audit & Quality Control team rotation within the state
- Reduces person dependence and provides multiple checks

Early Risk Recognition and Conservative Provisioning

Unique Human Capital, Internal Audit & Risk Controls



Well-Established Operational Structure

Business Heads



Zonal Managers



Regional / Divisional Heads



Area Managers



Branch Managers



Loan Officers



Branches

Sound Understanding of Rural Market

- Employees are predominantly hired fresh from rural communities
- Majority of employees are from families of active customers

Highly Efficient Workforce

- In-house 2-3 weeks pre-hiring training program
- Compulsory rotation of loan officers annually and branch managers bi-annually for varied job experience and work satisfaction
- Employee incentives delinked from disbursement or collections, and linked to number of customers serviced, quality of service and process adherence
- High employee retention rate

Multi-Pronged Approach For Risk Management



Internal Audit (IA):

- IA frequency 6 times in a year at branches, 4 times at RO, 4 times at HO
- The entire audit process in automated enabling real-time data analytics
- The Audit Committee of our Board is updated every quarter on significant internal audit observations, compliances, risk management practices and control systems



Quality Control (Business Support):

- Fort-nightly branch visits
- Complements internal audit function by early identification of operational risks
- Branch sanitization, fraud investigation, PAR investigation, support new business expansion



Field Risk Control (FRC):

- FRC adds strength to proactive operational risk management
- FRC complements the field operations supervision, quality control and internal audit function

Discussion Summary



Business Overview

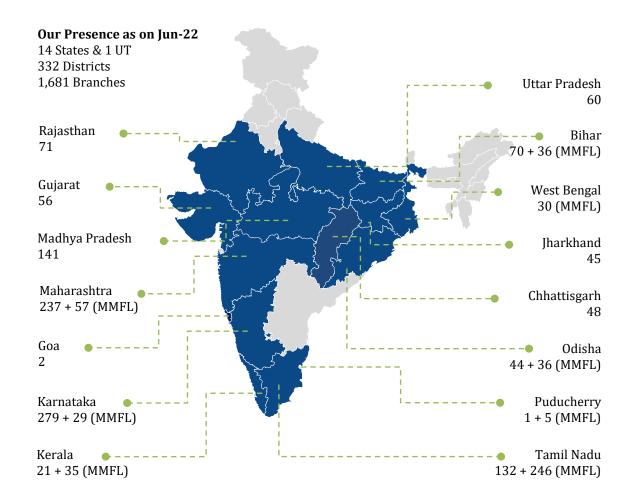
Business Model & Strategy

Key Performance Highlights



Well-Diversified Presence Across India





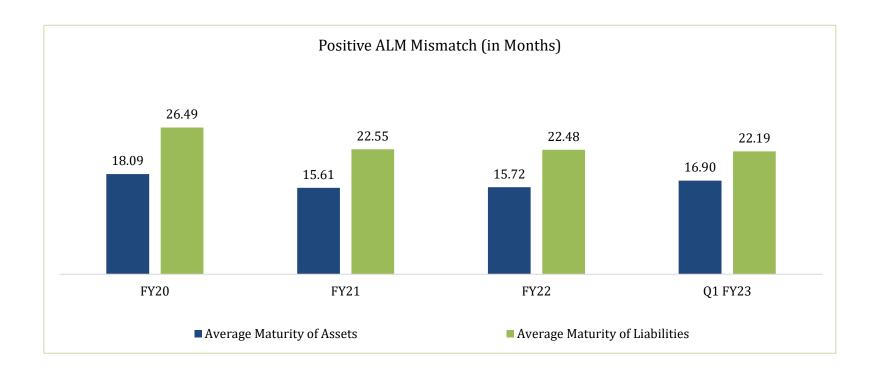
Q1 FY23	Branches
Karnataka	308
Maharashtra	294
Tamil Nadu	378
Madhya Pradesh	141
Other States & UT	560
Total	1,681

Q1 FY23	Borrowers ('000)
Karnataka	1,026
Maharashtra	758
Tamil Nadu	862
Madhya Pradesh	301
Other States & UT	743
Total	3,689

Q1 FY23	Gross AUM (INR Cr)
Karnataka	5,589
Maharashtra	3,309
Tamil Nadu	3,260
Madhya Pradesh	1,115
Other States & UT	2,343
Total	15,615

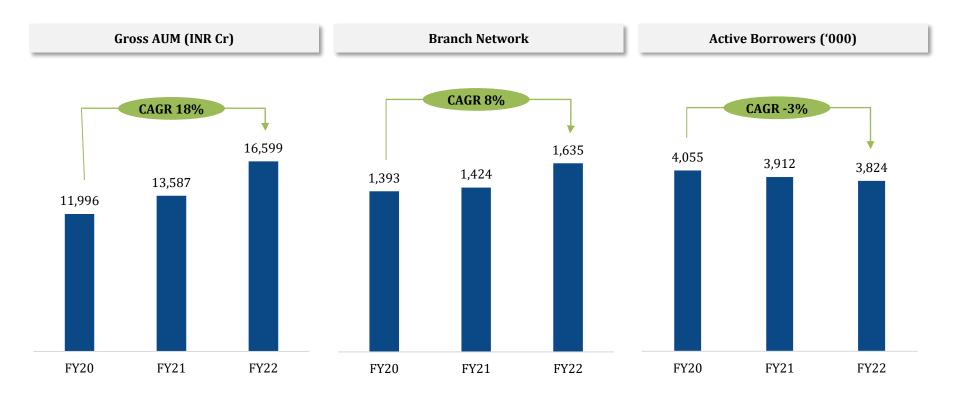
Positive ALM Continues To Contribute Growth





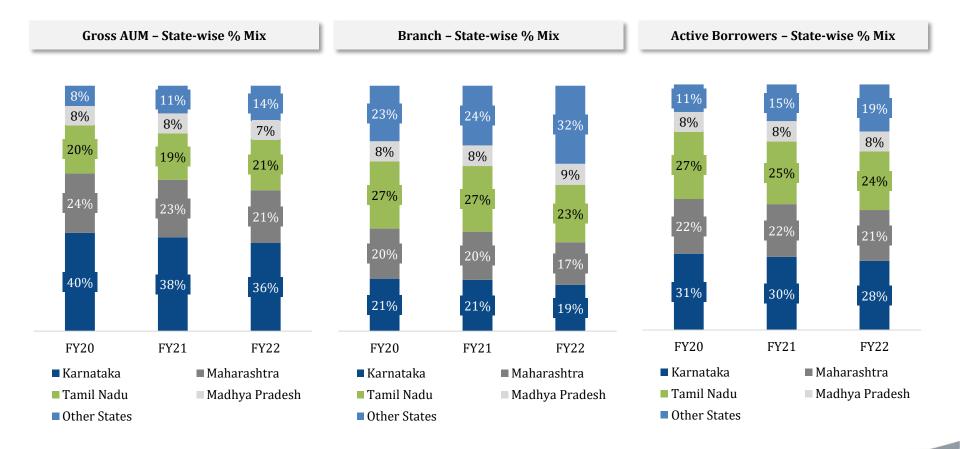
Consolidated Historical Performance Trend 1/4





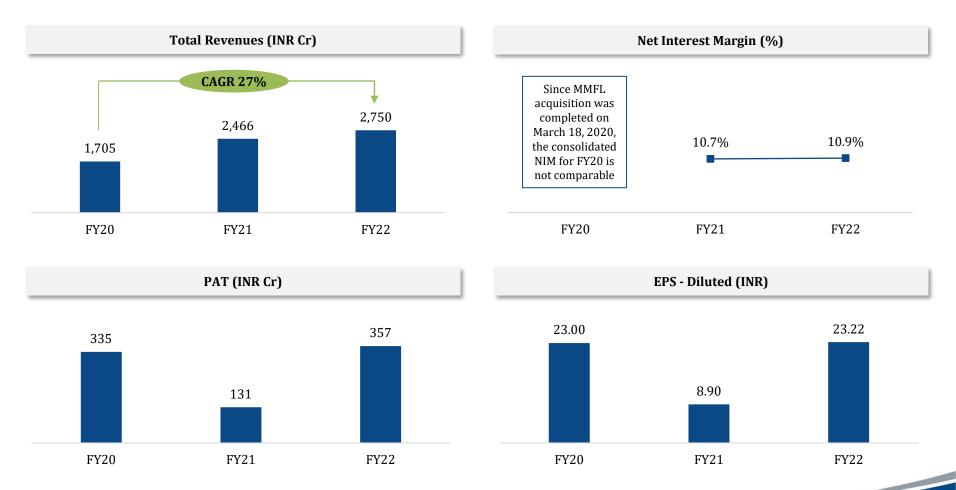
Consolidated Historical Performance Trend 2/4





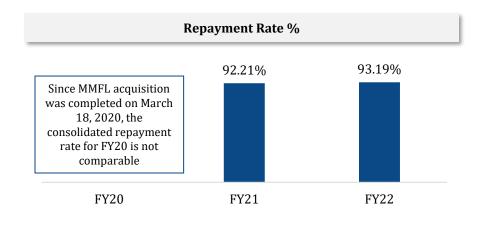
Consolidated Historical Performance Trend 3/4

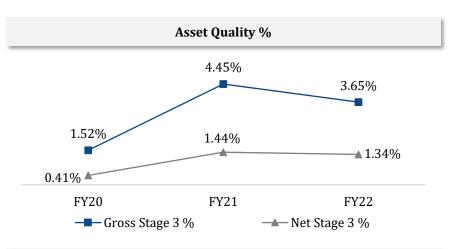


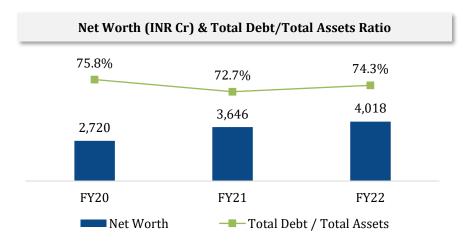


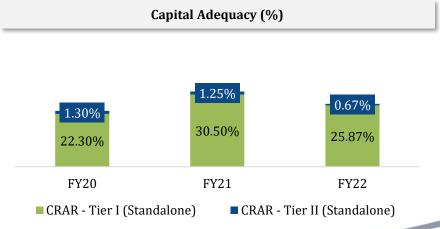
Consolidated Historical Performance Trend 4/4













Thank You

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