

QUARTERLY NEWSLETTER – Q1

April - June 2025

Message from CEO & MD (Designate)

Dear Friends,

We have begun FY26 on a positive note, with our performance reflecting progress across every key dimension of our business. Achieving the highest-ever first-quarter disbursements in Q1 FY26 symbolises our collective resilience and adaptability, especially after navigating a challenging credit cycle. Our growing family of 21,333 employees as of June 2025, alongside a healthy annualised attrition rate of 27.1% in Q1 FY26, speaks volumes about the culture we continue to nurture. We have increased our AUM-based market share from 6.2% in FY24 to 6.9% of the microfinance industry at the end of FY25. This growth is driven by our commitment to support new customers and existing borrowers at every stage of their credit journey.

Our Retail Finance portfolio, a critical growth lever, saw remarkable growth, now forming 6.8% of the AUM as of the end of June 2025 compared to 2.9% a year ago. Simultaneously, the share of 3-year loans in the group loan book rose from 33.3% to 44.3% in Q1 FY26, reflecting improved serviceability and long-term customer retention. This trend aligns perfectly with our 'evolve with customer' philosophy, opening new opportunities to continue the journey with our customers into the retail finance fold.

Our accelerated write-off approach is helping us further strengthen our balance sheet and capitalise on growth opportunities. We continue to strengthen our global standing in the liability franchise as we raised our maiden USD 100 million multi-currency syndicated social loan facility, featuring commitments in both JPY and USD. This landmark transaction is especially noteworthy, as it was priced on par with our domestic borrowing rates and significantly below our average cost of borrowing. The funds were raised from leading banks across South Asia and the Far East, highlighting our robust ESG credentials and impact-driven track record.

With favourable monsoon forecasts and improving rural sentiment, the microfinance sector is poised for strong revival. The momentum we have built together, rooted in discipline and consistency, will continue to propel us forward. My heartfelt thank you to all our stakeholders for their continuous support and belief in what we are building.

- Ganesh Narayanan

Synopsis of our financial results for the first quarter Q1 FY 2025-26

| Particulars (Cr) | Q1 FY26 | Q4 FY25 | % Change |
|------------------|---------|---------|----------|
| Total income | 1,463.6 | 1,407.7 | 4.0% |
| NII | 937.0 | 876.1 | 7.0% |
| PPOP | 653.0 | 634.0 | 3.0% |
| PAT | 60.2 | 47.2 | 27.5% |

Growth and expansion

| Particulars (Cr) | Q1 FY26 | Q4 FY25 | % Change |
|------------------|-----------|-----------|----------|
| Gross AUM (Cr) | 26,055 | 25,948 | 0.4% |
| No. of borrowers | 45.6 lakh | 46.9 lakh | -2.8% |
| No. of branches | 2,114 | 2,063 | 2.5% |
| No. of employees | 21,333 | 20,970 | 1.7% |



Read excerpts from our interview with **Mr. Firoz Anam, Chief Risk Officer, CreditAccess Grameen.**

Q1. What role does BRE play under Guardrail 2.0, especially in monitoring borrower caps and automating checks as the industry environment becomes more competitive?

BRE enables the timely and accurate implementation of guardrails and ensures continued compliance. However, the bigger challenge would be to continue to identify risks within the restricted space and act accordingly. The trick is to find the tiny segments of high risk through robust data analytics and apply restrictions through BRE. On the other side, the ability to identify and migrate high-income-potential customers to individual loan categories will be an important aspect of the growth journey. We have the right risk infrastructure in the form of BRE to handle these challenges and opportunities.

Q2. With diversification now permitted up to 40% of net assets, how are we evolving our underwriting standards in the retail finance segment?

With the regulatory cap on diversification now increased to 40% of net assets, we see a strong opportunity to scale our retail finance offerings, particularly in individual unsecured loans and secured products like property, home, and two-wheeler loans. Success in this space hinges on our ability to accurately assess income, evaluate collateral, and manage recovery, all while keeping costs low given the segment we serve. Encouragingly, advancements in technology are enabling us to address these challenges more effectively. For instance, real-time access to customer bank statements is now seamless. We are also piloting risk-tech solutions that extract insights from unstructured data such as images, videos, and voice inputs. As we evolve, our retail underwriting architecture will be increasingly tech-driven, focused on scale, precision, and sustainable risk management.

Q3. What are your thoughts on the revamped CGFMU scheme? How are we planning to leverage this to balance risk and scale in our lending strategy?

At its core, a credit guarantee converts an unsecured loan into a secured one for a nominal fee. The revamped CGFMU scheme is well-suited for microfinance, where frequent "event" shocks can be absorbed efficiently, smoothing credit costs over time. When applied judiciously, it enables us to expand our credit universe and reach unserved segments with greater confidence. However, we remain cautious of over-reliance, which can obscure portfolio risk and weaken credit discipline. Used prudently, the scheme is a strategic tool to balance risk and scale in our lending approach.

Leadership Visit Highlights Impactful Rural Transformation Efforts



CreditAccess Grameen's leadership team including Mr. Gururaj Rao (COO) and Mr. Gopal Reddy (CBO - Retail Finance & Group lending) recently visited Nashik to observe the on-ground impact of CreditAccess India Foundation's CSR efforts in partnership with Swades Foundation. The visit highlighted initiatives like solar electrification, WASH infrastructure, and

livelihood training across 40+ tribal villages. In Satara, Maharashtra, the Foundation also partnered with Jivika Healthcare to launch a cervical cancer vaccination drive, administering the first dose to 2,000 girls and conducting awareness sessions for over 3,000 beneficiaries—underscoring a continued focus on sustainable, community-driven change.

Won Bronze at Asia-Pacific Stevie Awards 2025

We received the bronze award at the Asia-Pacific Stevie Awards 2025 under the "Innovation in Annual Reports" category for its FY 2023–24 Integrated Annual Report, "Being Sustainable & Responsible." The award, presented in Seoul, South Korea, was received by Mr. Sahib Sharma from the Investor Relations & ESG team and highlights the organisation's ongoing focus on transparency, sustainability, and inclusive growth.

26th Foundation Day Celebrations



Our 26th Foundation Day was celebrated on 2nd June 2025 across all locations. The Head Office event featured cultural performances and reflections from CEO Mr. Ganesh Narayanan and COO Mr. Gururaj Rao on the organisation's journey and future. The celebration also honoured CEO League winners, long-serving employees, and included a special tribute to MD Mr. Udaya Kumar Hebbar for 15 years of dedicated leadership.

Awarded for Sustainability Leadership



We were named as India's Most Sustainable Company 2025 in the NBFCs, MFIs, and HFCs category by Business Today. The award, presented by Hon'ble Minister Shri Bhupender Yadav in New Delhi, followed a rigorous evaluation of 1,000 listed companies. CEO Mr. Ganesh Narayanan and Mr. Sahib Sharma received the award, recognising the organisation's continued focus on sustainability and inclusive growth.

Grameen Vidya: Supporting Education, Empowering Dreams



Now in its fourth year, the Grameen Vidya Scholarship Program by CreditAccess India Foundation continues to support higher education for rural and semi-urban students, with 75% of

scholarships reserved for girls. For 2024–25, 335 scholarships have been awarded across 10 states, with a goal of reaching 1,600 students—advancing access and opportunity through education.


Training Programs conducted during April to June

The Transformative Leadership Program was designed to empower mid-level managers to confidently embrace and excel in leadership roles. Conducted across states, the



program covered 254 employees. Through a series of engaging, interactive activities and thought-provoking discussions, participants explored the core challenges and responsibilities of being an effective leader. The program created a space for deep reflection, peer learning, and skill-building, helping individuals understand their own leadership styles while gaining insights into team dynamics and organisational expectations. With high levels of participation and valuable takeaways, this initiative proved to be a significant step in building strong leadership.

CSR highlights from the quarter

1. Grameen Vidya Pratibha Scholarship—Awarded to 584 students to support economically needy and meritorious rural children to pursue higher education post 10th & 11th Std.
2. Support to 3 government educational institutions with infrastructure materials, including desks, tables, fans, etc., benefiting 768 students.
3. Supported 6 public service institutions with infrastructure & safety materials, including 3-seater chairs, water coolers, barricades, CCTVs, etc., benefitting 156 beneficiaries.
4.  Supported 7 government health institutions with infrastructure materials, including 3-seater chairs, cots, water coolers, etc., benefitting 254 beneficiaries.
5. Community Awareness activities held for 1757 women who were trained in financial literacy sessions, including sessions on budgeting, asset & liability management, financial goal setting, credit management, and digital frauds across Karnataka, Bihar & Jharkhand.
6. Created 153 million litres of water storage benefiting 172 communities and farmers.
7. 205 economically disadvantaged patients supported for recurring medical consumables and essentials to ensure uninterrupted, free, and high-quality dialysis services for economically disadvantaged patients.
8. 633 girl children from Uttar Pradesh were provided with HPV vaccination, completing their 1st dose.
9. 103 children were benefitted from Swasta Centre for Special Education & Rehabilitation through their academic and rehabilitation programs.
10. Support to Mother Theresa Special School for Mentally Handicapped Children—84 students, including 16 bedridden children, supported by ensuring uninterrupted education, therapy, nutritious meals, and daily care.
11. 454 grocery kits provided to the community impacted by flood, cyclone, and fire incidents 1,865 people benefitted.

Spinning Dreams into Reality: The Story of a Silk Thread Maker



Naziya Bano, a resident of Kanakapura, has been involved in silk thread making for the past six years. Despite the initially low profit margins, Naziya Bano remained committed to her work, determined to establish her own business.

Starting small with just one worker, she now employs three people and has significantly improved production—from taking 15 days to process material to just 4–5 days. With support from Grameen Koota, she received her first loan of ₹35,000, followed by ₹60,000 the next year, which helped her improve her silk thread-making business. Now, being eligible for another loan of around ₹2,00,000, she's planning to expand her small-scale business and aim for better profits.

She credits CreditAccess Grameen as a key reason behind her business success, saying that "timely access to credit made it all possible." What began as a humble livelihood has now grown into a thriving, self-owned enterprise—one that brings both stability and pride to her and her family.