

QUARTERLY NEWSLETTER – Q2

July - September 2025

Message from Managing Director & CEO

Dear Friends,

The industry has once again demonstrated remarkable resilience over the past few quarters, navigating challenges with discipline and focus. These collective efforts have reinforced confidence in the sector's long-term stability, with us continuing to play a leading role in this upward trajectory.

Our business momentum remained steady through Q2 FY26, reflecting the depth of our foundation and the agility of our operating model. Having successfully steered through a challenging credit cycle, the resilience built in Q1 FY26 continued to anchor our performance, given the seasonally softer second quarter. Our employee strength increased from 21,333 in June 2025 to 21,701 in September 2025, with an annualised attrition rate of 28.9%; a reflection of the engagement, morale, and ownership embedded in our culture.

Retail Finance has emerged as a key growth engine, expanding to 11.1% of AUM as of September 2025, compared to 6.8% in the previous quarter. This strong growth highlights our customer-centric approach, driven by the retention and graduation of high-vintage borrowers and our disciplined, well-calibrated underwriting practices.

Our financial fundamentals remain robust. The average cost of borrowings declined by 11 bps QoQ to 9.6% in Q2 FY26, while foreign borrowings rose to 23.7%, keeping us on course toward our FY28 target of 25–30%. With healthy monsoons, favourable agricultural outcomes, and a strengthening rural economy, we anticipate strong demand in the coming quarters. As we build on this momentum, I extend heartfelt gratitude to all our stakeholders—your trust continues to inspire and propel our journey forward.

- Ganesh Narayanan

Synopsis of our financial results for the second quarter Q2 FY 2025-26

Particulars (Cr)	Q2 FY26	Q1 FY25	% Change
Total income	1,509.0	1,463.6	3.1%
NII	975.9	937.0	4.2%
PPOP	694.8	653.0	6.4%
PAT	125.8	60.2	109.0%

Growth and expansion

Particulars (Cr)	Q2 FY26	Q1 FY25	% Change
Gross AUM (Cr)	25,904	26,055	-0.6%
No. of borrowers	44.4 lakh	45.6 lakh	-2.7%
No. of branches	2,209	2,114	4.5%
No. of employees	21,701	21,333	1.7%



Read excerpts from our interview with **Mr. Nilesh Dalvi, Chief Financial Officer, CreditAccess Grameen.**

Q1. In the current funding environment for MFIs, how CA Grameen has managed to maintain strong liquidity and access to capital?

CA Grameen has maintained strong liquidity and access to capital by consistently keeping 15% of undrawn sanction and 25% in the sanction pipeline. Over the past year, this discipline held firm despite multiple headwinds, supported by strategic offshore funding, including ECBs from international banks and co-financing arrangements with global DFIs. Strong asset quality, reaffirmed credit ratings, and a diversified lender base of over 70 institutions allow us to borrow prudently, align borrowing tenors with asset durations, and avoid dependence on a particular set of institutions. This integrated approach keeps CA Grameen well-capitalized, ensuring we continue to support our clients and drive sustainable growth.

Q2. How is CA Grameen positioning itself to benefit from faster transmission of interest rate reductions in the current rate cycle?

Our borrowing strategy is designed not only to manage cost and risk but also to anticipate shifts in monetary policy and position the company to benefit from faster transmission of rate reductions. Approximately 65% of our borrowings are floating rate, with the remainder being fixed rate. Within floating, around 70% is linked to MCLR, and we have deliberately shifted reliance from the 1-year MCLR to shorter tenors of 3 / 6 months, enabling more frequent rate resets. By aligning our funding strategy with policy trends, we are firmly working towards reducing our average cost of borrowing.

Q3. How important is international capital in CA Grameen's long-term funding plan?

A diversified funding strategy is key to our long-term resilience. We were among the first in the microfinance industry to tap international capital, securing co-financing and foreign borrowings that now form a significant share of borrowings. This exposure provides geographical diversification, strengthens our ALM framework, and improves our negotiation with domestic lenders, enabling us to secure better terms. We are well on track to achieve 25–30% foreign borrowings by 2028, reinforcing international capital as a strategic pillar that supports long-term financial stability.

SED Workshops to Boost Financial Literacy Among Rural Women



CreditAccess India Foundation, the CSR arm of CreditAccess Grameen, continued its commitment to community empowerment through Social and Economic Development (SED) Workshop. A total of 269 financial literacy workshop were conducted across 13 states, benefiting more than 33,685 participants. As part of its 2025 goals,

the Foundation plans to conduct 300 workshops across India. These workshops aim to enhance financial awareness, promote responsible borrowing, and strengthen the foundation for sustainable economic well-being among rural communities.

Promoting Financial Literacy Through MFIN Collaboration

In September, we partnered with the Microfinance Industry Network (MFIN) and other member institutions to conduct a series of Microfinance Awareness Programs across Andhra Pradesh, Tamil Nadu, and Karnataka. These programs directly reached more than 600 borrowers and residents, focusing on key aspects of financial literacy and borrower protection.

India's most sustainable company in the NBFCs, MFIs, and HFCs category

Business Today Magazine recognized CreditAccess Grameen as India's Most Sustainable Company 2025 in the NBFCs, MFIs, and HFCs category. The recognition highlights the company's ongoing efforts to promote sustainability and responsible business practices. The award was presented by Shri Bhupender Yadav, Hon'ble Minister of Environment, Forest and Climate Change, at a ceremony held in New Delhi. It was received by our MD & CEO, Mr. Ganesh Narayanan, along with Mr. Sahib Sharma from Investor Relations & ESG, on behalf of the organization.

Won 'Best LOS/LMS upgradation' at NBFCs tomorrow & DNA Awards 2025 by Banking Frontiers



Recognized with the prestigious 'NBFCs Tomorrow & DNA Award 2025' by Banking Frontiers for "Best LOS/LMS Upgradation." The award was received for innovations and digital transformation in

financial services through continued efforts. These initiatives were aimed at enhancing lending operations and advanced technology with the help of efficient processes, and a customer-centric approach to drive excellence across our business.

Grameen Vidya Scholarship Program 2025: Empowering Aspirations Across India



The Grameen Vidya Scholarship Program by CreditAccess India Foundation, the CSR arm of CreditAccess Grameen, successfully concluded for the academic year 2025–26. This year, 1,628 students from 14 states received scholarships, reaching rural and semi-urban communities.

Over the past four years, the program has awarded nearly 3,837 scholarships, empowering students—especially girls from economically disadvantaged families. Notably, 75% of scholarships are reserved for girl students, helping bridge the gender gap in education.

Training Programs conducted during July to September



People Management Program: Conducted for 62 Branch Managers across Andhra Pradesh and Telangana to enhance managerial skills.

Transformative Leadership Program: Strengthened leadership capabilities of mid-level managers across multiple states, with 248 participants.

Journey to Mastery – IJP ABM Workshop: Supported 214 newly promoted ABMs in transitioning to Branch Manager roles.

CSR highlights from the quarter

1. Strengthened 21 healthcare facilities across Karnataka, Chhattisgarh, Tamil Nadu, Jharkhand, Odisha, Maharashtra, Madhya Pradesh, and Uttar Pradesh with vital equipment and furniture.
2. Enhanced 42 educational and 144 government institutions across 8 states with over 13,000 essential items such as school furniture, storage units, and water dispensers.
3. Supported 2,793 families in 7 states through 29 disaster relief initiatives, including the distribution of grocery kits.
4. Awarded scholarships to 1,046 students from 12 states under the education support initiative.
5. Created 153 million litres of water storage, benefiting 4,828 villagers (including 13 farmers).
6. Reached 14,274 beneficiaries in Q2 through financial literacy and community awareness activities conducted in Karnataka, Bihar, Uttar Pradesh, and Chhattisgarh.
7. Administered the second dose of the HPV vaccine to 1,584 beneficiaries under the program implemented by Jivika Healthcare Pvt. Ltd. in Maharashtra.
8. Trained 185 youth in trades including electrical work, plumbing, welding, solar installation, mechanical repair, General Duty Assistant (GDA), and Food & Beverage (F&B) services.
9. Conducted 28 animal health camps providing vaccination, deworming, and care to over 2,600 animals, and created awareness among 1,150 farmers.
10. Delivered 3,013 cancer screenings, 1,300 healthcare consultations, and 2,200 awareness sessions on preventive care through community health outreach.
11. Provided life-changing surgical interventions for 26 children with cleft lip and/or palate, restoring facial function and confidence.
12. Enabled 708 students to explore diverse career paths and educational opportunities through career guidance programs.
13. Installed 90 solar streetlights in remote villages, helping prevent human-animal conflict.

Blooming with Opportunity: Dhannu Bai's Journey with the Vikas Loan



Dhannu Bai, a flower farmer from Dhar district, Madhya Pradesh, has continued her family's legacy of cultivating and selling flowers — a tradition that began with her grandfather. Dhannu Bai was already associated with CreditAccess Grameen through a group loan, and when she learned about the availability of a larger loan at the branch, she decided to explore the opportunity. The Vikas Loan proved transformative for her flower business. With the additional capital, Dhannu Bai expanded cultivation, introduced rose farming, and significantly increased her production capacity — from just 30–40% earlier to nearly 90% today.

The business began connecting with more markets, customers, and vendors, resulting in higher profits and greater stability for her family. Reflecting on her journey, Dhannu Bai credits the Vikas Loan from CreditAccess Grameen for helping her scale her operations and improve her income.