

January 22, 2020

The General Manager
Department of Corporate Services – Listing Dept.
BSE Limited
Phiroze Jeejeebhoy Towers Dalal
Street
Mumbai 400001
Scrip code: 541770

The Vice President, Listing Department
National Stock Exchange of India Limited The
Exchange Plaza
Bandra Kurla Complex
Bandra (East) Mumbai
400051
Trading Symbol: CREDITACC

Dear Sir/Madam,

Sub: Intimation of Investor Presentation

Further to the Intimation dated January 16, 2020 regarding Earning Conference Call, we hereby enclose the Investor Presentation Q3 & 9M FY20 results.

Thanking you,

Yours sincerely

CreditAccess Grameen Limited

Udaya Kumar Hebbar
Managing Director & CEO
DIN: 07235226

Our Financial Products



The journey of transforming lives



CreditAccess Grameen Limited
Q3 & 9M FY20 Investor Presentation
January 2020

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Q3 & 9M FY20 Result Update

Investment Rationale

Business Outlook

Annexure



Q3 FY20: Key Performance Highlights

GLP
Rs 8,872 Cr
(+45.8% YoY)

Disbursements
Rs 2,977 Cr
(+68.9% YoY)

Weighted Avg. COB
10.0%

Cost/Income Ratio
34.8%

Marginal COB
9.4%

Opex/GLP Ratio
5.1%

Capital Adequacy Ratio
32.4%

ROA
4.6%

PAT
Rs 108 Cr
(+8.2% YoY)

Total Equity
Rs 2,668 Cr

Tier 1 Ratio
31.1%

ROE
16.5%

D/E Ratio
2.4x

GNPA 0.85%
(60+ dpd)

Branches 928
(+40.8% YoY)

Active Borrowers
27.7 Lakh
(+22.5%)

**Announced Acquisition
of Madura Microfinance**
- 11th Largest MFI in
India

Provisioning 1.61%

Employees 10,465
(+34.2% YoY)

NNPA 0.00%

Q3 FY20: Awards & Recognitions



CreditAccess Grameen Wins the Prestigious 'Microfinance Organization of the Year' Award

The award conferred at the 16th Inclusive Finance India Awards 2019

Q3 & 9M FY20: Profit & Loss Statement

Profit & Loss Statement (Rs. Cr)	Q3 FY20	Q3 FY19	YoY%	Q2 FY20	QoQ%	9M FY20	9M FY19	YoY%	FY19
Interest income	416.7	319.6	30.4%	381.8	9.1%	1,162.8	905.9	28.4%	1,218.3
- Interest on Loans	411.7	299.7	37.4%	373.7	10.4%	1,137.4	858.3	32.5%	1,156.1
- Income from Securitisation	3.3	17.9	-81.7%	8.1	-59.7%	21.7	43.7	-50.4%	55.2
- Interest on Deposits with Banks and FIs	1.7	2.0	-13.0%	0.6	185.9%	3.8	4.0	-4.8%	7.0
Income from Direct Assignment	30.1	25.4	18.2%	5.0	496.8%	41.5	28.5	45.5%	46.0
Finance Cost on Borrowings	145.4	102.6	41.7%	132.1	10.1%	397.6	299.2	32.9%	398.7
Cost on Financial Liability towards Securitisation	0.4	7.5	-94.0%	3.4	-86.8%	7.4	14.8	-50.1%	18.1
Net Interest Income	300.9	235.0	28.1%	251.3	19.7%	799.3	620.3	28.8%	847.6
Non-interest Income & Other Income	6.8	5.7	19.3%	6.1	11.0%	19.0	12.5	52.2%	19.0
Total Net Income	307.7	240.7	27.8%	257.5	19.5%	818.3	632.9	29.3%	866.6
Employee Expenses	67.4	49.0	37.7%	65.4	3.1%	191.5	136.1	40.7%	186.1
Other Expenses	34.5	25.6	34.6%	30.8	12.2%	92.9	69.9	32.9%	100.1
Depreciation, Amortisation & Impairment	5.1	2.0	152.0%	6.2	-18.1%	14.6	5.7	153.5%	7.8
Pre-Provision Operating Profit	200.6	164.0	22.3%	155.0	29.4%	519.4	421.1	23.3%	572.6
Impairment of Financial Instruments	54.7	10.3	432.2%	28.0	95.1%	98.3	41.0	139.9%	74.9
Profit Before Tax	145.9	153.7	-5.1%	127.0	14.9%	421.1	380.1	10.8%	497.7
Total Tax Expense	37.9	54.0	-29.7%	26.1	45.2%	116.4	134.7	-13.6%	176.0
Profit After Tax	108.0	99.8	8.2%	100.9	7.1%	304.7	245.4	24.1%	321.8
Other comprehensive income	3.5	-11.4	-130.4%	-4.1	-183.9%	-4.4	1.9	-331.1%	-9.9
Total Comprehensive Income	111.5	88.4	26.1%	96.8	15.2%	300.4	247.3	21.4%	311.8
Key Ratios	Q3 FY20	Q3 FY19		Q2 FY20		9M FY20	9M FY19		FY19
Portfolio Yield ¹	19.7%	20.9%		19.5%		19.6%	20.8%		20.0%
Cost of Borrowings ²	10.0%	10.7%		10.2%		10.1%	10.6%		10.4%
NIM ³	12.4%	13.2%		12.3%		12.4%	13.2%		12.7%
Cost/Income Ratio	34.8%	31.9%		39.8%		36.5%	33.5%		33.9%
Opex/GLP Ratio ⁴	5.1%	5.2%		5.3%		5.1%	5.1%		5.0%

1) Portfolio Yield = (Interest on loans – processing fees + Income from securitisation)/ Avg. quarterly on-book loans

2) Cost of Borrowings = (Borrowing cost – finance lease charges) / Monthly average borrowings

3) NIM = (NII – processing fees, interest on deposits, income from direct assignment + finance lease charges) / Avg. quarterly on-book loans

4) Opex/GLP Ratio = Operating cost / Avg. quarterly GLP

Q3 & 9M FY20: Balance Sheet

Balance Sheet (Rs. Cr)	Q3 FY20	Q3 FY19	YoY%	Q2 FY20	QoQ%	9M FY20	9M FY19	FY19
Cash & Other Bank Balances	974.2	917.0	6.2%	678.0	43.7%	974.2	917.0	615.5
Loans								
- Balance sheet assets (Net of Impairment Loss Allowance)	8,101.5	5,292.1	53.1%	7,315.1	10.7%	8,101.5	5,292.1	6,404.2
- Securitised assets	11.2	305.9	-96.3%	91.8	-87.8%	11.2	305.9	198.6
Property, plant and equipment	24.4	16.9	44.7%	23.7	2.7%	24.4	16.9	18.7
Intangible assets	12.9	8.3	54.8%	11.4	12.9%	12.9	8.3	8.4
Right to use assets	54.9	0.0	-	60.7	-	54.9	0.0	0.0
Other Financial & Non-Financial Assets	154.4	112.2	37.6%	137.2	12.6%	154.4	112.2	111.9
Total Assets	9,333.4	6,652.4	40.3%	8,317.9	12.2%	9,333.4	6,652.4	7,357.3
Debt Securities	584.0	566.5	3.1%	420.3	39.0%	584.0	566.5	556.2
Borrowings (other than debt securities)	5,822.6	3,379.3	72.3%	5,050.1	15.3%	5,822.6	3,379.3	4,114.5
Subordinated Liabilities	25.0	36.7	-31.8%	25.0	0.0%	25.0	36.7	37.1
Financial liability towards Portfolio securitised	7.4	270.4	-97.3%	82.2	-91.0%	7.4	270.4	158.8
Lease liabilities	59.9	-	-	64.3	-	59.9	-	-
Other Financial & Non-financial Liabilities	166.8	100.3	66.4%	120.9	38.0%	166.8	100.3	125.7
Total Equity	2,667.7	2,299.2	16.0%	2,555.2	4.4%	2,667.7	2,299.2	2,365.1
Total Liabilities and Equity	9,333.4	6,652.4	40.3%	8,317.9	12.2%	9,333.4	6,652.4	7,357.3
Key Ratios	Q3 FY20	Q3 FY19		Q2 FY20		9M FY20	9M FY19	FY19
ROA ¹	4.6%	6.0%		4.8%		4.7%	5.4%	5.0%
D/E ²	2.4	1.7		2.2		2.4	1.7	2.0
ROE ¹	16.5%	17.7%		16.1%		16.2%	17.7%	16.3%
GNPA ³	0.85%	1.19%		0.52%		0.85%	1.19%	0.61%
Provisioning ⁴	1.61%	1.62%		1.23%		1.61%	1.62%	1.17%
NNPA	0.00%	0.00%		0.00%		0.00%	0.00%	0.00%

1) ROA = PAT/Avg. Quarterly Total Assets (including direct assignment) (Annualized), ROE = PAT/Avg. Quarterly Total Equity (Annualized)

2) Debt = Debt Securities + Borrowings (other than debt securities) + Subordinated Liabilities

3) GNPA = Stage III (ECL) exposure at default / (Sum of exposure at default of Stage I + Stage II + Stage III) [From Mar-19, Stage I = 0 to 15 days, Stage II= 16 to 60 days, Stage III > 60 days]

4) Provisioning including management overlay

Status Update: Impact of floods in certain districts of Northern Karnataka and South Maharashtra in Q2 FY20

- Currently, 75-80% customers have regularized their accounts
- Focus is on ensuring collection from rest of the customers
- Some interference was created in Kolhapur and Sangli districts to stop repayments and seek loan waivers
- CAGL along with MFIN are ensuring effective management of the situation and building customer awareness

Status Update: Impact of external interference in two districts in coastal Karnataka in Q3 FY20

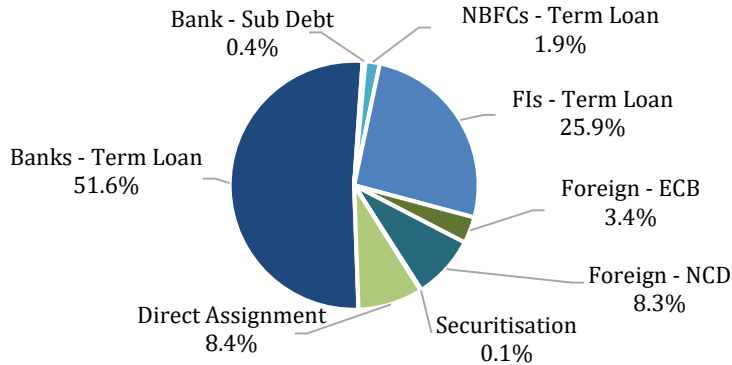
- Heavy rains in Q2 FY20 had caused stress with certain customers
- This issue was magnified by external elements who started misguiding customers for loan waiver under the Karnataka Debt Waiver Scheme
- The situation is stabilizing and is being controlled by AKMi, MFIN & Sa-Dhan, along with full support from state administration
- CAGL continues to display patience and maintain continuous customer connect
- Many customers have come back and resumed repayments

Impact on Asset Quality & Provisioning

- GNPA - 0.85% in Q3 FY20 vs. 0.52% in Q2 FY20
- PAR 90 - 0.61% in Q3 FY20 vs. 0.41% in Q2 FY20
- ECL - Rs 134.4 Cr (1.61%) in Q3 FY20 vs. Rs 93.0 Cr (1.23%) in Q2 FY20
- **Credit cost of Rs 54.7 Cr in Q3 FY30 - Rs 28.4 Cr on account of normal business growth and Rs 26.3 Cr on account of above two specific issues**

Q3 FY20: Well-Diversified Liability Mix

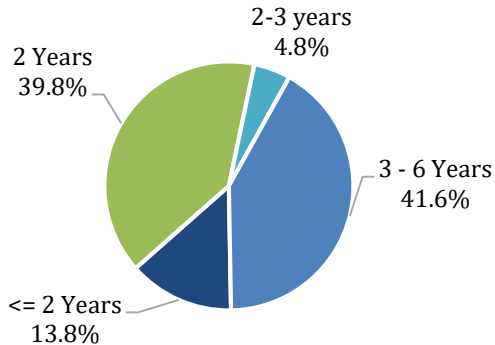
Liability Mix - Institution / Instrument Wise (%)



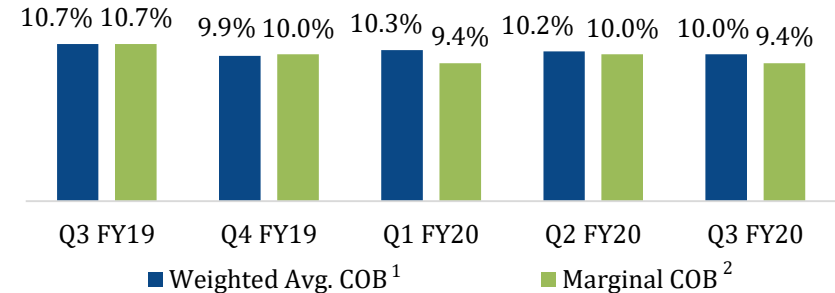
Focus on dynamic liability management

- Focus on long-term funding with a mix of domestic & foreign sources
- Target to meet 40%-50% of funding requirement through foreign sources over medium term
- Diverse lenders' base:
 - 26 Commercial Banks, 2 Financial Institutions, 7 Foreign Institutional Investors, 3 NBFCs
- Strong parentage of CreditAccess Asia providing access to diverse global lender base

Liability Mix - Tenure Wise (%)



Cost of Borrowing (%)



Note: Rs 398.8 Cr of Direct Assignment (excl. MRR) was completed in Q3 FY20 at 9.0%

1) Marginal COB = (Borrowings availed during the period * interest rate + processing fees and other charges) / Borrowings availed during the period

2) Weighted Avg. COB = (Borrowing cost - finance lease charges) / Monthly average borrowings

Q3 FY20: Comfortable Liquidity Position To Meet Obligations And Fulfil Growth Requirements

Particulars (Rs Cr)	For the month			For the Financial year	
	Jan-20	Feb-20	Mar-20	2019-20 (Jan-20 to Mar-20)	FY 2021
Opening Cash & Equivalents* (A)	973.2	1,266.7	1,513.1	973.2	1,784.9
Loan recovery [Principal] (B)	675.8	581.1	611.4	1,868.4	5,509.2
Total Inflow (C=A+B)	1,649.0	1,847.9	2,124.6	2,841.5	7,294.1
Borrowing Repayment [Principal]					
Term loans and Others (D)	303.2	215.3	273.3	791.8	2,775.3
NCDs (E)	0.0	30.0	0.0	30.0	243.6
Securitisation and DA (F)	79.0	89.5	66.4	234.9	417.1
Total Outflow G=(D+E+F)	382.3	334.7	339.7	1,056.7	3,435.9
Closing Cash and equivalents (H= C-G)	1,266.7	1,513.1	1,784.9	1,784.9	3,858.2
Static Liquidity (B-G)	293.6	246.4	271.7	811.7	2,073.3

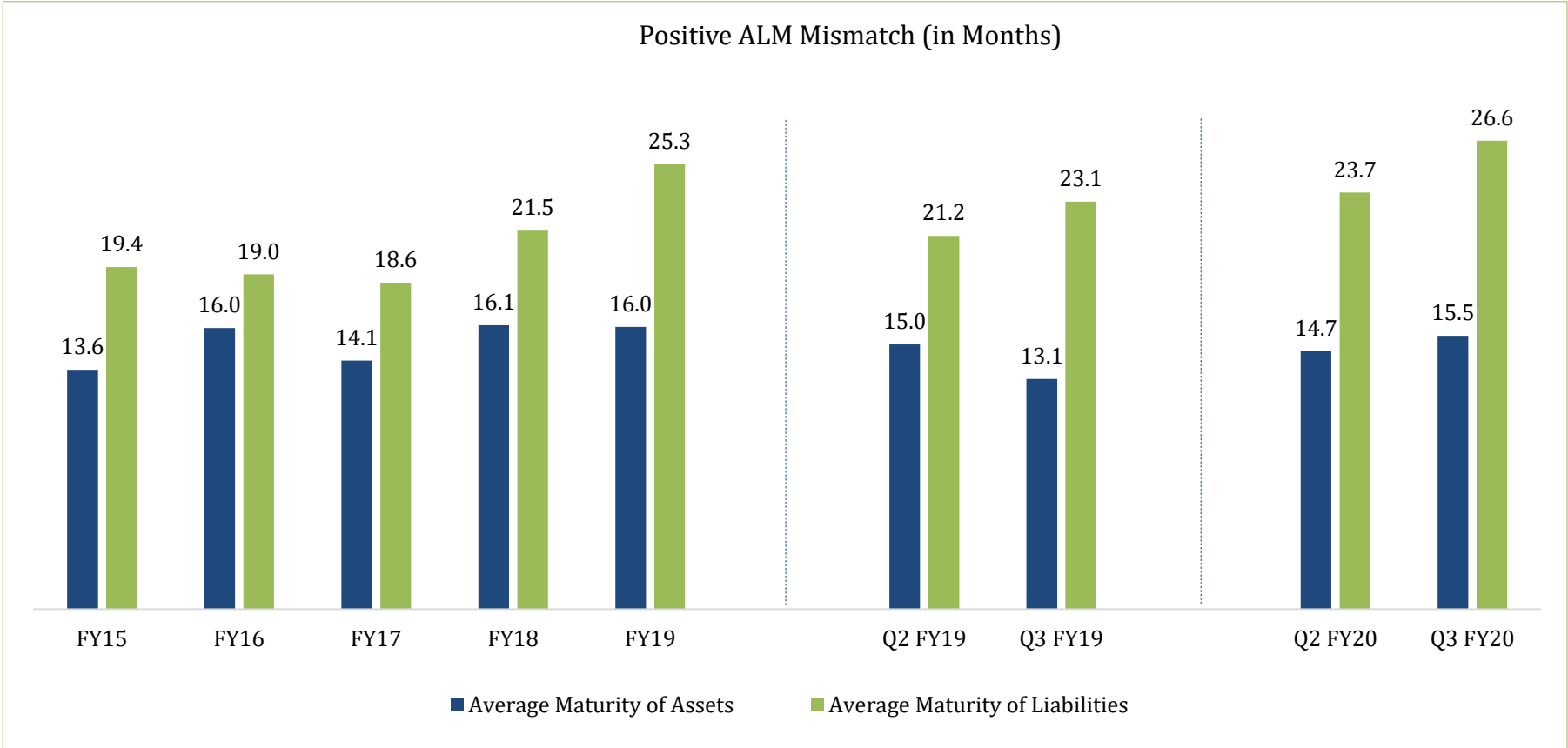
* Details of Opening Cash & Equivalents

Particulars	Rs. Cr
Cash and Bank Balance	663.2
Short Term Deposits with Banks	285.0
Term Deposits with Banks	25.0
Total	973.2

- Diversified funding sources with mix of Domestic and Foreign sources (All are Term Loans)
- There are no commercial papers
- No Bonds/NCDs from Mutual funds
- Limited exposure to NBFCs stands at ~2%

**Month on month positive Static Liquidity Gap
Funds in pipeline Rs. 2,354 Crore (Banks and FIs)**

Q3 FY20: Positive ALM Continues To Contribute Growth



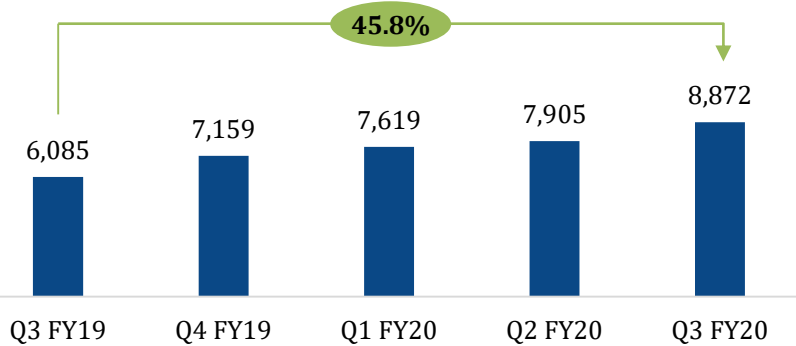
Q3 FY20: Ratings & Reaffirmations

Rating Instrument	Rating Agency	Q3 FY19	Q3 FY20
		Rating/Grading	Rating/Grading
Bank facilities	ICRA	ICRA A+ (Stable)	ICRA A+ (Stable)
Non-convertible debentures	ICRA	ICRA A+ (Stable)	ICRA A+ (Stable)
Subordinated debt	ICRA	ICRA A+ (Stable)	ICRA A+ (Stable)
Commercial Paper	ICRA	ICRA A1+	ICRA A1+
Comprehensive Microfinance Grading(Institutional Grading/Code of Conduct Assessment (COCA))	CRISIL/SMERA	mfR1	M1C1
Social Rating	M-CRIL	Σα	Σα
Social Bond Framework	Sustainalytics	-	Certified

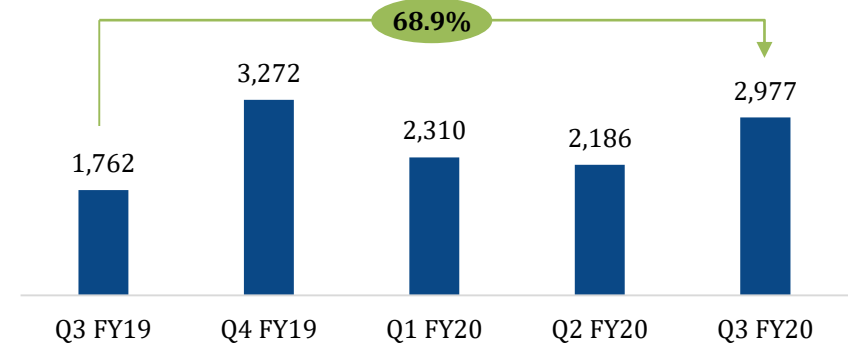
- As per SIDBI guidelines, comprehensive Microfinance grading should be done by the same organization (CRISIL is our rating agency)
 - M1 - Microfinance Institutional Grading – Reflects CRISIL’s opinion on the ability of an MFI to conduct its operations in a scalable and sustainable manner
 - C1 - Social Rating – Expert opinion in the social performance of a financial institution , and likelihood that it meets social goals in line with accepted social values
- CAGL has developed the Social Bond Framework under which it intends to issue social bonds from global investors. CAGL had engaged Sustainalytics to review the Social Bond Framework, dated November 2019 and provide a second-party opinion on the Framework’s social credentials and its alignment with the Social Bond Principles 2018 (SBP). Sustainalytics is of the opinion that the CAGL’s Social Bond Framework is credible and impactful and aligns with the four core components of the SBP

Q3 FY20: Robust Quarterly Performance Trend (1/2)

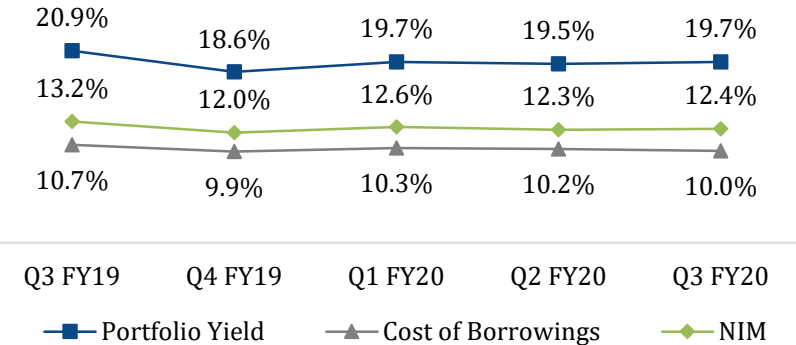
Gross Loan Portfolio (GLP) (Rs Cr)



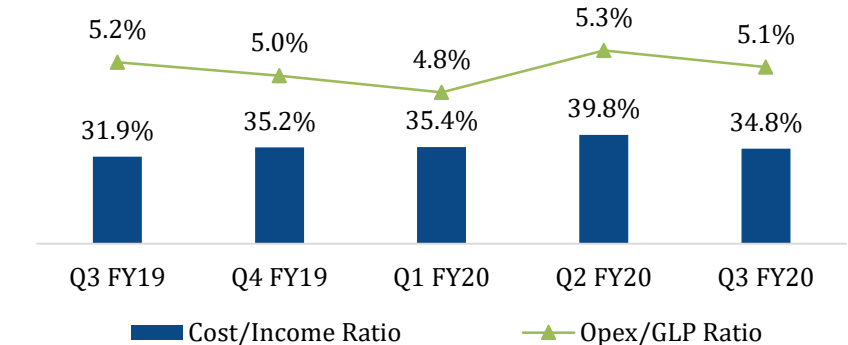
Disbursements (Rs Cr)



Margin Analysis (%)

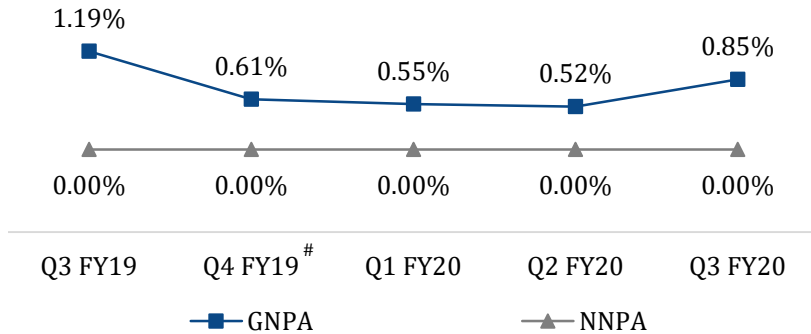


Operating Efficiency (%)

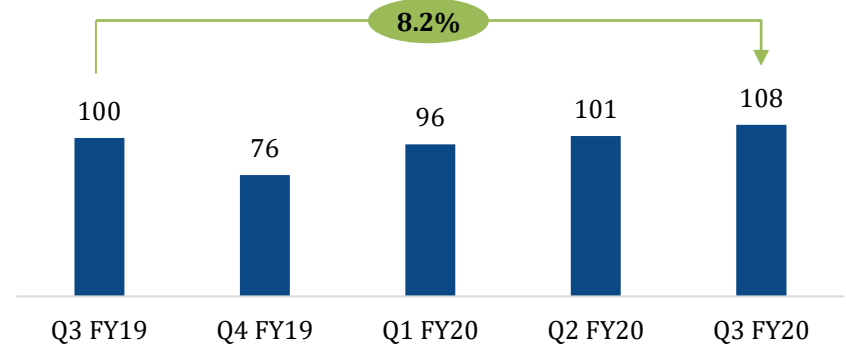


Q3 FY20: Robust Quarterly Performance Trend (2/2)

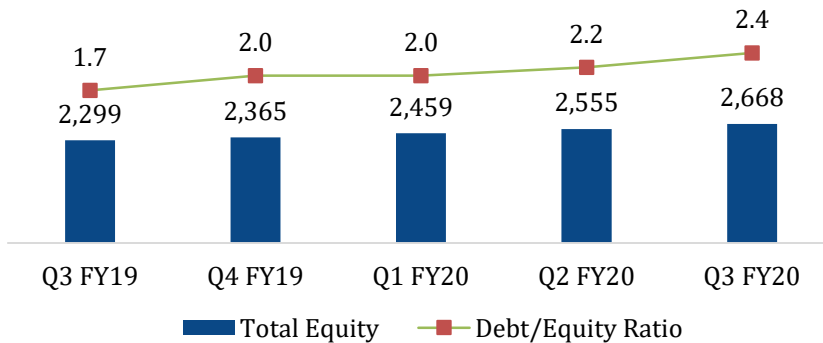
Asset Quality (%)



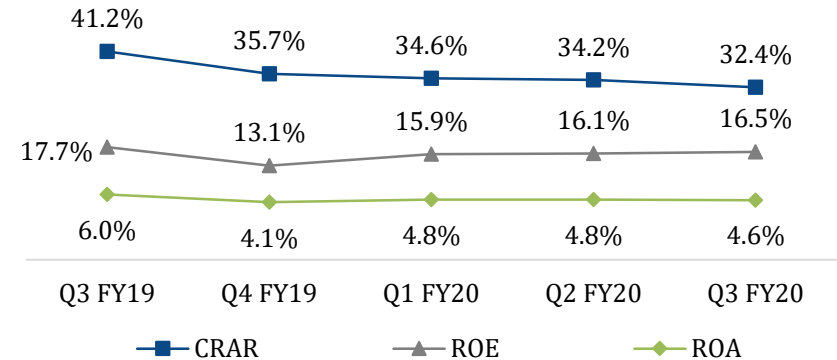
PAT (Rs Cr)



Total Equity (Rs Cr) & Debt/Equity Ratio



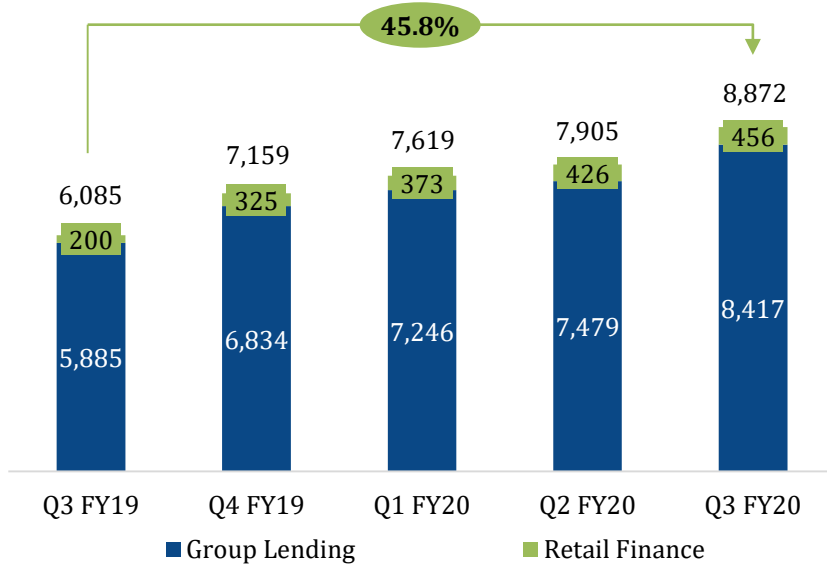
Return Ratios & Capital Adequacy (%)



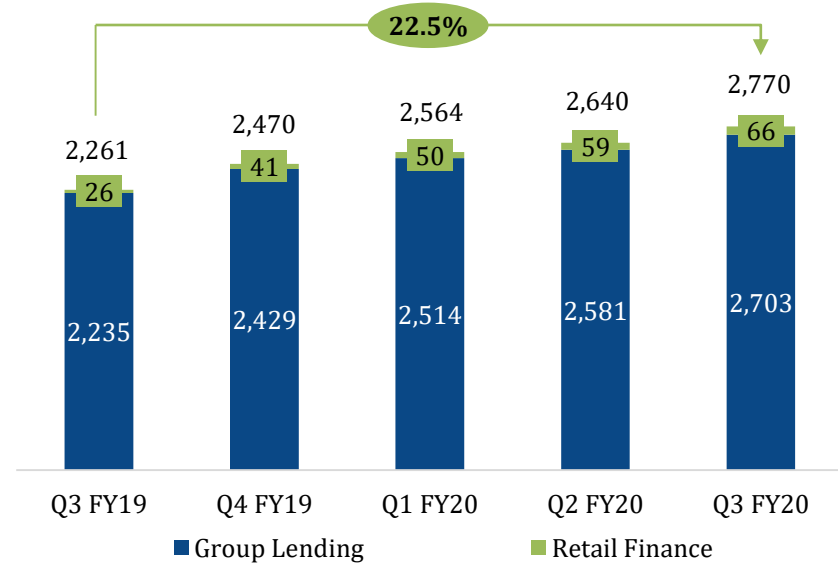
[#] Revised Provisioning Policy (Stage III reclassified to 60 days dpd from 90 days dpd)

Q3 FY20: Strong Business Traction With Rural Focus...

Gross Loan Portfolio (GLP) (Rs Cr)



Borrowers ('000)

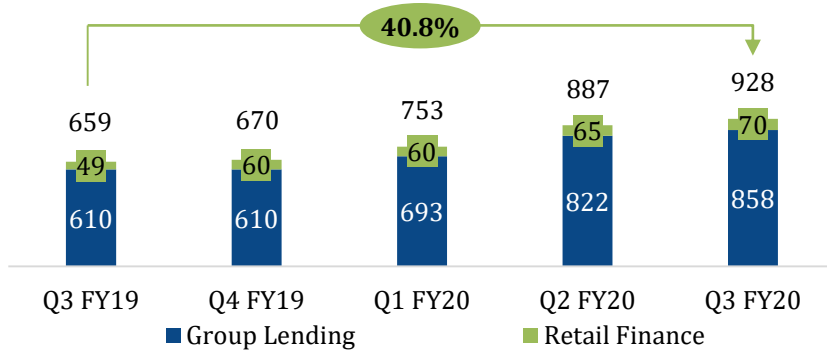


- Strong focus on non-urban geographies with 82% borrowers
- Group Lending (GL) 94.9%, Retail Finance (RF) 5.1%
- GL Loan Usage – Animal Husbandry 44%, Trading 19%, Partly Agri related 15%, Production 9%, Housing 4%, Education 2%, Others 7%

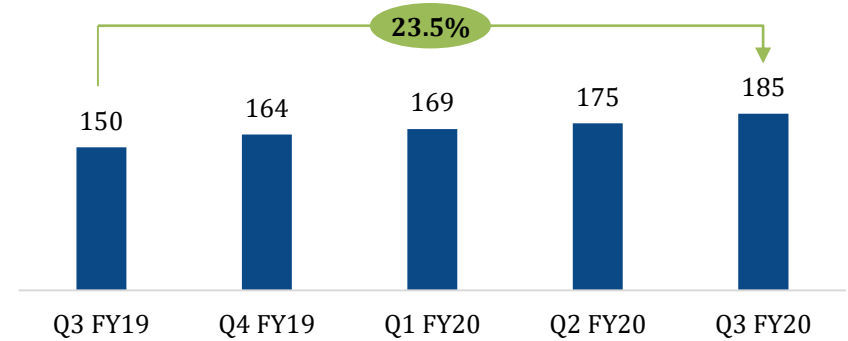
- 8.9 Lakh GL borrowers have completed 3 years, with strong client retention
- Collection frequency: GL (55.5% weekly, 38.3% bi-weekly, 6.1% monthly), RF (100% monthly)
- Collection efficiency: 98.3%

Q3 FY20: ...Backed by Consistent Growth In Infrastructure

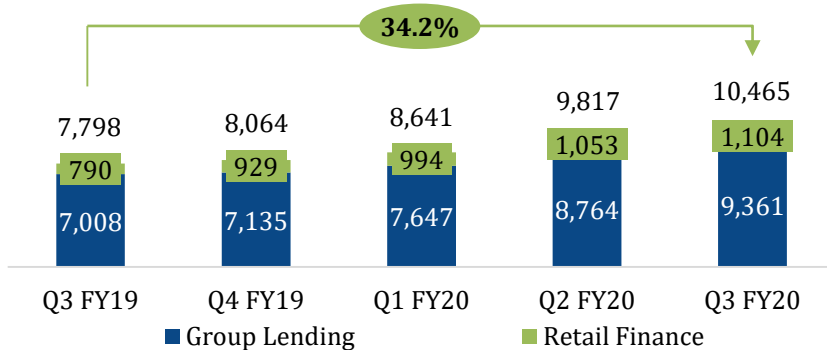
Branches



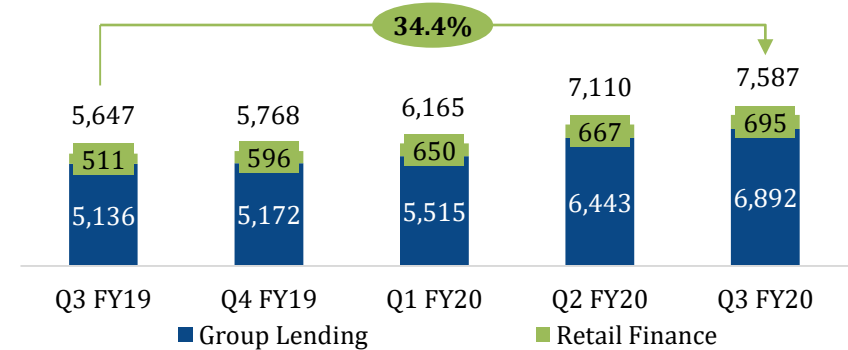
Kendras (Group Lending) ('000)



Employees

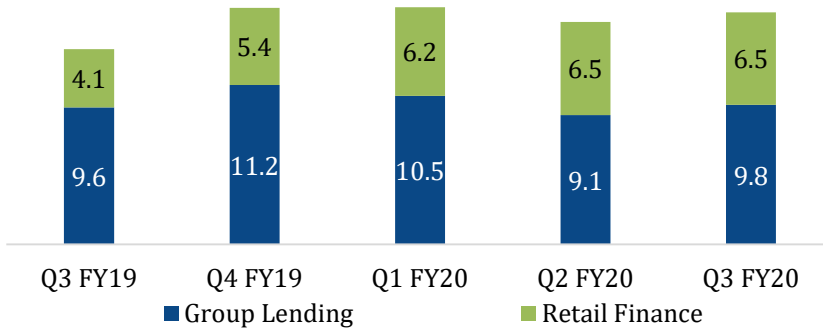


Loan Officers

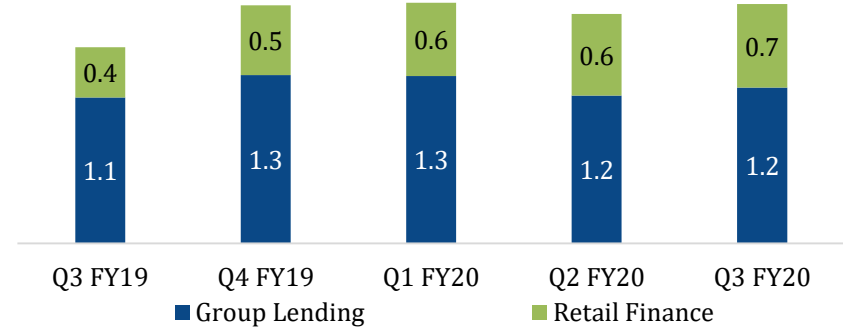


Q3 FY20: ...Along With Sustainable Productivity

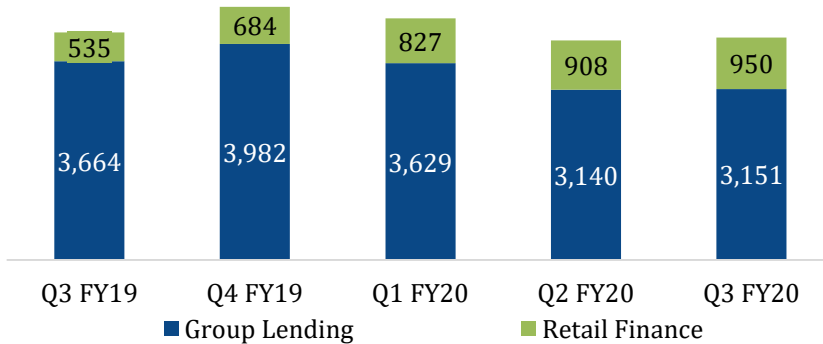
GLP / Branch (Rs Cr)



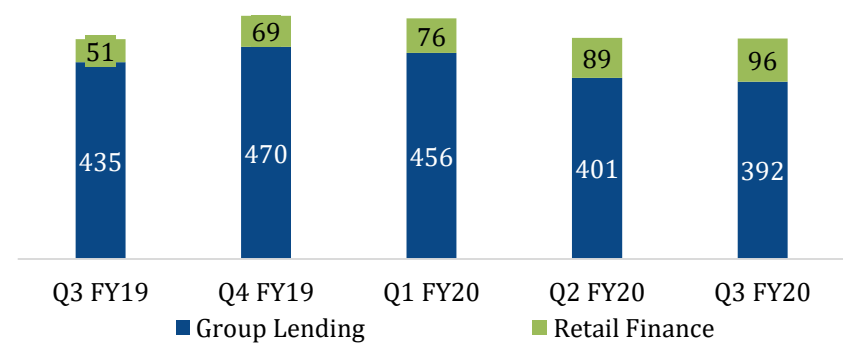
GLP / Loan Officer (Rs Cr)



Borrowers / Branch



Borrowers / Loan Officer



Q3 FY20: ...Product Range To Meet Diverse Customer Needs

GLP - Product Mix	Q3 FY19		Q4 FY19		Q1 FY20		Q2 FY20		Q3 FY20	
	(Rs Cr)	% of Total	(Rs Cr)	% of Total	(Rs Cr)	% of Total	(Rs Cr)	% of Total	(Rs Cr)	% of Total
IGL	4,725	78%	6,088	85%	6,454	85%	6,660	84%	7,541	85%
Family Welfare	261	4%	93	1%	264	3%	317	4%	249	3%
Home Improvement	894	15%	643	9%	518	7%	482	6%	612	7%
Emergency	5	0%	10	0%	10	0%	20	0%	14	0%
Retail Finance	200	3%	325	5%	373	5%	426	5%	456	5%
Total	6,085	100%	7,159	100%	7,619	100%	7,905	100%	8,872	100%

GLP - Avg. O/S Per Loan (Rs '000)	Q3 FY19		Q4 FY19		Q1 FY20		Q2 FY20		Q3 FY20	
IGL	17.3		20.8		20.9		20.5		21.4	
Family Welfare	5.0		2.9		7.6		7.2		4.8	
Home Improvement	9.6		9.1		8.2		7.5		8.0	
Emergency	0.6		0.7		0.6		0.6		0.6	
Retail Finance	73.5		77.2		73.4		70.6		67.6	
Total	14.2		17.3		17.8		16.8		17.3	

GLP - Avg. O/S Per Borrower (Rs '000)	Q3 FY19		Q4 FY19		Q1 FY20		Q2 FY20		Q3 FY20	
Group Lending	26.3		28.1		28.8		29.0		31.1	
Retail Finance	76.5		79.3		75.3		72.1		68.6	

Q3 FY20: District Wise Exposure Trend

Portfolio Exposure of Districts (% of Portfolio)	Q3 FY19		Q4 FY19		Q1 FY20		Q2 FY20		Q3 FY20	
	No. of Districts	% of Total Districts	No. of Districts	% of Total Districts	No. of Districts	% of Total Districts	No. of Districts	% of Total Districts	No. of Districts	% of Total Districts
< 0.5%	103	66%	105	67%	118	69%	163	77%	180	78%
0.5% - 1%	20	13%	19	12%	19	11%	17	8%	16	7%
1% - 3%	29	19%	29	18%	29	17%	29	14%	30	13%
3% - 5%	3	2%	3	2%	4	2%	4	2%	4	2%
> 5%	1	1%	1	1%	-	0%	-	0%	-	0%
Total	156	100%	157	100%	170	100%	213	100%	230	100%

Borrowers Exposure of Districts (% of Borrowers)	Q3FY19		Q4FY19		Q1 FY20		Q2 FY20		Q3 FY20	
	No. of Districts	% of Total Districts	No. of Districts	% of Total Districts	No. of Districts	% of Total Districts	No. of Districts	% of Total Districts	No. of Districts	% of Total Districts
< 0.5%	97	62%	100	64%	112	66%	158	74%	174	76%
0.5% - 1%	25	16%	25	16%	26	15%	23	11%	22	10%
1% - 3%	30	19%	28	18%	28	16%	29	14%	31	13%
3% - 5%	4	3%	4	3%	4	2%	3	1%	3	1%
> 5%	-	0%	-	0%	-	0%	-	0%	-	0%
Total	156	100%	157	100%	170	100%	213	100%	230	100%

District in terms of GLP	Q3FY19		Q4FY19		Q1 FY20		Q2 FY20		Q3 FY20	
	% of Total GLP	Contribution to QoQ Growth %	% of Total GLP	Contribution to QoQ Growth %	% of Total GLP	Contribution to QoQ Growth %	% of Total GLP	Contribution to QoQ Growth %	% of Total GLP	Contribution to QoQ Growth %
Top 1	5%	-1%	5%	5%	5%	3%	5%	3%	5%	3%
Top 3	13%	2%	13%	11%	13%	9%	13%	7%	12%	8%
Top 5	20%	1%	20%	16%	19%	14%	19%	10%	18%	13%
Top 10	32%	-4%	32%	27%	31%	25%	31%	18%	30%	22%
Other	68%	104%	68%	73%	69%	75%	69%	82%	70%	78%

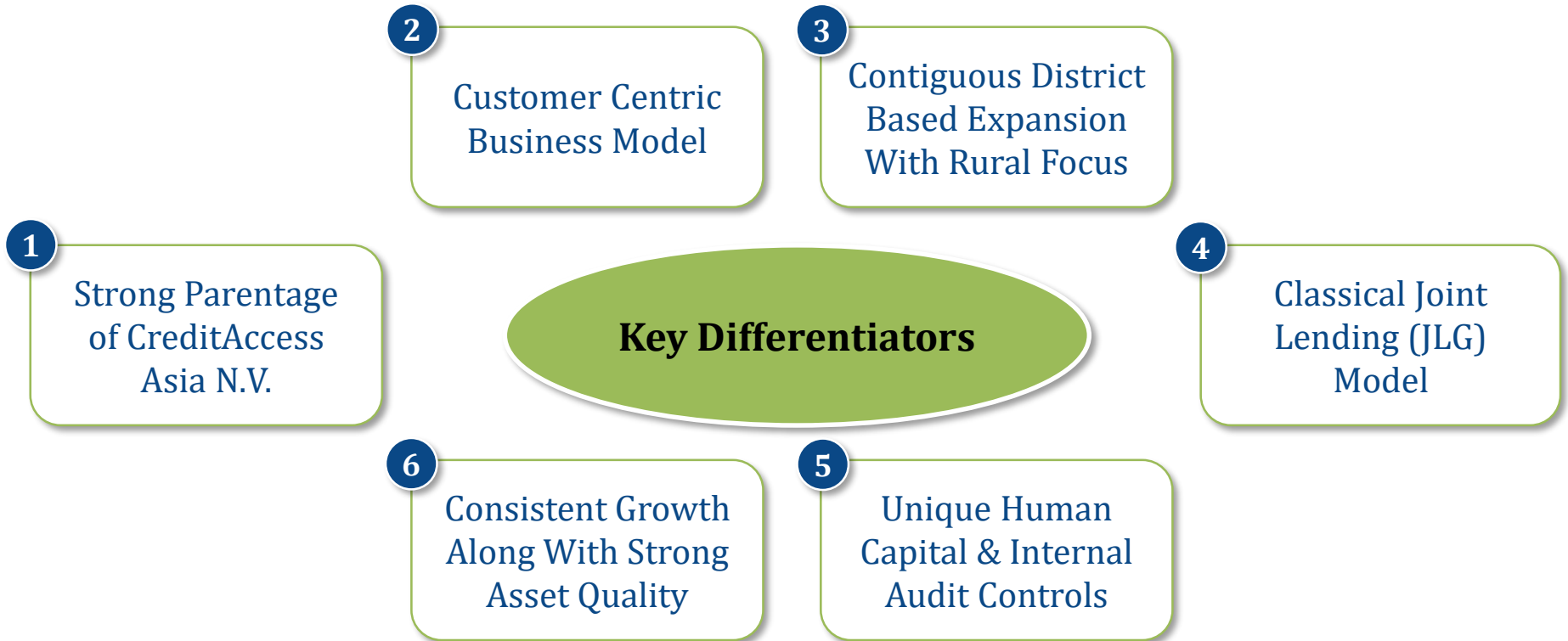
Q3 & 9M FY20 Result Update

Investment Rationale

Business Outlook

Annexure





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



Committed to Micro Finance Business

- CreditAccess Asia N.V. (CAA) specialises in Micro and Small Enterprises financing
- Operates in India & SE Asia through subsidiaries in India, Indonesia, Philippines and Vietnam
- Widely held shareholding base: 191 investors - Olympus ACF Pte Ltd. 18.6%, Asian Development Bank 9.6%, individuals/HNIs/Family Offices 71.8%
- Headquartered in Amsterdam, The Netherlands

Strong Financial Support

- Invested through multiple rounds of capital funding along with secondary purchase during 2009 to 2017
- Displayed trust in our business model post demonetisation by infusing Rs 550 Cr in FY17
- Provides access to global fundraising opportunities leveraging CAA's network and relationships
- Holds 80.01% in CAGL, committed to hold up to the regulatory requirement in future

Customer Centric Business Model (1/2)

✓ Partnering in growth with diverse product suite catering to entire customer life cycle

✓ 52% of GLP has interest rate of 18%-19%



✓ Customer flexibility - Even in a group, borrowers can have different borrowing limit, ticket size, disbursement & repayment schedule, no pre-payment penalty

✓ Customer can have multiple loans within the credit line/borrowing limit to meet specific requirements

✓ High customer engagement through predominantly weekly Kendra meetings

✓ Strong focus on client protection in collection, awareness building and grievance resolution

High customer satisfaction
86% Borrower retention rate

Portfolio stability with
lower loan run-off

Significant growth
from existing customer

Lower customer
acquisition cost

Customer Centric Business Model (2/2)

Loan Type	Customer Centric Products	Purpose	Ticket Size (Rs.)	Tenure (months)	Yield	% of GLP
Group	Income Generation Loan(IGL)	Business Investments and Income Enhancement activities	5,000 - 80,000	12-24	21%	43.0%
					19%	42.0%
Group	Home Improvement Loans	Water Connections, Sanitation and Home Improvement & Extensions	5,000 - 50,000	12-48	18%	6.9%
Group	Family Welfare Loans	Festival, Medical, Education and Livelihood Improvement	1,000 - 15,000	3-12	18%	2.8%
Group	Emergency Loans	Emergencies	1,000	3	18%	0.2%
Individual	Retail Finance Loans	Purchase of inventory, machine, assets or for making capital investment in business or business expansion	Up to 5,00,000	6-60	20%-22%	5.1%

Cashless shift based on customer's preference

- Small loans: Cash/Cashless
Larger Loans: Cashless
- 100% of branches enabled for cashless disbursements
- Currently, 70%+ disbursements are on cashless mode
- 100% cashless in retail finance business

Retail Finance

- Retail Finance was launched in 2016 to support the enhanced credit needs of our graduated customers, making CAGL 'One stop shop' for various customer requirements
- Currently there are 8.9 Lakh GL borrowers who have completed 3 years and are captive potential for retail finance business

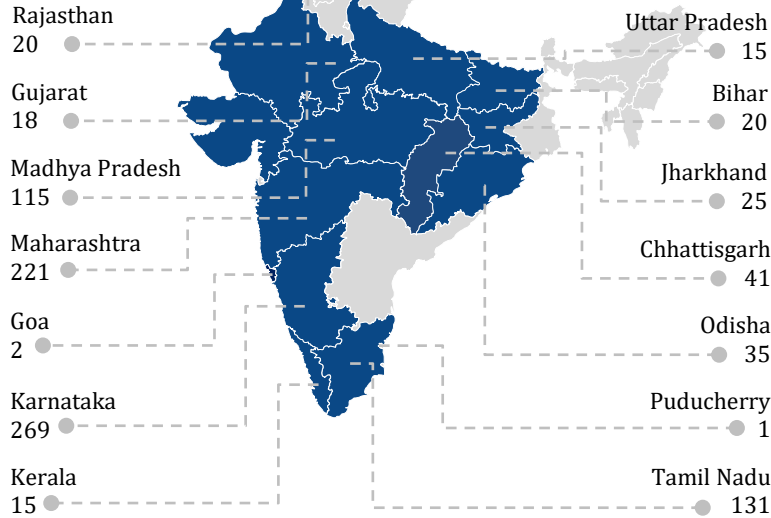
Calibrated, Contiguous District Based Expansion Strategy Focusing on Deep Rural Penetration

Presence

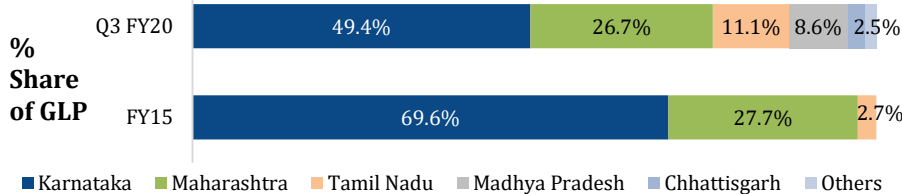
13 States/ 1 UT

230 Districts

928 Branches

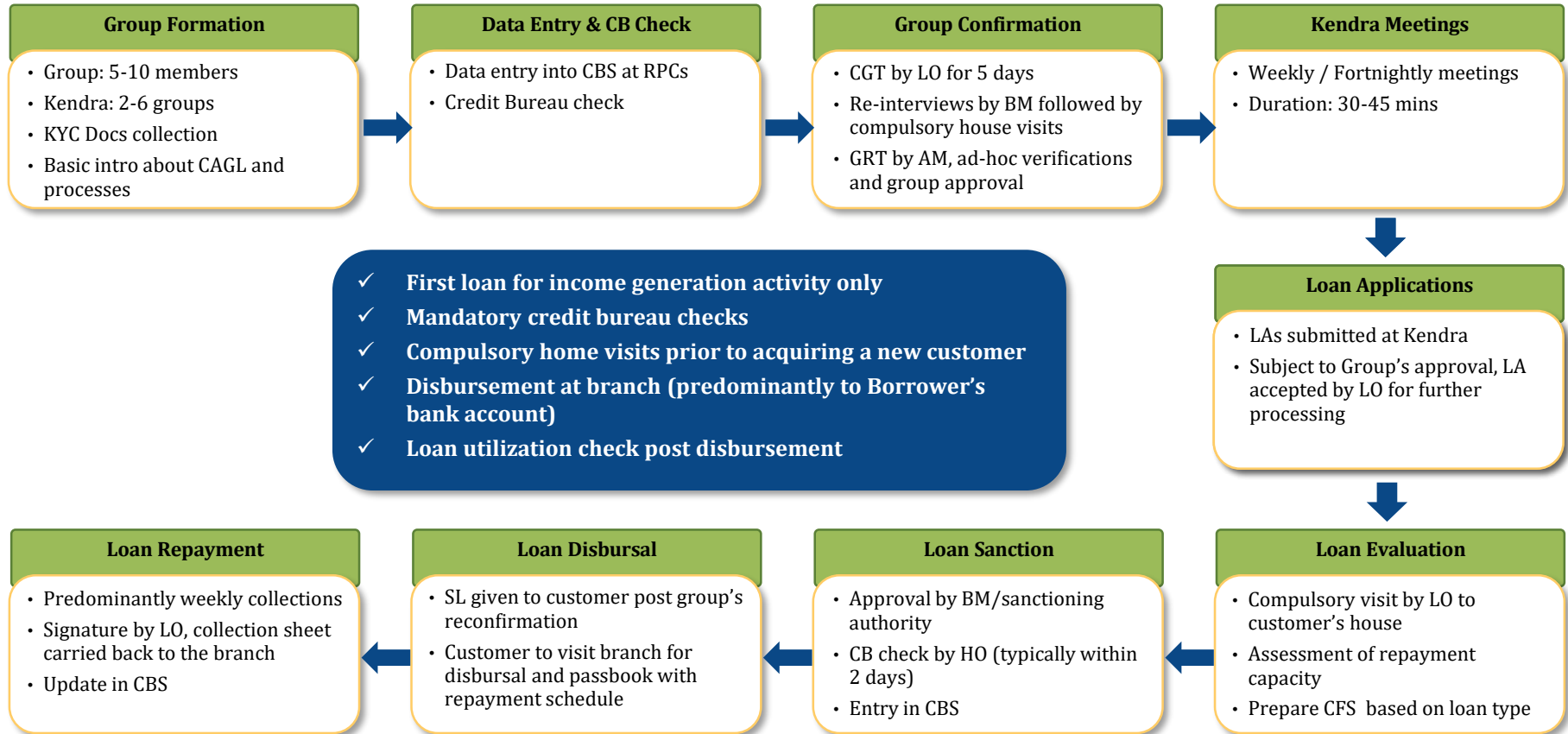


Continued Focus on Expansion in New States



- ✓ Focus on achieving deep penetration within a particular district within three years of commencement of operations
- ✓ Gradual expansion into the next (typically adjoining) district
- ✓ Systematic methodology in selection of new districts based on availability of infrastructure, competition, historical performance trend, socio-economic risk, growth potential
- ✓ Contiguous expansion provides significant scale and diversification advantages
- ✓ Familiarity of the loan officers with demographics of nearby districts enables effective customer evaluation and better servicing
- ✓ Lower exposure to a particular district (98% of districts \leq 3% of GLP, No single district has > 5% of total GLP)

Classical JLG Lending Model



Note: CB: Credit Bureau, CBS: Core Banking System, RPC: Regional Processing Center, CGT: Compulsory Group Training, LO: Loan Officer, BM: Branch Manager, CFS: Cash Flow Statement, AM: Area Manager, LA: Loan Application, HO: Head Office, SL: Sanction Letter, KM: Kendra Meeting

Unique Human Capital

Well-established Operational Structure



Multiple layers of checks during customer selection, loan sanctioning, loan disbursement, loan utilization check

Sound Understanding of Rural Market

- ~90% of employees are hired fresh from rural communities
- ~40%-45% of employees are from families of active customers

Highly Efficient Workforce

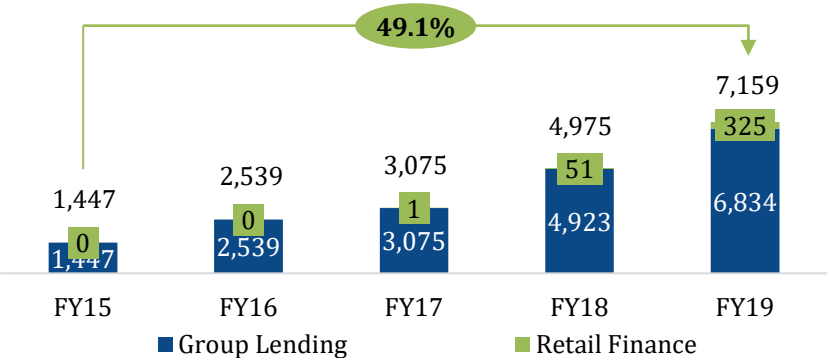
- In-house 4-weeks pre-hiring training program
- Compulsory rotation of loan officers annually and branch managers bi-annually for varied job experience and work satisfaction
- Employee incentives delinked from disbursement or collections, and linked to number of customers serviced and quality of service
- High employee retention rate

Internal Audit & Controls

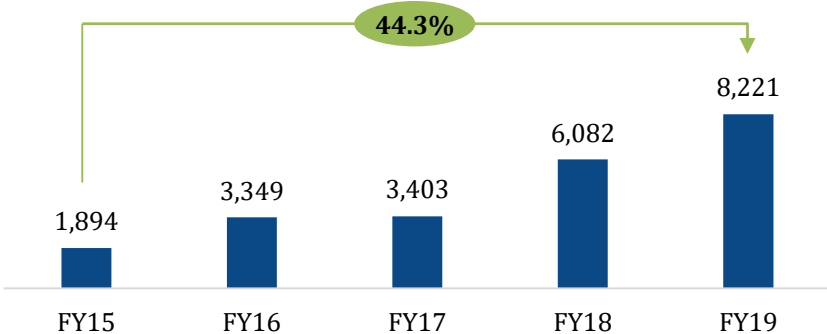
- Internal audit team - 155
- Internal audit frequency – 6 times in a year at branches, 4 times at regional offices, 4 times at head office
- Internal audit teams are responsible for HO, branch and field audits
- Internal audit of back-end process at head office
- The Audit Committee of our Board is updated every quarter on significant internal audit observations, compliances, risk management practices and control systems

Strong Performance Track Record (1/3)

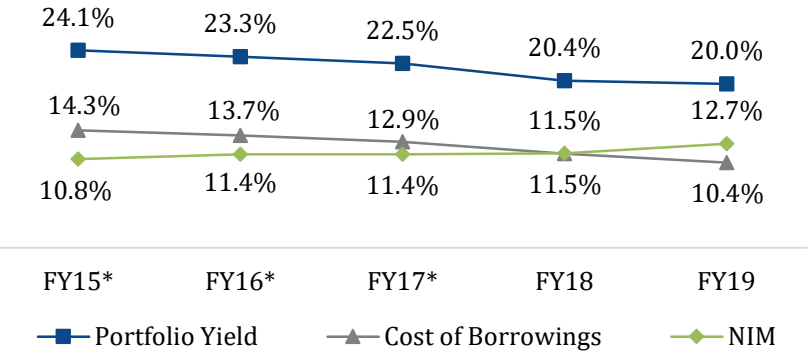
Gross Loan Portfolio (GLP) (Rs Cr)



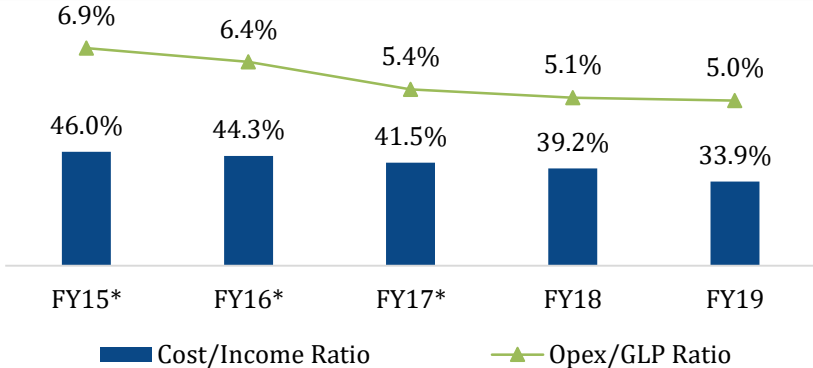
Disbursements (Rs Cr)



Margin Analysis (%)



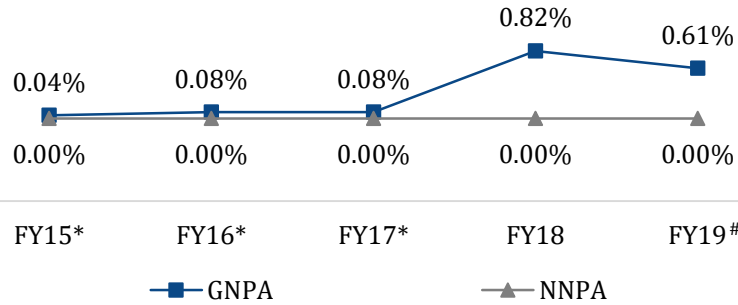
Operating Efficiency (%)



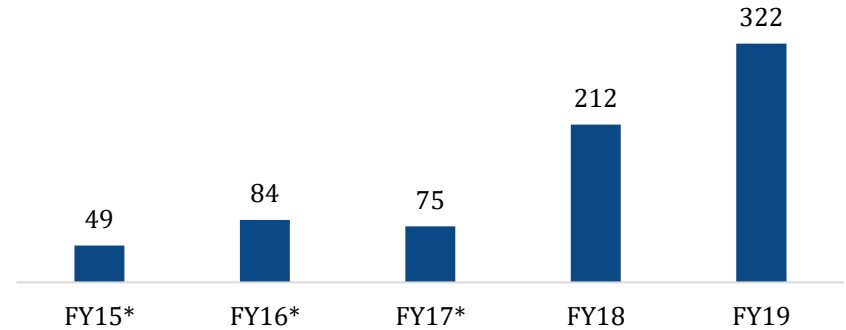
* Based on I-GAAP

Strong Performance Track Record (2/3)

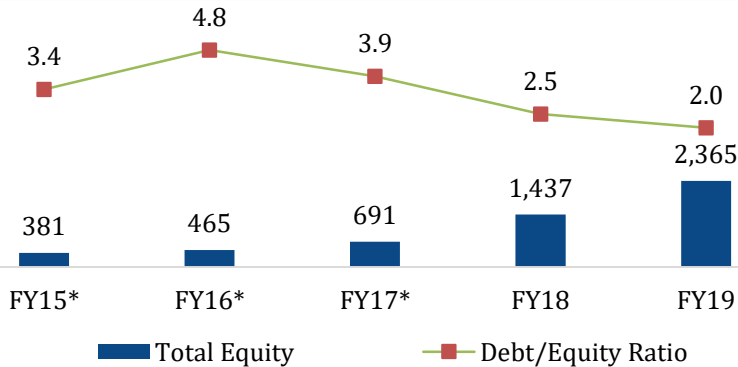
Asset Quality (%)



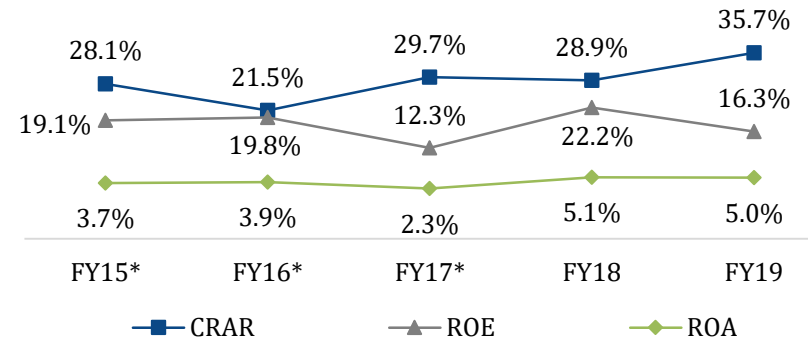
PAT (Rs Cr)



Total Equity (Rs Cr) & Debt/Equity Ratio



Return Ratios & Capital Adequacy (%)



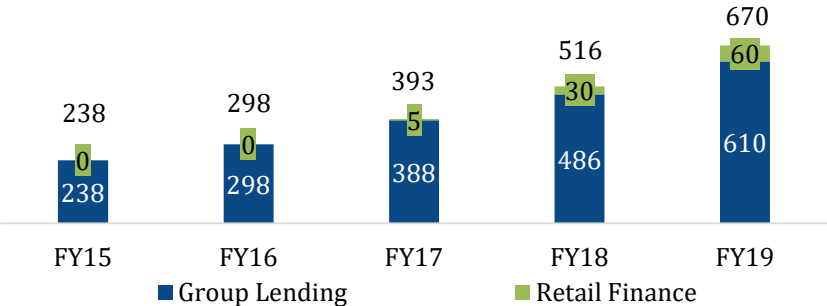
* Based on I-GAAP

Revised Provisioning Policy (Stage III reclassified to 60 days dpd from 90 days dpd)

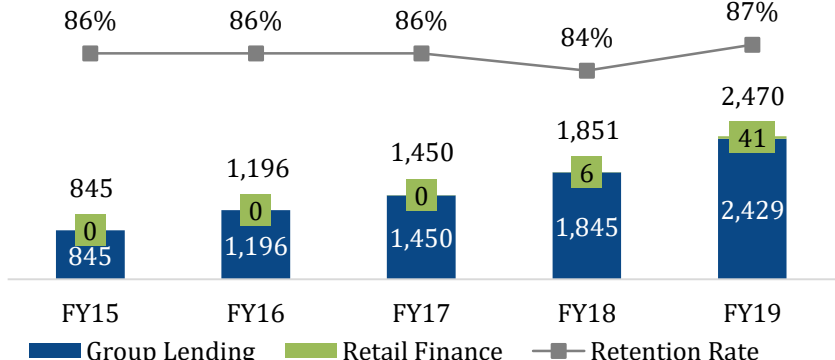
Strong Performance Track Record (3/3)



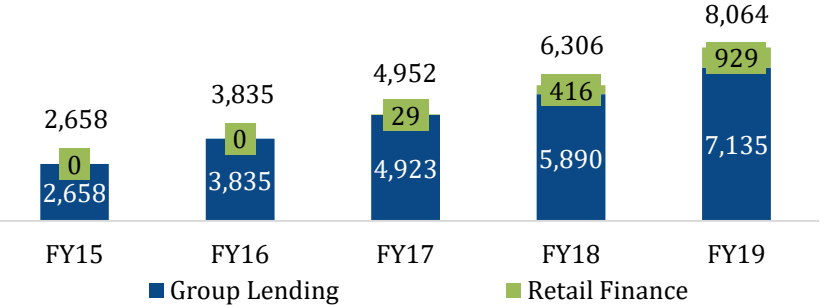
Branches



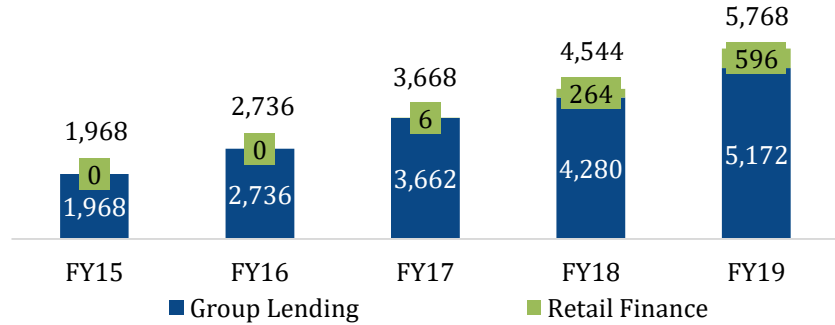
Borrowers ('000) & Retention Rate (%)



Employees



Loan Officers



Q3 & 9M FY20 Result Update

Investment Rationale

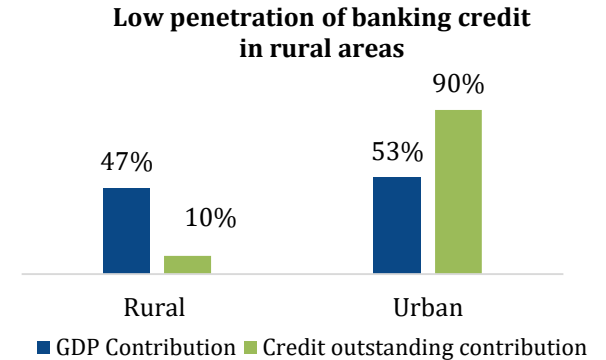
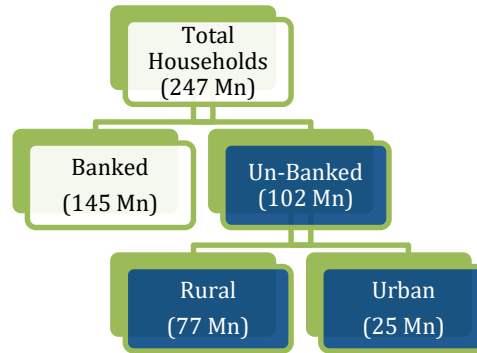
Business Outlook

Annexure



75% Unbanked Households in Rural Areas¹- Large Untapped Opportunity

- Massive Govt. thrust to boost financial inclusion - NBFC-MFIs to play a key role in furthering this
- Significant opportunity to capture share from unorganized players will continue to drive MFI industry growth
- Rural areas account for only 10% of overall o/s bank-credit while comprising of 2/3rd households and contributing ~47% of FY16 GDP in India



Favourable Factors (For NBFC-MFI Industry)

Funding Certainty

- MFIs continue to be under priority sector
- MFIs are proven successful model to address un-banked segment

Proven Operating Model

- Distribution reach where traditional banks do not lend
- Default rates are lowest in financial sector
- High customer touch points, 52 times in a year

Government and Regulatory Support

- Strong thrust on financial inclusion
- Relaxation of maximum outstanding per customer
- Established Credit Bureaus framework

Customer centric practises

- Doorstep delivery of services
- High focus on financial literacy of customer/s

PAT (Rs Cr)

425 – 450

Q3 & 9M FY20 Result Update

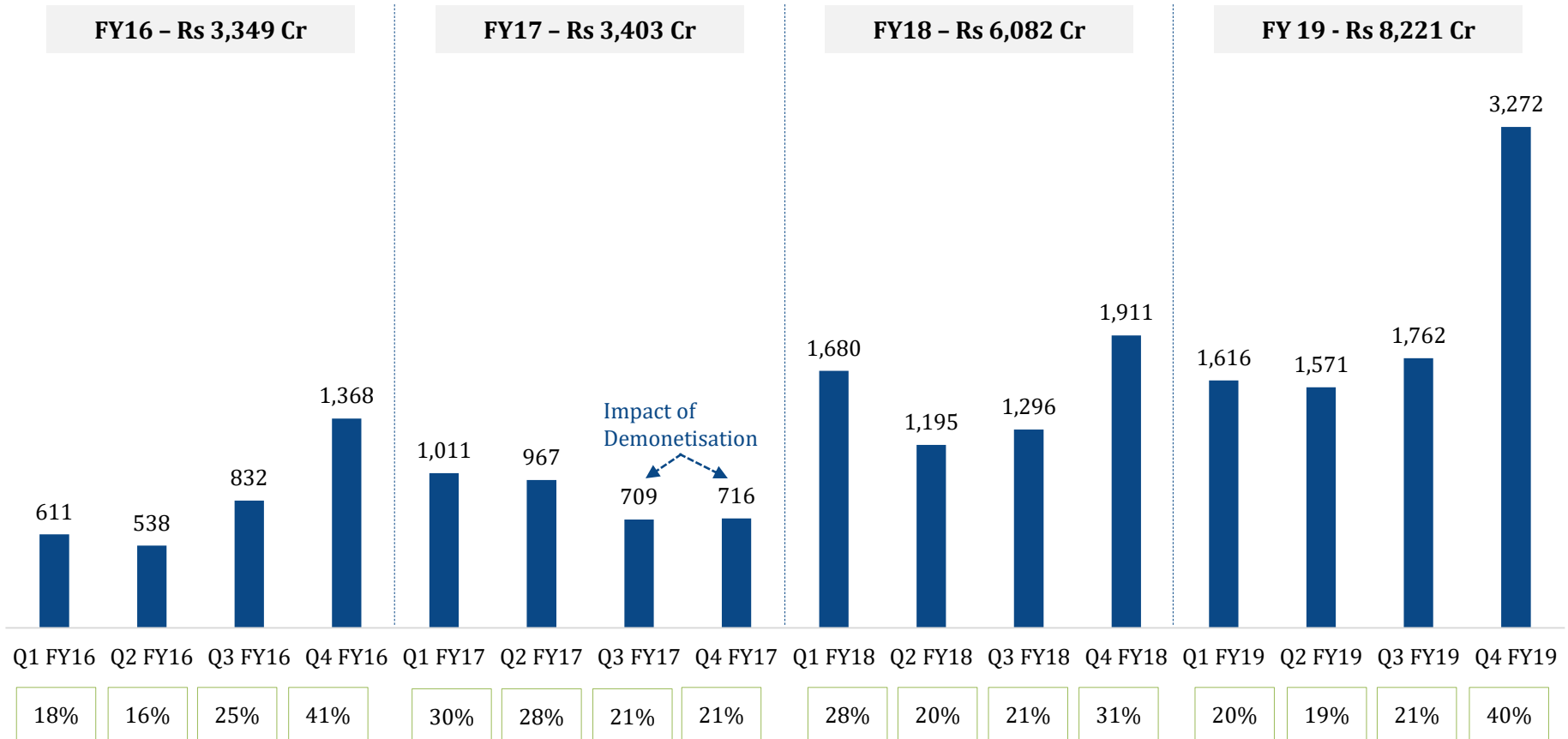
Investment Rationale

Business Outlook

Annexure



Quarterly Disbursement Trend



Provisioning Policy

	RBI Norms	
Asset Classification	Standard Assets	0-90 days
	Sub-Standard Assets	91-180 days
	Loss Assets	>180 days

IND-AS	
Stage I	0-30 days
Stage II	31-90 days
Stage III	>90 days

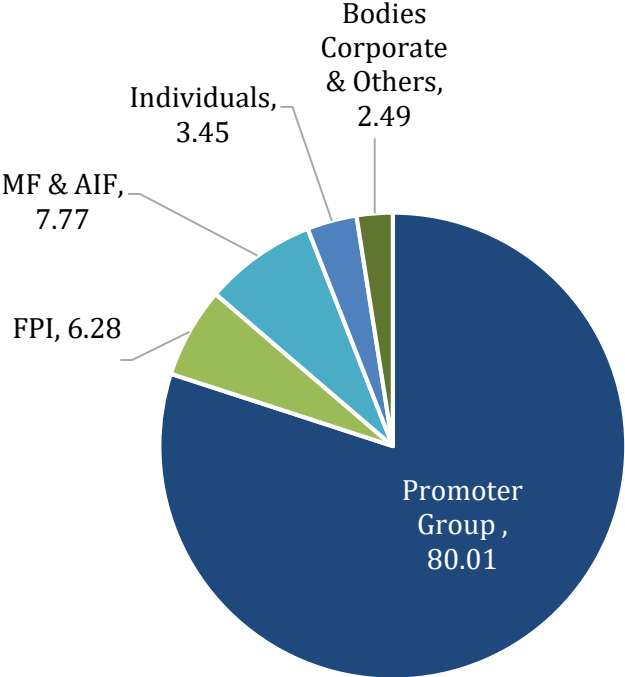
CAGL Policy	
(Earlier)	(Revised w.e.f. Q4 FY19)
0-30 days	0-15 days
31-90 days	16-60 days
>90 days	>60 days

	RBI Norms
Provisioning Norms	Higher value among the following: <ul style="list-style-type: none"> • 1% of on-book Loan Assets; or • [50% of aggregate overdue loan installments in respect of Sub-Standard Loan Assets; and • 100% of aggregate overdue loan installments in respect of Loss Loan Assets]

IND-AS	
Stage I	ECL Methodology
Stage II	
Stage III	

CAGL Policy	
Provisioning	Write-offs
1.61% of Exposure at Default (Q3 FY20)	>270 days

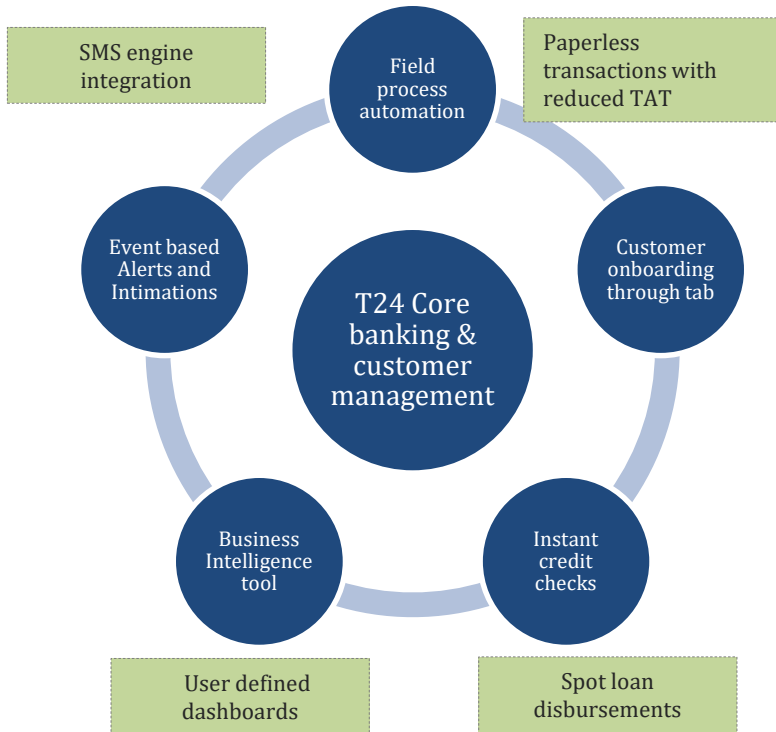
Shareholding Pattern (%) - December 2019



Top 10 Investors - December 2019

- Eastspring Investments India
- HDFC Life Insurance
- ICICI Prudential Banking & Financial Services Fund
- ICICI Prudential Life Insurance Company
- IIFL AMC
- Kotak Mahindra (International) Limited
- Nippon MF
- Robeco Capital Growth Funds
- Sundaram MF
- White Oak

Key Technology Initiatives



Key Technology Partners

<p>TEMENOS (Core Banking Solution)</p>	<p>IBM (Data Centre & Disaster Recovery Infrastructure)</p>
<p>Microsoft (Email and Collaboration)</p>	<p>SoftwareGroup <i>doing it right</i> (Mobility solution)</p>
<p>iexceed (End to end insurance claim management)</p>	<p>IceWarp (Cloud based email solution)</p>
<p>SYSFORE (Audit automation)</p>	<p>SOPHOS (Network & Server protection)</p>
<p>Power BI (Business Intelligence Tool)</p>	<p>Lera Technologies (Data Warehouse solution)</p>
<p>TIBCO Jaspersoft (Business Intelligence & Reporting)</p>	<p>IMI mobile (Digital customer engagement platform)</p>

	Awarded Winner in NBFC Category for FY 2017-18 by FE India's Best Banks
	Awarded with 'Water.org and Sa-dhan Awards' for Water and Sanitation Credit Financing - 2019 under 'Large NBFC-MFI category'
	Awarded with ' Microfinance Organization of the Year ' in 2019
	Comprehensive Micro Finance Grading – M1C1
	Social Rating - $\Sigma\alpha$ (retained)
	SKOCH Resilient India Award 2017 for 'Sanitation Loan'
	2017 ISC FICCI Sanitation Awards for Best Financial Accessibility
	Client Protection Certification

- Company aims to meet its responsibility towards society through:
 - Diligently follow responsible financing practices & client protection principles
 - Ensure transparency with all stakeholders
 - Design products & processes appropriate to customers changing needs
 - Conduct awareness programs on financial literacy, water, sanitation, education etc.
 - Undertake Customer/s awareness workshops to promote financial literacy to the customers through associate entities
 - Track social performance and poverty progress on a continuous basis
- Client Protection Principles, Responsible Financing & Social Values continue to reflect in company's positioning in the industry with relevant products and processes

Conducts various activities spread across states of Karnataka, Maharashtra, Tamil Nadu and Madhya Pradesh which complement its regular microfinance operations by contributing to improving living conditions of the customer/s.

WASH (Water Sanitation, Hygiene)

Events Conducted

3,855

Beneficiaries

138,722



Encourage hygienic practices by building awareness about the impact of unsanitary practices on health and wellbeing. The program is conducted at Village, Taluk and District levels with different activities campaign, trainings, orientation etc.

SUSHIKSHANA

Events Conducted

1,993

Beneficiaries

98,478



Education program, with the objective of educating school children on non-curricular topics such as water, sanitation, hygiene, financial literacy and career guidance for 8th, 9th and 10th Standard Government/Aided school students.

SUGRAMA

Open Defecation Free % in GPs

Hosa Vantamuri

85%

Urdigere

97%



Achieve 100% sanitation coverage in its target areas and to conduct and be part of various community development activities - Two GPs (Hosa Vanatamuri – Belgaum and Urdigere –Tumkur a total of 26 Villages) have been adopted to make the villages Open Defecation Free

44,042 plant saplings were distributed in FY 19-20 (till Dec 31, 2019) to our customers and public for spreading awareness on afforestation and reforestation

Karnataka

27,720* plant sapling distributed in SAC** and Sugrama

Tamil Nadu

6,305 plant sapling distributed in SAC

Maharashtra

5,828 plant sapling distributed in SAC

Madhya Pradesh

4,189 plant sapling distributed in SAC

Support from Govt. Institutions

35% of the overall sapling given were provided free of cost by State Forest Departments(SFDs)

- » 29% overall saplings given in Karnataka is provided by SFDs
- » 13% overall saplings given in Tamil Nadu is provided by SFDs
- » 67% overall saplings given in Maharashtra is provided by SFDs
- » 35% overall saplings given in Madhya Pradesh is provided by SFDs

Total Rs. 1,84,155/- spent for the activity
(purchasing of plants 40% and transportation charges 60%)
27,720* - Social awareness campaign (62%) and Sugrama 16,661 (38%)



SAC- Arasikere



SAC- Indore



Sugrama - Village



Sugrama- Students



Thank You

For any investor related queries , please mail to investorrelations@grameenkoota.org