

Investors & Analyst Meet

March 18, 2024
Mumbai



@ 2027

10 years of banking journey



Key Management personnel present

- ✓ **Mr. Sanjay Agarwal** (MD & CEO)
- ✓ **Mr. Uttam Tibrewal** (Executive Director)
- ✓ **Mr. Deepak Jain** (Chief Risk Officer)
- ✓ **Mr. Vimal Jain** (Chief Financial Officer)
- ✓ **Mr. Rishi Dhariwal** (Group Head Liability)
- ✓ **Mr. Shoorveer Singh Shekhawat** (Head of Swadesh Banking, Government Business and Wholesale Deposits)
- ✓ **Mr. Shatrughan Singh Bhati** (Head of Sales Management & Strategy - Branch Banking)
- ✓ **Mr. Bhaskar Karkera** (Head of Retail Assets)
- ✓ **Mr. Vaman Ramesh Kamat** (Head of Credit – Retail)
- ✓ **Mr. Vivek Tripathi** (Head of Commercial banking)
- ✓ **Mr. Amit Mathur** (Head of Credit - Commercial Banking)
- ✓ **Mr. Mayank Markanday** (Head of Digital Bank)
- ✓ **Mr. Manoj Kumar Rathi** (National Credit Manager – Unsecured Lending)
- ✓ **Mr. Shantanu Prasad** (Head of Treasury)

From Fincare Small Finance Bank:

- ✓ **Mr. Rajeev Yadav** (MD & CEO)
- ✓ **Mr. Pankaj Gulati** (Chief People Officer, Chief Marketing Officer & Chief Operating Officer – Corporate Services)
- ✓ **Mr. Soham Shukla** (Chief Operating Officer – Rural Banking)
- ✓ **Mr. Deepabh Jain** (Chief Operating Officer - Mortgages & Loan against Gold)

From Finance & IR Team:

- ✓ **Mr. Prince Tiwari** (Head of Financial Institutions Group & Investor Relations)
- ✓ **Mr. Gaurav Jain** (President – Finance & Strategy)
- ✓ **Mr. Kunal Agrawal** (EVP - Financial Institution Group)
- ✓ **Mr. Kunal Kakkar** (SVP - Investor Relations)

1. **About us**
2. **Our recent financial performance**
 - Update on
 - **Credit Cards**
 - **Retail Assets**
 - **Commercial Banking**
3. **Way forward to 2027**
4. **AU-Fincare merger**
5. **Our Investment thesis**
6. **Q&A**
7. **CEO address**

About us

Confluence of Scale, Growth, Asset Quality and Profitability

All figures as of Dec'23

₹ 80,120 Cr
50% CAGR[^]
Deposits

₹ 67,624 Cr
32% CAGR[^]
Gross Advances

~46.8 lac
Customer Base

1,049
Touchpoints

33%
CASA Ratio

1.98%* / 0.68%
GNPA / NNPA Ratio

19.6% / 20.8%
Tier-1 Ratio / CRAR

1.7% / 14.4%
Wtd. Avg[^] ROA/ROE

~26 lac
AU0101 Customers

28,904
Employees

4.7 lac
Digital Saving
Accounts

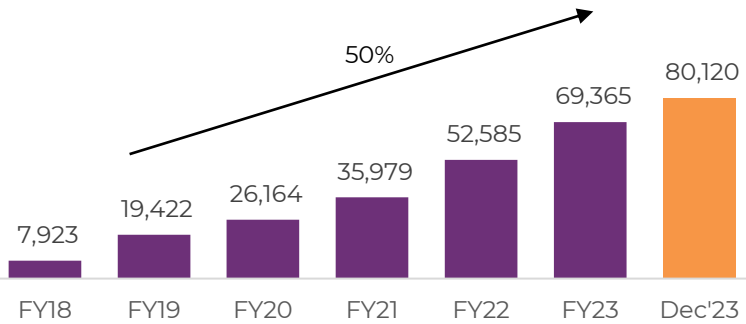
8.3 lac
Credit Cards Live

*** GNPA is 1.83% on AUM of ₹ 75,872 Cr**

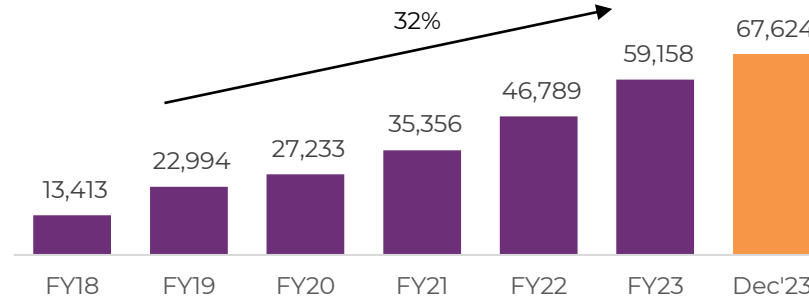
Strong execution track record on the banking platform

₹ in Crores

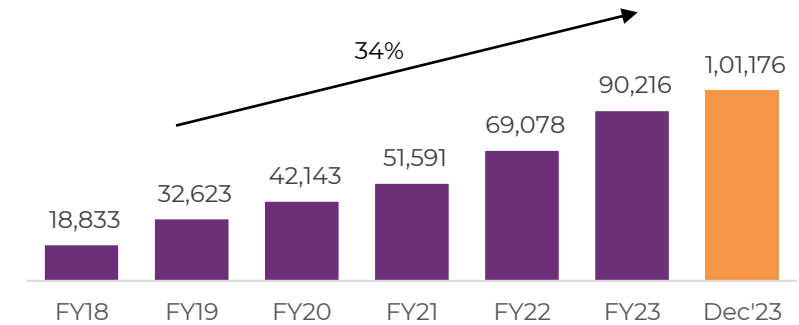
Deposit



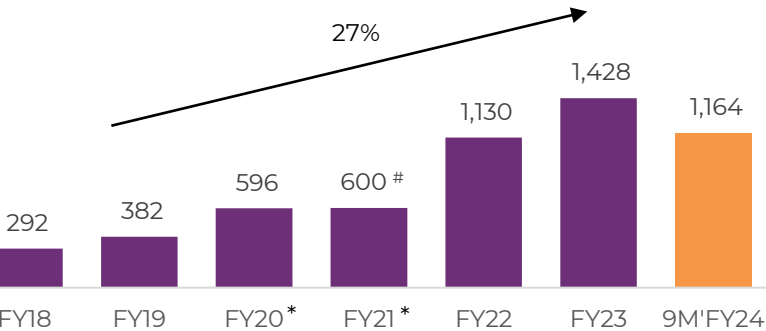
Gross Advance[^]



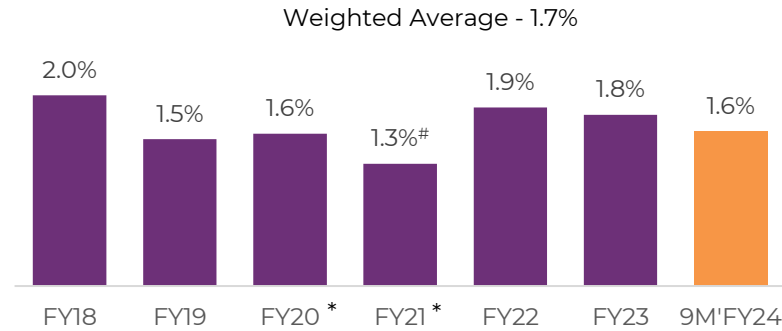
Balance Sheet Asset



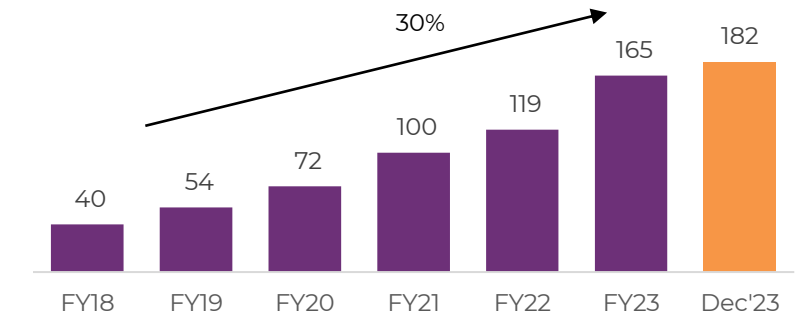
PAT



RoA



BVPS in ₹



Amidst multiple headwinds



Demonetization

GST

NBFC Crisis

Bank Crisis

Global Pandemic

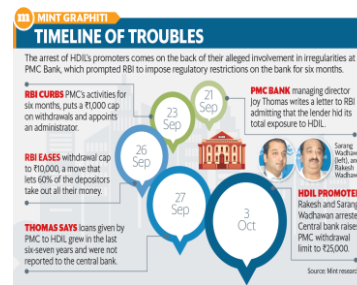
Ukraine Crisis

High Inflation & Interest Rate



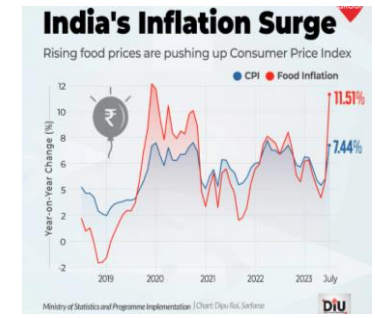
On a slippery slope
Post-recent sell-off, NBFC stocks are trading at a discount of more than 50% compared to their 52-week highs

Company	Current Price (₹)	52-Week High (₹)	Discount (%)
Indian Housing Finance	45.00	100.00	55.00
Green Housing Finance	30.00	60.00	50.00
Car Finance	20.00	40.00	50.00
India Housing Finance	15.00	30.00	50.00
Green Housing Finance	10.00	20.00	50.00
Car Finance	5.00	10.00	50.00
India Housing Finance	2.50	5.00	50.00
Green Housing Finance	1.50	3.00	50.00
Car Finance	1.00	2.00	50.00
India Housing Finance	0.50	1.00	50.00
Green Housing Finance	0.30	0.60	50.00
Car Finance	0.20	0.40	50.00
India Housing Finance	0.10	0.20	50.00
Green Housing Finance	0.05	0.10	50.00
Car Finance	0.02	0.04	50.00



COVID MONTHLY PROGRESS IN VID SINCE ONSET

Month	C	R	D	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21
Mar	4	7	1	21,065	21,254	409									
Apr	294	75	11	1,362	1,082	55									
May	2,992	2,399	91	1,55,574	1,12,200	1,455									
Jun	10,323	6,596	229	3,83,545	2,92,195	5,670									
Jul	43,981	27,090	1,202	2,19,827	3,39,336	5,053									
Aug	90,204	77,519	2,428	1,27,771	42,669	624									
Sep	49,827	66,161	1,492	3,070	4,523	74									
Oct	28,074	27,968	535	15,609	14,222	1,075									
Nov	25,177	29,926	515	11,14,885	10,92,899	21,339									
Dec															
TOTAL															



Despite being industry level headwinds, as a new Bank, our challenges were significantly more in terms of higher costs, increased regulatory oversight, higher provisions and maintaining higher liquidity

Key initiatives and achievements

- ❑ **Shifted base to Mumbai early in the banking journey**
 - Despite higher operating costs
 - Helped to attract strong talent
 - ~75% of businesses being led from Mumbai
- ❑ **Created a full-fledged bank in limited cost and time**, despite headwinds, in a seamless way
- ❑ **Offering complete suite of products to our customers**
 - Vehicle loan, Business loan, Home loan, Agri loan, NBFC lending, Construction finance, Personal loan, Gold loan, AD - I and Trade & Forex, FASTag, Wealth, Insurance, Credit Card, Current Account, Savings Account, Term deposits, Transaction Banking etc.
- ❑ **Designed the bank grounds up in a meticulous way**
 - Grouped businesses in an innovative way – Retails Assets, Swadesh Banking, Digital Bank etc
 - Created vintaged senior leadership team for various businesses
 - Segmented businesses as per market and customer profile – Urban and Swadesh banking
- ❑ **Created a robust technology platform with best-in-class global partners like Amazon, Salesforce, Oracle, Accenture, Adobe etc.**
 - AU0101, Video Banking, Credit Cards, Data warehouse etc.

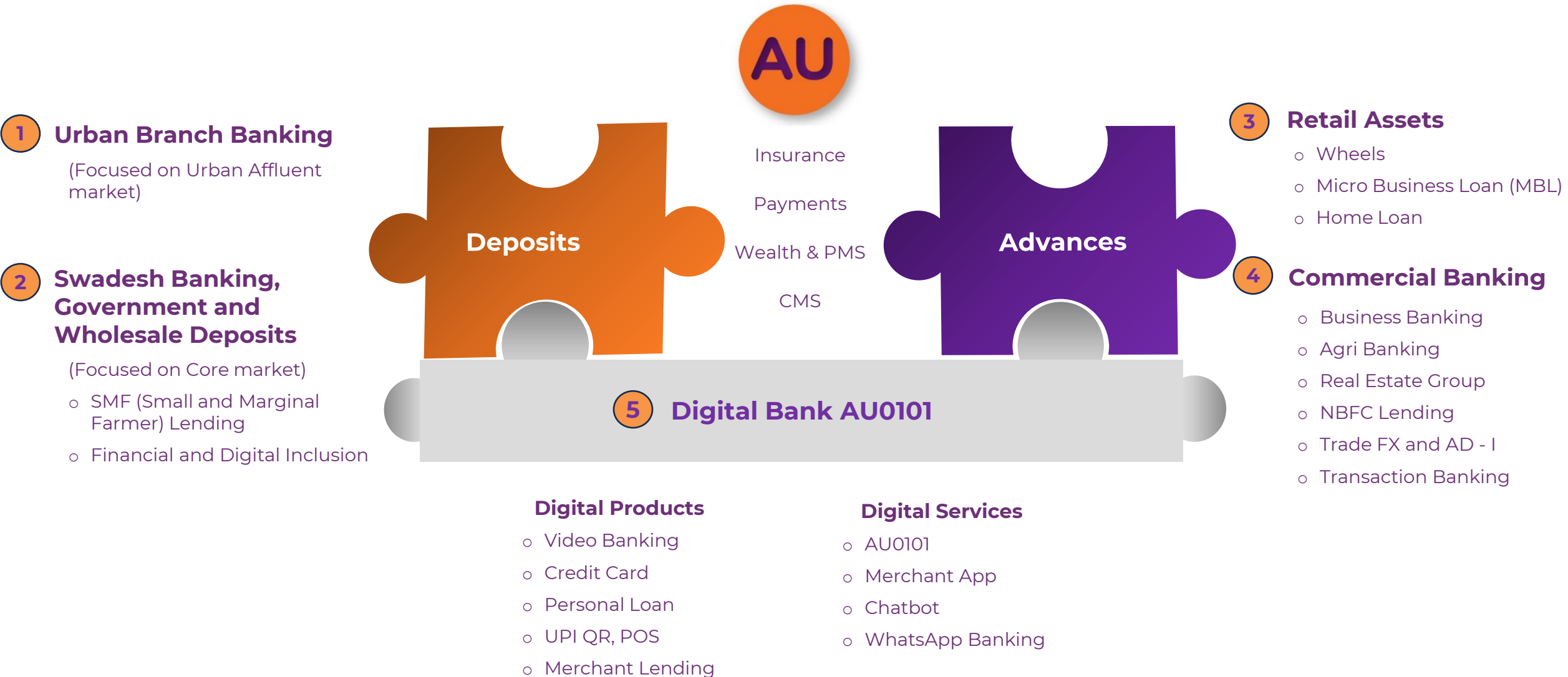
Some initiatives would have led to higher costs, but also helped in building a sustainable bank

Key initiatives and achievements

- ❑ **Strong risk management and governance capabilities**
 - Board is chaired by Shri H.R. Khan, Ex-Deputy Governor, RBI
 - Board of Directors comprise of 9 members, with 7 being independent directors including 2 women directors.
- ❑ **Established AU as a well recognized brand in Indian market**
- ❑ **All decisions taken with a 'Bank First' attitude**
- ❑ **Credit Rating of AA/Stable by 3 leading rating agencies, including CRISIL Ratings**
- ❑ **Received key regulatory approvals in time in last 1 year**
 - Approval for 3rd Tenure to MD&CEO and ED (for 3 Years)
 - License for AD - I Business
 - Merger with Fincare Small Finance Bank

Designing a strong and independent governance framework is paramount for the sustainability of a Bank

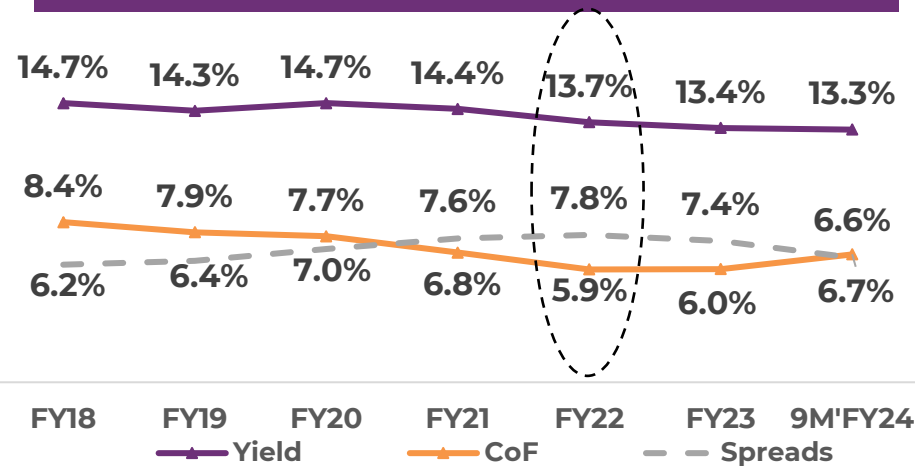
Products and services aligned in 5 business groups



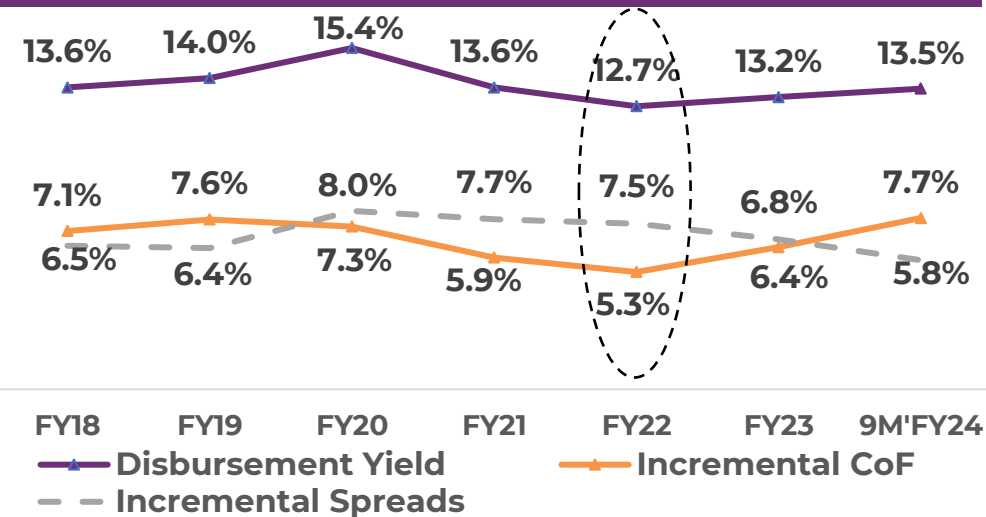
Our recent financial performance

1. Margins impacted by fixed rate book and Changing Portfolio Mix

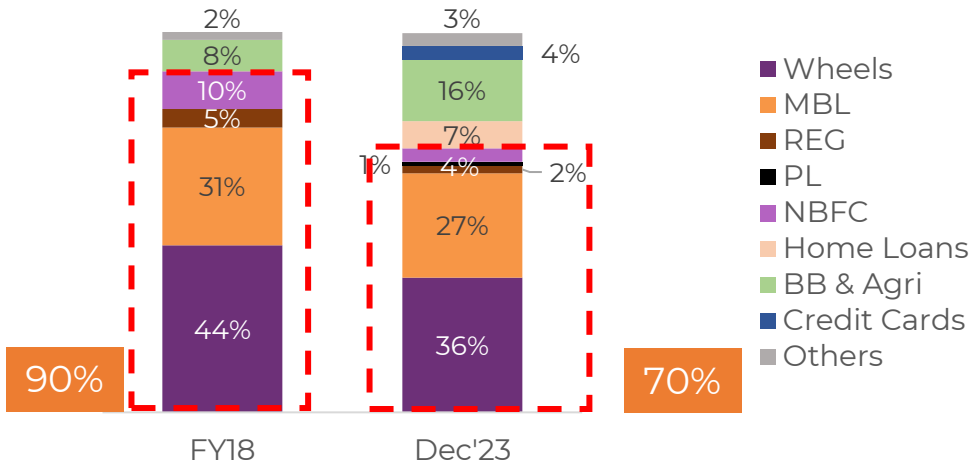
CoF increased while Yields have declined



Incremental CoF has risen sharply from low base



Mix changed as lower yielding, lower RoA businesses scaled

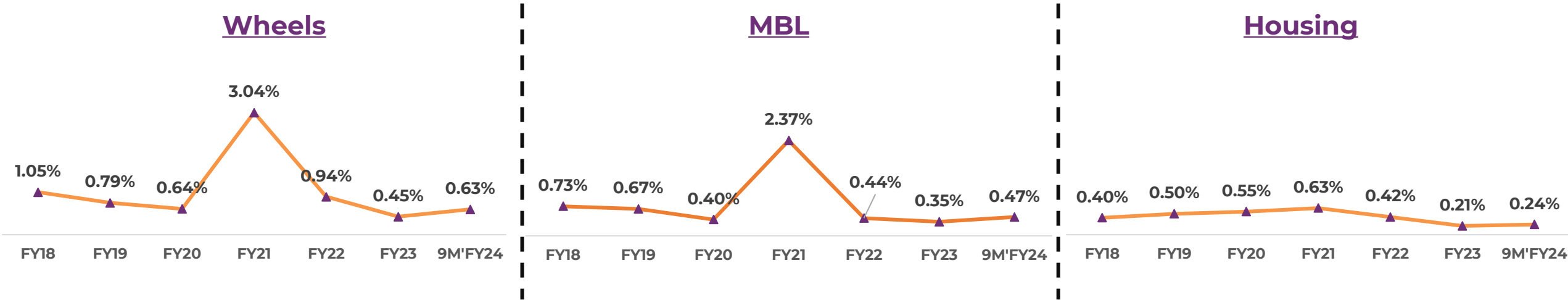


To summarize,

- Portfolio mix towards higher credit quality but lower yield products and ~75% of our loan book being fixed in FY22 led to spread compression
- Higher than expected liquidity tightening and interest rate stayed higher for longer Vs our assumptions

2.1 Credit Costs have started to normalize post Covid lows

Total credit cost impact on P&L incl. standard provision but excluding any contingency buffer



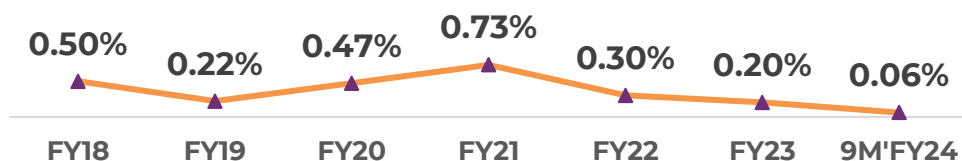
- ❑ Credit cost normalizing in all 3 secured retail asset products to pre-covid levels
- ❑ Overall credit cost in retail assets at any time would depend on the extant mix of Wheels, Micro Business Loans and Home Loans in portfolio

Our historical risk adjusted yields have been among the best in the industry and continue to be so

2.2 Credit cost in Commercial Banking & Credit Cards

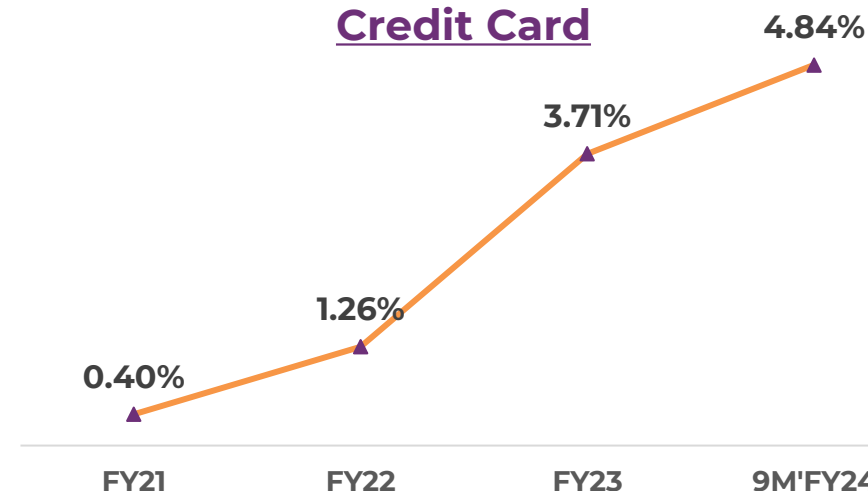
Total credit cost impact on P&L incl. standard provision but excluding any contingency buffer

Commercial Banking



- ❑ Credit cost continues to be low in Commercial Banking business; driven by higher recoveries from past NPAs
- ❑ Credit cost is expected to normalize at 25bps in near future; Will keep changing with changing mix within commercial banking portfolio

Credit Card



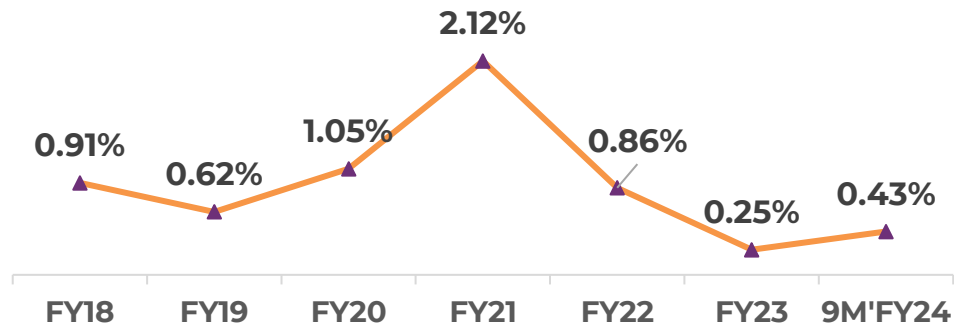
- ❑ Credit cost in credit cards in the initial years is expected to be in line with the industry peers for similar vintage business
- ❑ Some impact of underwriting level changes, undertaken basis our learnings so far, are visible in early delinquency metrics for newer origination
- ❑ Asset quality of credit cards is a key management monitorable

- More details in Credit card presentation...

2.4 Overall portfolio credit cost has started normalizing

All products credit cost impact on P&L incl. standard provision

With Contingency Provision



Without Contingency provision



- Overall credit cost at any time would depend on the extant mix of various asset classes in the portfolio; **higher credit cost in Wheels and MBL were offset by lower credit cost in HL and Commercial Banking during 9M'FY24**
- P&L impact of credit cost for 9MFY24 contained at 0.43% due to availability of contingency reserves; Actual net credit loss at 0.56%; Contingency buffers have now been exhausted and **FY25 credit costs should be benchmarked basis actual credit cost without contingency buffers**

3. Front loaded investments, to build complete product suite

(in Cr)	Verticals	Credit Card	Merchant	Video Banking	Digital Initiatives	Brand Campaign*	Total
Since inception till FY23	Investments	364	73	46	25	91	599
	Income generated	197	10	14	0	0	222
	Credit Cost	39	3	0	0	0	42
	PBT	(206)	(65)	(32)	(25)	(91)	(419)
9M'FY24	Investment	383	23	49	18	48	521
	Income generated	290	19	32	0	0	341
	Credit Cost	105	7	0	0	0	112
	PBT	(198)	(11)	(17)	(18)	(48)	(292)
Total PBT till Dec-23		(404)	(76)	(49)	(43)	(139)	(712)
Total PAT till Dec-23		(306)	(58)	(37)	(32)	(105)	(539)

8.3 lac
Live credit
cards

11 lacs
QRs +
Merchant
app

4.7 lac
Digital SA

~26 lac
AU0101
Customers

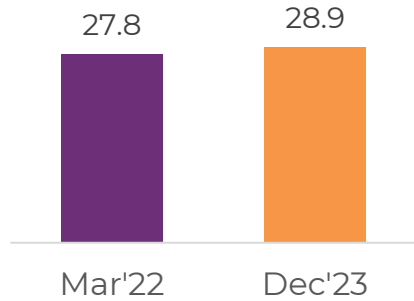
10 Cr+
People
reached

Investing in building a digital banking infrastructure with a focus on developing a strong Brand and laying foundation for 'SMART Bank'

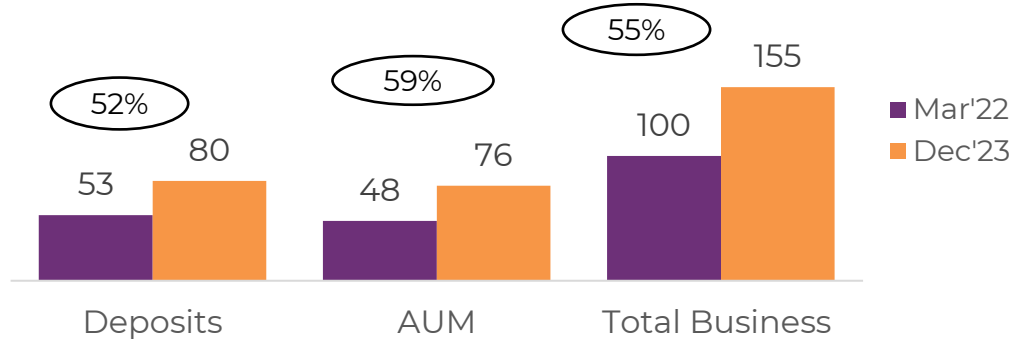
4. Cost to Income remain elevated due to NIM compression

1 Our productivity has increased....

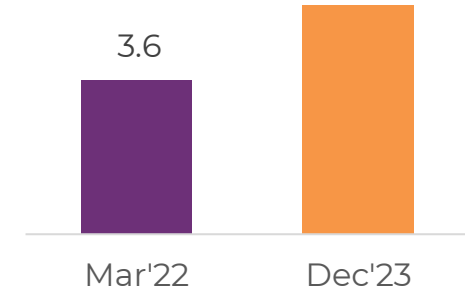
Employees ('000)



Business Growth ('000 Cr)

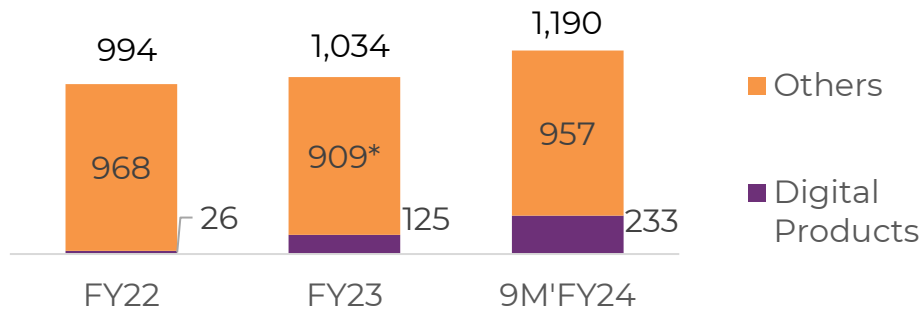


Business per Employee (Rs Cr)



2 ...and we have started seeing fee income from our investments....

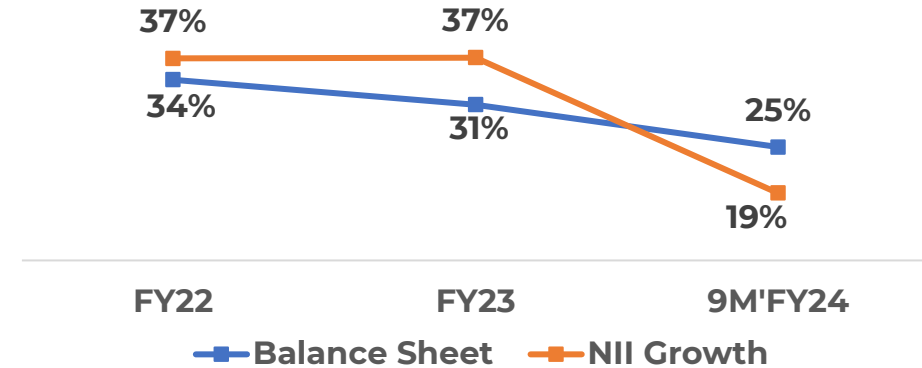
Other Income (in Cr)



Digital Products comprise of Credit card, Video banking and QR;
*Impacted by MTM and PSLC in FY23

3 ... however, our NIM compression has taken away any C/I benefit

YoY Growth %



CTI would have been ~61% vs 63% for 9MFY24 had NII grown in line with Balance Sheet

Customer centricity focus of policy makers

Credit Card – restriction on
overlimit charging

Charges cannot be applied while the limit is over utilized w.e.f. 1st October 2022

Penal Charges

No Penal interest is allowed; only penal charges can be levied w.e.f. April 1, 2024
No increase in the interest rate for any default. Only interest at the contracted rate of interest is allowed (till the date of remediation).

Credit Card - Restriction on
interest on interest/charges

Restriction on interest on unpaid interest and charges w.e.f. 1st October 2022

Flexibility of Card Network to the
customer

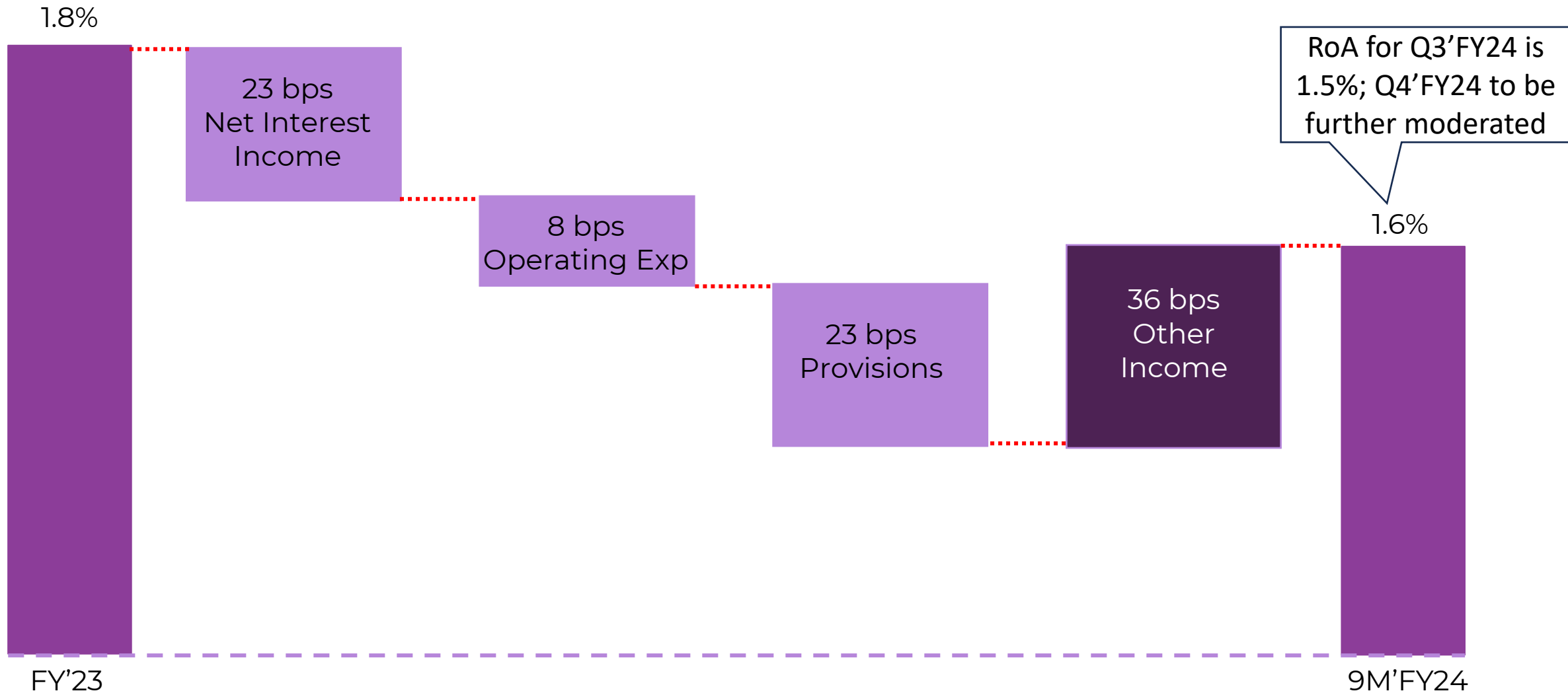
Restriction on exclusiveness with any Card Network (incentive loss).
To provide an option to customers to choose from any Card networks w.e.f. 6th September 2024.

Recognition of interest –
Disbursement date to Actual
realization date

Interest is charged only after the realization of cheque
Earlier, the industry practice was to charge interest from disbursement (cheque) date

Enhanced focus towards customers protection have some impact on cost/income assumption

NIM compression & increased provisions led to moderation in RoA



Delayed rate cuts leads to Cost of funds likely to be higher in FY25

Financial Year	Cost of funds	Change in Cost of funds*
FY22	5.95	
FY23	5.96	+ 1 bps
FY24 (P)	6.80-6.85	+ 85-90 bps
FY25 (P)	Starts at ~7.10%	+ ~40-45 bps over FY24

*Repo rate increased by 250 bps between May'22 to Feb'23

- ❑ Cost of Funds for FY25 will continue to reprice and is expected to be higher by 40-45 bps over FY24
- ❑ **Fincare merger to help maintain FY25 RoA in line with FY24 RoA levels**

To summarize

1. **Rising interest rate scenario** leading to increase in cost of funds by 85-90 bps
 - Limited transmission of increased interest cost on asset book
 - In 9M'FY24, **of the 131 bps increase in incremental cost of funds, Bank was able to pass on 38 bps** on incremental disbursements
 - Portfolio mix shift towards newer lower yielding assets – Home Loan and Commercial Banking
2. **Liquidity tightening during Q3'FY24** added further pressure on Cost of fund trajectory
3. **Front loaded investments**, to build complete product suite continued to impact Opex
4. **Normalization of credit cost** in vintage businesses
 - Exhaustion of contingency reserve
 - Faster than expected normalization of credit cost on credit card business

The biggest impact on RoA performance has been the prolonged and adverse interest rate cycle

Path for next 3 years - Portfolio mix change, calibrating investments, focus on branch banking profitability, merger benefits and range-bound credit costs

Credit Cards

Credit Cards-Key Objectives



Provide full suite
banking products



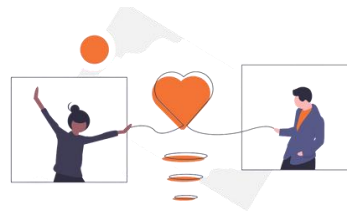
Target key customer
segments - Millennials &
Digital Savvy



Strengthen customer
acquisition for the Bank



Deepen engagement
with existing customers



Acquire credit worthy
customer



Drive credit penetration
in tier 2 & 3 markets.

Business Volume-Credit Cards

**NEW
ISSUANCE
3.99 L**

**Avg. Monthly Card
Issuance ~45K**

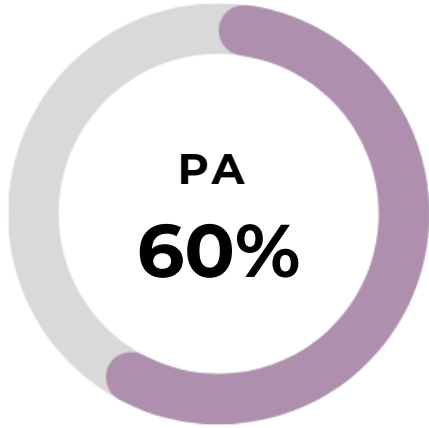
**TOTAL CIF
8.31 L**

**SPENDS
12,468 Cr**

**Monthly Avg.
Spends ~ ₹1,386 Cr**

**ENR
2,740 Cr**

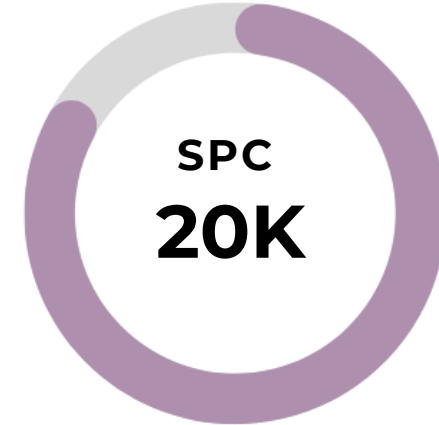
Key Matrices



PA means at least one txn in
calendar month



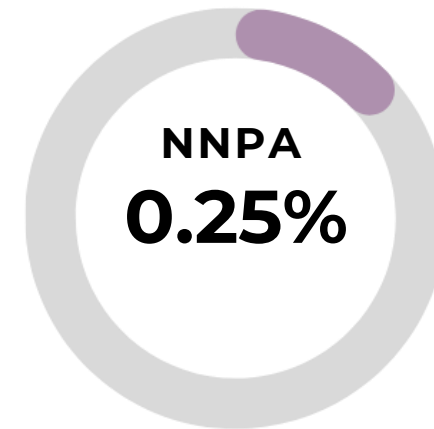
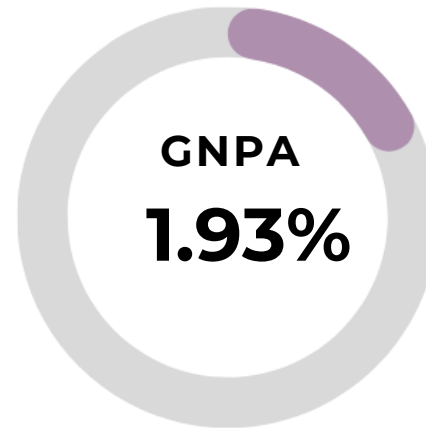
Txn per card



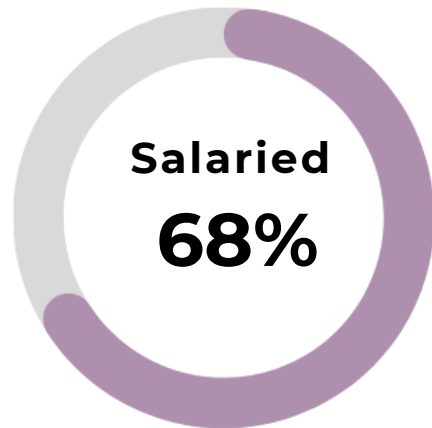
Spend per card



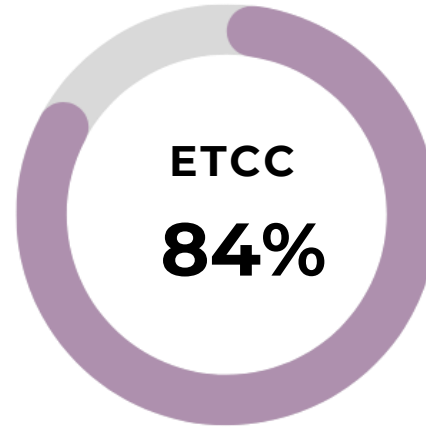
Online spend share



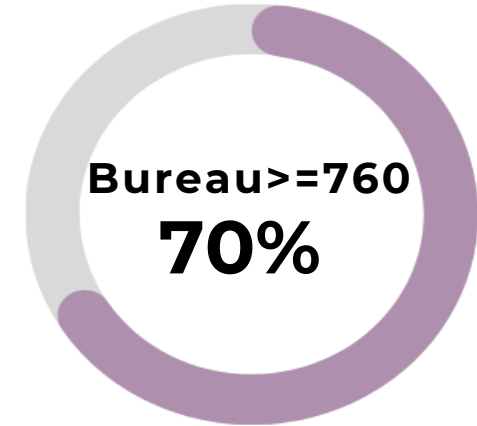
Sourcing Mix



Customer Occupation



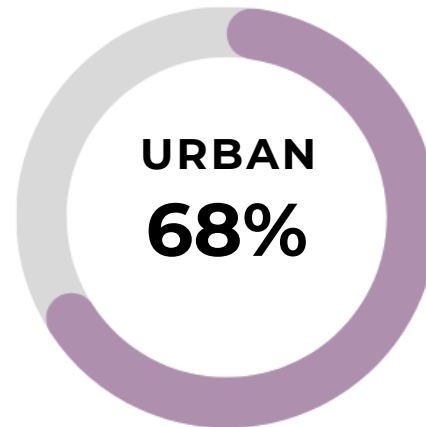
Existing to credit card customers



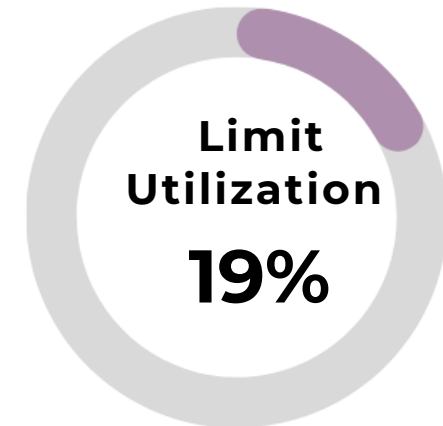
Bureau score profile



Salaried profile mix



Geographical mix



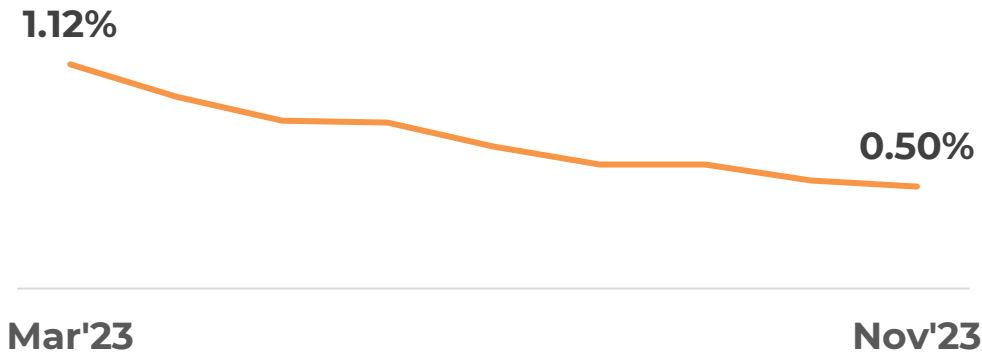
Avg. credit card limit utilization

We have done calibrations to our Underwriting Engine (BRE) in past 12 months basis our learnings which is showing signs of significant reduction in delinquency trends

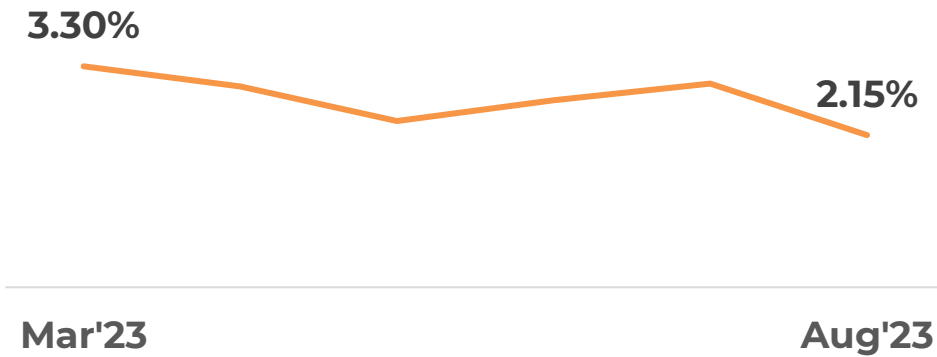
- Early Warning Indicators to Identify stressed accounts in combination of bureau score, bureau leverage, existing card utilization, borrowing pattern and recent enquiries
- Limit Rationalization basis Customer Profiling, Bureau Score, Existing Tradelines and Limit Multipliers
- Additional calibration includes Pin code restriction, Customer Income threshold, restriction on Open tradelines in Bureau

Credit Update

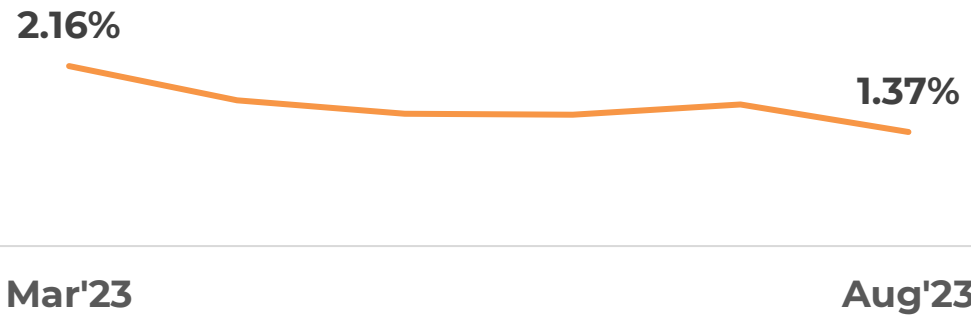
— 30+ % - 3MOB



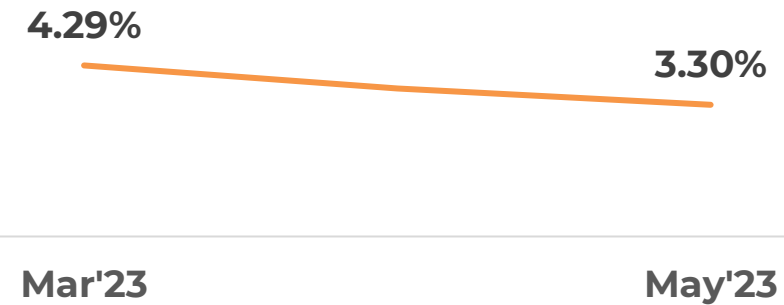
— 30+ % - 6MOB



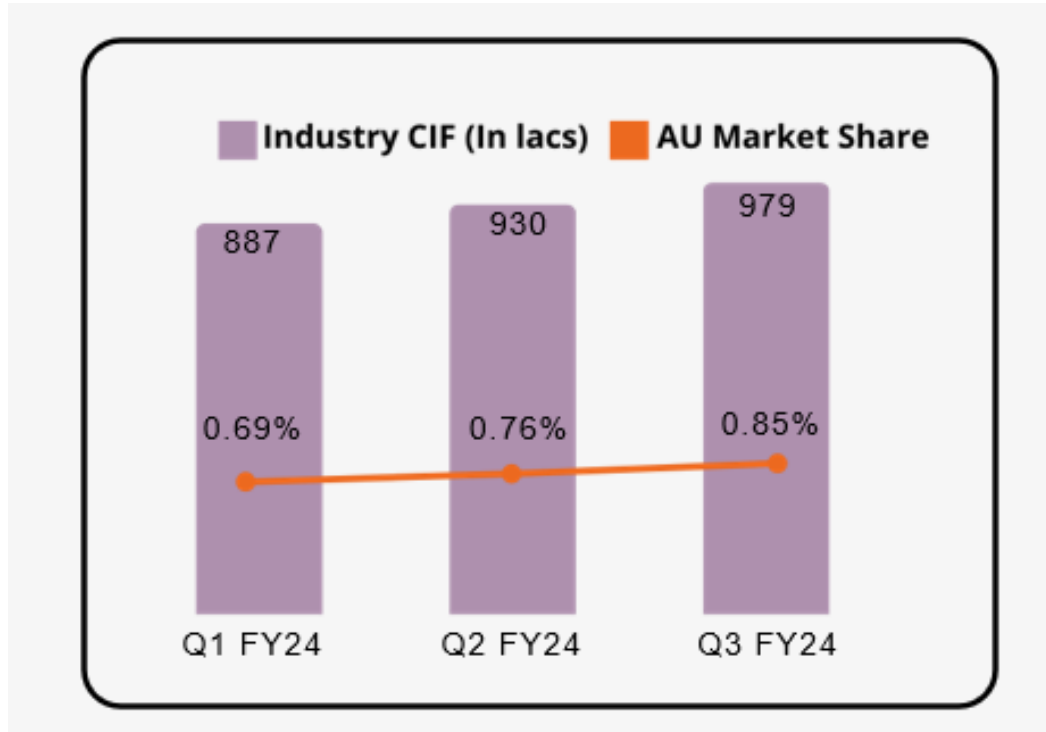
— 60+ % - 6MOB



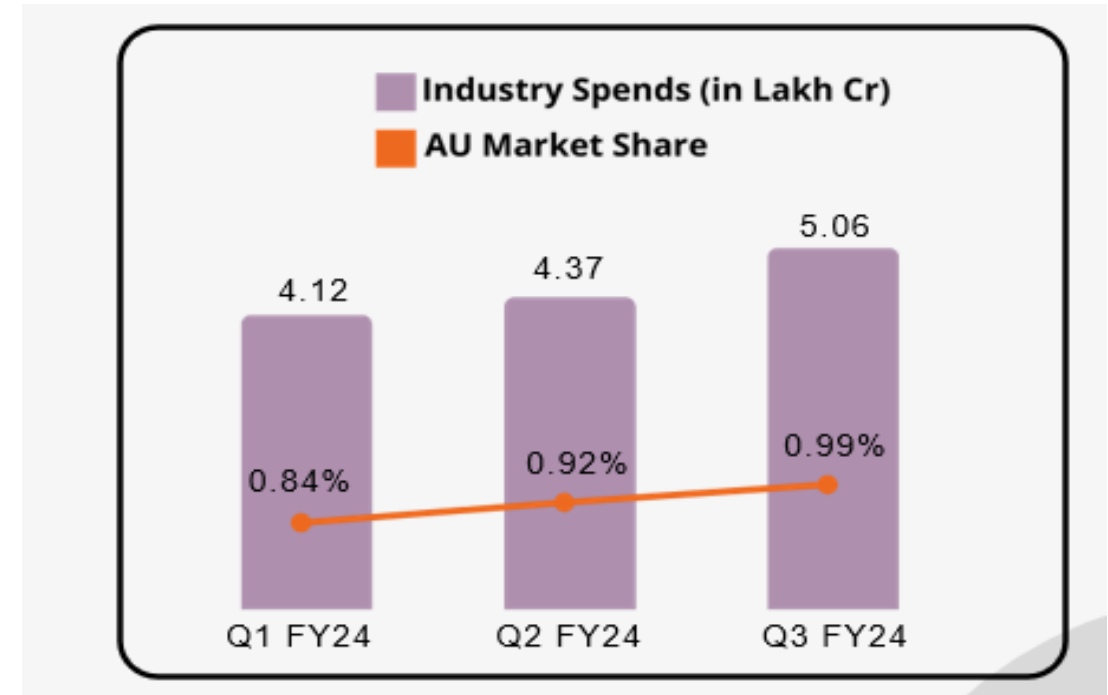
— 60+ % - 9MOB



Market share



**CIF market share shows
consistent growth**



**Steady growth in spend
market share.**

Retail Assets – Credit

Portfolio Snapshot (As of Dec'23) - Wheels

Granular Book

AUM

27,004 Cr

**Average
Tenure**

42 Months

Average
Ticket Size

₹ 2.8 Lacs

>730 CIBIL
Score

50% of Portfolio
NTC @ 11%

<10 Lakh ticket
Customers

95 %

Portfolio Yield

13.9%

Unique
Customers

8.4 Lacs

NTB **72%**

ETB **28%**

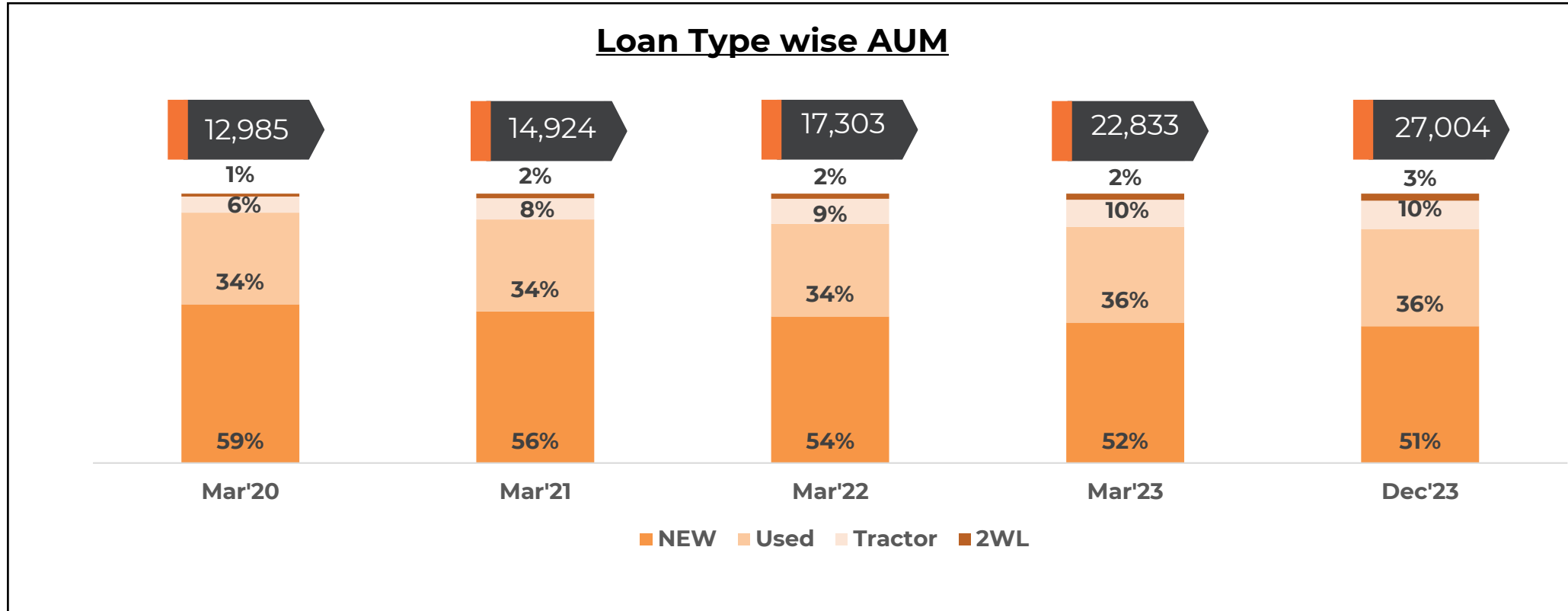
Average EMI
Amount

₹ 12k-13k

Gross NPA%

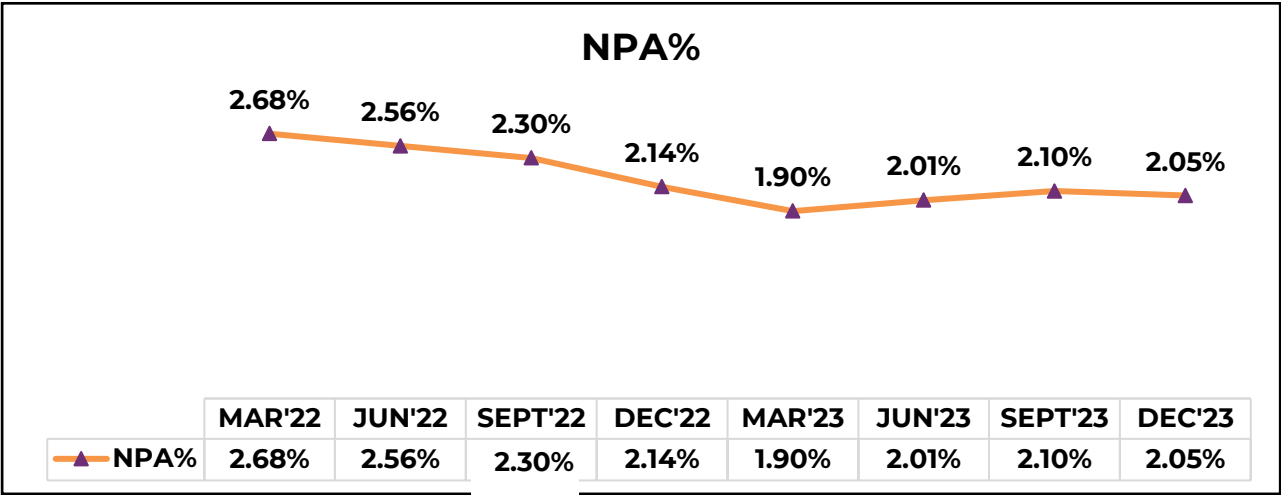
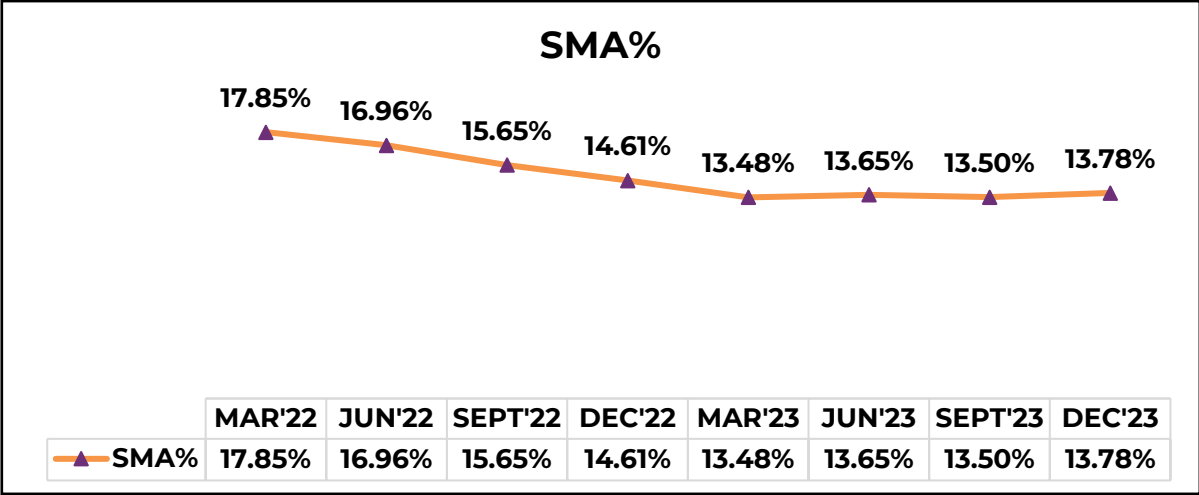
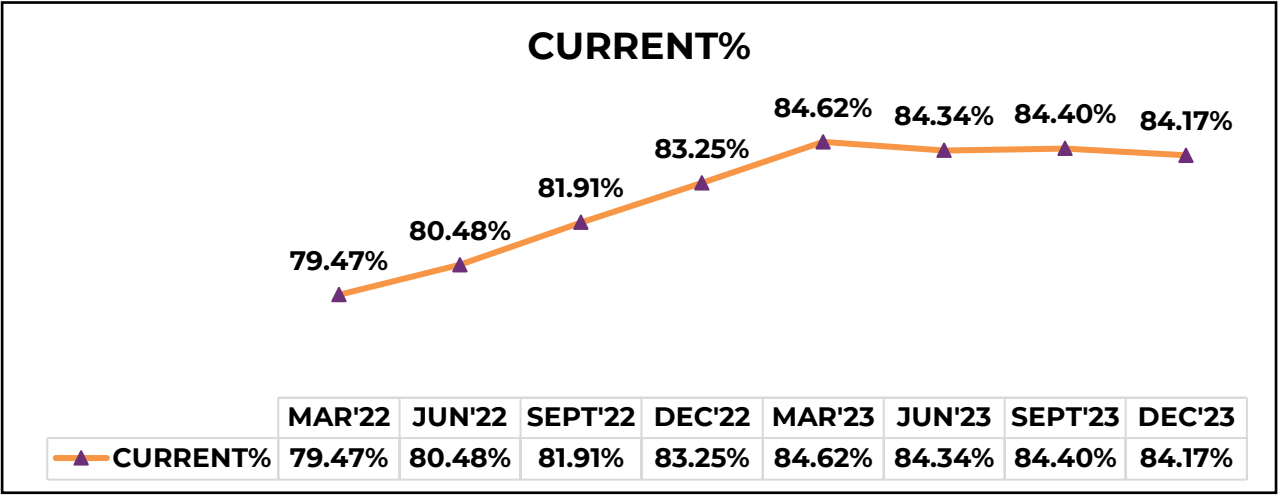
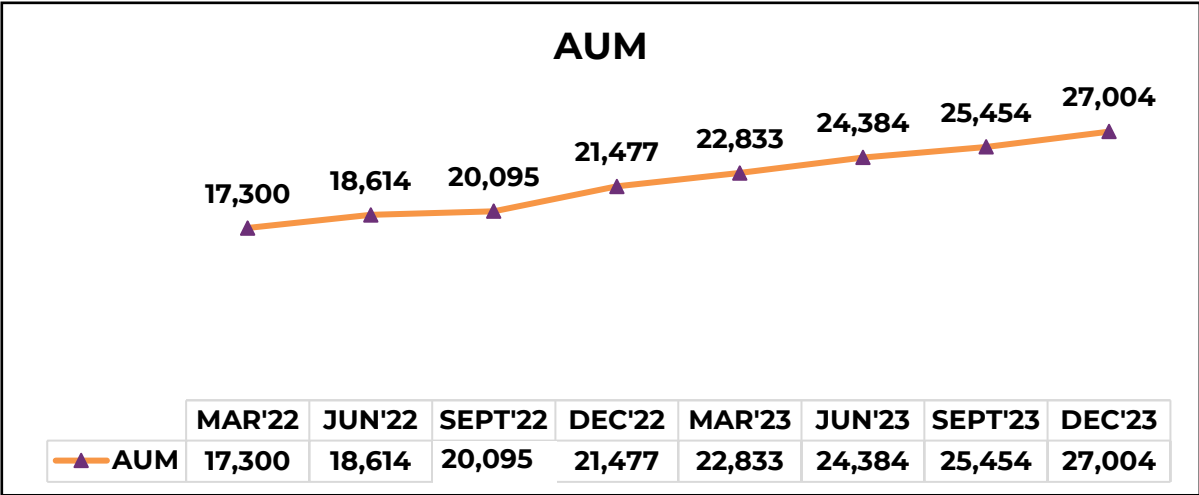
2.05 %

Portfolio Snapshot (As of Dec'23) - Wheels



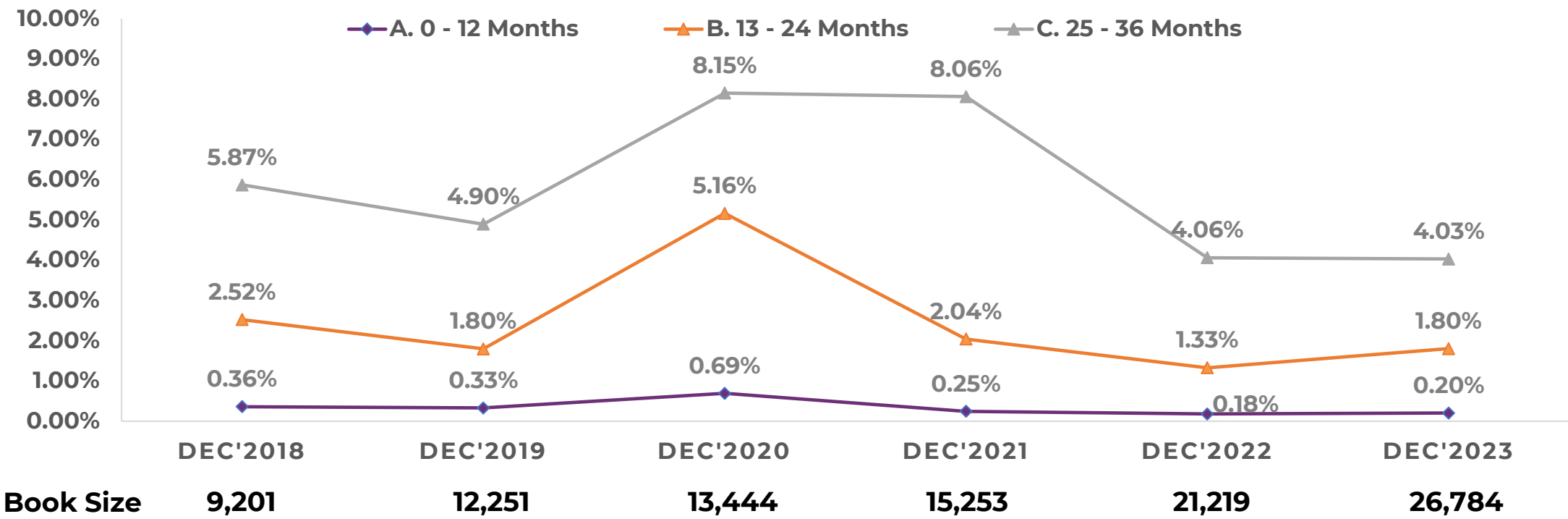
- ❑ High Yield Products viz. Used, Tractor and 2W on rise in the book
- ❑ Used Contribution also increased due to incremental sourcing
- ❑ Top 5 Manufacturer (Maruti, Mahindra, Hyundai, Toyota and TATA) comprises 76% of Book

WHEELS – Book Trends for 8 Quarters



Steady Growth in AUM with improving asset quality and key delinquency parameters are showing a stable trend

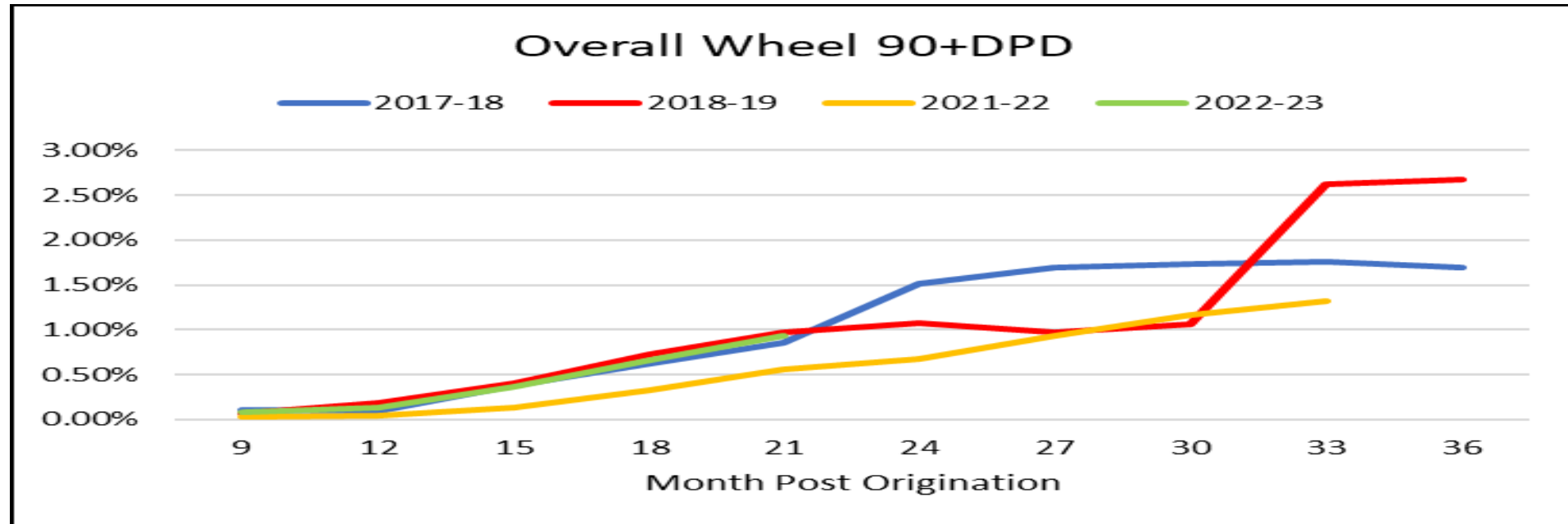
Vintage-wise NPA Trend - Wheels



- ❑ Dec’23 has been compared with the earlier year’s December portfolio to check the portfolio performance.
- ❑ The Performance of Dec’23 book is stable across the three vintage buckets.
- ❑ Indicating no deterioration in Credit quality of portfolio in last 3 years of sourcing.

Our risk-adjusted yield in Wheels business continue to remain among the best in the industry

Static Pool 90+ DPD – Till Dec'23 - Wheels



*Excluding ECLGS/TA/OD

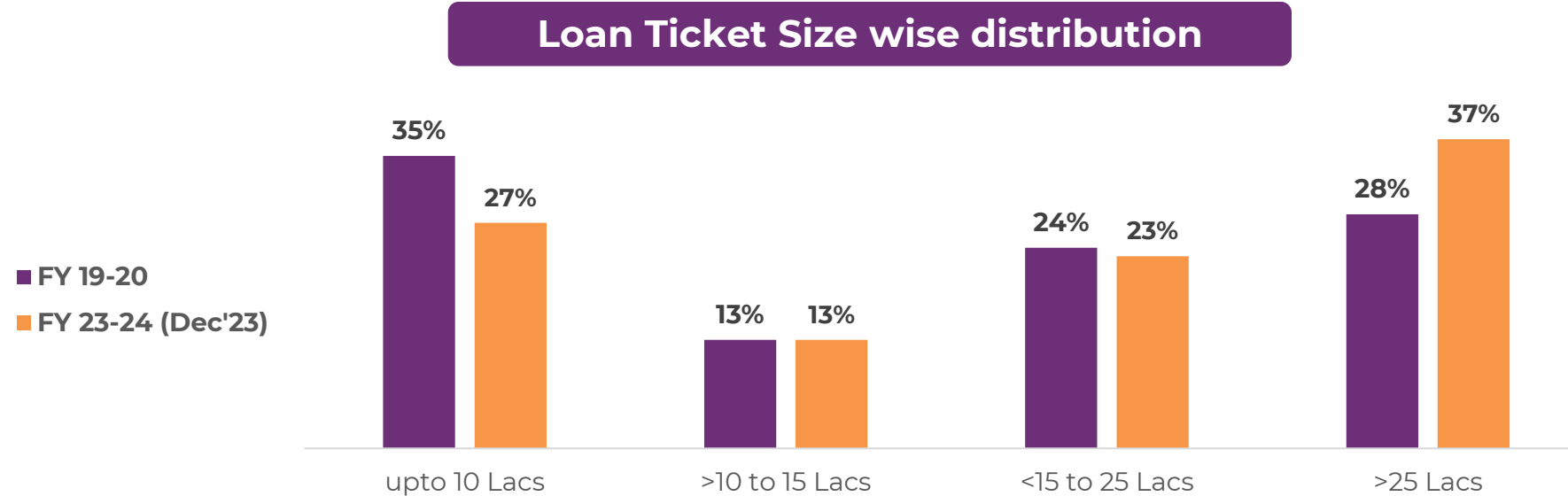
*90+ DPD% includes Repo Loss and Write off represents principal outstanding as a percentage of disbursement during the period

- ❑ The post second wave COVID portfolio has been compared with the Pre COVID book on a static basis.
- ❑ FY22 book built post second wave of COVID continues to be the best performing book.
- ❑ FY23 book is behaving in line with the pre-covid book of 2017-18 & 2018-19 though the product mix changed in favour of high IRR products.

MBL Portfolio Snapshot (as on 31st Dec'23)

AUM 20,858 Cr.	Average Tenure 9 Years	Average Ticket Size ₹ 10.59 Lac	>730 CIBIL Score 43% NTC @ 18%	Average LTV 46%
Portfolio Yield 14.9%	Unique Customers 1.93 lakh	NTB 73% ETB 27%	Average EMI Amount ₹ 17,625	Gross NPA% 2.96%

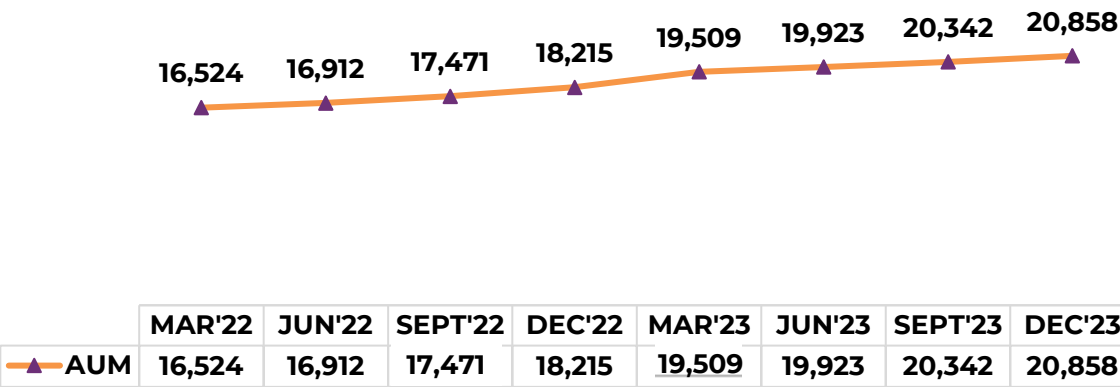
Shift of Ticket-size post pandemic



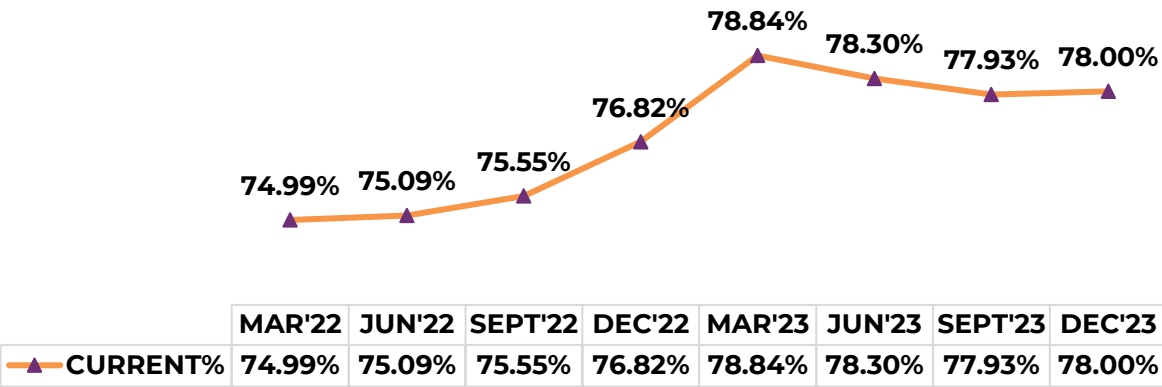
- ❑ During pandemic, due to the business model of daily/weekly earnings & high dependence on local footfall of customers from in around geographies, the cash flows of small businesses were highly impacted.
- ❑ We have reduced the sourcing in lower ticket size segment post pandemic (*which was having a bigger base & higher yield*).

MBL – Book trends for 8 quarters

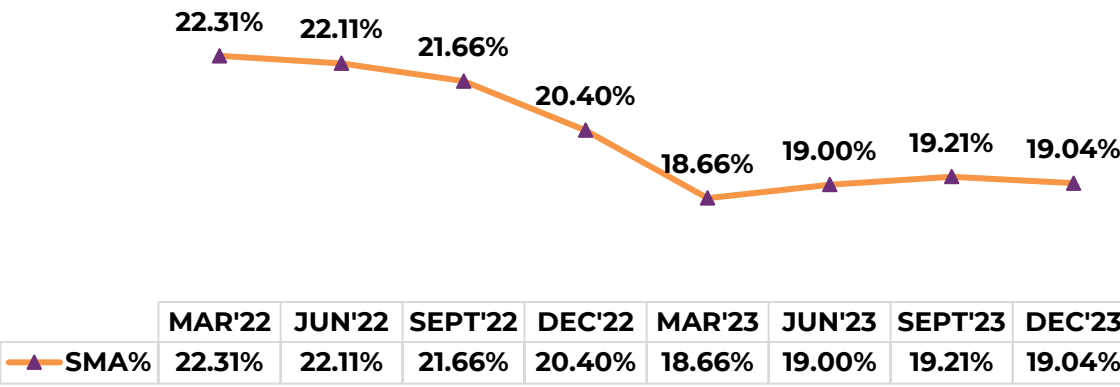
AUM



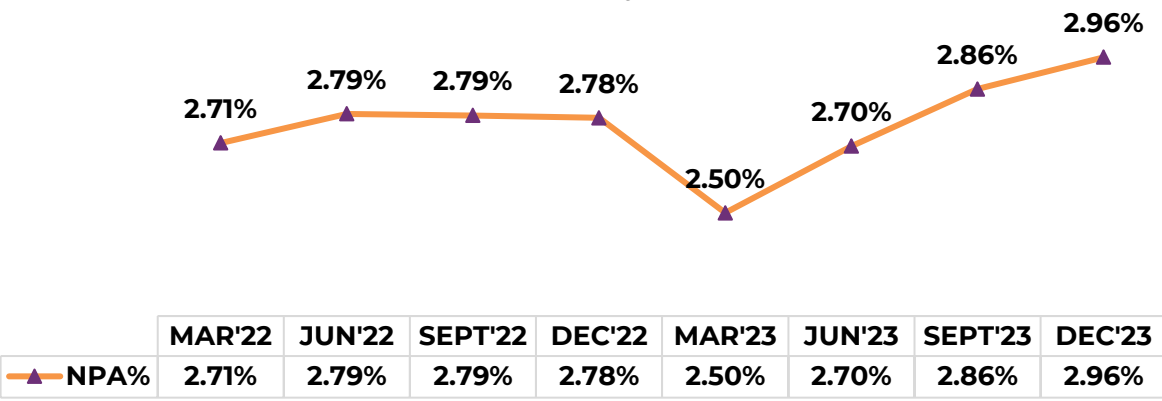
CURRENT%



SMA%

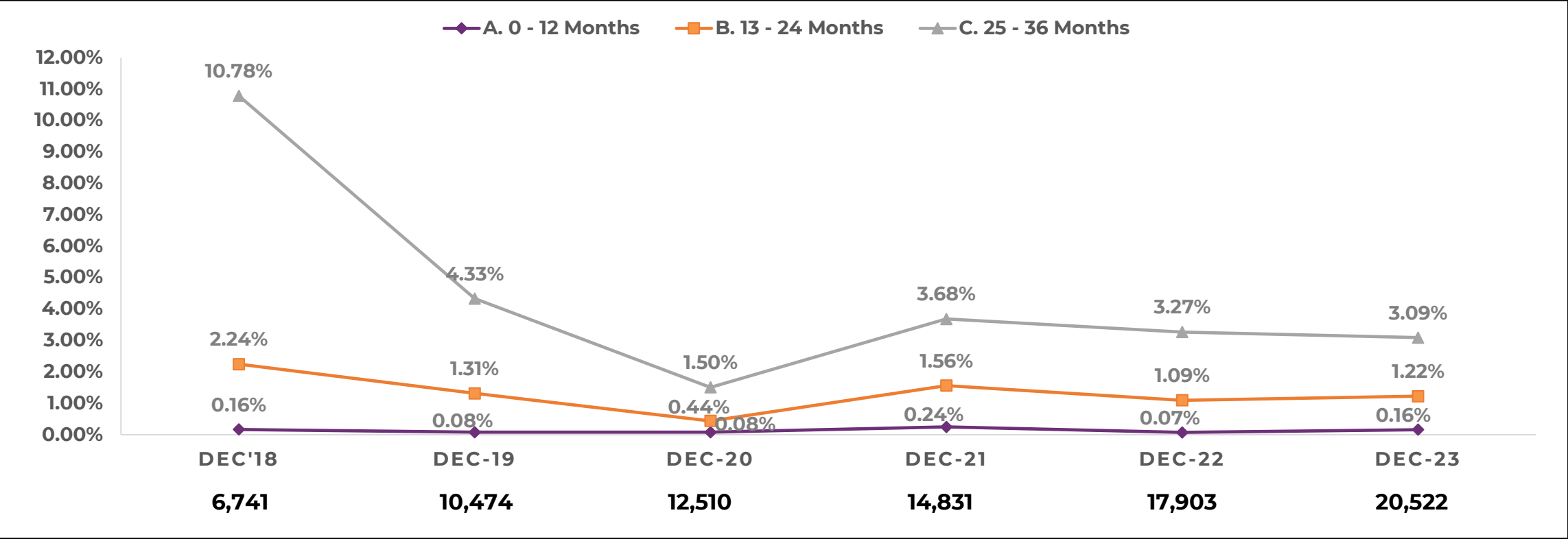


NPA%



- ❑ This portfolio has seen relatively muted growth.
- ❑ Improved portfolio quality is reflecting in stable SMA and Current book trend.
- ❑ Being longer tenure book, seasoned portfolio >48 months, coupled with muted AUM growth is contributing to increase in NPA%.

Vintage-wise NPA Trend - MBL

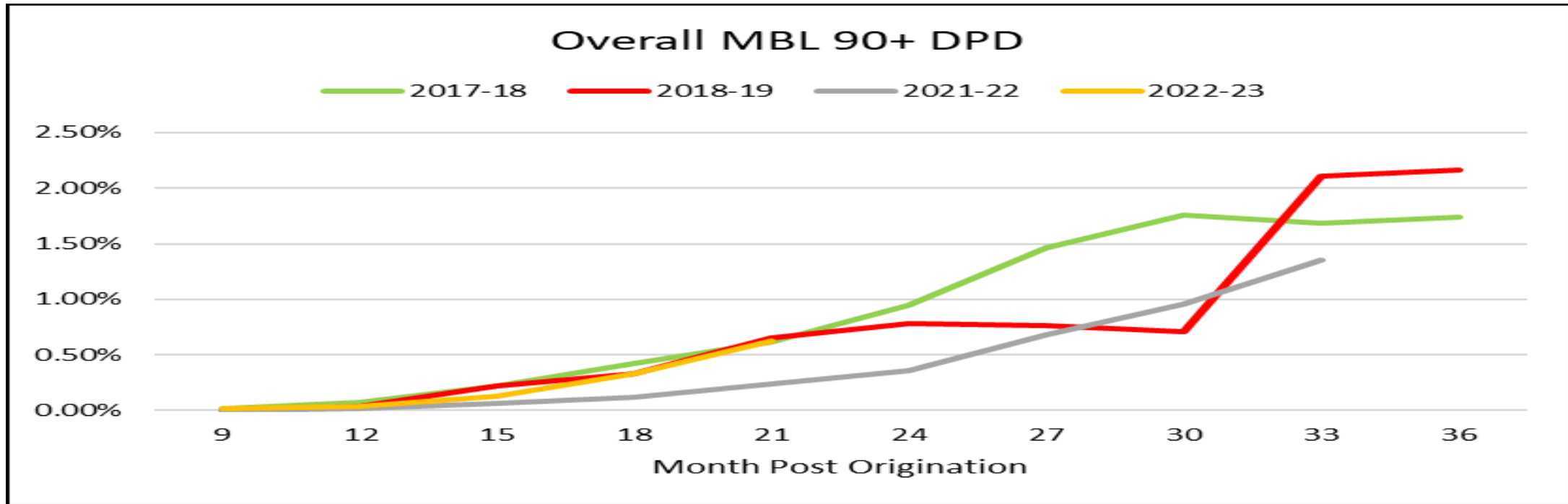


*Excluding ECLGS/Mudra

- ❑ Portfolio as of Dec'23 has been compared with the earlier year's December portfolio to check the portfolio performance.
- ❑ The Performance of Dec'23 book is stable across the three vintage buckets.
- ❑ Indicating no deterioration in Credit quality of portfolio in last 3 years of sourcing.

Our risk-adjusted yield in MBL business continue to remain among the best in the industry

Static Pool 90+ DPD-Dec'23 – MBL

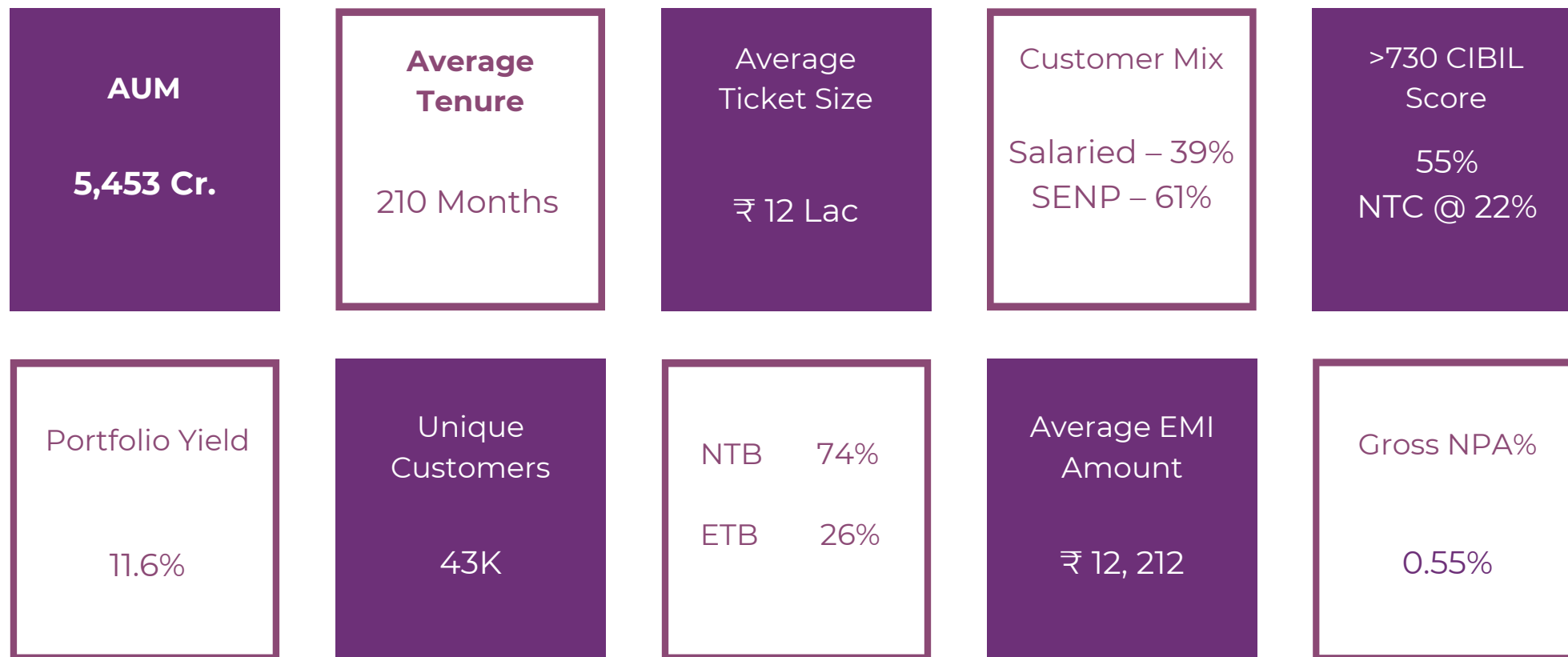


*Excluding ECLGS

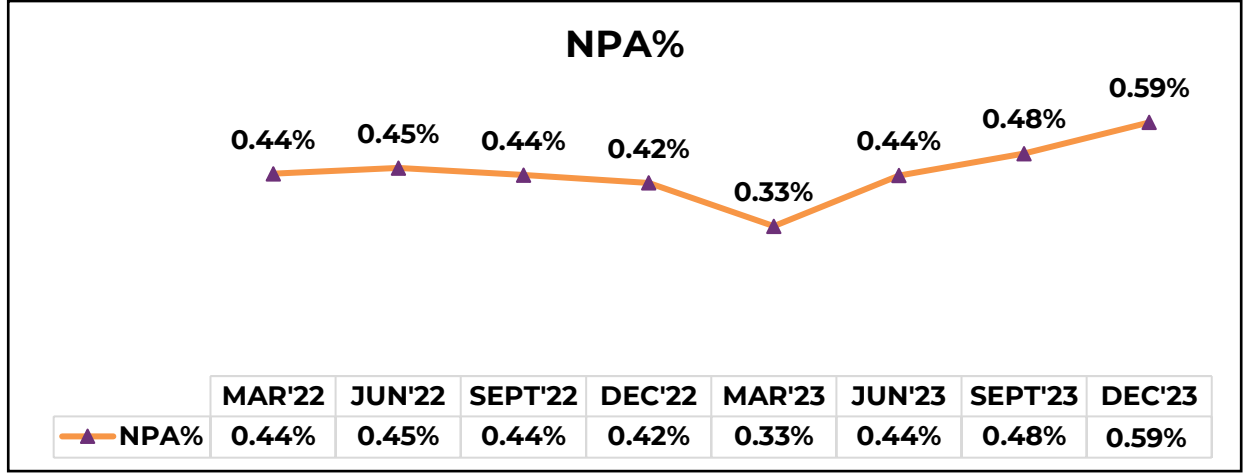
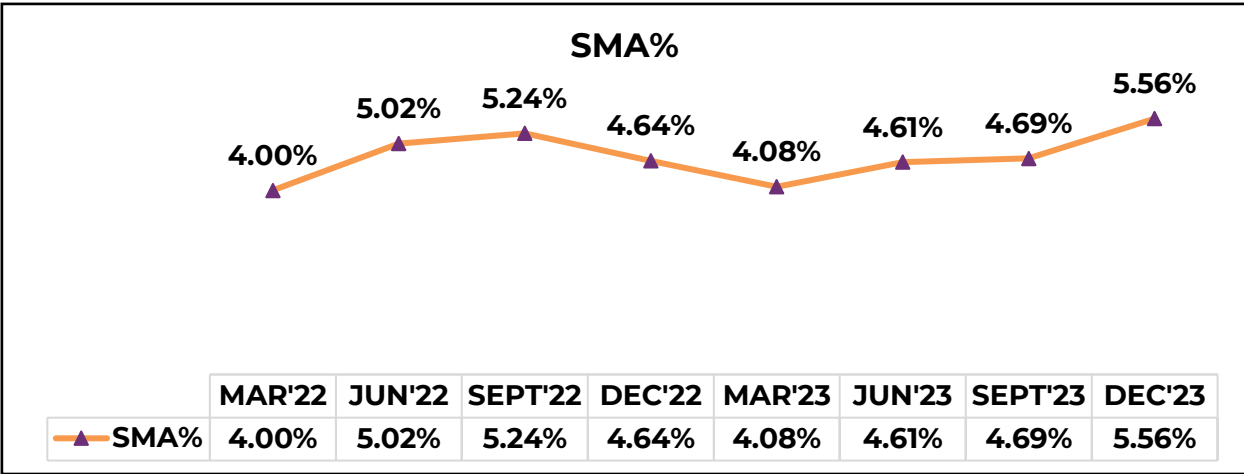
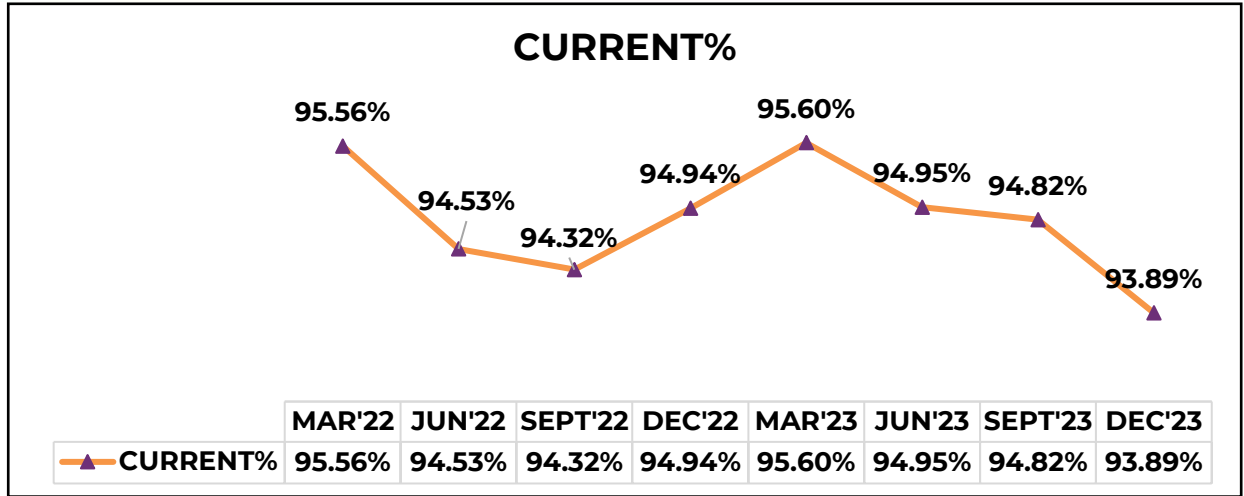
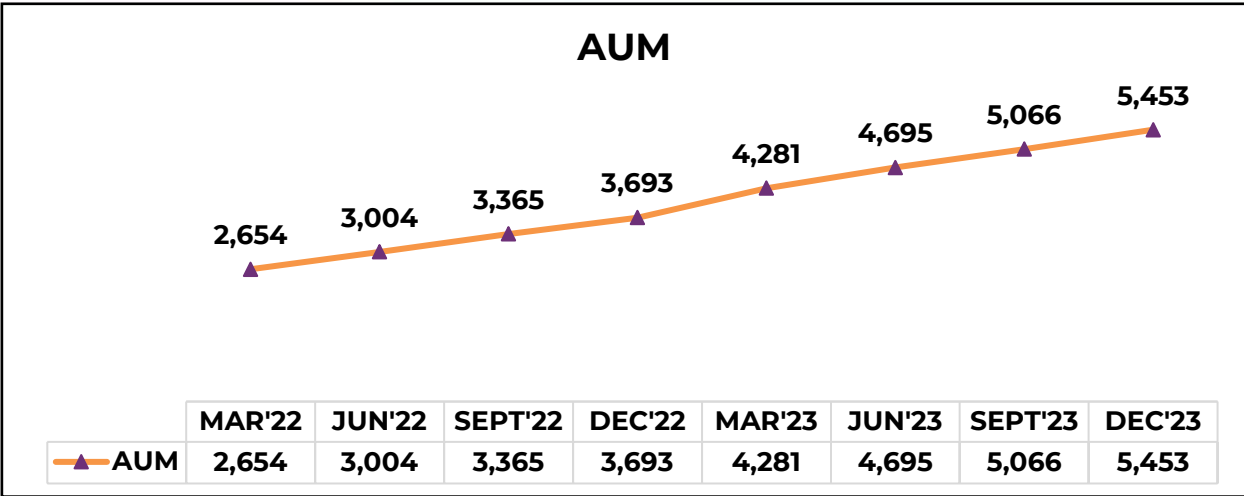
*90+ DPD% includes Repo Loss and Write off represents principal outstanding as a percentage of disbursement during the period

- ☐ The post second wave COVID portfolio has been compared with the Pre COVID book on a static basis.
- ☐ FY22 book built post second wave of COVID continues to be the best performing book.
- ☐ FY23 book is behaving in line with the pre-covid book of 2017-18 & 2018-19.

HL Portfolio Snapshot (as on 31st Dec'23)

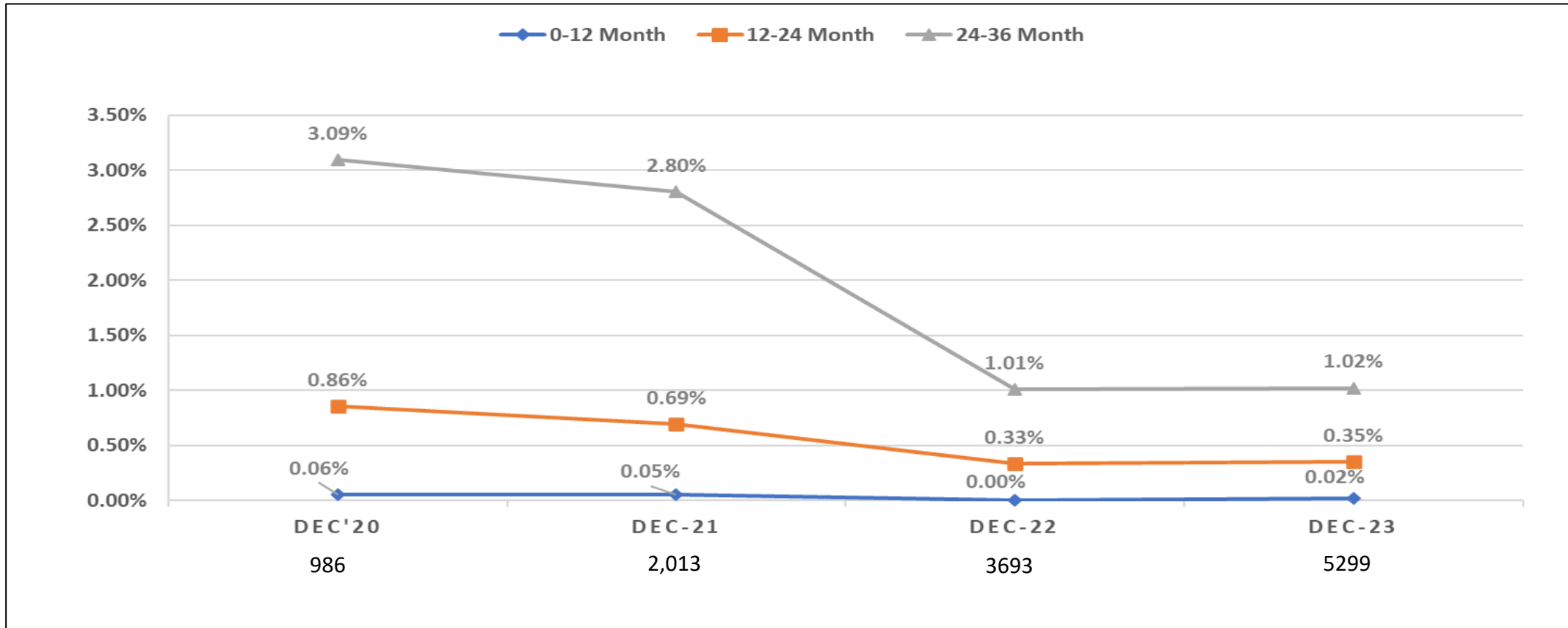


Home Loan – Book trends for 8 quarters



- ❑ This portfolio has seen good growth.
- ❑ 94% of the book has been built post COVID and 74% of the book has seasoning less than 2 years.
- ❑ The portfolio is yet to mature and the delinquency trends reflecting the same.

Vintage-wise NPA Trend - HL



*Excluding Staff loan

- ❑ The delinquency trend is stable across the three vintage buckets.
- ❑ Indicating no deterioration in Credit quality of portfolio in last 3 years of sourcing.
- ❑ 74% of the book is less than 24 months vintage. The portfolio is yet to mature.

Commercial Banking Business

Commercial Banking – Business Segments

Commercial Banking



Business Banking

TG: MSMEs engaged in Manufacturing, Trading, EPC and Services

Products: CC/OD, LC/BG for Working Capital & Term Loans for Capex



Agri Banking

TG: MSMEs engaged in Agri Value Chain, FPOs/ EPCs

Products: CC/OD, LC/BG for Working Capital & Term Loans for Capex



NBFC Lending

TG: Small and Mid Size NBFCs and HFCs

Products: Term Loan, Cash Credit / WCDL for Onward Lending Purpose



Real Estate Group

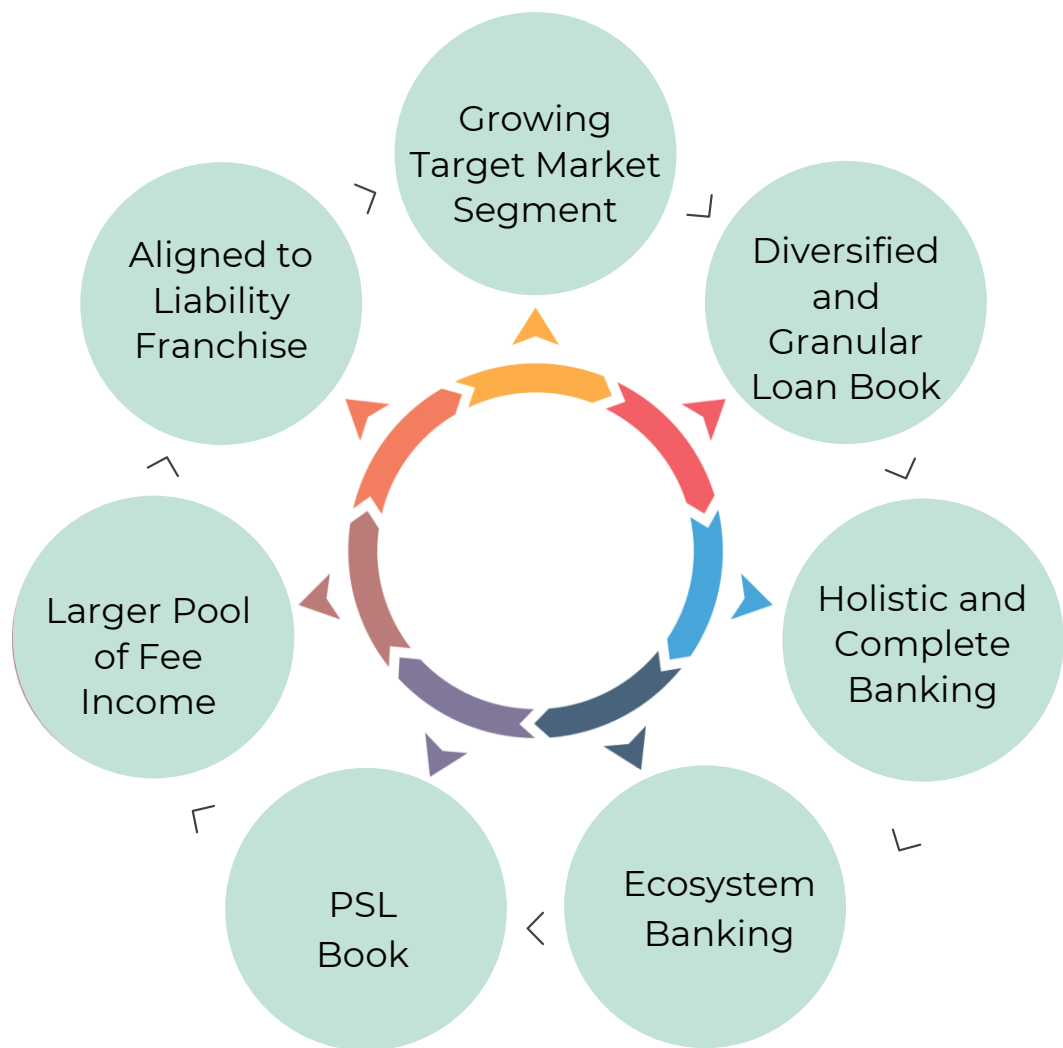
TG: Small and Mid size Developers in select T1 Markets

Products: Construction Linked Project Loan, RERA Collection & Escrow Accounts

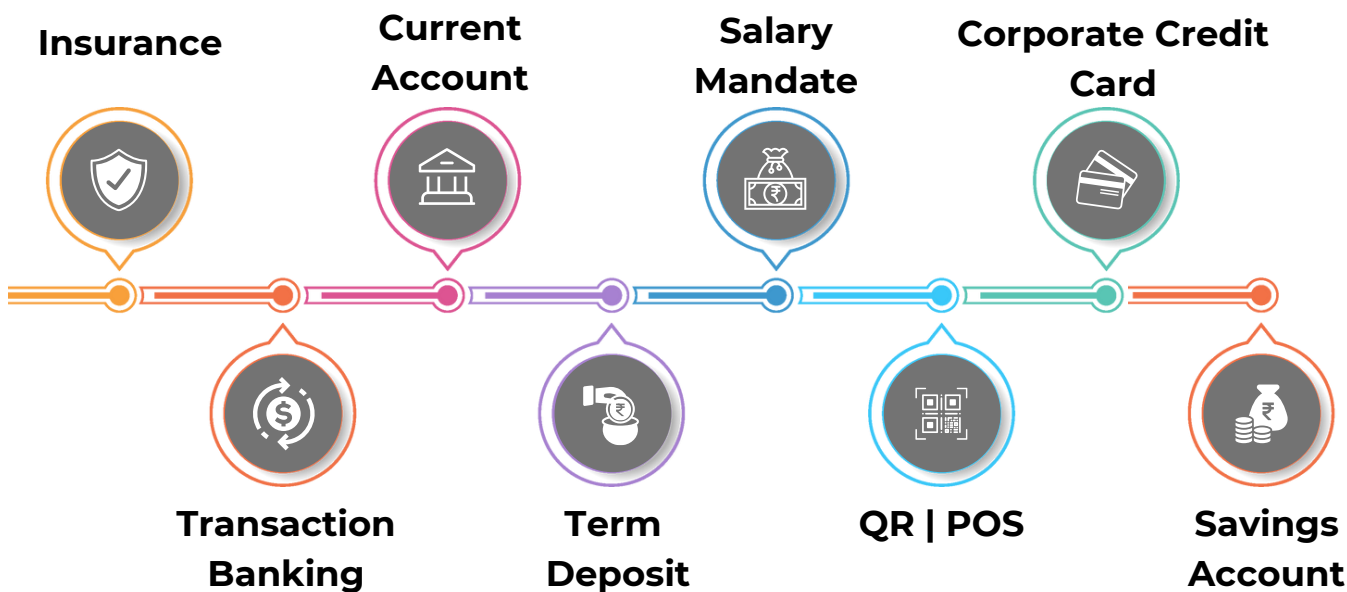
Transaction Banking

Providing CMS, Trade & FX Solutions including Doorstep Banking, API Banking, UPI/QR, Remittance and Trade Solutions to Commercial Banking ,Current Account & Saving Account Customers

Commercial Banking – Relationship Based Transactional Lending



360° Opportunities



Commercial Banking – Profitable and Sustainable Book

Low Cost Of Acquisition

- ❑ Sourcing from Branches is growing with ageing of Branches
- ❑ Working Capital Book Grows Organically with Enhancements

Low Opex – Cost to Income

Lower Credit Cost – GNPA of 0.40%

Higher Customer Level Profitability incl. Liability Relationship

- ❑ Transaction Banking with these customers has yielded ~900 Cr CA Book

Diversified and Recurring Fee Income Pool

- ❑ Recurring Renewal & Other Income
- ❑ Headroom to grow Trade Income with LC/BG Business
- ❑ Potential upside on FX Income Linked to AD(I) Transactions

Ability to Reprice - Floating Rate Book Linked to Repo

Net Interest Margin (NIM)

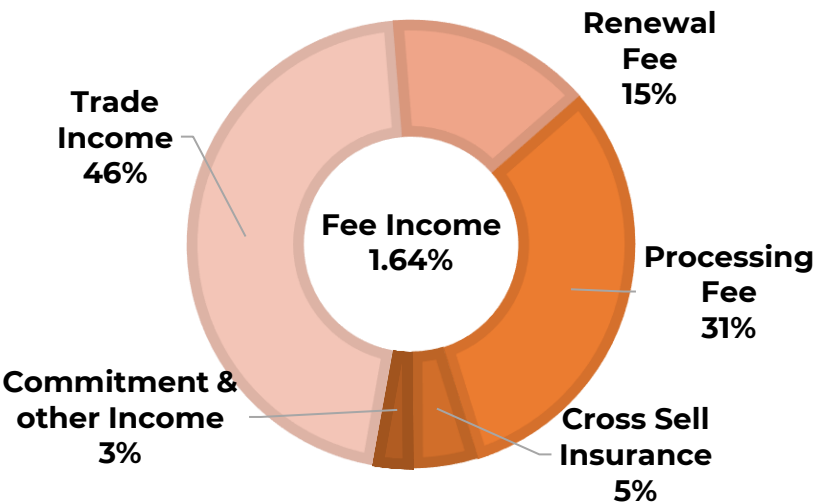


Diversified Fee Income

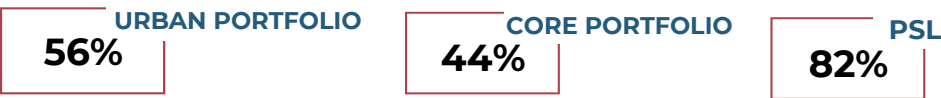
- ❑ Processing Fee - On Disbursement & Enhancements
- ❑ Trade Income – Recurring
- ❑ Renewal Fee – Recurring
- ❑ Commitment & other Income – Recurring
- ❑ Cross Sell Insurance

Diversified Fee Income : Business Banking & Agri Banking

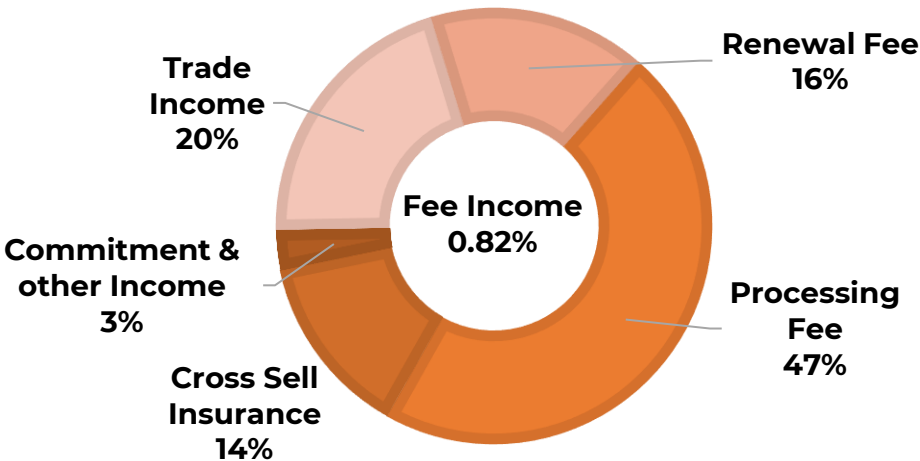
Business Banking



❑ Trade Income on NFB Limits which is 62% of FB Limits



Agri Banking



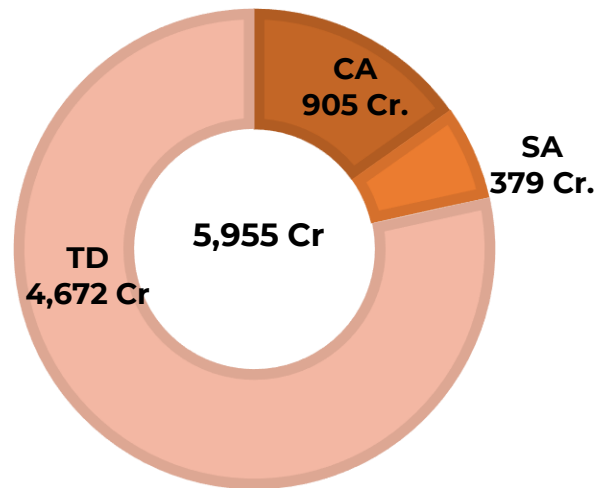
❑ Trade Income on NFB Limits which is 14% of FB Limits



Trade & FX Income has potential to be significantly higher on ADI Platform

Scaling Up Liability Relationship

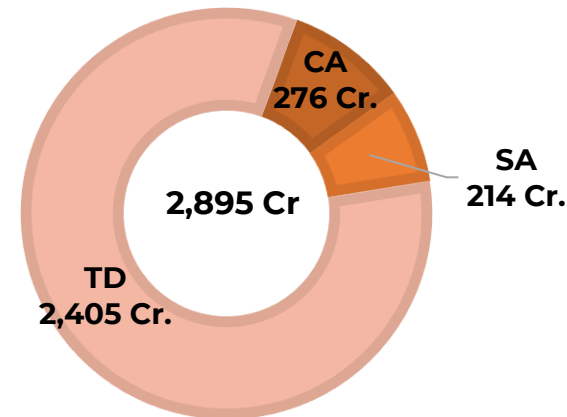
Commercial Banking



% of Self Funded Book	35%
Current Accounts	12,900 A/c (42% Transacting)
Saving Accounts	22,200 A/c
Salary Mandates	542
CMS Customers	4,132
% of CA Penetration	53% (11,232 Customers)
Branch Sourcing	-

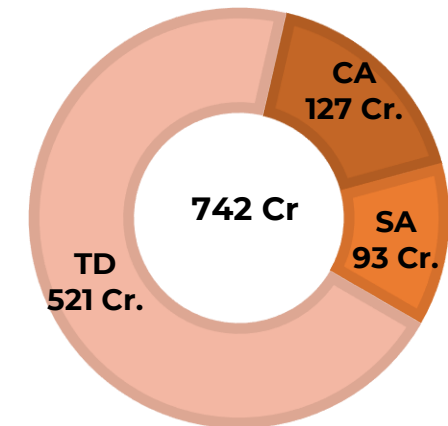
Break Up on Separate Book Level

Business Banking



42%
6,900 A/c (46% Transacting)
11,100 A/c
222
2,128
54% (6,572 Customers)
30%

Agri Banking



14%
4,000 A/c (36% Transacting)
10,000 A/c
183
1,734
49% (3,782 Customers)
11%

Commercial Banking Credit

Portfolio Snapshot

Commercial Banking Comparative Snapshot as on 31st Dec 2023								Sep-23	
Commercial Banking	Customer	Principal Outstanding			Average Ticket Size (Fund)	GNPA POS	GNPA POS %	GNPA POS	GNPA POS %
		Fund	Non - Fund	Fund + Non-Fund					
Business Banking	6,646	6,763	3,292	10,055	1.29	35.7	0.53%	16.56	0.27%
Agri Banking	4,176	5,244	550	5,794	1.46	17.7	0.34%	14.78	0.31%
NBFC (Re-Named : Emerging Enterprise & Financial Institution)	181	2,696	37	2,734	15.59	9.31	0.35%	9.31	0.37%
Real Estate Group	308	1,523	45	1,568	11.32	1.76	0.11%	2.79	0.21%
Total Book	11,634	16,226	3,924	20,151		64.47	0.40%	43.44	0.30%

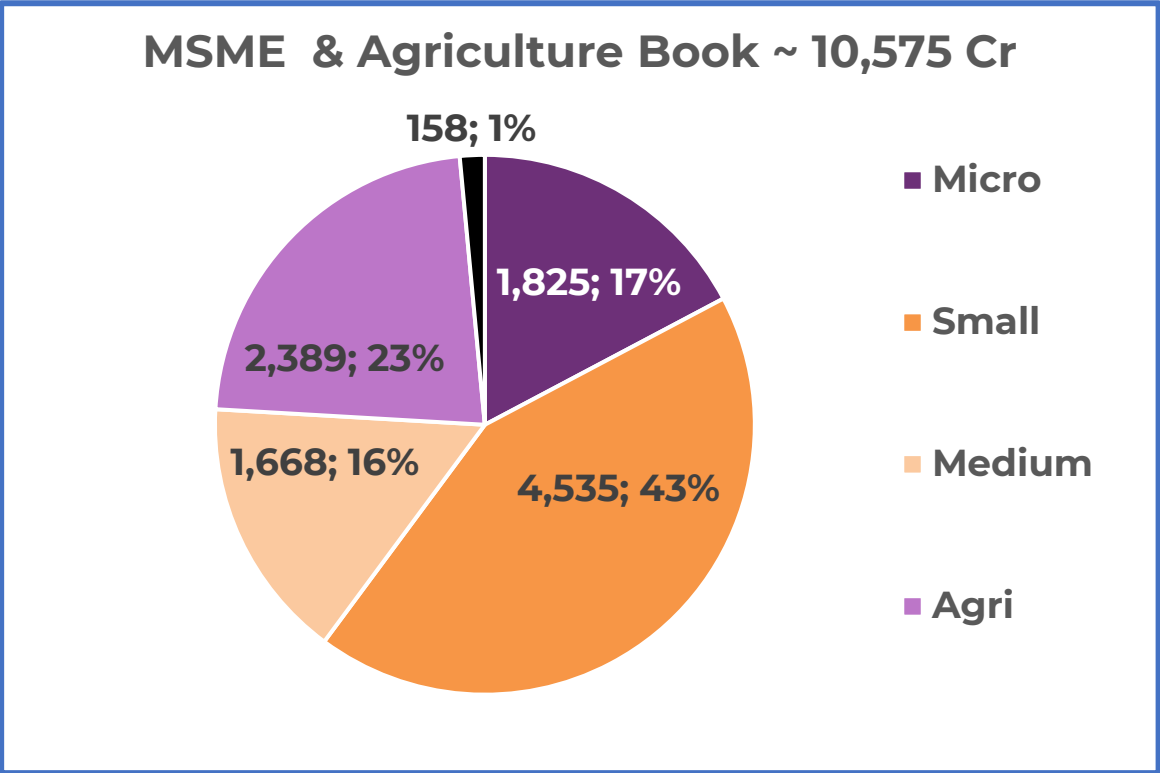
Business Banking : Focusses on MSME – Manufacturers and Traders, Contractors

Agri Banking : Focusses on Agriculture based customers, Renewable Energy (Solar and Bio-Mass)

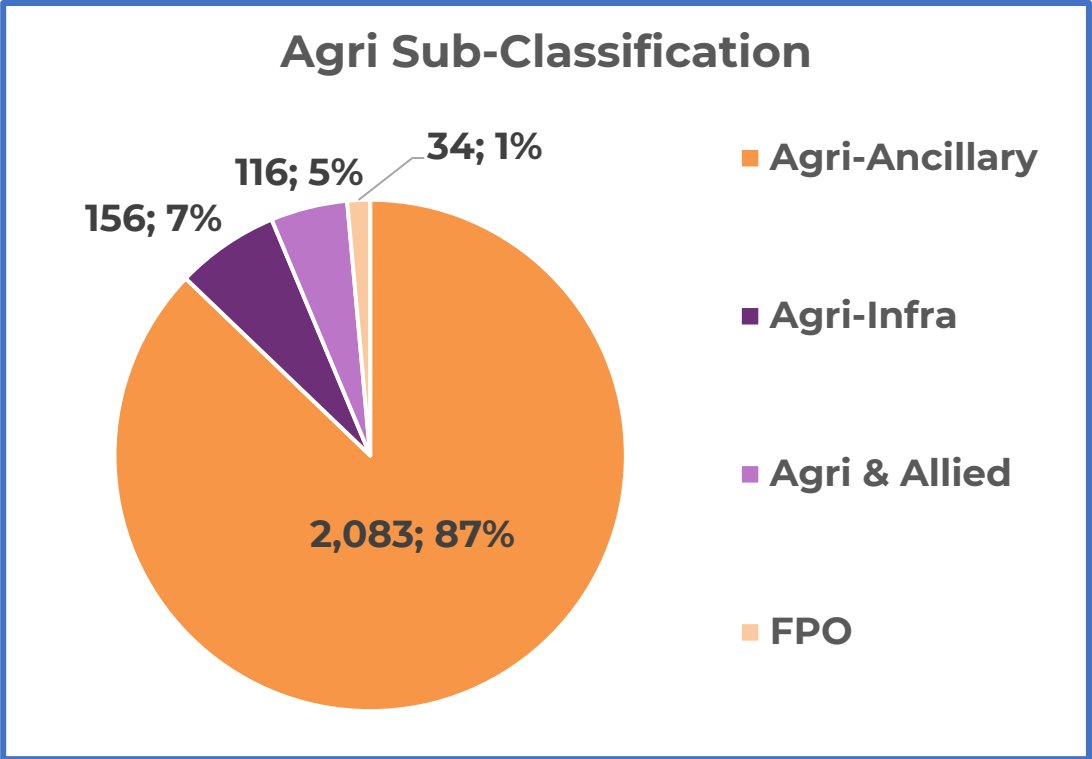
NBFC : Focusses on NBFCs (AFCs, HFCs, MFI's) and Emerging Enterprises, Startups

Real Estate : Focusses on RERA based Construction Financing and Affordable Housing

Key Target Segment for Business Banking and Agri Banking



- ❑ MSME and Agriculture portfolio constitutes 88% of BB & Agri Book.
- ❑ Renewable Energy constitutes 54 MW of Solar Projects under KUSUM Yojna of MNRE and 27 MW of Bio-Mass Projects

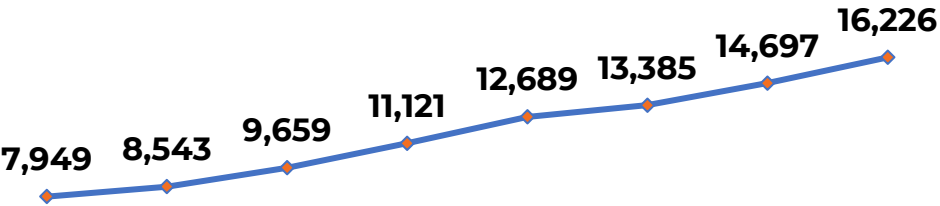


- ❑ Agri Ancillary constitutes ~ 87% of Agriculture Portfolio
- ❑ FPO business is our new initiative

Manufacturers – **48%** | Services – **27%** | Traders – **25%**

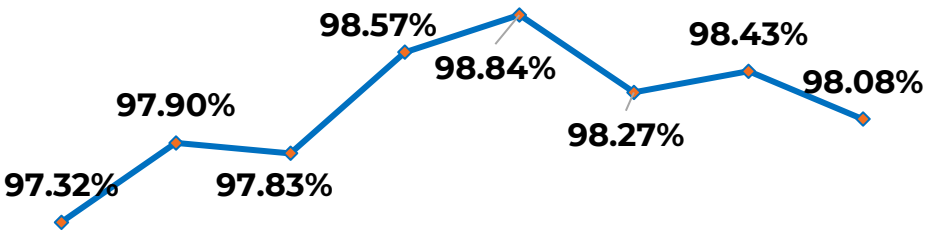
Commercial Banking – Book trends for 8 quarters

AUM (INR in Cr)



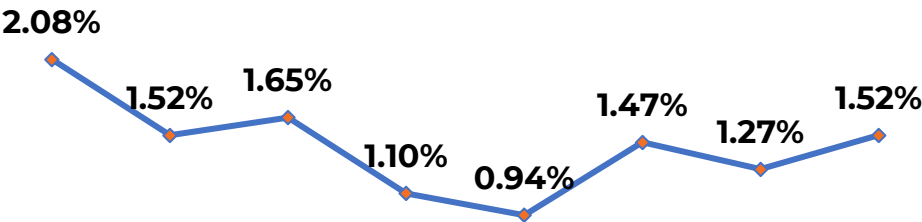
	MAR'22	JUN'22	SEPT'22	DEC'22	MAR'23	JUN'23	SEPT'23	DEC'23
AUM	7,949	8,543	9,659	11,121	12,689	13,385	14,697	16,226

CURRENT BOOK%



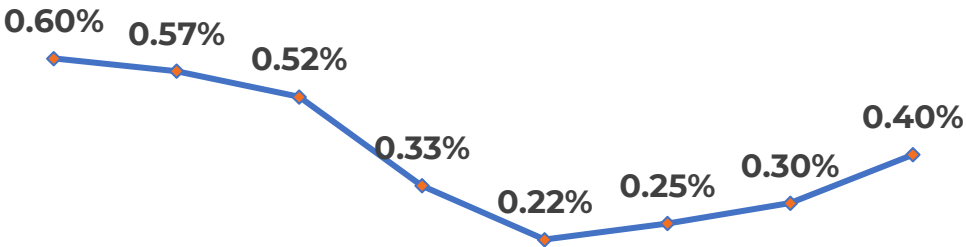
	MAR'22	JUN'22	SEPT'22	DEC'22	MAR'23	JUN'23	SEPT'23	DEC'23
CURRENT%	97.32%	97.90%	97.83%	98.57%	98.84%	98.27%	98.43%	98.08%

SMA%



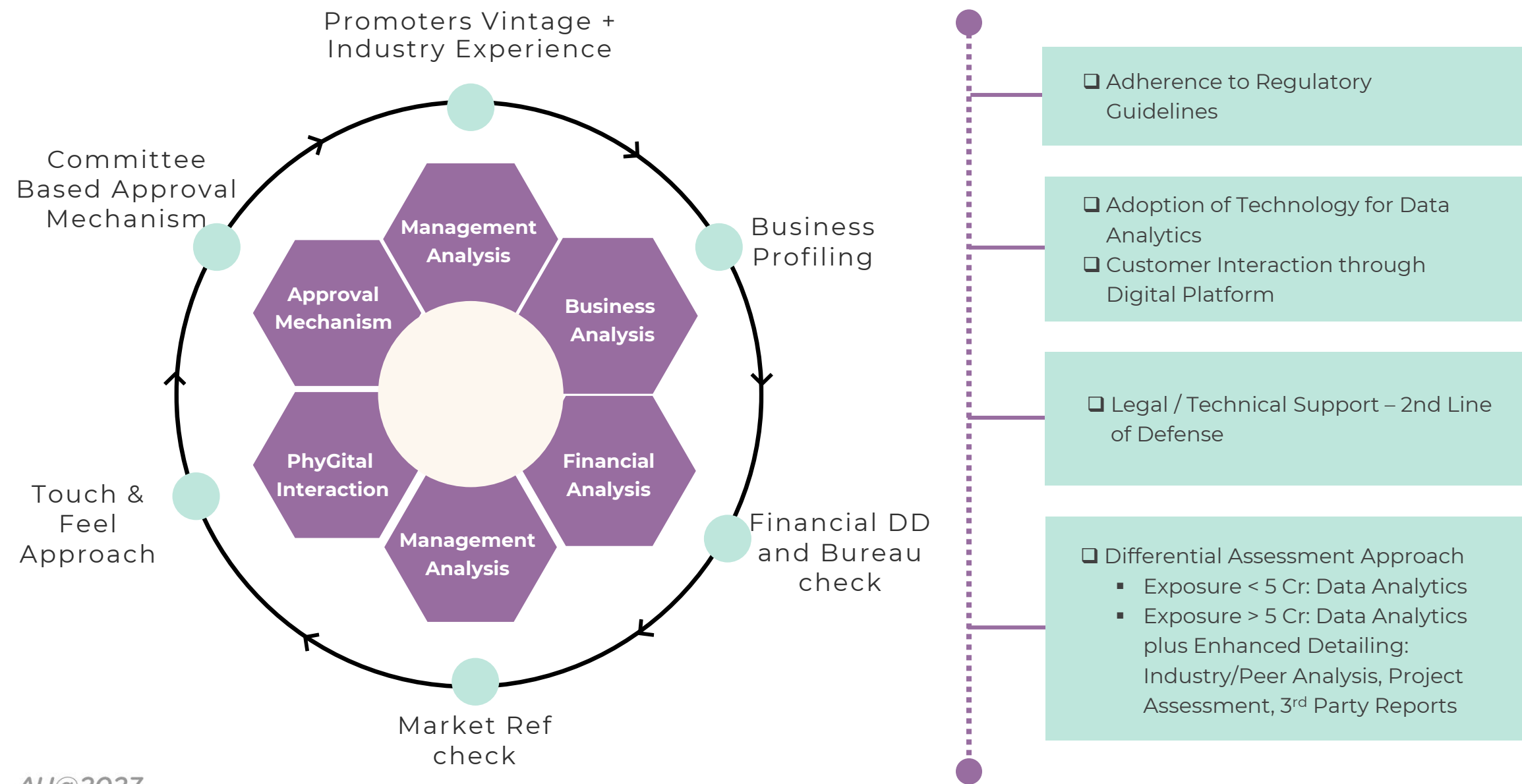
	MAR'22	JUN'22	SEPT'22	DEC'22	MAR'23	JUN'23	SEPT'23	DEC'23
SMA%	2.08%	1.52%	1.65%	1.10%	0.94%	1.47%	1.27%	1.52%

NPA%



	MAR'22	JUN'22	SEPT'22	DEC'22	MAR'23	JUN'23	SEPT'23	DEC'23
NPA%	0.60%	0.57%	0.52%	0.33%	0.22%	0.25%	0.30%	0.40%

360° Credit Assessment: On-Boarding Framework



Portfolio Management

Calendar Based Review

Portfolio Monitoring

- Geography-wise Portfolio Segmentation
- Industry-wise Classification
- Exposure-wise Portfolio Segmentation
- Identifying Early Warning Signals (EWS)

Enhancing Transaction Banking

- Churning / Flow Business
- CMS
- ESCROW Receivables

End Use Monitoring

- Tracking end use of funds through account statement
- PSL compliance

Guardrails

- Industry-wise (not to exceed 10% of portfolio)
- Group-wise (capped at 1.5% of Bank's Net Worth)
- Sector-wise (cap and review mechanism is place)

Security

- Charge on Current Assets
- Charge on Business and Personal Assets
- Personal Guarantees

- CB follows Branch Banking footprints & business is diversified to 12 States
- Working capital book is ~70%.
- ~ 88% book of BB & AGRI is PSL
- Defined EWS Process, 51 parameters involving 16 Data analytics and 35 subjective parameter.
- Basis EWS activity, ~ 200 accounts (~150 Cr by POS) were exited in 9 M FY24.
- Throughput Volume has doubled in 9 M period Dec 2023 to ~ 60K cr., including CMS volume of 14k Cr
- Collections from Power Discoms, NHAI, State PWDs etc. is ring-fenced through their payment portal.
- Collateral cover is in 50% to 100% range, in addition to primary security.

Way forward to 2027

Proforma merged financials – Dec'23

	 Balance Sheet	 Net worth	 Deposits	 AUM	 PAT (9M'FY24)	 Customer	 Touchpoints
Post Merger (proforma basis Dec'23)	1,16,695 Cr	14,499 Cr*	89,854 Cr	89,529 Cr	1,472 Cr	1.05 Cr	2,352
AU Pre – Merger (Dec'23)	1,01,176 Cr	12,167 Cr	80,120 Cr	76,177 Cr	1,164 Cr	46.8 Lacs	1,049

By 2027

Deposit growth CAGR will be ~23-25% with focus on individual and retail deposits

Asset book growth will be in line with deposit growth with higher growth from businesses with higher RoA

Asset quality to remain within range; PCR incl. tech write-off would be around 65% - 70%

Unsecured book will be 15-20% with MFI book capped at 10% of AUM (including securitisation)

Annual credit cost on MFI book to be taken @ 2.5-3% every year

Increasing mix of high yield, high RoA portfolio assets to ~75:25

Endeavour to achieve **RoA of 1.8%**

Way forward to 2027

1

Portfolio mix to shift in favor of higher yielding, higher RoA assets

2

Calibrating investments based on learnings so far

3

Focus on branch banking profitability

4

Fincare merger benefits

5

Credit Costs to remain within range

Way forward to 2027

1. Portfolio mix to shift towards high yield, high RoA businesses

Grow higher yielding, higher RoA businesses



CAGR ~25%
Wheels



CAGR 20%-22%
MBL



CAGR 28-32%
Fincare –
MFI/SBL/AHL/Gold Loan
and others

**High Yield - High RoA businesses include
Wheels, MBL, REG, NBFC, MFI and PL**



Moderate growth in lower yielding, lower RoA businesses



Home Loans

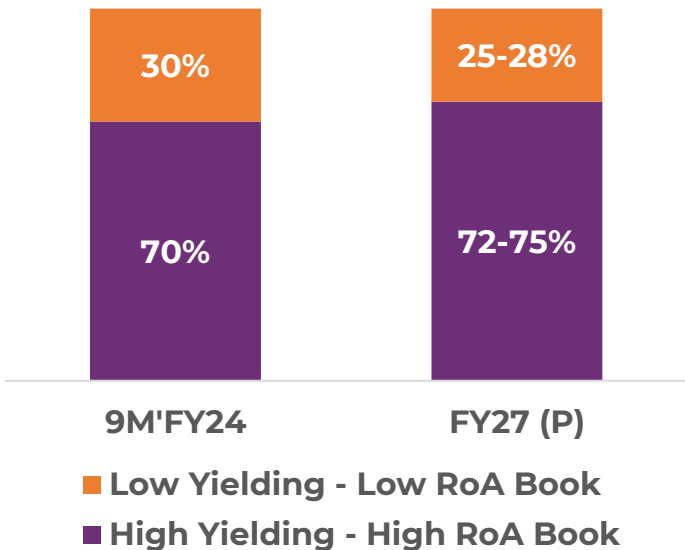


Business Banking



Agri Banking

**These businesses to have moderated growth
compared to past few years as low-base effect tapers
off**



2. Calibrating Investments based on learnings

- ❑ **No significant newer investments** envisaged till AU@2027
- ❑ Platform buildout is largely complete and incremental expenses/investment will only be variable in nature to sweat the existing investments

New business	Action	Outlook
Credit Cards	Moderate	- Moderating card issuance growth to reduce upfront impact of acquisition cost - Optimizing sourcing channels and increased collaboration with branch banking - Focus on collections to control credit costs
QR Code/ merchant	Moderate + Align	- w.e.f. April'23, sourcing strategy aligned with Branch banking and deployment of QR code is for Current account deepening
Video Banking	Make it profitable	- To act as a channel for liabilities and customer acquisition - Small drag on the P&L; Taking corrective actions to make it profitable
Digital Initiatives	BAU	- BAU expenses for digital penetration and customer acquisition - Helps the Bank to create awareness about our brand
Personal Loans and Business Loans	Profitable	- Natural ask from customers and strategic hook for our liabilities business - Developing platform to acquire NTB customers and cross-sell - RoA accretive but operating leverage yet to kick in
AD-I business	Build	- Some WIP capex is scheduled for FY25 - Variable business linked cost to have impact on Opex but expected to breakeven in Year 1

3. Focus on Branch banking Profitability

Currently, ~25% of our liability branches (excl. unbanked) are profitable on fully loaded basis i.e. including allocations from branch opex to central cost

- We will endeavor to make 65%+ of our branches, live as on Dec'23, profitable by AU@2027

Key levers to achieve branch profitability are:

1. **Grow Current Account deposits by 100–150 bps by Mar'27**

- Leverage Commercial Banking and AD-1 opportunity – AD-1 will allow to focus on EXIM accounts
- Deepen existing customers by attaching more products – Integrate Payments & Collections solutions
- Segment based CA propositions

2. **Branch expansion and cost optimization**

- 130+ branches from Fincare + ~30 branches currently WIP
- No additional branch planned in FY25
- 80 - 100 branch addition between FY26 and FY27
- Buildout of higher balances from existing branches - ₹40 – 50 Cr per branch, per year addition from Urban branches

3. **Cross Sell and Deepening**

- Complete suite of solutions and offerings for Liability customers
- Make branch the primary channel for origination of Commercial banking and credit cards
- Increase penetration of Wealth & Insurance on CASA base

3.1 Focus on Branch banking Profitability

Higher sourcing of premium quality customers....

Branch banking is steadfastly focused on sourcing affluent and mass affluent customers, internally referred as iRP customers (iRP = Ivy, Royale and Platinum)

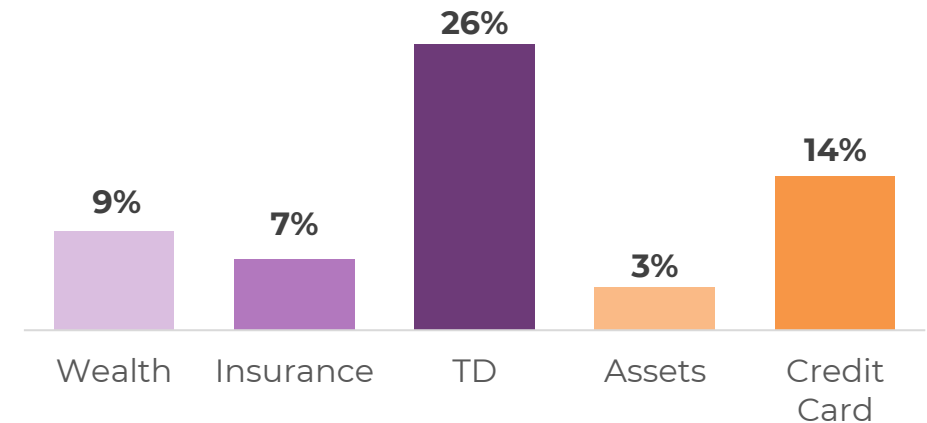
iRP customers

- are 75% of new savings customers sourced in 9MFY24 by branches
- contribute 72% of overall savings balances of branch banking

.. to whom we can sell more

- Cross sell on CASA base will be one of the key levers for our profitability strategy on Deposits
- Initial indicators of cross sell to premium CASA base are encouraging

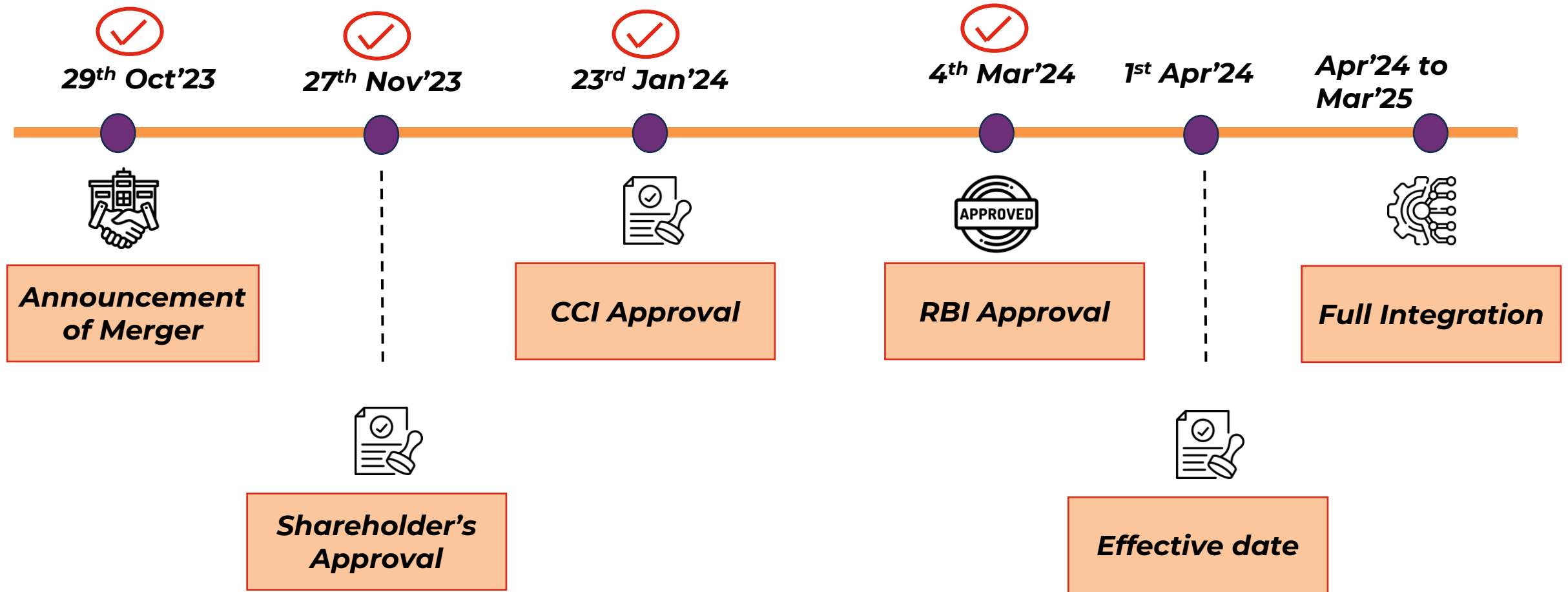
Penetration on iRP SA base



4. Merger benefits and synergies to help RoA

- **Strong and seasoned** management team with ~15000 employee based.
- **Access to South India** – expanded distribution for AU products over next 3 years
- **RoA and Book value accretive**
- **Higher yielding, higher RoA businesses** to help increase disbursement yield and improve portfolio mix
- Merger to help **increase lending to Small and Marginal Farmer (SMF) segment**
- **Compelling synergy potential**, especially in deposits, technology and scale driven efficiencies, over next 3 years
 - Incremental deposits of Fincare to price at AU's incremental cost of funds
 - Tech synergy with Fincare having strong in-house development capabilities
 - Cost synergies post complete integration

Fincare merger timeline



Among the fastest merger approvals in ~4.5 months

Approach towards seamless Fincare integration

Assets

- ❑ Seasoned business run by an experienced team which will become part of AU Family
- ❑ All key asset businesses would continue within the Fincare unit at AU

Liabilities

- ❑ Deposits business would be integrated with AU's Branch Banking group, with AU products being offered in Fincare branches

Control functions

- ❑ Credit, Audit, Risk Management and Compliance would be centralized at AU

People

- ❑ No change in reporting or location of ~13,000 of the ~15,000 Fincare employees; rest to be integrated within AU Branch Banking and central functions teams

Others

- ❑ Credit quality cyclicity of MFI business will be managed via initiatives like
 - Keeping MFI business at 10% of AUM over the next 3 years
 - Take a total credit cost of 2.5% - 3% p.a. on the MFI business

Focus is on ensuring smooth Integration from people perspective, IT integration to be completed in 9-12 months

Fincare business shall become the 6th business group

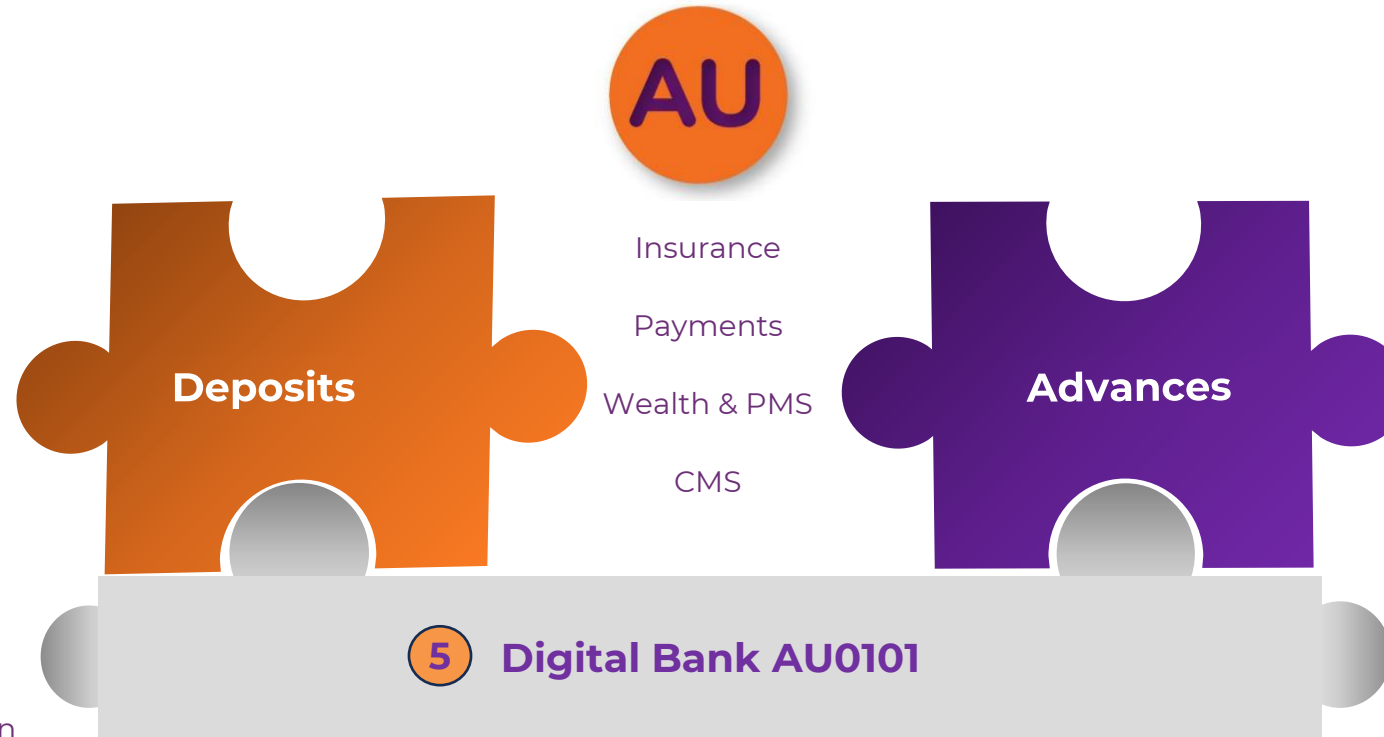
1 Urban Branch Banking

(Focused on Urban Affluent market)

2 Swadesh Banking, Government and Wholesale Deposits

(Focused on Core market)

- SMF (Small and Marginal Farmer) Lending
- Financial and Digital Inclusion



3 Retail Assets

- Wheels
- Micro Business Loan (MBL)
- Home Loan

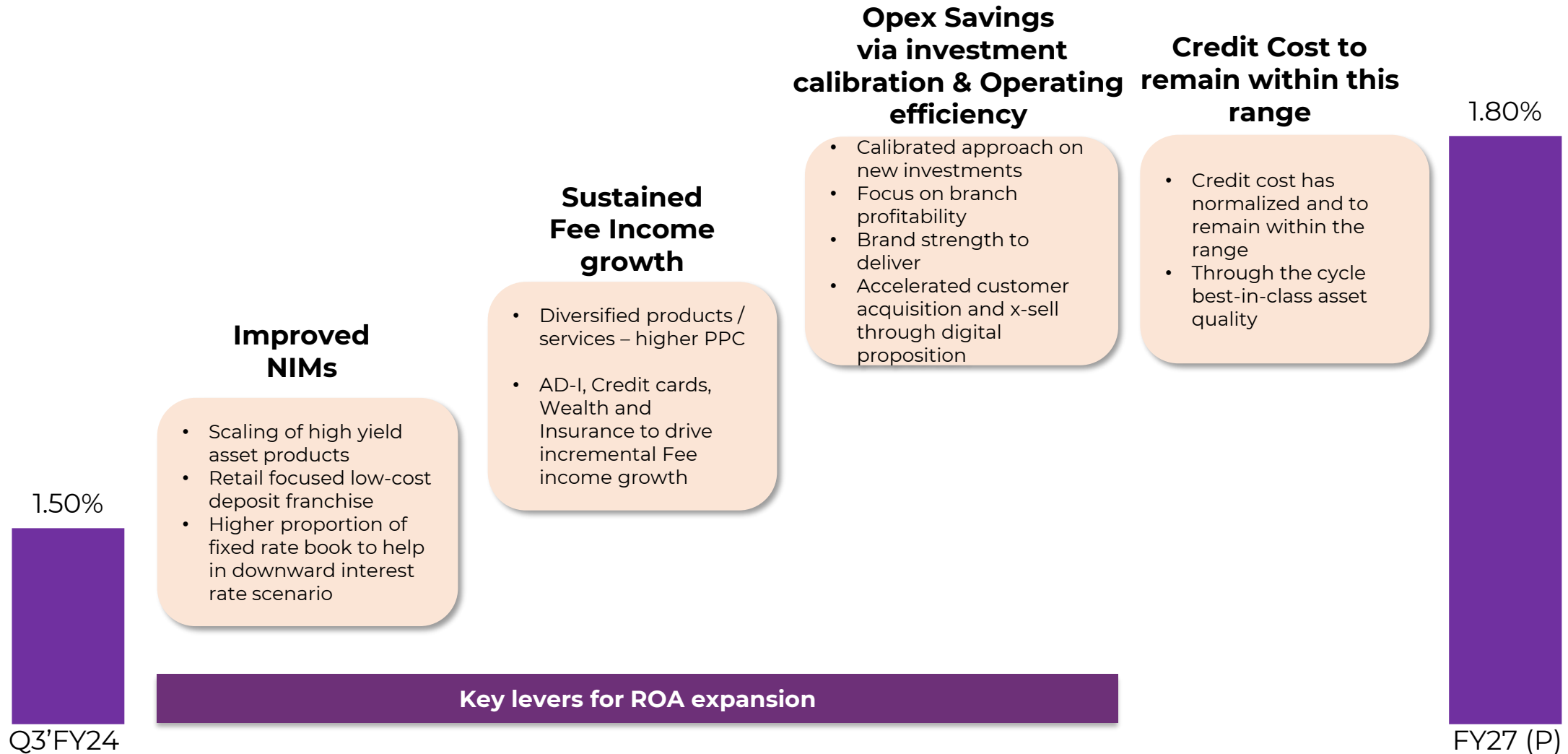
4 Commercial Banking

- Business Banking
- Agri Banking
- Real Estate Group
- NBFC Lending
- Trade FX and AD - I
- Transaction Banking

6 Fincare Unit

- MFI
- Gold Loan
- Micro Business Loan (MBL)
- Home Loan

To summarise... we are prioritizing portfolio mix and returns from investments to reach back to 1.8% RoA by FY27



Key macro monitorable

Interest Rate Cycle

**Basis current interest outlook, we
have assumed rate cuts to start
from H2'FY25**

Changes in policy framework

**Enhanced customer centricity and
customer focus from policy makers can
have income/cost impacts**

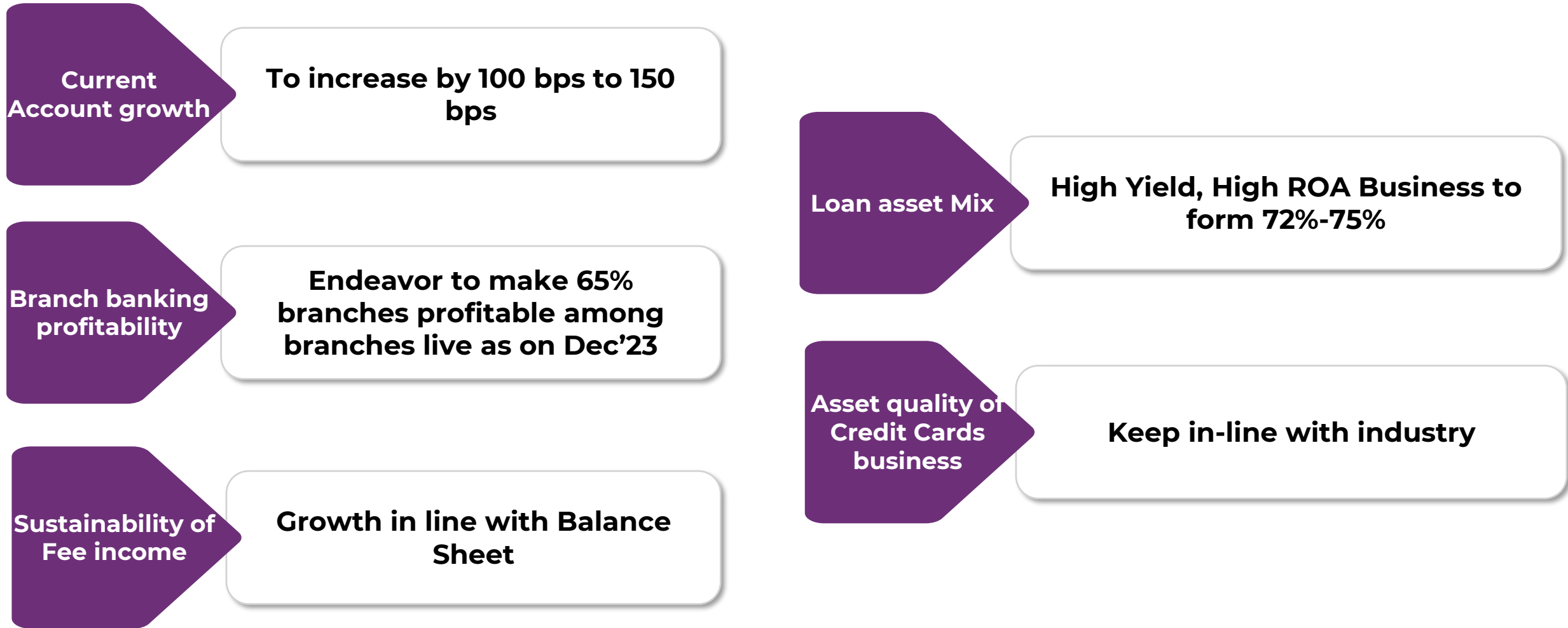
Competitive Intensity

**Strong competitive intensity for
deposits with elevated cost of
funds**

Geopolitical Situations

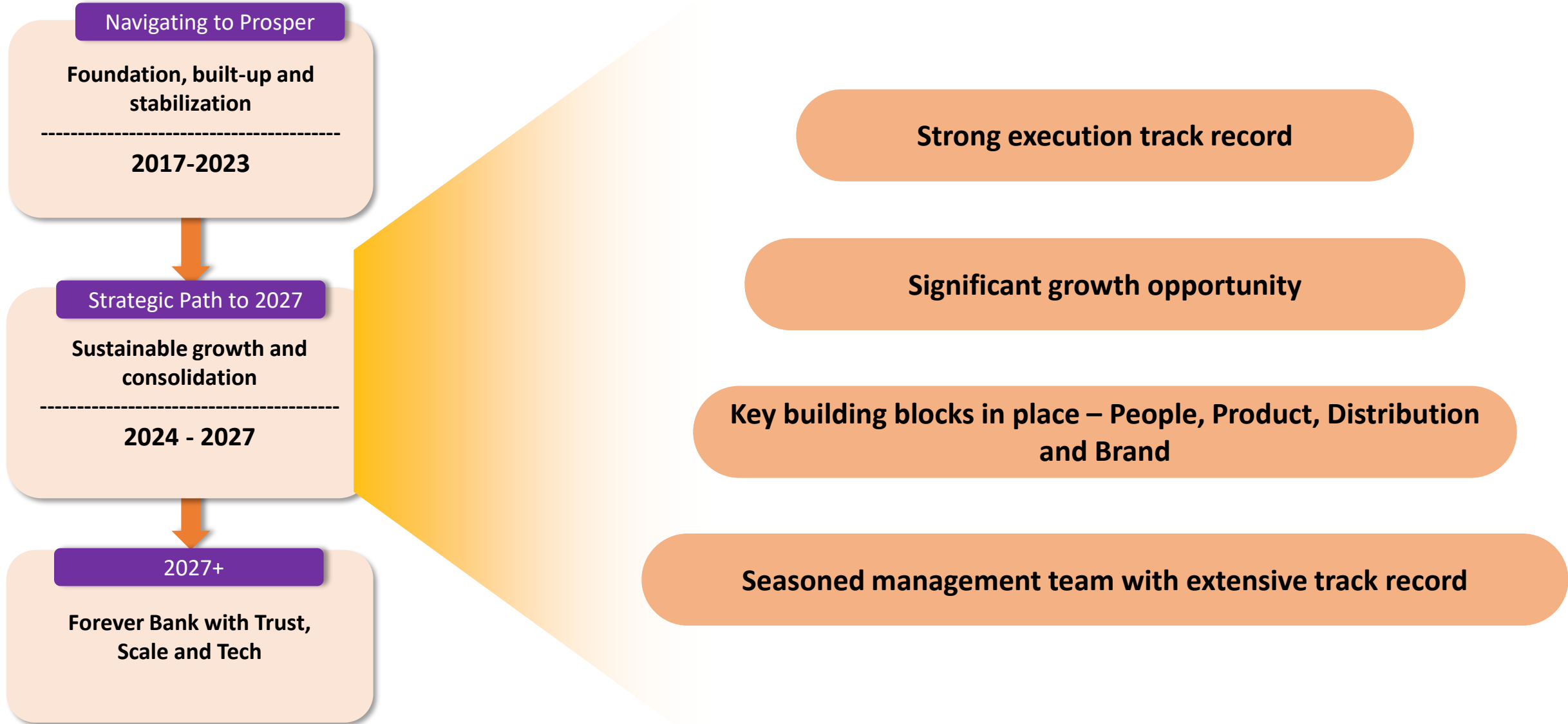
**Any prolonged geopolitical escalation
with an impact on domestic
consumption or cross border trade**

Key internal monitorable

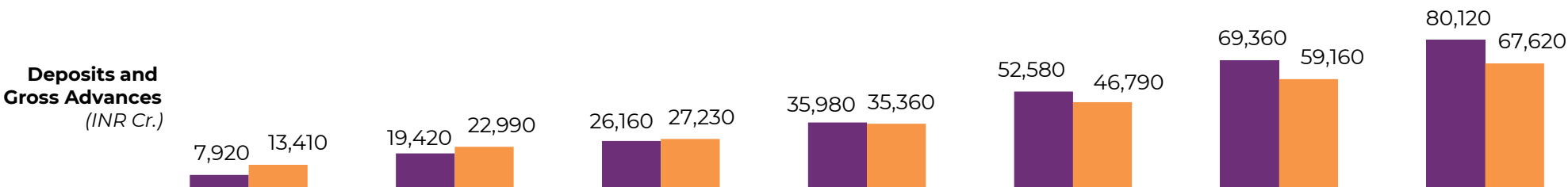


Our Investment Thesis

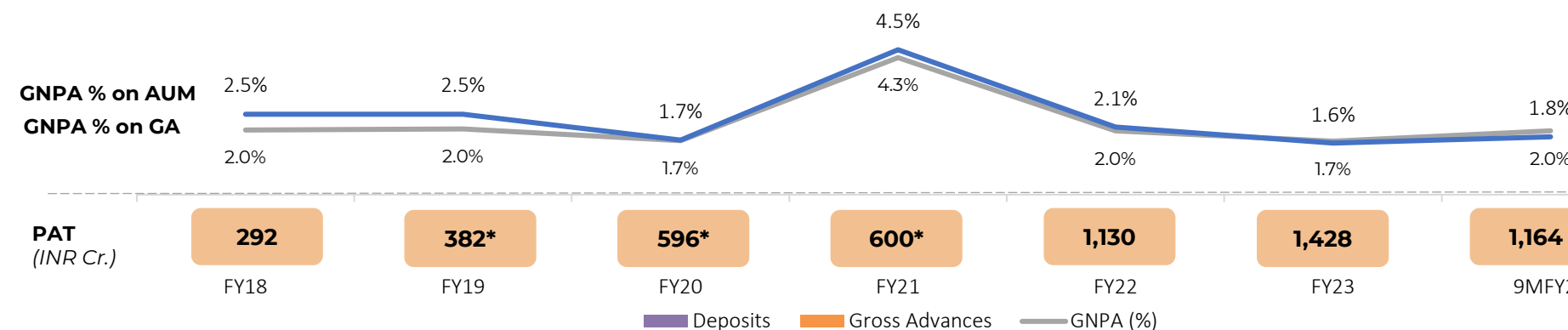
Building a Forever Bank



Highly differentiated banking franchise with strong execution track record



One of the fastest growing banking franchises



Best-in-class asset quality across multiple cycles

Consistent profitable growth

Product	Launch year	Product scale
MBL	2007	~21,000 Cr AUM
HL	2017	~5,500 Cr AUM
Business Banking	2017	~6,800 Cr AUM
Credit Cards	2021	~10 Lac cards issued
Digital Bank	2021	26 Lac Customers on AU0101 ~1,500 Cr Deposits TRV (Total Relationship Value)
Insurance	2017	11 Partners 5.75 Lac Policies YTD Dec'23 (Vs 4.25 Lac YTD Dec'22)

Consistently launched and scaled new products / propositions

Significant growth opportunity as India grows into a \$7 Tn economy by 2030

6.3%

Our GDP growth rate in next 5 years

~\$30 Tn

Projected GDP by 2047

~23%

Value of exports as a percentage of GDP in FY22

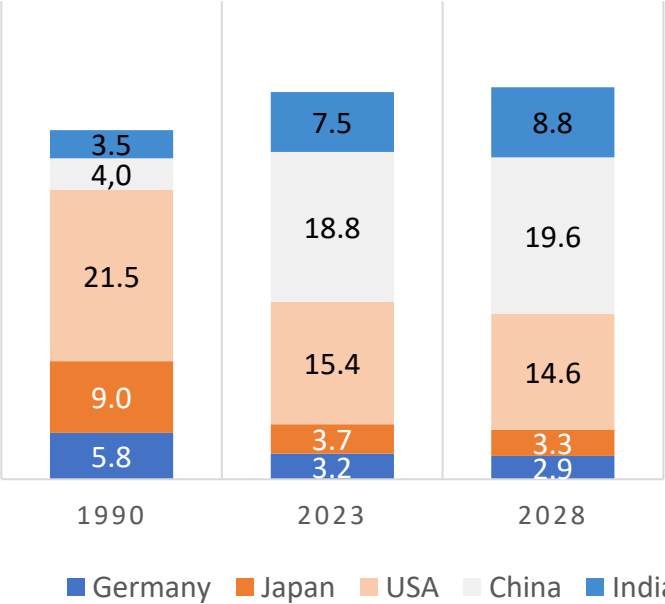
~9%

Projected share in Global GDP in 2028

\$5k

Projected per capita income in 10 years

Rising share in Global GDP from 3% in 1990 to ~9% in 2028



Healthy FDI flows

Country	% Growth in FDI in last 5 years from 2018-2022 vs 2013-2017
Philippines	38.6%
India	31.7%
Indonesia	13.4%
China	5%
World	-33.3%

Source: CLSA, Invest India, CMIE, IMF, World Bank

Product: A full-suite with digital capabilities

Deposit Franchise



DEPOSITS

Current Account
Savings Account
Term Deposit
Retail FX
UPI QR
Fastag

Diversified Asset Products



RETAIL ASSETS

Wheels
Micro Business Loan
MFI
Home Loan
Gold Loan
Credit Card
Personal Loan
Small Marginal Farmer
OD/FD



COMMERCIAL ASSETS

Working Cap. Loans
Business Loans
Agri Loans
Real Estate Group
NBFC Funding
Non-Fund Facilities
Comm. Trade & FX

Third Party Products



INSURANCE

Life
Health
Motor & General
Loan Protection
Asset Protection
SME

With 11 Partners



WEALTH

Mutual Fund
ASBA/IPO
3 in 1 Broking
Services
PMS
AIF
Fixed Income
Solutions

Digital Channels



AU0101



Merchant App

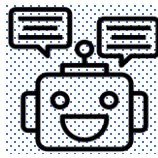
*to be launched in FY 25



Video Banking



Whatsapp Banking

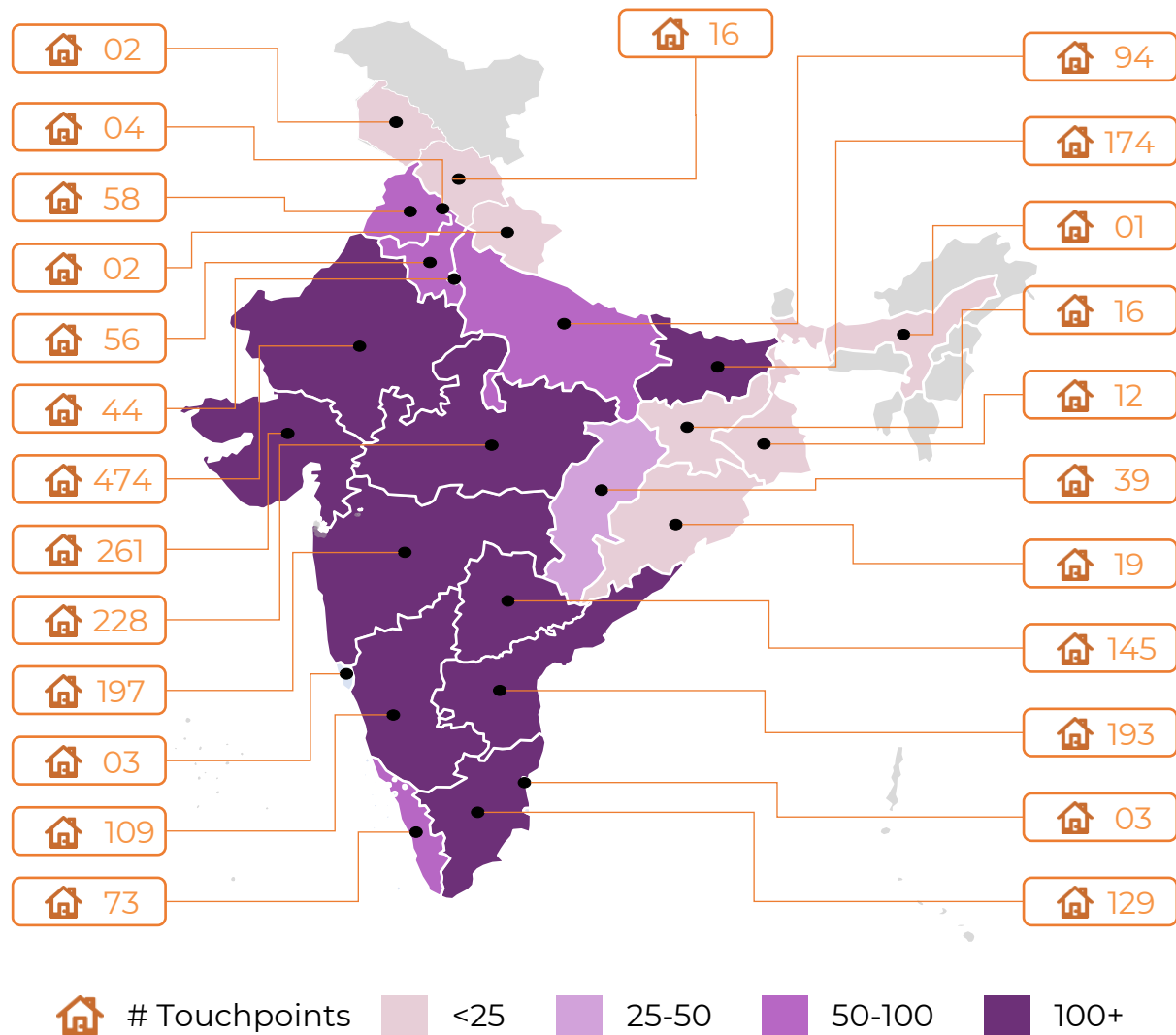


Chat Bot



IVR

Distribution: Reaching Pan India post merger



- Merger with Fincare to more than double the total touchpoints to 2,352 in 25 States and UTs
 - 9 States with >100 touchpoints
 - 4 States with 50-100 touchpoints
- Significant opportunity to expand deposit and asset franchise in South India

Touchpoints	AU	Fincare	Total
Deposit Branches	554*	138	692
Asset Center / Micro Banking Units	230	771	1,001
BCs	265	394	659
Total	1,049	1,303	2,352

* including 78 unbanked branches

Brand: Increasing Brand Equity from “Badlaav Humse Hai” Campaign



11times

Growth in Brand Search Volumes since April 2020 corresponding to growing brand awareness.

10Cr

People reached through TV, Print, Radio, Cinema, & Digital

54%

Increase in Organic Search Volume on Google
(indicates the increase in brand consideration)

7Cr+

YouTube Video Views

Badlaav Campaign

Seasoned Management Team with Extensive Track Record



Sanjay Agarwal
Founder,
Managing
Director and
CEO
27+



Uttam Tibrewal
Executive
Director
21+



Vimal Jain
Chief Financial
Officer
14+



Yogesh Jain
Chief
Operating
Officer
14+



Manmohan Parnami
Company
Secretary
15+



Vivek Tripathi
Head of Human
Resources
4+

Control Functions



Deepak Jain
Chief Risk
Officer
12+



Ashok Khandelwal
Chief
Compliance
Officer
7+



Vinay Vaish
Head of
Internal
Audit
9+



Farhan Ahmed
Chief Vigilance
Officer
9+



Ankur Tripathi
Chief
Information
Officer
10+



Vikrant Jethi
Head of
Collections
7+

Urban Branch Banking



Rishi Dhariwal
Group Head
Liability
10+

Swadesh Banking, Government & Wholesale Deposits



**Shoorveer Singh.
Shekhawat**
Head of Swadesh
Banking, Government
Business & Wholesale
Deposits
7+

Retail Assets



**Bhaskar Vittal
Karkera**
Head of Retail
Assets
7+

Commercial Banking



Vivek Tripathi
Head of
Commercial
Banking
10+

Digital Bank AU0101



**Mayank
Markanday**
Head of Digital
Bank AU 0101
7+



Vaman Kamat
Head of Credit:
Retail Assets
1+



Amit Mathur
Head of Credit:
Commercial
Banking
3+



Manoj Rathi
Head of Credit:
Digital Bank
Recently
Joined

A well-governed and compliant retail bank with strong execution track-record and a long-runway for delivering industry leading growth with superior returns

Abbreviations

BRE	Business Rule Engine
CASA	Current Account Deposits and Savings Account Deposit
CMS	Cash Management System
CoF	Cost of Fund
CRAR	Capital Adequacy Ratio
DPD	Days Past Due
ENR	Ending Net Receivable
ETB	Existing to Bank
EWS	Early Warning Signal
LCR	Liquidity Coverage Ratio
LDR/ CD	Loan to Deposit / Credit to Deposit ratio
MOB	Month on Books
NBFC	Non-Banking Finance Company
NII	Net Interest Income
NPA	Non-Performing Assets

NTB	New to Bank
NTC	New to Credit
OPEX	Operating Expenses
P&L	Profit & Loss Statement
PAT	Profit After Tax
PSL	Priority Sector Lending
QoQ	Quarter on Quarter
REG	Real Estate Group
RoA	Return on Average Assets
RoE	Return on Average Shareholder's Fund
SMA	Special Mention Account
TD	Term Deposit
YoY	Year on Year
YTD	Year to Date

Definitions

a.	Market Share	Market share calculated as per the data reported by RBI for Scheduled Commercial Banks
b.	Core Markets	Core Markets are smaller centres in rural/semi-urban which typically have a local economy built around agriculture and small businesses, and which have traditionally been our traditional markets for lending.
c.	Urban Markets	Larger centres which have more advanced infrastructure such as airports, malls etc. are defined as Urban Markets
d.	CASA Ratio	Calculation for CASA Ratio is (Current account + Savings account) /Total Deposits including CDs
e.	Yield on Advances	Yield is considered as per latest investor presentation and Annual Report
f.	NPA Calculation	Net NPA Calculation does not include contingency provisions that the bank is carrying
g.	Retail TD	Retail TD refers to all TD having balance less than ₹ 2 Cr ; Bulk TD refers to all balances of ₹ 2 Cr & above
h.	Gross Advances	Gross Advances includes billed interest
i.	Tech savvy customers	Tech savvy customers are those who are digital in their lifestyle but may not necessarily be active on AU SFB's digital channels
j.	Digital Products	Video Banking SA & CA, Credit Cards, UPI QR, Personal Loans and AU 0101
k.	Transacting Customers	Customer initiated transactions on total Savings Accounts base, excluding dormant accounts
l.	PCR	Provision Coverage Ratio (PCR) is including Technical Write off

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Note: All financial numbers in the presentation are from Audited Financials or Limited Reviewed financials or based on Management estimates.

THANK YOU



Wish More Get More

Investor Meet – The Fincare story

March 2024



Contents

1

Powering the Unified Bank:
The Fincare value-add

2

Managing Risk and Optimizing Return:
The Fincare approach



1.

Powering the Unified Bank:
The Fincare value-add

Fincare – a well-rounded inclusion-focused digital-bank



Data as of Dec 23

Deep Rural Franchise

Business model focused on **financial inclusion** in **rural** and **semi-urban areas** (presence in **92K villages** and **359 districts**)



8.6 Lakh

New customers added 9MFY24¹



~5

Products per Household¹

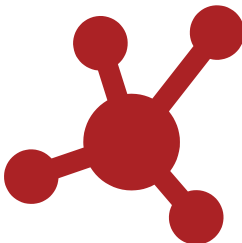


36.5%

Share of top 3 states¹

Extensive Network

One of the **highest number of banking outlets** amongst SFBs across **20 States and 3 UTs**



1,303

Touchpoints



42%

Outlets in South India



59 Lakh

Customers

High Yield Portfolio with Scale

20.2% Yield on advances with growing secured share



2.9%

ROA²



42%

Share of Secured GLP



10.9%

Net Interest Margin (%)²

Note ¹ Microfinance ; ² For 9M FY24

Fincare – a well-rounded inclusion-focused digital-bank



**Granular
Deposit Base**

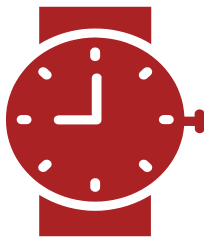
Customer base across **retail, HNI
senior citizen, and HENRY¹
segments**



9,734 Cr
Total Deposits



~80%
Share of
Retail Deposits



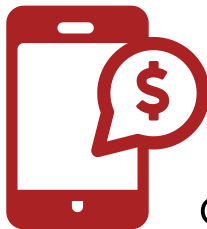
~98%
Term Deposits
with tenor > 6M

**Digital-First
Approach**

Sound tech delivery with
scalable digital solutions



100%
Cloud Native Digital
Stack



100%
Cashless
disbursement²



~200
Inhouse
IT & Digital team

**Experienced
Professional
Team**

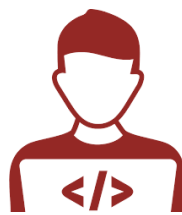
Proven track record of the
Management team



23 members
Leadership
Team



~24 years
Average
experience
of leadership team



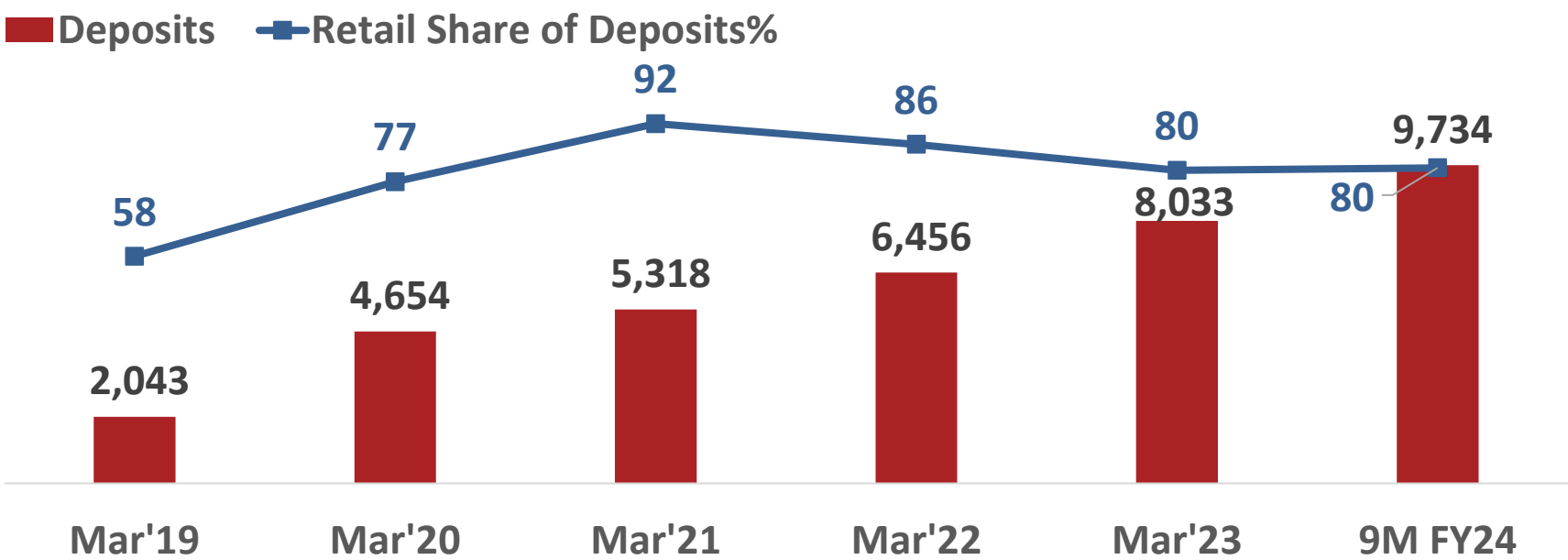
~7 Years
Average Vintage of
leadership team

Note ¹High-earning-not-rich-yet, ²Excluding Gold;

Key Performance Metrics

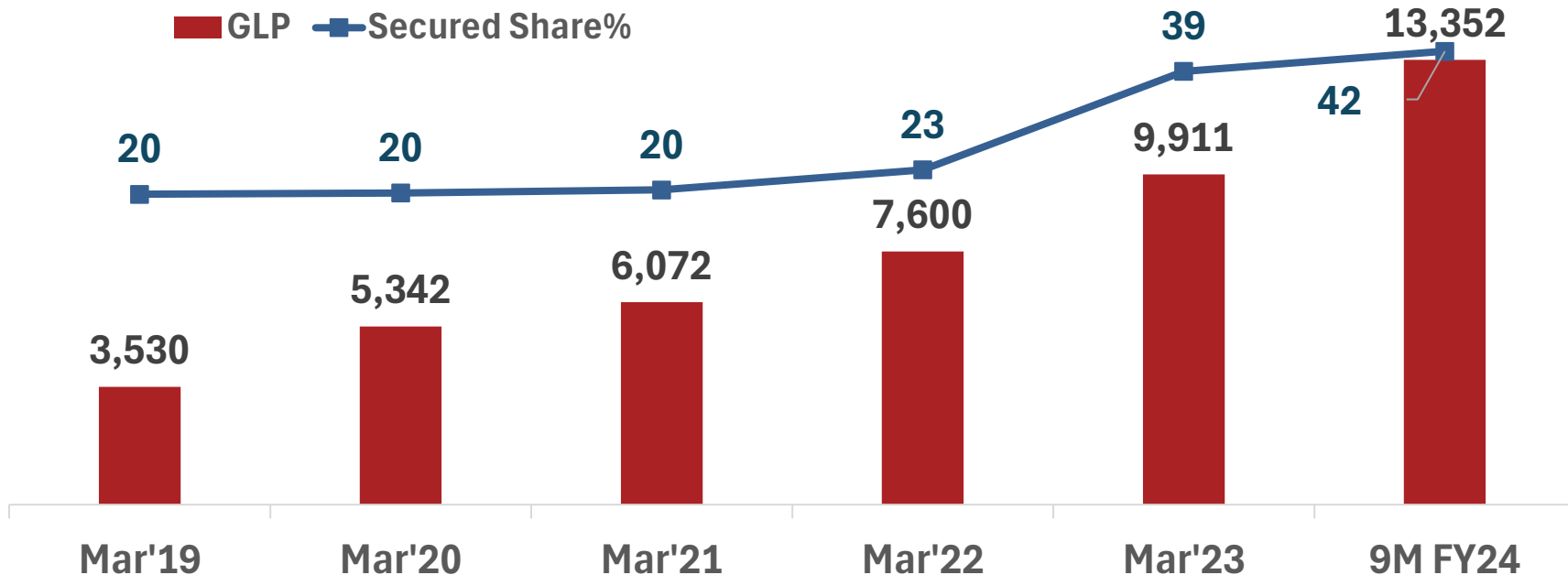


Deposits (Rs Cr)



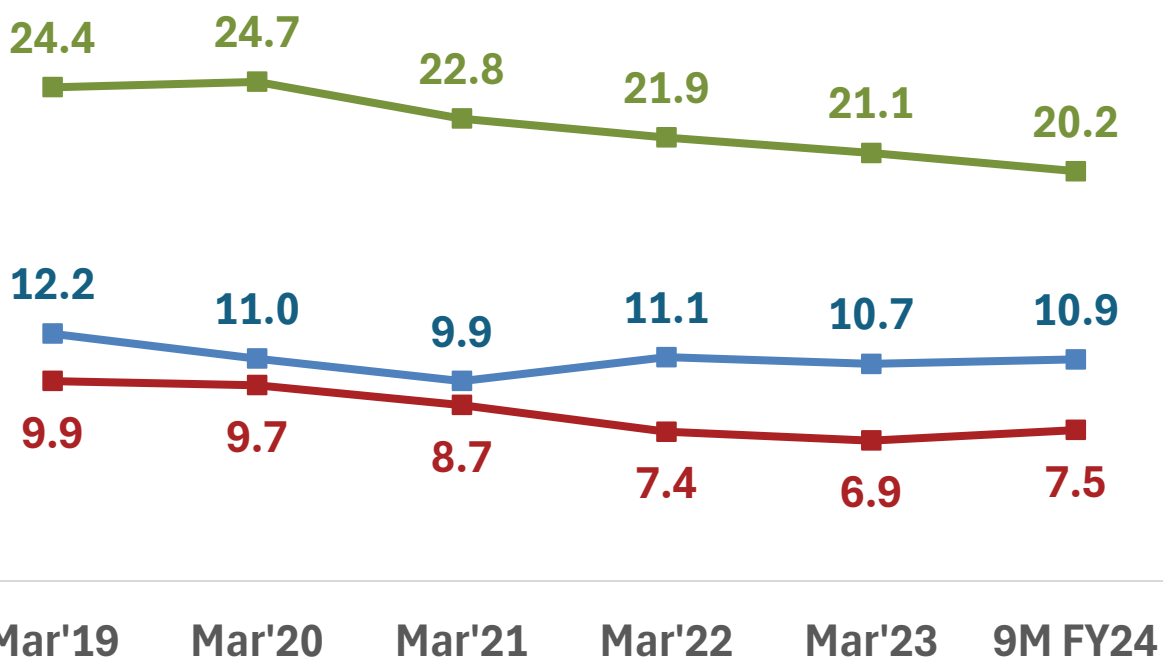
39% CAGR

Gross Loan Portfolio (Rs Cr)



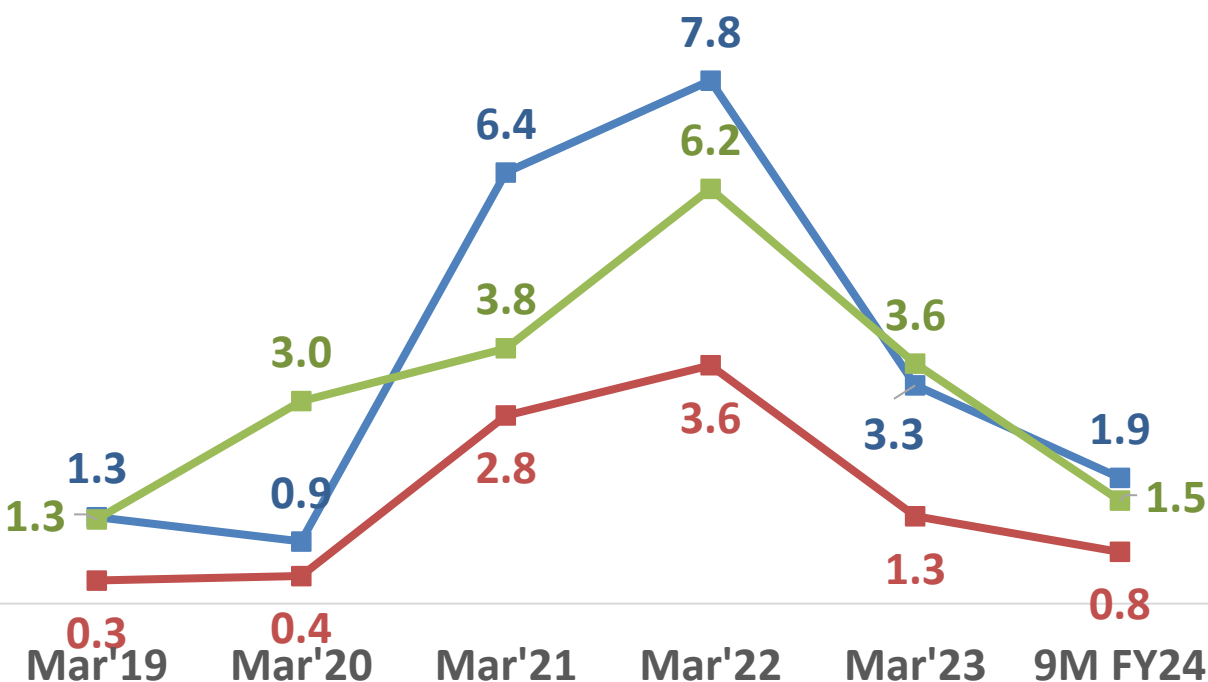
32% CAGR including COVID years

NIM% Cost of Funds% Yield on Advances%



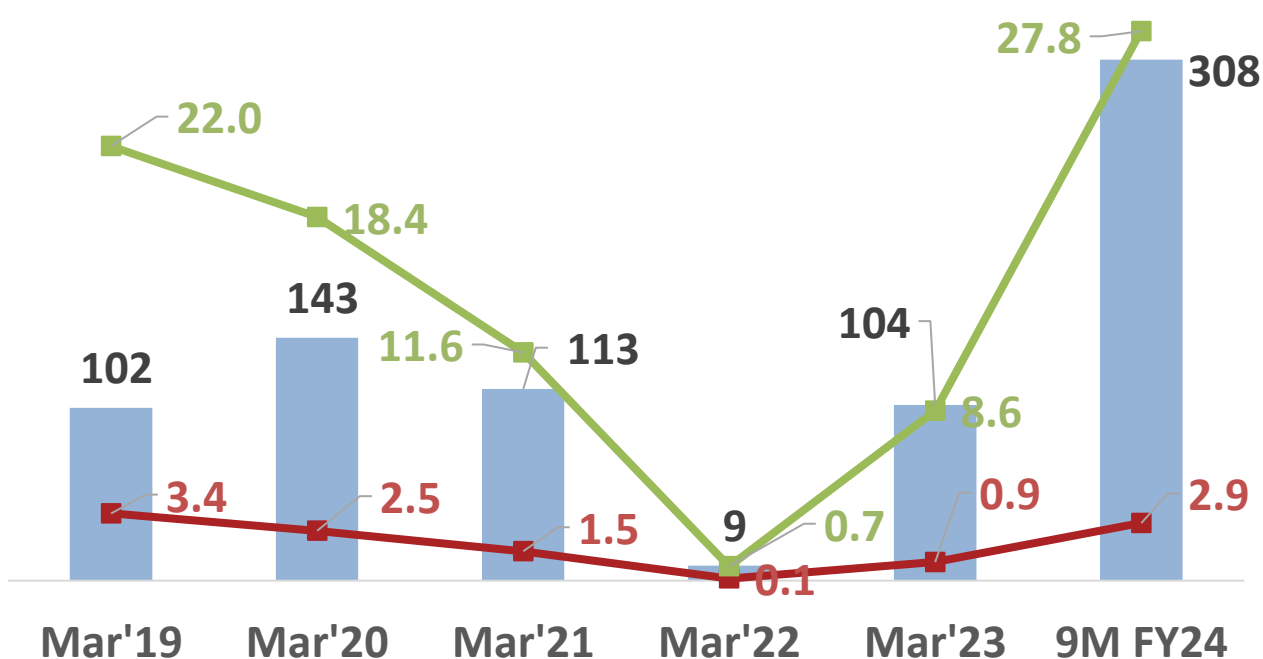
Consistent NIM > 10%

GNPA% NNPA% Credit Cost%



Normalized GNPA ~2%, Credit cost¹ ~1.5%

PAT ROA% ROE%



~14.3% Avg. ROE for last 6 years

Note -¹Net of recovery, Average credit cost of 3.3% for the period

Diversified and granular loan book



Product	Product Characteristics ¹	% of total portfolio				GLP (Rs Cr)			
 Microfinance Loan	Average Disbursal Ticket Size - ~INR 0.4 Lakh	79.8%	76.6%	61.0%	57.5%	CAGR– 18%	4,843	5,824	6,045
	Average Tenor - 2 years								
	Portfolio ROI - 25.1%								
		FY 21	FY 22	FY 23	9M FY 24		FY 21	FY 22	FY 23
 Small Business Loan	Average Disbursal Ticket Size - ~INR 8.0 Lakh	10.8%	11.9%	15.8%	17.1%	CAGR– 58%	653	905	1,565
	Average Tenor - 8.3 years								
	Portfolio ROI - 18.7%								
		FY 21	FY 22	FY 23	9M FY 24		FY 21	FY 22	FY 23
 Affordable Housing Loan	Average Disbursal Ticket Size - ~INR 10.7 Lakh	1.4%	5.1%	12.3%	14.5%	CAGR– 214%	83	387	1,217
	Average Tenor - 11.3 years								
	Portfolio ROI - 13.7%								
		FY 21	FY 22	FY 23	9M FY 24		FY 21	FY 22	FY 23
 Gold Loan	Average Disbursal Ticket Size - ~INR 1.2 Lakh	5.8%	5.5%	8.7%	8.8%	CAGR– 55%	352	418	858
	Average Tenor - 6 months								
	Portfolio ROI – 16.9%								
		FY 21	FY 22	FY 23	9M FY 24		FY 21	FY 22	FY 23

Note – Other loans include Institutional Finance – 175 Cr, ODAP – 34 Cr, ODFD – 30 Cr, Supply Chain – 23 Cr and Others – 10 Cr; ¹Data as of Dec 23



2.

Managing Risk and Optimizing Return: The Fincare approach

Microfinance



Joint Liability Group model of lending for income generating activities to women primarily in rural areas

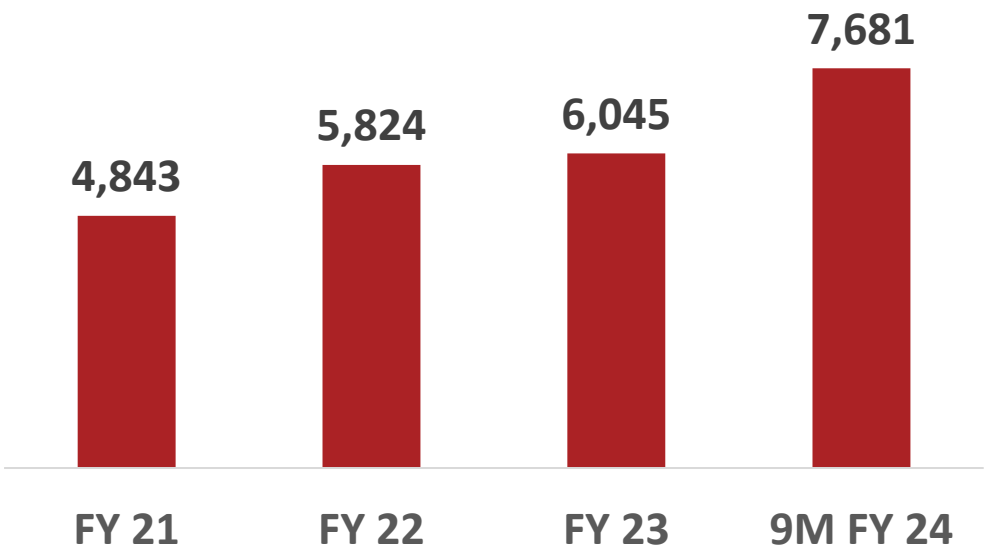
15 Years + experience in Microfinance operations

Sole lender to borrowers ~37%	Top 3 State Concentration 36.5%	Villages ~92K	No. of customers 29 Lakh (32 Lakh loan a/c)
Average Disbursement Ticket Size ~42K	Avg. Customer Exposure ~26K	Rural savings accounts 36 Lakh	Recurring Deposits ~8.7 Lakh

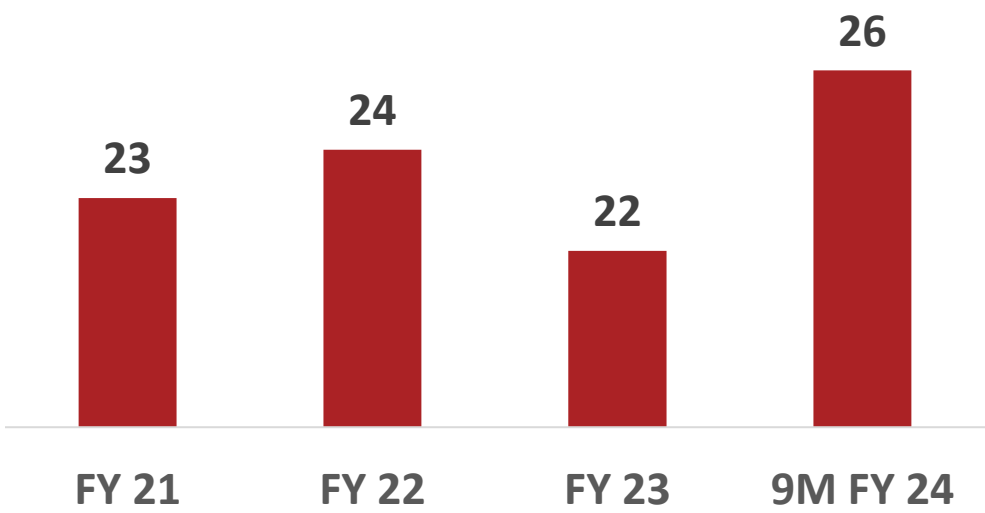
Focus on business efficiency

- ✓ Stable Microfinance team with average vintage of 8.8 years
- ✓ 100% customers have own Savings account & debit cards, ~9.1 Lakh customers with DBT linkage to Savings Account
- ✓ High tech, high touch model supported by robust internal digital applications
- ✓ Superior operating metrics including Case load - 571 and GLP ~1.7 Cr per loan officer
- ✓ Pivot from micro-loans to micro banking ~5 products per household

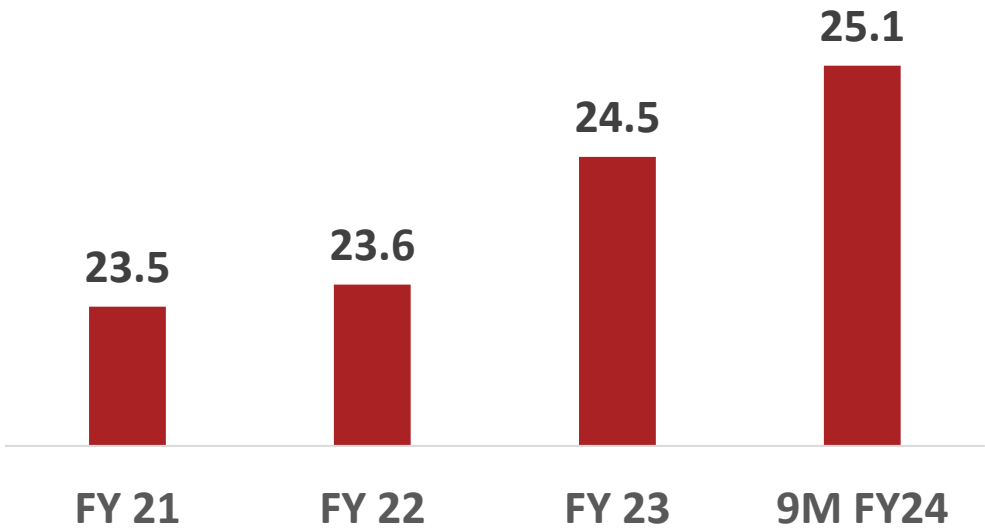
GLP (Rs Cr)



Avg Customer Exposure (000's)



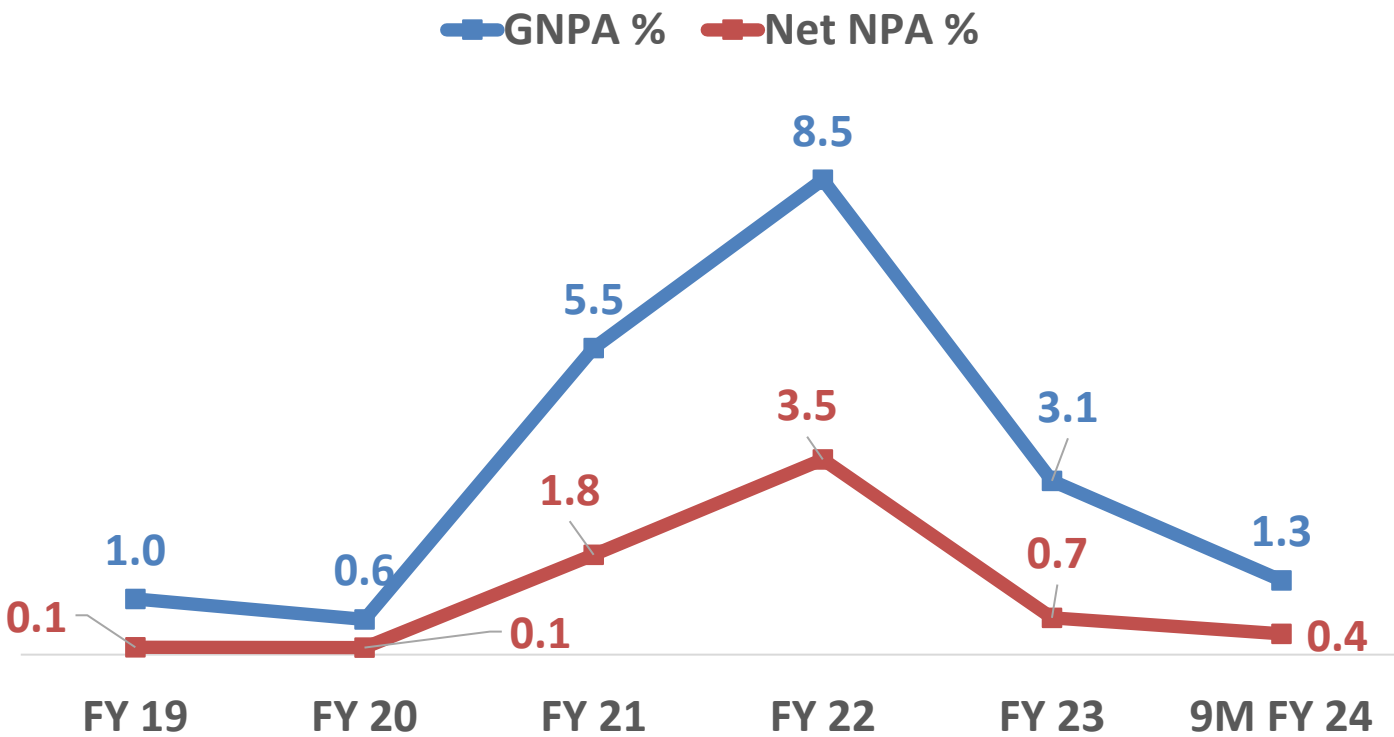
Portfolio ROI %



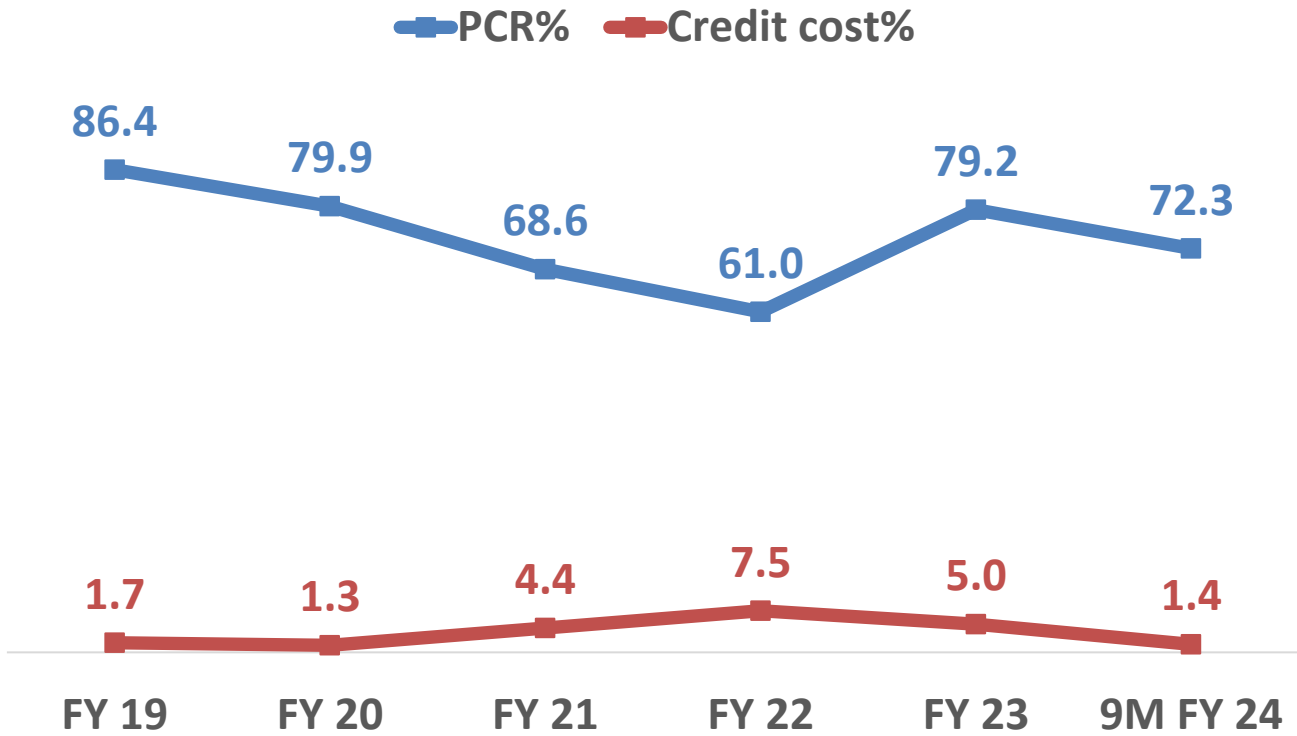


Business Model built on strong principles and controls perfected over the years

GNPA¹ & NNPA¹



Credit Cost & PCR²



Strong sourcing controls

- ✓ 100% E-KYC based loan origination
- Focus on new customer acquisition:
✓ 8.6 Lakh customers onboarded in 9M FY24 (60-70% month-on-month)
- ✓ 100% group training & house verification

Strong underwriting controls

- ✓ Max loan for New to Bank- 55K and 2nd cycle and above customer- 70K
- ✓ Max obligation for New to Bank- 150K and renewal customer- 175K
- ✓ Automated credit appraisal through m-Care app
- ✓ Personalized score-card based loan eligibility visible in app

Strong operational controls

- ✓ Disbursal directly to Fincare bank account, E-authentication and E-sign based disbursement
- ✓ Collected amount credited directly to loan account through m-serve app
- ✓ One of the strongest remote digital + field audit process
- ✓ High touch model with monthly center meetings with clients

Note -¹Calculated on GLP ; ²PCR is excluding write off

Microfinance - Risk Mitigation



Proactively implemented mitigation strategies considering the risks in the Microfinance industry

Fraud, evergreening, ghost loans and pipelining in the segment

External factors affecting the business such as political risk, natural calamity, community risk

Cyclic nature of business with period of uncertainty in between

- ✓ **100% eKYC** to eliminate ghost loans and prevent field level misappropriation
- ✓ **E-Sign & E-Auth** at various steps with customer presence mandatory for cash withdrawal
- ✓ **100% cashless** disbursement in Savings account, **GPS codes** of customers on record
- ✓ In-house Audit Mgmt. System - **100% branches audited at higher frequency** (1st among SFBs)
- ✓ **Mandatory route/branch rotation** at regular frequency to prevent collusion

- ✓ **Granular book** - exposure with Fincare lower than industry average
- ✓ **Cap on portfolio exposure** at state (15%) and district levels (3%)
- ✓ Top state concentration of **14.3%** – one of the lowest in the industry
- ✓ Top two districts have portfolio concentration of **3% and 1.5%**
- ✓ Field leadership team with **strong field connect** and risk mindset

- ✓ **No surprises in last 16 years** in the segment due to operational reasons
- ✓ Automated/**rule-driven JLG underwriting** with field rejection override option
- ✓ **Tighter rejection rate** – any outstanding > 1k at any point of time (**37% Gross renewal rate**)
- ✓ High customer engagement for financial literacy and driving credit appropriate behavior
- ✓ **~900** member collections team to ensure recovery of DPD & write-off cases

Navigated the Covid wave leveraging business profitability

Small Business Loan



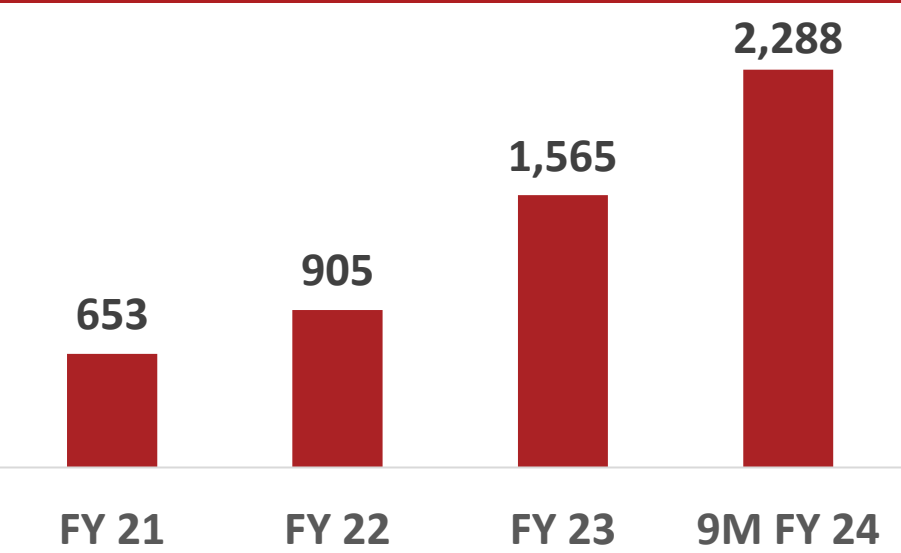
Serving the needs of self-employed from informal segment

Active Loan Count 35K	Number of Customers 31K	Loan To Value 31%	Average Disbursement Ticket Size 8 Lakh
Connector Sourcing 60%	NTB Acquisition 99%	Average EMI Amount 16K	Average Tenor 8.25 years

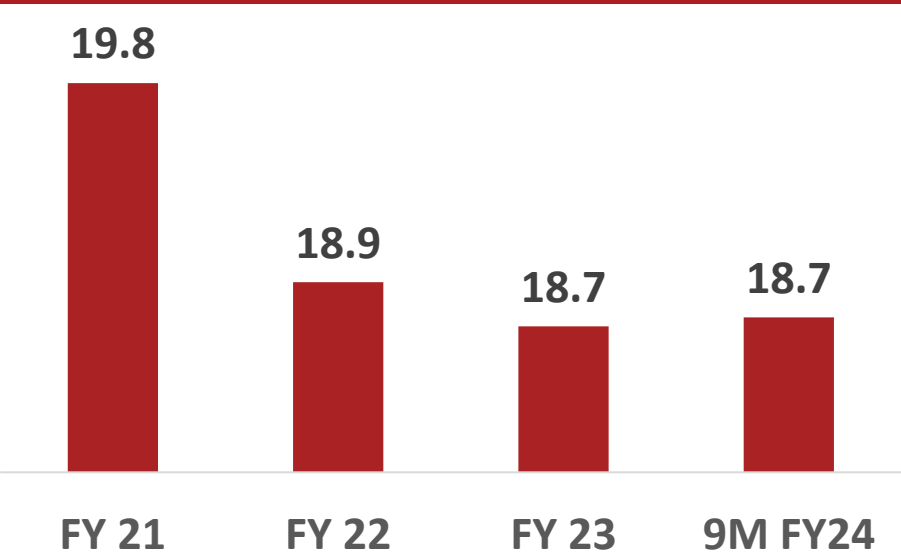
Focus on risk-managed growth

- ✓ **End-to-end paperless & automated origination workflow** using proprietary D'Lite platform, integrated with 2 credit bureaus
- ✓ Low portfolio LTV (31%), **94% self-occupied collaterals**, 97% loans less than Rs 25 Lakh value, low tenure risk (avg. 8.25 yrs)
- ✓ **100% portfolio with centralized underwriting**, integrated Account aggregator in underwriting journey
- ✓ 100% of loan disbursals made instantly in customer's Savings Accounts with our Bank and EMI repayment thru' **SI mandate**
- ✓ Deep distribution in **South with ~ 300 branches & 92% contribution to portfolio**, Geo limit < 30kms

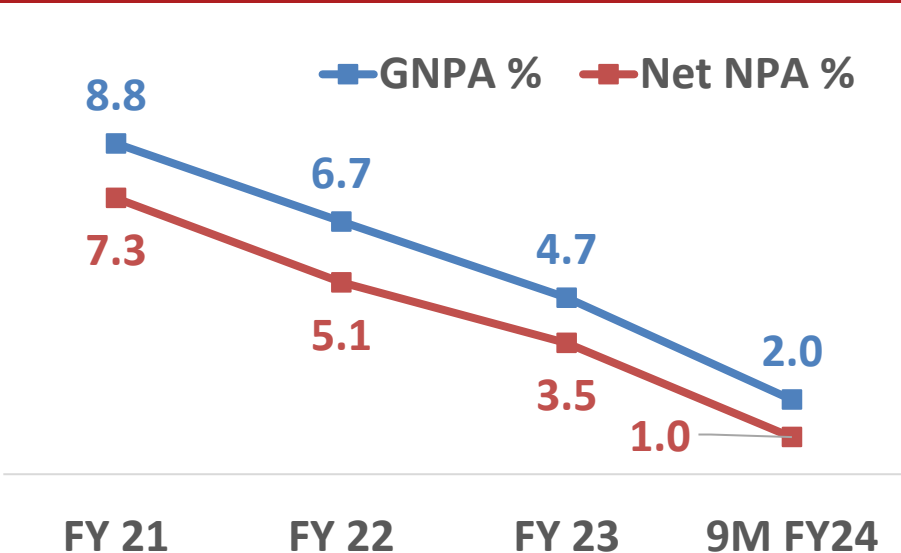
GLP (Rs Cr)



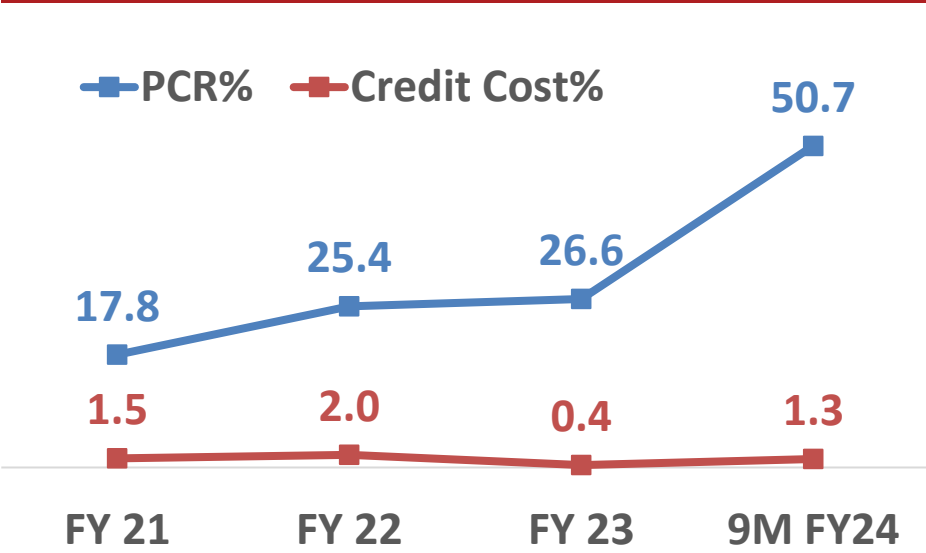
Portfolio ROI %



GNPA¹ & NNPA¹



Credit Cost & PCR²



Note -¹Calculated on GLP ; ²PCR is excluding write off

Affordable Housing Loan



Fulfilling the dream of home ownership for urban & semi-urban customers

Active Loan Count 20K	Number of Customers 19K	Loan To Value 36%	Average Disbursement Ticket Size 10.7 Lakh
Connector Sourcing 74%	NTB Acquisition 99%	Average EMI Amount 15K	Average Tenor 11.3 years

Focus on risk-managed growth

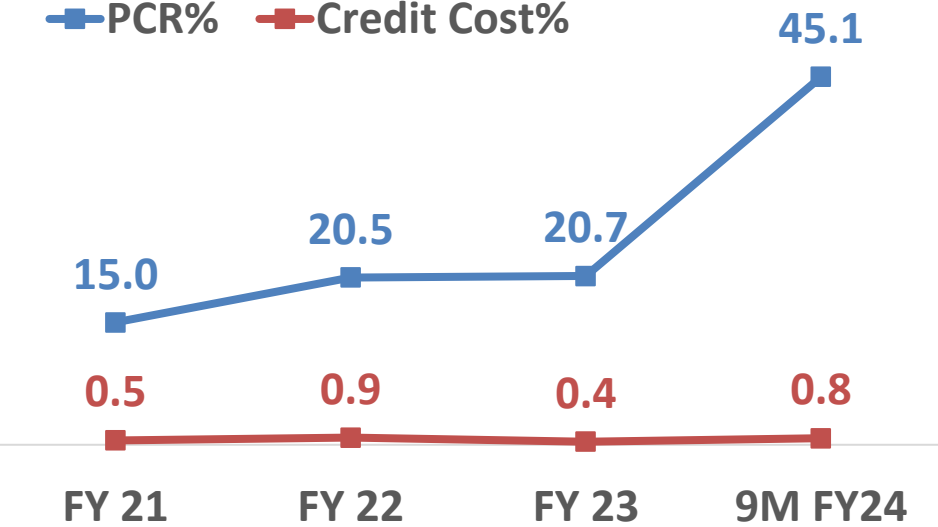
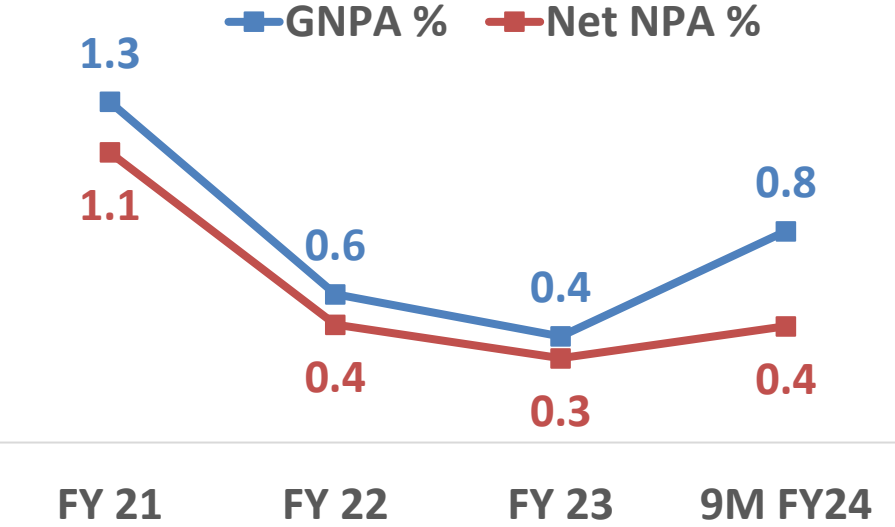
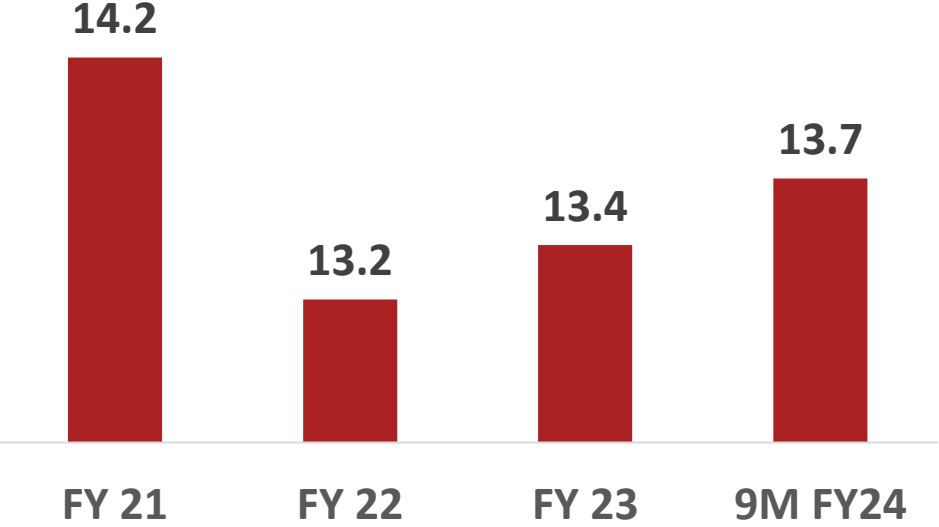
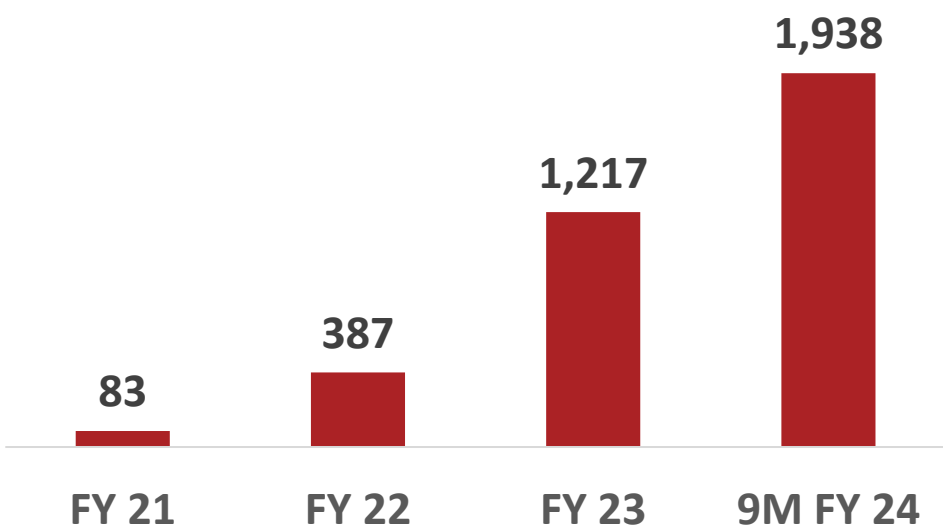
- End-to-end paperless & automated origination workflow using proprietary D’Lite platform, integrated with two credit bureaus
- 2/3rd of the portfolio for self-construction, home improvement needs of the customer
- Low Loan to Value ratio (36%), **granular ticket size** (avg. 10.7 Lakh)
- 100% of loan disbursals made instantly in customer’s Savings Accounts with our Bank and EMI repayment thru’ **SI mandate**
- Focused distribution play in **southern geographies** with ~ 300 branches contributing **86% share** of the total book

GLP (Rs Cr)

Portfolio ROI %

GNPA¹ & NNPA¹

Credit Cost & PCR²



Note -¹Calculated on GLP ; ²PCR is excluding write off

Gold Loans



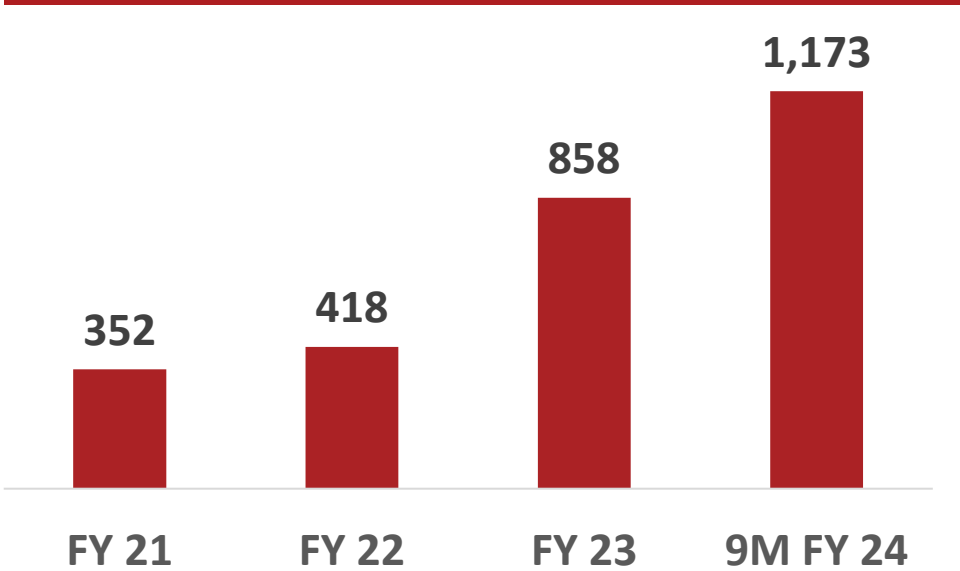
Bridging the need for loan for business expansion through affordability and distribution

Active Loan Count	Number of Customers	Loan To Value	Average Disbursement Ticket Size
94K	71K	73%	1.2 Lakh
Connector Sourcing	NTB Acquisition	Repeat & Cross-sell	Average Tenor
3.5%	36.6%	63.4%	6 Months

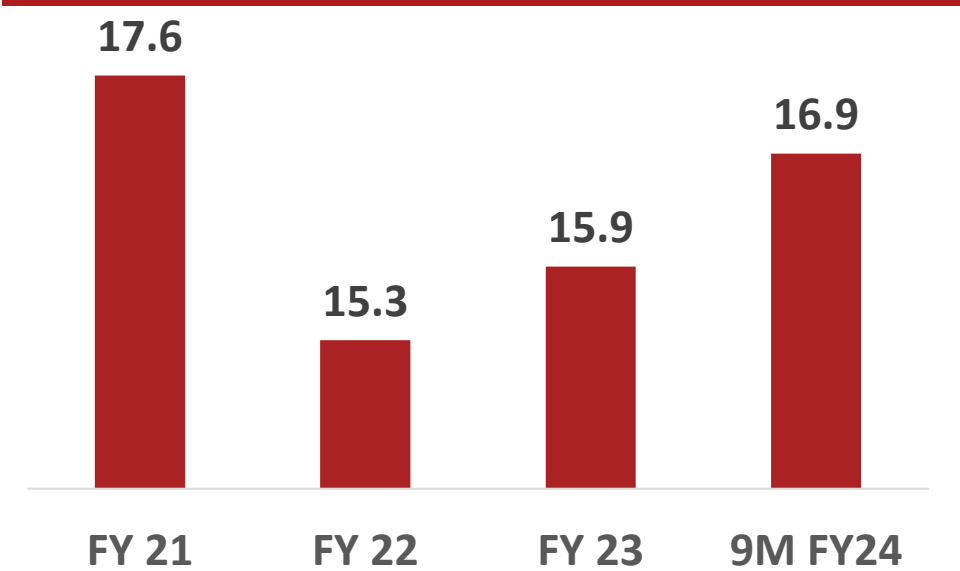
Focus on risk-managed growth

- End-to-end digital journey with mandatory customer **biometric authentication during disbursement and closure**, reduces risk of stolen gold / customer not present transactions
- Valuations and Loan Processing independent of sourcing teams with robust **maker-checker process** to reduce risk of staff frauds.
- 100% internal audit** of purity of all gold packets, reduces risk of spurious gold / over valuation, risk-based methodology
- Mandatory revaluation** of collateral on renewal / top-up loan processing
- Strong presence in South with **75% share** of the portfolio

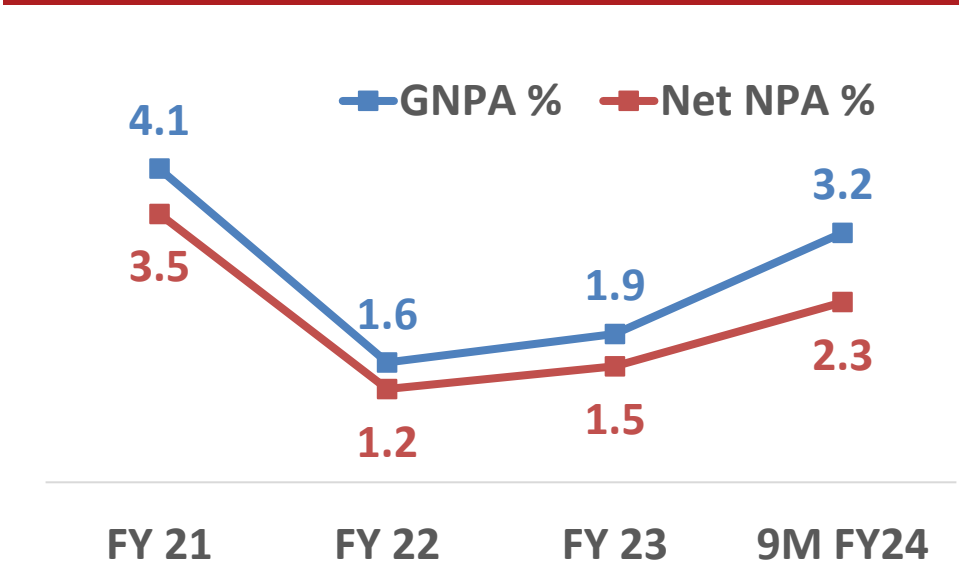
GLP (Rs Cr)



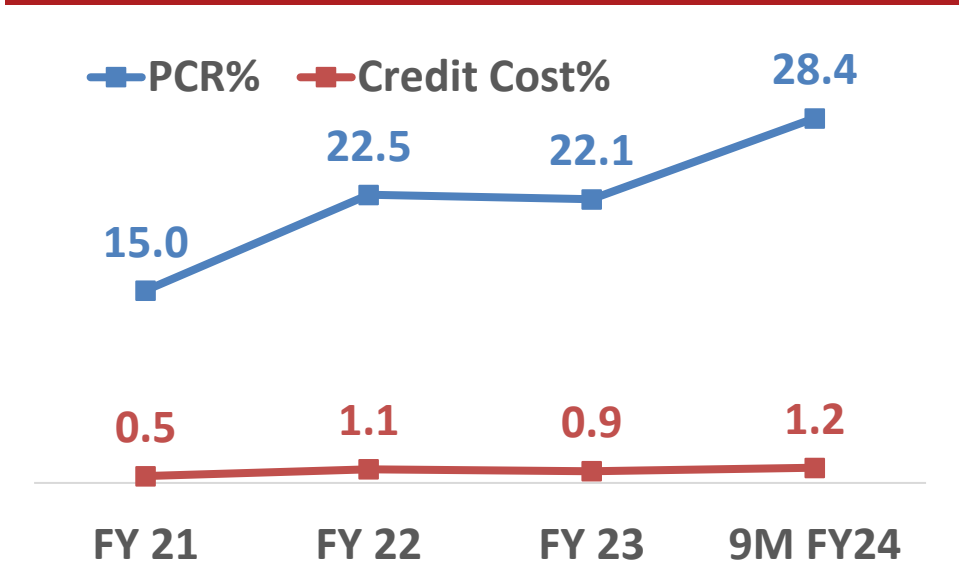
Portfolio ROI %



GNPA¹ & NNPA¹



Credit Cost & PCR²

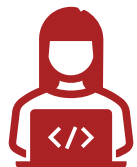


Note -¹Calculated on GLP ; ²PCR is excluding write off

In-house Digital: Key to great customer experience, better productivity and enhanced efficiency



~200 strong in-house digital team combined with 100% cloud-native digital stack emulates the DNA of a fintech



Entire digital stack built in-house – transitioned to AWS for hyper scalability and security



Average 3 rollouts/day on the back of most modern reusable backend architecture



Strong compliance & governance controls: Built on modern apps conceptualized and designed in-house



Amongst top 1.8% Bitsight score (info-sec) across financial institutions globally



Among few SFBs to transition Microloans booking to CBS - no product outside CBS – best-in-class regulatory compliance



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Annexure - Formulae



Balance Sheet	GLP	Total Gross loan Portfolio incl IBPC & Sec
	Secured Share	Total Gross loan Secured portfolio/Total Gross loan Portfolio
	Deposits	Total Deposits
	CASA	(CA+SA)/Total Deposits
	Net-worth	Capital + ESOP + Reserves & Surplus
	CRAR	(Tier I Capital + Tier II Capital)/RWA
	Leverage	Total GLP / Networth
Spreads/ Profitability	NIM	(Interest Income + Gain on Assignment + Investment Income - Financial expense)/(Average Total GLP + Average Investment)
	Yield	(Interest Income + Gain on Assignment)/(Average Total GLP)
	Cost of Funds	Financial Expenses/(Average Deposits + Average Borrowings (incl. IBPC))
	ROA	PAT/Average Total Assets (BS)
	ROE	PAT/Average Net-worth
	PAT	Profit after Tax
Efficiency/ Asset-Quality	GNPA	GNPA/ Total GLA
	NNPA	(GNPA- Provision) / (Total GLA – Provision)
	Non-Interest Income	(Processing fee + Other Income)/Contributed Value
	Opex/Business	Opex/(Average Total GLP + Average Total Deposits)
	Credit to Deposit Ratio	Net Advances/Total Deposits
	Retail Share of Deposits	(CA + SA + Retail FD + RD)/Total Deposits