

**BADLAAV
HUMSE HAI**



INVESTOR PRESENTATION Q2'FY24

Sustainable Business Model | Retail Focused | Tech-Led | Customer Centric | Well Governed

1

Management Update

2

Operating & Financial Highlights

3

Liabilities Performance

4

Assets Performance

5

Digital Bank AU 0101

6

Other Key Information

1. Management Update



Stable quarter with consistent performance



Profitability remains resilient with RoA at 1.7% and RoE at 13.9% for Q2'FY24



Focusing on productivity & efficiency and controlled operating expenses



Won “The Best Small Finance Bank 2021-22” at Financial Express Awards 2023

Key Messages

- ❑ Global macro situation continues to remain under watch with evolving geo-politics, persistent inflation, rising oil prices and historically high UST yields. This clubbed with tighter liquidity in the domestic market has ensured that **interest rates continue to remain elevated**
- ❑ The competitive intensity for deposits remains high and the Bank is navigating the environment carefully with **focus on optimizing deposit growth, cost of fund and liquidity buffers**
- ❑ After choosing to consume excess liquidity in Q1, the Bank has **grown its deposits by 9% QoQ and 30% YoY** during Q2'FY24 led by a strong CASA growth of 6% on QoQ basis. The deposits continue to reprice, and the cost of funds rose by 12bps QoQ to 6.70% with **average CoF for H1'FY24 at 6.64%**
- ❑ During the quarter, Bank securitized ₹2,922 Cr of loan assets. Net of securitization, bank saw a 2% QoQ and 24% YoY growth in gross advances. While the yield on gross advances remained flattish at around 13.3%, owing to changing business mix, the quarter saw another 27bps increase in disbursement yields on sequential basis taking the total **increase in yield on disbursement in H1'FY24 to ~41 bps over FY23**
- ❑ Sequentially, the margin compression reduced by 14 bps during Q2'FY24 with **overall NIM at 5.5% for Q2 and 5.6% for H1'FY24**. For FY24, we expect the margin to remain within our guided range
- ❑ Asset quality remain within our range with some seasonal forward bucket movement, as is synonymous with H1 of any FY and tends to stabilize post festive season. There are **no specific pockets of stress or any EWS** and the **credit cost has begun to normalize after being at historic lows** in the post-covid recovery period
- ❑ Overall, the management continues to focus on seamlessly executing our strategy till **Mar 2027** as **once we complete 10 years as a Bank** and attain scale, **our size and operating leverage will give us advantage beyond 2027**; We continue to prepare for that phase making the balance sheet stronger and diversified
- ❑ In this period, we **are working with more knowns than unknowns** and have initiated work on each aspect – Sustainable asset growth, retail deposits, digital banking, transaction banking, payments, credit cards, rural banking, priority sector lending, building strong brand and distribution, stable Leadership and Management and developing our ESG framework

Other Highlights

- ❑ During Q2, Bank on-boarded **~3.65 Lacs new customers** of which **45% were via digital products and channels**; Additionally, we issued **~1.23 lac** credit cards and opened **~54K** savings accounts and **~1.7k** current account via Video Banking + AU 0101 during the quarter
- ❑ Continuing with our “Badlaav Humse Hai” philosophy, Bank has launched its **new brand campaign “Soch Badlo aur Bank Bhi”** with our brand ambassador “Ms. Kiara Advani”, covering all key communication medium to bolster our brand and connect with our customers
- ❑ On the back of the successful launch and reception of our super-premium “**IVY Banking** program”, the Bank launched “**Zenith+ Credit Card**”, a **super premium Metal Credit Card** program offering a blend of luxury and convenience that brings a host of exclusive benefits that caters to diverse aspects of modern premium lifestyle
- ❑ On World Sustainability Day, the Bank has launched its first “**Green Fixed Deposits**” called “**Planet First**” to cater and support renewable and green projects and address climate change risks and reduce emissions. This product, **assured by CRISIL**, is compliant with RBI’s latest framework on Green Deposits and the proceeds will be use for green lending
- ❑ Continuing our focus towards Digitalization and building efficiency, **Bank went live with Wheels Loan Origination System** in Collaboration with SFDC (platform) and FICO (Business Rule Engine) for **Auto Loan and 2- Wheeler**. This has enabled us to offer complete STP journey for Personal Cars. In the initial phase, FICO’s BRE platform has enabled us **increase our STP rates to ~30% while our decline rates have been reduced by 50%**
- ❑ Bank remains on track to operationalize AD-I License and set up Transaction Banking group by early Q4
- ❑ To further strengthen and augment organizational effectiveness and drive concentrated focus towards building our Forever Bank, the Bank has realigned itself in 5 business groups to manage the SBU structure (details in Slide No 8)
 - Urban Branch Banking
 - Swadesh banking, Government and Wholesale Deposits
 - Retail Asset
 - Commercial Banking
 - Digital Bank AU 0101

Q2'FY24 Financial performance snapshot

Balance Sheet	₹ 95,977 Cr +23% YoY
Deposits	₹ 75,743 Cr +30% YoY
Gross Advance	₹ 65,029 Cr +24% YoY
CASA/CD Ratio	34%/85%
GNPA/NNPA	1.91%/0.60%
Net Profit	₹402 Cr +17% YoY
RoA/RoE	1.7%/13.9%
Tier I/CRAR ¹	21.0%/22.4%

- Deposits grew 9% QoQ; CASA ratio at 34%; CASA + Retail TD mix at 66%
- Gross advances grew 24% YoY and 2% QoQ. In this quarter, Wheels and MBL (erstwhile SBL) portfolio (incl. securitized) crossed landmark of ₹25,000 Cr and ₹20,000 Cr respectively
- NII grew by 15% YoY; Core Other Income grew by 69% YoY driven by healthy growth in disbursements, increasing contribution of credit card & bancassurance income, and increasing share of transactional customers
- Core PPop saw a strong growth of 28% YoY and 20% QoQ supported by fee income growth and some moderation in opex growth; Cost/Income ratio for Q2'FY24 declined to 61.3% vs. 65.0% in Q1'FY24;
- GNPA increased by 15 bps during the quarter to 1.91%; Quarterly slippage has remained similar to last few quarters however ~8bps of GNPA increase can be attributed to low base effect as we had securitised ₹2,922 Cr of loan assets in this quarter; Restructured assets have reduced to 0.8% of gross advances
- PCR at 73% including technical write-off and floating provision. Bank has ₹96 Cr of provision against contingency and standard restructured assets
- For H1'FY24, PAT grew by 29% YoY at ₹ 789 Cr vs ₹ 610 Cr in H1'FY23 whereas RoA and RoE remained consistent at 1.7% and 13.9% respectively
- Average LCR for the quarter was at 125%

Note – Tier I /CRAR as on Sept'23 is including profits and as per audited financials

2. Figures throughout this presentation may be subject to rounding adjustments and therefore may not sum precisely to totals given in charts, tables or commentary

Focus areas for FY24

NIM

NIM is expected in the range of 5.5%-5.7% as COF continues to remain elevated

- ❑ Margin impact will be gradual ahead
 - Bulk of the repricing is over but pressure from recent increase in peak deposit rates by 25bps on both SA and TD
 - Incremental disbursement yield improved by ~41 bps YTD Sept vis a vis FY23
- ❑ Higher % of fixed rate book in our advances. This will help us once interest rate cycle reverses

Cost to Income Ratio

C/I expected to be in FY23 range and then come down to ~60% in next 2 years

- ❑ Continued Investment in distribution, credit cards, digital, wealth and transaction banking
- ❑ Focus on optimising operating cost and building efficiency and productivity through digital initiatives. Stable manpower in last 18 month
- ❑ Most of the profit pools will start delivering by the end of FY25 – credit card, wealth, digital, transaction banking, x-sell etc.

Profitability and ROA

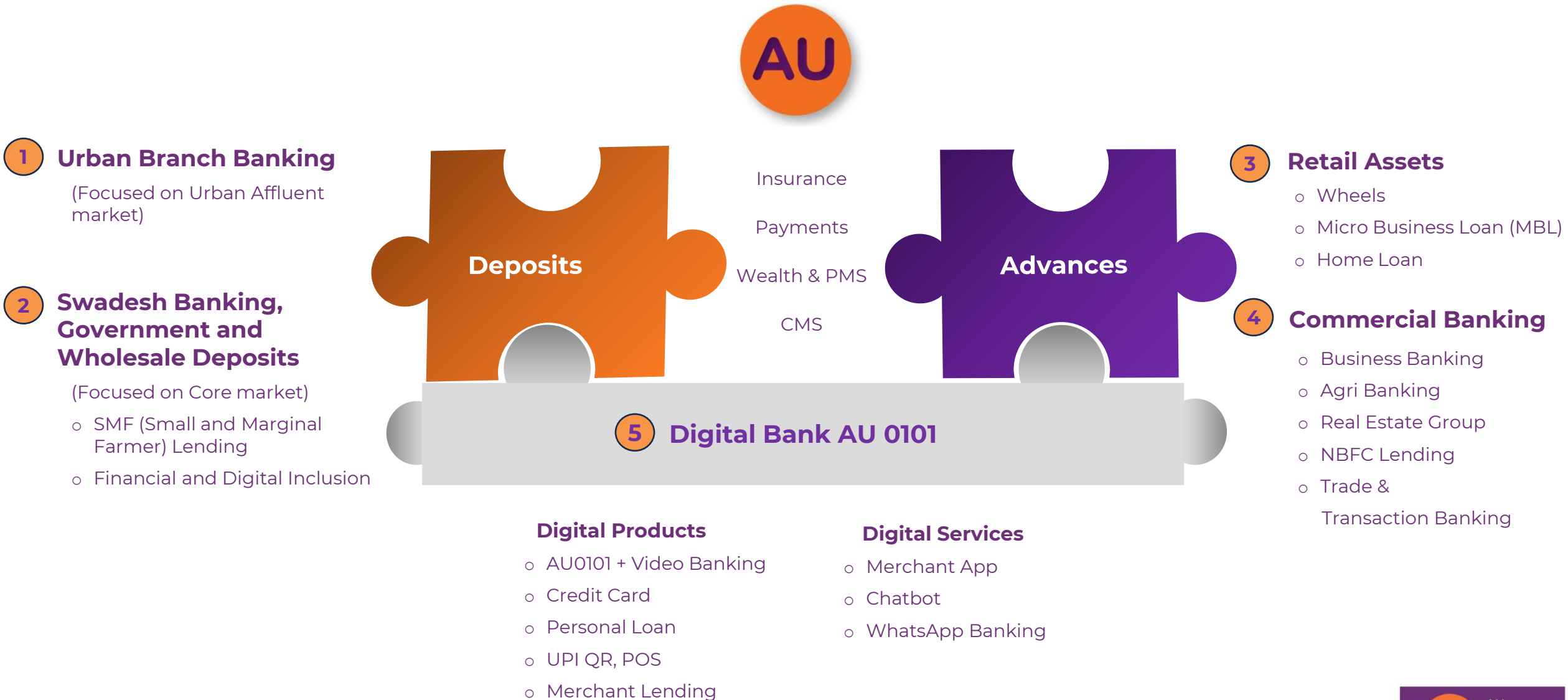
Expected to be within last year's range

- ❑ Fee Income to grow with support from x-sell, credit card and third-party product distribution
- ❑ Asset quality and credit cost to remain within the range with recovery expected in second half
- ❑ Continued focus on structural cost optimization via process redesigns and efficiency in manpower and infrastructure

Key Focus Areas

- 1. Deposits & CoF** – Focus on optimizing deposit growth, cost of fund and liquidity buffers.
- 2. Business Group** – Re-aligned to built synergies. (Detailed in page no. 8)
- 3. Digitalization** – Working on digital solutions and initiative
- 4. Transaction Banking** - Operationalize AD-I License and set up Transaction Banking group
- 5. Rural, Impact & Inclusive Banking (Swadesh banking)** – Building more focus on our core purpose

Consolidation and Realignment of Business Groups



Note: Secured Business Loan (SBL) is now renamed as Micro Business Loan (MBL)

Our digital proposition is scaling well



AU 0101

24 Lacs+
Digital customers

13 Lacs+
Monthly Active Users

11 Lacs+
Customers with pre-
approved offers in Sep'23

1,100 Cr+
Digital Personal
Loans Disbursed



Video Banking

3.7 Lacs
Digital Savings Accounts

1,400 Cr+
Total relationship value

18%
Customers with two or
more products

90k
Service and Engagement
video calls in Q2'FY24



Credit Cards

7 Lacs+
Live cards

1,350 Cr+
Monthly spends in
Sep'23

72%
Cards issued to NTB

60%
Monthly purchase
active Sep'23



UPI QRs

~1.1 million
QR Codes installed

300 Cr+
Business loan disbursed
basis QR transactions

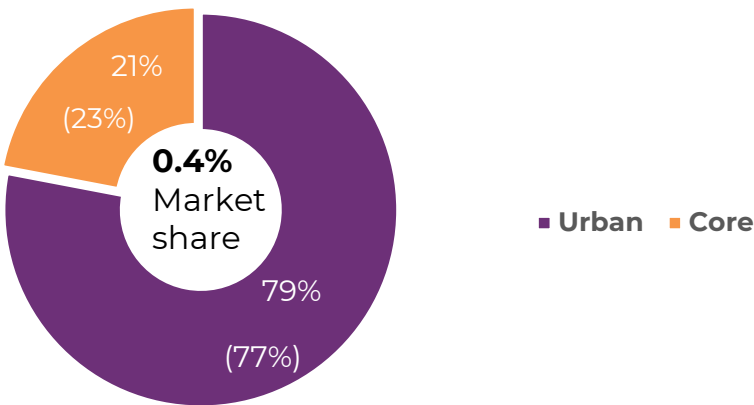
69%
QRs activation rate

105%
Increase in CASA AMB
post QR Code install

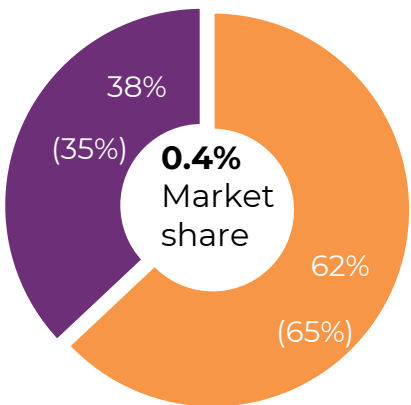
45% of new customer acquisition in Q2'FY24 via digital products

Business model - deposits from Urban markets and lending in Core markets

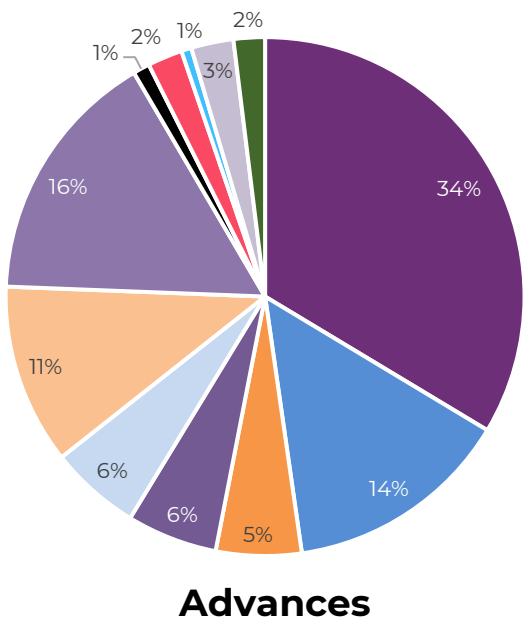
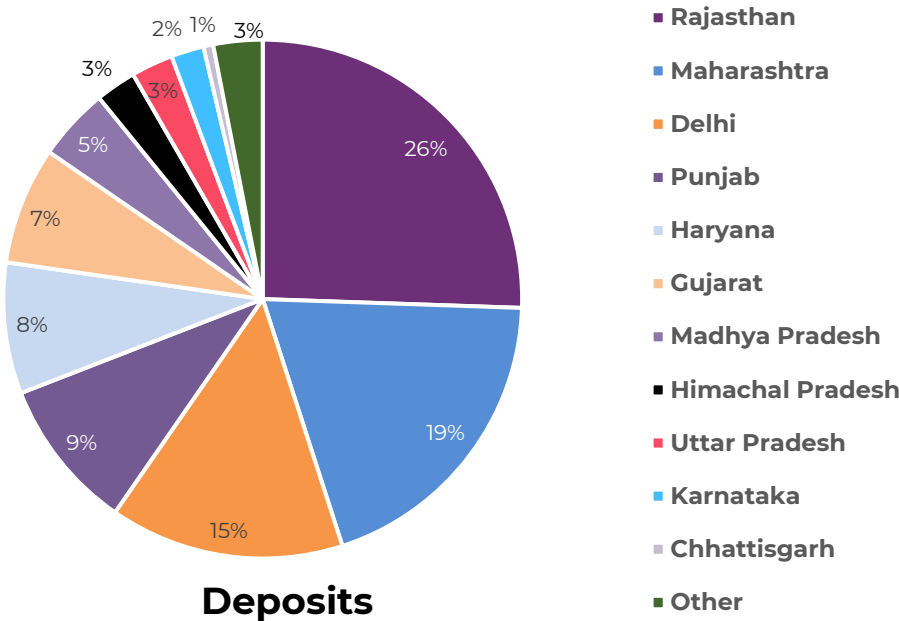
Deposits Break up



Advances Break up



Serving 44 Lac+ customers across 258 districts and 727 locations



All figures are as on 30th Sep'23; Figures in parenthesis are as on 30th Sep'22

Our geographical presence

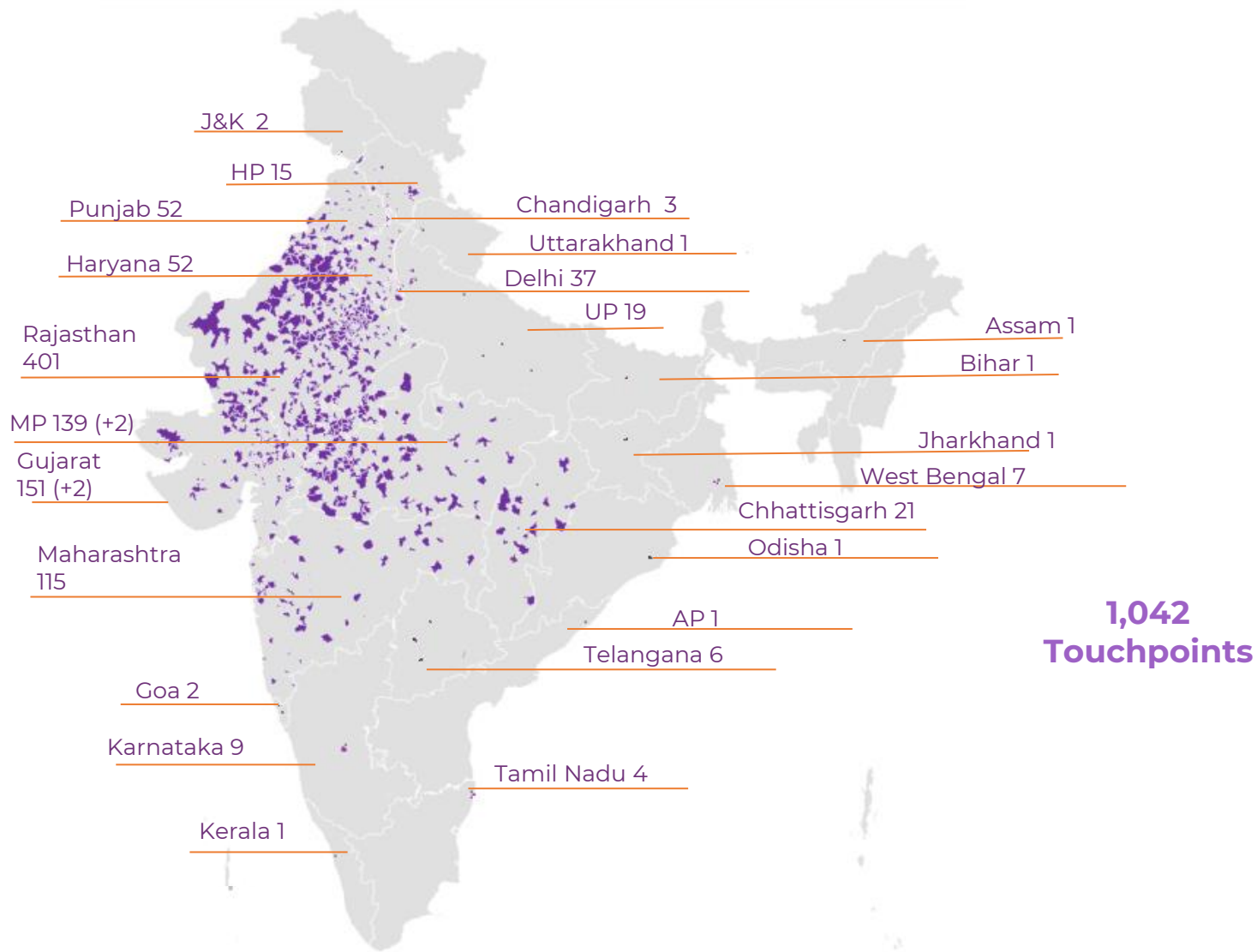
21 States and 3 UTs

1,042 Touchpoints

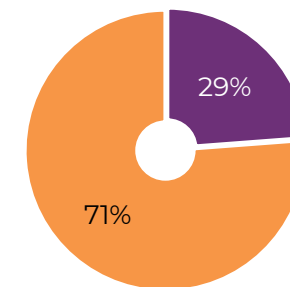
258 Districts

727 Locations

495 ATMs



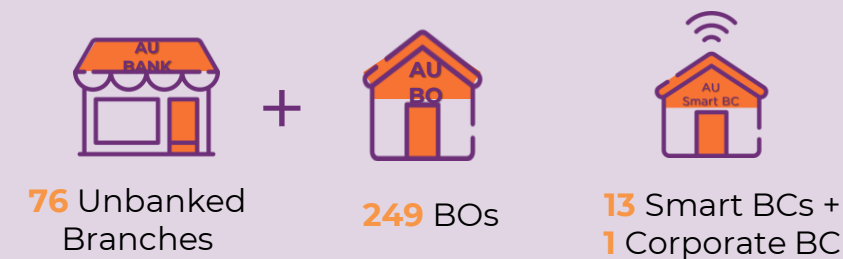
Touchpoints Break-up



■ Urban ■ Core



325 Unbanked Rural Centres



2. Operating & Financial Highlights



Calibrated growth in Advances and Deposits with granularity



NII up 15% YoY & PPop up by 30% YoY



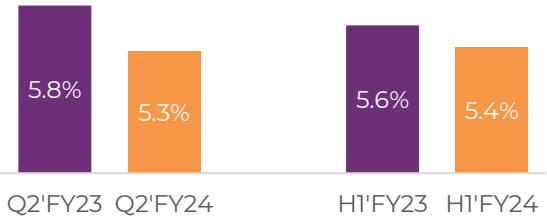
Q2'FY24 PAT grew by 17% YoY



NIM for H1'FY24 stands at 5.6% including securitised book

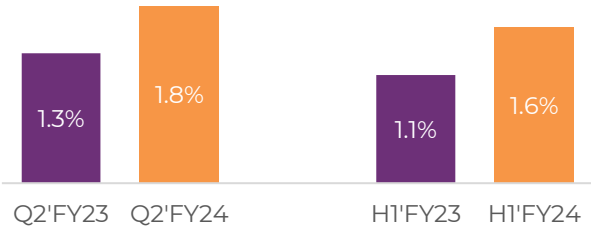
Profitability ratios

NII (%)

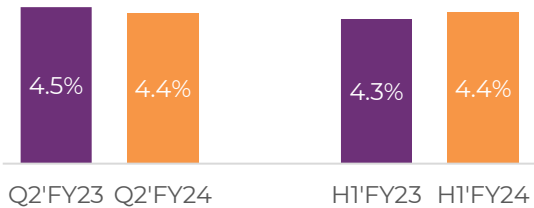


RoA Components

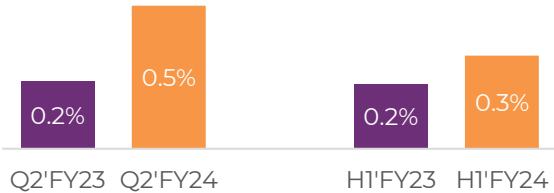
Other Income (%)



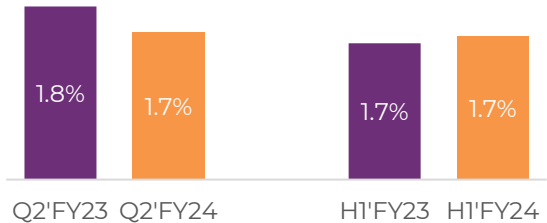
Opex (%)



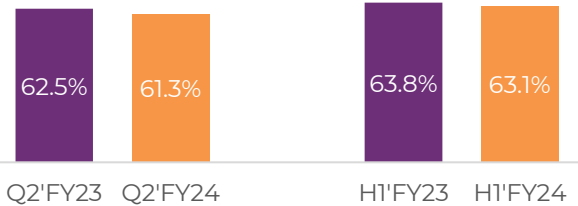
Provision & Contingencies (%)



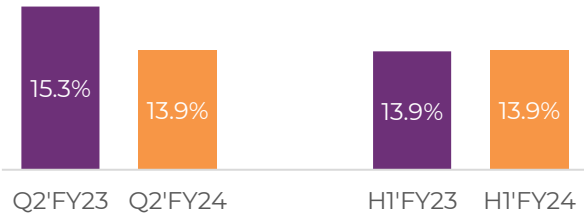
RoA (%)



Cost to Income (%)



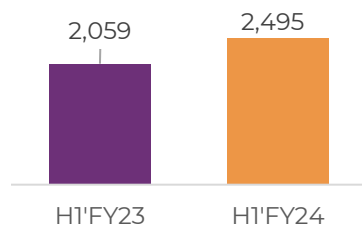
RoE (%)



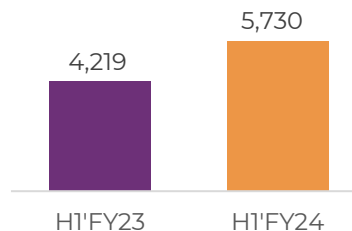
Note: RoA, NII, Other income, Opex, Provisions & Contingencies is represented as % of Avg. Total Asset

H1'FY24 Financial highlights

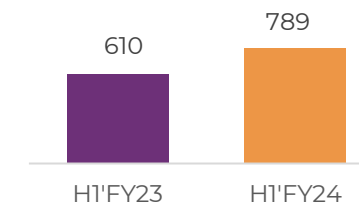
Net Interest Income



Total Income



PAT



Yield on Advance

13.4%

Vs
13.3%
(H1'FY23)

Cost of Fund

6.6%

Vs
5.8%
(H1'FY23)

Net Interest Margin

5.6%

Vs
6.0%
(H1'FY23)

RoA

1.7%

Vs
1.7%
(H1'FY23)

RoE

13.9%

Vs
13.9%
(H1'FY23)

GNPA

1.91%

Vs.
1.90%
(30th Sept'22)

NNPA

0.60%

Vs
0.56%
(30th Sept'22)

Provision Coverage Ratio

73%

Vs
74%
(30th Sept'22)

CRAR

22.4%

Vs
23.4%
(H1'FY23)

Tier-I CRAR

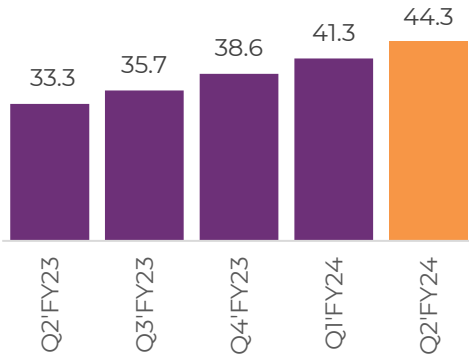
21.0%

Vs
21.3%
(H1'FY23)

Quarterly trends of key parameters

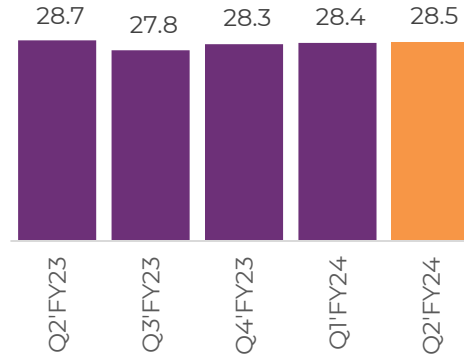
Customers

(in Lacs)

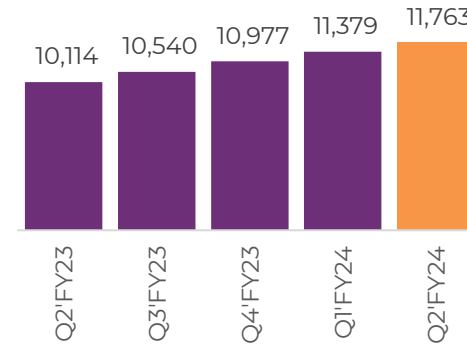


Employees

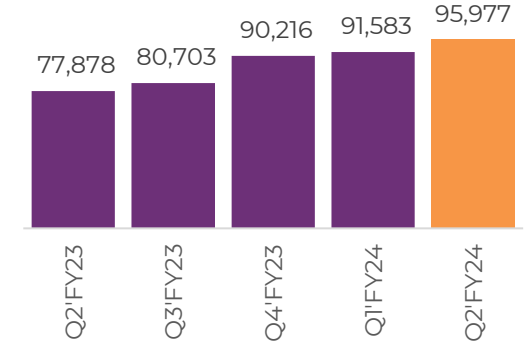
(in 000s)



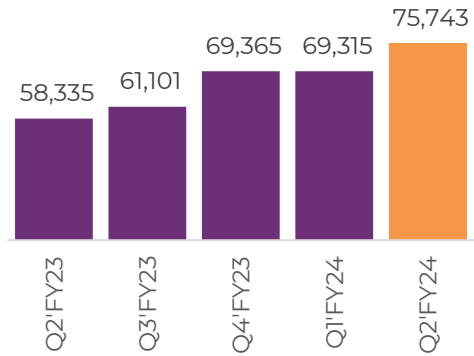
Shareholders' Funds



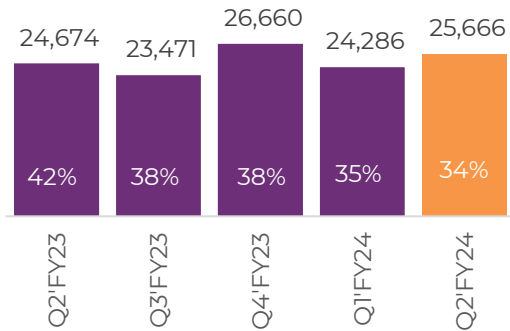
Total B/S Assets



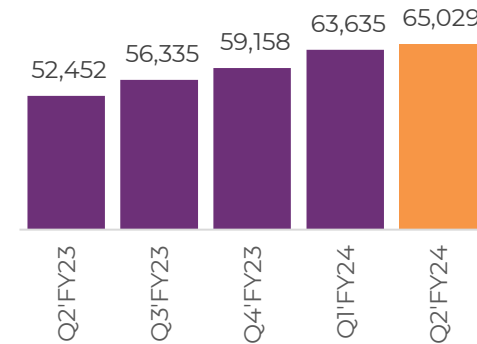
Deposits



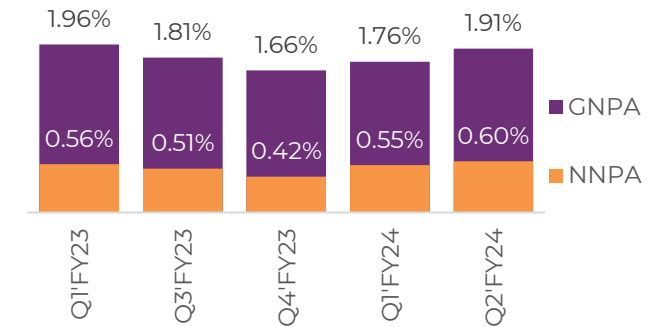
CASA Deposit



Gross Advances



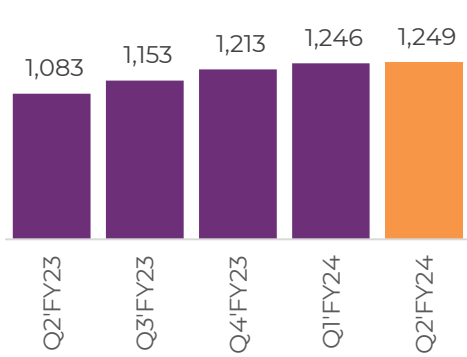
GNPA and NNPA (%)



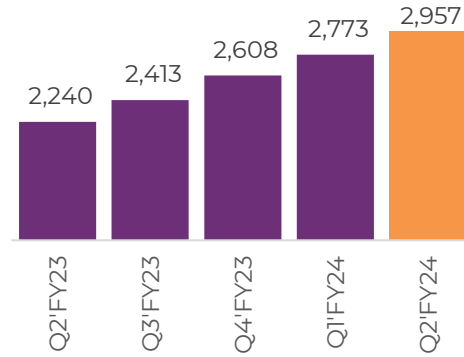
Quarterly trends of key parameters

₹ in Crores

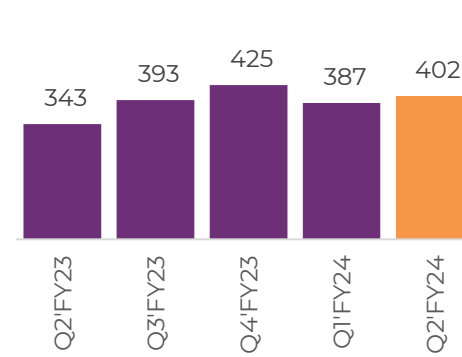
Net Interest Income



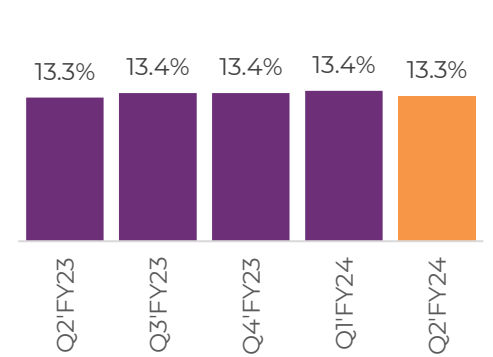
Total Income



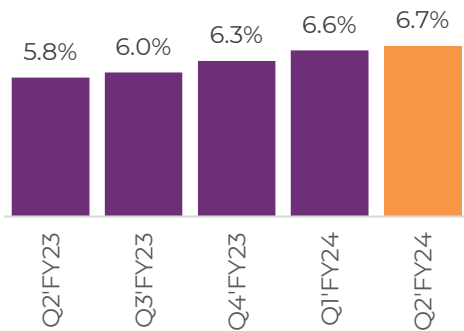
PAT



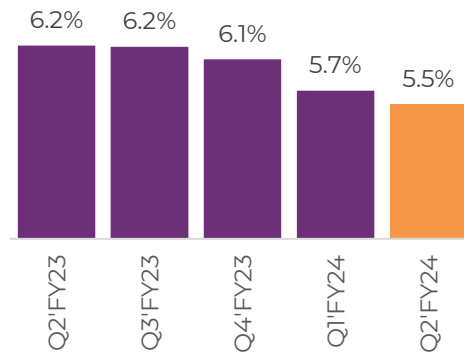
Gross Advance Yield



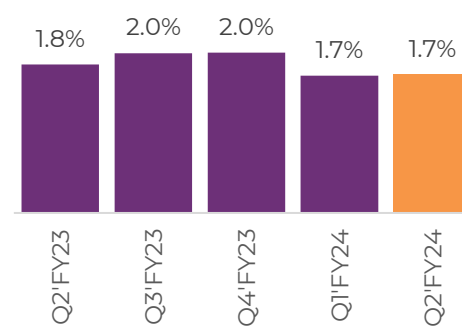
Cost of Fund



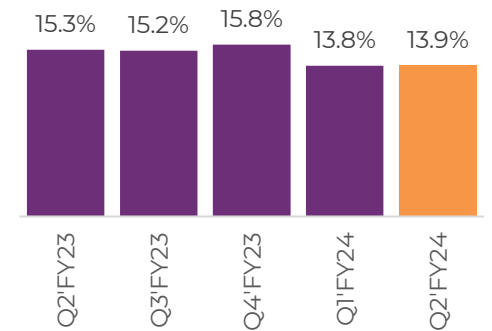
Net Interest Margin



RoA



RoE



Profit & Loss statement

(All Figures in ₹ Crore)	H1'FY24	H1'FY23	YoY	Q2'FY24	Q2'FY23	YoY	Q1'FY24	QoQ
Income								
Interest Earned	4,989	3,812	31%	2,531	1,992	27%	2,458	3%
Interest Expended	2,494	1,753	42%	1,282	909	41%	1,212	6%
Net Interest Income	2,495	2,059	21%	1,249	1,083	15%	1,246	0%
Treasury Income	28	-53	N.A	11	2	416%	17	-38%
Other Income (excl. Treasury)	713	459	55%	415	245	69%	298	39%
Total Other Income	741	407	82%	425	247	72%	315	35%
Net Income (NII + Total Other Income)	3,236	2,466	31%	1,674	1,331	26%	1,561	7%
Expenses								
Employee Cost	1,019	845	21%	512	451	13%	507	1%
Other Operating Expenses	1,023	728	41%	515	381	35%	508	1%
Operating Expenses	2,042	1,573	30%	1,027	832	23%	1,015	1%
Core PPop	1,166	946	23%	637	497	28%	529	20%
PPoP	1,194	893	34%	648	499	30%	546	19%
Provisions	147	81	81%	114	43	166%	33	247%
Profit Before Tax	1,047	812	29%	533	456	17%	513	4%
Tax expenses	258	201	28%	132	113	16%	126	4%
Profit After Tax	789	610	29%	402	343	17%	387	4%

In Q2'FY24 :

- ❑ PPop growth is robust at 30% YoY supported by Other Income growth
- ❑ Securitization of ₹2,922 Cr of loan portfolio in this quarter has led to some deferment of interest income
- ❑ Bank continues to make investments (~₹ 174 Cr in Q2'FY24 vs ~₹ 125 Cr in Q2'FY23) towards digital initiatives viz credit cards/QR/Video Banking (86%), distribution expansion (10%) and brand campaign (4%)
- ❑ Inflationary pressures in the input cost remain key monitorable for operating expenses in the current environment which are off-set by building efficiency in the system

Balance sheet

(All Figures in ₹ Crore)	30 th Sep'23	30 th Sep'22	YoY	30 th Jun'23	QoQ	31-Mar-23	YTD
Liabilities							
Shareholders Fund	11,763	10,114	16%	11,379	3%	10,977	7%
Deposits	75,743	58,335	30%	69,315	9%	69,365	9%
Borrowings	5,344	6,695	-20%	7,637	-30%	6,299	-15%
Other Liabilities and Provisions	3,128	2,733	14%	3,252	-4%	3,575	-13%
Total Liabilities	95,977	77,878	23%	91,583	5%	90,216	6%
Assets							
Cash and Balances	6,257	3,949	58%	4,936	27%	9,425	-34%
Investments	23,220	20,220	15%	21,627	7%	20,072	16%
Advances	64,168	51,743	24%	62,861	2%	58,422	10%
Fixed Assets	757	681	11%	726	4%	740	2%
Other Assets	1,574	1,285	23%	1,433	10%	1,557	1%
Total Assets	95,977	77,878	23%	91,583	5%	90,216	6%
Securitised Advances	6,591	1,369	381%	4,374	51%	4,914	34%

- ❑ Gross of securitisation, the Balance Sheet has crossed ₹ 1 Lac crore mark
- ❑ A Stable and healthy balance sheet led by -
 - ❑ Strong Capital adequacy ratio of 22.4%
 - ❑ Deposit led asset growth – CD ratio at 85%; Borrowings at 6%, mostly refinance and Tier II borrowings

Other Income

(All Figures in ₹ Crore)	H1'FY24	H1'FY23	YoY	Q2'FY24	Q2'FY23	YoY	Q1'FY24	QoQ
Loan Assets Processing & Other Fees	349	283	24%	184	150	23%	165	11%
General Banking, Cross Sell & Deposits related fees	185	88	110%	130	47	177%	55	137%
PSLC Fees	0	25	N.A	0	13	N.A	0	0%
Credit Card	122	40	205%	67	23	186%	55	22%
Miscellaneous	56	23	144%	33	13	165%	23	48%
Core Other Income	713	459	55%	415	245	69%	298	39%
Income from Treasury Operations	28	-53	N.A	11	2	416%	17	-38%
Other Income	741	407	82%	425	247	72%	315	35%

- ❑ Core Other Income growth for Q2'FY24 is at 69% YoY driven by healthy growth in disbursements, increasing contribution of credit card & bancassurance income, and increasing share of transactional customers on the liability side
- ❑ Miscellaneous Income includes trade income and recovery from written off loans

3. Liabilities Performance



CASA deposit grew 6% QoQ, CASA ratio at 34%; CASA + Retail TD at 66%



Retail TD grew 6% QoQ; Overall deposits cross ₹75,000 Cr milestone



CD Ratio at 85%



CoF for Q2'FY24 at 6.70%

How has the Branch Banking charter evolved in last 6 years?

2017-18



2019-20



2020 - 23



2023
onwards

Structure

Consolidated Unit of Liabilities

Garner deposits with customer mix ranging from Government, Co-operative Banks, Retail Customers etc

Separate Verticals Established

Branch Banking, FIG, Government, Wholesale, Co-operative Bank, NBFC

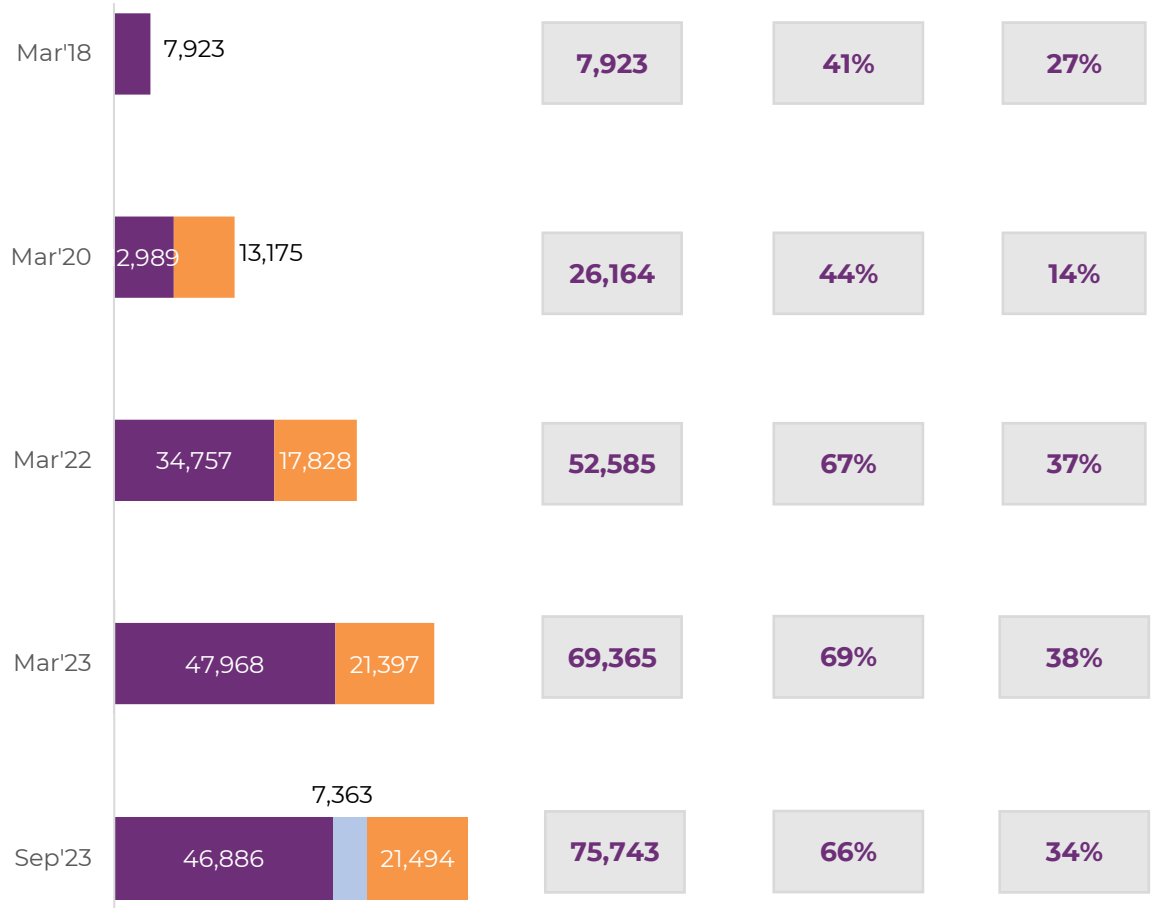
Branch Banking as a SBU

Build a portfolio of GIST (Granular, Individual, Small Business, Transacting) customers to raise Low-cost, Stable retail deposits

Swadesh Banking established

to focus on our core purpose

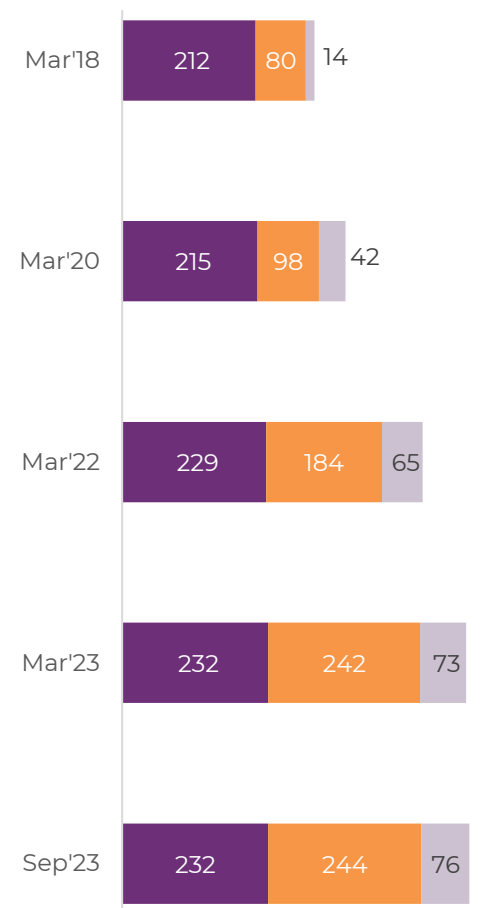
Deposits



■ Urban Branch Banking
■ Swadesh Banking
■ NBFC, FIG, Wholesales, Govt., Co-op Bank, Video Banking & CD

Total Deposits
CASA + Retail TD %
CASA %

Liability Branches*

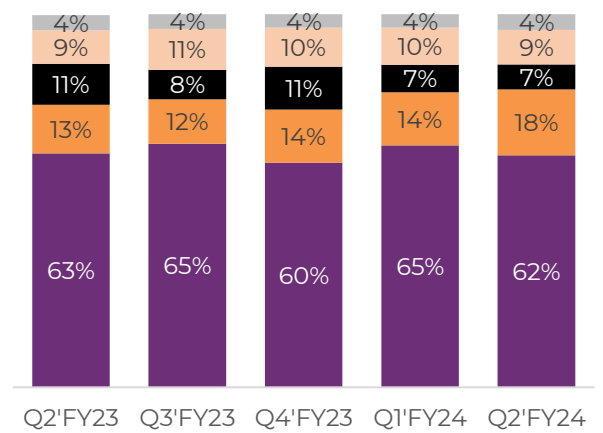
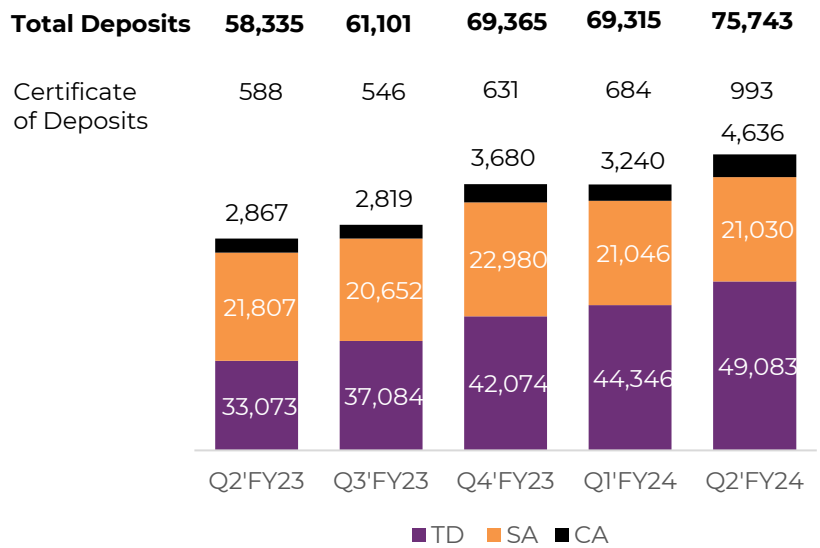


■ Core ■ Urban ■ URC

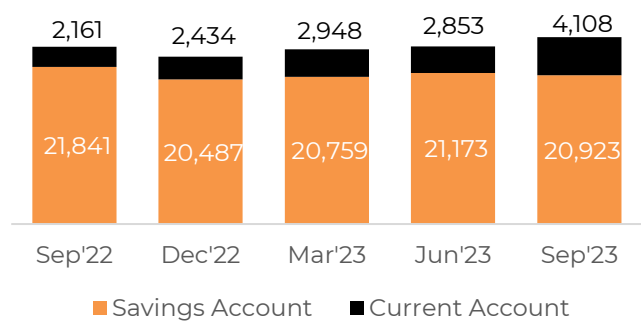
*Excludes BO/BC

Focus on granular deposits and customer profiles

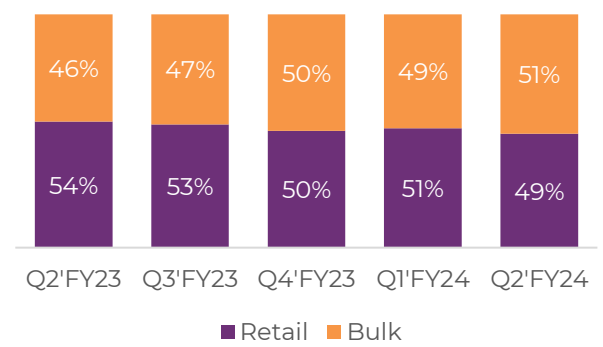
₹ in Crores



Average monthly balance



Retail and Bulk TD mix



Building a Predictable, Scalable and Sustainable deposit franchise

Distribution becoming sharper with expanding scale

- ❑ Differentiated approach for Urban and Core markets
 - Established Swadesh banking to cater to Semi Urban/Rural Markets
- ❑ Now a Pan India Bank with Presence in 21 states & 3 UT's
 - From Jammu to Kochi & Mumbai to Assam
- ❑ Building up dedicated Channels (CA, NR, TASC, ES, KAM)

Raising Low-cost, stable retail deposits

- ❑ Raising solution-driven deposits through the acquisition of GIST customers
- ❑ Customer segment specific approach (UYC)
 - USPs for various segments

Dedicated focus on building Current Account Book

- ❑ Increasing quantity and quality of CA acquisition
- ❑ Deepening engagement with CA customers by providing business solutions (QR/POS/CMS/CNB etc.)
- ❑ Focus on leveraging Commercial Banking ecosystem

Focus on catering to customer's entire banking ecosystem

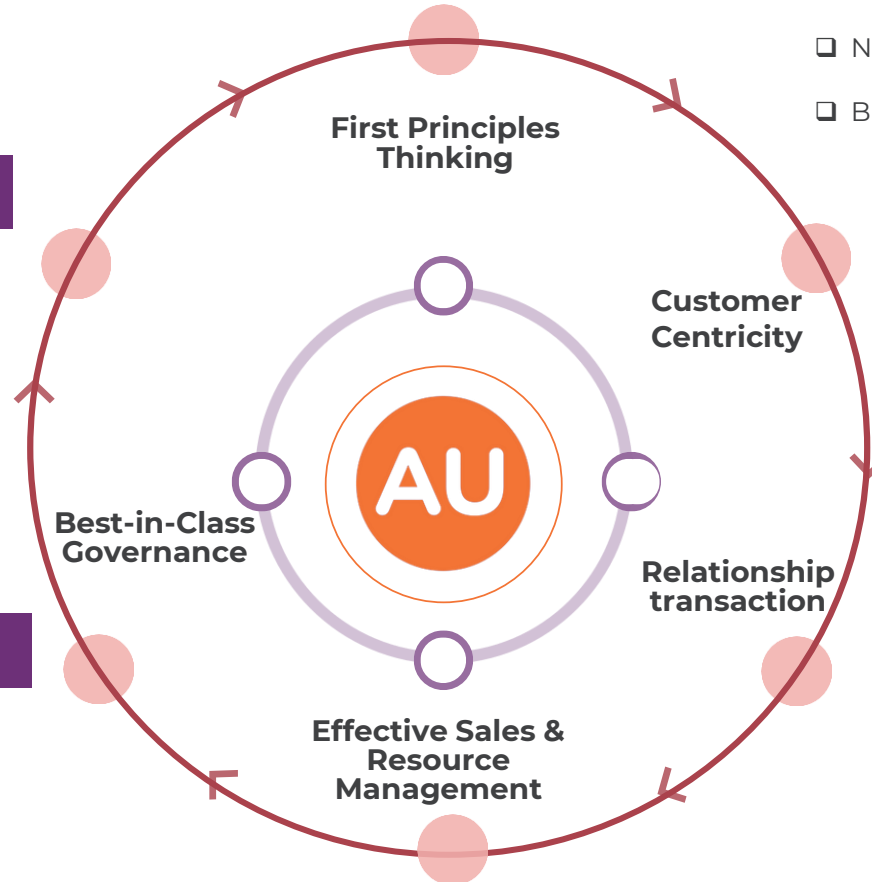
- ❑ Source accounts from customers who have entrusted us with SA/Deposit relationship in last 6 years.
- ❑ Focus on Family Banking and providing comprehensive Banking Solutions (Wealth & Insurance, Credit Card, Retail Assets, AU 0101)

Managed by rigorous sales management framework

- ❑ Ties everything together, makes the machine coherent and brings agility to the system
 - Balance scorecard for sales employees focused on customer engagement, customer service and ACID (Audit, Compliance, Integrity & Discipline)
 - Capsulized targets (with built-in Gamification)

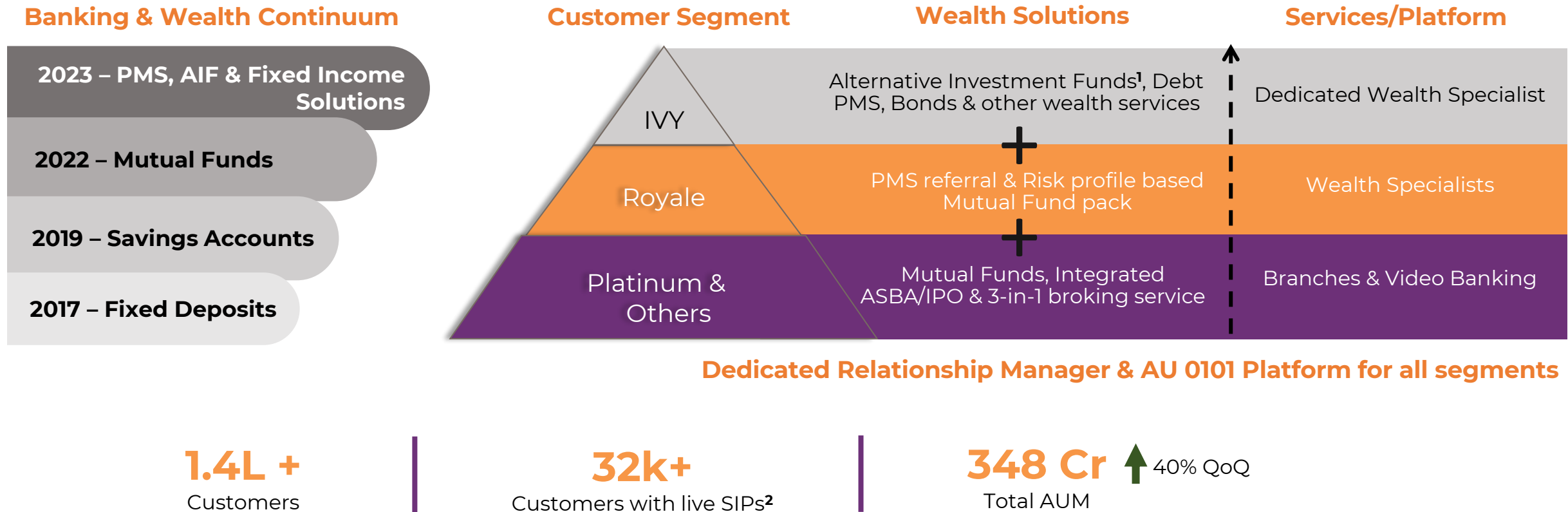
Focused efforts on customer acquisition & engagement

- ❑ Increasing pace of retail CASA customers' acquisition
- ❑ Dedicated efforts on customer engagement to garner trust and gain mindshare.
- ❑ Putting efforts to provide more solutions (product per customer)



Wealth – Enhancing value proposition for our deposit customers

- ❑ Acquired **10k+ wealth customers** during the quarter
- ❑ Introduced **fixed income solutions & enhancement of IPO/ASBA platform**
- ❑ **100 % digital journey** for Wealth on AU 0101



Note: 1- PMS, AIFs & Bonds are offered only on referral basis 2 - Customers with at least 1 active SIP registered through the bank

4. Assets Performance



Sustainable and Scalable business model;
88% retail loans & 91% loans are secured



Disbursement yield increased by 27 bps
QoQ



GNPA ratio at 1.91%; NNPA at 0.60%



PCR at 73% including technical write-off
and floating provision

Strong and established asset franchise



- ❑ Vintage book and tested business model
- ❑ Growing opportunity in used and new vehicles especially in core markets
- ❑ Deep penetration in core markets; scalable in urban
- ❑ Significant headroom to grow market share given our size
- ❑ Banking platform gives significant competitive advantage



- ❑ Significant growth potential in affordable housing
- ❑ Natural competitive advantage as a Bank vs HFC
- ❑ Strong cross-sell potential to bank's growing customer base
- ❑ A natural progression to cater to 1,042 Bank's touchpoints from ~252 currently
- ❑ Entire suite of products available to meet customer requirements

Core Asset Principles

- ✓ Small Ticket size (88% Retail)
- ✓ Secured (91% secured)
- ✓ Risk-based pricing
- ✓ Mainly for income generation purpose with defined end-use
- ✓ Customer Service has been our forte
- ✓ Strong local and ground understanding and connect

- ❑ Unique product proposition with ~ 15 years' experience
- ❑ Strong collateral understanding

- ❑ Deep penetration in core markets
 - ❑ Strong and nuanced underwriting and legal/technical know-how built over a decade



- ❑ Complete suite of Fund based & Non- Fund based products
- ❑ Presence across Business & Agri Banking aided with NBFC and REG helping us build the Banking franchise
- ❑ Opportunity to grow with the customer as their house bank



Asset book snapshot

Segments	Vintage (year)	Q2'FY24					Q2'FY23		
		Gross Advances	Assigned/ Securitised loans	Gross Advance Yield (%)	Gross NPA	Gross NPA (%)	Gross Advances	Assigned/ Securitised loans	Yield (%)
Wheels	1996	20,738	4,770	14.2%	519	2.5%	19,002	1,144	13.8%
MBL (SBL)	2007	18,602	1,812	14.9%	565	3.0%	17,330	208	15.0%
Home Loan	2017	5,069	-	11.6%	24	0.5%	3,366	-	11.6%
Commercial Asset		14,800	-	11.0%	43	0.3%	9,704	-	10.6%
- Business Bnkg.	2017	6,134	-	10.4%	16	0.3%	3,859	-	9.9%
- Agri Bnkg.	2018	4,757	-	10.5%	15	0.3%	3,012	-	10.0%
- NBFC	2014	2,547	-	11.3%	9	0.4%	1,880	-	10.8%
- REG	2013	1,362	-	14.9%	3	0.2%	953	-	14.6%
Credit Card (Unsecured)	2022	2,265	-	12.7%	38	1.7%	810	-	14.5%
Personal Loan (Unsecured)	2020	744	-	18.0%	25	3.4%	509	-	17.9%
Others¹		2,601	-		8	0.3%	1,422	-	
SME (Run Down)	2010	210	9	12.5%	21	10.2%	309	17	12.1%
Total		65,029	6,591	13.3%	1,245	1.91%	52,452	1,369	13.3%

₹ in Crores

❑ Standard Covid restructured book declined to 0.8% of gross advances (versus 1.0% as on 30th Jun'23)

❑ NPAs from Covid restructuring book remains below 12% and Restructured advances of ₹ 31 Cr upgraded during the quarter

¹Others includes ODFD, Term lending and Gold loans etc.

Provisioning Summary

Net Credit Loss (NCL)	Q2'FY24	Q2'FY23	Q1'FY24
Repo & POS Loss	26	30	18
Write off	31	23	39
Less: Bad Debt Recovery*	-19	-4	-8
Net Credit Loss	38	48	49
Net Credit Loss (as % of Avg. Total Assets)	0.16%	0.26%	0.22%

Credit Cost - Net Impact on P&L	Q2'FY24	Q2'FY23	Q1'FY24
Net Credit Loss (A)	38	48	49
Provision on NPA (B)	86	14	38
Floating Provision (C)	-	-	-
Contingency Provisions (D)	-21	-14	-62
Covid Restructuring Provision (E)	-11	-21	-15
Standard Asset Provision (F)	2	14	14
Others (G)	1	-2	1
Total – Net Impact on P&L (Z=A+B+C+D+E+F+G)	95	39	25
Add: Bad Debt Recovery* (Y)	19	4	8
Total Provisions expense (Z-Y)	114	43	33
Total Provisions expense (as % of Avg. Total Assets)	0.49%	0.23%	0.15%

Movement of NPA

Movement of Gross NPA	Q2'FY24	Q2'FY23	Q1'FY24
Opening Gross NPA	1,121	970	981
Additions during the period**	349	262	317
Reductions during the period**	226	234	177
Gross NPA (closing)	1,245	997	1,121

**Additions/Reductions to GNPA presented here are on a net basis QoQ and exclude any intra-quarter additions and reductions i.e., Loans which slipped into NPA during the quarter, and which got subsequently upgraded within the same quarter are excluded

*This is reported in the other income line; NCL % and Provisions expense % are annualized

Overview of provisions

₹ in Crores

Particulars	Sep'23				Jun'23			
	Nos.	Loan Amount	Provisions	Coverage	Nos.	Loan Amount	Provisions	Coverage
GNPA	55,897	1,245	819	66%	51,334	1,121	733	65%
Covid related restructuring (Standard)	5,985	532	88	17%	7,091	605	100	17%
Contingency provisions			7				28	
Floating provisions			41				41	
Stressed and contingencies provisions		1,777	956			1,726	902	
Provisions towards Standard Assets			208				205	
Total Provisions			1,164				1,108	
Provisions as a % of gross advances			1.79%				1.74%	

- ❑ The Bank's PCR is 73% including Technical write-offs and floating provisions ; PCR at 69% excluding Technical write-offs
- ❑ GNPA ratio stood at 1.91% compared to 1.76% in previous quarter; Standard Restructured loans declined to 0.8% vs 1.0% QoQ
- ❑ Bank as on 30th Sep'23 has ₹96 Cr of provisions against contingency and standard restructuring book

5. Digital Bank AU 0101



24 Lacs+ digital customers



45% customers acquired via digital products in Q2'FY24



7 Lacs+ live credit cards



~1.1 Mn UPI QR codes installed

Key strategic objectives for tech



1 Grow retail focused, stable, low-cost deposit franchise



2 Develop unsecured lending capability using Data & Analytics



3 Build digital distribution channels



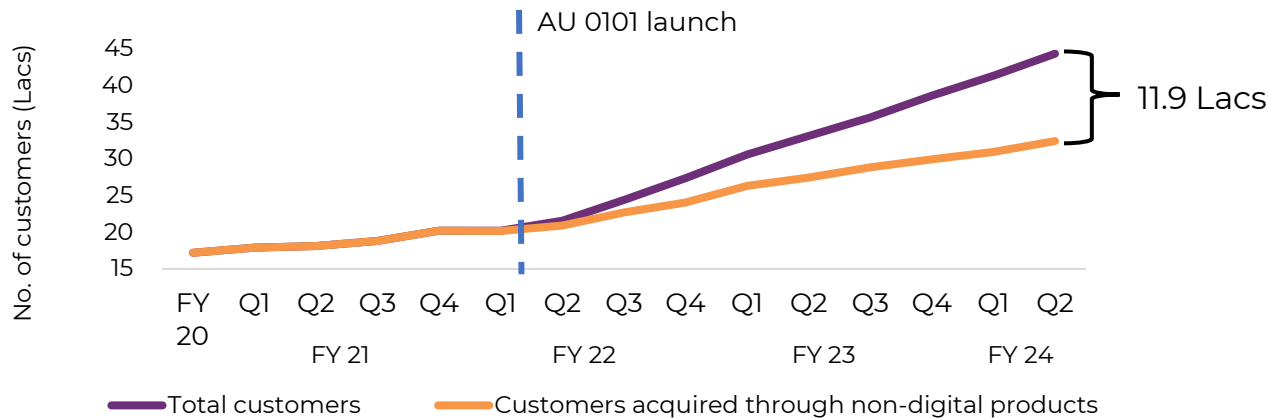
4 Invest in core technology to remain future ready



5 Drive automation and operating efficiency

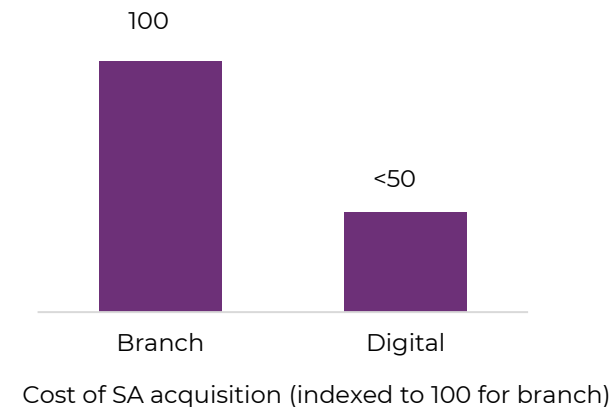
Digital is accelerating our customer acquisition and increasing engagement

Accelerated acquisition through digital proposition...



45% new customers acquisitions in Q2'FY24 via Digital Products

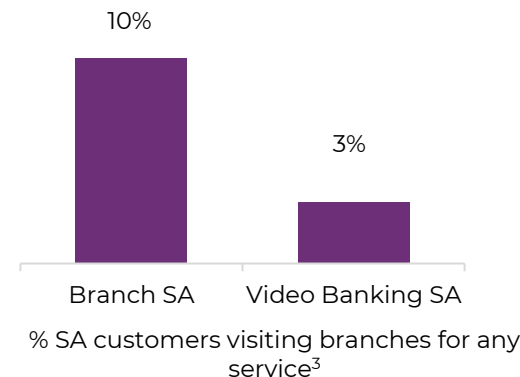
...at much lower cost



Increasing customer engagement...

...at lower incremental cost to serve

	Sep'22 CA / SA	Sep'23 CA / SA
Monthly transacting customers (Lacs)	1.3 / 9.9	1.5 / 12.4
Transacting customers as % of total customers ¹	72% / 56%	68% / 58%
Avg. monthly transactions per transacting customers	69 / 29	67 / 36
Product per customer (PPC)	2.0 / 1.6	2.0 / 1.6



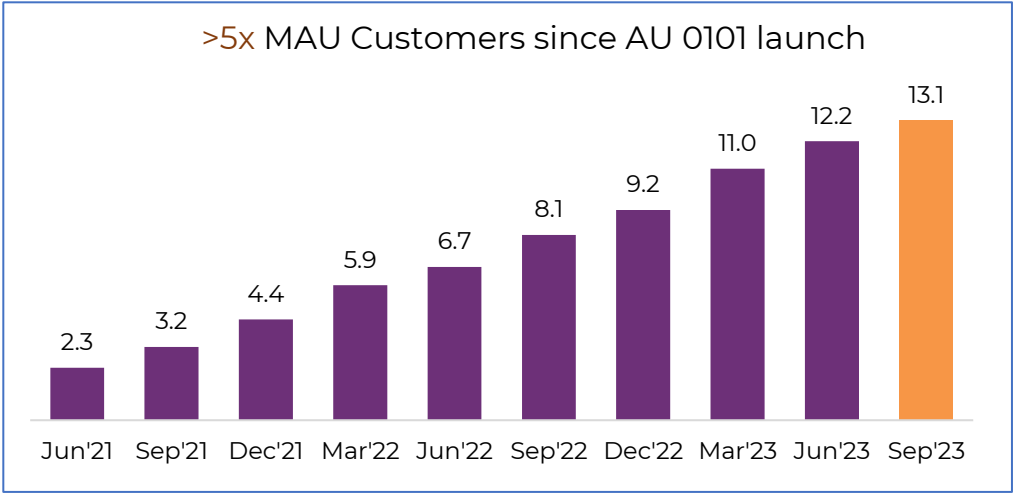
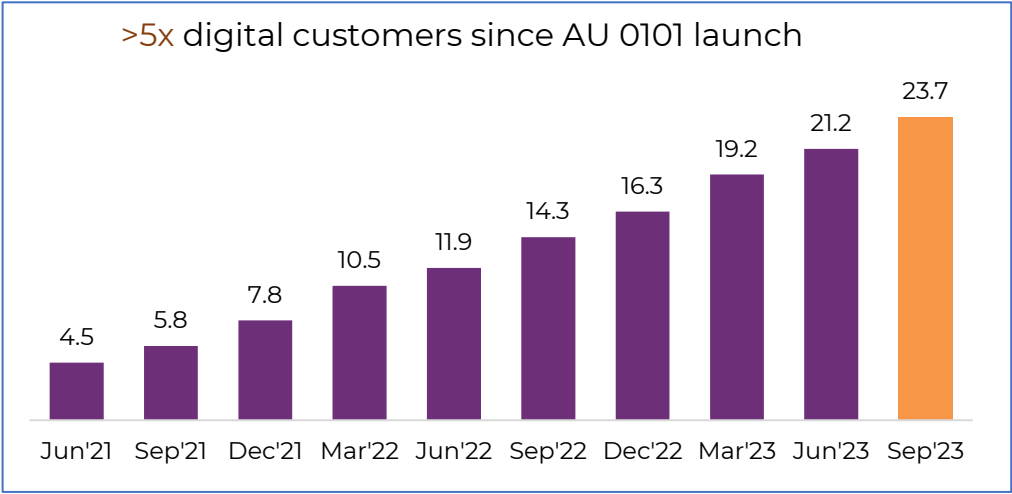
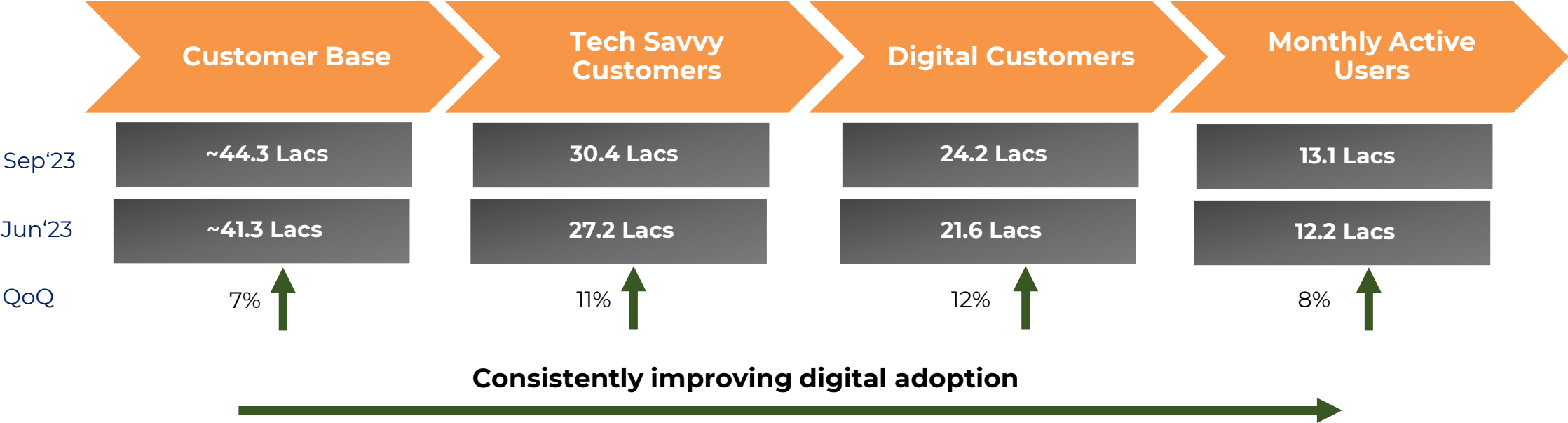
98% Digital transactions²

91% Liability service requests fulfilled digitally

Engagement

Notes: 1: Excluding dormant and BSBDA 2: CASA customer-initiated transactions 3: In Sep'23 and acquired post Jun'21

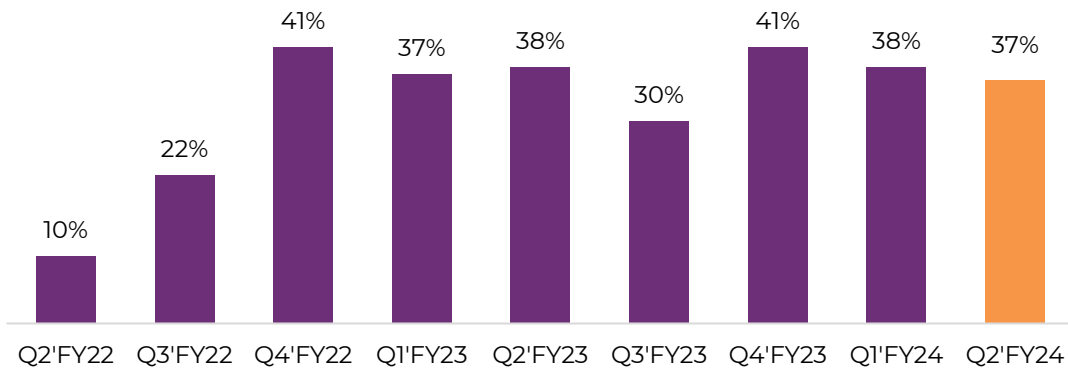
AU 0101 – >5x growth since launch with 2 million+ digital customers



Video Banking - helping us achieve meaningful growth

- Continue to develop Video Banking proposition with expanding suite of banking services delivered over secured video calls (acquisition, servicing and cross sell)
- Scaling up digital Current Account acquisition

Video Banking SA acquisition as proportion of total SA acquisition at bank¹



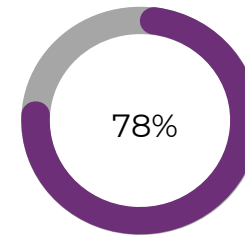
4.1 Lacs

Total accounts acquired till Q2'FY24

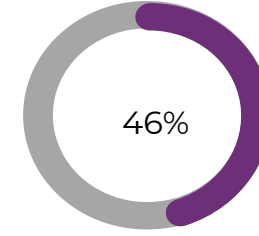
₹ 1,407 Cr

Total deposits

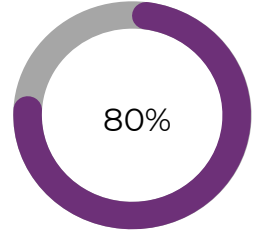
Customer **profile**



Urban



Salaried professionals



18-35 years age

90K

Service and engagement video calls received in Q2'FY24

18%

Customer with two or more products

AU 0101 App + Video Banking = Complete Digital Bank

Credit Card - continues to scale with strong performance across key metrics

7.0 lacs+

Cards Live

4000 Cr+

Spends In Q2'FY24

72%

% Issuance to NTB
Customers

1.7 lacs

Average limit per card

1.23 lacs

New users acquired in
Q2'FY24

- ❑ Monthly acquisition ~ 40,000 per month leading to card CIF growth of 19% in Q2'FY24 over Q1'FY24
- ❑ Average monthly spends ~ 1350 Cr with Spend per active Card (SPAC) of ~ Rs. 33000/month.
- ❑ Monthly purchase active rate ~ 60% and overall card activation rate of 97%.
- ❑ Launched Super premium Card Zenith + (first metal Card in the AU Credit Cards suite)
- ❑ Extended Instant Digital Rupay Credit Card to existing AU Credit Card customers to enhance UPI usage.



- AU's Rupay Credit Card issued digitally to existing users.
- Card can be used over QR code merchant network.



- Launched Zenith+ Credit Card to super affluent customers.
- First Metal credit card of the Bank.
- Card offers exclusive benefits like Golf, Concierge, Lounges including PP etc.

UPI QR - deepening our relationship with small merchants

Acquisition

~1.1 Mn

UPI QRs installed till Q2'FY24

69%

Activation rate

2.5 Lacs

New customers acquired through UPI QR till Q2'FY24

Engagement

~2.2 Cr

Transactions in Q2'FY24;

~2.4 Lacs

Daily average transactions in Sep'23

₹ 2,043 Cr

Value of transactions in Q2'FY24

92%

Value of transactions credited to AU accounts in Q2'FY24

105%

Increase in CASA AMB (Average Monthly Balance) post QR install

Lending

~₹ 320 Cr

Loans disbursed basis transactions data till Q2'FY24

₹ 2.0 Lacs

Average loan ticket size

6. Other Key Information



Fostering Sustainability Framework



15,800+ Youth trained and 12,400+ employed



8,100 children benefitted through AU Bano champion



Launched Green Fixed Deposit product
“Planet First”

Motivated by our
Aspiration

Through Strong
Governance

Empowered by our
ESG priority areas

Inspiring the
organization towards

Cemented by

Aligned with UNSDGs



Planet First : AU Green Fixed Deposit

Sustainability is a key building block for today's corporate growth. Greener Cleaner future require investments in projects focused on Green Assets. Embracing the principle of Sustainability and weaving it into finance, Planet First AU Green Fixed Deposit is AU Bank's small contribution towards this effort. Built on fundamentals of Green Deposit framework released by Regulator, this product offers customers to ensure that their Deposits are channelized towards Green Assets – leading to Greener more sustainable Future.



Flagship



AU Ignite - 5 years completed
(Skills Development)



15,800 +
Youth Trained



12,400+
Youth Placed

Strategic



Bano Champion
(Rural Sports)



65
Locations



8,100 +
Children Benefitted



AU Udyogini
(Women Entrepreneurship)



2,100+
Women engaged



650+
Women Entrepreneurs
Nurtured

Other Initiatives



AU Jal Bank



Education & Awareness

Supporting community
schools and awareness
campaigns



Health

Preventive health care
activities and supporting
health care infrastructure

Universal Access to Financial Services

- 31% of our total touchpoints - 325 are in unbanked rural centres (Tier-VI, population less than 5,000 & Tier-V, population less than 10,000)
- Present in 50 Special Focus Districts* with 89 touchpoints covering 23 Aspirational districts, 13 Left Wing Extremist Affected Districts, 13 Hill States Districts and 1 North Eastern Region District.

Providing Basic Bouquet of Financial Services



PM Jan Dhan Yojana



Particulars	BSBDA	MUDRA	PMJJBY	PMSBY	APY
Count	3,84,300+	2,62,200+	50,200+	84,900+	78,000+

Received Direct Benefit Transfer of ₹4.6+ Cr in Q2'FY24 in Aadhaar seeded accounts.



PM SVANidhi

- Supported 960+ street vendors



IGUCCY

- Supported 660+ micro entrepreneurs

Financial and Digital Literacy

- Organized 380+ Financial Literacy Camps at rural branches in Q2'FY24.
- Conducted 14 camp at fairs in Jhunjhunu and 2 camps at Krishna Janmashtami Festival in Bikaner ..

*The list is prepared taking cognizance of special focus districts classified by NABARD, MYMSME, NFDB & NITI AAYOG.

Data as on 30th Sep 2023 unless otherwise stated



Best Small Finance Bank

FE India's Best Banks Awards 2023
(2020-21 , 2021-22)



Award of Excellence

By PFRDA for achieving
100% target in
Atal Pension Yojana (APY)



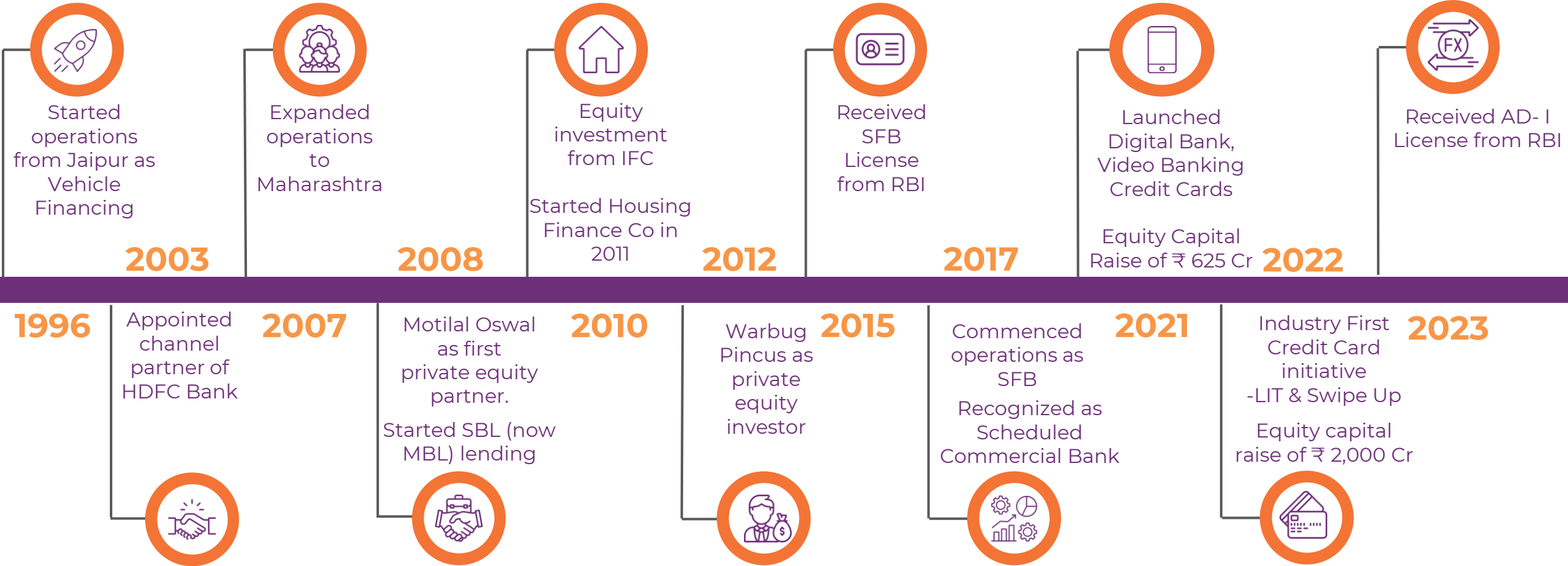
Most Impactful Women Employment Initiative of the Year

Indian CSR Awards 2023 for
"AU Udyogini" initiative

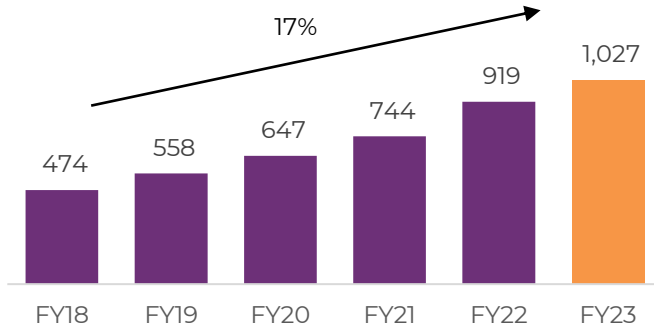




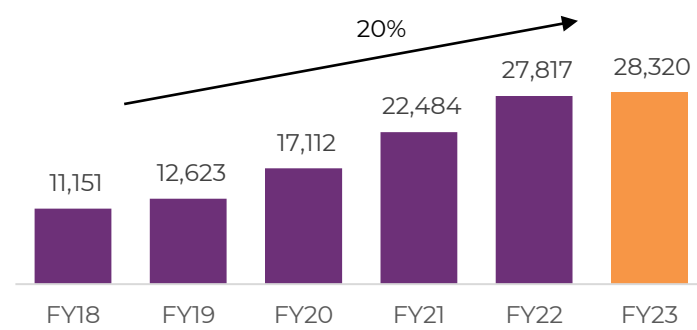
ABOUT AU SMALL FINANCE BANK



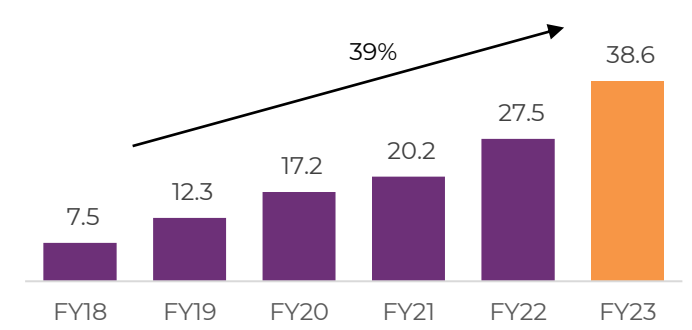
Touchpoints



Employees

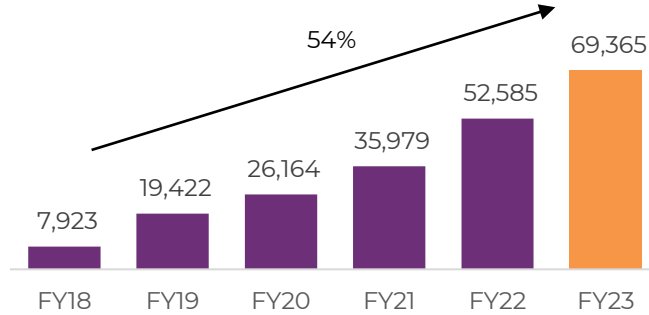


Customers (in Lacs)

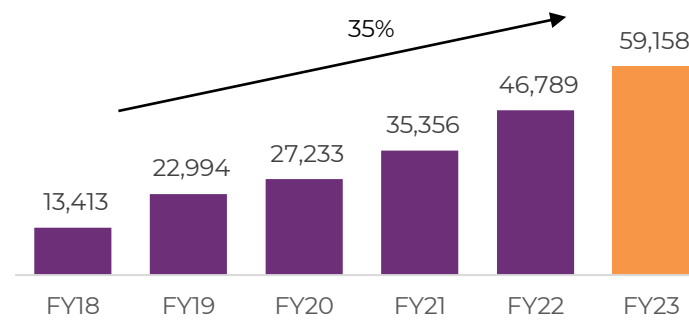


₹ in Crores

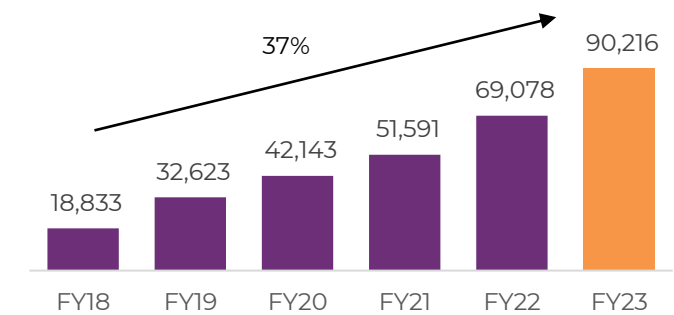
Deposit



Gross Advance*



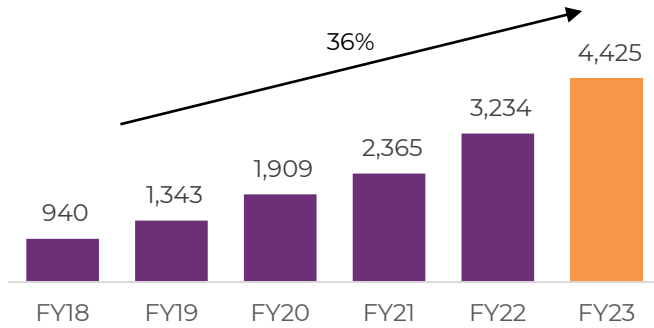
Balance Sheet Asset



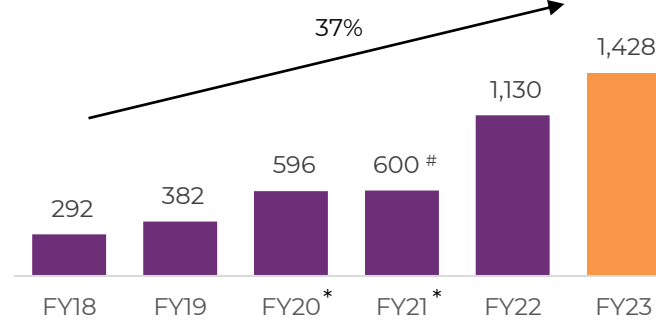
*5 year CAGR of Advances including off book is 32%

₹ in Crores

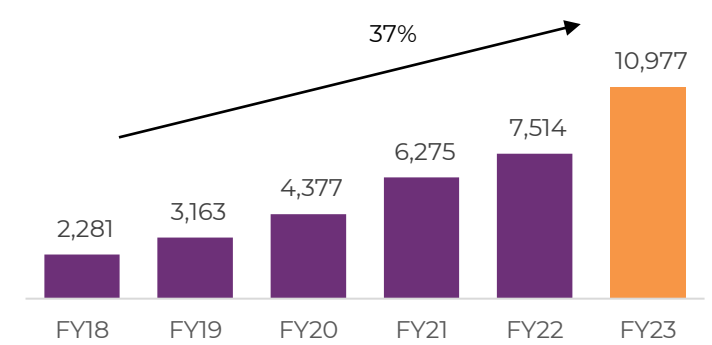
Net Interest Income



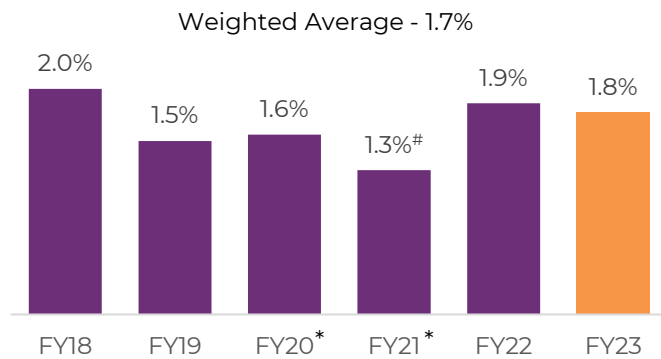
PAT



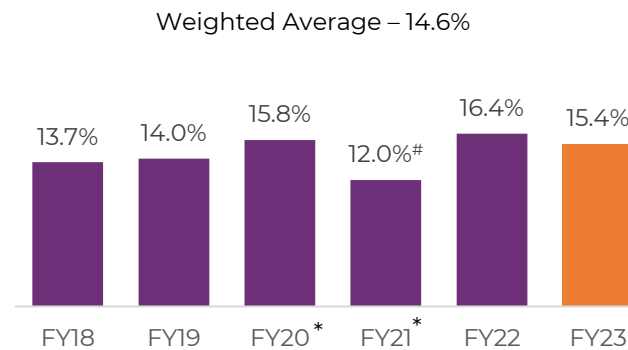
Shareholders Fund



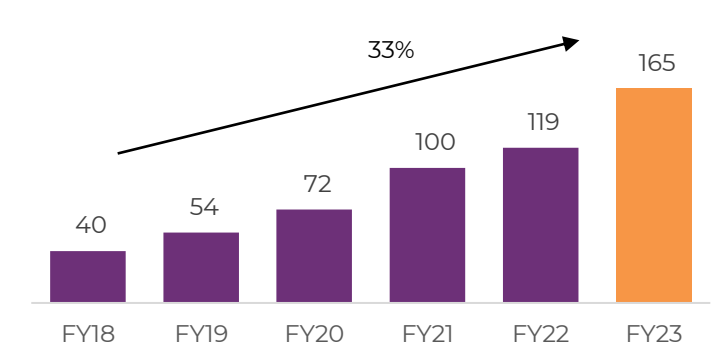
RoA



RoE



BVPS in ₹



#Dip is due to Covid-19; *figures are excluding profit from stake sale in Aavas

Asset quality for 6 years

₹ in Crores

Particulars	FY18	FY19	FY20	FY21	FY22	FY23	Q2'FY24
Gross Advances	13,413	22,994	27,233	35,356	46,789	59,158	65,029
Gross NPA	270	470	458	1,503	924	981	1,245
NPA Provision (incl. floating provision)	100	176	240	747	694	736	860
Net NPA	169	295	217	755	231	245	385
Gross NPA %	2.01%	2.04%	1.68%	4.25%	1.98%	1.66%	1.91%
Net NPA %	1.27%	1.29%	0.81%	2.18%	0.50%	0.42%	0.60%
Provision Coverage Ratio %*	37%	37%	53%	50%	77%	78%	73%

*Provision Coverage Ratio (PCR) is including Floating provision and Technical write-off

□ GNPA% has ranged between 1.66% - 2.04% with the exception of COVID impact in Mar'21.

Impact stories – click to listen

aubankindia  aubankindia · Original audio



MR. KAILASH SING CHAUHAN
Lumbji Ka Dhaba
Beawar, Rajasthan

I am the proud owner of a restaurant named "Lumbji Ka Dhaba" in Beawar.

aubankindia Meet Mr. Kailash Sing Chauhan, a restaurant owner from Beawar, Rajasthan. He has been using the AU QR code for the past one year, and he vouches for the fact that our QR code is not just a code but a comprehensive business solution. AU Small Finance Bank's offerings have brought significant growth to his business. As he aimed for expansion, he extensively used the overdraft facility provided by the bank. He also talks about the seamless and fast processing of overdraft limits as well as the interest policy of the bank. As he expresses how AU Small Finance Bank is a bank for businesses, it strengthens our motto of [#BankingWithPurpose](#) and makes us even more determined to bring a 'Badlaav' in the banking sphere.

[#AUSmallFinanceBank](#) [#Badlaav](#) [#Impact](#)

aubankindia  aubankindia · Original audio



I own an outlet called Belgian Waffles.

aubankindia Meet Mr. Janeu, a businessman, from Rohtak, Haryana. Being in proximity with an AU Small Finance Bank Branch, he talks about how it has only elevated his banking experience. Since the very inception of his outlet, he has been using AU Small Finance Bank's QR Code. As he shares his experience, he talks about the voice-enabled QR Box provided by the bank and its convenience as it eliminates the need to constantly check any banking app or phone. He also shares his experience with the card machine provided by AU Small Finance Bank has enabled a seamless transaction experience for both him and his customers. As he moved all his banking needs to AU Small Finance Bank, his trust in us pushes us to continue [#BankingWithPurpose](#). Stories like this of Mr. Janeu motivate us to bring 'Badlaav' to the industry and revolutionize to bring an exceptional customer experience.

[#AUSmallFinanceBank](#) [#BadlaavHumseHai](#) [#impact](#) [#financialinclusion](#)

aubankindia  aubankindia · Original audio



MR. RAI SINGH SENDHAV
Agera Prakarati Farmer Producer
Company Limited
Madhya Pradesh

I am associated with the farmer's organization named

aubankindia Meet Mr. Rai Singh Sendhav, a member of Agera Prakarati Farmer Producer Company Limited, from Madhya Pradesh. A while ago, he and a few farmers from his village came together to form a Farmer Producer Organization (FPO) that aimed at benefiting them. As his business expanded, the need of capital also increased. While looking for loans to fund his business, he came across AU Small Finance Bank and applied for a loan. He shares how the loan application process was efficient and how quick disbursement of funds enabled him to have a high turnover of approximately 90 lakhs. Stories like that of Mr. Rai push us to continue [#BankingWithPurpose](#) and bring in a wave of 'Badlaav' that fosters the growth of businesses in every corner of India.

[#AUSmallFinanceBank](#) [#Impact](#) [#BadlaavHumseHai](#)

AU's customer testimonies



Name: Hanuman Prajapat
Business: Mataka seller
Catagory: PM SVANidhi
Location: Mansarovar, Jaipur

“

आज मैं बहुत खुश हूँ की मेरी दुकान बहुत अच्छी चल रही है, इसमें AU बैंक ने मेरी बहुत मदद की है दो दिन में लोन की राशि दिला कर उन्होंने मुझे आगे बढ़ने की प्रेरणा दी है।

”



Name: Kali Devi
Business: Daily wage worker
Catagory: BSBDA
Location: Mundawara, Alwar

“

पहले हमें हमारा काम छोड़ कर बैंकिंग के सेवाओं के लिए काफी दूर जाना पड़ता था बैंक से छोटे-छोटे लेन-देन के लिए भी 10 - 15 किलोमीटर दूरी तय करनी पड़ती थी पर जब से हमारे गाँव में AU बैंक का BO पॉइंट आया है तब से हम हमारे बैंकिंग से संबंधित सभी काम हफ्ते के किसी भी दिन अपने गाँव में ही कर सकते हैं।

”



Name: Muskan Bano
Business: Cloth store/Tailor
Catagory: AU Udyogini
Location: Pragpura, Paota

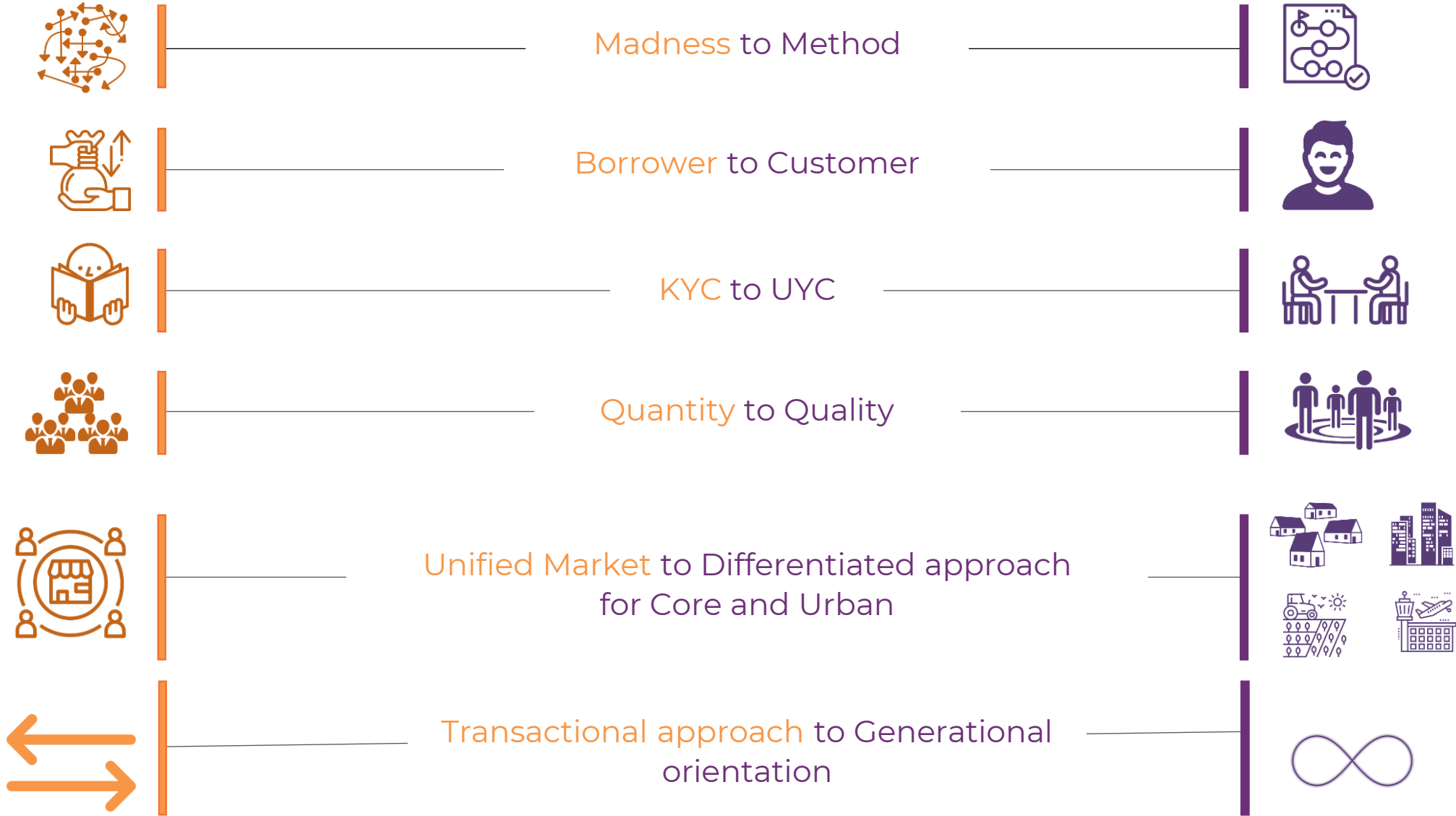
“

सोचा नहीं था इतने ऊँचे मुक़ाम तक पहुंचेंगे हम | अब तो एयू उद्योगिनी बन चुके हैं, पता नहीं कहाँ कहाँ पहुंचेंगे हम |

”



Learnings from last 6 years



Consistently challenging the status quo to improve customer and employee experience

Building a sustainable forever Bank



**Foundation, built-up
& stabilization**

2017-2023

Navigating to prosper



**Sustainable growth,
Investment, consistency,
and consolidation**

2024-2027

strategic path to 2027



**Forever Bank with Trust,
Scale and Tech**

2027+

- ❑ Navigated 6 years successfully despite multiple headwinds
- ❑ Committed to our Inclusive Business Model
- ❑ Built retail and granular deposit franchise
- ❑ Diversified Products/services and remained well-governed

- ❑ Focus on our 7 Strategic Priorities to deliver consistent outcomes
- ❑ Complete platform build-out – Digital, TBG, SMF, Wealth and X-sell
- ❑ Scale deposits, accelerate customer acquisition and optimise efficiency

- ❑ Built a Forever bank with sustainability at its core
- ❑ Agile Bank keeping Customer first
- ❑ Brand strength to deliver
- ❑ Benefit from scale and size

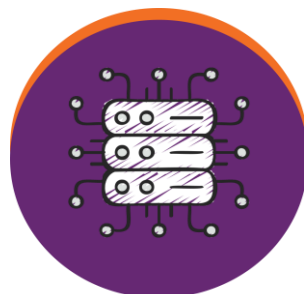
7 strategic priorities



**Scale retail focused,
sustainable, low-cost deposit
franchise**



**Drive Sustainable growth
from existing asset
products & segments**



**Build a Tech-
led ecosystem**



**Strong risk
management &
controls**



**Develop a highly
empowered and capable
team**

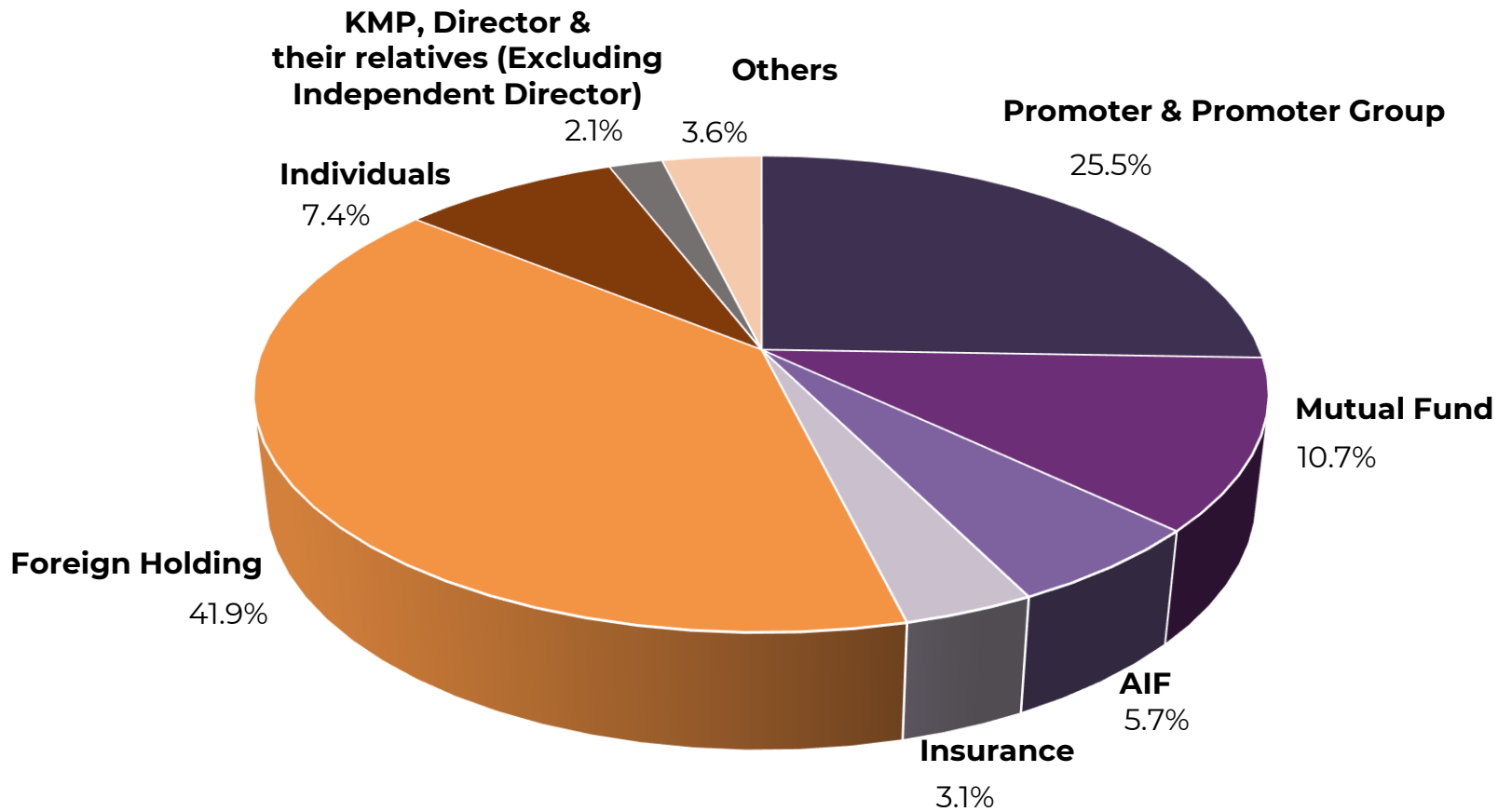


**Create strong
brand identity**



**Strengthen our
ESG commitments**

Shareholding pattern



Foreign holding	42%
Domestic holding	58%



Mr. Raj Vikash Verma
Chairman and Independent Director
40+ years of experience
Masters in Economics, MBA (FMS), CAIIB

Ex-Chairman at NHB
Held leadership positions at IMGC, CERSAI, PFRDA, etc.

Independent Directors



Mr. H R Khan
Independent Director
40+ years of experience
Masters in Arts & Philosophy, Diploma in Business Mgt., CAIIB

Ex-Deputy Governor of RBI
Served on Boards of Several Banks & regulatory Bodies including NHB & NABARD etc.



Mr. Kamlesh Vikamsey
Independent Director
35+ years of experience,
FCA, B. Com

Senior Partner - KKC & Associates LLP
Chairman - IMAC
Member (AoC)- World Metrological Organization (WMO)
Ex-Chairman - Audit Advisory Committee, UNICEF



Ms. Kavita Venugopal
Independent Director-[Additional]
40+ years of experience in
Banking Industry
MBA, B.A.

Ex-CEO, Abu Dhabi Commercial Bank (ADCB), India
Held leadership position in various Private Banks



Mr. Sanjay Agarwal
MD & CEO
28 years of experience
FCA (All India Rank holder)

EY Entrepreneur of the Year Award 2018; Business Leader of the Year, ICAI Awards, 2017



Ms. Malini Thadani
Independent Director
40+ years of experience
Masters in History, M.A., Certificate of Public Administration, Ohio University, USA

Ex - Head of Corporate Sustainability, Asia at HSBC
Held leadership positions at Indian Revenue Services



Prof. M S Sriram
Independent Director
31+ years of experience (including
22 years as an academic)
MBA, Fellow, IIMB (equivalent to PhD)

Professor-Centre for public policy-IIMB



Mr. Uttam Tibrewal
Whole-Time Director
27 years of experience
B. Com

Associated with the Bank for more than 20 years



Mr. Pushpinder Singh
Independent Director
36+ years of experience in IT and
Payment Systems
BSc, CAIIB

Ex-CEO, Bank of India
Ex Advisor, NPCI (FI & new business)



Mr. V G Kannan
Independent Director
40+ years of experience in
Banking Industry
B.B.A., MBA

Ex MD - State Bank of India
Ex Chief Executive - Indian Bank Association
Ex Member of Governing Council - IIBF

Abbreviations

BSBDA	Basic Savings Bank Deposit A/C
CASA	Current Account Deposits and Savings Account Deposit
CoF	Cost of Fund
CRAR	Capital Adequacy Ratio
DII	Domestic Institutional Investors
DPD	Days Past Due
LCR	Liquidity Coverage Ratio
MUDRA	Micro Units Development & Refinance Agency Ltd.
NBFC	Non-Banking Finance Company
NII	Net Interest Income
NPA	Non-Performing Assets
NTC	New to Credit

OPEX	Operating Expenses
P&L	Profit & Loss Statement
PAT	Profit After Tax
PMJJBY	Pradhan Mantri Jeevan Jyoti Bima Yojana
PMSBY	Pradhan Mantri Suraksha Bima Yojana
QoQ	Quarter on Quarter
REG	Real Estate Group
RoA	Return on Average Assets
RoE	Return on Average Shareholder's Fund
TD	Term Deposit
YoY	Year on Year
YTD	Year to Date

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	Calculated as the weighted average yield on Gross Advances at the end of months within the respective period; from Q3'FY23, it is changed on a daily basis
f.	NIM	Net Interest Margin is calculated on the Advances including off book assets on a daily basis
g.	NPA Calculation	Net NPA Calculation does not include contingency provisions that the bank is carrying
h.	Retail TD	Retail TD refers to all TD having balance less than ₹ 2 Crores ; Bulk TD refers to all balances of ₹ 2 Crore & above
i.	Gross Advances	Gross Advances includes billed interest
j.	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
k.	Digital Customers	Digital customers are those active on AU SFB's digital channels
l.	Digital Products	Video Banking SA, Credit Cards, UPI QR, Personal Loans
m.	Transacting Customers	Customer initiated transactions on total Savings Accounts base, excluding dormant accounts

This presentation has been prepared by AU SMALL FINANCE BANK LIMITED (the “Bank”) solely for information purposes, without regard to any specific objectives, financial situations or informational needs of any particular person. All information contained has been prepared solely by the Bank. No information contained herein has been independently verified by anyone else. This presentation may not be copied, distributed, redistributed or disseminated, directly or indirectly, in any manner.

This presentation does not constitute an offer or invitation, directly or indirectly, to purchase or subscribe for any securities of the Bank by any person in any jurisdiction, including India and the United States. No part of it should form the basis of or be relied upon in connection with any investment decision or any contract or commitment to purchase or subscribe for any securities. Any person placing reliance on the information contained in this presentation or any other communication by the Bank does so at his or her own risk and the Bank shall not be liable for any loss or damage caused pursuant to any act or omission based on or in reliance upon the information contained herein. No representation or warranty, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or opinions contained in this presentation. Such information and opinions are in all events not current after the date of this presentation. Further, past performance is not necessarily indicative of future results.

This presentation is not a complete description of the Bank. This presentation may contain statements that constitute forward-looking statements. All forward looking statements are subject to risks, uncertainties and assumptions that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially include, among others, future changes or developments in the Bank's business, its competitive environment and political, economic, legal and social conditions. Given these risks, uncertainties and other factors, viewers of this presentation are cautioned not to place undue reliance on these forward-looking statements. The Bank disclaims any obligation to update these forward-looking statements to reflect future events or developments.

Except as otherwise noted, all of the information contained herein is indicative and is based on management information, current plans and estimates in the form as it has been disclosed in this presentation. Any opinion, estimate or projection herein constitutes a judgment as of the date of this presentation and there can be no assurance that future results or events will be consistent with any such opinion, estimate or projection. The Bank may alter, modify or otherwise change in any manner the content of this presentation, without obligation to notify any person of such change or changes. The accuracy of this presentation is not guaranteed, it may be incomplete or condensed and it may not contain all material information concerning the Bank.

This presentation is not intended to be an offer document or a prospectus under the Companies Act, 2013 and Rules made thereafter , as amended, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended or any other applicable law.

Figures for the previous period / year have been regrouped wherever necessary to conform to the current period's / year's presentation. Total in some columns / rows may not agree due to rounding off.

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

THANK YOU

For Investor queries contact (details in QR Code):

Prince Tiwari



Email: investorrelations@aubank.in