

Ref. No.: AUSFB/SEC/2021-22/317

Date: 28<sup>th</sup> January 2022

To,

<b>National Stock Exchange of India Ltd.</b> Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (East), Mumbai 400051, Maharashtra. <b>NSE Symbol: AUBANK</b>	<b>BSE Limited</b> Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400001, Maharashtra. <b>Scrip Code: 540611</b>
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Dear Sir/Madam,

**Sub: Presentation to Investors on Unaudited Financial Results for the quarter and nine months ended on 31<sup>st</sup> December, 2021**

In terms of Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we submit herewith the Investors Presentation of the AU Small Finance Bank Limited ("Bank") on the Unaudited Financial Results for the quarter and nine months ended on 31<sup>st</sup> December, 2021. The Investors Presentation may also be accessed on the website of the Bank at the link <https://www.aubank.in/investors/quarterly-reports>.

This is for your information and records.

Thanking You,

Yours faithfully,

**For AU SMALL FINANCE BANK LIMITED**



**Manmohan Parnami**  
**Company Secretary and Compliance Officer**  
**Membership No.: F9999**  
[investorrelations@aubank.in](mailto:investorrelations@aubank.in)

**Registered Office**

**AU SMALL FINANCE BANK LIMITED**

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Jaipur - 302001, Rajasthan, India

Phone: +91 141 4110060/61, Fax: +91 141 4110090

CIN: L36911RJ1996PLC011381

Formerly known as Au Financiers (India) Limited

**406628**



**BADLAAV**  
**HUMSE HAI**

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**INVESTOR PRESENTATION Q3'FY22**

**1**

Management Update

**2**

Operating & Financial Highlights

**3**

Branch Banking Update

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Asset Quality

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Other Key Updates

# 1. Management Update



Appointment of Shri H.R. Khan as an Independent Director



10 Strategic Business Units formalized



CRISIL upgraded credit rating outlook to 'Positive' from 'Stable'



Added 3,018 employees YTD

## ✔ OPERATING ENVIRONMENT

- Q3'FY22 saw a near-normal operating environment with improvement across all key vectors aided by a strong festive season and resilient customer sentiment
- Based on early impressions, impact of Omicron variant seems limited, and we remain optimistic with a cautious approach

## ✔ BUSINESS HIGHLIGHTS

- Bank further strengthened its Board with the appointment of Shri H R Khan, ex-RBI Deputy Governor, as an Independent Director and with this addition, the Bank's Board is expanded to 9 Directors with 7 being Independent directors; Bank will benefit immensely from Shri Khan's regulatory experience of over 4 decades
- 10 Business groups have been formalized and each will operate as separate Strategic Business Units (SBUs) with identified leadership – this will significantly help manage bandwidth and bring sharper focus in executing the Bank's growth strategy with greater agility and flexibility
- CRISIL has upgraded its rating outlook on long-term debt and fixed deposit programme of the bank to 'Positive' from 'Stable' reflecting strength in asset quality, granularity in liabilities and the overall banking franchise; Long term rating at 'CRISIL AA-/Positive' and FD rating at 'CRISIL AA+/Positive'
- **Liabilities**
  - Liabilities continue to become more granular- CASA mix at 39%, Cost of Funds in 9M'FY22 declined to 6.1%, lower by 89 bp YoY and 22 bp QoQ
  - The Government Banking team acquired one large savings account mandate which has further strengthened our momentum in building a strong CASA base; Excluding this from deposits, CASA ratio would have been 36% as on 31<sup>st</sup> Dec'21

## ➤ **Assets**

- Q3'FY22 disbursement at ₹ 8,152 Cr, our highest ever quarterly achievement – growth of 59% QoQ and 33% YoY; AUM grew 26% YoY to ₹ 42,023 Cr
- Asset quality improved further – GNPA down ~57 bp QoQ to 2.6% from 3.2%; Net NPA reduced to 1.3% from 1.7% QoQ; PCR at 51% versus 49% QoQ
- Recoveries aided by improving environment and better customer cashflows resulting in collection efficiency sustaining above 100%
- Contingency provisions maintained at ₹300 Cr which keeps us better prepared for any unforeseen events

## ➤ **Profitability**

- Q3'FY22 PAT grew by 68% YoY to ₹ 302 Cr in vs ₹ 180 Cr in Q3'FY21 led by NII growth of 30%, and normalization in provisions
- For Q3'FY22 / 9M'FY22, ROA stood at 2.2%/1.9% and ROE at 17.4%/15.6% even as we are investing significantly in people, digital, branding, products and distribution to build a future ready bank

## ✔ **DIGITAL**

- AU 0101 continue to see strong traction with 39% QoQ growth in user registration; 20% of total registrations till Dec'21 were non-AU customers
- Initial trends from Video Banking experience have been quite encouraging in terms of enhancing reach, acquisition and engagement
- Credit card base reached 1 Lac; 50,000+ credit cards issued during the quarter; 53% card holders are first time credit card users
- Merchant acquisition through QR code continues to scale – Over 3 Lac QR code deployed at merchant points; First bank to launch QR sandbox

## ✔ **OTHER KEY HIGHLIGHTS**

- 69 new touchpoints added during the quarter within which 36 are liability branches
- Bank constituted its Diversity and Inclusion (D&I) committee during the quarter to increase emphasis on D&I within the bank
- AU Bank certified as a 'Great Place To Work' for the second consecutive year; Bank has added 3,018 employees YTD

# We continue to witness positive trends for our digital bank

**BADLAAV  
HUMSE HAI**

## Registrations

**9.6 Lacs**  
↑ AU 0101 registrations. 39%

**2.2 Lacs**  
Non AU customer  
registrations on AU 0101 app

## Acquisition

**~65k**  
Savings account opened  
digitally through AU 0101

**1 Lac+**  
Credit cards issued

**3 Lacs+**  
UPI QRs installed

## Engagement

**38%**  
↑ in MAU (Monthly Active Users)

**4.4 Lacs**  
↑ MAU

## Transaction

**35%**  
↑ in txns.\* on AU 0101

**34%**  
↑ in Service requests executed digitally



## OUR LONG TERM OBJECTIVES



Build a credible, trustworthy and sustainable bank that inspires generations to come



Act as a responsible catalyst to serve financial needs of the unserved and unreached



Bring efficiency in intermediation between savers and borrowers



Unlock human potential

## OUR STRATEGIC PRIORITIES



Drive sustainable growth from existing products and segments



Scale retail focused sustainable liability franchise



Build a Tech led ecosystem



Create strong Brand Awareness

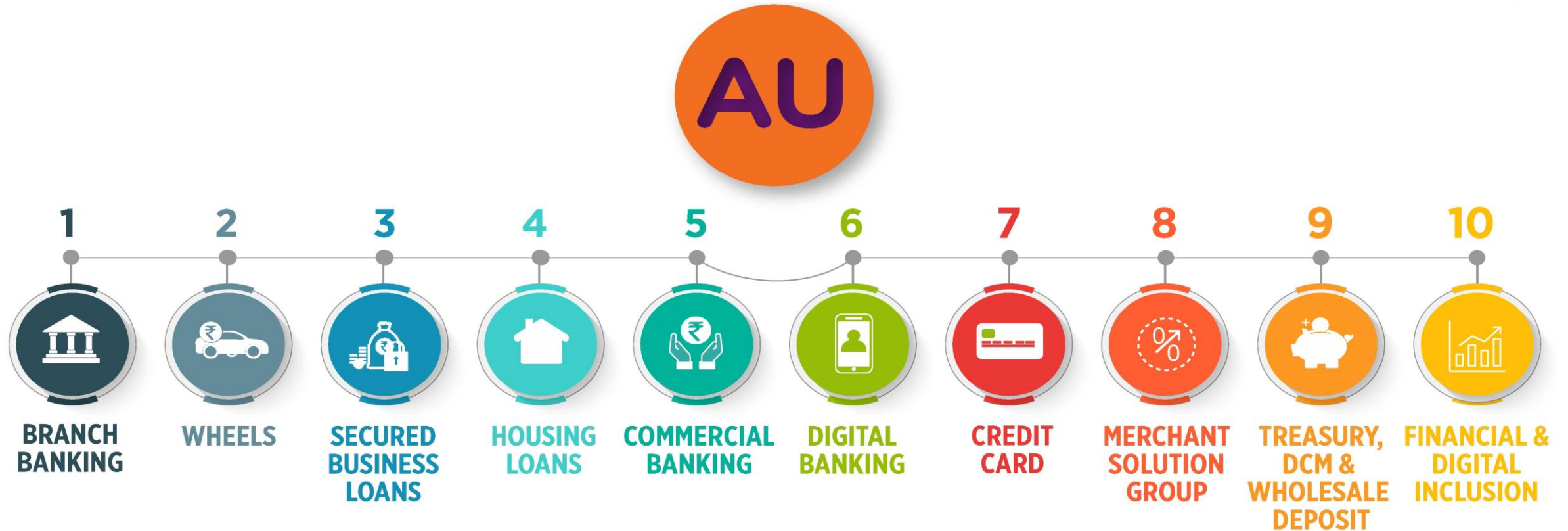


Develop a highly empowered and capable team



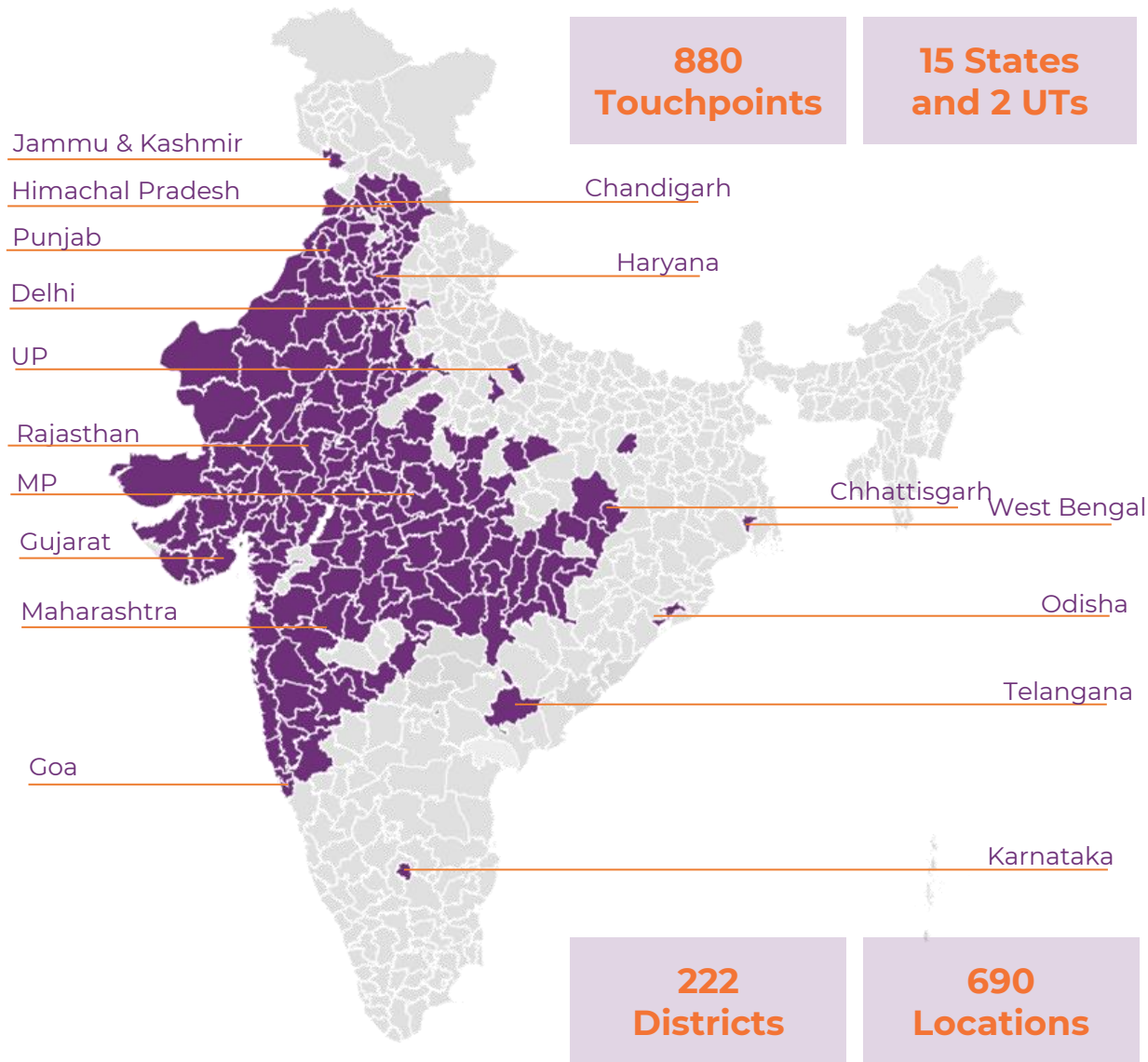
Strengthen our ESG commitments





- 10 Business Groups (SBU structures) formalized to drive future growth
- Each BU to have
  - ✓ Its own vertical structure supported by shared horizontals like HR, Finance, MIS etc.
  - ✓ Its own growth strategy and approach to drive Bank's long-term Objectives and Strategic Priorities
  - ✓ Its own Revenue and Cost tracking

In the upcoming months, the Bank will provide an opportunity for investors/analysts to interact with the leadership of each SBU and better understand their structure and strategy



## Launched 69 New Touchpoints in Q3



**15 States and 2 UTs**

**880 Touchpoints**

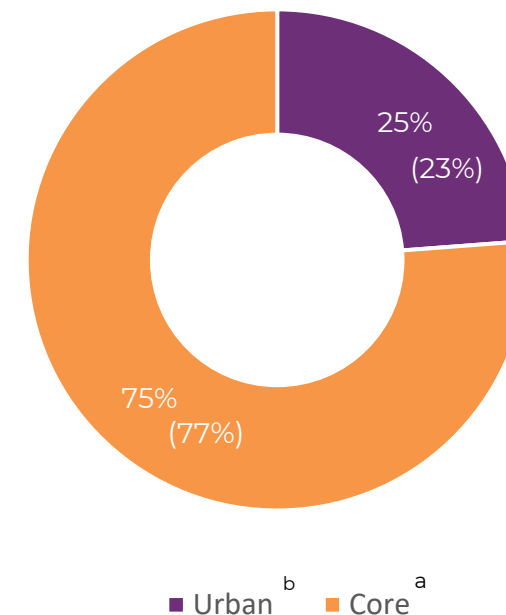
**222 Districts**

**690 Locations**

**496 ATMs**

### Break up of Touchpoints

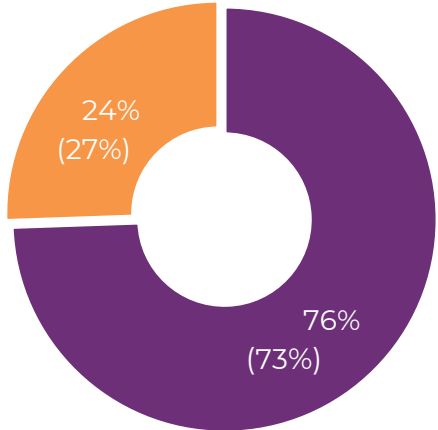
Sr. No.	States & UTs	30-Sep-21	Added during Q3'FY22	31-Dec-21
1	Rajasthan	330	18	348
2	Gujarat	115	16	131
3	Madhya Pradesh	114	3	117
4	Maharashtra	79	8	87
5	Punjab	44	6	50
6	Haryana	37	10	47
7	Delhi / NCR	24	4	28
8	Chhattisgarh	19	0	19
9	Himachal Pradesh	13	0	13
10	Uttar Pradesh	8	2	10
11	Karnataka	2	1	3
12	Goa	2	0	2
13	West Bengal	2	0	2
14	Telangana	1	0	1
15	Odisha	1	0	1
16	Chandigarh (UT)	2	1	3
17	Jammu & Kashmir (UT)	1	0	1
<b>Total</b>		<b>794</b>	<b>69</b>	<b>863</b>
<b>BC</b>		<b>17</b>	<b>0</b>	<b>17</b>



Figures in parenthesis are as on 31-Dec-20

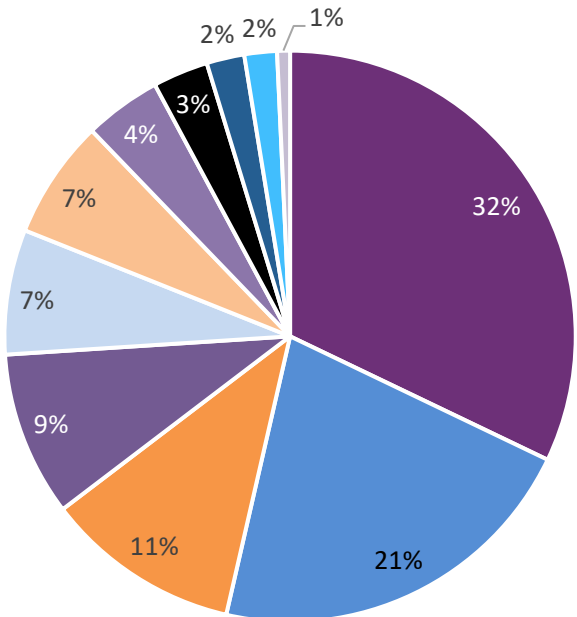
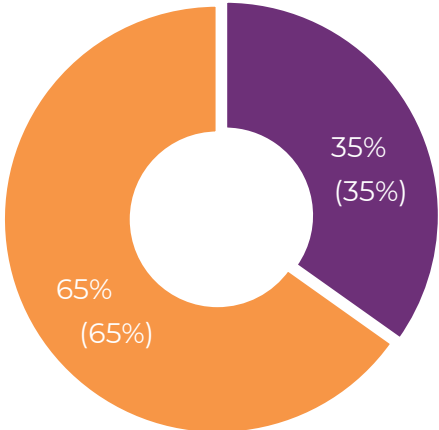
# Garnering deposits from Urban markets and disbursing in Core markets

**Liabilities Break up**

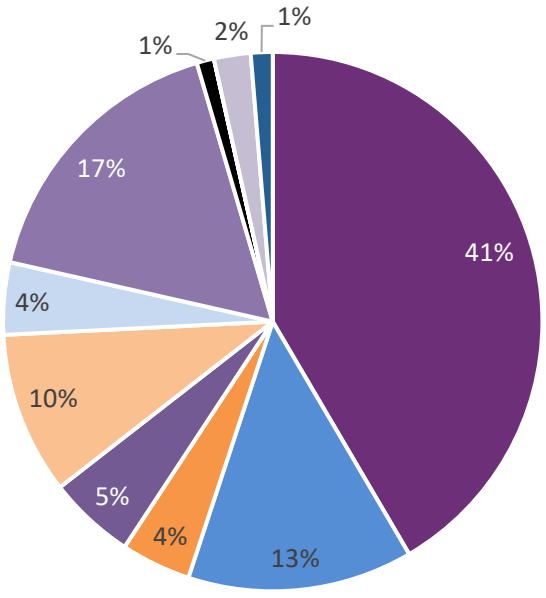


■ Urban ■ Core

**Assets Break up**



- Rajasthan
- Maharashtra
- Delhi NCR
- Punjab
- Haryana
- Gujarat
- Madhya Pradesh
- Himachal Pradesh
- Uttar Pradesh
- Karnataka
- Chhattisgarh



All figures are as on 31-Dec-21; Figures in parenthesis are as on 31-Dec-20

## 2. Operating & Financial Highlights



Disbursements up 33% YoY in Q3'FY22



Profit at ₹ 302 Crore for Q3'FY22



COF at 5.9% Q3'FY22



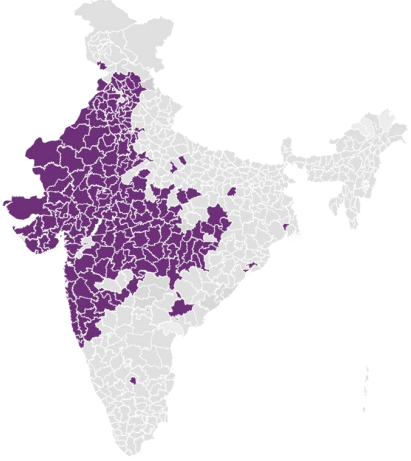
ROA of 2.2% and ROE of 17.4% for Q3'FY22

# Q3'FY22 Key highlights

<b>Disbursements</b>	<b>₹ 8,152 Cr</b> +33% YoY
<b>AUM</b>	<b>₹ 42,023 Cr</b> +26% YoY
<b>Deposits</b>	<b>₹ 44,278 Cr</b> +49% YoY
<b>CASA / CD Ratio<sup>1</sup></b>	<b>39% / 91%</b> (22%/102%)
<b>GNPA/NNPA</b>	<b>2.6%/1.3%</b>
<b>Net Profit</b>	<b>₹ 302 Cr</b> +68% <sup>2</sup> YoY
<b>ROA/ROE</b>	<b>2.2% / 17.4%</b>
<b>Tier I/CRAR</b>	<b>18.2%/19.5%</b>

- Disbursements (fund-based) increased significantly in Q3'FY22 as operating environment normalised; up 33% YoY
- Non-fund disbursements for Q3'FY22 were up 54% YoY at ₹ 627 Crore as compared to ₹ 406 Crore in the same quarter of the previous year
- Granularity of deposits continued to improve driven by increasing brand awareness, branch expansion and improved digital offerings
  - Improved CASA ratio to 39% from 22% YoY
  - Cost of funds in 9M'FY22 reduced by 89 bps YoY to 6.1% from 7.0%
  - SA accretion contributed to the entire incremental deposits in the quarter
- GNPA reduced sequentially by ₹94 Cr to ₹1,058 Cr (2.6%) from ₹1,151 Cr (3.2%)
- Average Collection efficiency in Q3'FY22 at 106%
- Buffer provisioning maintained to ₹ 300 Cr (75 bps of net advances)
- PAT was up 68% on a YoY basis at ₹302 Cr even as we increased investing significantly in people, technology, branding, products and distribution to build a future ready bank
- Healthy Tier 1 and CRAR at 18.2% and 19.5% respectively (20.7% and 22.0% including 9M'FY22 profits)

### 222 Districts



### Touchpoints

880

Vs.  
728  
(31-Dec-20)



### Customers

23.7 lac

Vs.  
18.8 lac  
(31-Dec-20)



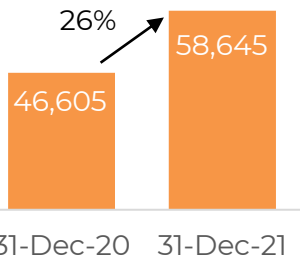
### Employees

25,502

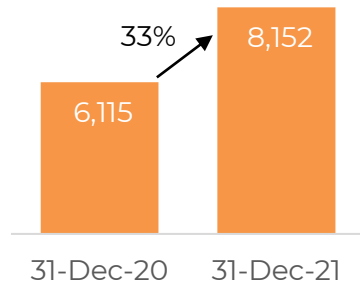
Vs.  
18,992  
(31-Dec-20)



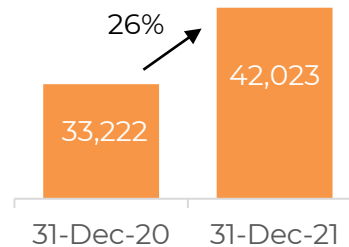
### Total B/S Assets



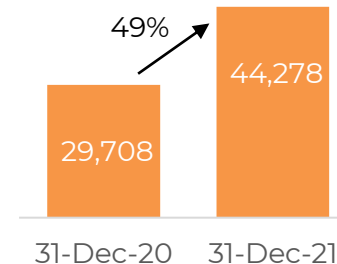
### Disbursements<sup>1</sup>



### Loan AUM



### Deposits



### CASA Ratio<sup>c</sup>

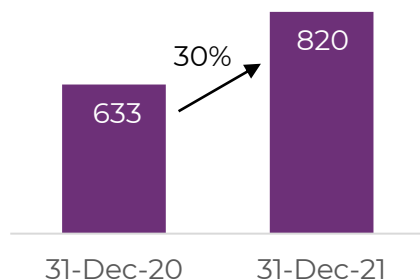
39%  
Vs.  
22%  
(31-Dec-20)

₹ Crore

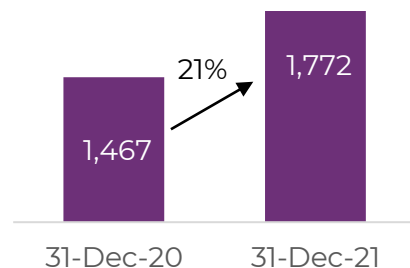
<sup>1</sup>Disbursements are for the quarter and include ECLGS disbursements of ₹48 Cr in 31-Dec-21 & ₹150 Cr in 31-Dec-20

# Q3'FY22 Key financial highlights

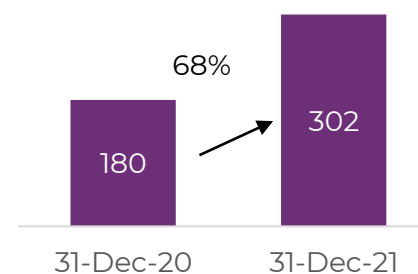
## Net Interest Income



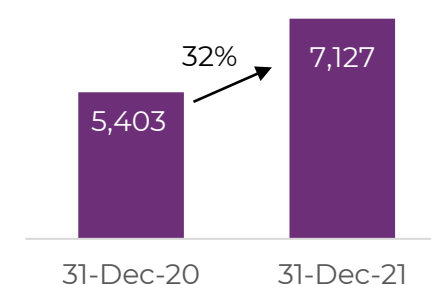
## Total Income



## PAT



## Shareholders Funds



## Yield<sup>d</sup> on AUM

**13.7%**  
Vs.  
14.3%  
(31-Dec-20)

## Cost of Funds

**5.9%**  
Vs.  
6.7%  
(31-Dec-20)

## Net Interest Margin

**6.3%**  
Vs.  
5.9%  
(31-Dec-20)

## ROA

**2.2%**  
Vs.  
1.6%<sup>1</sup>  
(31-Dec-20)

## ROE

**17.4%**  
Vs.  
14.0%<sup>1</sup>  
(31-Dec-20)



# 9M'FY22 Key financial highlights

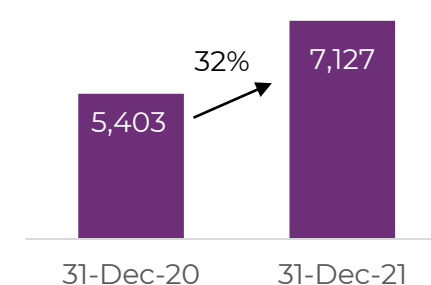
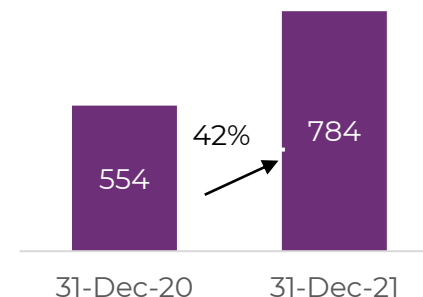
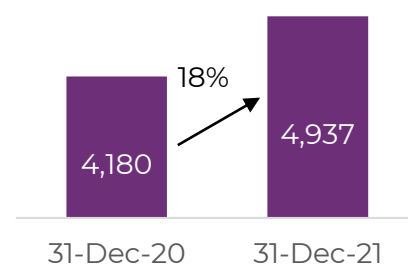
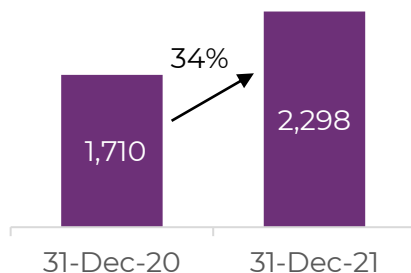
## Net Interest Income

## Total Income

## PAT

## Shareholders Funds

₹ Crore



## Yield<sup>d</sup> on AUM

**13.8%**

Vs.

14.4%  
(9M'FY21)

## Cost of Funds

**6.1%**

Vs.

6.9%  
(9M'FY21)

## Net Interest Margin

**5.9%**

Vs.

5.4%  
(9M'FY21)

## ROA

**1.9%**

Vs.

1.7%  
(9M'FY21)

## ROE

**15.6%**

Vs.

15.1%  
(9M'FY21)

## GNPA<sup>e</sup>

**2.6%**

Vs.

3.2%  
(30-Sep-21)

## NNPA<sup>e</sup>

**1.3%**

Vs.

1.7%  
(30-Sep-21)

## Provision Coverage Ratio

**51%<sup>1</sup>**

Vs.

49%  
(30-Sep-21)

## CRAR

**19.5%**

Vs.

22.0%  
(30-Sep-21)

## Tier-I CRAR

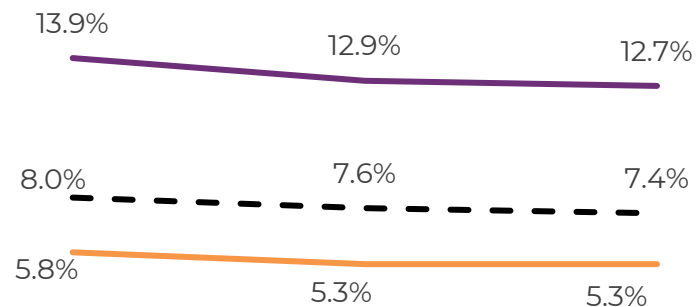
**18.2%**

Vs.

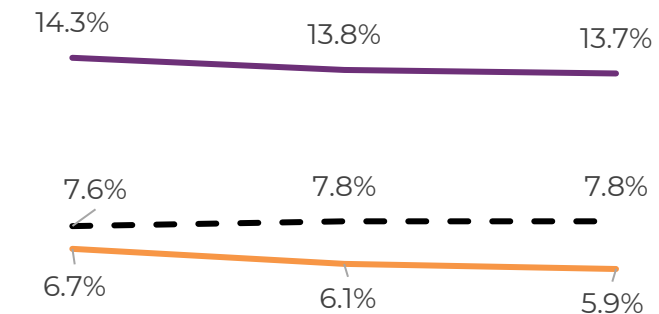
20.5%  
(30-Sep-21)

# Stable spreads despite high liquidity

## Incremental Spreads



## AUM Spreads



— Disbursement Yields    — Incremental COF    - - Spread

— AUM Yield    — AUM COF    - - Spread

- Overall cost of funds for Q3'FY22 was at 5.9% - decline of 22 bps over Q2'FY22 driven partly by improving deposits mix; Incremental cost for Q3'FY22 was at 5.3% - down 5 bps over Q2'FY22
- Quarterly average LCR at ~131% for Q3'FY22 (against regulatory requirement of 100%)
- Certificate of Deposit (CD) outstanding as on 31-Dec'21 at ₹ 333 Cr as against CD book of ₹ 1,505 Cr as on 31-Dec'20

# Profit & Loss statement

(All Figures in ₹ Crore)	9M'FY22	9M'FY21	Y-o-Y	31-Dec-21	31-Dec-20	Y-o-Y	30-Sep-21	Q-o-Q
<b>Income</b>								
Interest Earned	4,255	3,658	16%	1,496	1,261	19%	1,405	7%
Interest Expended	1,957	1,948	0%	676	628	8%	652	4%
<b>Net Interest Income</b>	<b>2,298</b>	<b>1,710</b>	<b>34%</b>	<b>820</b>	<b>633</b>	<b>30%</b>	<b>753</b>	<b>9%</b>
Other Income	682	522	31%	276	206	34%	192	44%
Gains from stake sale in Aavas	0	651	N.A	0	480	N.A	0	N.A
<b>Net Income</b>	<b>2,980</b>	<b>2,883</b>	<b>3%</b>	<b>1,096</b>	<b>1,319</b>	<b>-17%</b>	<b>945</b>	<b>16%</b>
<b>Expenses</b>								
Employee Cost	965	643	50%	356	240	48%	327	9%
Other Operating Expenses	682	456	50%	282	184	53%	226	25%
<b>Operating Expenses</b>	<b>1,647</b>	<b>1,100</b>	<b>50%</b>	<b>638</b>	<b>424</b>	<b>50%</b>	<b>553</b>	<b>15%</b>
<b>Operating Profit before Provisions and Contingencies</b>	<b>1,333</b>	<b>1,784</b>	<b>-25%</b>	<b>458</b>	<b>895</b>	<b>-49%</b>	<b>392</b>	<b>17%</b>
Covid-19 Provisions	0	140	N.A.	0	0	N.A.	0	N.A
Other Provisions	268	381	-30%	56	306	-82%	5	1110%
<b>Profit Before Tax</b>	<b>1,065</b>	<b>1,262</b>	<b>-16%</b>	<b>402</b>	<b>589</b>	<b>-32%</b>	<b>388</b>	<b>4%</b>
Tax expenses	281	261	8%	100	110	-9%	109	-8%
Profit After Tax	784	1,002	-22%	302	479	-37%	279	8%
<b>Profit After Tax (ex-Aavas)</b>	<b>784</b>	<b>554</b>	<b>42%</b>	<b>302</b>	<b>180</b>	<b>68%</b>	<b>279</b>	<b>8%</b>

- NII growth at 30% YoY in Q3'FY22 aided by reduction in CoF by ~89bps YoY and AUM growth of 26% YoY
- For 9M'FY22, Cost/Income is within our target range of 50-55% excluding investments of around ~₹ 160 Cr in 9M'FY22 towards digital initiatives viz credit cards/QR/Video Banking, distribution expansion and brand campaign

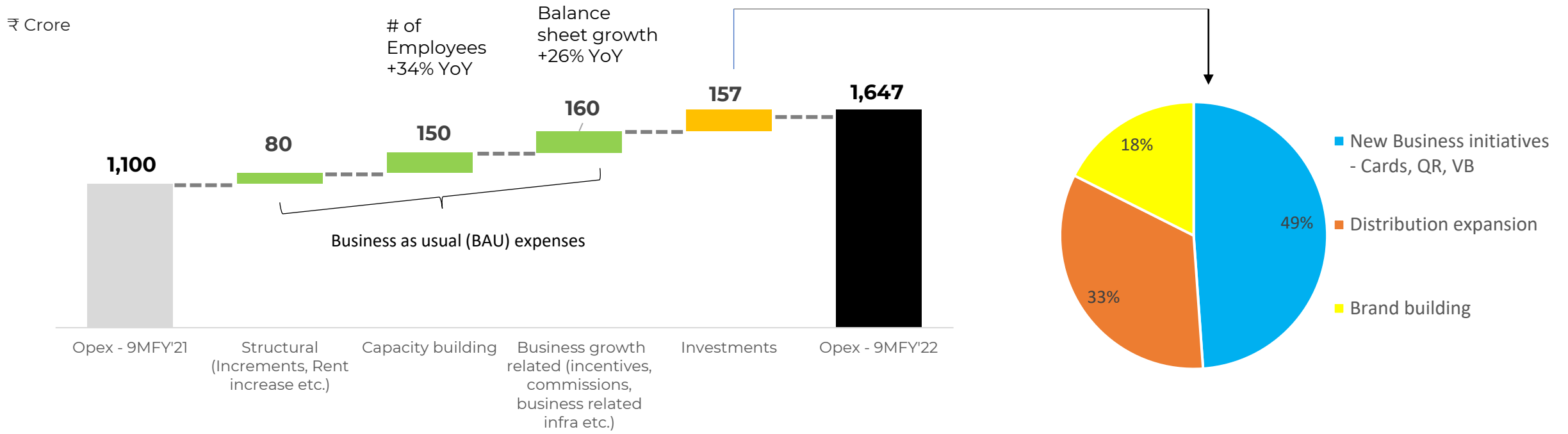
(All Figures in ₹ Crore)	31-Dec-21	31-Dec-20	Y-o-Y	30-Sep-21	Q-o-Q
<b>Liabilities</b>					
Shareholders Fund	7,127	5,403	32%	6,781	5%
Deposits	44,278	29,708	49%	39,034	13%
Borrowings	4,569	9,171	-50%	4,968	-8%
Other Liabilities and Provisions	2,672	2,324	15%	2,453	9%
<b>Total Liabilities</b>	<b>58,645</b>	<b>46,605</b>	<b>26%</b>	<b>53,236</b>	<b>10%</b>
<b>Assets</b>					
Cash and Balances	2,708	3,339	-19%	4,191	-35%
Investments	14,144	11,562	22%	11,679	21%
Advances	40,181	30,293	33%	35,845	12%
Fixed Assets	542	469	16%	508	7%
Other Assets	1,071	942	14%	1,013	6%
<b>Total Assets</b>	<b>58,645</b>	<b>46,605</b>	<b>26%</b>	<b>53,236</b>	<b>10%</b>

- Shareholders' fund increased by 32% YoY and 5% QoQ
- Deposits at 91% of external funding (borrowings + deposits) as on 31-Dec-21

# Other income

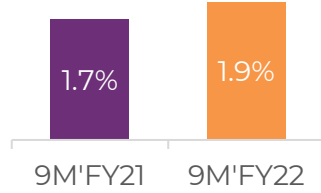
(All Figures in ₹ Crore)	9M'FY22	9M'FY21	Y-o-Y	31-Dec-21	31-Dec-20	Y-o-Y	30-Sep-21	Q-o-Q
Loan Assets Processing & Other Fees	264	174	52%	141	103	37%	94	50%
General Banking, Cross Sell & Deposits related fees	108	74	45%	40	32	26%	36	12%
PSLC Fees	144	25	487%	77	8	840%	49	56%
Miscellaneous	20	10	101%	9	4	126%	6	51%
<b>Core Other Income</b>	<b>535</b>	<b>283</b>	<b>89%</b>	<b>267</b>	<b>147</b>	<b>82%</b>	<b>185</b>	<b>44%</b>
Income from Treasury Operations	147	240	-39%	8	59	-86%	6	30%
<b>Other Income</b>	<b>682</b>	<b>522</b>	<b>31%</b>	<b>276</b>	<b>206</b>	<b>34%</b>	<b>192</b>	<b>44%</b>
Gains from stake sale in Aavas	0	651	N.A	0	480	N.A	0	N.A
<b>Other Income (Including Aavas)</b>	<b>682</b>	<b>1174</b>	<b>-42%</b>	<b>276</b>	<b>686</b>	<b>-60%</b>	<b>192</b>	<b>44%</b>

# Operating expense movement

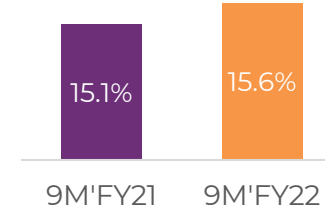


- The above figures are approximations basis internal estimates and are only for providing a broad understanding in the operating expense movement
- Bank has been investing in strengthening the digital franchise, building digital capabilities for the future (credit cards, merchant solutions, video banking), expanding its distribution and branch franchise, and investing in brand building. Such investments accounted for ~30% of the increase in opex in 9M'FY22 vs 9MFY'21
  - Adjusted for these expenses, Cost/Income would be within our target range of 50-55%
- Major reason for increase in BAU expenses YoY was
  - Increase in employees(+34% YoY) mainly for strengthening technology and oversight functions and capacity building
  - Balance sheet growth of 26% YoY

**ROA (%)**

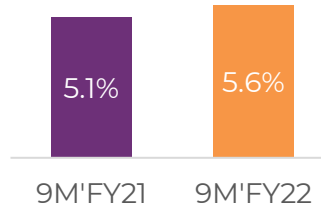


**ROE (%)**

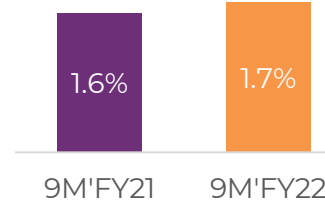


**ROA Components**

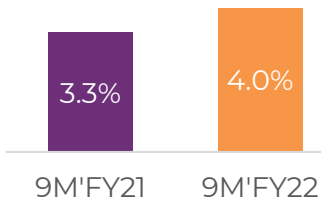
**NII (%)**



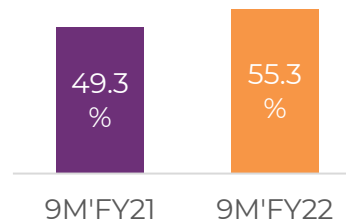
**Other Income(%)**



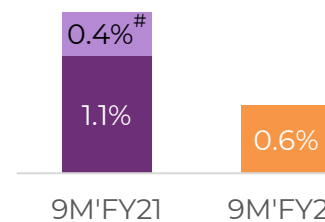
**Opex (%)**



**Cost to Income Ratio (%)**



**Provision & Contingencies (%)**



<sup>#</sup>COVID-19 related Provisions

## 3. Branch Banking Update



Deposits up 49% YoY to ₹ 44,278 Cr.



Retail deposits mix at 70%



CASA further improved to 39%



36 New liability Branches added in Q3'FY22



## Key turning points

	Deposit as a % of external liabilities	Retail Deposits <sup>f</sup> as a % of total deposits
<b>Apr'17</b> (Bank Launch)	N/A	N/A
<b>Mar'20</b> (Large private bank under crisis)	72%	43%
<b>Mar'21</b>	84%	55%
<b>Dec'21</b>	91%	70%

Our Performance ↑


## Core Principles of our Deposit Strategy

- 

**Communication & Engagement**  
Automated Customer Life Cycle Mgmt.  
Virtual RMs, Newsletters
- 

**Digital First**  
Employees, Process, Payments, Communications
- 

**Effective Sales & Resource Management**  
Onboarding, Training, Incentive, R&R, CRM
- 

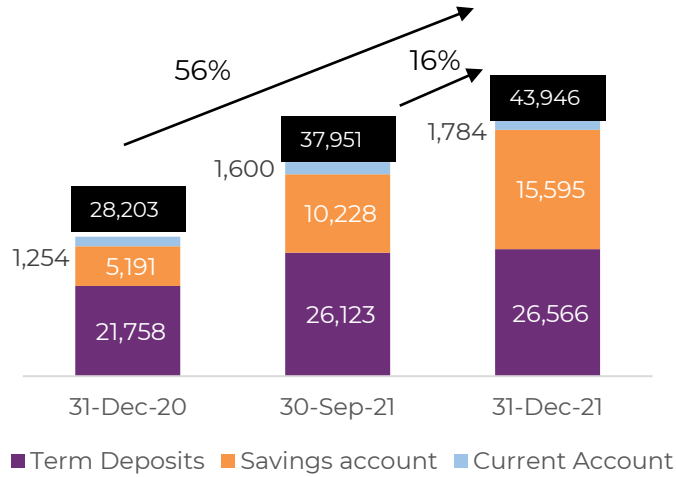
**Customer & Market Segmentation**  
Core & Urban Markets UYC – Profiles Based Acquisition
- 

**Primary Account Transition**  
Products, Solutions, Channels, Offers, Campaigns

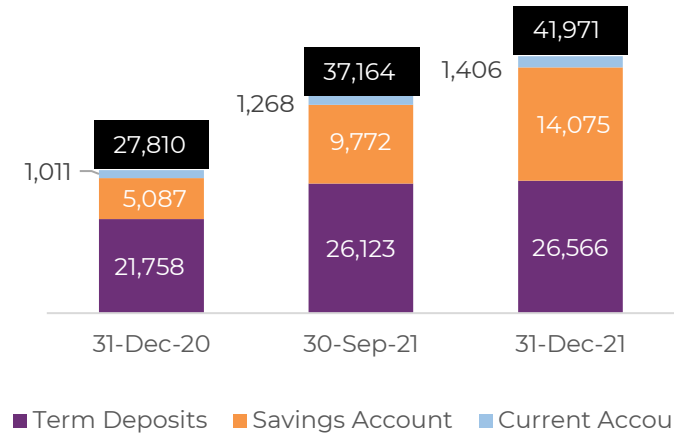
*Key markers being tracked are CD Ratio, CASA ratio and Retail to Total Deposit Ratio*

## Growing Deposit Franchise

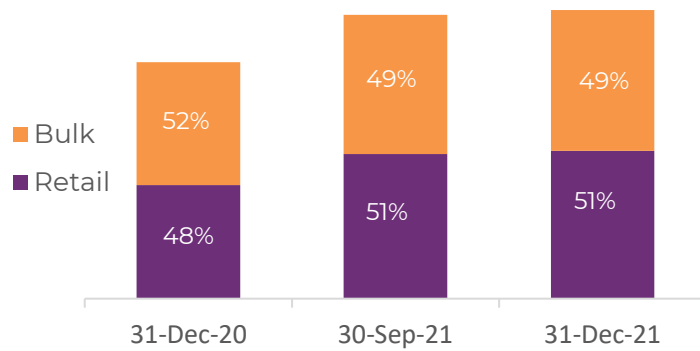
₹ Crore



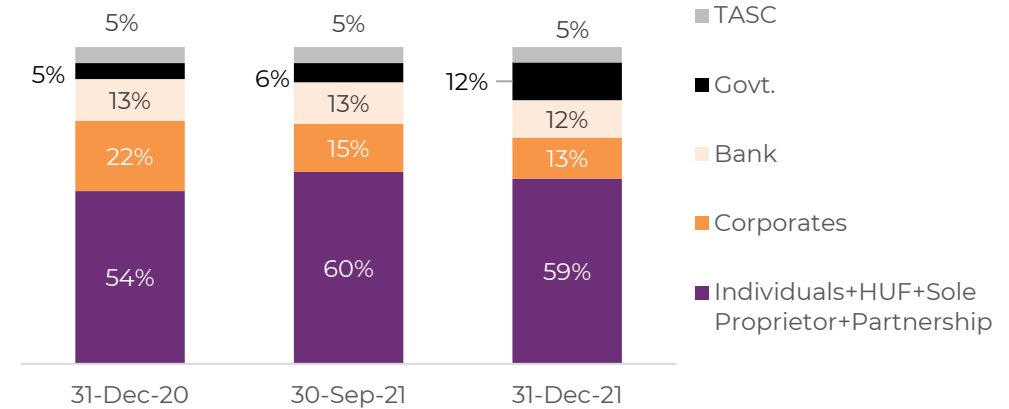
## Average Monthly Balance



## Split of Retail<sup>g</sup> and Bulk TD



## Profile of Depositors



## 4. Asset Quality



GNPA declined to 2.6% from 3.2% QoQ



PCR increased to 51% from 49% QoQ



Contingency Provision intact at 300 Cr.



Collection Efficiency for Q3'FY22 is 106%

All figures in ₹ Cr	AUM	AUM Yield	Gross Advances	Gross NPA	Disbursements (Q3'FY22)
<b>Wheels</b>	15,525	14.3%	14,441	488	3,045
<b>SBL-MSME</b>	15,283	15.0%	15,039	443	1,629
<b>Home Loan</b>	2,099	11.6%	2,100	13	473
<b>Commercial Banking</b>	6,337	14.3%	6,365	59	2,215
- <b>Business Banking</b>	2,295	9.6%	2,308	7	619
- <b>Agri</b>	1,719	9.9%	1,728	22	537
- <b>NBFC</b>	1,622	10.0%	1,623	10	731
- <b>REG</b>	701	14.6%	706	19	328
<b>Others</b>	2,370	NA	2,379	15	790
<b>SME<sup>1</sup></b>	410	11.8%	395	40	-
<b>Total</b>	<b>42,023</b>	<b>13.7%</b>	<b>40,719</b>	<b>1,058</b>	<b>8,152</b>

- GNPA reduced sequentially by ₹ 94 Cr to ₹ 1,058 Cr (2.6%) from ₹ 1,151 Cr (3.2%)
- Standard Restructured accounts stood at 3.1% of gross advances. As on 31<sup>st</sup> Dec'21, Billing has commenced for 92% of the restructured advances
  - Asset quality performance in the billed pool has been within expectations
    - GNPA against the Restructuring 1.0 loans stood at ~19% as on 31-Dec'21
  - Given the experience with the restructured book so far, we believe that the extant 16% coverage against the standard restructured loans seems adequate currently
- Bank continues to maintain Contingency provisions at ₹ 300 Cr (~75bp) of loans which strengthens balance sheet and makes us better prepared for any unforeseen events

# Credit cost overview

Credit Cost - Net Impact on P&L (All Figures in ₹ Crore)	Q3'FY22	Q3'FY21	Q2'FY22
Repossession Loss	34	7	43
POS Loss	8	4	8
Write off	39	86	0
Other Provisions	0	-	2
Less: Bad Debt Recovery	-2	-2	-2
<b>Net Credit Loss (A)</b>	<b>79</b>	<b>95</b>	<b>53</b>
<b>Net Credit Loss (as % of Avg. Total Assets)</b>	<b>0.6%</b>	<b>0.8%</b>	<b>0.4%</b>
Provision on NPA (B)	-23	-70	-170
General and Covid Related provisions (C)	-6	254	112
<b>Credit Cost – Net Impact on P&amp;L (A+B+C)</b>	<b>50</b>	<b>277</b>	<b>-5</b>
<b>Credit Cost – Net Impact on P&amp;L (as % of Avg. Total Assets)</b>	<b>0.4%</b>	<b>2.4%</b>	<b>0.0%</b>

Movement of Gross NPA (All Figures in ₹ Crore)	Q3'FY22	Q3'FY21	Q2'FY22
Opening Gross NPA	1,151	423	1,496
Additions during the period	249	6	210
Reductions during the period	343	126	555
<b>Gross NPA (closing)</b>	<b>1,058</b>	<b>303</b>	<b>1,151</b>

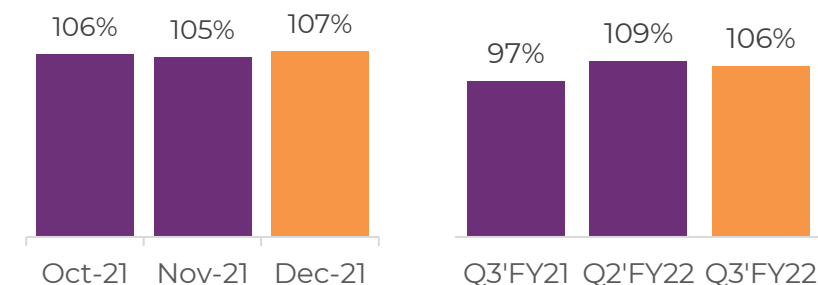
- As we had communicated earlier, basis on-ground feedback on accounts with low visibility of recoverability, wherein all collection efforts have been exhausted
  - Bank has made technical write-offs of ₹ 39 Cr in Q3'FY22 in this regard
  - Here, collection efforts are being abandoned and future recovery may happen through ongoing legal proceedings
- We shall continue to evaluate loans with low recoverability in the future as well and take appropriate measures
- Legal recourse in terms of SARFAESI etc. is well underway in all the eligible cases (5,000+ notices issued) which will significantly aid resolution in the coming quarters

Particulars	Dec'21				Sep'21			
	No. of Accounts	Loans*	Provisions*	Coverage	No. of Accounts	Loans*	Provisions*	Coverage
GNPA	46,668	1,058	537	51%	50,147	1,151	560	49%
Covid related Restructuring (Standard)	20,478	1,263	205	16%	21,284	1,302	213	16%
Contingency Provisions			300				300	
Provisions towards Standard Assets			116				110	
<b>TOTAL</b>			<b>1,159</b>				<b>1,183</b>	
<b>Provisions as a % of gross advances</b>			<b>2.8%</b>				<b>3.3%</b>	

\*Figures in crores

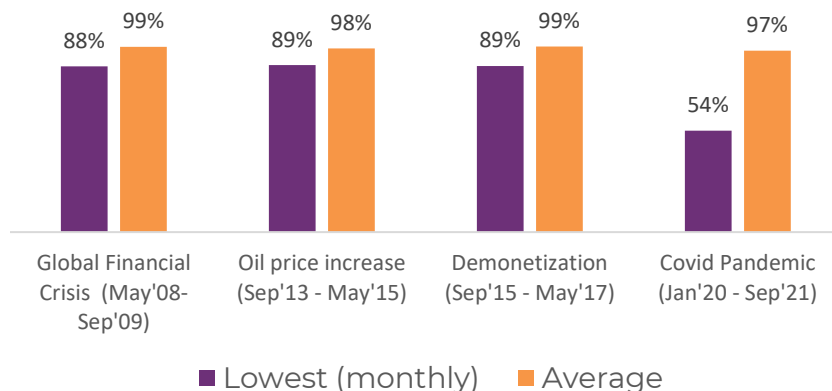
- 51% coverage is quite sufficient due to the secured, small-ticket nature of our loan book and our experience so far:
  - ATS of GNPL book is ~₹ 2 lacs and >98% of the GNPL book is secured
  - YTD, ~65% of total GNPA resolution has been through regularization with no loss incurred; Against the remaining ~35% of resolved GNPA, Repo/POS loss incurred was ~32%
  - The Bank currently holds collateral in hand on ~₹ 110 Cr of GNPA

## Overall Collection Efficiency

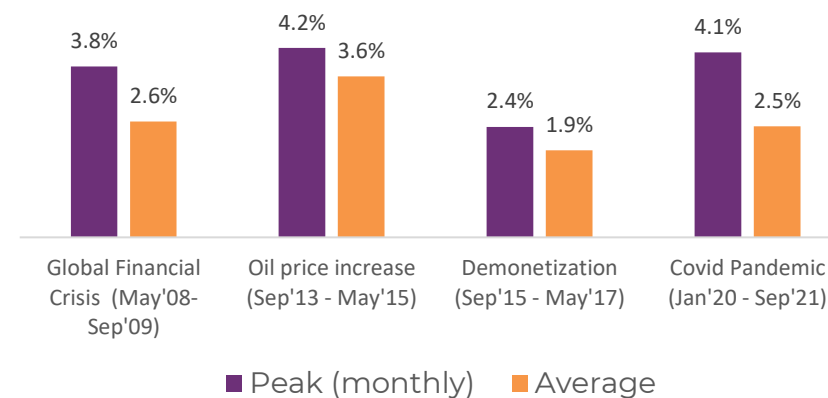


# Asset quality has been resilient throughout our growth journey

## Collection efficiencies



## 90+ dpd %



- Our asset quality performance in wheels and SBL has potentially been best in class for over a decade and has been resilient across cycles and the same has been once again reflected in our performance during Covid pandemic
- As illustrated in the above figures (for overall book), collection efficiencies for AU have typically bottomed out at ~90%\*, and 90+ dpd% has peaked at ~4.2%.
- Some key reasons behind this are
  - Granular, secured loans (ATS of Wheels = ~ ₹ 3.5 lacs; SBL = ~ ₹ 10 lacs) used mainly for income generation and backed by productive assets/SORP/SOCP
  - Strong on ground connect and intensity (reach)
  - Secured nature of book helps significantly in recoveries as and when situation normalizes due to the ability to enforce the security
  - In-house loan sourcing, legal, technical and collections teams helps in control over underwriting and provides flexibility in aligning resources basis situation
- In the case of Covid pandemic, notably 41% of loans as on end-March 2021 were originated in FY 2020-21 where the performance was stable and helped asset quality performance in the second wave (Apr-May'21)

## 5. Tech Update



1 lac+ Credit cards issued



3 lac+ UPI QR installed

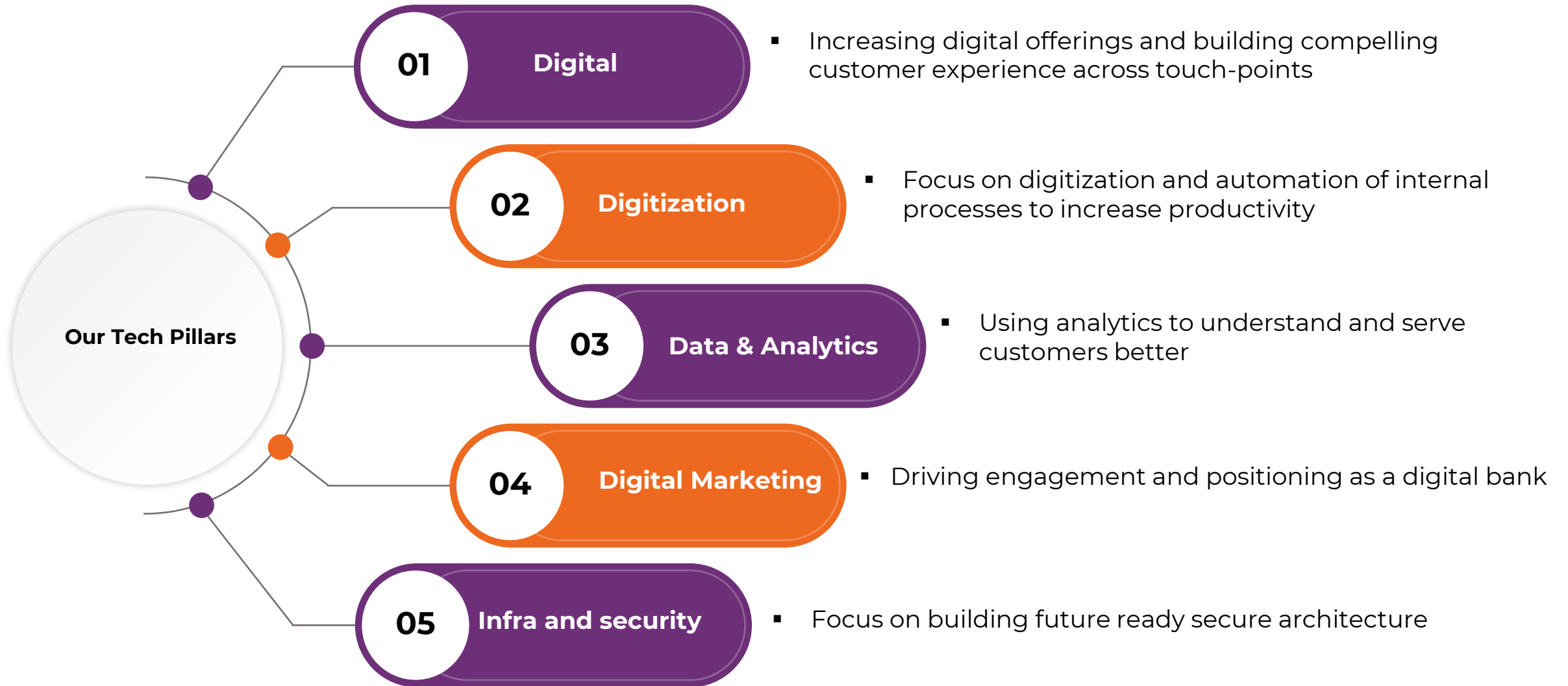


38% increase in MAU

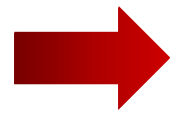


97% Financials transactions executed digitally





Awareness

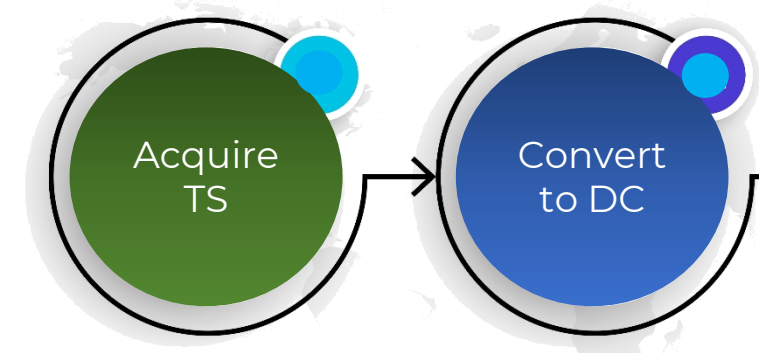
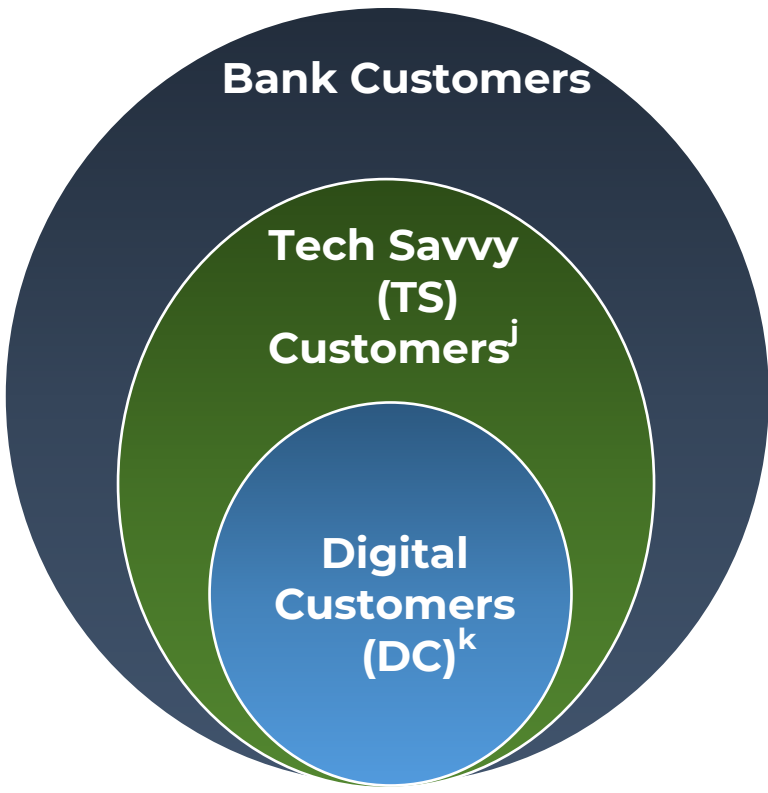


Adoption



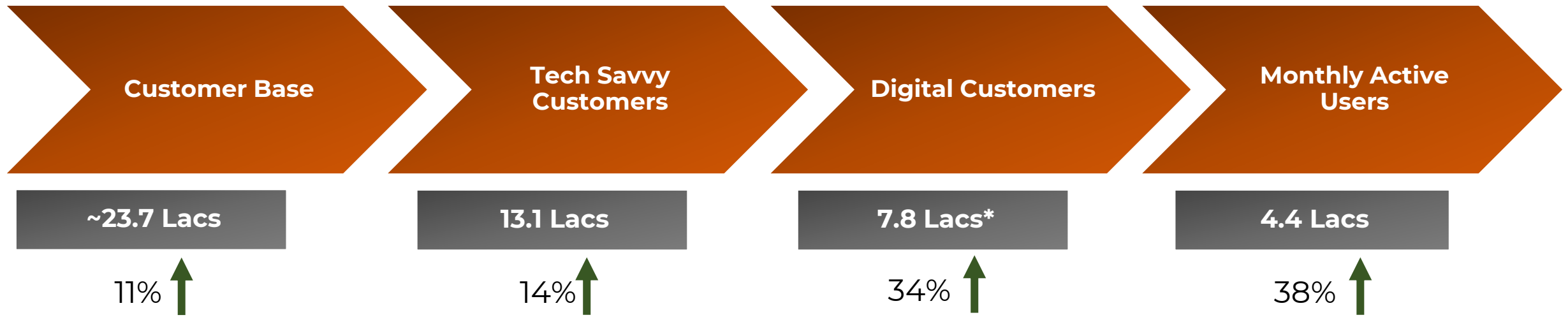
Acquisition

Every team at the bank plays a prominent role in driving digital bank adoption



- Technology
- Digital Marketing
- Branch Banking
- Assets Team
- Customer Service
- Digital Inclusion





**35%**  
Increase in number of transactions\*\*

**97%**  
Financial transactions executed digitally

**66%**  
Non-financial transactions completed digitally

# Offering limitless possibilities with our Credit cards

**1 Lac+**

Cards issued; Monthly run rate 20k

**7:3**

Ratio of ETB to NTB customers

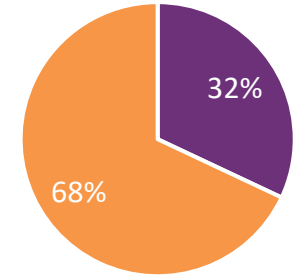
**53%**

Issued to 1<sup>st</sup> time credit card users

**100K**

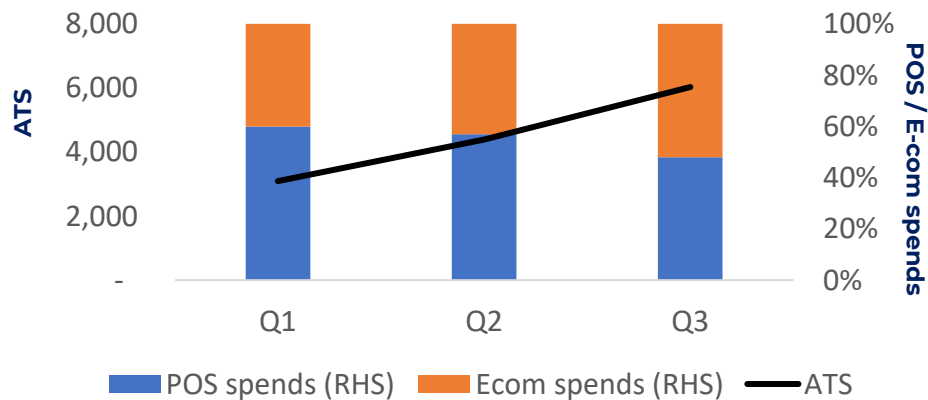
Average limit per card

- Launched end-to-end digital acquisition journey for NTB customer with VKYC
- No cost EMI in partnership with Pine Labs and PayU on POS and ECOM merchants
- Visa Safe Click and pan India dining program "Silver Spoon" launched to increase customer engagement

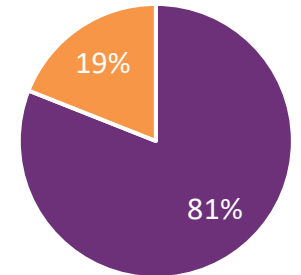
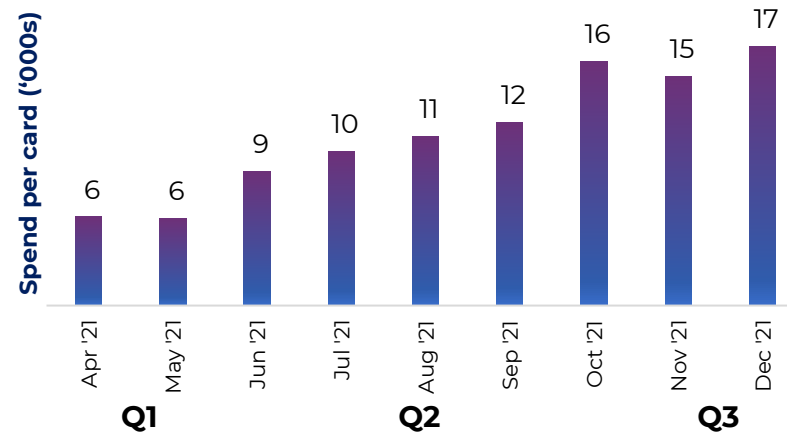


Urban Core

Growing ATS; E-com spends increasing over POS

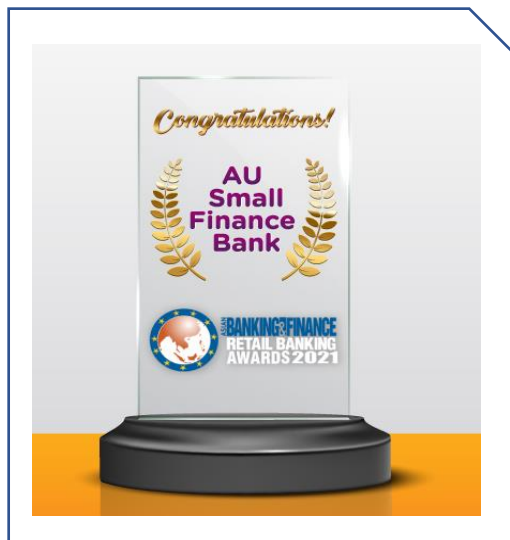


Spend per Card- In-line with industry



Mass Affluent

# Our tech initiatives being recognized by reputed institutions



- Won 'Digital banking Initiative of the Year – India' award at the Asian Banking and Finance Retail banking Awards 2021



- Won Innovative Best Practice in Service Excellence category (for Video Banking) at DX Summit & Awards by CII



- Won the IBS intelligence NeoChallenger Bank Awards - 2021 for delivering great customer experience through Video Banking



- Won 'Business Transformation of the Year' award at Elets 6th BFSI leadership Summit

## 6. Other Key Updates



**Sustainability is intrinsic** to our business model



Increased focus of **Sustainability Reporting**



Constituted **Diversity and Inclusion (D&I)** Committee



Quarterly updates on **Financial and Digital Inclusion**

## Environment

Recognize Environment as a stakeholder



- Video KYC through our Digital Bank (AU 0101), enables our customers to bank from home and contributes to reducing carbon footprints
- Tied up with Haryana's Transport Department to automate their ticketing process, enabled us to preserve resources and ripple the effects of green business resolutions afar

## Social

Addressing the Occupational, Residential, and Social vulnerabilities



- Went live on Indra Gandhi Urban Credit Card Yojana in Dec'21
- AU Skills Academy facilitated 300+ youths to attain employment post undergoing skill trainings
- 1 lakh+ individuals educated through 1,000+ Financial & Digital Literacy Camps
- AU Udyogini enabled 1,000+ women to earn a sustainable livelihood for individual entrepreneurs and Self-Help Groups (SHGs)

## Governance

Good governance is the cornerstone to building trust



- Welcomed Mr. H.R. Khan - former deputy governor of RBI to the Board of Directors
- Constituted Diversity and Inclusion (D&I) Committee
- Became a certified Great Place to Work for second year in a row
- CRISIL Ratings have revised our credit rating outlook from Stable to Positive during the quarter

Through the years, we understood the role of co-existing with nature and the importance of it for our business. Hence, in FY21, we introduced Environment as one of the primary stakeholders. We have aligned our business and operational activities to complement it and preserve it while innovating unprecedented banking means for our customers.



- Funded solar projects under PM KUSUM scheme, electric vehicles and other green energy projects



- Electronic devices reused to minimize e-waste. E-waste disposed off through authorized recyclers
- Electric saver timers fitted at branches to turn-off glow signs when not needed
- Rainwater harvesting systems installed at several branches



- Completely paperless customer onboarding and other banking processes adopted
- Shifted to digital visiting cards in FY 20-21
- Procure electronic devices from manufacturers with Restriction on Hazardous Substances directive certification



- Organized plantation drives for setting up urban forests



Since the establishment of AU, we have been dedicated to driving a sustainable change in society while empowering and nurturing every entity of the community we operate in.

Our inherent focus and the status of Small Finance Bank further differentiates us and strategically puts us in the territory which is under-served and where lies abundant opportunities to create sustainable livelihood enhancement.



- Income generating loans and Social Security Insurance and investment schemes offered to vulnerable and underserved



- Agri Loans and assistance for agricultural ancillary activities and services for small and marginal farmers



- Adopted a welfare program to ensure well-being of employees
- Road safety promotion with Traffic Police Division – Jaipur



- Financial assistance to educational institutions and their ancillary services
- Vocational Training offered by AU Skills Academy



- Over 30% of our lending portfolio extended is women-owned
- Focus on Diversity and Inclusion



- Installed water ATMs to enhance accessibility to safe drinking water and clean sanitation in parts of Rajasthan



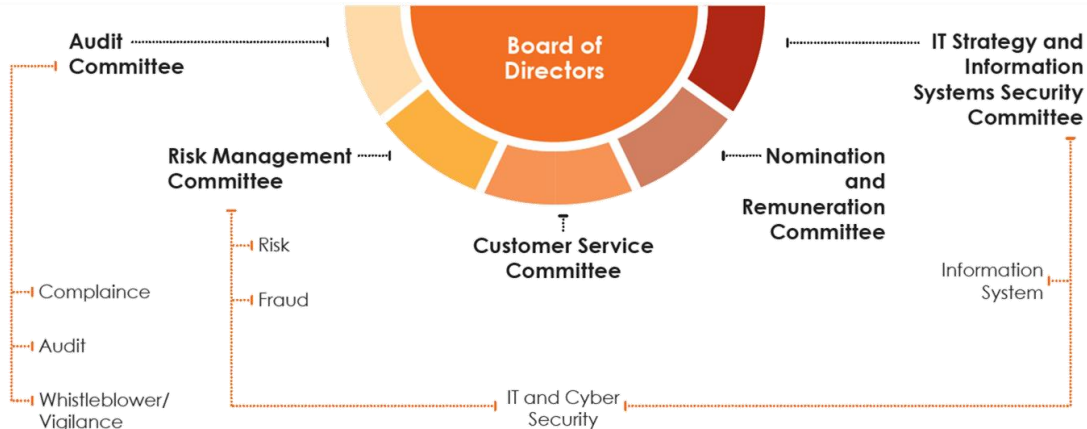
- With 90% of our portfolio dedicated the priority sector enterprises
- AU Udyogini trains groups of women entrepreneurs
- 2,00,000+ people reached through financial inclusion initiatives
- Offered employment to 55,000+ people in last 10 years



- Dedicated to serve the underserved section and build a universally accessible Bank for All without any form of discrimination

As a bank, we are expected to adapt in an agile manner to the changing market and regulatory expectations. This makes it imperative for us to have a strong yet flexible governance framework that can help us respond to these changes.

Our board, executive management, and employees being the flagbearers of our vision and mission, take collective action to maintain the highest level of corporate governance and accountability while strengthening our relationship with our key stakeholders.



- Formed a specialized group of Risk, Control, and Governance (RCG) to ensure effective internal controls.
- Strong policies for whistleblowing, corruption, bribery and money laundering are put in place.
- Vigilant processes for customer grievance redressal, tax contribution and policy advocacy are used.
- IT Risk Management Policy and Customer Privacy Codes of Conduct ensure the security of customers' financial data.



- Partnered with national forums of importance
- CII and FICCI for transparent policy advocacy
- Inclusive Finance India Summit on dialogues on Inclusive Finance

## Universal Access to Financial Services

- 30% of our total touchpoints/branches - 261 are in unbanked rural centres (Tier-VI, population less than 5,000 & Tier-V, population less than 10,000)
- Presence in the Special Focus Districts covering 26 Aspirational districts, 10 Left wing extremist affected districts and 10 districts in Hill states\*

### Providing Basic Bouquet of Financial Services



## PM Jan Dhan Yojana

Particulars	BSBDA	MUDRA	PMJJBY	PMSBY	APY
Live as on 31-12-21	1,71,300+	3,27,900+	27,700+	42,500+	28,800+



18% BSBDA accounts are Aadhaar seeded as on 31<sup>st</sup> Dec'21 and received Direct Benefit Transfer of ~₹1 Cr in Q3'FY22.



### PM SVANidhi

- Disbursed 650+ cases

### Indira Gandhi Urban Credit Card Yojana

- Launched in December 2021
- Disbursed 70+ cases



### PM Awas

- AUM of ₹1,203+ Cr, facilitating subsidies to the tune of ₹103+ Cr
- Subsidy amount of Economically Weaker Section (EWS) is ₹88+ Cr

## Financial Literacy & Education

- We have a dedicated team of Digital Literacy Counsellors to encourage digital adoption at branches
- Organised financial literacy camps at all rural locations and additional 860+ camps as per requirement in Q3 FY22

Data as on 31<sup>st</sup> Dec 2021 unless otherwise stated

\*The list is prepared taking cognizance of special focus districts classified by NABARD, MYMSME & NITI AAYOG. 4 districts are recognised as both Aspirational Districts and LWE-affected Districts



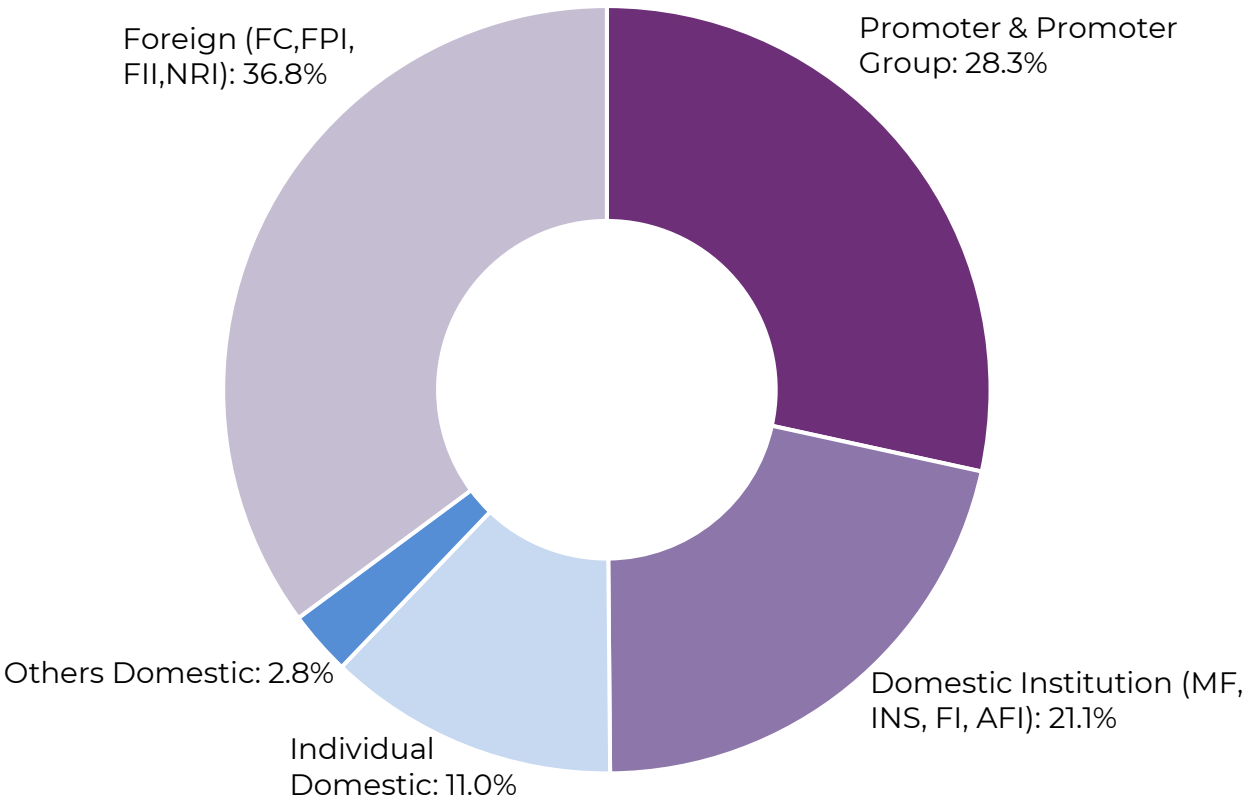
Certified **Great Place To Work** for second year in a row



Won Best FI Initiative of the Year at **ETBFSI Excellence Awards 2021**

# Shareholding pattern – 31<sup>st</sup> December 2021

## Shareholding Pattern



<b>Domestic : Foreign</b>	<b>63 : 37</b>
<b>Total No. of Shares</b>	<b>31.4 Cr</b>

Sr. No.	Key Shareholders	Holding on 31 <sup>st</sup> Dec 2021
1	Promoter & Promoter Group	28.3%
2	Capital Group	6.0%
3	Wasatch	5.6%
4	Temasek Holding	4.6%
5	Kotak MF & AIF	4.6%
6	WestBridge Capital	3.7%
7	Nomura	3.5%
8	AU Employees	3.5%
9	Nippon MF	2.3%
10	HDFC Life Insurance	2.2%



**Mr. Raj Vikash Verma**

Chairman and Independent Director

40+ years of experience  
Masters in Economics, MBA (FMS), CAIIB

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

## Independent Directors



**Mr. H R Khan**

Independent Director (Additional)  
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.



**Ms. Jyoti Narang**

Independent Director

40+ years of experience  
MBA

Ex-COO, Taj Group of Hotels



**Mr. Krishan Kant Rathi**

Independent Director

35+ years of experience  
FCA, CS

Ex-CEO, Future Consumer Limited  
Ex-CFO, Future Group



**Mr. Sanjay Agarwal**

MD & CEO

25+ years of experience  
FCA (All India Rank holder)

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



**Prof. M S Sriram**

Independent Director

35+ years of experience (including  
22 years as an academic)  
MBA, Fellow, IIMB (equivalent to PhD)

Visiting Faculty at IIM - B, Distinguished Fellow-IDRBT,  
Chairperson-Centre for public policy-IIMB  
On Board of IDMC and NDDB dairy Services etc.



**Mr. Pushpinder Singh**

Independent Director

35+ years of experience in IT and  
Payment Systems  
BSc, CAIIB

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



**Mr. V G Kannan**

Independent Director

38+ years of experience in  
Banking Industry MBA

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



**Mr. Uttam Tibrewal**

Whole-Time Director

24+ years of experience  
B. Com

Associated with the Bank for more than 16 years

AUM Asset Under Management

BSBDA Basic Savings Bank Deposit A/C

CASA Current Account Deposits and Savings Account Deposit

CRAR Capital Adequacy Ratio

DPD Days Past Due

EPS Earning Price Per Share

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

YoY Year on Year

a.	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.
b.	Urban Markets	Larger centres which have more advanced infrastructure such as airports, malls etc. are defined as Urban Markets
c.	CASA Ratio	Calculation for CASA Ratio is Current account + Savings account /Total Deposits with CDs included in total deposits
d.	Yield on AUM	AUM Yield excludes OD FD, and is calculated as the weighted average of the respective month yield on outstanding AUM in the respective period
e.	NPA Calculation	NPA Calculation does not include contingency provisions that the bank is carrying
f.	Retail Deposits	Retail Deposit includes CASA + Retail Term deposits
g.	Retail TD	Retail TD refers to all TD of Individuals/HUF, and TD of Corporates, Government & TASC having balance less than ₹ 2 Crore; Bulk TD refers to all TD of Banks, and TD of Corporates, Government & TASC with balances of ₹ 2 Crore & above
h.	Gross Advances	Gross Advances includes billed interest
i.	Collection Efficiency	Collection efficiency is calculated with all money received during the month from borrowers (excluding foreclosure) as % of current billing for the month; For moratorium months 100% billing was assumed while computing collection efficiency
j.	Tech savvy customers	Tech savvy customers are those who are digital in their lifestyle but aren't active on AU Bank's digital channels
k.	Digital Customers	Digital customers are those who are digital in their lifestyle but aren't active on AU Bank's digital channels



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