

**Ref. No.: AUSFB/SEC/2022-23/454**

**Date: 19<sup>th</sup> January, 2023**

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 of AU Small Finance Bank Limited ("the Bank") for the Quarter and Nine months ended on 31<sup>st</sup> December, 2022**

In continuation to our intimation for Conference Call to discuss Financial Results of the Bank for the Quarter and Nine months ended on 31<sup>st</sup> December, 2022 vide letter dated 09<sup>th</sup> January, 2023 and pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we submit herewith the Investors Presentation on the unaudited Financial Results of the Bank for the Quarter and Nine months ended on 31<sup>st</sup> December, 2022.

The Investors Presentation may also be accessed on the website of the Bank at the link: <https://www.aubank.in/investors/quarterly-reports>.

Further, the audio/video recordings and transcript of the Conference call shall also be made available at the above link.

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)

**Encl: As above**

**Registered Office**  
**AU SMALL FINANCE BANK LIMITED**  
19-A Dhuleshwar Garden, Ajmer Road,  
Jaipur - 302001, Rajasthan, India  
**Phone:** +91 141 4110060/61, **Fax:** +91 141 4110090  
**CIN:** L36911RJ1996PLC011381  
Formerly known as **Au Financiers (India) Limited**

**BADLAAV  
HUMSE HAI**



# INVESTOR PRESENTATION Q3'FY23

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

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# 1. Management Update



Appointed Ms. Malini Thadani as an Independent Director; Brings global leadership experience on sustainability & ESG



Awarded certificate of recognition for 'Excellence in Corporate Governance' at 22<sup>nd</sup> National Awards of ICSI



Recognised as "Best Small Finance Bank" for 2022 by BT-KPMG



Profitability remains resilient with RoE at 15.2% / 14.8% for Q3'FY23 / 9M'FY23

## Key Messages

- ❑ Q3'FY23 was another quarter of strong and **consistent performance across parameters** delivering healthy & calibrated loans and deposits growth, stable margins and asset quality, and sustained traction across credit cards and other digital initiatives **amidst a challenging macro** environment
- ❑ Collection recovery were robust **across buckets**, highlighting the sustained business **momentum on the ground**; at the same time, in response to the sharp rise in system deposit rates, Bank also increased its deposit rates during Q3 which resulted in a **higher traction in term deposits** as against saving deposits
- ❑ **Tight liquidity and persistent inflation** remain key challenges and as we navigate through this phase, **we will remain watchful and prioritize** optimizing our CoF, consolidating our deposits franchise, preserving risk adjusted yields, and growing at a pace commensurate with our business strategy
- ❑ Bank is working on developing **a well diversified & granular set of fee income** pools across 1) **Branch Banking** - Bancassurance, asset cross-sell, Wealth etc., 2) **Assets** - processing fee, transaction banking, PSLC, treasury income etc., and 3) **Payments** - credit cards, UPI QR etc. which **along with the growing customer base** should aid profitability
- ❑ We are working towards bringing **progressive HR practices to make AU more supportive and inclusive for everyone**; Policies like leaves for special occasions, **Menstrual leave for women** employees, **paid sabbatical** leave, 'AU **Forever Pass**' for our alumni, education assistance and subsidized PL & Home loan are some key initiatives so far
- ❑ In the medium term, **opportunity for Banking sector remains promising** with Indian economy expected to touch USD 5 trillion. Our aim is to build a best-in-class Banking franchise characterized by **Similarity, Scalability & Sustainability**, and we have **laid a strong foundation in the past 23 quarters** despite the multiple challenges along the way
- ❑ Overall, Bank is very well positioned in terms of balance sheet strength, distribution, digital properties, stable leadership and offering a strong value proposition for customers across liabilities and assets; Management remains **confident of delivering on its FY23 guidance on growth and margins**

## Key Operating Highlights

- ❑ Yield on advances saw marginal uptick at 13.4% vs 13.3% in Q2'FY23; **Margins remained stable at 6.2%** partly supported by equity capital raise in Q2'FY23
- ❑ The quarter saw a 14bps increase in cost of funds with Q3'FY23 CoF at 6.0%; Amidst the rising interest rate scenario, **cost of funds remains a key monitorable**, and Bank is calibrating its funding mix to optimize it; for 9M'FY23, our overall CoF is still 10 bps lower than that of FY22
- ❑ **Retail** accounts for **90%** of advances, and **93%** of the advances are **secured**
- ❑ Loan book since the start of the pandemic is 81% of advances and this pool has been exhibiting better than historical trends in asset quality so far **with GNPA at 0.6% and 92% book being current; overall GNPA at 1.8%**
- ❑ During Q3, Bank on-boarded **3.3 Lacs new customers** of which **36% was via digital products and channels**; Issued ~90K credit cards and opened ~35K savings accounts via Video Banking during the quarter
- ❑ Bank established its **1,000<sup>th</sup> touchpoint** with a branch in Indiranagar, Bengaluru. In all, we opened 42 new touchpoints; Established presence in two **new states - Andhra Pradesh and Kerala**
- ❑ Appointed Ms. Malini Thadani as an Independent Director on the Board taking the total strength of the Board to **11 Directors of which 9 are Independent** Directors
- ❑ Bank released its **first Sustainability Report basis GRI framework with** independent **external assurance from PwC**
- ❑ The Bank has added HDFC Life and ICICI Lombard as Bancassurance partners with a view to expand the Bank's third-party product offering to its customers
- ❑ Leadership of 9 of 10 SBUs have presented via 4 'AU Insights' sessions in 2022 (Presentations are available [here](#))

# Q3'FY23 Financial performance snapshot

<b>Deposits</b>	<b>₹ 61,101 Cr</b> +16% YTD
<b>Disbursements</b>	<b>₹ 10,012 Cr</b>
<b>Gross Advance</b>	<b>₹ 56,335 Cr</b> +20% YTD
<b>CASA/ CD Ratio</b>	<b>38% / 91%</b>
<b>GNPA/NNPA</b>	<b>1.81%/0.51%</b>
<b>Net Profit</b>	<b>₹ 393 Cr</b>
<b>RoA/RoE</b>	<b>2.0% / 15.2%</b>
<b>Tier I/CRAR*</b>	<b>20.0%/22.0%</b>

- ❑ Balance Sheet crossed 80,000 Cr mark this quarter, along with Net worth of ₹ 10,500 Cr+
- ❑ Deposits crossed ₹ 60,000 Cr; CASA ratio at 38%; CASA + Retail TD mix at 70%
- ❑ With a view to optimise borrowing cost, Bank securitised assets worth ₹ 1,164 Cr in Q3'FY23
- ❑ Disbursement continues to be strong : Fund-based at ₹ 10,012 Cr , Non-fund based at ₹ 498 Cr
- ❑ NII growth at 41% YoY / 6% QoQ; Core Other Income growth of 8% YoY / 17% QoQ; No additional MTM
- ❑ Cost/Income declined QoQ to 61.6% vs 62.5%; Core PPOP growth at 22% YoY / 10% QoQ
- ❑ GNPA reduced by 9 bps on a sequential basis to 1.81% vs 1.90% in Q2'FY23; Restructured book at 1.4%
- ❑ PCR at 72% as on 31<sup>st</sup> Dec'22 (including technical write-off, PCR at 75%); Additionally, the Bank is carrying ₹ 98 Cr in contingency provisions and ₹ 127 Cr provisions towards standard restructured loans
- ❑ 9M'FY23, PAT grew by 28% YoY at ₹ 1,003 Cr vs ₹ 784 Cr in 9M'FY22
- ❑ For 9M'FY23, RoA is at 1.8% and RoE is at 14.8% (post taking impact of the capital raise in Aug'22)

\*after adding interim profits, Tier 1 at 22.2% and CRAR at 24.2%

# We have made significant progress in digital since launch of AU 0101



(in Lacs, unless specified otherwise)		Jun'21 (Soft launch)	Sep'22	Dec'22
<b>Engagement</b>	Digital customers	4.5	14.3	16.3
	Monthly Active Users	2.3	8.1	9.2
	Customers with pre-approved offers	2.3	8.6	8.8
<b>Acquisition</b>	Saving Accounts through Video Banking	~0.1	2.1	2.4
	Credit Cards	0.2	3.1	3.9
	Digital Personal Loan disbursed (₹ Cr)	0	530	664
	UPI QRs installed	1.1	8.1	8.7
	% customers acquired Quarterly through digital products <sup>1</sup>	-	42%	36%

**Digital engagement at ~4x vs Jun'21 levels**

**Digital products scaling well**

Note: 1: Digital products are Digital Savings Accounts, Credit Cards and AU UPI QR





# Geographical presence



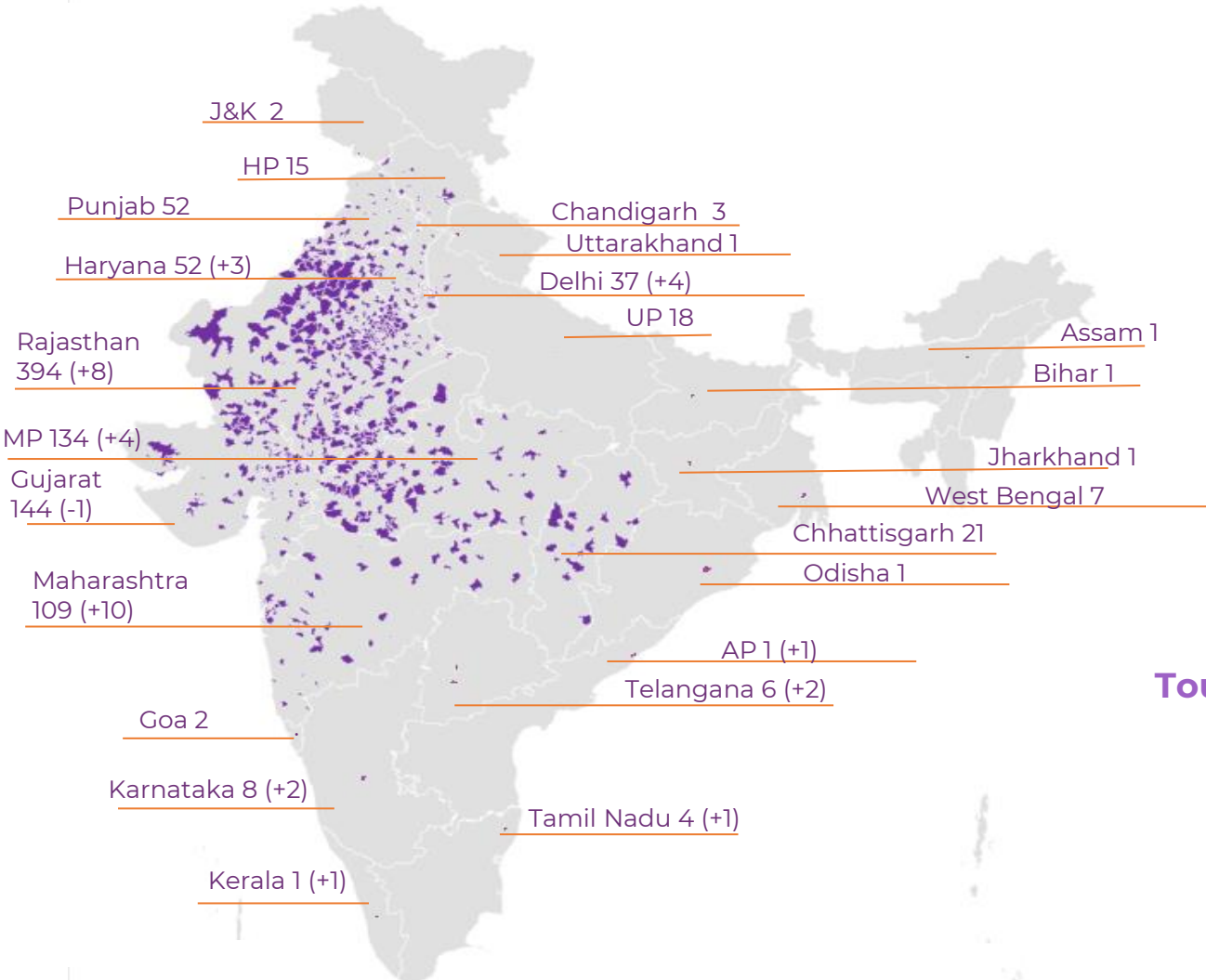
**21 States and 3 UTs**

**1,015 Touchpoints**

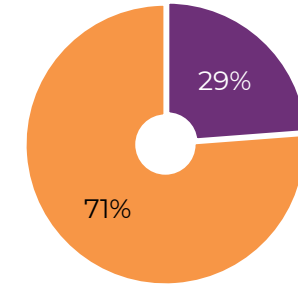
**240 Districts**

**709 Locations**

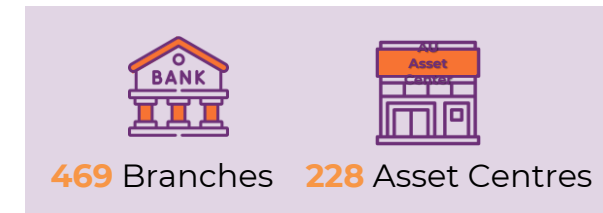
**489 ATMs**



## Touchpoints Break-up



■ Urban ■ Core



## 304 Unbanked Rural Centres



**76 Unbanked Branches**

+



**228 BOs**



**13 Smart BCs + 1 Corporate BC**

**1,015 Touchpoints**



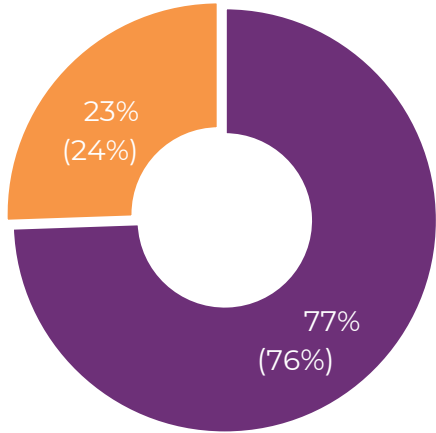
AU 0101

Figures in parenthesis are the touchpoints added in Q3'FY23  
Map is for representative purpose only. Not to scale

# Garnering deposits from Urban markets and disbursing in Core markets

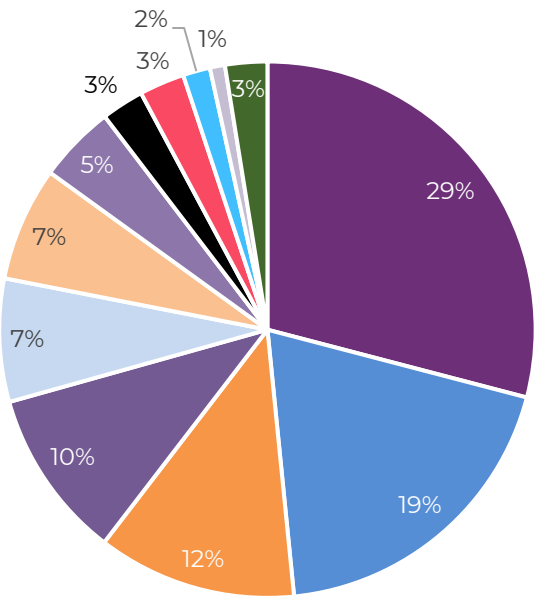
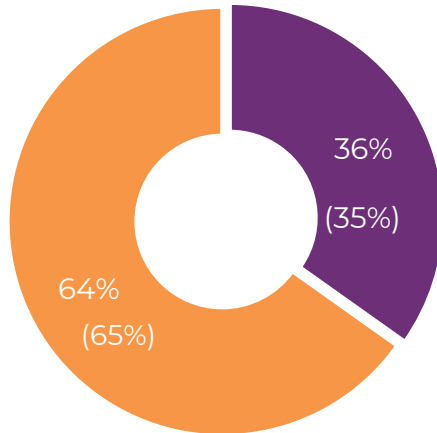


**Deposits Break up**

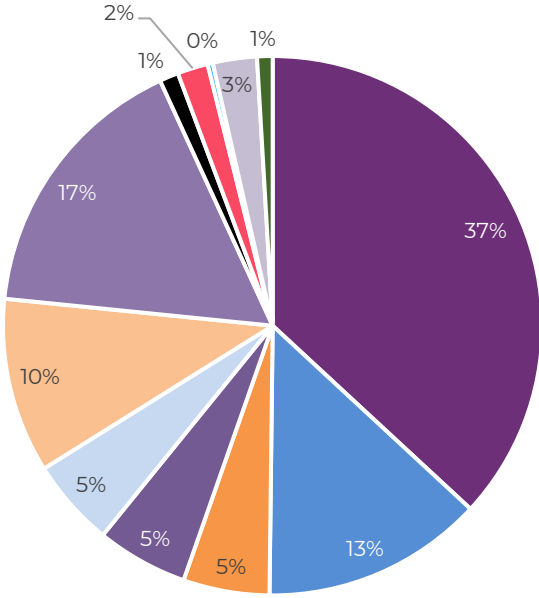


■ Urban ■ Core

**Advances Break up**



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



All figures are as on 31<sup>st</sup> Dec'22; Figures in parenthesis are as on 31<sup>st</sup> Dec'21

## 2. Operating & Financial Highlights



Calibrated growth in assets and liabilities along with focus on productivity



NII up 41% YoY & Core PPOP up by 22% YoY



Highest ever quarterly profit (ex-Aavas) at ₹ 393 Cr



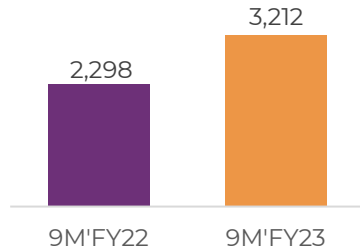
Asset quality improved further - GNPA declined to 1.81% and Restructured advances at 1.4%

# 9M'FY23 Financial highlights

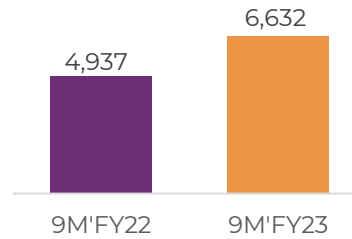


## Net Interest Income

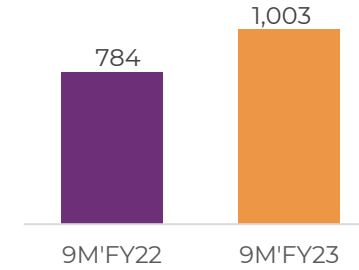
(₹ Crore)



## Total Income



## PAT



## Yield on Advance

13.3%

**Vs.**  
13.8%  
(9M'FY22)

## Cost of Funds

5.8%

**Vs.**  
6.1%  
(9M'FY22)

## Net Interest Margin

6.1%

**Vs.**  
5.9%  
(9M'FY22)

## RoA

1.8%

**Vs.**  
1.9%  
(9M'FY22)

## RoE

14.8%<sup>1</sup>

**Vs.**  
15.6%  
(9M'FY22)

## GNPA

1.81%

**Vs.**  
2.60%  
(31<sup>st</sup> Dec'21)

## NNPA

0.51%

**Vs.**  
1.29%  
(31<sup>st</sup> Dec'21)

## Provision Coverage Ratio

72%<sup>2</sup>

**Vs.**  
51%  
(31<sup>st</sup> Dec'21)

## CRAR

22.0%

**Vs.**  
19.5%  
(31<sup>st</sup> Dec'21)

## Tier-I CRAR

20.0%

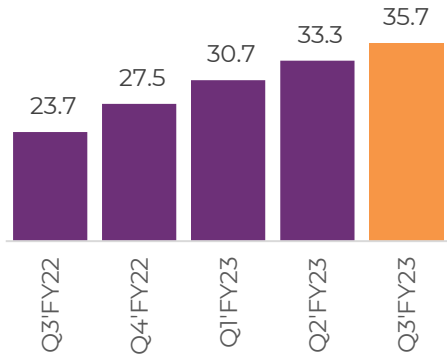
**Vs.**  
18.2%  
(31<sup>st</sup> Dec'21)

<sup>1</sup>RoE impacted due to the capital raise in Aug'22; <sup>2</sup>PCR including technical write off is at 75%

# Quarterly trends of key parameters

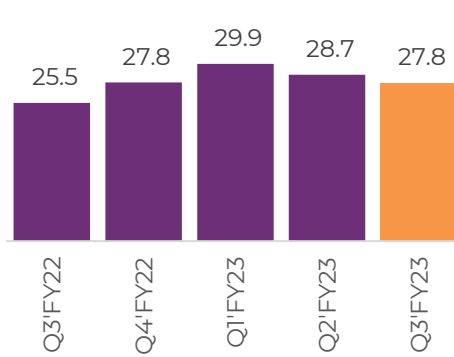
## Customers

(in Lacs)

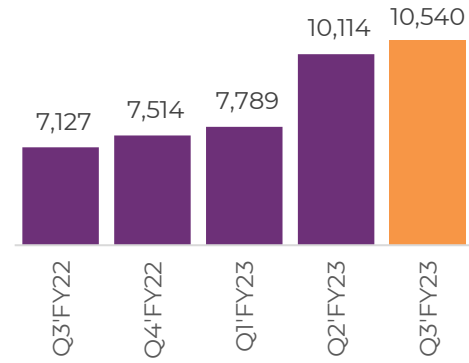


## Employees

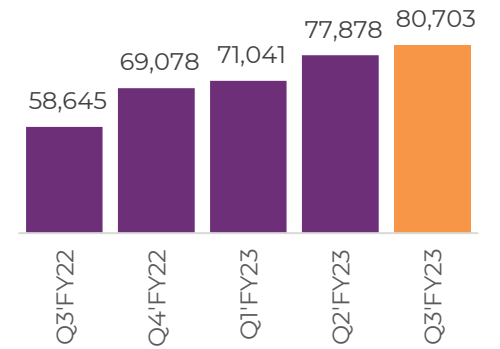
(in 000s)



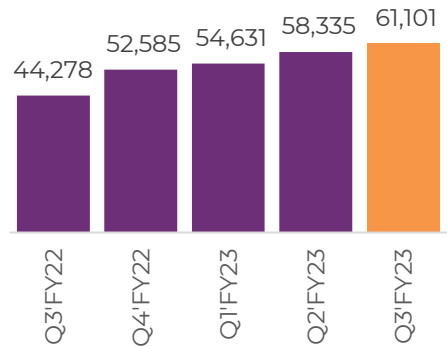
## Shareholders' Funds



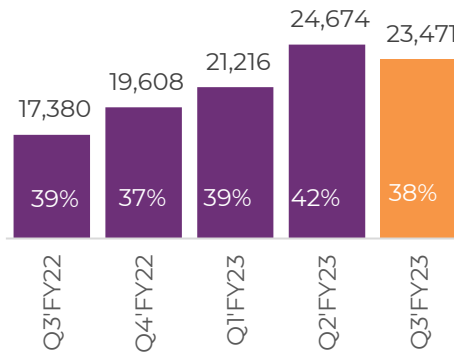
## Total B/S Assets



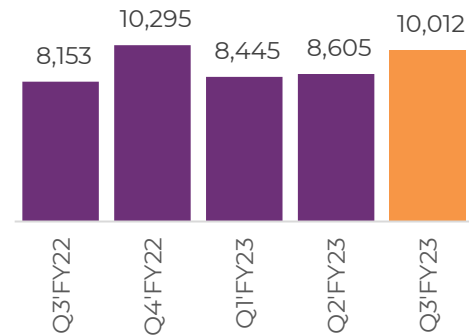
## Deposits



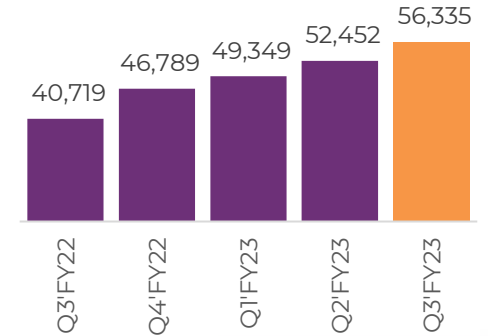
## CASA Deposit & Ratio



## Disbursements



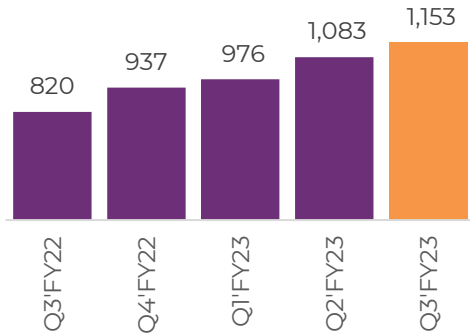
## Gross Advances



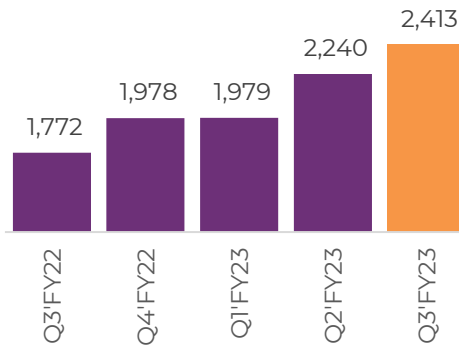
All figures in ₹ crores unless specified

# Quarterly trends of key parameters

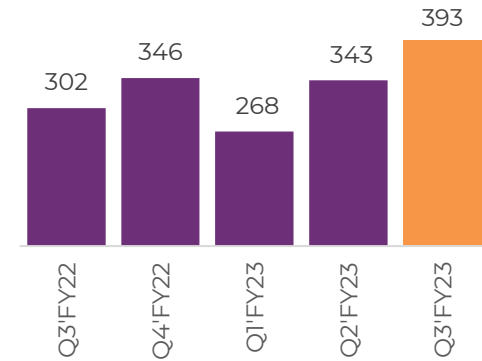
## Net Interest Income



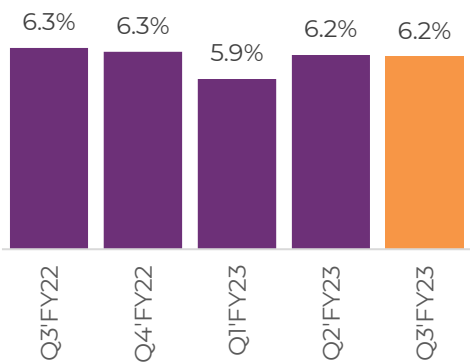
## Total Income



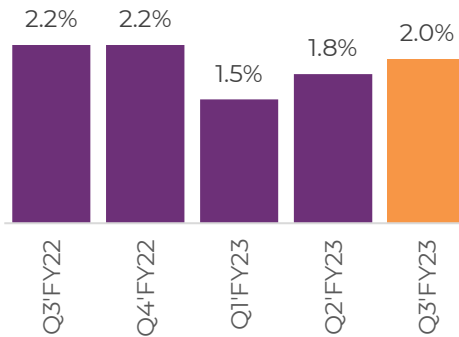
## PAT



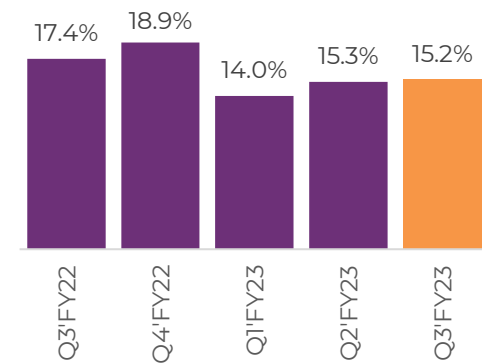
## Net Interest Margin



## RoA

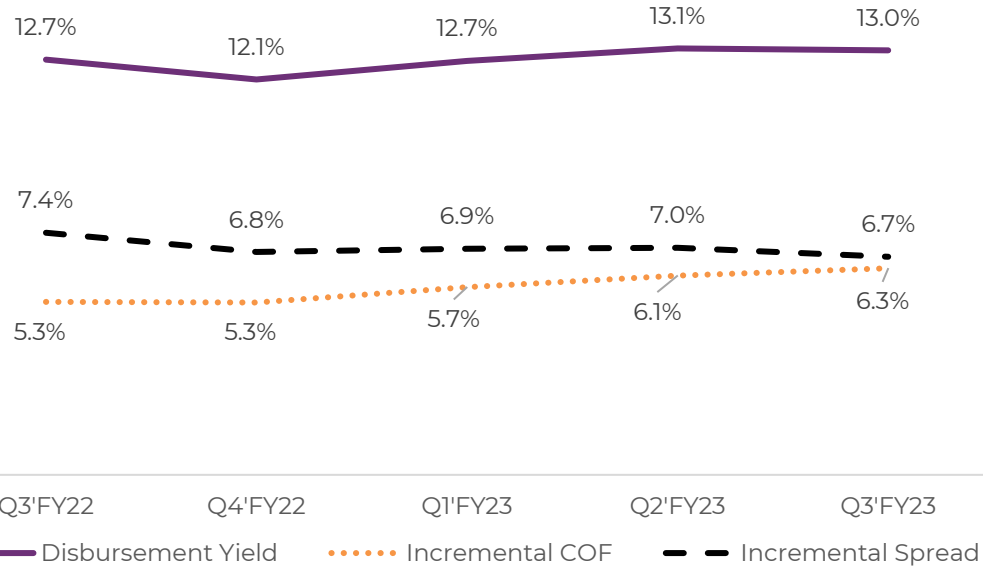


## RoE

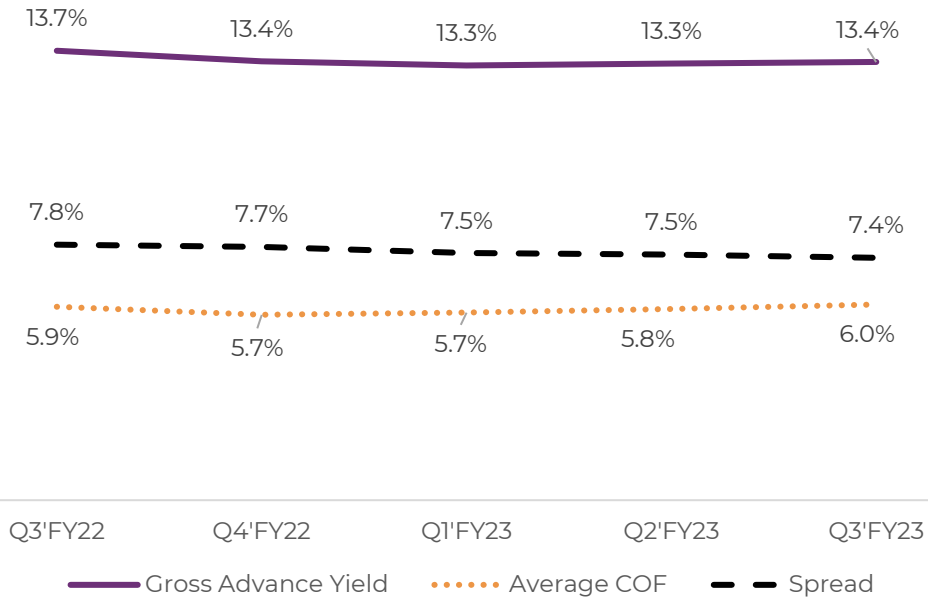


All figures in ₹ crores unless specified

## Incremental Spreads



## Gross Advances Spreads



- Incremental Cost of funds increased by 23 bps during the quarter resulting in commensurate decline in the loan spreads; at the book level, gross advance spreads remained broadly stable aided by marginal uptick in book yield; going forward, cost of funds remain a key monitorable
- Bank continues to maintain sufficient liquidity with average LCR for the quarter at ~123% along with prudent management of other non-LCR liquid investments, with no additional MTM in Q3'FY23;
- Certificate of Deposit (CD) outstanding as on 31<sup>st</sup> Dec'22 is ₹ 546 Cr; No incremental CDs were issued during the quarter

# Profit & Loss statement

(All Figures in ₹ Crore)	9M'FY23	9M'FY22	YoY	Q3'FY23	Q3'FY22	YoY	Q2'FY23	QoQ
<b>Income</b>								
Interest Earned	5,931	4,255	39%	2,118	1,496	42%	1,992	6%
Interest Expended	2,718	1,957	39%	965	676	43%	909	6%
<b>Net Interest Income</b>	<b>3,212</b>	<b>2,298</b>	<b>40%</b>	<b>1,153</b>	<b>820</b>	<b>41%</b>	<b>1,083</b>	<b>6%</b>
Other Income	701	682	3%	295	276	7%	247	19%
<b>Net Income</b>	<b>3,913</b>	<b>2,980</b>	<b>31%</b>	<b>1,448</b>	<b>1,096</b>	<b>32%</b>	<b>1,331</b>	<b>9%</b>
<b>Expenses</b>								
Employee Cost	1,311	965	36%	465	356	31%	451	3%
Other Operating Expenses	1,154	682	69%	427	282	51%	381	12%
<b>Operating Expenses</b>	<b>2,465</b>	<b>1,647</b>	<b>50%</b>	<b>892</b>	<b>638</b>	<b>40%</b>	<b>832</b>	<b>7%</b>
<b>PPOP</b>	<b>1,449</b>	<b>1,333</b>	<b>9%</b>	<b>556</b>	<b>458</b>	<b>21%</b>	<b>499</b>	<b>11%</b>
Provisions	114	268	-57%	33	56	-42%	43	-24%
<b>Profit Before Tax</b>	<b>1,335</b>	<b>1,065</b>	<b>25%</b>	<b>523</b>	<b>402</b>	<b>30%</b>	<b>456</b>	<b>15%</b>
Tax expenses	331	281	18%	130	100	30%	113	15%
<b>Profit After Tax</b>	<b>1,003</b>	<b>784</b>	<b>28%</b>	<b>393</b>	<b>302</b>	<b>30%</b>	<b>343</b>	<b>15%</b>

In Q3'FY23 :

- Core PPOP growth is robust at 22% YoY led by NII growth of 41%
- Cost to Income for Q3'FY23 declined 91 bps to 61.6% vs. 62.5% in Q2'FY23
- Bank continues to make investments (~₹ 123 Cr in Q3'FY23 vs ~₹ 75 Cr in Q3'FY22) towards digital initiatives viz credit cards/QR/Video Banking (58%), distribution expansion (30%) and brand campaign (12%)
- Inflationary pressures in the input cost remain key risk for opex in the current environment



(All Figures in ₹ Crore)	31 <sup>st</sup> Dec'22	31 <sup>st</sup> Dec'21	YoY	30 <sup>th</sup> Sep'22	QoQ	31 <sup>st</sup> Mar'22	YTD
<b>Liabilities</b>							
Shareholders Fund	10,540	7,127	48%	10,114	4%	7,514	40%
Deposits	61,101	44,278	38%	58,335	5%	52,585	16%
Borrowings	6,191	4,569	36%	6,695	-8%	5,991	3%
Other Liabilities and Provisions	2,871	2,672	7%	2,733	5%	2,988	-4%
<b>Total Liabilities</b>	<b>80,703</b>	<b>58,645</b>	<b>38%</b>	<b>77,878</b>	<b>4%</b>	<b>69,078</b>	<b>17%</b>
<b>Assets</b>							
Cash and Balances	3,825	2,708	41%	3,949	-3%	5,929	-35%
Investments	19,270	14,144	36%	20,220	-5%	15,307	26%
Advances	55,601	40,181	38%	51,743	7%	46,095	21%
Fixed Assets	711	542	31%	681	4%	623	14%
Other Assets	1,296	1,071	21%	1,285	1%	1,125	15%
<b>Total Assets</b>	<b>80,703</b>	<b>58,645</b>	<b>38%</b>	<b>77,878</b>	<b>4%</b>	<b>69,078</b>	<b>17%</b>

- Net worth of the Bank has now surpassed ₹ 10,500 Cr, a growth of 5x since commencement of banking operations
- CD ratio remains stable at 91% as on 31<sup>st</sup> Dec'22
- Deposits as % of external funding (borrowings + deposits) was stable at 91% as on 31<sup>st</sup> Dec'22

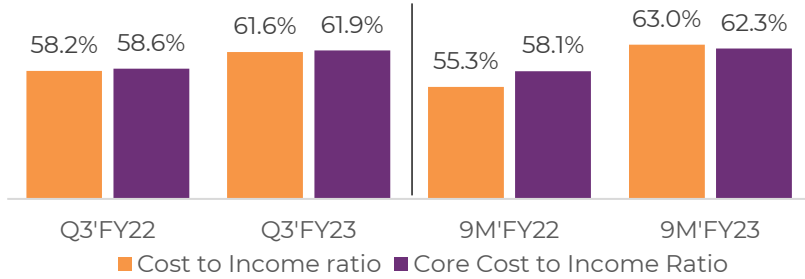
(All Figures in ₹ Crore)	9M'FY23	9M'FY22	YoY	Q3'FY23	Q3'FY22	YoY	Q2'FY23	QoQ
Loan Assets Processing & Other Fees	454	262	73%	171	140	22%	150	14%
General Banking, Cross Sell & Deposits related fees	189	108	75%	74	40	84%	63	18%
PSLC Fees	39	144	-73%	14	77	-82%	13	11%
Miscellaneous	65	21	205%	28	10	194%	20	39%
<b>Core Other Income</b>	<b>747</b>	<b>535</b>	<b>39%</b>	<b>287</b>	<b>267</b>	<b>8%</b>	<b>245</b>	<b>17%</b>
Income from Treasury Operations	-45	147	-131%	7	8	-10%	2	263%
<b>Other Income</b>	<b>701</b>	<b>682</b>	<b>3%</b>	<b>295</b>	<b>276</b>	<b>7%</b>	<b>247</b>	<b>19%</b>

- ❑ Core Other Income growth of 8% YoY and 17% QoQ driven by healthy growth in disbursements, increasing contribution of bancassurance income, and increasing share of transactional customers on the liability side
- ❑ PSLC market continued to remain subdued during the quarter resulting in only a marginal growth in PSLC fee income
- ❑ 39% QoQ growth in miscellaneous income is mainly on account of recovery from written off loans
- ❑ With the addition of HDFC Life Insurance and ICICI Lombard General Insurance as Bancassurance partners, the Bank now has 3 bancassurance partners each for Life products and non-life products which should help in better engagement with our customers

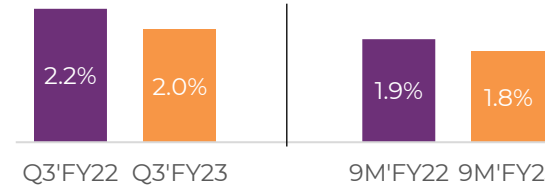
# Profitability ratios



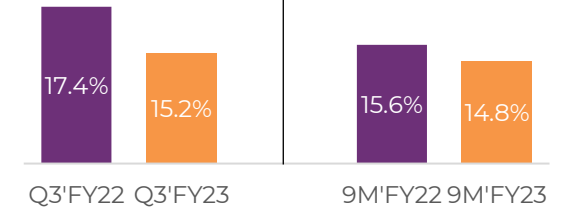
## Cost to Income (%)



## RoA (%)

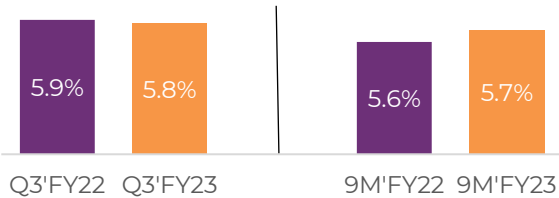


## RoE (%)

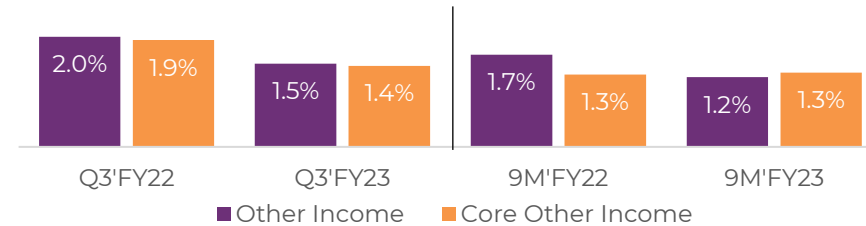


## RoA Components

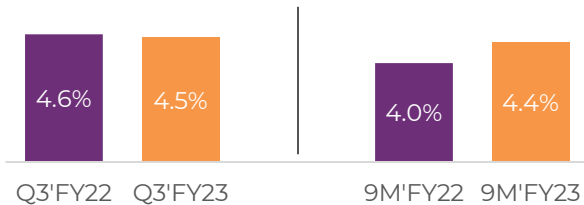
### NII (%)



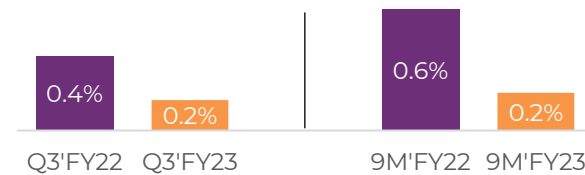
### Other Income(%)



### Opex (%)



### Provision & Contingencies (%)



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



## 3. Liabilities Update



CASA ratio at 38%; CASA + Retail TD at 70%;  
Retail Term deposits grew 10% QoQ



CD Ratio at 91%



CoF for Q3'FY23 at 6.0%; 9M'FY23 at 5.8%



Securitized ₹ 1,164 Cr of loans in Q3'FY23

# Scale low cost, retail-focussed sustainable liability franchise



## Key turning points

	Deposit as a % of external liabilities	CASA + Retail TD 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%	44%
<b>Dec'21</b>	91%	71%
<b>Mar'22</b>	90%	67%
<b>Dec'22</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, 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 CASA+Retail TD mix %*

Note: Retail TD refers to all TD having balance less than ₹ 2 Crores

# How has the Branch Banking charter evolved in last 5 years?



2017  
↓  
2019  
↓  
2021 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 Strategic Business Unit**  
Build a portfolio of GIST (Granular, Individual, Small Business, Transacting) customers to raise Low-cost, Stable retail deposits

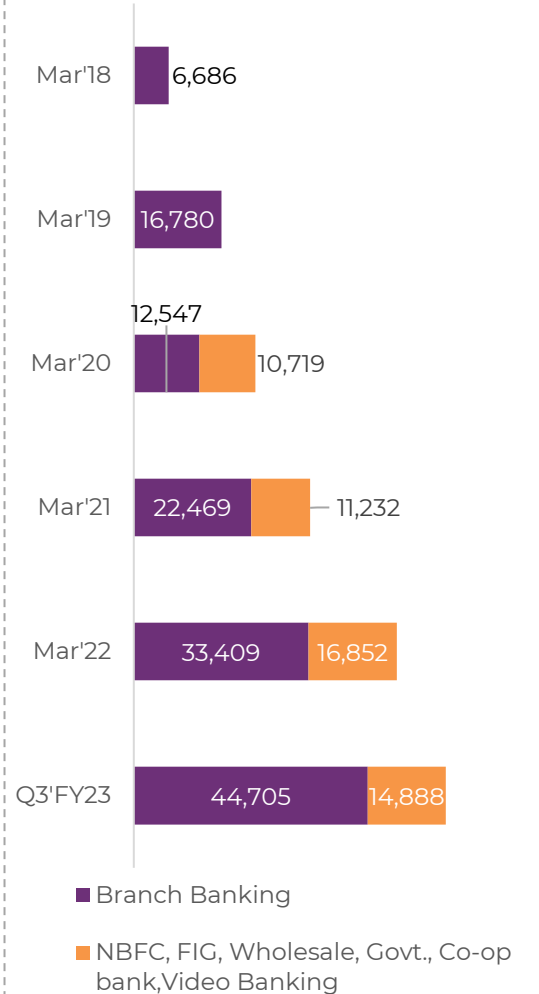
## Products

**Fundamental Products**  
CA, SA, TD  
Lockers  
Insurance

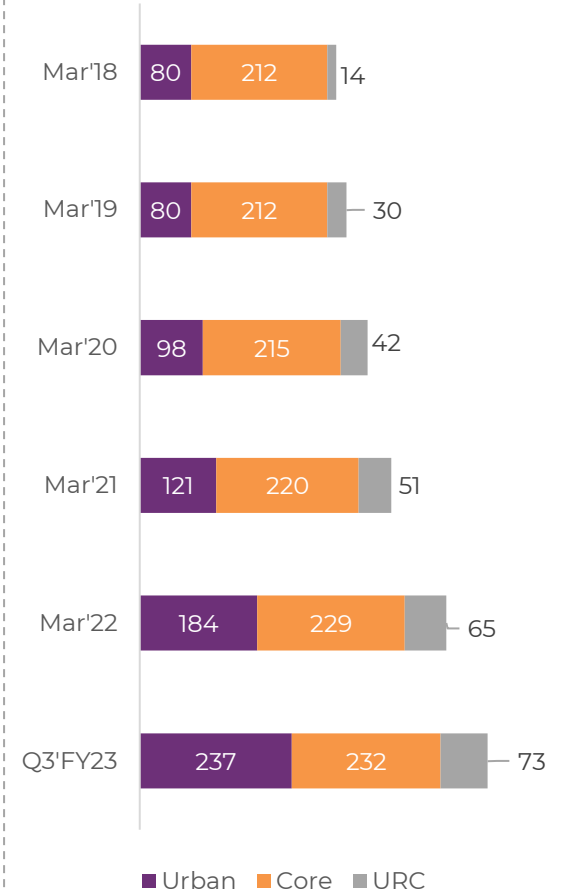
**Premiumisation of Product offerings**  
Royale SA Program (2020)  
Platinum SA Program (2021)  
NR Royale World (2021)  
CA Royale (2022)  
NR Platinum World (2022)

**Comprehensive Banking Solutions**  
Mutual Funds,(2017)  
3-in-1 (2019)  
QR, Credit card, PL (2021)  
Super-App AU 0101 (2021)  
Video Banking (2021)

## Deposits

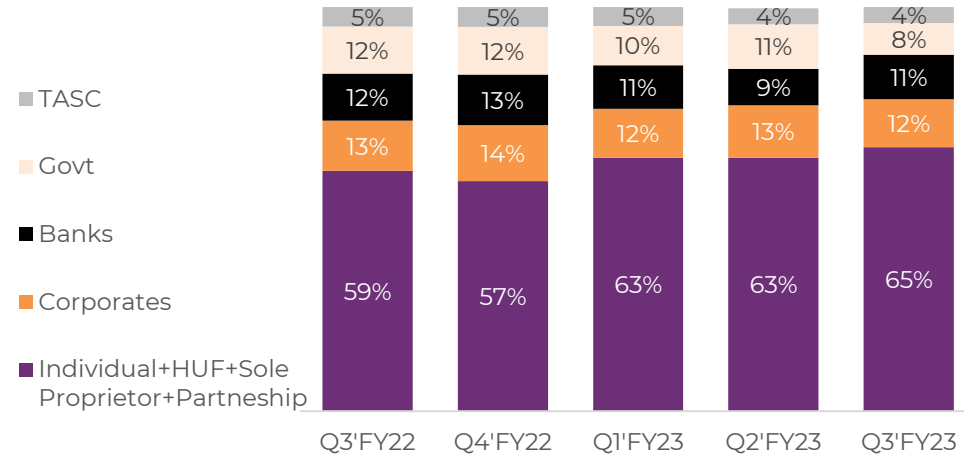
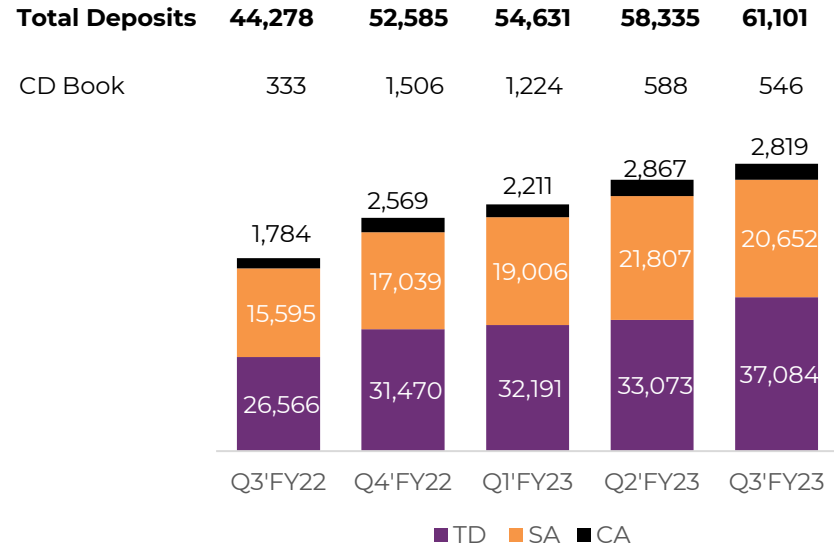


## Liability Branches\*

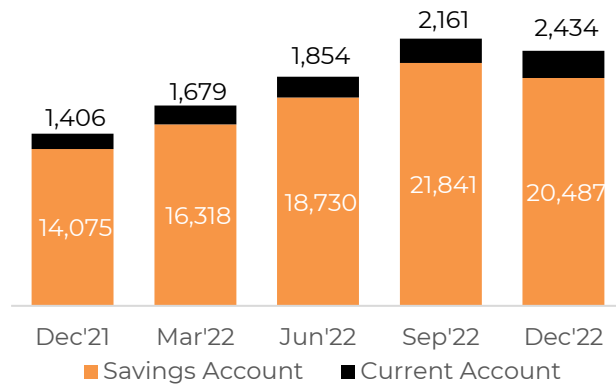


\*Excludes BO/BC

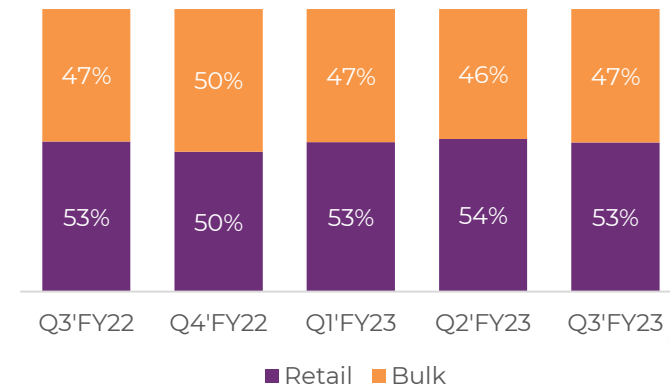
## Focus on granular deposits and customer profiles



### Average monthly balance



### Retail and Bulk TD mix



## 4. Asset Business Update



Sustainable and Scalable business model;  
90% loans retail & 93% loans secured



Collection Efficiency for Q3'FY23 at 107%



GNPA ratio continue to gradually decline  
to 1.81% vs 1.90% QoQ



PCR at 72% (75% including technical  
write-off)





- 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 1,015 Bank's touchpoints from ~248 currently
- Entire suite of products available to meet customer requirements

**Core Asset Principles**

- ✓ Small Ticket size (90% Retail)
- ✓ Secured (~93% 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



\*% of Gross Advances as on 31<sup>st</sup> Dec'22

# Asset Quality snapshot



All figures in ₹ crores

Segments	Vintage (year)	Gross Advances	Gross Advance Yield (%)	Gross NPA	Assigned/ Securitised loans	Disbursements Q3'FY23
<b>Wheels</b>	1996	19,481	13.9%	432	2,051	3,864
<b>SBL (MSME)</b>	2007	18,098	15.0%	486	185	1,678
<b>Home Loan</b>	2017	3,695	11.8%	15	-	547
<b>Commercial Banking</b>		11,179	11.0%	33	-	2,895
- <b>Business Bnkg.</b>	2017	4,370	10.3%	9	-	1,033 <sup>2</sup>
- <b>Agri</b>	2018	3,446	10.6%	19	-	690 <sup>2</sup>
- <b>NBFC</b>	2014	2,313	10.9%	0	-	810
- <b>REG</b>	2013	1,050	14.6%	6	4	363
<b>Others</b>		3,607 <sup>1</sup>	-	28	-	1,028
<b>SME (Run Down)</b>	2010	276	12.4%	24	12	0
<b>Total</b>		<b>56,335</b>	<b>13.4%</b>	<b>1,019</b>	<b>2,251</b>	<b>10,012</b>

- ❑ GNPA reduced by 9 bps QoQ to 1.81%
- ❑ Standard Restructured accounts declined to 1.4% of gross advances (versus 1.7% as on 30<sup>th</sup> Sep'22)
- ❑ As on 31<sup>st</sup> Dec'22,
  - ✓ NPA against Covid restructuring advances remains below 15%
  - ✓ Restructured advances of ₹ 38 Cr upgraded during the quarter basis satisfactory performance
  - ✓ Given the experience with the restructured book so far, we believe that the extant coverage against the standard restructured loans is quite sufficient

<sup>1</sup>Others includes ODFD (1,727) as well as Gold loans (78), personal loan (576), credit cards (1,072), etc.

<sup>2</sup>Disbursement of ₹ 151 Cr in Business banking and ₹ 1 Cr in Agri Banking is backed by Fixed deposits



# Provisioning snapshot

## NCL table

All Figures are in ₹ Crores

Credit Loss	Q3'FY23	Q3'FY22	Q2'FY23
Repo & POS Loss	21	42	30
Write off	27	39	23
Less: Bad Debt Recovery*	-11	-2	-4
<b>Net Credit Loss</b>	<b>37</b>	<b>79</b>	<b>48</b>
<b>Net Credit Loss (as % of Avg. Total Assets)</b>	<b>0.19%</b>	<b>0.57%</b>	<b>0.26%</b>

## Provisioning table

Credit Cost - Net Impact on P&L	Q3'FY23	Q3'FY22	Q2'FY23
Net Credit Loss (A)	37	79	48
Provision on NPA (B)	26	-23	14
General and Covid Related provisions (C)	-31	-	-14
General and Covid Related provisions - Restructuring Book (D)	-21	-8	-21
Standard Asset Provision (E)	14	6	14
Others (F)	-3	-0	-2
<b>Total - Net Impact on P&amp;L (Z=A+B+C+D+E+F)</b>	<b>22</b>	<b>54</b>	<b>39</b>
Less: Bad Debt Recovery* (Y)	-11	-2	-4
<b>Total Provisions expense (Z-Y)</b>	<b>33</b>	<b>56</b>	<b>43</b>
<b>Total Provisions expense (as % of Avg. Total Assets)</b>	<b>0.16%</b>	<b>0.40%</b>	<b>0.23%</b>

## Movement of NPA

Movement of Gross NPA	Q3'FY23	Q3'FY22	Q2'FY23
Opening Gross NPA	997	1,151	970
Additions during the period**	231	249	262
Reductions during the period**	209	343	234
<b>Gross NPA (closing)</b>	<b>1,019</b>	<b>1,058</b>	<b>997</b>

\*\*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

# Overview of provisions

Particulars	Dec'22				Sep'22			
	No. of loans	Loan Amount	Provisions	Coverage	No. of loans	Loan Amount	Provisions	Coverage
GNPA	45,405	1,019	693	68%	44,111	997	667	67%
Covid related restructuring (Standard)	10,472	779	127	16%	13,640	895	148	17%
Contingency provisions			98				129	
Floating provisions			41				41	
<b>Stressed and contingencies provisions</b>		<b>1,797</b>	<b>960</b>			<b>1,891</b>	<b>986</b>	
Provisions towards Standard Assets			176				162	
<b>Total Provisions</b>			<b>1,136</b>				<b>1,148</b>	
<b>Provisions as a % of gross advances</b>			<b>2.02%</b>				<b>2.19%</b>	

- The Bank's PCR is 72% including floating provisions of ₹ 41 Cr, which we believe is quite sufficient; PCR at 75% including Technical write-offs
- Asset quality improved further - GNPA ratio continued to decline – 1.81% from 1.90% QoQ; Standard Restructured loans declined to 1.4% vs 1.7% QoQ
- On the remaining contingency provisions of ₹ 98 Cr, the Bank would further decide in the coming quarters basis evolving market conditions
- Loan book since the start of the pandemic is 81% of advances and this pool has been exhibiting better than historical trends in asset quality so far with GNPA at 0.6% and 92% book being current; This coupled with ongoing resolution in existing stressed loans augurs well for credit costs in the near to medium term

All figures in ₹ crores unless specified

## 5. Tech Update



16.3 Lacs digital customers; MAU at 9.2 Lacs



36% customers acquired via digital products and channels in Q3'FY23



~3.9 Lacs live credit cards



Awarded 'Best Technology Bank' & 'Best Digital Engagement' by Indian Banks' Association (IBA) in SFB & PB category



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

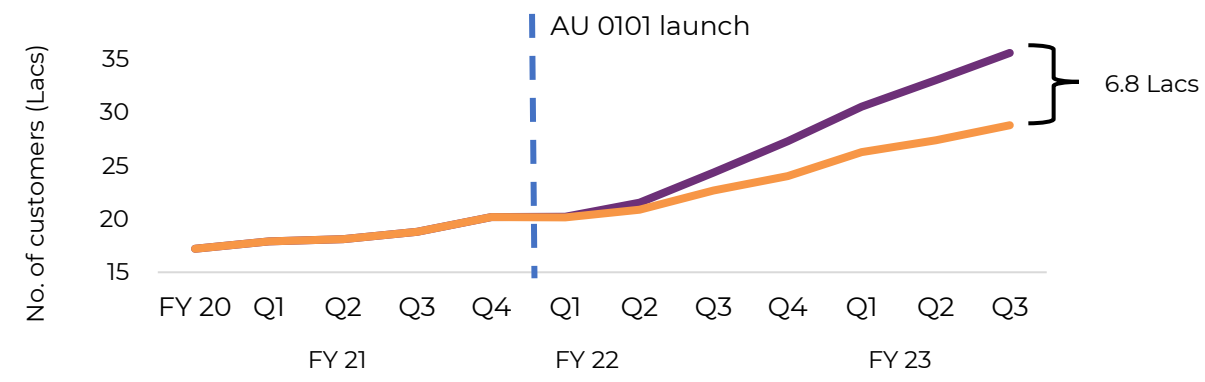


5 Drive automation and operating efficiency

# Digital is accelerating our customer acquisition and increasing engagement

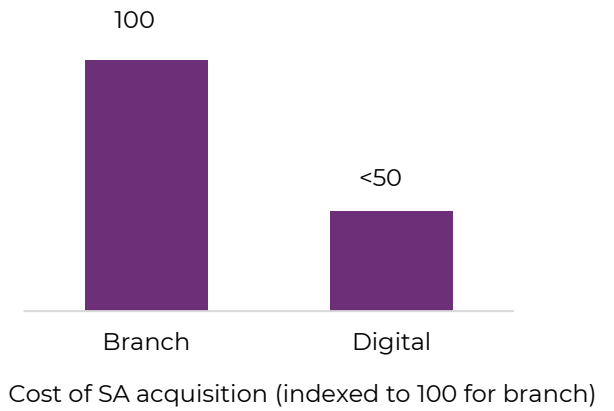


## Accelerated acquisition through digital proposition...



~6.8 Lacs NTB customers acquired through Digital Products and channels

## ...at much lower cost

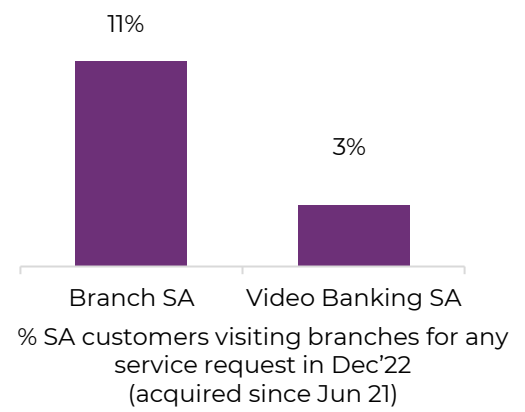


## Acquisition

## Increasing customer engagement...

	Dec'21	Dec'22
Monthly transacting SA customers (Lacs)	6.8	10.2
Transacting customers as % of total SA customers	52%	57%
Avg. monthly transactions per transacting customers	23	33

## ...at lower incremental cost to serve



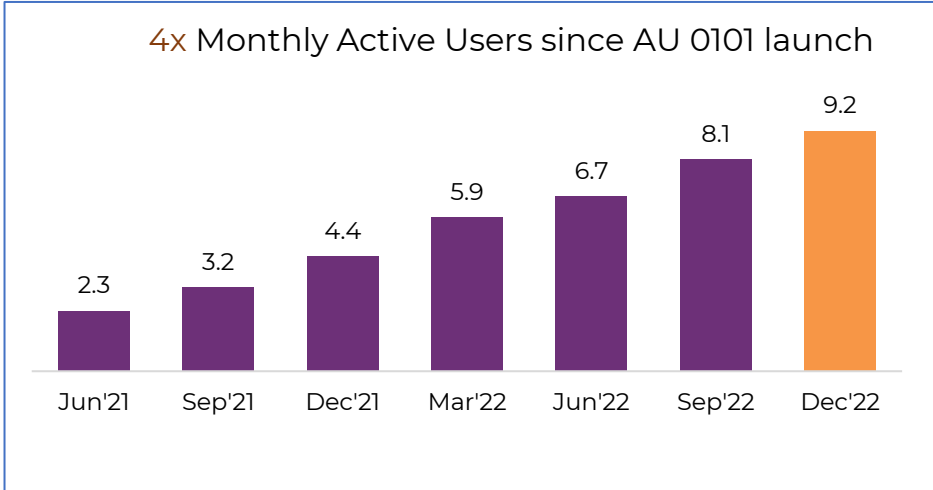
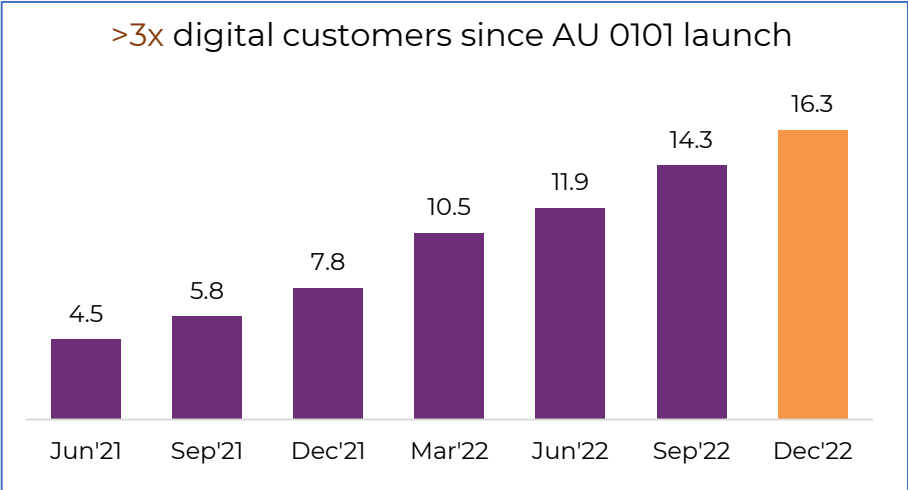
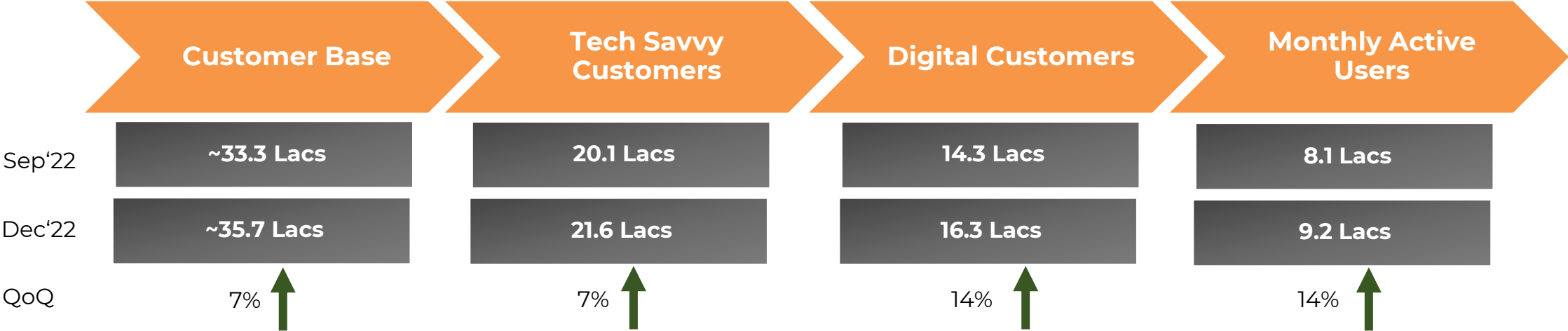
**98%** Digital transactions<sup>1</sup>  
**91%** Liability service requests fulfilled digitally

## Engagement

Notes: 1: CASA customer-initiated debit transactions



# AU 0101 – strong adoption since launch



**5.4 Lacs** Additional Non-AU customers registered on AU 0101 as of Q3'FY23



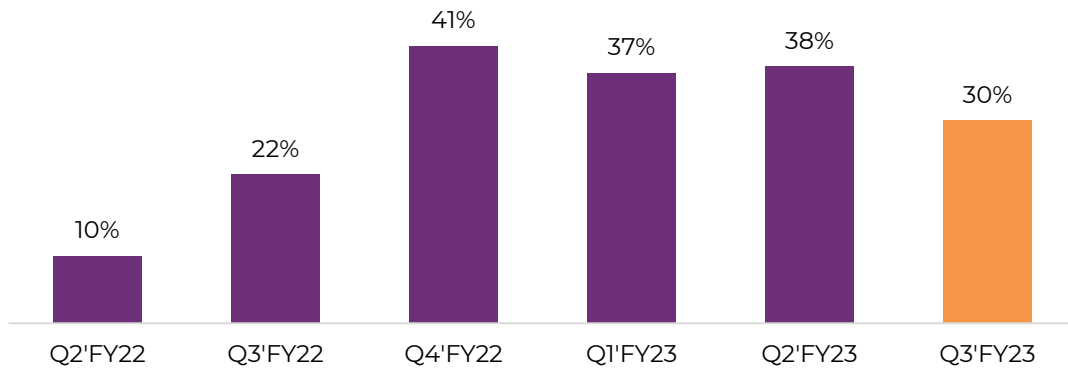


# Video Banking - helping us achieve meaningful growth



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

**Video Banking SA acquisition as proportion of total SA acquisition at bank<sup>1</sup>**



**2.4 Lacs**

Accounts till Q3'FY23

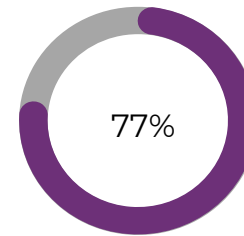
**₹ 718 Cr**

SA Balance  
6% ↑ QoQ

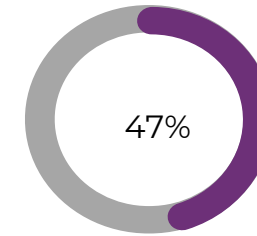
**₹ 1,000 Cr+**

Total relationship value  
18% ↑ QoQ

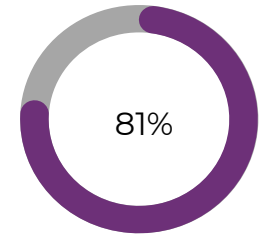
**Customer profile**



Urban



Salaried professionals



18-35 years age

**~90k**

Service and engagement  
video calls received in Q3'FY23

**13%**

Customer with two  
or more products

**AU 0101 App + Video Banking = Complete Digital Bank**

Note 1: -ex BSBDA and digital min KYC accounts



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



**3.9 Lacs**

Cards live

**53%**

Cards issued to NTB

**32%**

1<sup>st</sup> time Credit Card users

**₹ 1.3 Lacs**

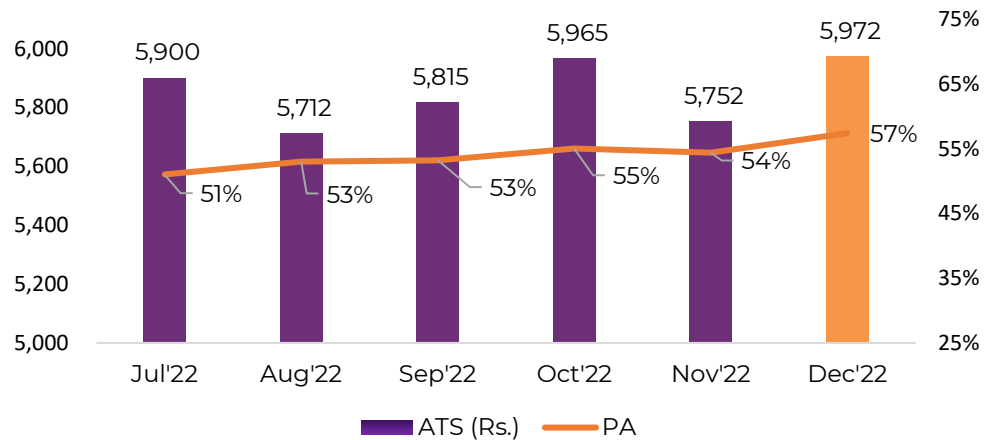
Average limit per card

**63%**

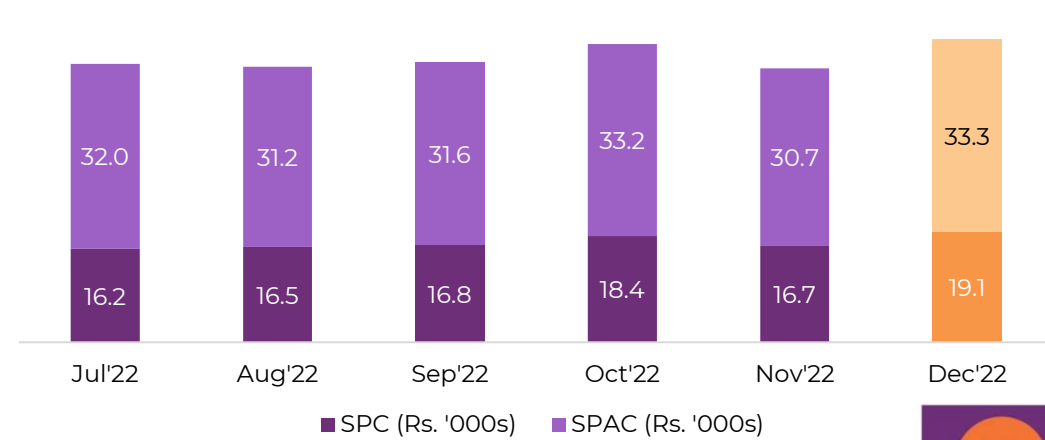
Urban customers

- LiT, India's first customizable credit card, is our highest selling card variant
- Monthly issuance run-rate reached to ~35,000 cards in Dec'22
- Affluent sourcing has seen traction in last quarter & currently contributes 24% of overall base
- Achieved 740 Cr+ monthly spends in Dec'22; Spend per card above ₹ 19,000 per month

Healthy Average Ticket Size(ATS) and Purchase Active(PA) customers



Spend per card (SPC) and Spend per active card (SPAC) - in-line with industry



## Acquisition

**8.7 Lacs**

UPI QRs installed till Q3'FY23

**67%**


Activation rate

**2.2 Lacs**

New customers acquired through UPI QR till Q3'FY23

## Engagement


**1.6 Cr**

Transactions in Q3'FY23;  
18%  QoQ

**~1.8 Lacs**

Daily average transactions in Dec'22

**₹ 1,469 Cr**

Value of transactions in Q3'FY23; 33%  QoQ

**91%**

Value of transactions credited to AU accounts in Q3'FY23

**90%**

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

## Lending

**₹ 134 Cr**

Loans disbursed basis QR transactions data till Q3'FY23

**~₹ 1.9 Lacs**

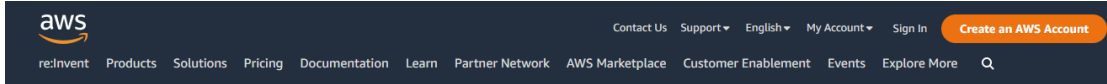
Average loan ticket size



Indian Banks' Association

## Best Technology Bank Best Digital Engagement

At 18th Annual Banking  
Technology Conference, Expo  
and Awards 2022 by  
Indian Banks Association (IBA)  
under Payment and SFB  
category



### AU Small Finance Bank Delights Customers by Offering Video Banking Services Seven Days a Week

2022

The Reserve Bank of India gave the green light for onboarding new customers through video calls in 2020, and since then, most banks have adopted Electronic Know Your Customer (eKYC) practices. However, other services such as loan applications and disbursements still require at least one in-person visit to the bank.

AU Small Finance Bank (AU Bank), India's largest small finance bank (based on assets and liabilities), has been successfully onboarding new customers with video KYC since 2020. More recently, the bank has delivered an industry-first initiative of offering nearly all banking services—except cash disbursements and deposits—over video calls.

**Video Banking**  
Published as a case study by AWS

<https://aws.amazon.com/solutions/case-studies/au-small-finance-bank>



## 6. Other Key Updates



Awarded certificate of recognition for 'Excellence in Corporate Governance' at 22nd National Awards of ICSI



Released our first Sustainability Report based on GRI framework; externally assured by PwC



Sustainalytics has rated our ESG risk at "Medium"



Skill development, Rural sports and Women entrepreneurship are our key CSR initiatives

## Universal Access to Financial Services

- 30% of our total touchpoints/branches - 304 are in unbanked rural centres (Tier-VI, population less than 5,000 & Tier-V, population less than 10,000)
- Present in 52 Special Focus Districts\* with 93 touchpoints covering 24 Aspirational districts, 14 Left wing extremist affected districts, 13 districts in Hill states and 1 north eastern region

### Providing Basic Bouquet of Financial Services



## PM Jan Dhan Yojana



Particulars	BSBDA	MUDRA	PMJJBY	PMSBY	APY
Count	2,92,200+	2,81,400+	43,100+	66,000+	53,600+

Received Direct Benefit Transfer of ₹ 1.9+ Cr in Q3'FY23 in Aadhaar seeded accounts.



### PM SVANidhi

- Supported 770+ street vendors



### IGUCY

- Supported 520+ micro entrepreneurs

## Financial and Digital Literacy

- Organised 400+ financial and digital literacy camps at rural branches in Q3'FY23
- Participated in the Nationwide Intensive Awareness Campaign by RBI and conducted 136 camps under the campaign

Data as on 31<sup>st</sup> Dec'22 unless otherwise stated

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

## Environment

Environment is a recognized stakeholder for AU

### 1<sup>st</sup> Sustainability Report

Bank released its first sustainability report on GRI framework; the report has been externally assured by PwC

### Carbon Neutral AGM

Among the few Indian organization to declare its 2022 AGM as carbon neutral

### Stakeholder engagement – CO<sub>2</sub> emission

Customers on-boarded via Video Banking have started receiving a message informing them of their contribution towards reduction in CO<sub>2</sub> emission

## Social

Addressing the Occupational, Residential, and Social vulnerabilities

### **IGNITE - COE for Skills Development**

Skill development is the flagship project of the Bank. During Q3'FY23, 2,007 youth were trained and 1,467 (73%) linked to employment; till date, 9,800+ youth have been trained across 16 centers and 76% successfully linked to employment



### **AU's Rural Sports Initiative**

Project aimed at holistic development of rural children, is live across 63 locations with 6,500+ children in age group of 8-16 years getting trained by certified coaches. "AU Bano Champion District Level Tournament", organized in Q3'FY23, saw participation of 4300+ children from 11 districts

### **AU उद्योगिनी Women Entrepreneurship**

AU supports women entrepreneurs for livelihood generation and capacity building by providing support and access. Till date, 1,700+ women are live on the platform with 154 added in Q3'FY23

## Governance

Compliant on all governance parameters

### Sustainability leadership strengthened

Ms. Malini Thadani, ex-Asia Head of Corporate sustainability at HSBC has joined our Board as an Independent Director

She brings 40+ years of experience across sustainability and ESG across corporates and government functions

### Excellence in Corporate Governance

Awarded certificate of recognition for 'Excellence in Corporate Governance' at 22nd National Awards of ICSI (Institute of Company Secretaries of India) in the category of "medium sized listed corporates"

## Best Small Finance Bank



by BT-KPMG

## Certificate of Recognition for Excellence in Corporate Governance

At 22<sup>nd</sup> National Awards of ICSI



## Best Technology Bank Best Digital Engagement Best Financial Inclusion

At 18th Annual Banking Technology Conference, Expo and Awards 2022 by Indian Banks Association (IBA) under Payment & SFB Category

## Company with Great Managers 2022 Award



## Power to Persist

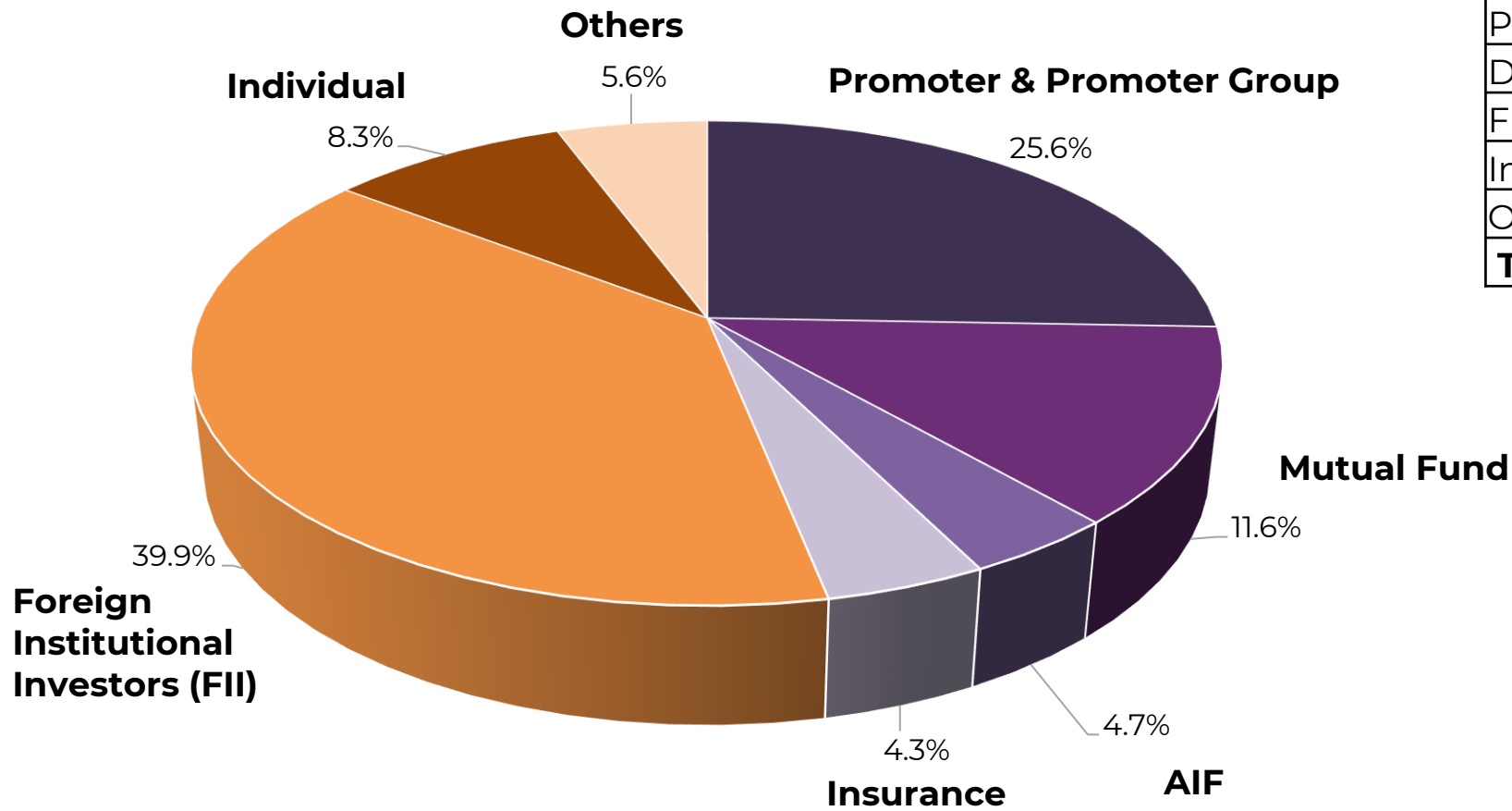
For maintaining 76% persistency of APY Accounts in Q3'FY23

## Rise Above Rest

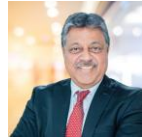
For achieving 110% of the target in November-December 2022

by PFRDA





Shareholding Pattern	% of shareholding
Promoter & Promoter group	25.6
DII	20.6
FII	39.9
Individual	8.3
Others	5.6
<b>Total</b>	<b>100.0</b>



**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.



**Ms. Jyoti Narang**  
Independent Director  
*41+ years of experience*  
MBA

Ex-COO, Taj Group of Hotels



**Mr. Kamlesh Vikamsey**  
Independent Director (Additional)  
*35+ years of experience,*  
FCA, B. Com

Senior Partner - Khimji Kunverji & Co., LLP, CA  
Chairman - IMAC  
Member (AC)- World Metrological Organization (WMO)  
Ex-Chairman - Audit Advisory Committee, UNICEF



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

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



**Mr. Krishan Kant Rathi**  
Independent Director  
*35+ years of experience*  
FCA, CS

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



**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)

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



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

Associated with the Bank for more than 19 years



**Mr. Pushpinder Singh**  
Independent Director  
*36+ 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  
*39+ 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

# Definitions

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 Advances	Gross Advance Yield excludes OD FD, and is calculated as the weighted average of yield on outstanding Gross Advances for the end of months within the respective period
e.	NPA Calculation	Net NPA Calculation does not include contingency provisions that the bank is carrying
f.	Retail TD	Retail TD refers to all TD having balance less than ₹ 2 Crores ; Bulk TD refers to all balances of ₹ 2 Crore & above
g.	Gross Advances	Gross Advances includes billed interest
h.	Collection Efficiency	Collection efficiency is calculated with all money received during the period from borrowers (excluding foreclosure) as % of current billing for the period
i.	Tech savvy customers	Tech savvy customers are those who are digital in their lifestyle but may not necessarily be active on AU SFB's digital channels
j.	Digital Customers	Digital customers are those active on AU SFB's digital channels
k.	Digital Products	Video Banking SA, Credit Cards, UPI QR, Personal Loans
l.	Transacting Customers	Customer initiated transactions on total Savings Accounts base, excluding dormant accounts

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# THANK YOU

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