

Ref. No.: AUSFB/SEC/2023-24/120

Date: July 22, 2023

To,

National Stock Exchange of India Ltd. Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (East), Mumbai 400051, Maharashtra. NSE Symbol: AUBANK	BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400001, Maharashtra. Scrip Code: 540611, 958400, 974093, 974094 & 974095
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Dear Sir/Madam,

Sub: Presentation to Investors on Unaudited Financial Results of AU Small Finance Bank Limited for the Quarter ended on June 30, 2023

Ref: Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

In continuation to our intimation for Conference Call to discuss Financial Results of AU Small Finance Bank Limited ("the Bank") for the Quarter ended on June 30, 2023 vide letter dated July 12, 2023, we submit herewith the Investors Presentation on the Unaudited Financial Results of the Bank for the Quarter ended on June 30, 2023.

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 within the prescribed timelines.

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

Encl: As above

**BADLAAV
HUMSE HAI**



INVESTOR PRESENTATION Q1'FY24

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

1

Management Update

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1. Management Update



Stable quarter with consistent performance



Profitability remains resilient with RoA at 1.7% and RoE at 13.8% for Q1'FY24



Focused on productivity and efficiency – No material increase in manpower in last 15 months



Won “The Best Small Finance Bank of India” at Indian Chamber of Commerce (ICC) Emerging Banking Awards

Key Messages

- ❑ Q1'FY24 saw gradual improvement in inflationary pressures amidst resilient macro-economic indicators. While domestic liquidity saw marginal improvement, the **interest rates continued to remain elevated**. Amidst this backdrop, **Bank delivered consistent performance** across business parameters leading to a steady start for the financial year 2023-24
- ❑ Bank had an LCR of 151% as on March 31, 2023, and thus **the focus in Q1'FY24 was to consume this excess liquidity buffer** instead of raising high-cost deposits. Thus, while deposits grew 27% YoY, the QoQ deposit growth remained flat. However, the momentum in **retail term deposits remained strong with a growth of 8% QoQ**
- ❑ Bank launched several products during the quarter – most notable was '**AU IVY**', an-invite only premium banking program for our HNI customers, offering an integrated wealth management journey that is completely paperless and signatureless. Additionally, we launched **RuPay Business Credit cards for our MSME customers** and also went live with Corporate **Salary account opening journey on our video banking** platform
- ❑ We are working on various projects with leading partners like Accenture, AWS, FICO, Google, NPCI, VISA, SFDC, Oracle etc. which will allow us to use technology **to do more with less**. Our focus on efficiency and productivity remains relentless - **we have grown our deposits and asset book by 30%+ in last 15 months without much increase in our headcount**. For this year as well, we look to achieve our growth plan with similar headcount
- ❑ We are preparing to launch our forex products and services by Q3/Q4. Post operationalization of our AD-I license and Transaction banking build-out, **our entire customer offerings will be complete by the end of FY24**. Any product or segment missing will be as per our strategy
- ❑ We have navigated first 6 years as a bank seamlessly despite multiple headwinds. We are **now focused on the next 4 years** of our banking journey as **once we complete 10 years as a Bank** and attain scale, **our size and operating leverage will give us advantage beyond 2027** and we are preparing for that phase
- ❑ 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

Key Operating Highlights

- ❑ During Q1'FY24, our core performance remained resilient amidst a seasonally soft quarter - retail deposit mobilization, credit growth in all lending verticals, accelerated acquisition and engagement in digital products
- ❑ The quarter saw **29 bps increase in cost of funds** with Q1'FY24 CoF at 6.58%; **cost of funds remains a key monitorable**, and in June'23, the Bank has **reduced its peak deposit rates by 25 bps** across SA and TD
- ❑ **Yield on advances remained stable at 13.4%** and **average LCR during the quarter was 139%** against average LCR of 128% in Q4'FY23
- ❑ **NIM was impacted** by 38 bps on a QoQ basis **owing increase in deposit cost and drag from excess liquidity buffers; further margin decline is expected to be gradual** with majority of the deposit already repriced; Further, the **disbursement yield increased by 29 bps** on a QoQ basis and is expected to support margins in future
- ❑ Ratio of **fixed rate to floating rate** loans is at **66% : 34%**; Our retail book is largely fixed rate and once interest rate cycle turns, this is expected to have positive impact on our margins
- ❑ As per regulatory definition, **retail asset account for 89%** of the advances and **91%** of the advances **are secured in nature**
- ❑ 11 new touchpoints (including two liability branches) were added during the quarter taking total touchpoints to 1,038; Bank **plans to open an additional 50+ branches and touchpoints** in this FY
- ❑ During Q1, Bank on-boarded **~3.75 Lacs new customers** of which **45% were via digital products and channels**; Issued 1.2 lac+ credit cards and opened ~49K savings accounts via Video Banking + AU 0101 during the quarter.
- ❑ During Q1, we launched several initiatives to strengthen our digital proposition
 - ❑ Scaling **Digital Current Account** through video KYC process
 - ❑ **Corporate salary account journey on video banking** has gone live
 - ❑ **Credit card cloud data warehouse implemented**

Q1'FY24 Financial performance snapshot

Balance Sheet	₹ 91,583 Cr +29% YoY
Deposits	₹ 69,315 Cr +27% YoY
Gross Advance	₹ 63,635 Cr +29% YoY
CASA/CD Ratio	35%/91%
GNPA/NNPA	1.76%/0.55%
Net Profit	₹387 Cr +44% YoY
RoA/RoE	1.7%/13.8%
Tier I/CRAR	19.9%/21.5%

- ❑ Deposits grew 27% YoY and remained flat QoQ; CASA ratio at 35%; CASA + Retail TD mix at 68%
- ❑ Gross advances grew 29% YoY and 8% QoQ; Bank did not securitize any loan during Q1'FY24
- ❑ LCR reduced from 151% as on 31st Mar'23 to 119% as on 30th June'23; Avg LCR for Q1'FY24 at 139%
- ❑ GNPA increased by 10 bps during the quarter to 1.76%; this is seasonal in nature and asset quality is expected to remain rangebound; Restructured assets reduced to 1% of gross advances
- ❑ PCR at 73% including technical write-off and floating provision; Additionally, Bank is carrying contingency provision of ₹28 Cr and provision of ₹100 Cr against standard restructured assets
- ❑ NII growth was strong at 28% YoY; Other Income (ex Treasury) grew 39% YoY supported by fee income
- ❑ PPOP growth at 39% YoY; Cost/Income at 65% owing to business growth and annual increments
- ❑ For Q1'FY24, PAT grew by 44% YoY at ₹ 387 Cr vs ₹ 268 Cr in Q1'FY23
- ❑ For Q1'FY24, RoA is at 1.7% and RoE is at 13.8%
- ❑ Including profits for Q1'FY24, CRAR at 22.2% and Tier I ratio at 20.7%

Focus areas for FY24

NIM

NIM is expected in the range of 5.5%-5.7% as deposits reprice

- Margin impact has been front-loaded and should be gradual ahead
 - Deposits have largely been repriced
 - Peak deposit rates reduced by 25bps on both SA and TD
 - Incremental disbursement yield improved by ~29 bps QoQ
- Higher % of fixed rate book 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 efficiency and productivity with digital initiatives – No material manpower increase in last 12-15 months
- Most of the profit pools will start delivering – credit cards, wealth, digital, transaction banking, x-sell etc. by the end of FY25.

Profitability and ROA

Expected to be within last year's range

- Fee Income to grow with support from x-sell, Credit cards and third-party product distribution
- Asset quality and credit cost to remain within the range
- Greater focus on productivity improvement
- Continued focus on structural cost optimization via process redesigns and efficiency in manpower and infrastructure

Key Focus Areas

1. **Digital Franchise** - consolidate our entire digital franchise and products under one umbrella
2. **Transaction Banking** - Operationalize AD-1 License and set up Transaction Banking group
3. **Rural, Impact & Inclusive banking** – Building more focus on our core purpose
4. **Liabilities** - Pivot towards products and services as a key differentiator as compared to rates and build our brand positioning

Our digital proposition is scaling well



AU 0101

21.6 Lacs
Digital customers

12.2 Lacs
Monthly Active Users

10.3 Lacs
Customers with pre-
approved offers in Jun'23

930 Cr+
Digital Personal
Loans Disbursed



Video Banking

3.5 Lacs
Digital Savings Accounts

1,310 Cr+
Total relationship value

15%
Customers with two or
more products

82k
Service and Engagement
video calls in Q1'FY24



Credit Cards

6.1 Lacs
Live cards

69%
Cards issued to NTB

24%
First-time credit
card users

1,250 Cr
Monthly spends in
Jun'23



UPI QRs

1 million+
QR Codes installed

69%
QRs activation rate

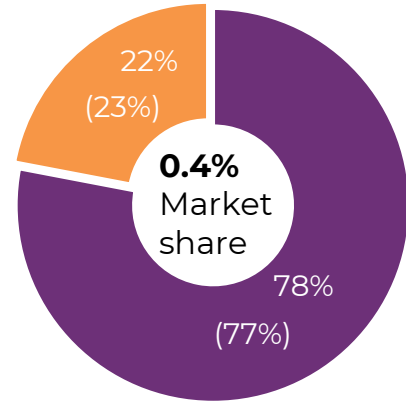
91%
Increase in CASA AMB
post QR Code install

~250 Cr
Business loan disbursed
basis transactions

45% of new customer acquisition in Q1'FY24 via digital products

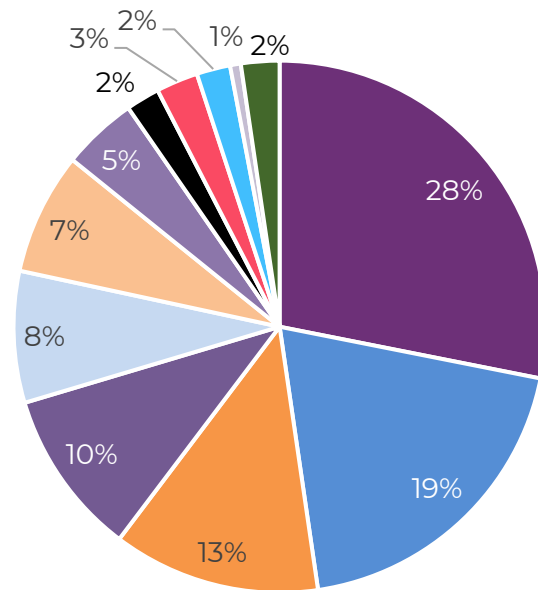
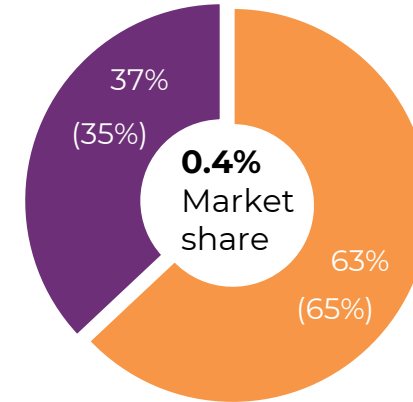
Business model - deposits from Urban markets and lending in Core markets

Deposits Break up

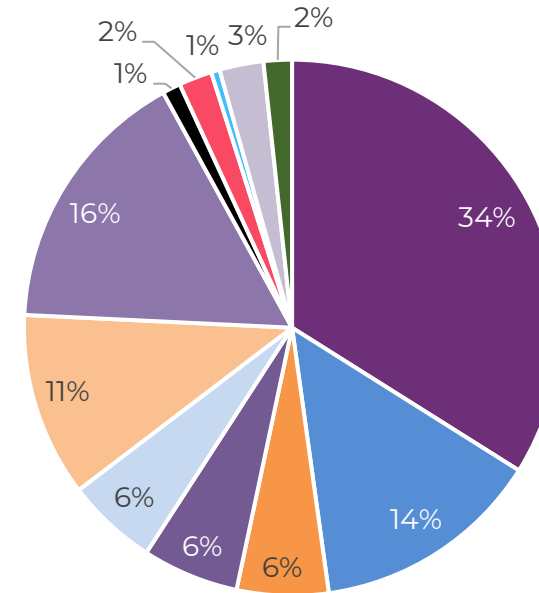


■ Urban ■ Core

Advances Break up



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



Our geographical presence

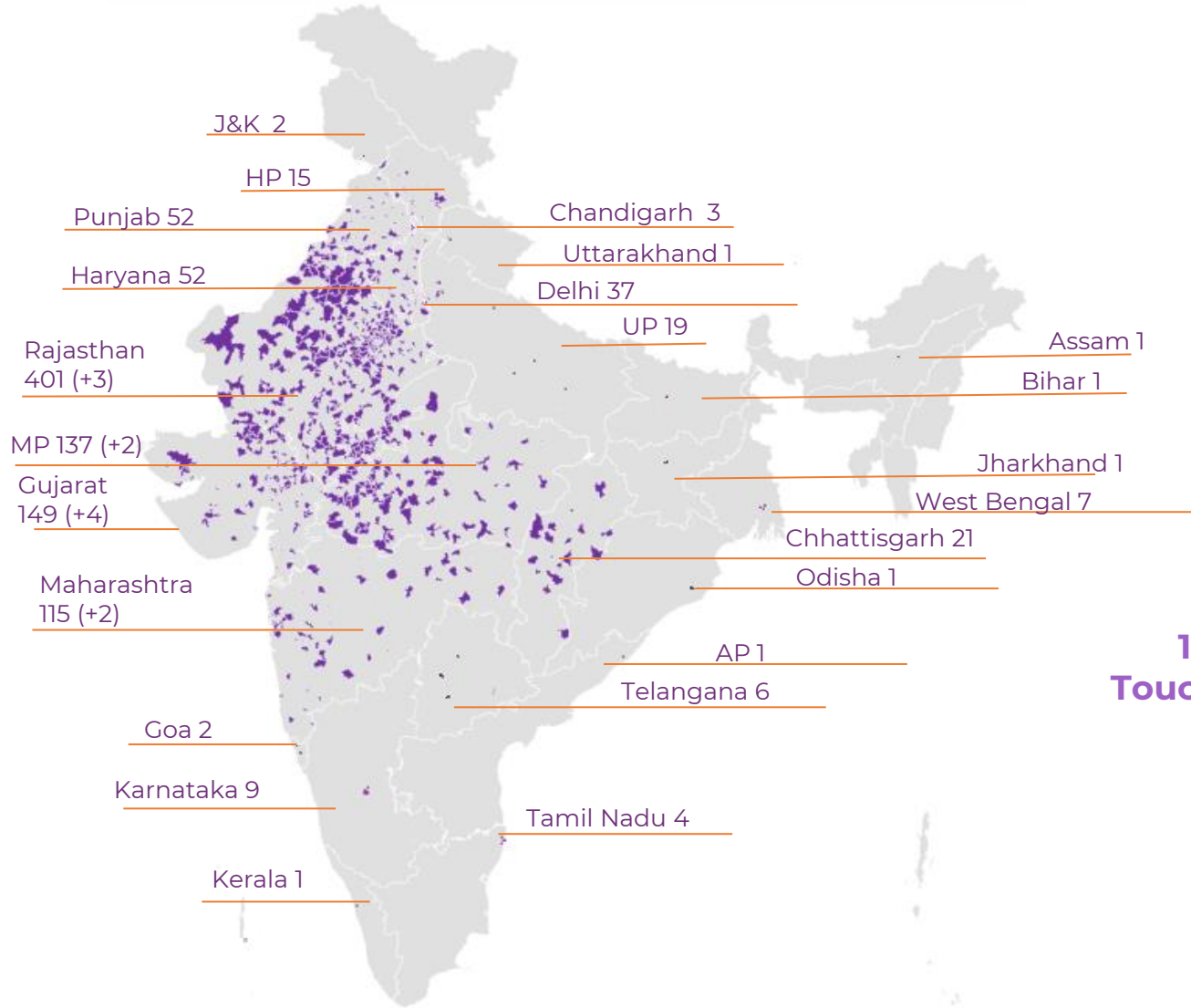
21 States and 3 UTs

1,038 Touchpoints

241 Districts

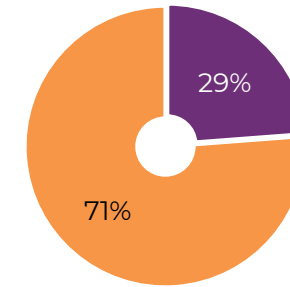
722 Locations

495 ATMs

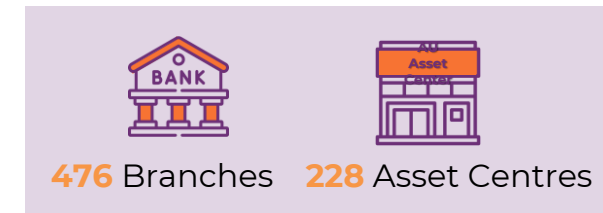


1,038 Touchpoints

Touchpoints Break-up



■ Urban ■ Core



320 Unbanked Rural Centres



76 Unbanked Branches

+



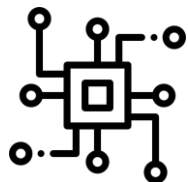
244 BOs



13 Smart BCs + 1 Corporate BC

AD – I License operationalisation update

Technology



Have identified technology platform and started Core Banking enhancement
 Received Swift membership and undergoing tech integrations with Swift
 Customer front end solutions under development
 Appointed consulting and project management partners

Product & Process



Engaged senior industry leaders, with vast experience across Trade & Fx, as product & process consultant
 Documentation of product, processes & policies initiated
 Opening of Nostro accounts' in process

People



Design & structure across functions under process to build this business
 Few subject matter experts, having substantial experience across AD-I business, are already in the system, running the AD – II business
 Additionally, some key product and process experts have already joined or are in the process of onboarding

We remain on-track to go live by Q3/Q4

2. Operating & Financial Highlights



Calibrated growth in assets and liabilities with focus on operational efficiency



For Q1'FY24, NII up 28% YoY & PPop up by 39% YoY



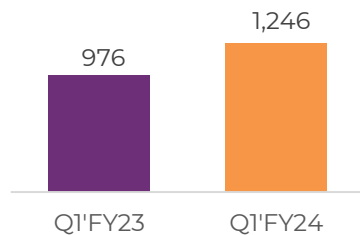
Q1'FY24 PAT grew by 44% YoY



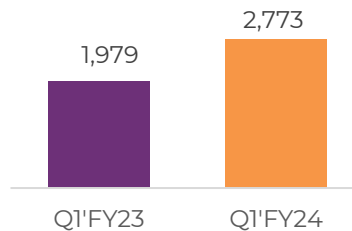
NIM for the quarter stands at 5.7% including securitised book

Q1'FY24 Financial highlights

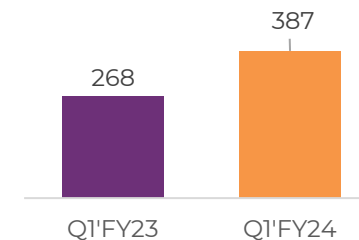
Net Interest Income



Total Income



PAT



Yield on Advance

13.4%

Vs
13.3%
(Q1'FY23)

Cost of Fund

6.6%

Vs
5.7%
(Q1'FY23)

Net Interest Margin

5.7%

Vs
5.9%
(Q1'FY23)

RoA

1.7%

Vs
1.5%
(Q1'FY23)

RoE

13.8%

Vs
14.0%
(Q1'FY23)

GNPA

1.76%

Vs.
1.96%
(Q1'FY23)

NNPA

0.55%

Vs
0.56%
(Q1'FY23)

Provision Coverage Ratio

73%

Vs
74%
(Q1'FY23)

CRAR

21.5%

Vs
19.4%
(Q1'FY23)

Tier-I CRAR

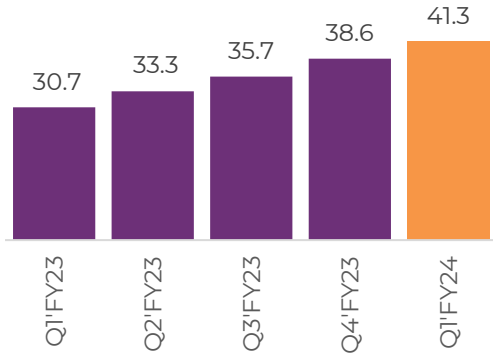
19.9%

Vs
18.4%
(Q1'FY23)

Quarterly trends of key parameters

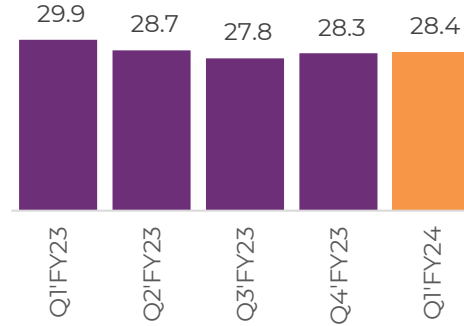
Customers

(in Lacs)

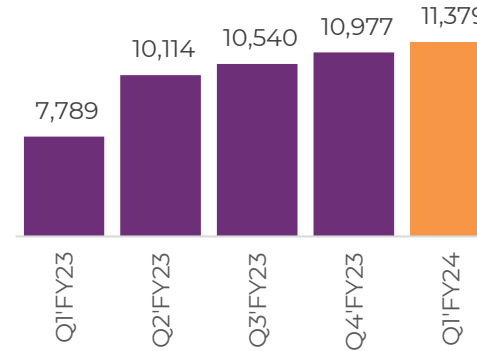


Employees

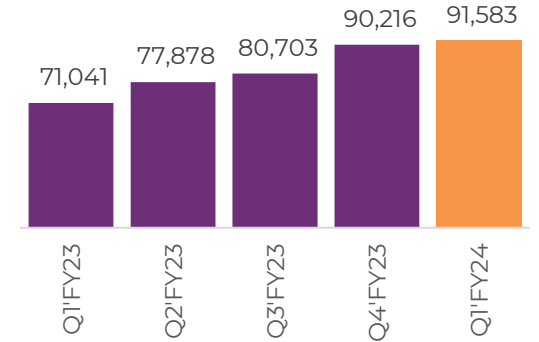
(in 000s)



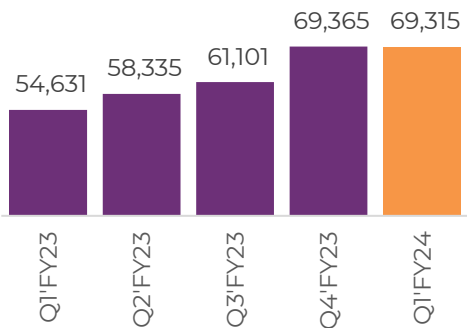
Shareholders' Funds



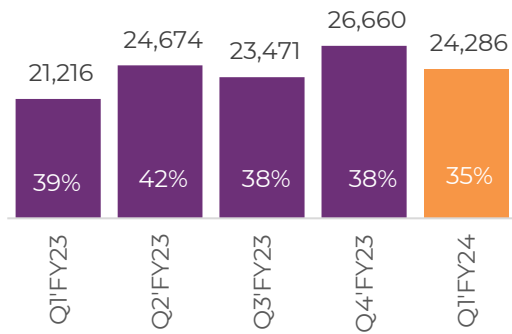
Total B/S Assets



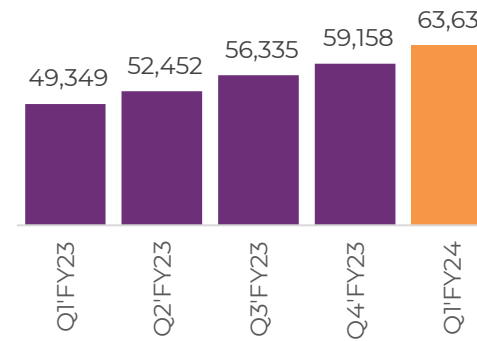
Deposits



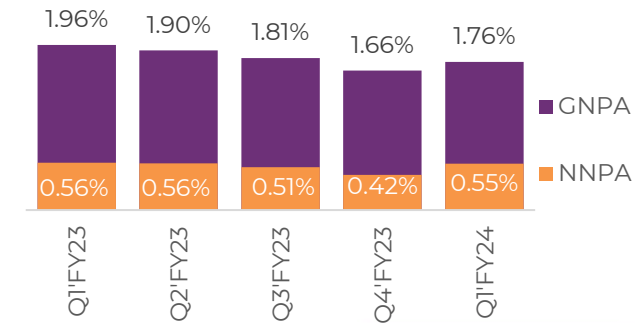
CASA Deposit & Ratio



Gross Advances



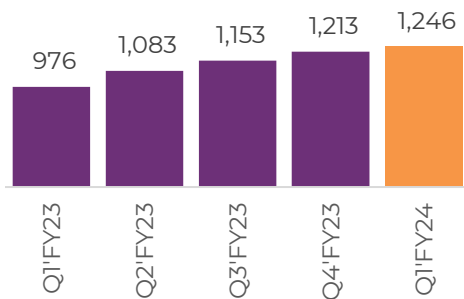
GNPA and NNPA (%)



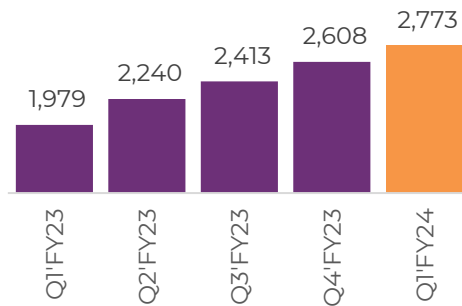
Quarterly trends of key parameters

₹ in Crores

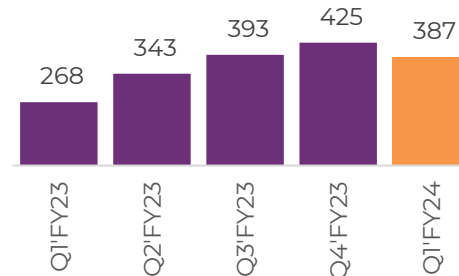
Net Interest Income



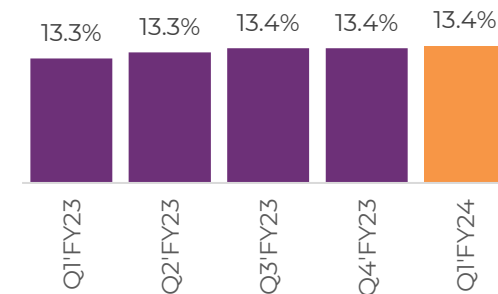
Total Income



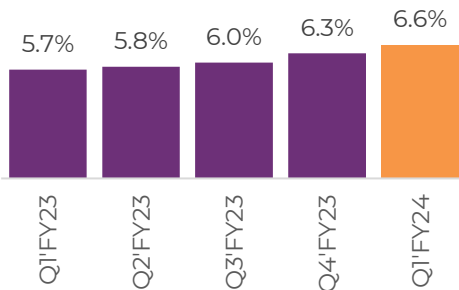
PAT



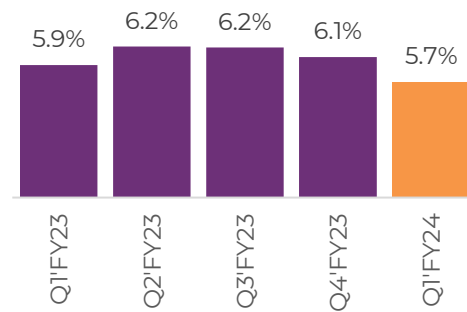
Gross Advance Yield



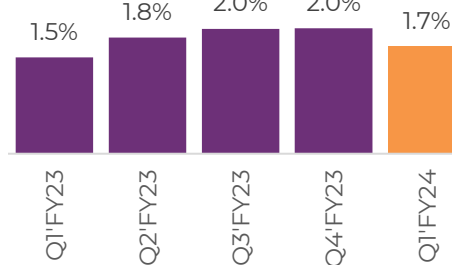
Cost of Fund



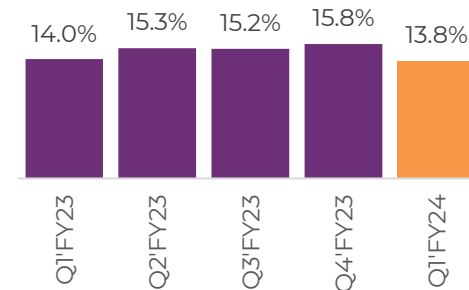
Net Interest Margin



RoA



RoE



Profit & Loss statement

(All Figures in ₹ Crore)	Q1'FY24	Q1'FY23	YoY	Q4'FY23	QoQ
Income					
Interest Earned	2,458	1,820	35%	2,275	8%
Interest Expended	1,212	844	44%	1,062	14%
Net Interest Income	1,246	976	28%	1,213	3%
Treasury Income	17	-55	-132%	1	1778%
Other Income (excl. Treasury)	298	214	39%	332	-10%
Total Other Income	1,561	1,135	38%	1,546	1%
Expenses					
Employee Cost	507	394	29%	483	5%
Other Operating Expenses	508	347	46%	493	3%
Operating Expenses	1,015	741	37%	975	4%
Core PPop	529	449	18%	570	-7%
PPoP	546	394	39%	571	-4%
Provisions	33	38	-14%	41	-19%
Profit Before Tax	513	356	44%	530	-3%
Tax expenses	126	88	44%	105	20%
Profit After Tax	387	268	44%	425	-9%

In Q1'FY24 :

- ❑ PPop growth is robust at 39% YoY led by NII growth of 28%
- ❑ Other operating expenses have grown 46% YoY primarily due to variable expenses on higher business volumes as well as continued investment in credit card business
- ❑ Bank in this quarter purchased Small and Marginal Farmer (SMF) PSLC of ~₹860 Cr at a cost of ~₹19 Cr to be amortized over 4 quarters; Bank carries surplus buffers in all other sub-categories and would not require any additional PSLC purchase in this FY
- ❑ Bank continues to make investments (~₹ 165 Cr in Q1'FY24 vs ~₹ 103 Cr in Q1'FY23) towards digital initiatives viz credit cards/QR/Video Banking (82%), distribution expansion (13%) and brand campaign (5%)
- ❑ Inflationary pressures in the input cost remain key risk for opex in the current environment

(All Figures in ₹ Crore)	30 th Jun'23	30 th Jun'22	YoY	31 st Mar'23	QoQ
Liabilities					
Shareholders Fund	11,379	7,789	46%	10,977	4%
Deposits	69,315	54,631	27%	69,365	0%
Borrowings	7,637	6,113	25%	6,299	21%
Other Liabilities and Provisions	3,252	2,508	30%	3,575	-9%
Total Liabilities	91,583	71,041	29%	90,216	2%
Assets					
Cash and Balances	4,936	3,326	48%	9,425	-48%
Investments	21,627	17,227	26%	20,072	8%
Advances	62,861	48,654	29%	58,422	8%
Fixed Assets	726	651	12%	740	-2%
Other Assets	1,433	1,182	21%	1,557	-8%
Total Assets	91,583	71,041	29%	90,216	2%

- ❑ A stable and healthy balance sheet led by
 - ❑ Capital adequacy ratio of 21.5%
 - ❑ Borrowings accounting for only 8% of the liabilities (mostly refinance, Tier II and TREPS borrowings)
 - ❑ CD ratio at 91 % as on 30th Jun'23

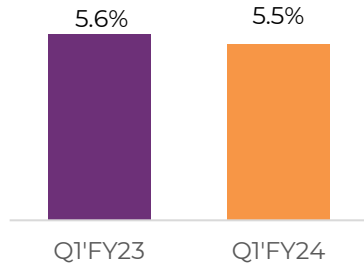
Other Income

(All Figures in ₹ Crore)	Q1'FY24	Q1'FY23	YoY	Q4'FY23	QoQ
Loan Assets Processing & Other Fees	165	133	24%	182	-9%
General Banking, Cross Sell & Deposits related fees	55	41	34%	71	-23%
PSLC Fees	0	13	-100%	17	-100%
Credit Card	55	17	232%	41	33%
Miscellaneous	23	10	118%	21	10%
Core Other Income	298	214	39%	332	-10%
Income from Treasury Operations	17	-55	-132%	1	1778%
Other Income	315	159	98%	333	-5%

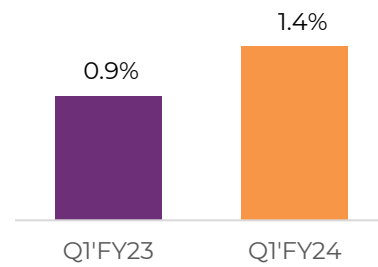
- ❑ Core Other Income growth for Q1'FY24 is at 39% YoY driven by healthy growth in disbursements, increasing contribution of credit card & bancassurance income, and increasing share of transactional customers on the liability side
- ❑ Miscellaneous Income includes trade income and recovery from written off loans

RoA Components

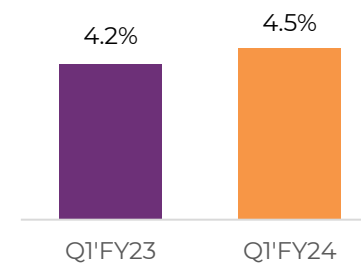
NII (%)



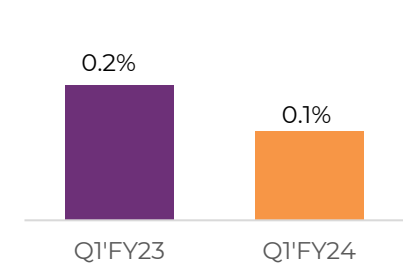
Other Income (%)



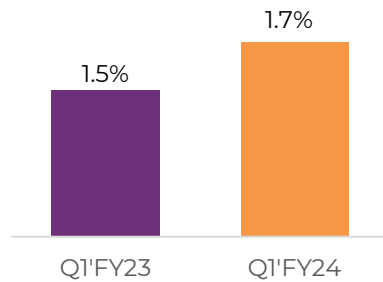
Opex (%)



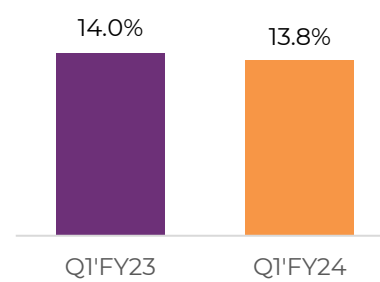
Provision & Contingencies (%)



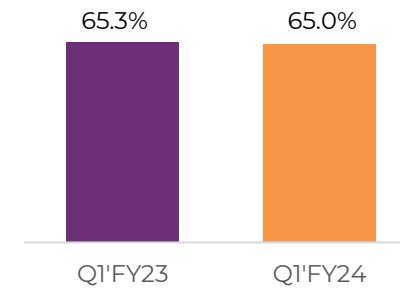
RoA (%)



RoE (%)



Cost to Income (%)



3. Liabilities Update



CASA deposit grew 14% YoY, CASA ratio at 35%; CASA + Retail TD at 68%



Retail TD grew 8% QoQ to ₹22,698 Cr



CD Ratio at 91%



CoF for Q1'FY24 at 6.58%

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

2017-18
↓
2019-20
↓
2020 onwards

Structure

Consolidated Unit of Liabilities

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

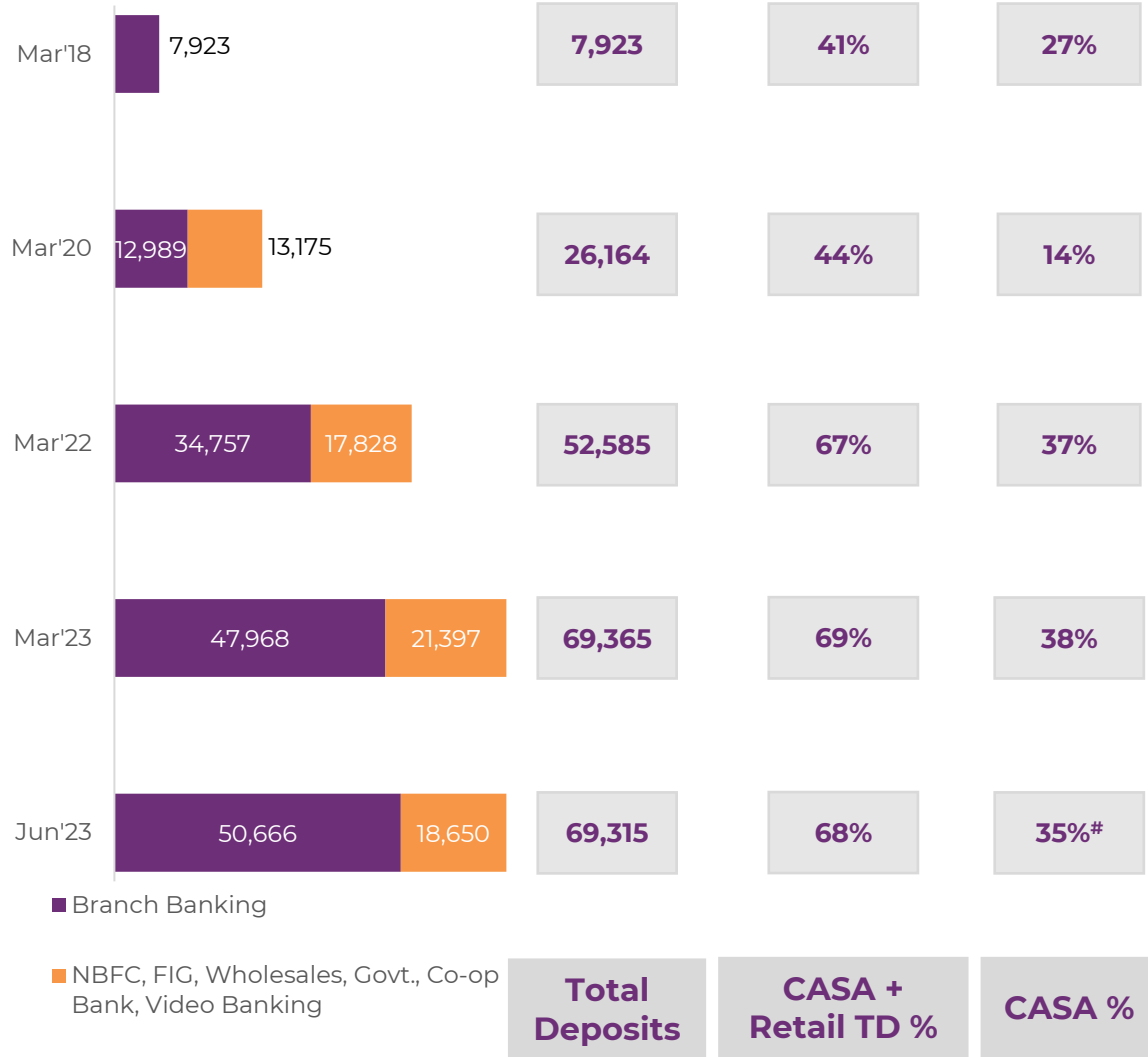
Separate Verticals Established

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

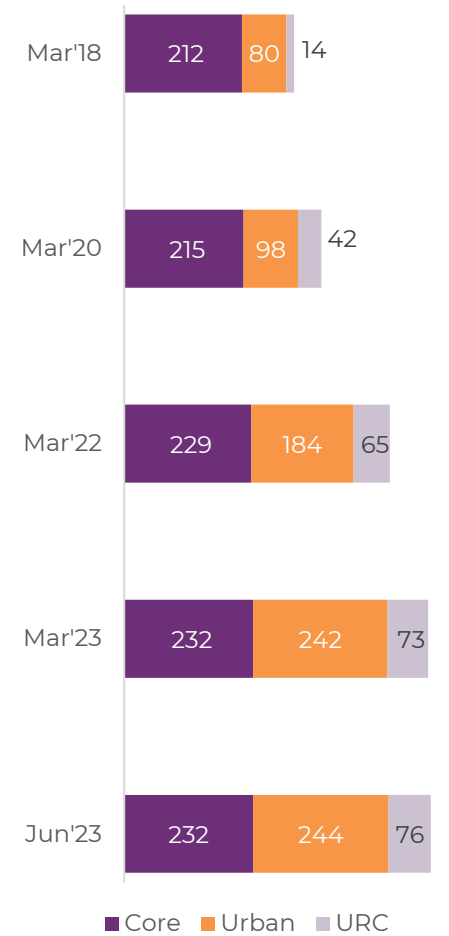
Branch Banking as a SBU

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

Deposits



Liability Branches*

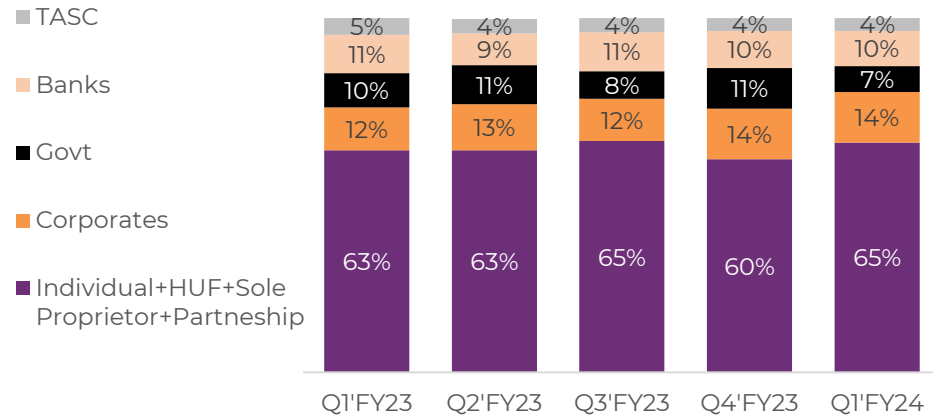
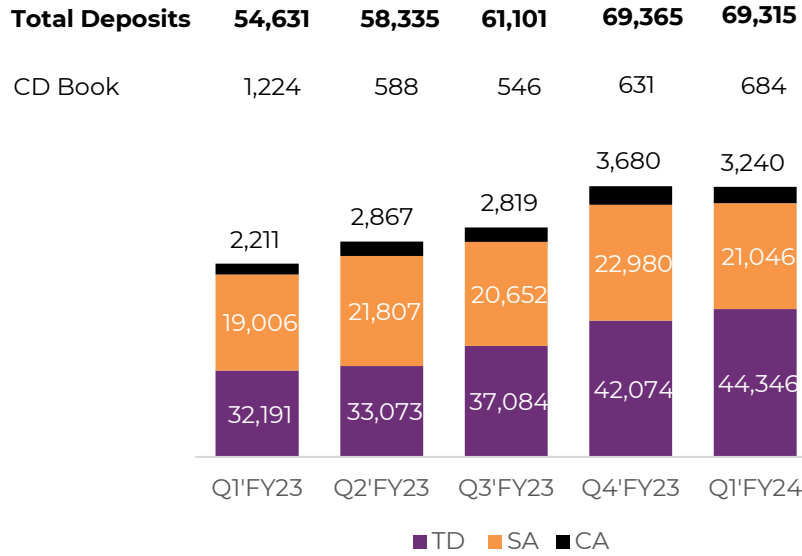


*Excludes BO/BC

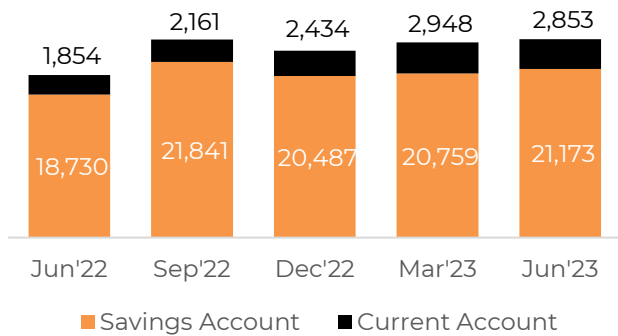
#CASA de-grew owing to outflow from one large transacting government savings account in normal course of business

Focus on granular deposits and customer profiles

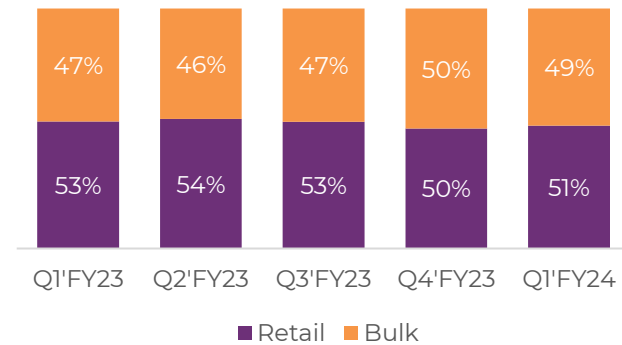
₹ in Crores



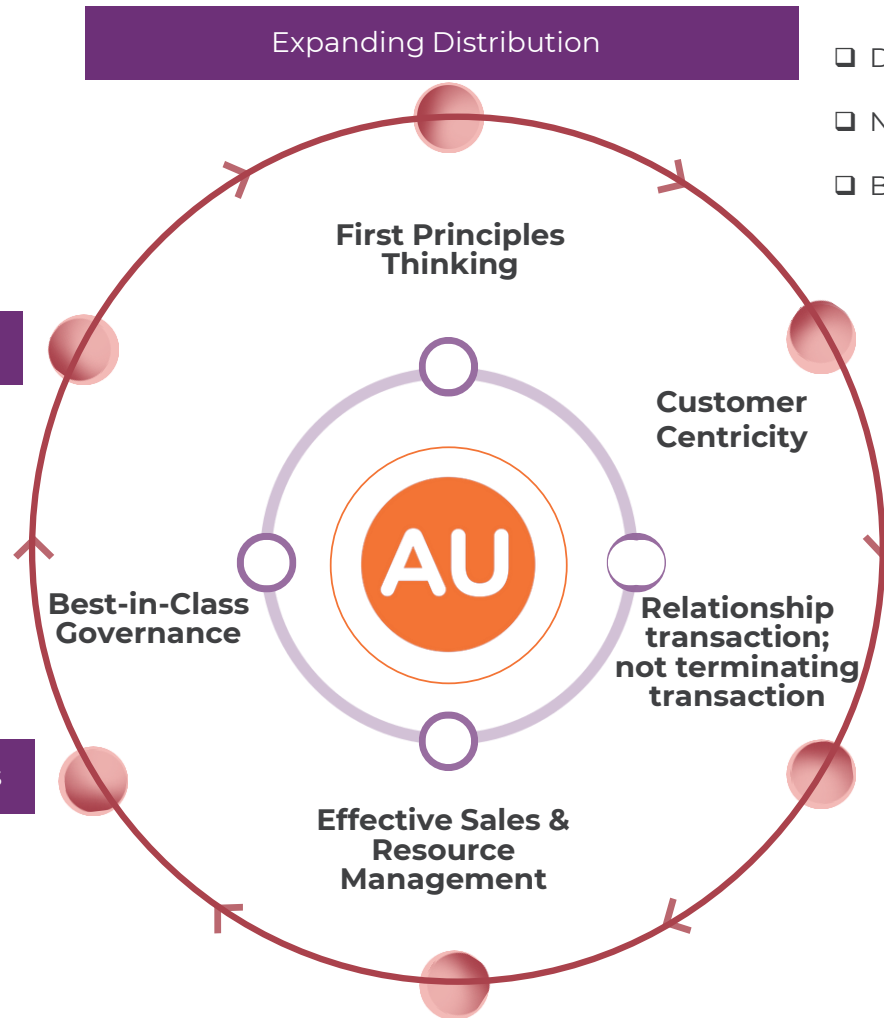
Average monthly balance



Retail and Bulk TD mix



Building a Predictable, Scalable and Sustainable deposit franchise



- ❑ Differentiated approach for Urban and Core markets
 - Branch expansion led by Urban Markets (+2 in Q1'FY24)
- ❑ 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

Through the acquisition of GIST customers
68% deposit are CASA + Retail TD

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)

Well complemented by top-notch digital properties

Mobile App AU0101
Video Banking
Corporate Net Banking

Led by an excellent and stable team

270+ Leadership personnel
Ability to attract talent across roles & geographies
Dedicated product teams across channels

Enabled by a comprehensive Product suite

Best-in-class Family Banking Program
Comprehensive Banking solutions (Wealth & Insurance, Credit Card, Retail Assets)
Products/solutions tailored to the needs of small businesses

4. Asset Business Update



Sustainable and Scalable business model;
89% retail loans & 91% loans are secured



Restructured book reduced to 1.0% of
Gross Advance



GNPA ratio at 1.76%; NNPA at 0.55%



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 1,038 Bank's touchpoints from ~251 currently
- ❑ Entire suite of products available to meet customer requirements

Core Asset Principles

- ✓ Small Ticket size (89% 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

₹ in Crores

Segments	Vintage (year)	Q1'FY24					Q1'FY23		
		Gross Advances	Assigned/ Securitised loans	Gross Advance Yield (%)	Gross NPA	Gross NPA (%)	Gross Advances	Assigned/ Securitised loans	Yield (%)
Wheels	1996	21,053	3,388	14.1%	466	2.2%	17,946	722	13.8%
SBL (MSME)	2007	19,021	973	15.0%	519	2.7%	16,732	245	15.0%
Home Loan	2017	4,698	-	11.7%	20	0.4%	3,006	-	11.4%
Commercial Asset		13,458	3	11.1%	34	0.2%	8,581	4	10.1%
- Business Bnkg.	2017	5,510	-	10.5%	14	0.2%	3,264	-	9.4%
- Agri Bnkg.	2018	4,335	-	10.6%	17	0.4%	2,686	-	9.5%
- NBFC	2014	2,361	-	11.3%	-	-	1,768	-	9.9%
- REG	2013	1,252	3	14.9%	3	0.2%	863	4	14.6%
Credit Card	2021	1,928	-	13.2%	31	1.6%	580	-	14.9%
Personal Loan	2020	686	-	18.0%	20	2.8%	417	-	17.9%
Others¹		2,563	-	N.A	6	0.2%	1,752	-	N.A
SME (Run Down)	2010-2018	229	10	12.6%	25	11.1%	335	14	11.9%
Total		63,635	4,374	13.4%	1,121	1.76%	49,349	985	13.3%

□ Standard Covid restructured book declined to 1.0% of gross advances (versus 1.2% as on 31st Mar'23)

□ NPAs from Covid restructuring book remains below 13% and Restructured advances of ₹ 30 Cr upgraded during the quarter

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

Provisioning Summary

Net credit loss (NCL)	Q1'FY24	Q1'FY23	Q4'FY23
Repo & POS Loss	18	29	26
Write off	39	34	18
Less: Bad Debt Recovery*	8	2	6
Net Credit Loss	49	61	38
Net Credit Loss (as % of Avg. Total Assets)	0.22%	0.35%	0.18%

Credit Cost - Net Impact on P&L	Q1'FY24	Q1'FY23	Q4'FY23
Net Credit Loss (A)	49	61	38
Provision on NPA (B)	38	1	2
Floating Provision (C)	-	-	-
Contingency Provisions (D)	-62	-14	-8
Covid Restructuring Provision (E)	-15	-22	-11
Standard Asset Provision (F)	14	8	15
Others (G)	1	2	-
Total - Net Impact on P&L (Z=A+B+C+D+E+F+G)	25	36	36
Add: Bad Debt Recovery* (Y)	8	2	6
Total Provisions expense (Z-Y)	33	38	41
Total Provisions expense (as % of Avg. Total Assets)	0.15%	0.22%	0.19%

Movement of NPA

Movement of Gross NPA	Q1'FY24	Q1'FY23	Q4'FY23
Opening Gross NPA	981	924	1,019
Additions during the period**	317	253	191
Reductions during the period**	177	208	229
Gross NPA (closing)	1,121	970	981

**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	Jun'23				Mar'23			
	Nos.	Loan Amount	Provisions	Coverage	Nos.	Loan Amount	Provisions	Coverage
GNPA	51,334	1,121	733	65%	45,904	981	695	71%
Covid related restructuring (Standard)	7,091	605	100	17%	8,539	700	116	17%
Contingency provisions			28				90	
Floating provisions			41				41	
Stressed and contingencies provisions		1,726	902			1,681	942	
Provisions towards Standard Assets			205				191	
Total Provisions			1,108				1,133	
Provisions as a % of gross advances			1.74%				1.91%	

- ❑ The Bank's PCR is 73% including Technical write-offs and floating provisions ; PCR at 69% excluding Technical write-offs
- ❑ GNPA ratio stood at 1.76% compared to 1.66% in previous quarter; Standard Restructured loans declined to 1.0% vs 1.2% QoQ
- ❑ Bank as on 30th Jun'23 has contingency provisions of ₹28 Cr and ₹100 Cr provision on standard restructuring book
- ❑ First quarter tends to remain sluggish for collections and there has been some uptick in NPA's since last quarter. Also, the sharp movement in NPA during the covid period have now stabilised; Going forward the NPA's will be cyclic and will remain with in the range

5. Tech Update



21.6 Lacs digital customers



45% customers acquired via digital products in Q1'FY24



6.1 Lacs live credit cards



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



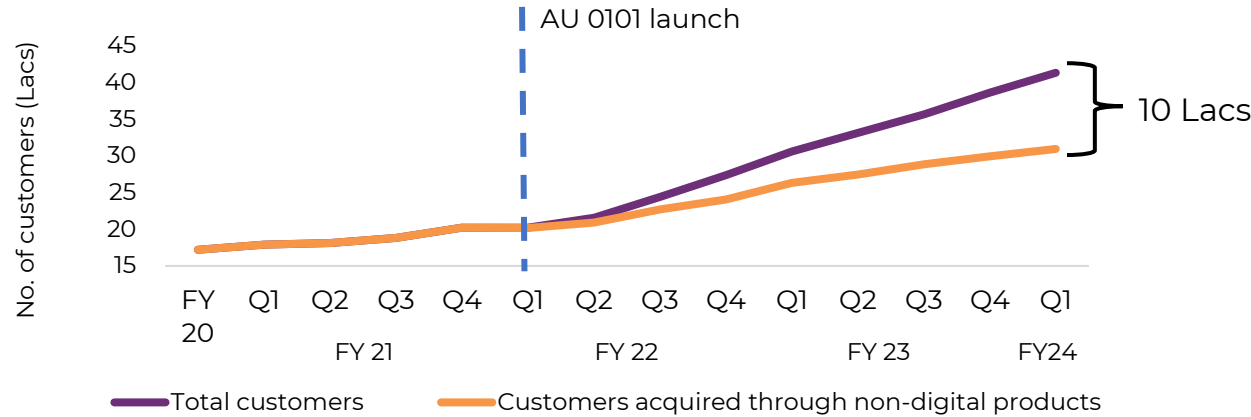
4 Invest in core technology to remain future ready



5 Drive automation and operating efficiency

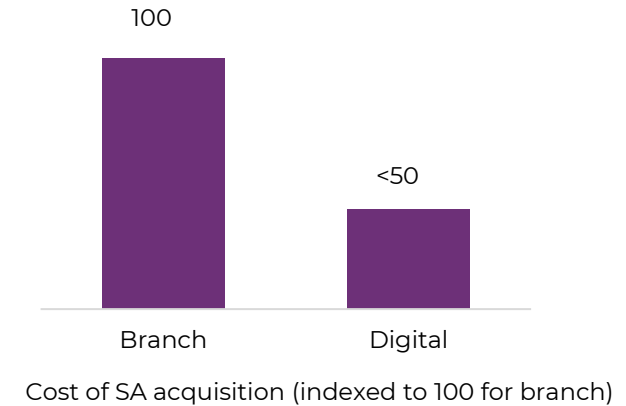
Digital is accelerating our customer acquisition and increasing engagement

Accelerated acquisition through digital proposition...



45% new customers acquisitions in Q1'FY24 via Digital Products

...at much **lower cost**

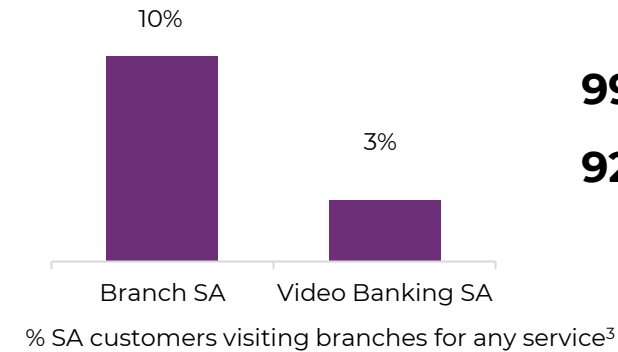


Cost of SA acquisition (indexed to 100 for branch)

Increasing **customer engagement**...

	Jun'22 CA / SA	Jun'23 CA / SA
Monthly transacting customers (Lacs)	1.0 / 8.8	1.4 / 11.5
Transacting customers as % of total customers ¹	69% / 57%	68% / 57%
Avg. monthly transactions per transacting customers	67 / 26	65 / 33
Product per customer (PPC)	1.9 / 1.6	2.0 / 1.6

...at **lower incremental cost to serve**



99% Digital transactions²

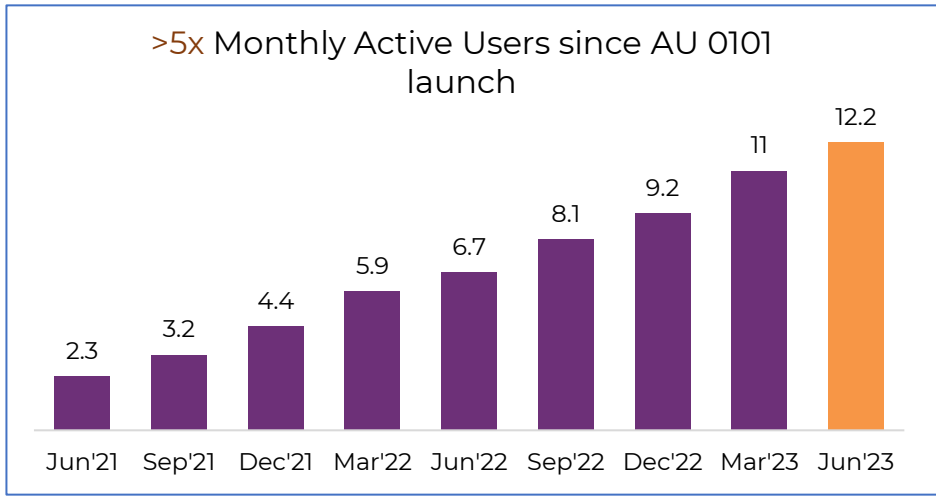
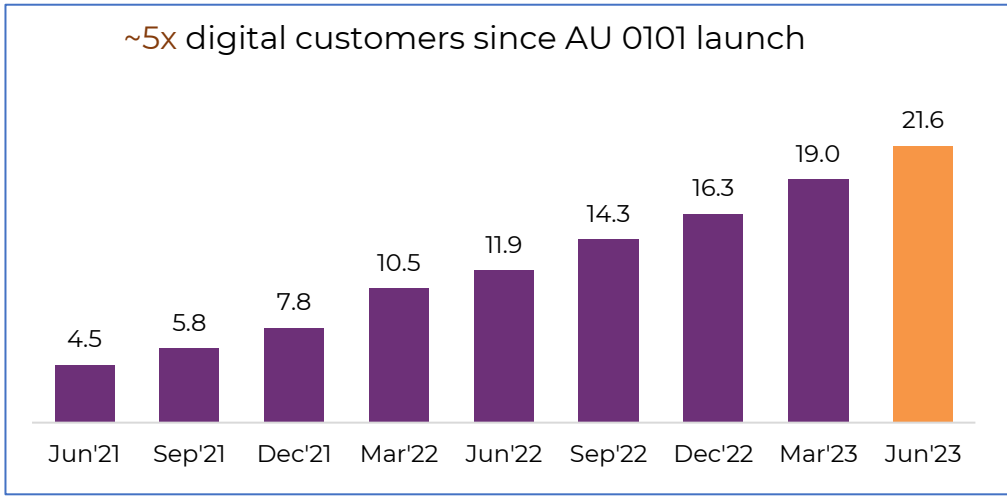
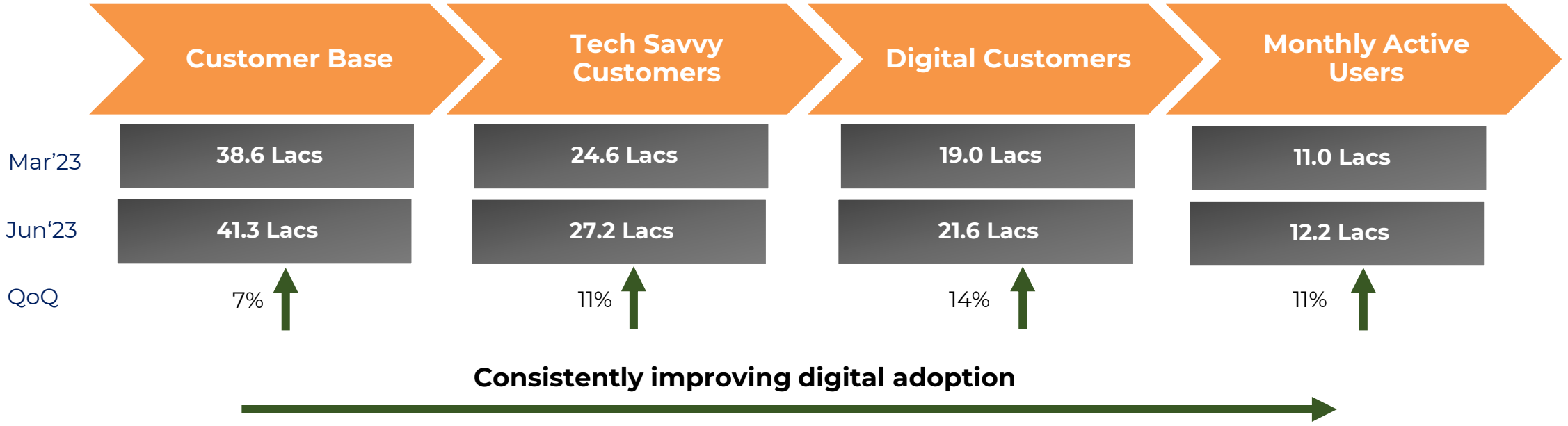
92% Liability service requests fulfilled digitally

% SA customers visiting branches for any service³

Engagement

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

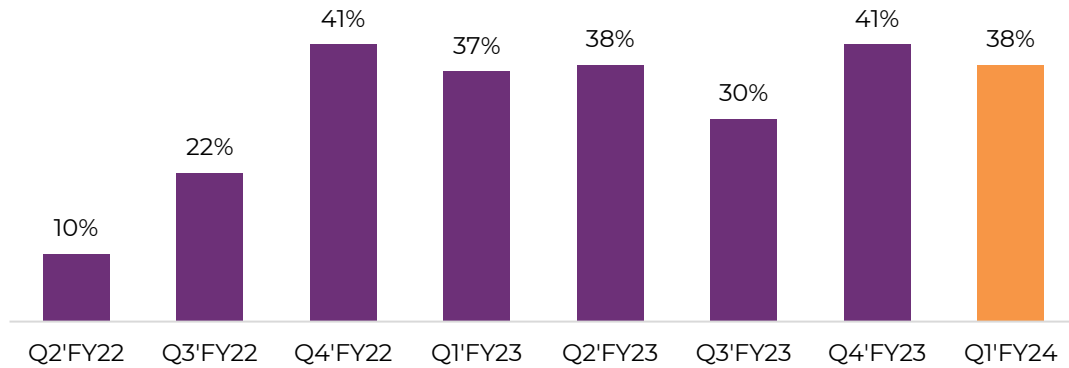
AU 0101 – 5x growth since launch with 2 million+ Digital customers



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)
- ❑ Launched video KYC based digital corporate salary account
- ❑ Scaling up digital Current Account acquisition
- ❑ Continue to further scale credit card acquisition through video banking – Issued 1.7 Lacs+ cards till date

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



3.5 Lacs

Accounts till Q1'FY24

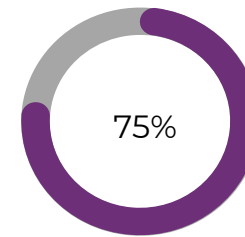
₹ 811 Cr

SA Balance

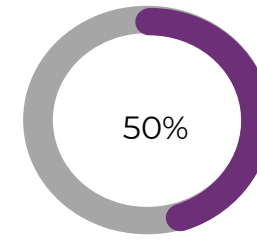
₹ 1,310 Cr

Total relationship value

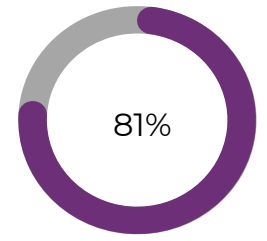
Customer **profile**



Urban



Salaried professionals



18-35 years age

82k

Service and engagement video calls received in Q1'FY24

15%

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

6.1 Lacs

Cards live

69%

Cards issued to NTB

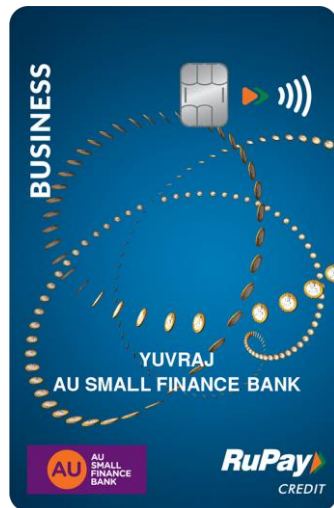
24%

1st time Credit Card users

~₹ 1.6 Lacs

Average limit per card

- Average Monthly issuance of 42,000+ cards in Q1'FY24
- Average Monthly spends of ₹ 1,150 Cr+ for Q1'FY24, highest ever monthly spends of ₹ 1,250 Cr achieved in June'23
- Spend per card continues to above ₹ 20,000 per month
- Purchase Active (30-day transaction active) has been above 59% MoM with healthy Average Ticket Size of ₹ 6.5K+
- Added **2nd card network franchise** for the bank - Launched **RuPay Business credit card** for small and medium businesses with exclusive benefits for self employed customers



Supercharge Your Business With 2% Savings.
BUSINESS CASHBACK CREDIT CARD for Small & Medium Business Owners.

- Stay Secured with Complementary Shop Insurance
- Easy Monthly Fee instead of Annual Fees
- 48-days Interest-Free Credit Period

and much more...

[Apply now](#)

*T&C Apply

Acquisition

1 Mn+

UPI QRs installed till Q1'FY24

69%

Activation rate

2.5 Lacs

New customers acquired through UPI QR till Q1'FY24

Engagement

~1.9 Cr

Transactions in Q1'FY24;

~2.2 Lacs

Daily average transactions in Jun'23

₹ 1,712 Cr

Value of transactions in Q1'FY24

92%

Value of transactions credited to AU accounts in Q1'FY24

91%

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

Lending

~₹ 250 Cr

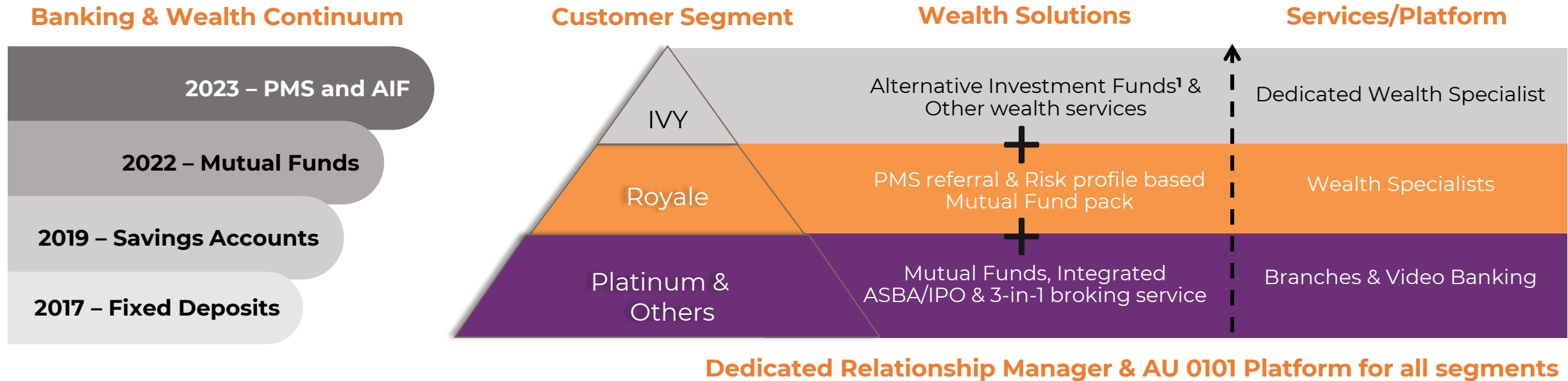
Loans disbursed basis transactions data till Q1'FY24

₹ 2 Lacs

Average loan ticket size

Wealth – Building compelling value proposition for our deposit customers

- ❑ Established to build a long-term engagement with deposit customers
- ❑ Complementing & enhancing our existing **HNI proposition** meant for high value deposit customers
- ❑ Core **team** in place - Experienced talent across product, technology & distribution
- ❑ **Distribution** and referral tie-ups with best-in-class providers



1.3 Lacs
Customers

30k+
Customers with live SIPs²

100%
Digital journey on AU 0101

Note: 1- PMS & AIFs are offered only on referral basis

2 - Customers with at least 1 active SIP registered through the bank

6. Other Key Updates



Carbon Neutral AGM and Board Meeting for FY22 - 23



13,600+ Youth trained and 11,000+ employed



8,100 children benefitted through AU Bano champion



340+ Financial Literacy camp organised in Q1'FY24





Carbon Neutral AGM & Board Meetings FY23

Accounting

Calculation
Methodology - DEFRA

Total 32 Ton of CO₂ was
emitted

Project Selection

Project - 27 MWP Solar
PV Project by MH
Technique Solaire India

Carbon Offset Platform -
Gold Standard

CO₂ Retirement

Neutralized by retiring
carbon credits

GSF Registry
(goldstandard.org)



External Ratings for our ESG

Rated 'Medium' in ESG risk



Good ESG performance and above
average degree of transparency in ESG



Constituent of FTSE
Emerging ESG Index

Flagship



Strategic



Other Initiatives



AU Ignite
(Skills Development)

13,628
Youth Trained

11,116
Youth Placed

Bano Champion
(Rural Sports)

62
Locations

8,100
Children Benefitted

AU Udyogini
(Women Entrepreneurship)

2,187
Women engaged

538
Women Entrepreneurs Nurtured

AU Jal Bank

Education & Awareness
Supporting community schools and awareness campaigns

Health
Preventive health care activities and supporting health care infrastructure

Financial & digital inclusion

Universal Access to Financial Services

- 31% of our total touchpoints/branches - 320 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 91 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	3,54,700+	2,67,600+	43,200+	75,000+	71,800+

Received Direct Benefit Transfer of ₹1.45+ Cr in Q1'FY24 in Aadhaar seeded accounts.



PM SVANidhi

- Supported 840+ street vendors



IGUCCY

- Supported 620+ micro entrepreneurs

SSS Renewal Rate

- PMSBY – 82% accounts
- PMJJBY – 70% accounts

Award by PFRDA

- 'Beat the Best & Be the Best Award of Excellence' for achieving 115% of the target in Q1'FY24.

Financial and Digital Literacy

- Organized 340+ Financial Literacy Camps at rural branches in Q1'FY24.
- Conducted special camp in Jaipur, educating 50+ street vendors about PM SVANidhi.
- Adopted a focused state approach in Chhattisgarh and conducted camps at 10 Gram Panchayats, educating the masses about Social Security Schemes (SSS).

Data as on
30th Jun'23 unless
otherwise stated



By Marksmen Daily



**Masters of Risk in
Risk Technology**
In Large-Cap Category

India Risk Management
Awards 2023

**The Best Small Finance
Bank of India
&
Best Performance in Risk
Management**

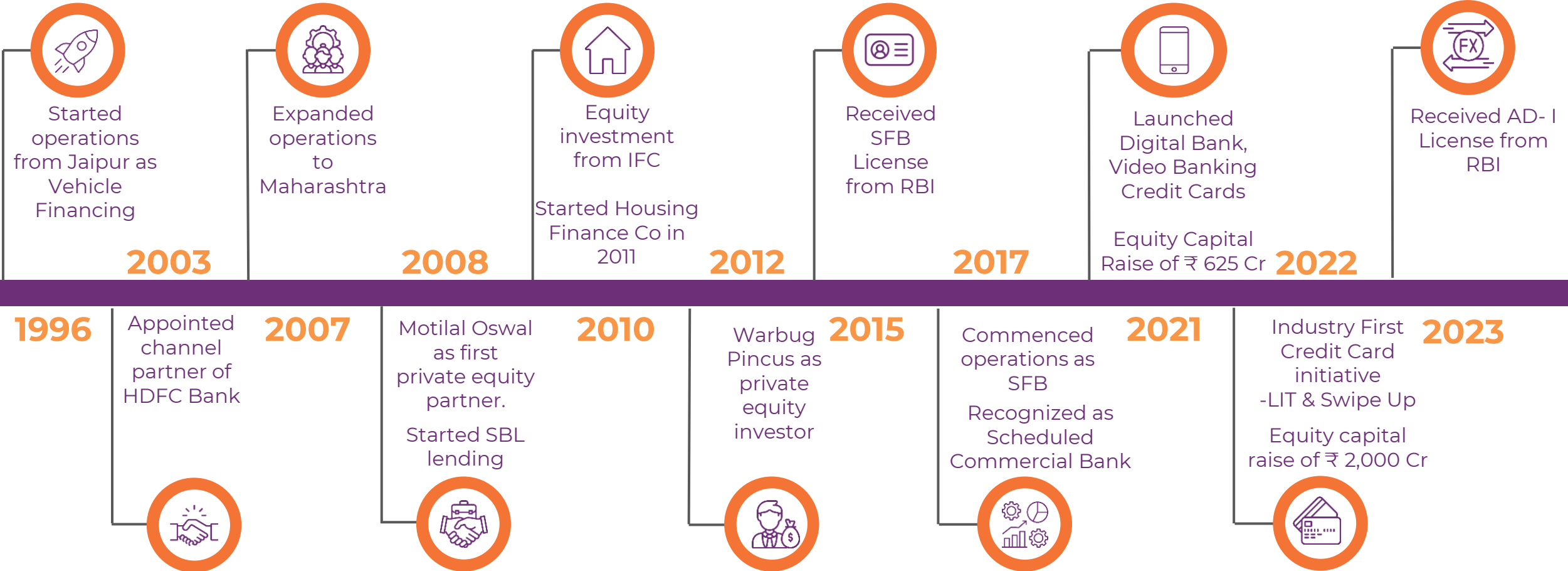
By "ICC Emerging Asia Banking
Awards"

**Best Customer Centric
Culture in the Bank**

At Smart CX Summit & Awards
2023.

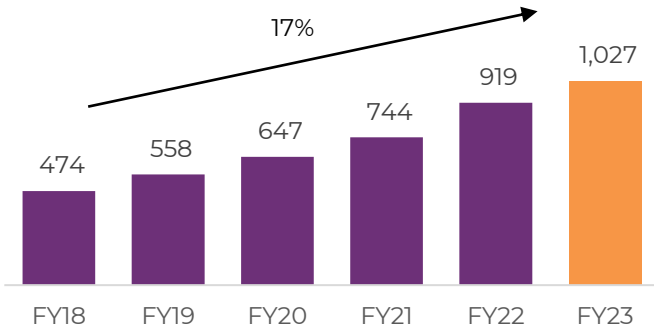


ABOUT AU SMALL FINANCE BANK

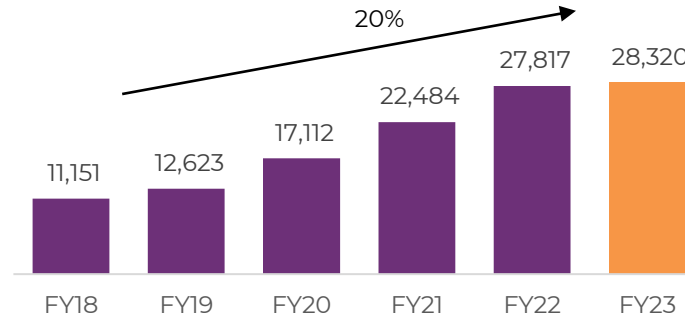


Consistent performance for 6 years

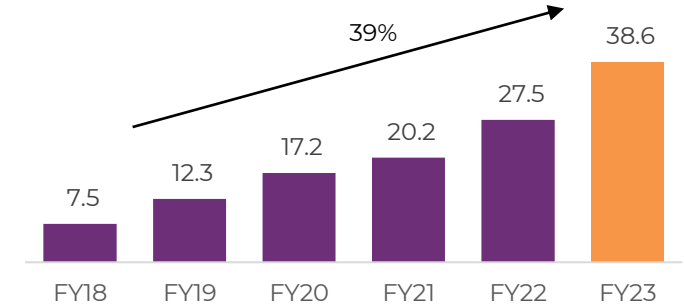
Touchpoints



Employees

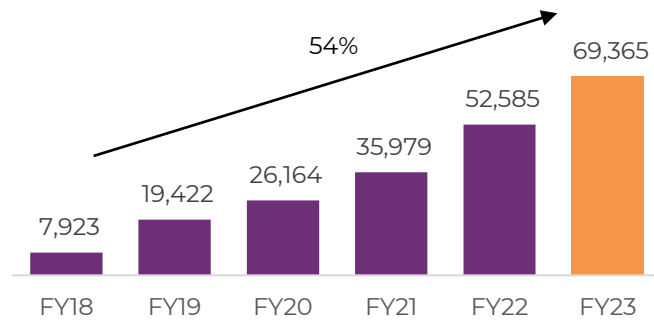


Customers (in Lacs)

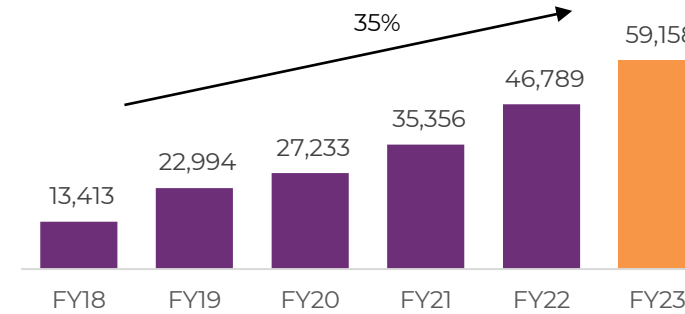


₹ in Crores

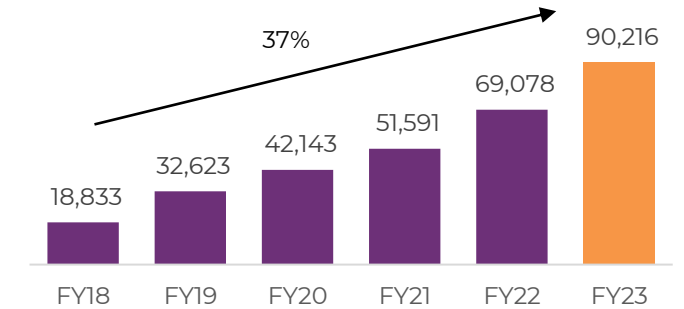
Deposit



Gross Advance*



Balance Sheet Asset

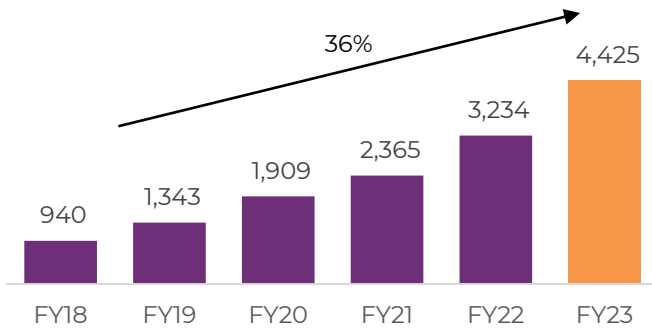


*5 year CAGR of Advances including off book is 32%

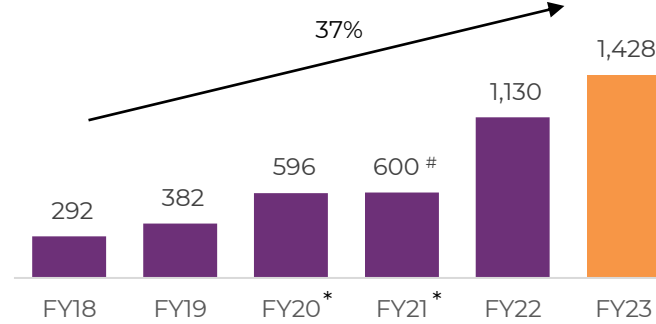
Consistent performance for 6 years

₹ in Crores

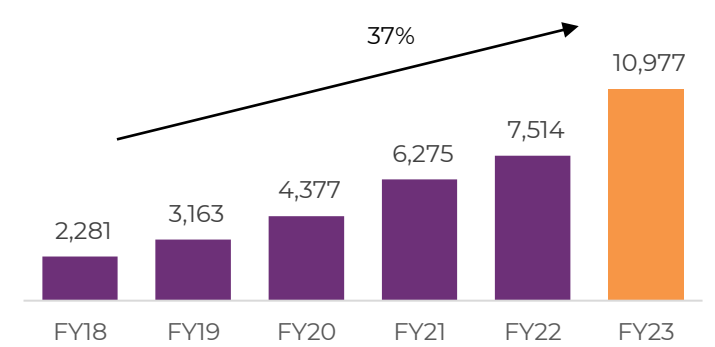
Net Interest Income



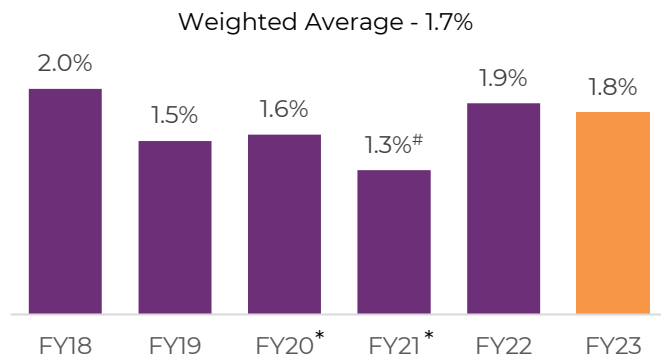
PAT



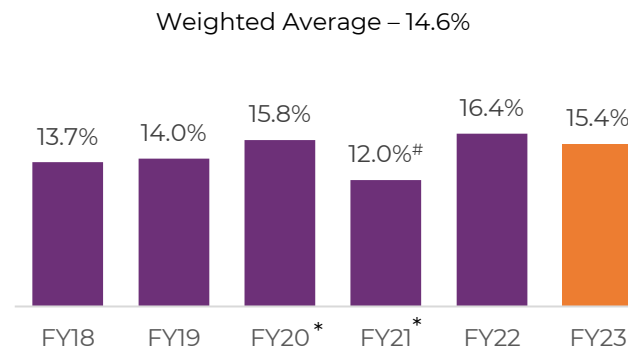
Shareholders Fund



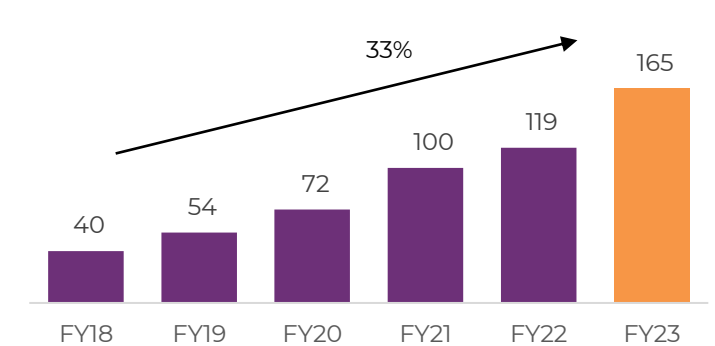
RoA



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	Q1'FY24
Gross Advances	13,413	22,994	27,233	35,356	46,789	59,158	63,635
Gross NPA	270	470	458	1,503	924	981	1,121
NPA Provision (incl. floating provision)	100	176	240	747	694	736	774
Net NPA	169	295	217	755	231	245	347
Gross NPA %	2.01%	2.04%	1.68%	4.25%	1.98%	1.66%	1.76%
Net NPA %	1.27%	1.29%	0.81%	2.18%	0.50%	0.42%	0.55%
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

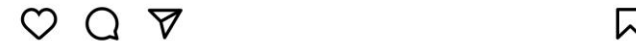


6 likes

aubankindia Proud to Be A Part of the Positive Change in Mrs. Meenakshi Devi's Village!

We believe that true progress is about uplifting communities and empowering individuals to create a brighter future. Today, we are delighted to share the heartwarming story of Mrs. Meenakshi Devi, the esteemed Sarpanch of her village, and the transformative impact AU Small Finance Bank has brought to her community. The residents now understand the importance of savings and securing a prosperous future. With AU Udhogini we're empowering women to become self-reliant, supporting 15-20 women in their journey to financial independence. We believe in the power of education and have positively impacted the senior secondary school in the village.

#AUSmallFinanceBank #BankingWithPurpose
#financialinclusion #impact



230 likes

aubankindia Meet Bashisht Ramagya Singh from Gorakhpur, UP. In 2000, with a vision of growth, he established Lakshya Buffing Works. To achieve his dreams and contribute to India's prosperity, he sought support from us.

Bashisht claims that with us, he found more than a lender – a partner who understood his aspirations. With the banks support, his factory's workforce grew from 5 to 12, with plans to reach 50 soon.

With a Rs.11 Lakh loan, Bashisht scaled up his business. Smooth process, dedicated employees. This is our mission, to bring banking services to the unbanked and underserved, making a significant impact.

#AUSmallFinanceBank #FinancialInclusion
#BankingWithPurpose

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

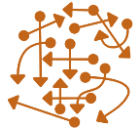
“

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



Madness to Method



Borrower to Customer



KYC to UYC



Quantity to Quality



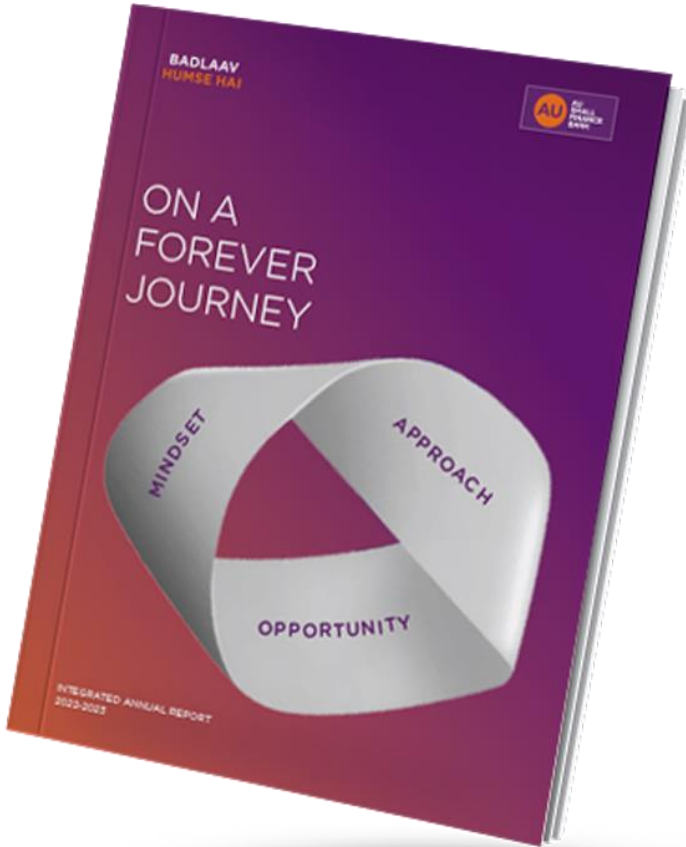
Unified Market to Differentiated approach for Core and Urban



Transactional approach to Generational orientation



Consistently challenging the status quo to improve customer and employee experience



**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

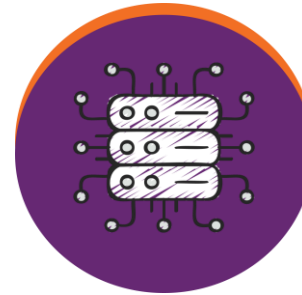
7 strategic priorities



**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**



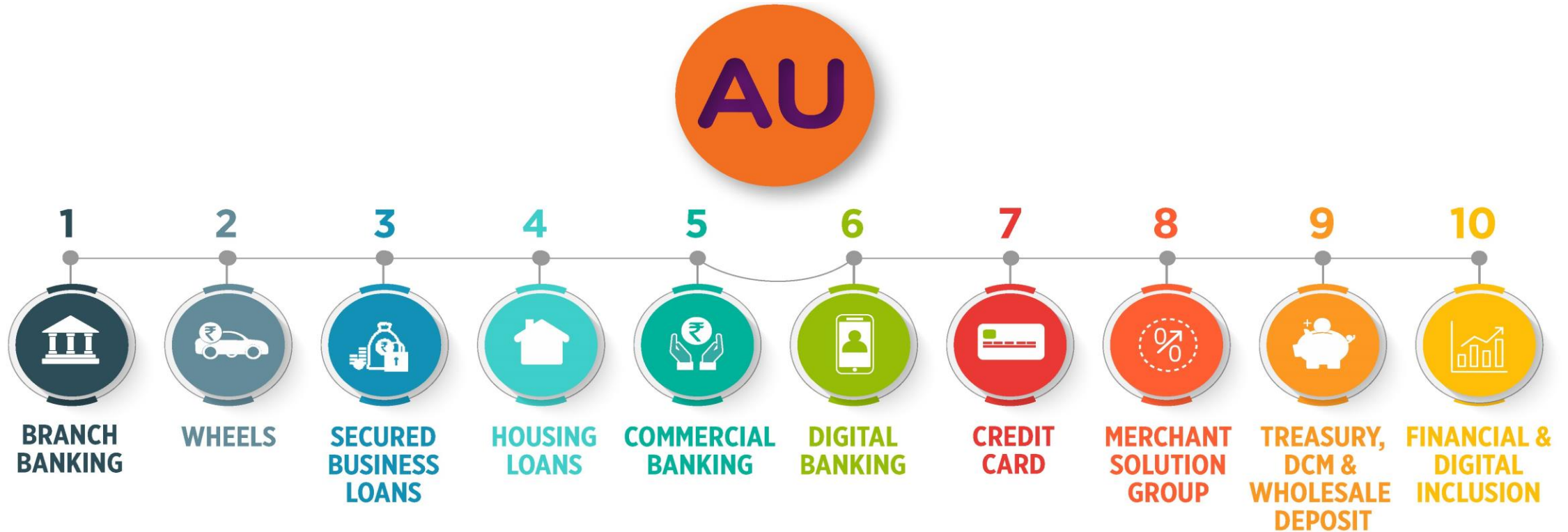
**Develop a highly
empowered and capable
team**



**Create strong
brand identity**

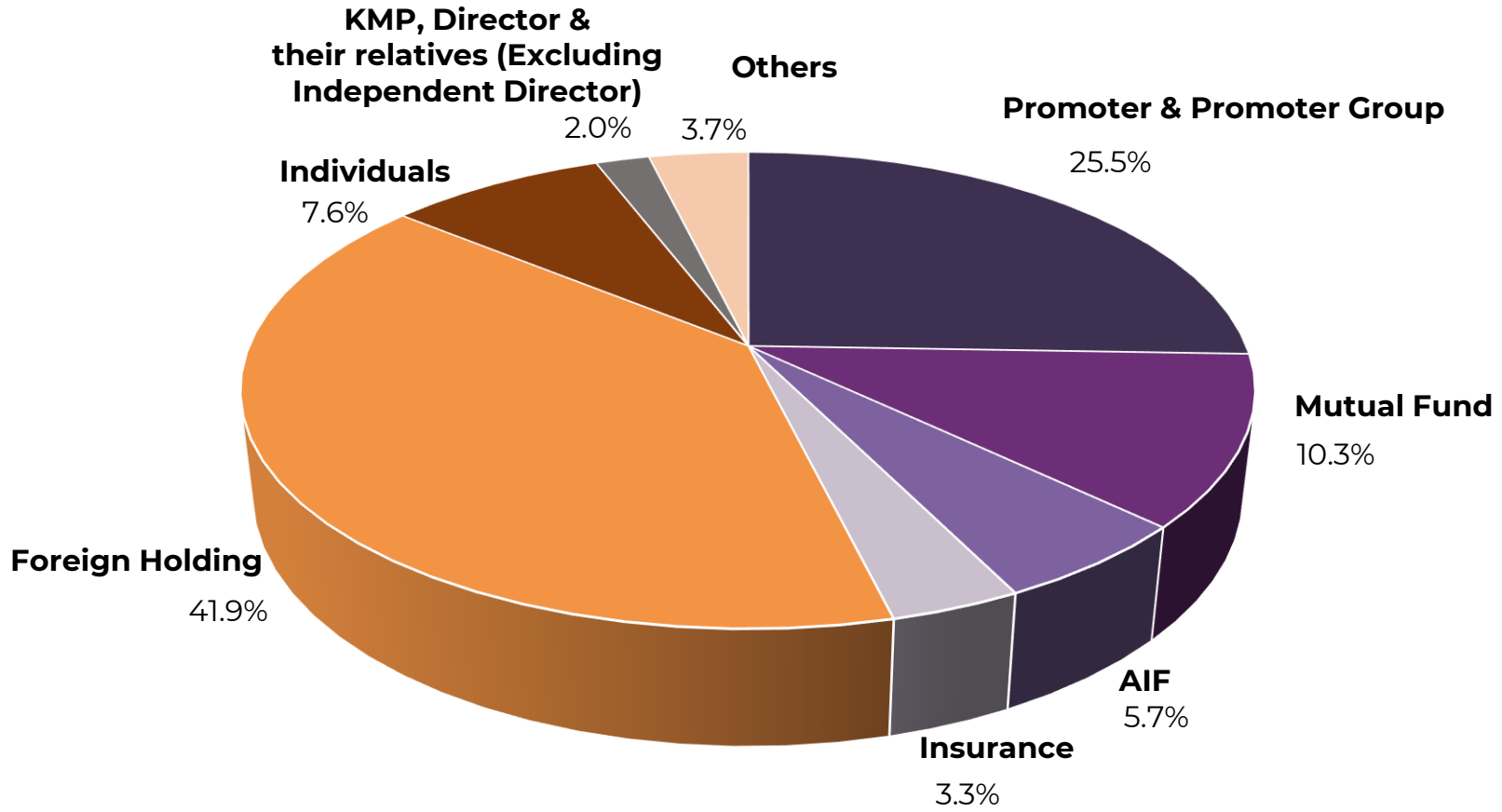


**Strengthen our
ESG commitments**

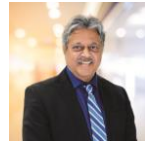


- ❑ Successfully implemented the SBU structure, that has played a pivotal role in attracting talent, fostering leadership development, and promoting cohesive and motivated teams, facilitating an effective succession planning.
- ❑ Each BU has
 - Its own vertical structure, growth strategy and approach to drive Bank's long-term Objectives and Strategic Priorities
 - Its own Revenue and Cost tracking
 - Via, [AU Insights](#) presented their strategy and business to the Investors and analysts

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

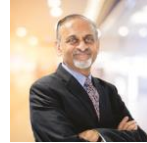
Ex-Chairman at NHB
Held leadership positions at IMGC, CERSAI, PFRDA, etc.

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.

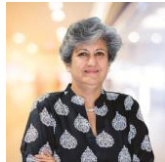
Ex-CEO, Abu Dhabi Commercial Bank (ADCB), India
Held leadership position in various Private Banks



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

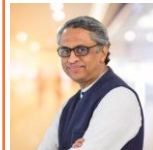
EY Entrepreneur of the Year Award 2018; Business Leader of the Year, ICAI Awards, 2017

Executive Directors



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



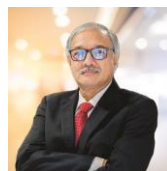
Mr. Uttam Tibrewal
Whole-Time Director
27 years of experience
B. Com

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-CIO, 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

Definitions

a.	Market Share	Market share calculated as per the data reported by RBI for Scheduled Commercial Banks
b.	Core Markets	Core Markets are smaller centres in rural/semi-urban which typically have a local economy built around agriculture and small businesses, and which have traditionally been our traditional markets for lending.
c.	Urban Markets	Larger centres which have more advanced infrastructure such as airports, malls etc. are defined as Urban Markets
d.	CASA Ratio	Calculation for CASA Ratio is (Current account + Savings account) / Total Deposits including CDs
e.	Yield on Advances	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

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THANK YOU

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