



Ref. No.: AUSFB/SEC/2022-23/176

Date: 20<sup>th</sup> July, 2022

To,

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

**Sub: Presentation to Investors on Unaudited Financial Results of AU Small Finance Bank Limited ("Bank") for the Quarter ended on 30<sup>th</sup> June, 2022**

In continuation to our intimation for Conference Call to discuss Financial Results of the Bank for the Quarter ended on 30<sup>th</sup> June, 2022 vide letter dated 11<sup>th</sup> July, 2022 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 ended on 30<sup>th</sup> June, 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

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CIN: L36911RJ1996PLC011381  
Formerly known as Au Financiers (India) Limited

451628

**BADLAAV  
HUMSE HAI**



# INVESTOR PRESENTATION Q1'FY23

Tech-led | Retail Focused | Customer Centric | Well Capitalized | Inclusive

**1**

Management Update

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Operating & Financial Highlights

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Liabilities Update

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Assets Update

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Tech Update

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Other Key Updates

# Key Messages

- ❑ **Sustainable Business model** – Core and Urban approach, granular deposits (CASA+ Retail TD @ 70%), 94% Secured & 90% Retail lending, identified Leadership and profitability at SBUs, established asset products tested through the cycles, Investing in future businesses – Digital accounting for 40%+ incremental customers
- ❑ Rising inflation (opex) and interest rates (lower other income) have weighed on our Cost/Income (C/I) ratio in Q1'FY23 and remain a key monitorable. We continue to invest in Branches, Wealth Management, Digital, PL, Insurance Distribution, Credit cards etc. to help x-sell and monetize our growing customer base; **Our endeavor is to keep FY23 Cost/Income around 60%-62%**
- ❑ **Bank expects to maintain its NIM in FY23 basis current outlook** – ~25% floating rate book (mostly Repo linked) will get repriced upwards and disbursement yield has risen sharply compared to rise in cost of funds; maintaining margins and quality of growth remains in key focus, and Bank will calibrate growth and mix accordingly
- ❑ **Strong asset quality helped offset treasury losses** – The Bank's asset quality is stable and well provided for with PCR @ 72% and additional provisioning for contingency and restructured loans. The lower credit cost led by strong collections in Q1, helped partly offset the impact of ₹ 55Cr of MTM and realized losses on the treasury investments kept to manage liquidity
- ❑ Interim risks will always be there - be it pandemic, inflation, interest rate, cyclicity etc. They can impact returns in some quarters however our business model and governance makes us resilient, and **our endeavor remains to deliver over long periods, sustainably & without negative surprises**

# Q1'FY23 Financial performance snapshot



<b>Deposits</b>	<b>₹ 54,631 Cr</b> +48% YoY
<b>Disbursements</b>	<b>₹ 8,445 Cr</b> +345% YoY
<b>AUM</b>	<b>₹ 50,161 Cr</b> +37% YoY
<b>CASA/ CD Ratio</b>	<b>39% / 89%</b> (26%/92%) <sup>1</sup>
<b>GNPA/NNPA</b>	<b>1.96%/0.56%</b>
<b>Net Profit</b>	<b>₹ 268 Cr</b> +32% YoY
<b>ROA/ROE</b>	<b>1.5% / 14%</b>
<b>Tier I/CRAR</b>	<b>18.4%/19.4%</b>

- ❑ Granularity of deposits continued to improve driven by segmental focus, increasing brand awareness, branch expansion and improved digital offerings
  - Average LCR of ~129% in Q1 allowed the Bank to focus on calibrated deposit growth with focus for SA/retail deposit led growth over bulk deposits
  - Retail deposits as % of total deposits increased to 70% from 66% QoQ and 59% YoY
- ❑ Disbursements (fund-based) for Q1'FY23 were at ₹ 8,445 Cr, up 345% YoY due to low base
- ❑ Non-fund disbursements for Q1'FY23 were at ₹ 481 Cr, up 509% YoY due to low base
- ❑ PCR at 72% as on 30-Jun'22; Additionally, the Bank is carrying ₹ 144 Cr in contingency provisions and ₹ 170 Cr towards standard restructured loans
- ❑ Q1'FY23 PAT grew 32% YoY to ₹ 268 Cr vs ₹ 203 Cr in Q1'FY22 with trading losses of ₹ 55 Cr (MTM and realized ) weighing on profitability
- ❑ For Q1'FY23, ROA stood at 1.5% and ROE at 14.0% even as we are investing significantly in people, digital, branding, products and distribution to build a future ready bank
- ❑ Capital adequacy remains healthy at Tier 1 of 19.1% and CRAR of 20.0% after adding interim profits
- ❑ Added 34 new touchpoints during this quarter taking total touchpoints to 953; Started branch banking in Assam and Jharkhand



<sup>1</sup> Figures in parenthesis correspond to Q1'FY22

# Other Key Highlights

- ❑ CRISIL ratings upgraded the long-term debt rating of the Bank to “CRISIL AA/Stable” from “CRISIL AA-/Positive” while upgrading the fixed deposit programme to “CRISIL AA+/Stable” and reaffirming short-term rating at “CRISIL A1+”
- ❑ Added 3.2 Lac customers in Q1 of which 43% are through digital channels/products
- ❑ Expanded workforce by ~2,000 people in Q1
- ❑ Continuing with our focus on ESG, the Bank onboarded a senior industry professional to lead our Sustainability initiatives
- ❑ Bank continued to see good traction across its digital initiatives - till 30<sup>th</sup> June’22, the Bank has 11.9 lac digital customers, 2.4 Lac+ Credit cards outstanding, 6.6 Lac+ QR codes installed and opened 1.5 Lac+ savings accounts through video banking
- ❑ Bank launched the LIT (Live it Today) credit card, India’s first customizable card which gives the flexibility to customers to build the card’s features dynamically as per their requirements
- ❑ Launched Commercial credit cards for corporates
- ❑ Bank received “Golden Peacock Award” for CSR, “Technology Innovator of the Year” at the 3<sup>rd</sup> Annual BFSI Technology Excellence Awards 2022
- ❑ At the Asian Trailblazer Awards, received awards in 2 categories; Received rewards in 3 categories from PFRDA

## Adoption

**11.9 Lacs**

↑ Digital customers  
13% Q-o-Q

**6.7 Lacs**

↑ AU 0101 Monthly Active Users  
14% Q-o-Q

## Acquisition (Q1FY23)

**55k+**

Savings accounts opened  
through AU 0101

**80k+**

Credit Cards issued

**1.7 Lacs+**

UPI QRs installed

**₹ 122 Cr.**

Digital personal Loan  
disbursed

## Engagement

**98%**

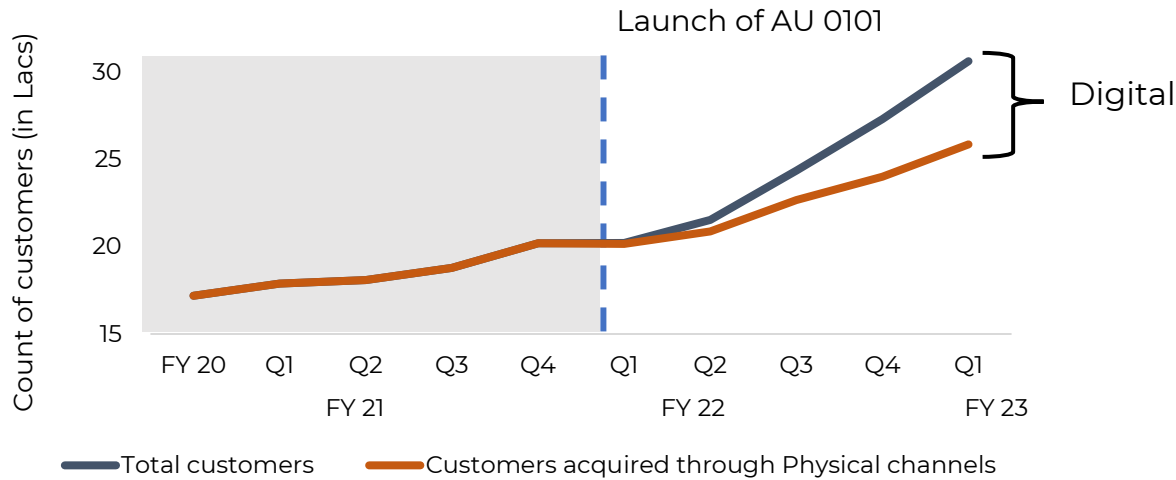
Financial txns. executed  
digitally in Q1<sup>1</sup>

**88%**

Non-financial txns.  
executed digitally in Q1

# Digital is accelerating our customer acquisition and increasing engagement

## Accelerated customer acquisition



## Increased customer engagement

	Mar'21	Mar'22	Jun'22
Monthly transacting SA customers (lacs)	5.3	7.8	8.9
Transacting customers as % of total SA customers	46%	55%	57%
Avg. monthly transactions / Transacting customers	18	26	26

**43%**

new customers acquired through digital products/channels in Q1'FY23 out of total<sup>1</sup>

**10%+**

Increase in proportion of monthly transacting customers<sup>2</sup>



# Touchpoint Highlights



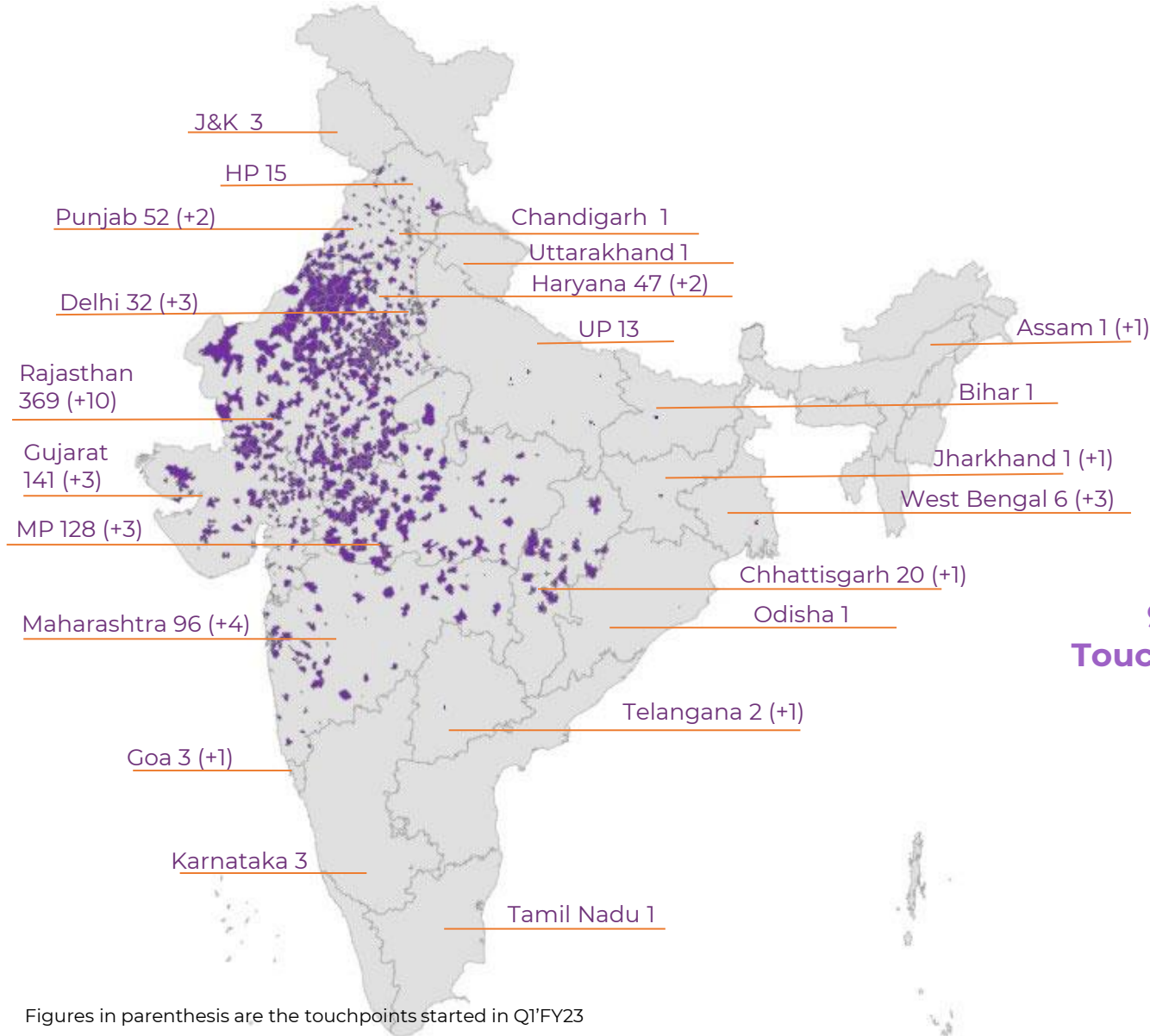
**20 States and 2 UTs**

**953 (+34) Touchpoints**

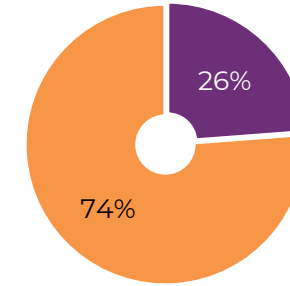
**232 Districts**

**707 Locations**

**542 ATMs**



## Touchpoints Break-up



■ Urban ■ Core



## 290 Unbanked Rural Centres



**70 Unbanked Branches**

+



**220 BOs**



**16 Smart BCs**

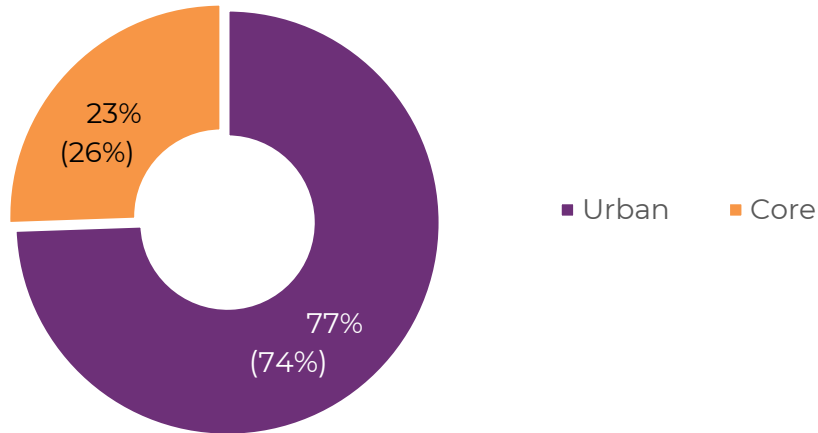


Figures in parenthesis are the touchpoints started in Q1'FY23

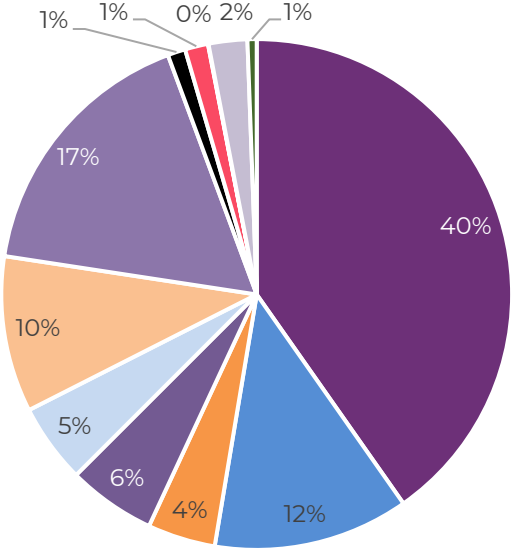
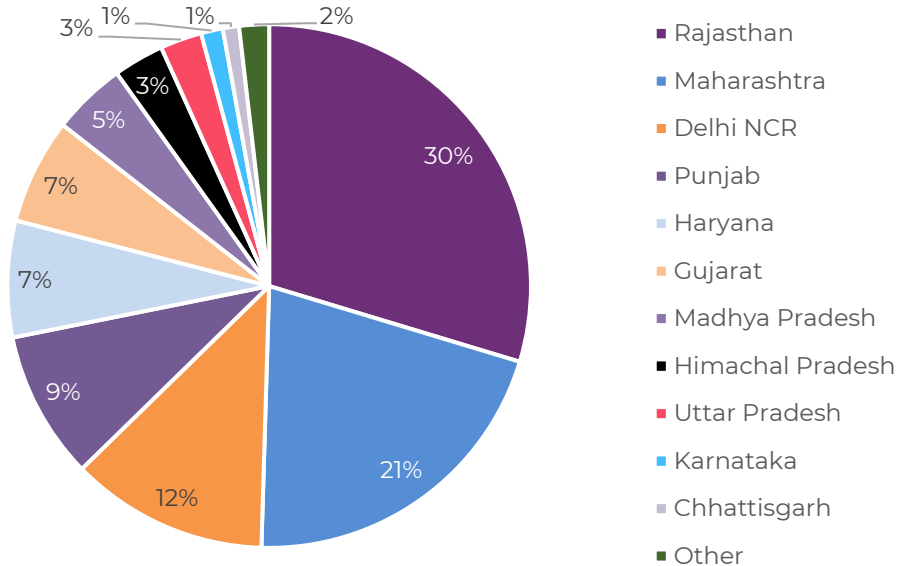
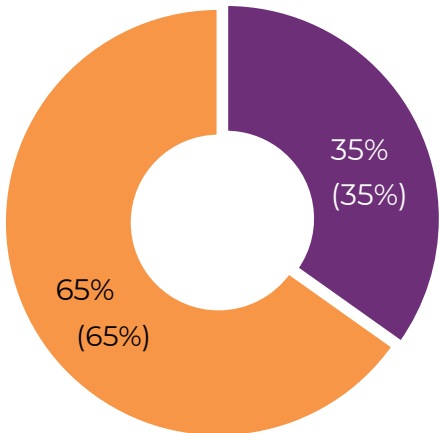
# Garnering deposits from Urban markets and disbursing in Core markets



**Liabilities Break up**



**Assets Break up**



All figures are as on 30-Jun-22; Figures in parenthesis are as on 30-Jun-21



## 2. Operating & Financial Highlights



Incremental spreads remain resilient sequentially highlighting our unique positioning



Stable asset quality with net NPA at 0.56%



Maintaining sufficient provisioning with 72% PCR

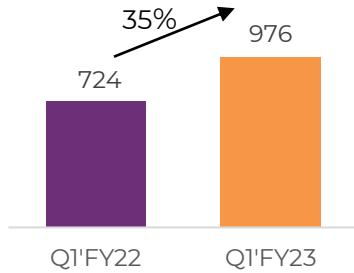


ROA of 1.5% and ROE of 14% for Q1'FY23

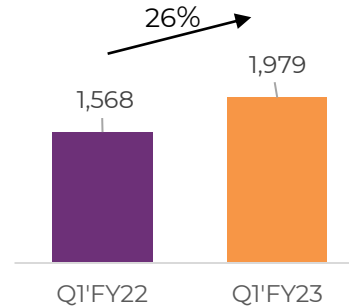
# Q1'FY23 Financial highlights

## Net Interest Income

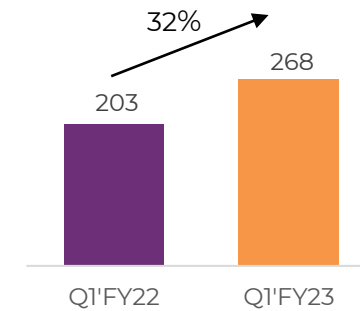
(₹ Crore)



## Total Income



## PAT



## Yield on AUM

13.3%

Vs.  
14.0%  
(Q1'FY22)

## Cost of Funds

5.7%

Vs.  
6.3%  
(Q1'FY22)

## Net Interest Margin

5.9%

Vs.  
6.0%  
(Q1'FY22)

## ROA

1.5%

Vs.  
1.6%  
(Q1'FY22)

## ROE

14.0%

Vs.  
12.7%  
(Q1'FY22)

## GNPA

1.96%

Vs.  
4.31%  
(Q1'FY22)

## NNPA

0.56%

Vs.  
2.26%  
(Q1'FY22)

## Provision Coverage Ratio

72%<sup>1</sup>

Vs.  
49%  
(Q1'FY22)

## CRAR

19.4%

Vs.  
23.1%  
(Q1'FY22)

## Tier-I CRAR

18.4%

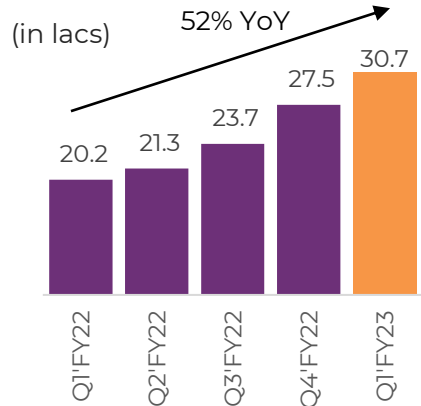
Vs.  
21.6%  
(Q1'FY22)

<sup>1</sup> PCR including technical write off is at 74%

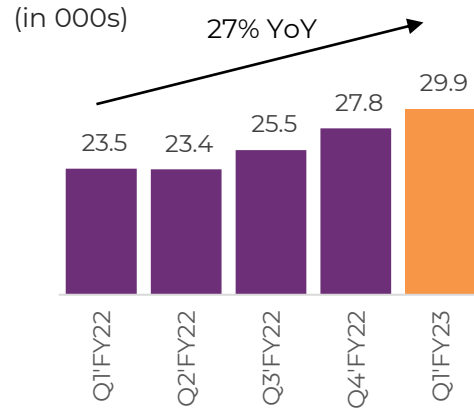
# Quarterly trends of key parameters



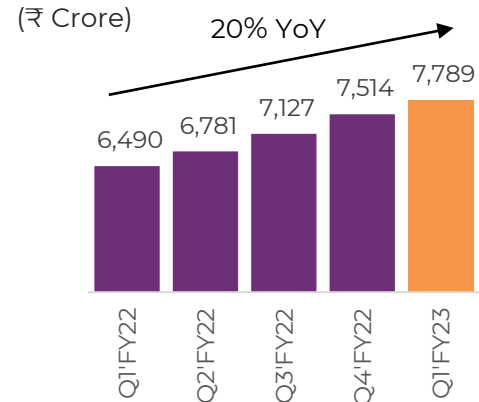
## Customers



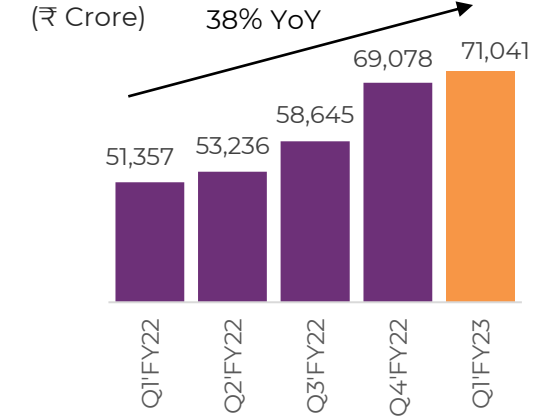
## Employees



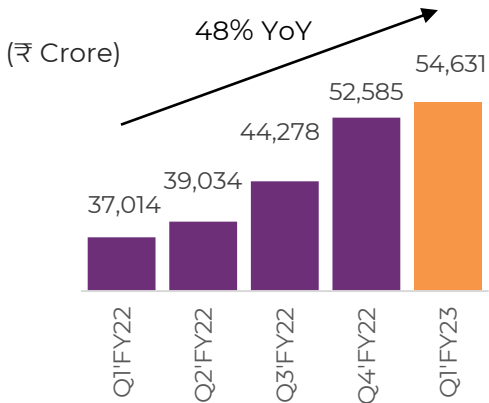
## Shareholders' Fund



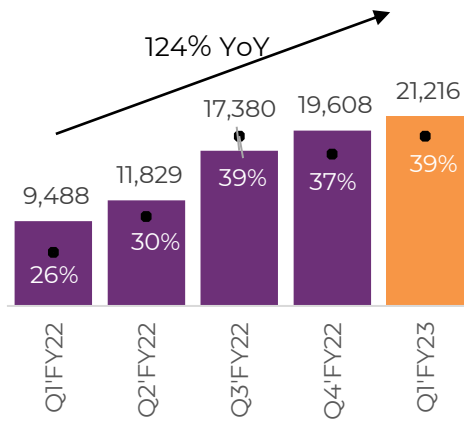
## Total B/S Assets



## Deposits

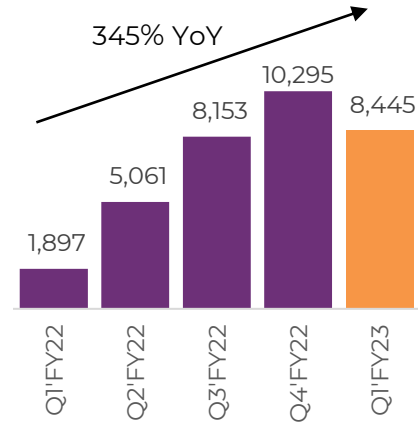


## CASA

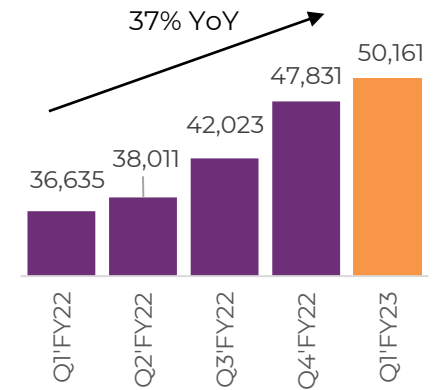


● CASA Ratio

## Disbursements



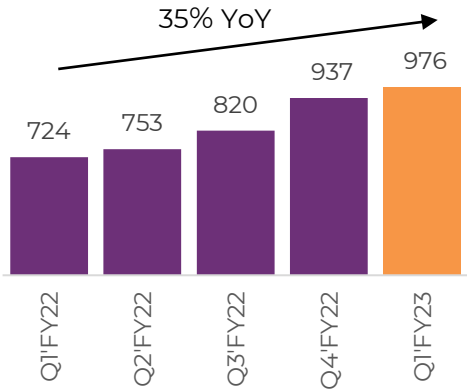
## AUM



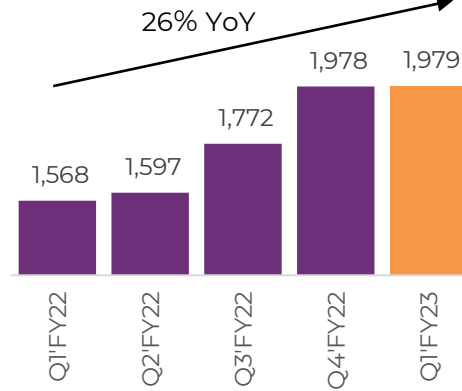
# Quarterly trends of key parameters

## Net Interest income

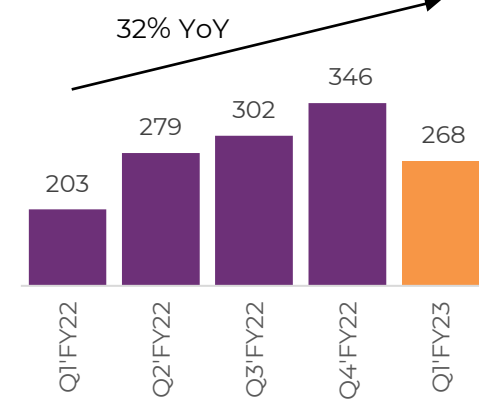
₹ Crore



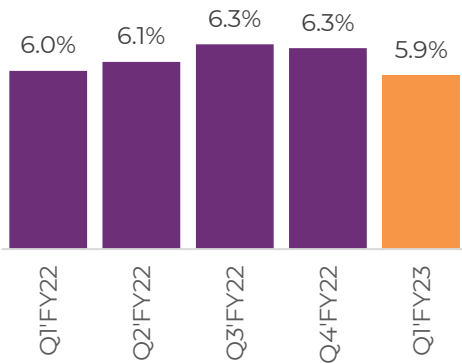
## Total Income



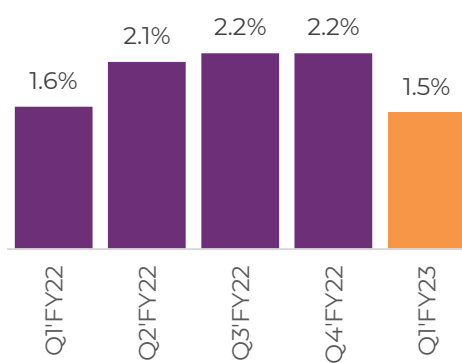
## PAT



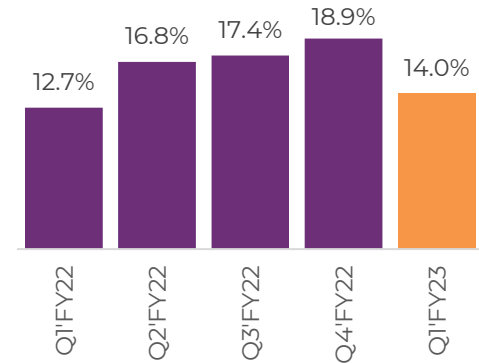
## Net Interest Margin



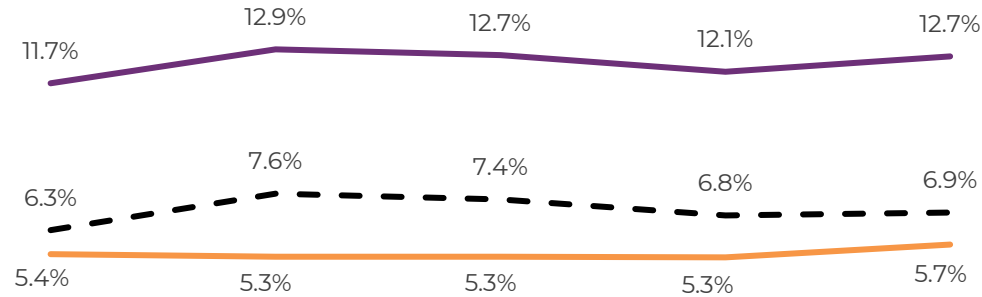
## ROA



## ROE



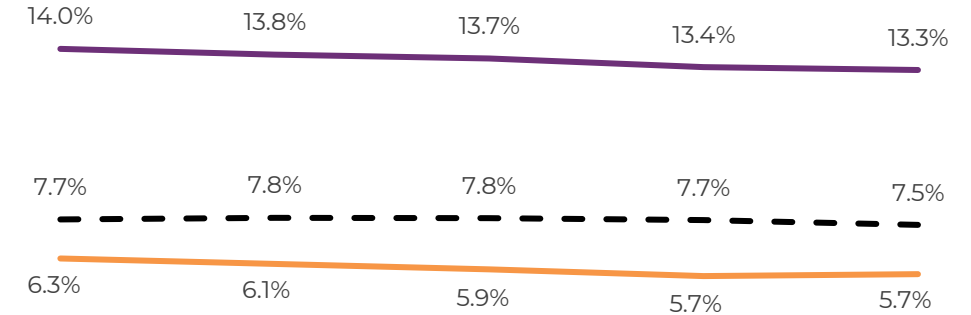
## Incremental Spreads



Q1'FY22    Q2'FY22    Q3'FY22    Q4'FY22    Q1'FY23

— Disbursement Yield    — Incremental COF    - - - Incremental Spread

## AUM Spreads



Q1'FY22    Q2'FY22    Q3'FY22    Q4'FY22    Q1'FY23

— AUM Yield    — AUM COF    - - - Spread

- Our AUM cost of funds for FY22 was 5.9% and the same for Q1'FY23 was at 5.7%
- Increase in incremental COF offset by corresponding increase in disbursement yields in Q1 reflecting our unique positioning
- With growing CASA and retail deposits and basis current outlook, our endeavor would be to keep FY23 cost of fund to be broadly in line with that of FY22
- Quarterly average LCR at ~129% for Q1'FY23 (against regulatory requirement of 100%)
- Certificate of Deposit (CD) outstanding as on 30-Jun'22 at ₹ 1,224 Cr as against CD book of ₹ 1,665 Cr as on 30-Jun'21

# Profit & Loss statement

(All Figures in ₹ Crore)	Q1'FY23	Q1'FY22	Y-o-Y	Q4'FY22	Q-o-Q
<b>Income</b>					
Interest Earned	1,820	1,353	34%	1,667	9%
Interest Expended	844	629	34%	730	16%
<b>Net Interest Income</b>	<b>976</b>	<b>724</b>	<b>35%</b>	<b>937</b>	<b>4%</b>
Other Income	159	215	-26%	311	-49%
<b>Net Income</b>	<b>1,135</b>	<b>939</b>	<b>21%</b>	<b>1,248</b>	<b>-9%</b>
<b>Expenses</b>					
Employee Cost	394	283	39%	414	-5%
Other Operating Expenses	347	174	99%	352	-1%
<b>Operating Expenses</b>	<b>741</b>	<b>457</b>	<b>62%</b>	<b>766</b>	<b>-3%</b>
<b>PPOP</b>	<b>394</b>	<b>482</b>	<b>-18%</b>	<b>482</b>	<b>-18%</b>
Provisions	38	207	-81%	93	-59%
<b>Profit Before Tax</b>	<b>356</b>	<b>275</b>	<b>29%</b>	<b>389</b>	<b>-9%</b>
Tax expenses	88	71	23%	43	104%
<b>Profit After Tax</b>	<b>268</b>	<b>203</b>	<b>32%</b>	<b>346</b>	<b>-23%</b>

- ❑ NII growth at 35% YoY for Q1'FY23 aided by broadly stable spreads and AUM growth of 37% YoY
- ❑ Other income was subdued due to MTM and realized losses (₹ 55 Cr) on back of the sharp spike in short term rates in Q1FY'23
- ❑ Cost/Income (C/I) rose sequentially due to the drag of treasury loss in Q1. Notably,
  - Core C/I was stable QoQ at 62% (vs 61% in Q4'FY22)
  - Bank continues to make investments (~₹ 103 Cr in Q1FY'23 vs ~₹ 24 Cr in Q1FY'22) towards digital initiatives viz credit cards/QR/Video Banking (48%), distribution expansion (44%) and brand campaign (8%)
  - Inflationary pressures remain the key risk for opex in the current environment



# Balance sheet

(All Figures in ₹ Crore)	30-Jun-22	30-Jun-21	Y-o-Y	31-Mar-22	Q-o-Q
<b>Liabilities</b>					
Shareholders' Funds	7,789	6,490	20%	7,514	4%
Deposits	54,631	37,014	48%	52,585	4%
Borrowings	6,113	6,101	0%	5,991	2%
Other Liabilities and Provisions	2,508	1,752	43%	2,988	-16%
<b>Total Liabilities</b>	<b>71,041</b>	<b>51,357</b>	<b>38%</b>	<b>69,078</b>	<b>3%</b>
<b>Assets</b>					
Cash and Balances	3,326	4,798	-31%	5,929	-44%
Investments	17,227	11,151	54%	15,307	13%
Advances	48,654	33,957	43%	46,095	6%
Fixed Assets	651	495	32%	623	5%
Other Assets	1,182	956	24%	1,125	5%
<b>Total Assets</b>	<b>71,041</b>	<b>51,357</b>	<b>38%</b>	<b>69,078</b>	<b>3%</b>

- Balance sheet grew by 38% YoY and 3% QoQ
- Deposits at 90% of external funding (borrowings + deposits) as on 30-Jun'22 versus 86% as on 30-Jun'21
- CD ratio at 89% versus 92% YoY

# Other income

(All Figures in ₹ Crore)	Q1'FY23	Q1'FY22	Y-o-Y	Q4'FY22	Q-o-Q
Loan Assets Processing & Other Fees	134	28	375%	164	-18%
General Banking, Cross Sell & Deposits related fees	52	32	64%	58	-10%
PSLC Fees	13	18	-29%	80	-84%
Miscellaneous	16	5	212%	13	17%
<b>Core Other Income</b>	<b>214</b>	<b>83</b>	<b>159%</b>	<b>315</b>	<b>-32%</b>
Income from Treasury Operations	-55	132	-141%	-4	1303%
<b>Other Income</b>	<b>159</b>	<b>215</b>	<b>-26%</b>	<b>311</b>	<b>-49%</b>

- ❑ Other than regulatory SLR requirement, Bank maintains liquidity in the mix of SLR and non-SLR portfolio for meeting LCR norms and for additional liquidity purposes
- ❑ Non-SLR portfolio is mostly invested in high quality, liquid AAA and AA rated papers with average duration of ~1 year and the MTM in March'22 was mildly positive on this book
- ❑ Due to sharp rise in interest rates in Q1'FY23 (1 year treasury-bill rate moved by ~180 bps), the Bank had to absorb total impact of ~₹ 55 Cr in the current quarter on this liquidity book – realized losses of ₹ 24 Cr and an MTM loss of ₹ 31 Cr
- ❑ As on 30<sup>th</sup> Jun'22, the Bank held only T-Bills in the AFS SLR portfolio, which is a non MTM product, and has no portfolio in Held for Trading (HFT)
- ❑ The average duration of liquidity book remains ~1 year and with the portfolio progressively running down, future MTM impact should be limited barring any unforeseen shocks

# Closer look at our Cost/Income

Below, we provide few additional disclosures\* and details regarding our operating expense (for FY22) to give a broad sense of our C/I drivers

Business Segment	Vintage	Cost/Income – FY22**
<b>Retail Assets - overall</b>		<b>40-45%</b>
Wheels (Incl. TW)	Over 15 years	~45-50%
SBL	Over 10 years	~30-33%
Home Loan	~4 years (restarted on the Bank platform)	~80%
<b>Commercial Banking Assets - overall</b>		<b>30-35%</b>
Business Banking/Agri Banking	~5 years	~45-50%

## 1) Cost/income in our assets business was around 40-45%

- o Cost/income for our vintage businesses i.e. Wheels and SBL are stable
- o Cost/Income for newer businesses which are still scaling up (Home loan, Business Banking, Agri Banking) have been consistently coming down and should gradually come down with scale over the medium term
- o Our approach has always been of in-house capacity building with high focus on strong credit and collections which weighs on our assets' cost/income but results in robust asset quality performance

## 2) Cost/Income for branch banking has been steadily declining albeit still above 100%

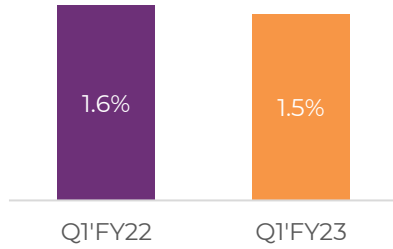
- o We are making investments towards branch expansion, brand building and strengthening products suite leading to a sustainable, granular and retail franchise
- o Through these investments and our digital capabilities, the focus is to deepen relationship with the ~30lac (and growing) customer base through deepening and cross-sell which will drive efficiencies in the medium to long term

## 3) Residual part of the opex was mainly towards digital initiatives viz. credit cards, video banking, merchant solutions are also leading to accelerated acquisition of tech savvy customers with significant cross-sell potential

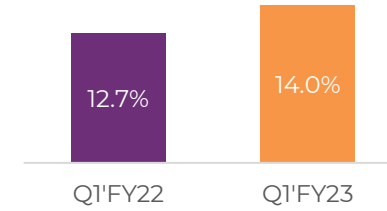
# Profitability trends



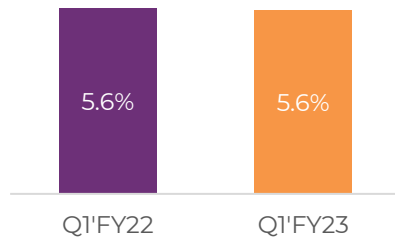
ROA (%)



ROE (%)

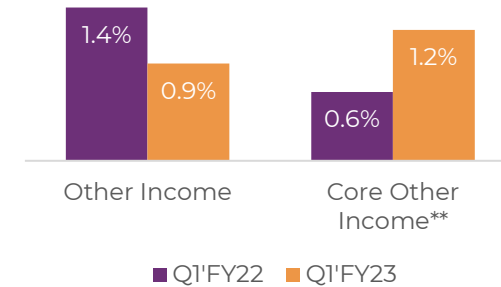


NII (%)

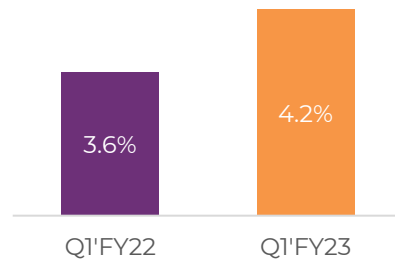


## ROA Components

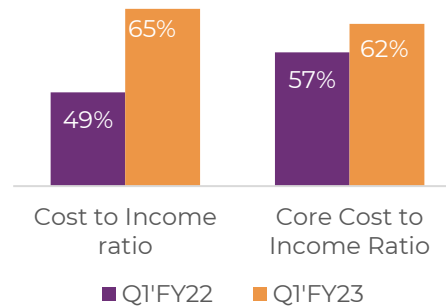
Other Income (%)



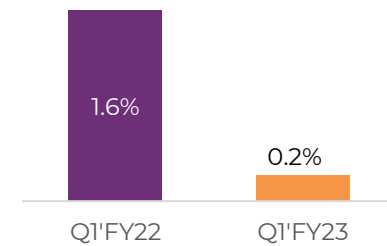
Opex (%)



Cost to Income Ratio (%)



Provision & Contingencies (%)



Note: ROA, NII, Other income, Opex, Provisions & Contingencies is represented as % of Avg. Total Asset  
 \*\*Core other income excludes treasury income (realized and MTM gains/losses)

## 3. Liabilities Update



Deposits up 48% YoY to ₹ 54,631 Cr.



Retail deposits mix at 70% vs 66% QoQ



CASA ratio at 39% vs 37% QoQ



34 new touchpoints added in Q1'FY23

# Scale low cost, retail-focussed sustainable liability franchise



## Key turning points

	Deposit as a % of external liabilities	Retail Deposits as a % of total deposits
<b>Apr'17</b> (Bank Launch)	N/A	N/A
<b>Mar'20</b> (Large private bank under crisis)	72%	43%
<b>Jun'21</b>	86%	59%
<b>Mar'22</b>	90%	66%
<b>Jun'22</b>	90%	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 Retail to Total Deposit Ratio*

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



2017



2019



2021 - 2022

## 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

Mainly focusing on raising High quality, Low-cost, Stable retail deposits

## Products

### Fundamental Products

CA, SA, TD  
Lockers  
Insurance

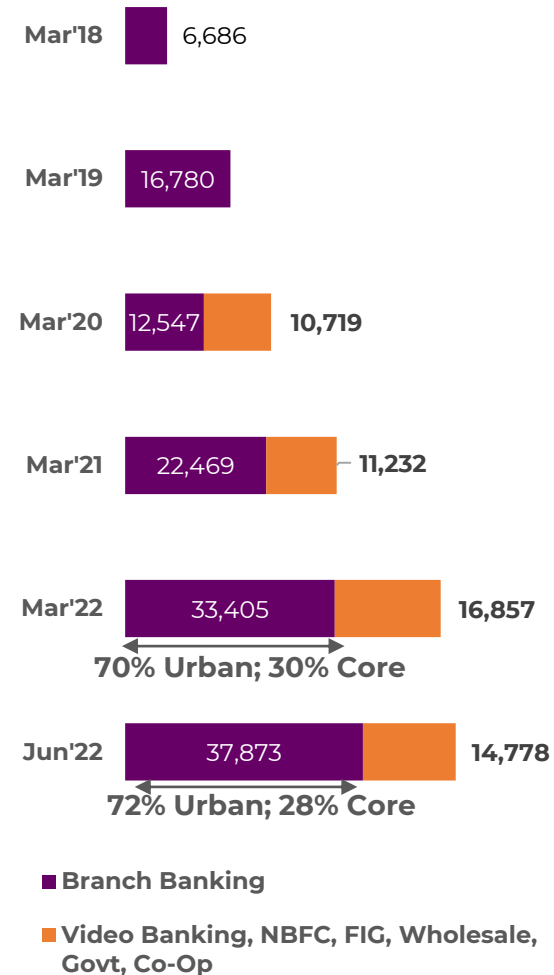
### Premiumisation of Product offerings

Royale SA Program (2020)  
Platinum SA Program (2021)  
NR Royale World (2021)  
CA Royale (2022)  
NR Platinum World (2022)

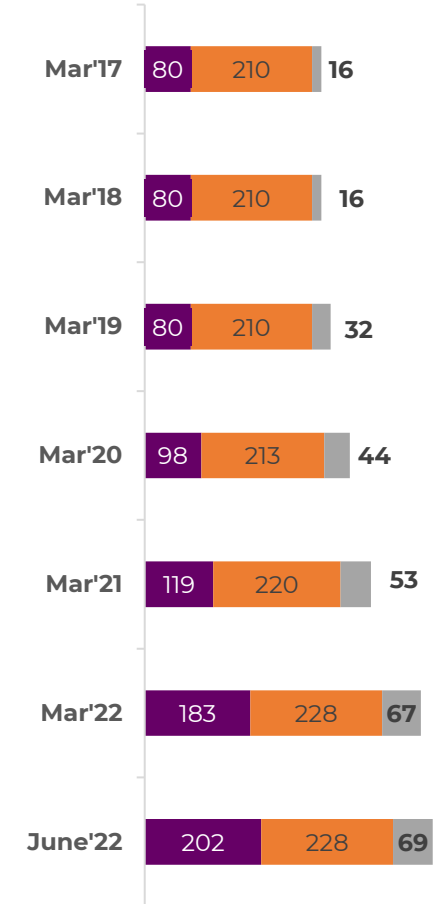
### Comprehensive Banking Solutions

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

## Deposits



## Branches



■ Urban ■ Core ■ Unbanked



# What's driving the Branch banking franchise?



## Expanding Distribution

### Branches

### in Urban/Metro markets

- 88 Banked branches opened in last 2 years
- 81 of these branches in Urban/Metro markets
- Expanded to new geographies (UP, East, South)

### Channels

### Invested in setting up Dedicated Channels

- Dedicated channels for CA, NR, TASC, ES (Enterprise Salary) segments
- Dedicated KAM channel to cater to UHNI customers

## ...with Focus on raising High Quality, Low-cost, stable retail deposits

### SA

- Affluent (Royale)
- Mass Affluent (Platinum)

### CA

- Small Businesses

### FD

- Best-in-class proposition

**Onboard Families; engage with them and deepen relationships**

## ... enabled by a Comprehensive Product suite

### Best-in-class Family Banking Program

- **Royale** (Affluent)/**Platinum** (Mass Affluent)
- **First-principles solutioning (Easy Banking)**
- Monthly Interest Rate, No Deposit Slip...
- **Comprehensive Banking solutions**
- Credit Card, PL, Insurance & Investments, etc.

### Products tailored to needs of small businesses

- **First-principles solutioning (Easy Banking)**
- Extended Banking Hours, Bearer Management
- **Dedicated focus on Merchant solutions**
- QR, POS, DLOD, CMS, etc.

## ...well complemented by top-notch digital landscape

### Digital Channels

**Super-App AU0101**  
**Video Banking**  
**IB/CIB**

### Digital Engagement

**Best-in-class offers** (on DC/CC across leading platforms)  
**Comprehensive CLCM program**

## ...led by an excellent and stable Team

- **200+ Leadership personnel** (Cluster level & Above)
- **Independent Service Team**
  - Dedicated Service Scorecard
- **Strong Sales Management structure** in place
- **Dedicated Product Teams** across Channels

## ...managed via a rigorous sales management framework

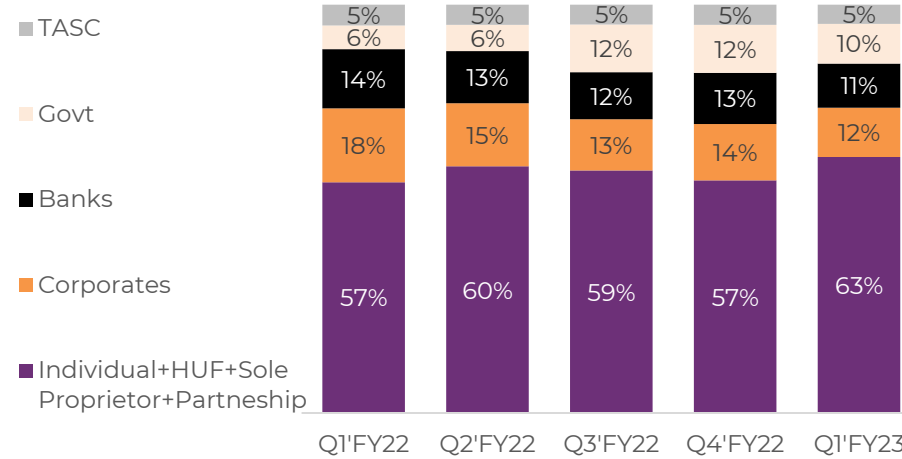
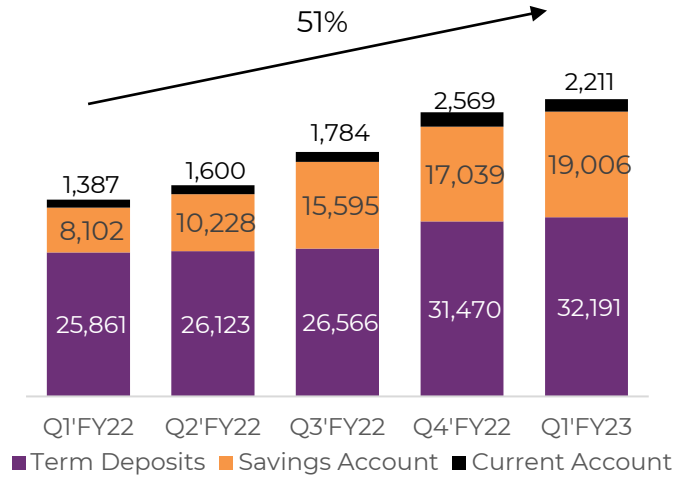
- **Comprehensive Balanced Scorecards** for every role
  - From Bank Officer to a National Head
- Capsulized targets (with **built-in gamification**) to drive behavior
- Well Defined KPIs that are tracked diligently and communicated effectively with intuitive and actionable insights.





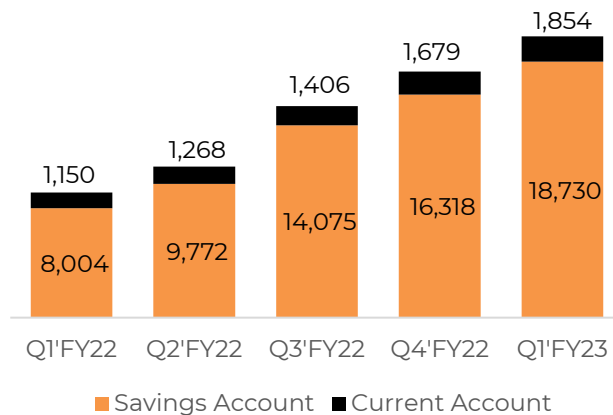
## Focus on granular deposits and customer profiles

(₹ Crore)

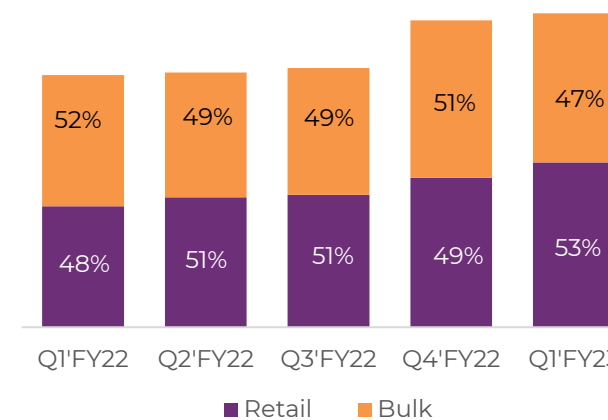


(₹ Crore)

### Average monthly balance



### Retail and Bulk TD mix



## 4. Asset Business Update



Strong and Sustainable Business model



GNPA stable at 1.96% vs 1.98% QoQ



Collection Efficiency for Q1'FY23 at 105%



PCR coverage at 72%



- Vintage book and tested business model
- Growing opportunity in used and new 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 950+ Bank's touchpoints from ~240 currently
- Entire suite of products available to meet customer requirements

**Core Asset Principles**

- ✓ Small Ticket size (90% Retail)
- ✓ Secured (~94% 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 over 10 years experience
- Limited competition



- 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

All figures in ₹ Cr	Vintage	AUM	AUM Yield	Gross Advances	Gross NPA	Disbursements
						Q1'FY23
<b>Wheels</b>	1996	18,614	13.8%	17,946	422	3,351
<b>SBL-MSME</b>	2007	16,912	15.0%	16,732	448	1,281
<b>Home Loan</b>	2017	3,004	11.4%	3,006	14	433
<b>Commercial Banking</b>		8,544	10.1%	8,582	45	1,811
- <b>Business Banking</b>	2017	3,246	9.4%	3,264	7	738
- <b>Agri</b>	2018	2,674	9.5%	2,687	17	548
- <b>NBFC</b>	2014	1,767	9.9%	1,768	3	220
- <b>REG</b>	2013	856	14.6%	863	18	305
<b>Others</b>		2,740	N.A	2,749	18	1,569
<b>SME<sup>1</sup></b>	2010	347	11.9%	334	24	0
<b>Total</b>		<b>50,161</b>	<b>13.3%</b>	<b>49,349</b>	<b>970</b>	<b>8,445</b>

- ❑ GNPA decreased slightly to 1.96% versus 1.98% QoQ
- ❑ Standard Restructured accounts stood at 2.1% of gross advances (versus 2.5% as on 31-Mar'22). As on 31<sup>st</sup> Mar'22, Billing has commenced for ~99% of the restructured advances
  - ✓ GNPA against Restructuring advances stood at ~15% as on 30 Jun'22
  - ✓ Given the experience with the restructured book so far, we believe that the extant 16% coverage against the standard restructured loans seems quite sufficient

# Provisioning snapshot

Credit Cost - Net Impact on P&L (All Figures in ₹ Crore)	Q1'FY23	Q4'FY22	Q1'FY22
Repossession Loss	20	36	6
POS Loss	9	11	4
Write off	34	23	-
Less: Bad Debt Recovery*	-2	-3	-1
<b>Net Credit Loss (A)</b>	<b>61</b>	<b>67</b>	<b>9</b>
<b>Net Credit Loss (as % of Avg. Total Assets)</b>	<b>0.3%</b>	<b>0.4%</b>	<b>0.1%</b>
Provision on NPA (B)	1	115	-17
Floating provisions (C)	-	41	-
General and Covid Related provisions (D)	-13	-143	120
General and Covid Related provisions - Restructuring Book (E)	-22	-13	92
Standard Asset Provision (F)	8	23	1
Other Provision (G)	2	0	2
<b>Total – Net Impact on P&amp;L (A+B+C+D+E+F+G)</b>	<b>36</b>	<b>90</b>	<b>206</b>
<b>Total – Net Impact on P&amp;L (as % of Avg. Total Assets)</b>	<b>0.2%</b>	<b>0.6%</b>	<b>1.6%</b>

Movement of Gross NPA (All Figures in ₹ Crore)	Q1'FY23	Q1'FY22	Q4'FY22
Opening Gross NPA	924	1,503	1,058
Additions during the period*	253	250	195
Reductions during the period*	208	257	329
<b>Gross NPA (closing)</b>	<b>970</b>	<b>1,496</b>	<b>924</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	Jun'22				Mar'22			
	No.	Loan Amount*	Provisions*	Coverage	No.	Loans*	Provisions*	Coverage
GNPA	44,419	970	654	67%**	43,452	924	653	71%**
Covid related restructuring (Standard)	16,561	1,044	170	16%	18,968	1,180	192	16%
Contingency provisions			144				157	
Floating provisions			41				41	
<b>Stressed and contingencies provisions</b>		<b>2,014</b>	<b>1,008</b>			<b>2,104</b>	<b>1,043</b>	
Provisions towards Standard Assets			147				139	
<b>Total Provisions</b>			<b>1,155</b>				<b>1,182</b>	
<b>Provisions as a % of gross advances</b>			<b>2.3%</b>				<b>2.5%</b>	

\*Figures in ₹ Cr; \*\* PCR at 72% which includes floating provisions for Q1'FY23 and 75% for Q4'FY22

- Asset quality improved further - GNPA down slightly QoQ to 1.96% from 1.98%; Standard Restructured loans at 2.1% vs 2.5% QoQ
- On the remaining contingency provisions of ₹ 144 Cr, the bank would further decide in the coming quarters basis evolving market conditions
- The Bank's PCR is 72% including floating provisions of ₹ 41 Cr which we believe is quite sufficient; Further addition to floating provisions will be evaluated as the situation evolves

## 5. Tech Update



Launched LiT credit card - India's first customizable credit card



43% Customers acquired via digital products/ channels in Q1'FY23



11.9 Lacs digital customers



14% increase in MAU Q-o-Q



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





## Building Amazing Products

- Launched new products:
  - LiT – India's first customizable credit card
  - Corporate credit card
  - Sachet health insurance
- Digital PL for non-pre-approved customers
- UPI for non-AU customers

**~96K**

Credit Cards issued to existing liability customers<sup>1</sup>

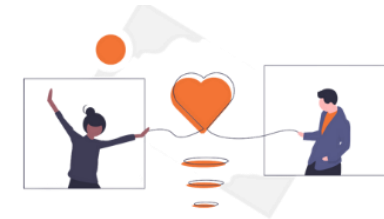


## Making it Easy

- Launched new features to enhance customer servicing:
  - Video Banking service for NRI customers
  - Online MF SIP cancellation module

**33k+**

Digital personal loans to existing liability customers



## Personalization

- Expanded pre-approved offers program to:
  - ~1 million customers
  - ~2 million offers
  - Across Credit Card, PL, Wheels (new, used)

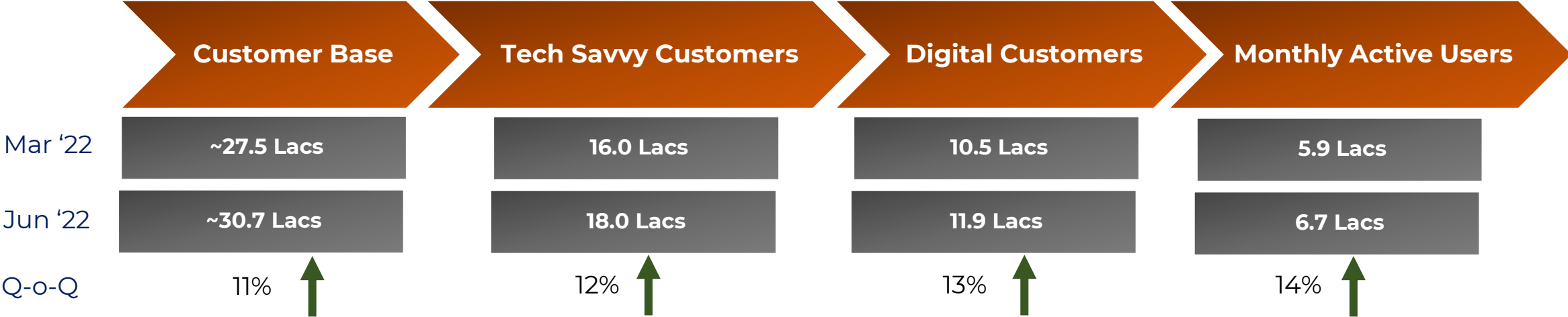
**9%**

Video KYC SA customers with ≥2 products

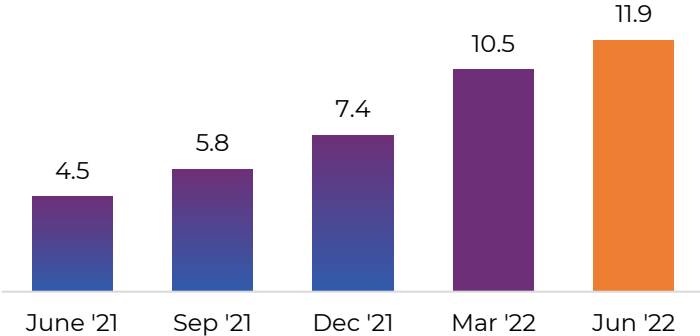


<sup>1</sup>1.5 lacs credit cards issued to existing customers (including Assets)

# AU 0101 – Strong adoption since launch

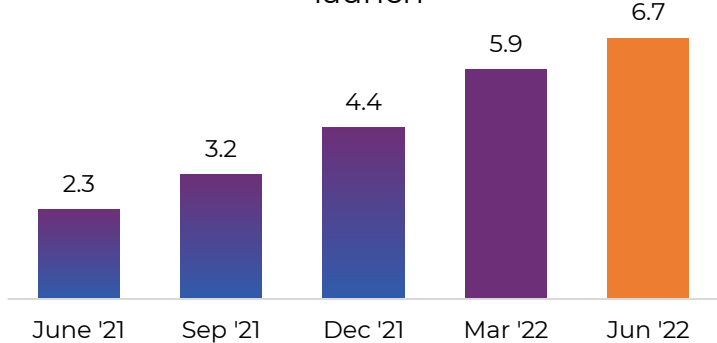


164% increase in digital customers in one year since AU 0101 launch



**3.3 Lacs** Additional Non-AU customers registered on AU 0101 as of Q1

191% increase in Monthly Active Users on AU 0101 in one year since launch



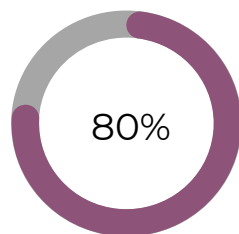
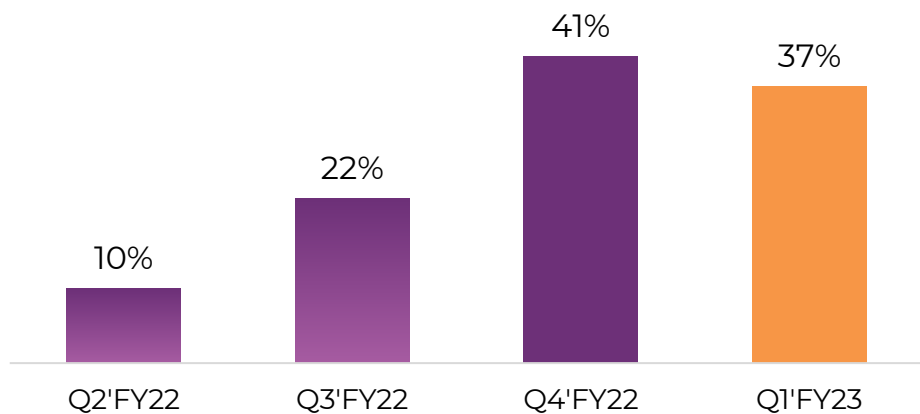
**5.4 Lacs** Customers transacting through AU 0101 monthly<sup>1</sup>



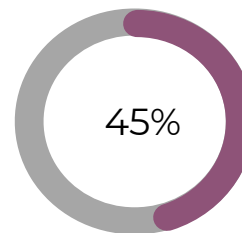
<sup>1</sup>: Customer initiated debit transactions executed on Net/Mobile Banking, AU 0101 UPI or debit card at Ecom/POS

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

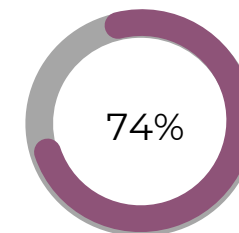
Full KYC (Video KYC) SA as proportion of total SA at bank\*



Urban customers



Salaried professionals



Customers of 18-35 years age

**1.5 Lacs+**

Video KYC Savings Accounts opened till Q1

**₹ 570 Cr.**

Balance in Video KYC Savings Accounts

**₹ 721 Cr.**

Total relationship value of all VKYC accounts

**~50k**

Service and engagement video calls received in Q1

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



\*: ex BSBDA and ex digital min KYC accounts

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

**2.4 Lacs+**

Cards issued; Monthly run rate of ~30,000 cards

**6:4**

Existing to new customers

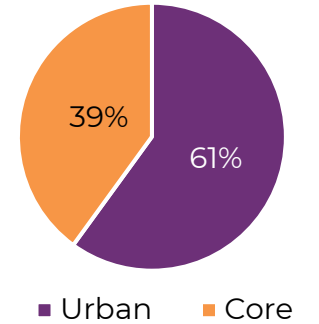
**42%**

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

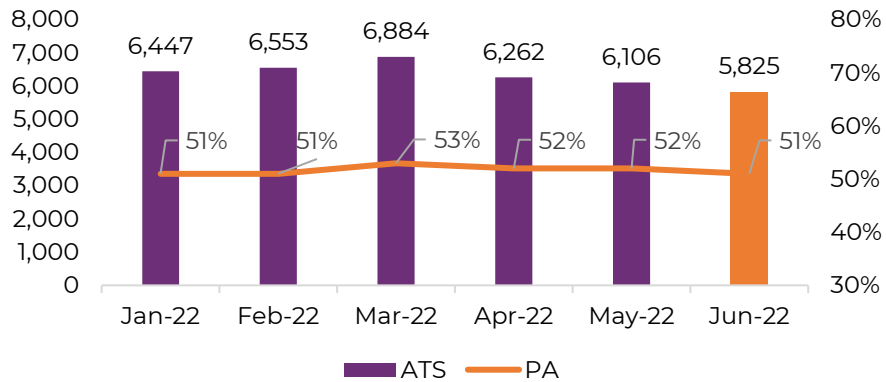
**₹ 1.15 Lacs**

Average limit per card

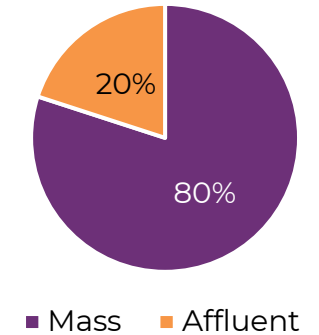
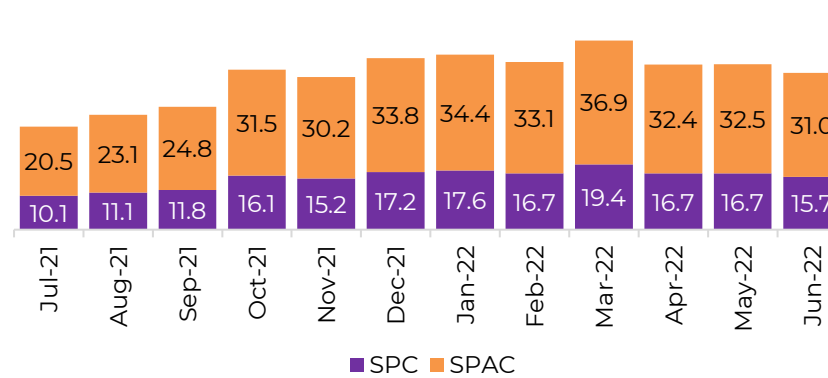
- ❑ Purchase active customers showing healthy trend, better than industry average
- ❑ Launched corporate credit card, LiT card
- ❑ Started digital acquisition campaign through social media & high velocity platforms



Healthy Average Ticket Size (ATS), proportion of Purchase Active (PA) customers

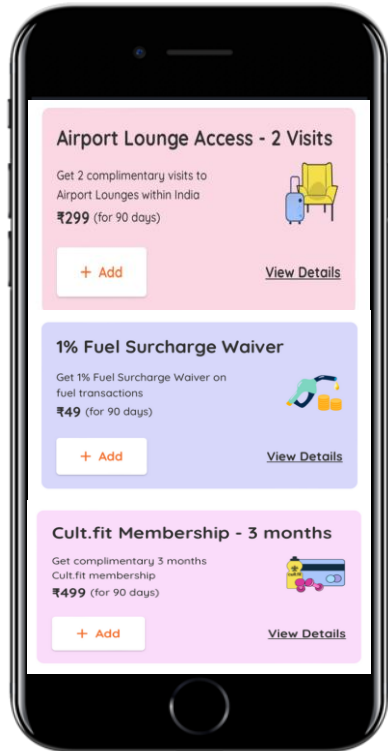


Spend per card (SPC) & Spend per active card (SPAC) – In-line with industry

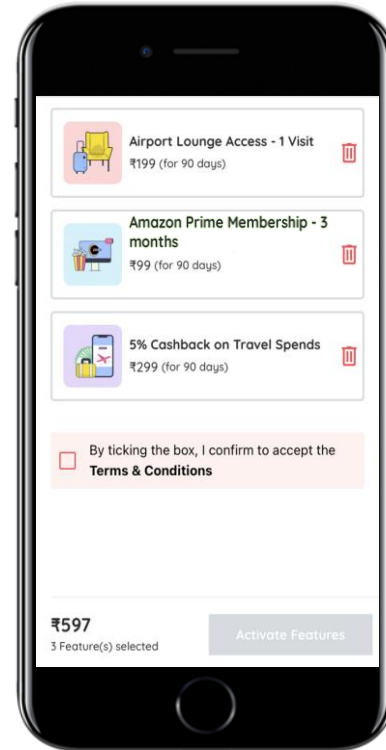


- ❑ India's first customizable credit card – giving customers the freedom to build their card the way they like
- ❑ Power to choose card features and pricing now at customers' fingertips

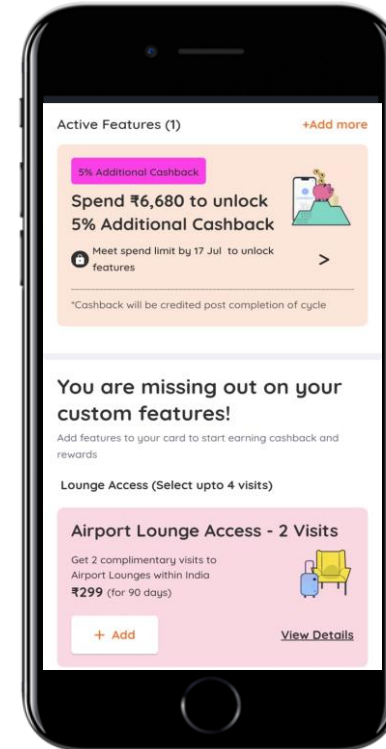
## Build your own card



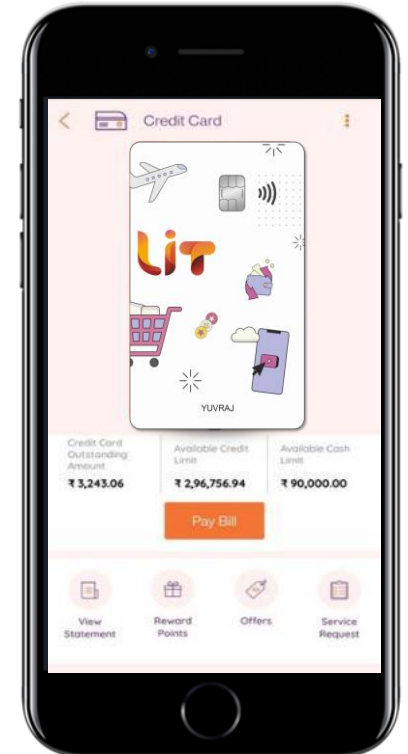
## Pay only for what you choose



## Add/remove benefits on the go



## Take charge, digitally



## Acquisition

**6.6 Lacs+**

UPI QRs installed till Q1

**67%**

Activation rate

**1.7 Lacs+**

New customers acquired through UPI QR till Q1

## Engagement

**1.1 Cr.**

Transactions in Q1'FY23

**1.25 Lacs**

Daily average transactions in Jun'22

**₹ 937 Cr.**

Value of transactions in Q1

**87%**

Value of transactions credited to AU accounts in Q1

**76%**

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

## Lending

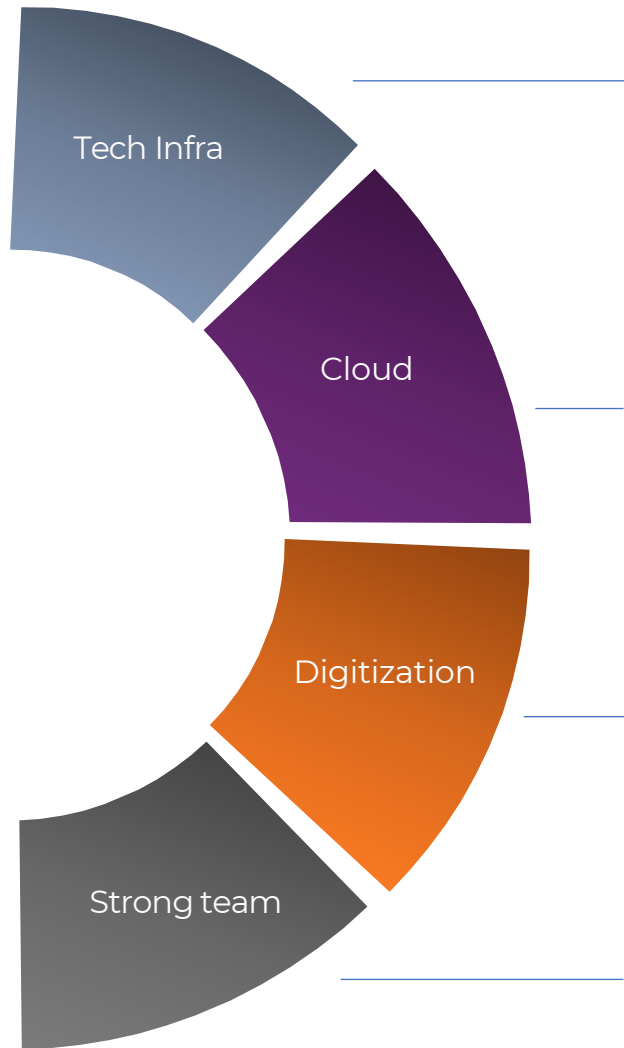
**~₹ 50 Cr.**

Loans disbursed basis QR transactions data till Q1

**~₹ 2 Lacs**

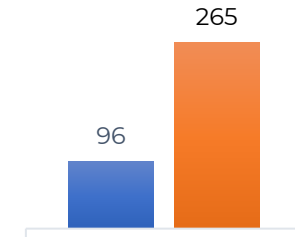
Average loan ticket size

Started lending program for non-pre-approved and new to bank customers

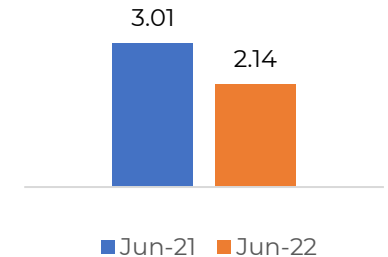


- Infra modernization:
  - Tech upgrade to remain future ready (CBS, Data platform)
  - Capacity upgrade to sustain increased volume (Enterprise storage)
- BAU enhancements:
  - Reduced month end batch processing time by ~30% while transactions volume increased by ~300% over last year
- 3-pronged strategy for cloud migration:
  - Onboarding new applications on cloud
  - Phase wise migration of existing applications
  - Modernization of selected customer facing applications
- Improving efficiency:
  - 73 processes automated using RPA, 160 more identified
  - Sales enablement app 'SmartRM' launched for branch sales team
- 600+ people dedicated to technology transformation agenda
  - 50 fresh graduates hired from premier institutes
  - 250+ lateral hires onboarded in last one year

UPI transactions volume (lacs)



Month end batch processing time (hours)



## 6. Other Key Updates



Sustainability is intrinsic to our business model



Increased focus of Sustainability Reporting



Onboarded Head of Sustainability



Strong and Independent Board



## Environment

Recognize Environment as a key stakeholder



- Bank and AU Foundation supported “Save Soil Movement” during Q1’FY23 with awareness campaigns across entire Bank including ATM and branches
- Webinar on the topic “Conscious Planet” on World Environment Day



## Social

Addressing the Occupational, Residential, and Social vulnerabilities



- Launched Employee Wellbeing Program with Mfine in May: 24,166 employees signed up
- AU IGNITE, a Centre of Excellence Program on Skill Development trained 665 youth and facilitated 366 employment opportunities
- Organised 420+ financial and digital literacy camps at rural branches in Q1 FY23
- AU Udyogini enabled 10 new individual women entrepreneurs and associated women earned cumulatively income of INR 10.18 lakhs in Q1

## Governance

Good governance is the cornerstone to building trust



- Onboarded Head of Sustainability
- CRISIL Ratings have upgraded our rating to AA/Stable from AA-/Positive
- Won Retail Banker International’s Asia Trailblazer Award’22 for Excellence in Employee engagement
- Won Golden Peacock Award in Jun’22 for CSR in Financial Sector

## Universal Access to Financial Services

- 31% of our total touchpoints/branches - 290 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 85 touchpoints covering 24 Aspirational districts, 12 Left wing extremist affected districts and 13 districts in Hill states. Ventured into 1 north eastern region in the last quarter\*

### Providing Basic Bouquet of Financial Services



## PM Jan Dhan Yojana

Particulars	BSBDA	MUDRA	PMJJBY	PMSBY	APY
<b>Live as on 30-06-2022</b>	2,29,000+	2,91,000+	24,000+	42,000+	42,000+

Received Direct Benefit Transfer of ₹2.2+ Cr in Q1'FY23 in Aadhar seeded accounts.



## PM SVANidhi

- Disbursed 700+ cases



## Indira Gandhi Urban Credit Card Yojana

- Disbursed 420+ cases



## Financial and Digital Literacy

- Organised 420+ financial and digital literacy camps at rural branches in Q1'FY23
- Organised Digital Literacy camps in association with Bilaspur Police Department in Chhattisgarh on banking and other frauds



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



**Golden peacock Award**  
for CSR



**Best Small Finance Bank** at MSME Banking Excellence Awards 2021 by CIMSME



Won 2 Awards  
**1. Excellence in Employee Engagement**  
**2. Best Fintech partnership**



**'Technology Innovator Of The Year'** Award at 3<sup>rd</sup> Annual BFSI Technology Excellence Awards 2022

## 3 Awards from PFRDA

### APY Annual Award



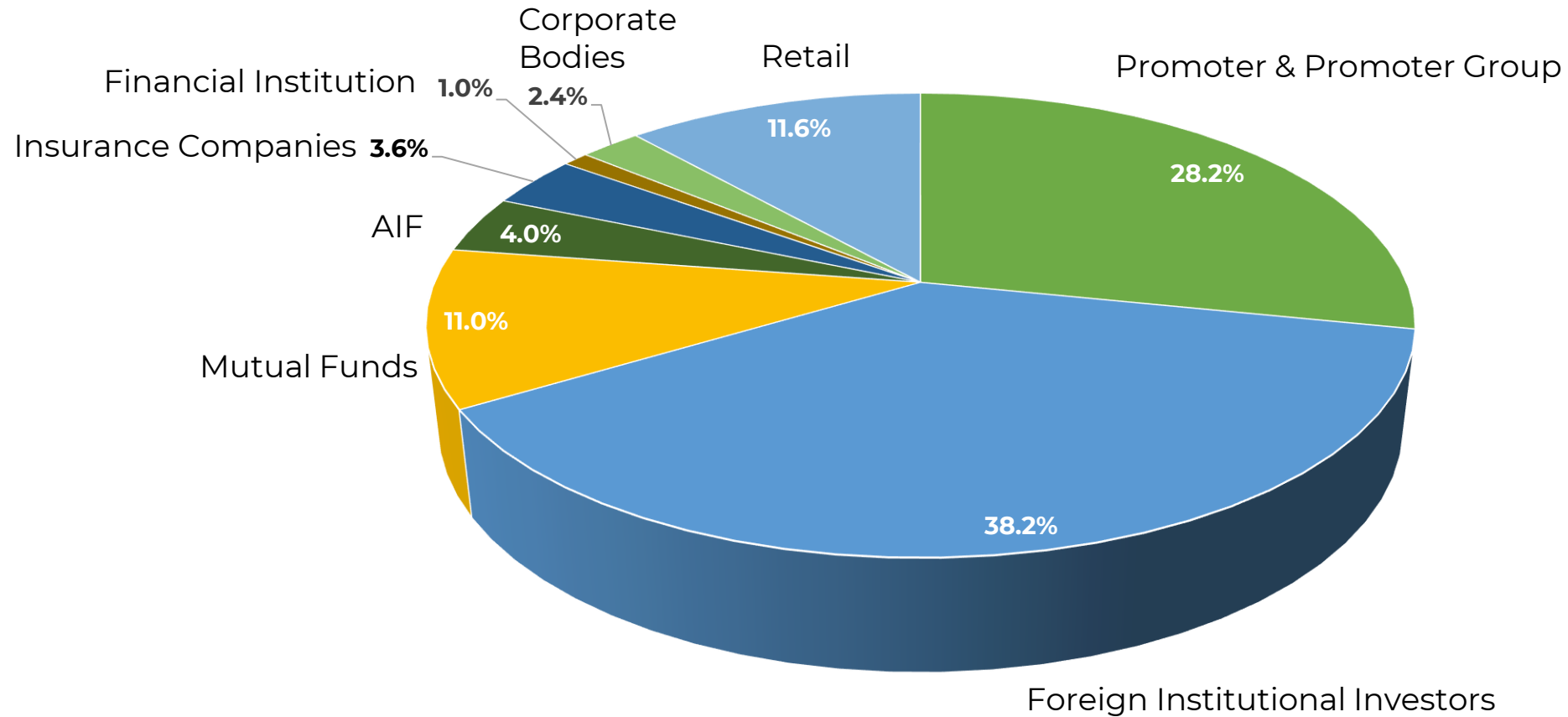
### Recognised as Game Changers




### Leadership Capital 4.0 Award



# Shareholding Pattern as on 30<sup>th</sup> June'22






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

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

## Independent Directors



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

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



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

Ex-COO, Taj Group of Hotels



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

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




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

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



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

Associated with the Bank for more than 16 years



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

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



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

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



**Mr. V G Kannan**  
Independent Director  
*38+ years of experience in Banking Industry*  
*MBA*

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

# Abbreviations

AUM Asset Under Management

BSBDA Basic Savings Bank Deposit A/C

CASA Current Account Deposits and Savings Account Deposit

CRAR Capital Adequacy Ratio

DPD Days Past Due

EPS Earning Price Per Share

LCR Liquidity Coverage Ratio

MUDRA Micro Units Development & Refinance Agency Ltd.

NBFC Non-Banking Finance Company

NII Net Interest Income

NPA Non-Performing Assets

NTC New to Credit

OPEX Operating Expenses

P&L Profit & Loss Statement

PAT Profit After Tax

PMJJBY Pradhan Mantri Jeevan Jyoti Bima Yojana

PMSBY Pradhan Mantri Suraksha Bima Yojana

QoQ Quarter on Quarter

REG Real Estate Group

ROA Return on Average Assets

ROE Return on Average Shareholder's Fund

YoY Year on Year

a.	Core Markets	Core Markets are smaller centres in rural/semi-urban which typically have a local economy built around agriculture and small businesses, and which have traditionally been our traditional markets for lending.
b.	Urban Markets	Larger centres which have more advanced infrastructure such as airports, malls etc. are defined as Urban Markets
c.	CASA Ratio	Calculation for CASA Ratio is Current account + Savings account / Total Deposits with CDs included in total deposits
d.	Yield on AUM	AUM Yield excludes OD FD, and is calculated as the weighted average of yield on outstanding AUM 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 Deposits	Retail Deposit includes CASA + Retail Term deposits
g.	Retail TD	Retail TD refers to all TD of Individuals/ HUF, and TD of Corporates, Government & TASC having balance less than ₹ 2 Crores ; Bulk TD refers to all TD of Banks, Corporates, Government & TASC with balances of ₹ 2 Crore & above
h.	Gross Advances	Gross Advances includes billed interest
i.	Collection Efficiency	Collection efficiency is calculated with all money received during the month from borrowers (excluding foreclosure) as % of current billing for the month; For moratorium months 100% billing was assumed while computing collection efficiency
j.	Tech savvy customers	Tech savvy customers are those who are digital in their lifestyle but may not necessarily be active on AU Bank's digital channels
k.	Digital Customers	Digital customers are those active on AU Bank's digital channels



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HUMSE HAI**

# THANK YOU

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