

Ref. No.: AUSFB/SEC/2022-23/372

Date: 19<sup>th</sup> October, 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 ("the Bank") for the Quarter and Half Year ended on 30<sup>th</sup> September, 2022**

In continuation to our intimation for Conference Call to discuss Financial Results of the Bank for the Quarter and Half Year ended on 30<sup>th</sup> September, 2022 vide letter dated 04<sup>th</sup> October, 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 and Half Year ended on 30<sup>th</sup> September, 2022.

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

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

This is for your information and records.

Thanking You,

Yours faithfully,

**For AU SMALL FINANCE BANK LIMITED**

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

**Encl: As above**

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

**BADLAAV  
HUMSE HAI**



# INVESTOR PRESENTATION Q2'FY23

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

**1**

Management Update

**2**

Operating & Financial Highlights

**3**

Liabilities Update

**4**

Assets Update

**5**

Tech Update

**6**

Other Key Updates

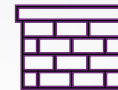
# 1. Management Update



Net worth has surpassed ₹ 10,000 Cr, 5x from converting to a Bank in 2017



Visible traction in digital properties in ~1 year since launch



Retail to Wholesale advances stable at ~90:10



Added 27 touchpoints in this quarter

# Key Messages

- ❑ **Q2FY'23 was a strong quarter where the Bank continued to make progress on all key parameters** - retail deposit mobilization, credit growth in all lending verticals, acquisition and engagement in digital products, stable profitability & margins; Collection efficiencies remained strong resulting in robust asset quality performance
- ❑ **Simultaneously, tightening liquidity, persistent inflation, and global interest rate environment has led to higher uncertainty**; While the domestic outlook seems to be sustaining currently, the possibility of a lagged impact on demand and activity levels can't be ignored and we are watchful
- ❑ As **we navigate through this uncertain phase, we are prioritizing** optimizing our cost of funds, consolidating our deposits franchise, preserving risk adjusted yields, and growing at a pace commensurate with our business strategy
- ❑ Bank fortified its balance sheet, ahead of any possible macro headwinds, by raising capital of ₹ 2,500 Cr (Tier 1 of ₹ 2,000 Cr and Tier 2 of ₹ 500 Cr) in Aug'22 amidst difficult market condition and received an overwhelming response to the issues; **Net worth of the Bank has now surpassed ₹ 10,000 Cr, a growth of 5x in ~5 years**
- ❑ Bank is very well positioned in terms of balance sheet strength, distribution, digital properties, stable leadership and offering a strong value proposition for customers on both the assets and liabilities side; **The SBU structure is coming up well** and resulting in greater agility and flexibility in business planning and employee focus; **Management remains confident of delivering on our FY23 guidance on growth and margins**
- ❑ **Opportunity for Banking sector remains promising** in the medium term with Indian economy expected to touch USD 5 trillion **and we have laid out a strong banking foundation in the first 5 years through the** multiple headwinds along the way
- ❑ **We can benefit immensely** over the next decade from the Indian economy's journey and the evolving digital and regulatory landscape **as we continue to bolster our foundation** by focusing on operational excellence and adding capabilities around Wealth, Current Account, SMF lending; **we feel more confident about our journey over the next 5 years** as we believe that we will be working with **more knowns than unknowns**

## Key Operating Highlights

- ❑ Board of Directors at its meeting dated 10<sup>th</sup> October'22 approved the **re-appointment of Mr. Raj Vikash Verma as the Part-time Chairman** of the Bank till 29<sup>th</sup> Jan'24 (i.e. till completion of his tenure) subject to requisite approvals
- ❑ Post the shareholders' approval, the Board of Directors, on 10<sup>th</sup> October'22, approved for making the application to RBI for seeking the **re-appointment of the MD & CEO Mr. Sanjay Agarwal** and the **WTD of the Bank Mr. Uttam Tibrewal for a period of 3 years w.e.f. 19<sup>th</sup> Apr'23**. The Bank has subsequently submitted applications to RBI in this regard
- ❑ The Bank has added **ICICI Lombard** as Bancassurance partner with a view to expand the Bank's third-party product offering to its customers
- ❑ Amidst rising interest rate scenario, the Bank has seen a **reduction of 17 bps in its COF for H1'FY23 over FY22**
- ❑ Incremental COF increased by 70 bps during H1'FY23 and Bank focused on margins by **raising its disbursement yield by 100 bps** in Q2'FY23 over Q4'FY22
- ❑ Bank's **Retail: Wholesale** advances mix stable at **90%: 10%** & **Secured : Unsecured** mix also stable at **93% : 7%**
- ❑ Bank onboarded **3.4 Lac new customers during the quarter; 42% of customer acquisitions via digital products**
- ❑ During the quarter, Bank **added 27 new touchpoints** of which 15 are liability branches with **13 of them in Urban areas** with focus on southern cities like Bengaluru, Chennai and Hyderabad
- ❑ Asset quality remained resilient aided by **sustained gradual decline in Gross NPA ratio to 1.9% and net NPA ratio of 0.56%**, and PCR of 71% (including technical write-off, PCR at 74%); Additionally, the Bank is carrying a **contingency provision of ₹ 129 Cr and COVID restructuring related provisioning of ₹ 148 Cr**
- ❑ **77% of advances have been disbursed after the start of pandemic** and this pool has been exhibiting better than historical trends in asset quality so far **with GNPA at 0.55% and 92% book being current**



# Q2'FY23 Financial performance snapshot



<b>Deposits</b>	<b>₹ 58,335 Cr</b> +11% YTD
<b>Disbursements</b>	<b>₹ 8,605 Cr</b>
<b>Gross Advance</b>	<b>₹ 52,452 Cr</b> +12% YTD
<b>CASA/ CD Ratio</b>	<b>42% / 89%</b> (37%/88%) <sup>1</sup>
<b>GNPA/NNPA</b>	<b>1.90%/0.56%</b>
<b>Net Profit</b>	<b>₹ 343 Cr</b>
<b>RoA/RoE</b>	<b>1.8% / 15.3%</b>
<b>Tier I/CRAR</b>	<b>21.3%/23.4%</b>

- Deposits grew 7% QoQ and continued to become increasingly granular with CASA growing to 42% from 39% in Q1'FY23
  - Average LCR of ~129% in Q2'FY23 allowed the Bank to focus on SA/retail deposit led growth over bulk deposits; CASA + Retail TD as % of total deposits increased to 73% from 70% QoQ
- During Q2'FY23, with a view to optimise borrowing cost, Bank securitised assets worth ₹ 715 Cr
- Disbursements (fund-based) for Q2'FY23 were at ₹ 8,605 Cr led mainly by small-ticket, secured loans; Non-fund disbursements for Q2'FY23 were at ₹ 587 Cr
- Gross Advances have grown to ₹ 52,452 Cr with Wheels, SBL and Home Loan accounting for ~75%; Wheels asset portfolio crossed milestone of ₹ 20,000 Cr ( including securitized portfolio) during Q2'FY23
- PCR at 71% as on 30-Sep'22 (including technical write-off, PCR at 74%); Additionally, the Bank is carrying ₹ 129 Cr in contingency provisions and ₹ 148 Cr provisions towards standard restructured loans
- Q2'FY23 PAT grew 28% QoQ to ₹ 343 Cr vs ₹ 268 Cr in Q1'FY23; for H1'FY23, PAT grew by 27% YoY at ₹ 610 Cr vs ₹ 482 Cr in H1'FY22; Cost/Income for Q2'FY23 declined 277bps to 62.5% vs. 65.3% in Q1'FY23
- RoA for H1'FY23 is at 1.7% and RoE for H1'FY23 is at 13.9% (impacted due to the capital raise in Aug'22)
- Capital adequacy remains healthy at Tier 1 of 22.6% and CRAR of 24.7% after adding interim profits
- In line with regulatory practice for scheduled commercial banks, the Bank has stopped using the term "AUM" and will report particulars of Gross Advances henceforth

<sup>1</sup> Figures in parenthesis correspond to Q4'FY22



# We have made significant progress since launch of AU 0101



(in lacs, unless specified otherwise)

		<b>Jun'21</b> (Soft launch)	<b>Sep'22</b>
<b>Engagement</b>	Digital customers	4.5	14.3
	Monthly Active Users	2.3	8.1
	Customers with pre-approved offers	2.3	8.6
<b>Acquisition</b>	Saving Accounts through Video Banking	~0.1	2
	Credit Cards	0.2	3.1
	Digital Personal Loan disbursed (₹ Cr)	0	530
	UPI QRs installed	1.1	8.1
	% customers acquired through digital products for the quarter	-	42% <sup>1</sup>

**Digital engagement at >3x vs June'21 levels**

**Digital products scaling well**

<sup>1</sup>Digital products/channels are Video Banking, Credit Cards and UPI QR





# Touchpoint Highlights



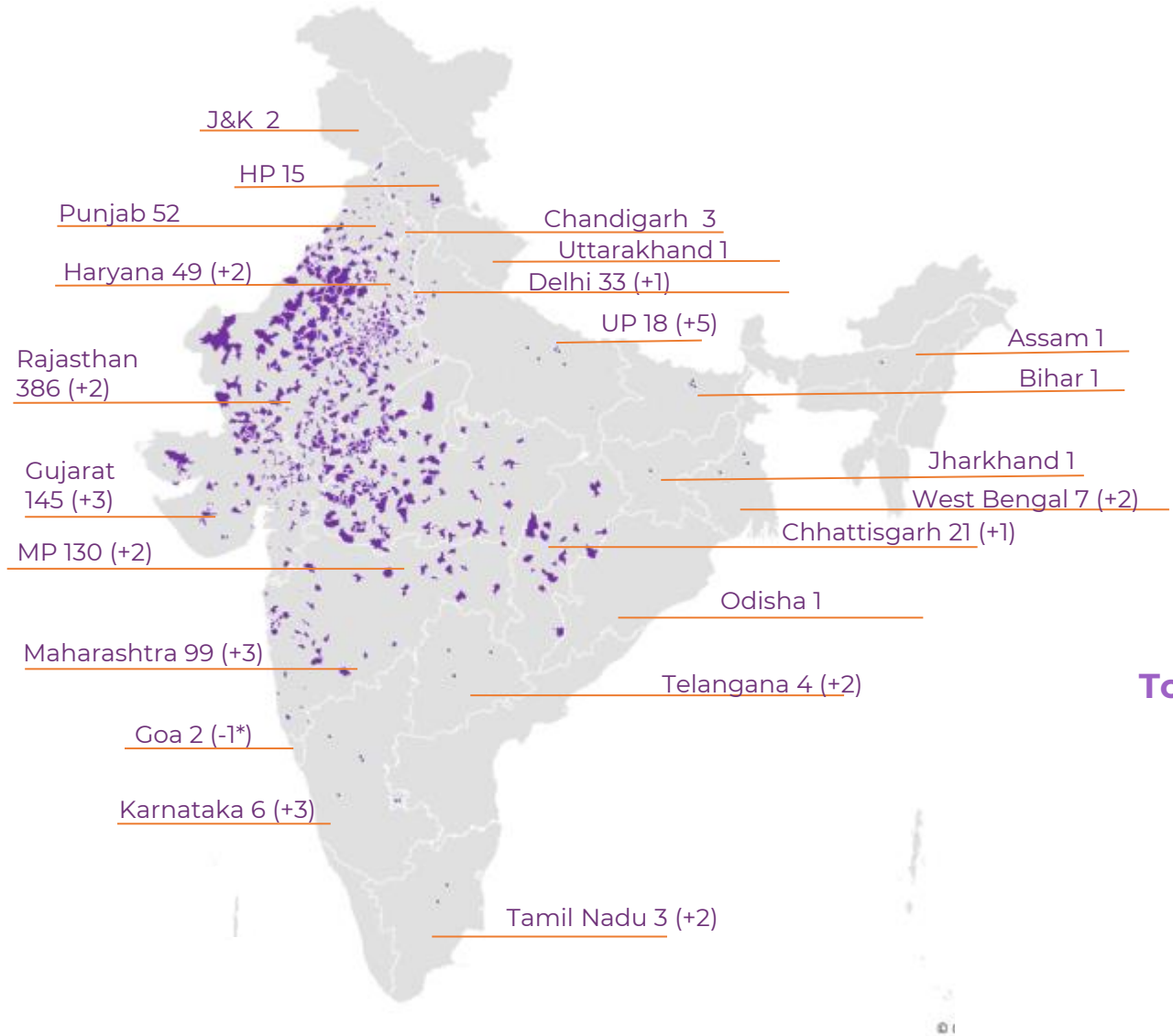
**20 States and 2 UTs**

**980 Touchpoints**

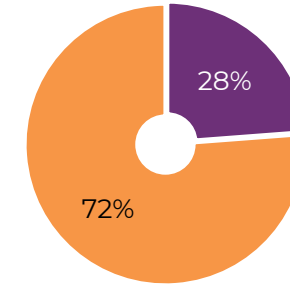
**235 Districts**

**710 Locations**

**524 ATMs**



## Touchpoints Break-up



■ Urban ■ Core

**980 Touchpoints**



**308 Unbanked Rural Centres**

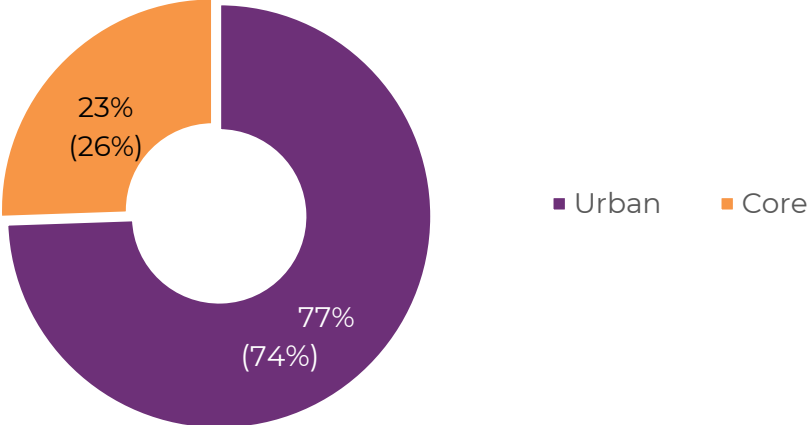


Figures in parenthesis are the touchpoints added in Q2'FY23  
Map is for representative purpose only. Not to scale \*Branches have merged

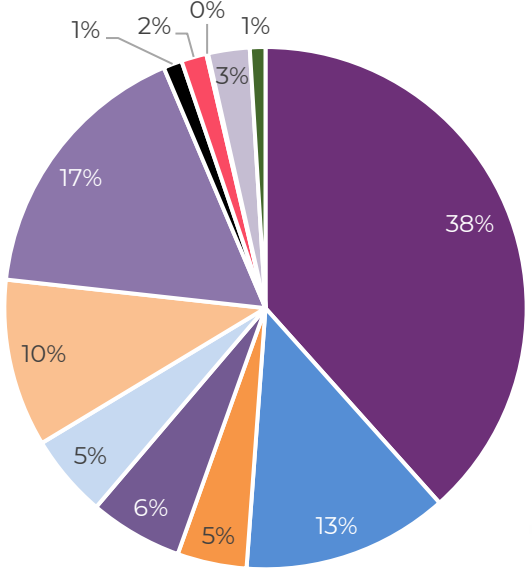
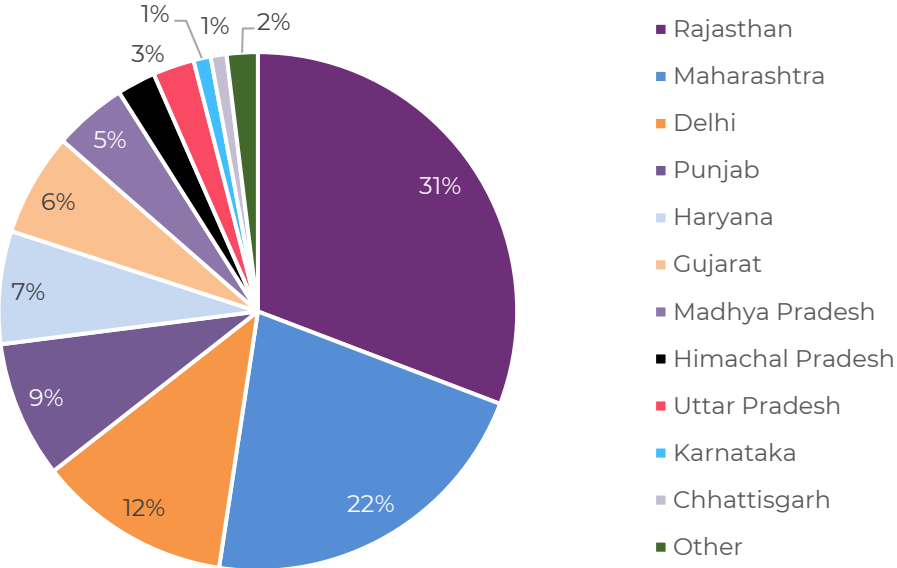
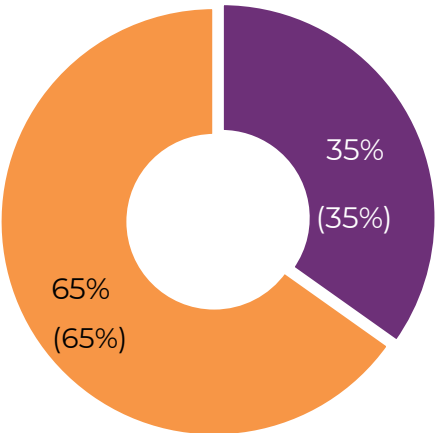
# Garnering deposits from Urban markets and disbursing in Core markets



**Deposits Break up**



**Advances Break up**



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



## 2. Operating & Financial Highlights



Maintaining sufficient liquidity with LCR at ~129%



NII up 11% QoQ; Core Other Income up 15% QoQ



Core PPOP up by 29%/11% YoY and QoQ



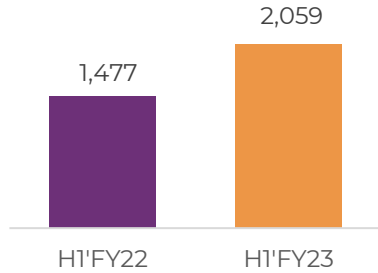
RoA/RoE at 1.8%/15.3% in Q2'FY23

# H1'FY23 Financial highlights

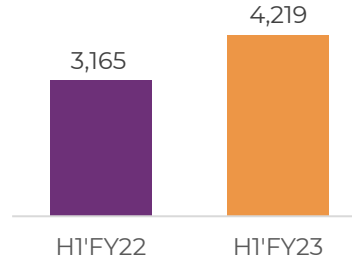


## Net Interest Income

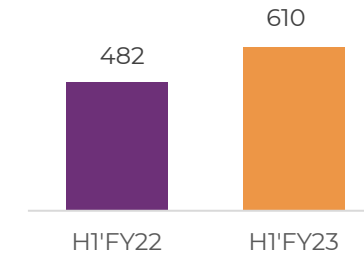
(₹ Crore)



## Total Income



## PAT



## Yield on Advance

13.3%

Vs.  
14.0%  
(H1'FY22)

## Cost of Funds

5.8%

Vs.  
6.2%  
(H1'FY22)

## Net Interest Margin

6.0%

Vs.  
6.0%  
(H1'FY22)

## RoA

1.7%

Vs.  
1.8%  
(H1'FY22)

## RoE

13.9%<sup>2</sup>

Vs.  
14.8%  
(H1'FY22)

## GNPA

1.90%

Vs.  
3.16%  
(30-Sep-21)

## NNPA

0.56%

Vs.  
1.65%  
(30-Sep-21)

## Provision Coverage Ratio

71%<sup>1</sup>

Vs.  
49%  
(30-Sep-21)

## CRAR

23.4%

Vs.  
22.0%  
(30-Sep-21)

## Tier-I CRAR

21.3%

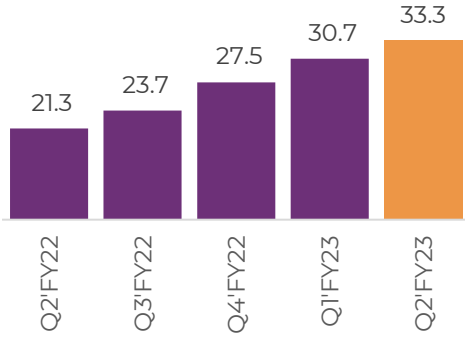
Vs.  
20.5%  
(30-Sep-21)

<sup>1</sup> PCR including technical write off is at 74%; <sup>2</sup> RoE impacted due to the capital raise in Aug'22

# Quarterly trends of key parameters

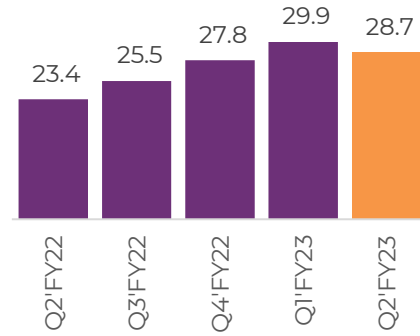
## Customers

(in lacs)

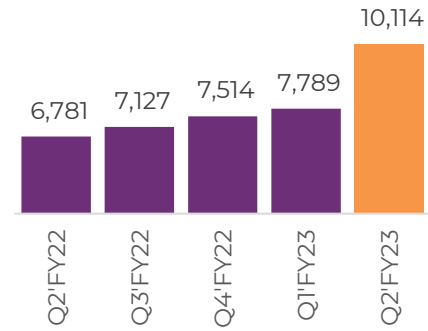


## Employees

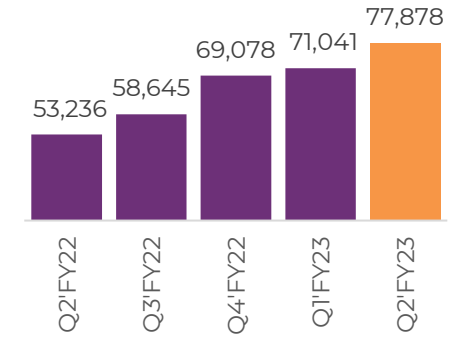
(in 000s)



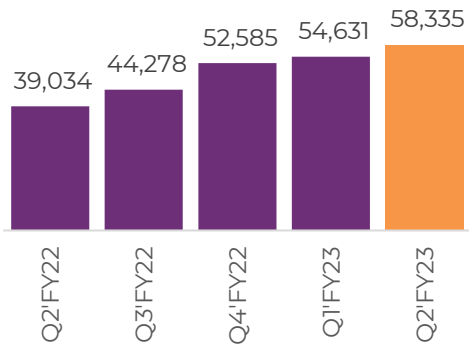
## Shareholders' Funds



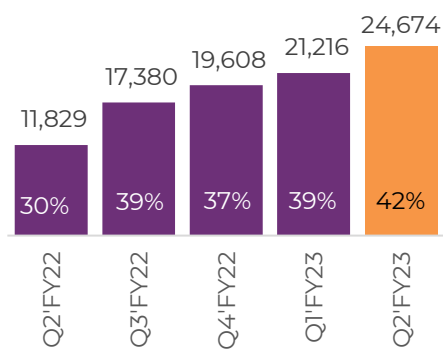
## Total B/S Assets



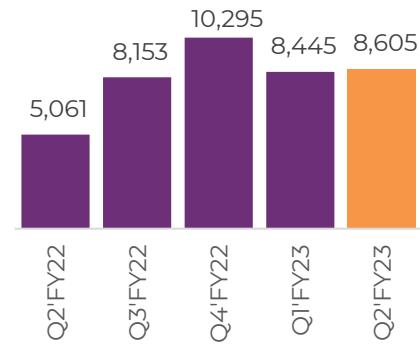
## Deposits



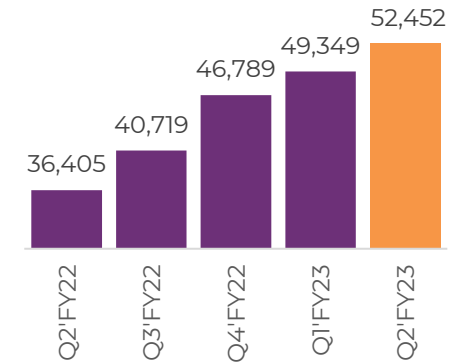
## CASA Deposit & Ratio



## Disbursements



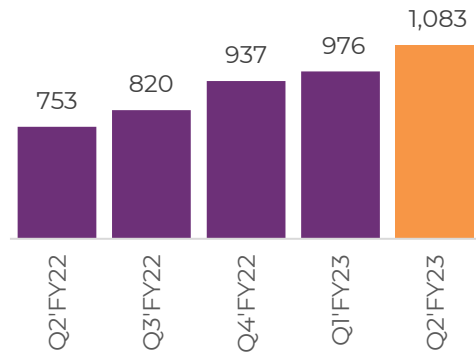
## Gross Advances



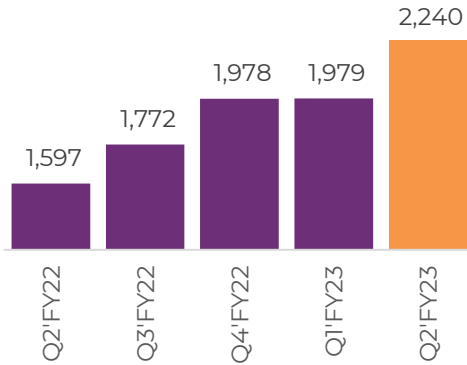
All figures in ₹ crores unless specified

# Quarterly trends of key parameters

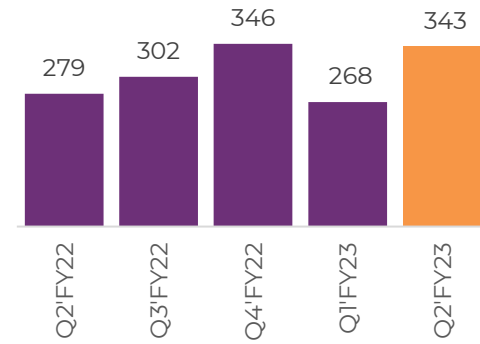
## Net Interest Income



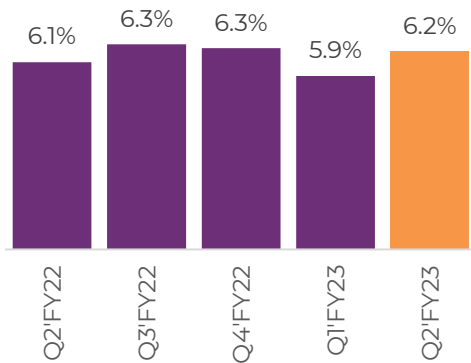
## Total Income



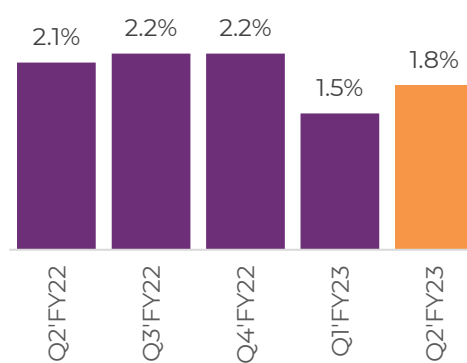
## PAT



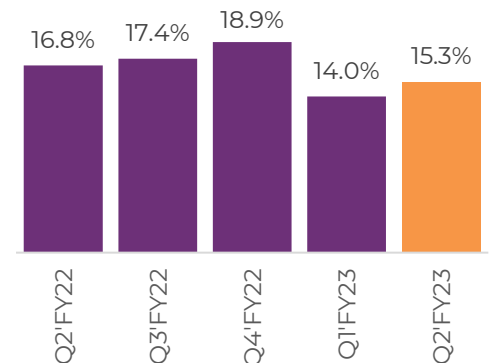
## Net Interest Margin



## RoA

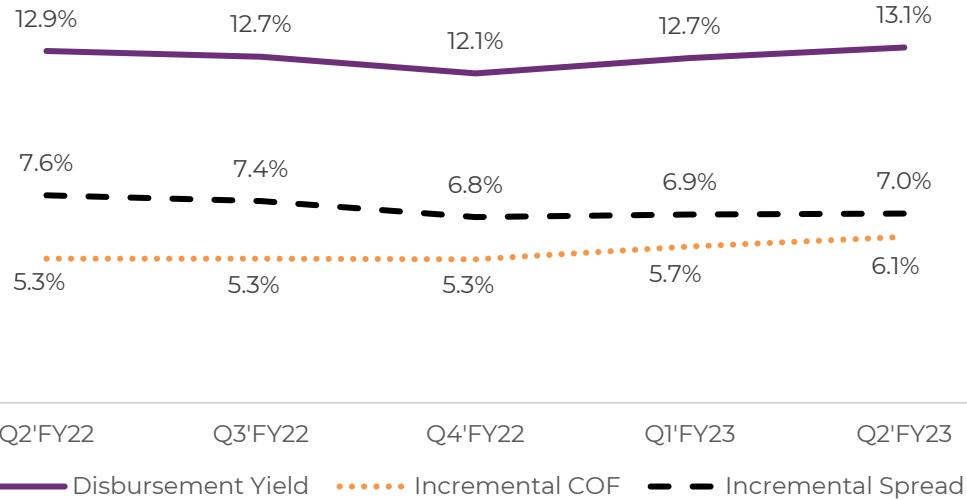


## RoE

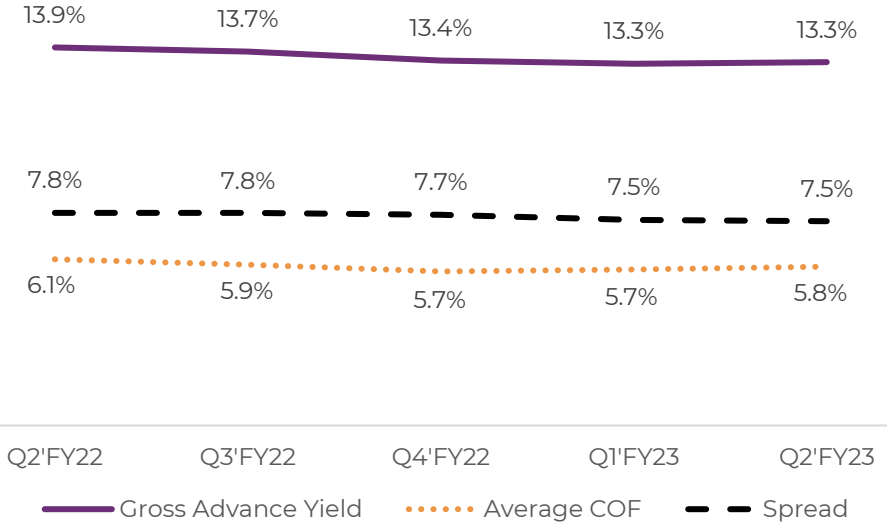


All figures in ₹ crores unless specified

## Incremental Spreads



## Gross Advances Spreads



- ❑ Bank continues to maintain sufficient liquidity with average LCR for the quarter at ~129%
- ❑ Amid elevated uncertainty over rates and liquidity, our endeavor is to optimize our cost of fund; Securitized ₹ 715 Cr of portfolio in Q2'FY23 to manage risk and borrowing cost
- ❑ Slight improvement in incremental spreads as the increase in disbursement yield during the Q2'FY23 has well-compensated the rise in incremental CoF; Overall advances spreads and margins also remain stable
- ❑ Certificate of Deposit (CD) outstanding as on 30-Sep'22 is ₹ 588 Cr as against CD book of ₹ 1,083 Cr as on 30-Sep'21



# Profit & Loss statement

(All Figures in ₹ Crore)	H1'FY23	H1'FY22	YoY	Q2'FY23	Q2'FY22	YoY	Q1'FY23	QoQ
<b>Income</b>								
Interest Earned	3,812	2,758	38%	1,992	1,405	42%	1,820	9%
Interest Expended	1,753	1,281	37%	909	652	39%	844	8%
<b>Net Interest Income</b>	<b>2,059</b>	<b>1,477</b>	<b>39%</b>	<b>1,083</b>	<b>753</b>	<b>44%</b>	<b>976</b>	<b>11%</b>
Other Income	407	407	0%	247	192	29%	159	55%
<b>Net Income</b>	<b>2,466</b>	<b>1,884</b>	<b>31%</b>	<b>1,331</b>	<b>945</b>	<b>41%</b>	<b>1,135</b>	<b>17%</b>
<b>Expenses</b>								
Employee Cost	845	609	39%	451	327	38%	394	15%
Other Operating Expenses	728	400	82%	381	226	69%	347	10%
<b>Operating Expenses</b>	<b>1,573</b>	<b>1,010</b>	<b>56%</b>	<b>832</b>	<b>553</b>	<b>51%</b>	<b>741</b>	<b>12%</b>
<b>PPOP</b>	<b>893</b>	<b>874</b>	<b>2%</b>	<b>499</b>	<b>392</b>	<b>27%</b>	<b>394</b>	<b>27%</b>
Provisions	81	212	-62%	43	5	828%	38	12%
<b>Profit Before Tax</b>	<b>812</b>	<b>662</b>	<b>22%</b>	<b>456</b>	<b>388</b>	<b>18%</b>	<b>356</b>	<b>28%</b>
Tax expenses	201	181	11%	113	109	4%	88	29%
<b>Profit After Tax</b>	<b>610</b>	<b>482</b>	<b>27%</b>	<b>343</b>	<b>279</b>	<b>23%</b>	<b>268</b>	<b>28%</b>

In Q2'FY23

- 44% YoY NII growth aided by stable spreads and healthy disbursements
- Core PPOP growth is robust at 29% YoY led by NII growth and 32% YoY growth in core other income
- Cost to Income for Q2'FY23 declined 277bps to 62.5% vs. 65.3% in Q1'FY23
- Bank continues to make investments (~₹ 125 Cr in Q2FY'23 vs ~₹ 59 Cr in Q2FY'22) towards digital initiatives viz credit cards/QR/Video Banking (60%), distribution expansion (35%) and brand campaign (5%)
- Inflationary pressures and high interest rate remain key risk for opex in the current environment

(All Figures in ₹ Crore)	30-Sep-22	30-Sep-21	YoY	30-Jun-22	QoQ	31-Mar-22	YTD
<b>Liabilities</b>							
Shareholders Fund	10,114	6,781	49%	7,789	30%	7,514	35%
Deposits	58,335	39,034	49%	54,631	7%	52,585	11%
Borrowings	6,695	4,968	35%	6,113	10%	5,991	12%
Other Liabilities and Provisions	2,733	2,453	11%	2,508	9%	2,988	-9%
<b>Total Liabilities</b>	<b>77,878</b>	<b>53,236</b>	<b>46%</b>	<b>71,041</b>	<b>10%</b>	<b>69,078</b>	<b>13%</b>
<b>Assets</b>							
Cash and Balances	3,949	4,191	-6%	3,326	19%	5,929	-33%
Investments	20,220	11,679	73%	17,227	17%	15,307	32%
Advances	51,743	35,845	44%	48,654	6%	46,095	12%
Fixed Assets	681	508	34%	651	5%	623	9%
Other Assets	1,285	1,013	27%	1,182	9%	1,125	14%
<b>Total Assets</b>	<b>77,878</b>	<b>53,236</b>	<b>46%</b>	<b>71,041</b>	<b>10%</b>	<b>69,078</b>	<b>13%</b>

- Net worth of the Bank has now surpassed ₹ 10,000 Cr post capital raise, a growth of 5x in ~5 years
- CD ratio at 89% versus 92% YoY
- Deposits as % of external funding (borrowings + deposits) at 90% as on 30-Sep'22 versus 89% as on 30-Sep'21

# Other income

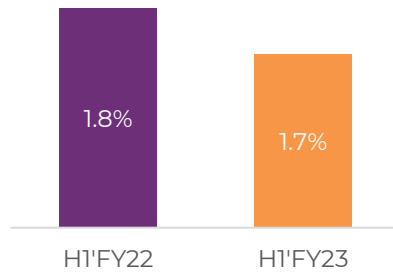
(All Figures in ₹ Crore)	H1'FY23	H1'FY22	YoY	Q2'FY23	Q2'FY22	YoY	Q1'FY23	QoQ
Loan Assets Processing & Other Fees	284	122	132%	150	94	60%	134	13%
General Banking, Cross Sell & Deposits related fees	115	67	70%	63	36	75%	52	21%
PSLC Fees	25	67	-62%	13	49	-74%	13	0%
Miscellaneous	35	11	221%	19	6	226%	16	23%
<b>Core Other Income</b>	<b>459</b>	<b>268</b>	<b>171%</b>	<b>245</b>	<b>185</b>	<b>32%</b>	<b>214</b>	<b>15%</b>
Income from Treasury Operations	-53	139	-138%	2	6	-68%	-55	-104%
<b>Other Income</b>	<b>407</b>	<b>407</b>	<b>100%</b>	<b>247</b>	<b>192</b>	<b>29%</b>	<b>159</b>	<b>55%</b>

- ❑ Growth in Other income driven by healthy growth in disbursements and increasing share of transactional customers on the liability side
- ❑ There was no additional MTM impact during the quarter and the Bank continues to manage its liquidity in a prudent manner - increased uncertainty over liquidity conditions and rates are key monitorable
- ❑ Bank is adding ICICI Lombard as a bancassurance partner; With its addition, the Bank will have 3 bancassurance partners for Non-Life products which should help in better engagement with our customers

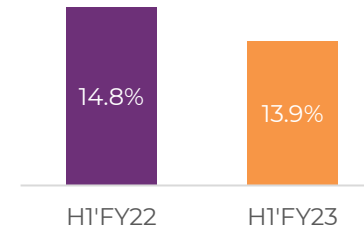
# Profitability trends



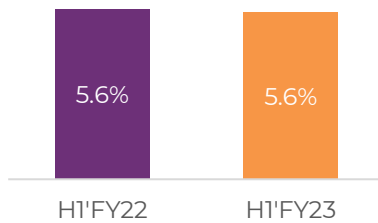
RoA (%)



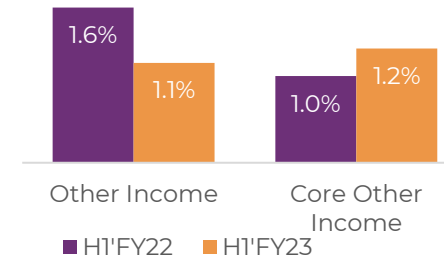
RoE (%)



NII (%)

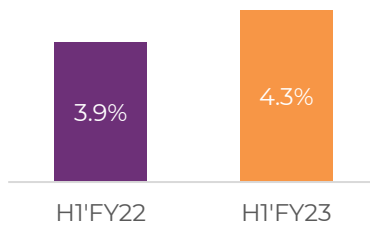


Other Income(%)

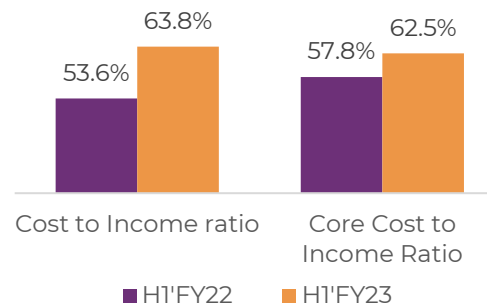


## RoA Components

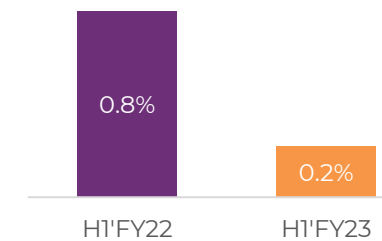
Opex (%)



Cost to Income Ratio (%)



Provision & Contingencies (%)



AU 0101

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



CASA ratio at 42% vs 39% QoQ



CoF for H1'FY23 at 5.8%, down 17bps over FY22



15 liability branches added with 13 in urban areas



Securitized ₹715 Cr of loans in Q2'FY23

# Scale low cost, retail-focussed sustainable liability franchise



## Key turning points

	Deposit as a % of external liabilities	CASA + Retail TD as a % of total deposits
<b>Apr'17</b> (Bank Launch)	N/A	N/A
<b>Mar'20</b> (Large private bank under crisis)	72%	44%
<b>Sep'21</b>	89%	65%
<b>Mar'22</b>	90%	67%
<b>Sep'22</b>	90%	73%

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 TD mix %*

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

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



2017  
↓  
2019  
↓  
2021 - 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

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

## Products

### Fundamental Products

CA, SA, TD  
Lockers  
Insurance

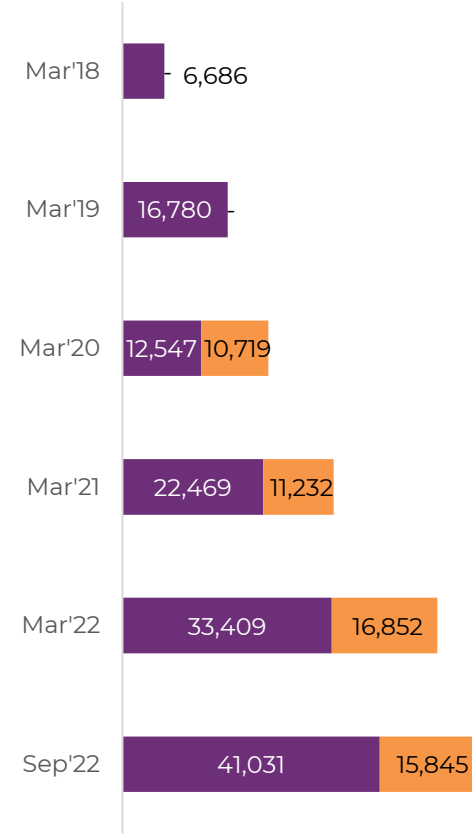
### Premiumisation of Product offerings

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

### Comprehensive Banking Solutions

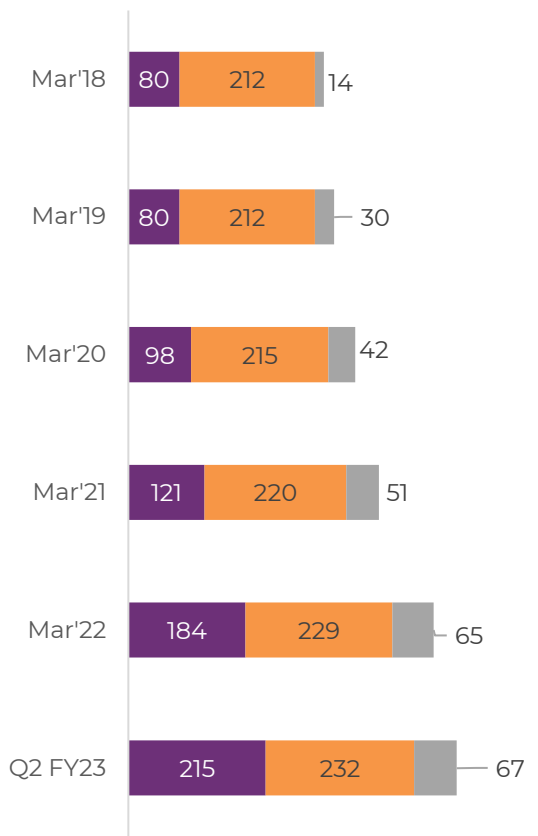
Mutual Funds,(2017)  
3-in-1 (2019)  
QR, Credit card, PL (2021)  
Super-App AU 0101 (2021)  
Video Banking (2021)

## Deposits



■ Branch Banking  
■ NBFC, FIG, Wholesale, Govt, Co-op Bank, Video Banking

## Liability Branches\*



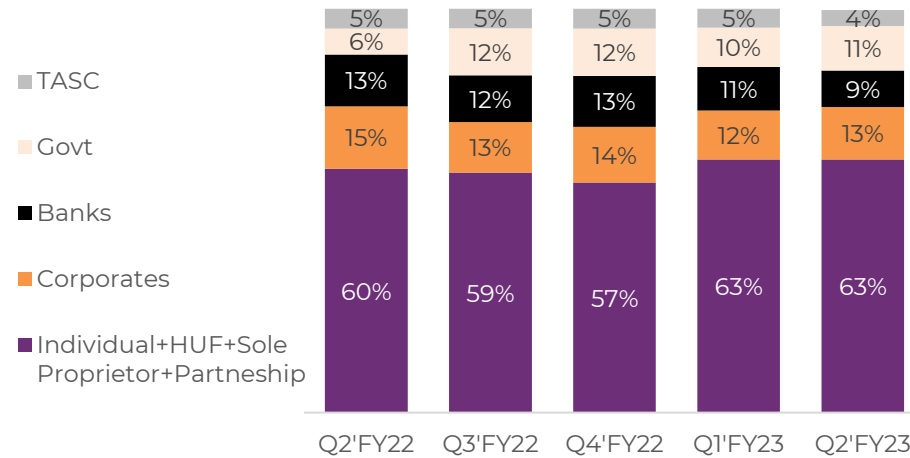
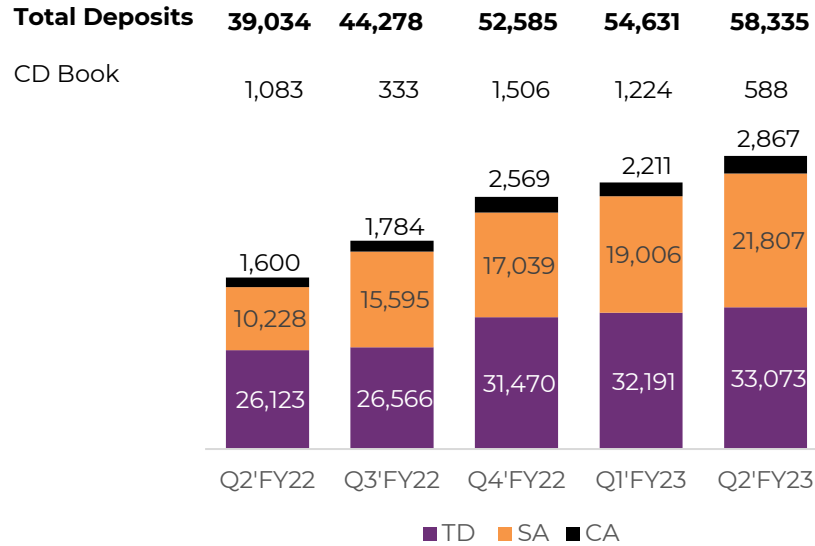
■ Urban ■ Core ■ URC

\*Excludes BO/BC

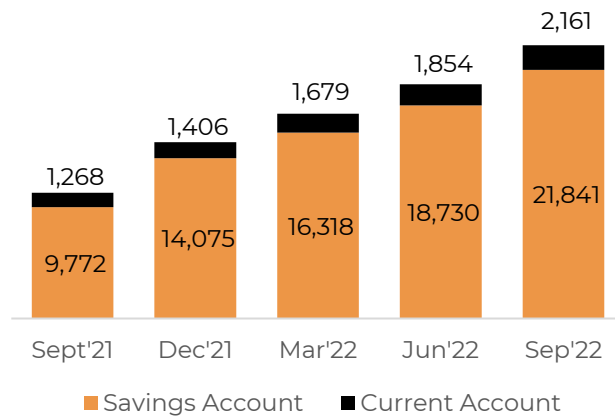




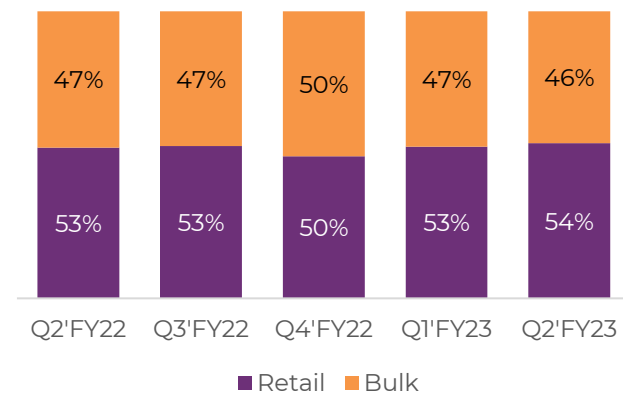
## Focus on granular deposits and customer profiles



### Average monthly balance



### Retail and Bulk TD mix



All figures in ₹ crores unless specified

## 4. Asset Business Update



Strong and sustainable business model



GNPA ratio continued to gradually decline  
- 1.90% vs 1.96% QoQ



Collection Efficiency for Q2'FY23 at 108%



PCR at 71% (74% including technical  
write-off)



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



- Significant growth potential in affordable housing
- Natural competitive advantage as a Bank vs HFC
- Strong cross-sell potential to bank's growing customer base
- A natural progression to cater to 980 Bank's touchpoints from ~253 currently
- Entire suite of products available to meet customer requirements

**Core Asset Principles**

- ✓ Small Ticket size (90% Retail)
- ✓ Secured (~93% secured)
- ✓ Risk-based pricing
- ✓ Mainly for income generation purpose with defined end-use
- ✓ Customer Service has been our forte
- ✓ Strong local and ground understanding and connect

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



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



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

\*% of Gross Advances as on 30-Sep'22

# Asset Quality snapshot



All figures in ₹ crores

Segments	Vintage (year)	Gross Advances	Gross Advance Yield (%)	Gross NPA	Assigned/ Securitised loans	Disbursements Q2'FY23
<b>Wheels</b>	1996	19,002	13.8%	426	1,144	3,542
<b>SBL (MSME)</b>	2007	17,330	15.0%	465	208	1,459
<b>Home Loan</b>	2017	3,366	11.6%	15	-	498
<b>Commercial Banking</b>		9,704	10.6%	46	4	2,220
- <b>Business Bnkg.</b>	2017	3,859	9.9%	6	-	938 <sup>1</sup>
- <b>Agri</b>	2018	3,012	10.0%	22	-	486 <sup>1</sup>
- <b>NBFC</b>	2014	1,880	10.8%	0	-	472
- <b>REG</b>	2013	953	14.6%	18	4	324
<b>Others</b>		2,742 <sup>2</sup>		23	-	887
<b>SME (Run Down)</b>	2010	308	12.1%	21	13	0
<b>Total</b>		<b>52,452</b>	<b>13.3%</b>	<b>997</b>	<b>1,369</b>	<b>8,605</b>

- ❑ GNPA decreased slightly to 1.90% versus 1.96% QoQ
- ❑ Standard Restructured accounts stood at 1.7% of gross advances (versus 2.1% as on 30-Jun'22).
- ❑ As on 30<sup>th</sup> Sep'22, Billing has commenced for 100% of the restructured advances
  - ✓ NPA against Covid restructuring advances stood at ~14%
  - ✓ Restructured advances of ₹69 Cr upgraded during the quarter basis satisfactory performance
  - ✓ Given the experience with the restructured book so far, we believe that the extant coverage against the standard restructured loans is quite sufficient

<sup>1</sup>Disbursement of ₹243 Cr in Business banking and ₹2 Cr in Agri Banking is backed by Fixed deposits

<sup>2</sup>Others includes ODFD (1,229) as well as Gold loans (69), personal loan (509), credit cards (810), etc.



# Provisioning snapshot

## Credit Cost table

All Figures are in ₹ Crores

Credit Cost	Q2'FY23	Q2'FY22	Q1'FY23
Repo & POS Loss	30	52	29
Write off	23	0	34
Less: Bad Debt Recovery*	-4	-2	-2
<b>Net Credit Loss</b>	<b>48</b>	<b>50</b>	<b>61</b>
<b>Net Credit Loss (as % of Avg. Total Assets)</b>	<b>0.26%</b>	<b>0.39%</b>	<b>0.34%</b>

## Provisioning table

Credit Cost - Net Impact on P&L	Q2'FY23	Q2'FY22	Q1'FY23
Net Credit Loss (A)	48	50	61
Provision on NPA (B)	14	-170	1
General and Covid Related provisions (C)	-14	110	-13
General and Covid Related provisions - Restructuring Book (D)	-21	6	-22
Standard Asset Provision (E)	14	4	8
Other Provision (F)	-2	2	2
<b>Total - Net Impact on P&amp;L (Z=A+B+C+D+E+F)</b>	<b>39</b>	<b>3</b>	<b>36</b>
<b>Total - Net Impact on P&amp;L (as % of Avg. Total Assets)</b>	<b>0.21%</b>	<b>0.02%</b>	<b>0.21%</b>
Less: Bad Debt Recovery* (Y)	-4	-2	-2
<b>Total Provisions expense (Z-Y)</b>	<b>43</b>	<b>5</b>	<b>38</b>

## Movement of NPA

Movement of Gross NPA	Q2'FY23	Q2'FY22	Q1'FY23
Opening Gross NPA	970	1,496	924
Additions during the period**	262	210	253
Reductions during the period**	234	555	208
<b>Gross NPA (closing)</b>	<b>997</b>	<b>1,151</b>	<b>970</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	Sep'22				Jun'22			
	No. of loans	Loan Amount	Provisions	Coverage	No. of loans	Loans Amount	Provisions	Coverage
GNPA	44,111	997	667	67%	44,419	970	654	67%
Covid related restructuring (Standard)	13,640	895	148	17%	16,561	1,044	170	16%
Contingency provisions			129				144	
Floating provisions			41				41	
<b>Stressed and contingencies provisions</b>		<b>1,891</b>	<b>986</b>			<b>2,014</b>	<b>1,008</b>	
Provisions towards Standard Assets			162				147	
<b>Total Provisions</b>			<b>1,148</b>				<b>1,155</b>	
<b>Provisions as a % of gross advances</b>			<b>2.19%</b>				<b>2.34%</b>	

- The Bank's PCR is 71% including floating provisions of ₹ 41 Cr, which we believe is quite sufficient; PCR at 74% including Technical write-offs
- Asset quality improved further - GNPA ratio continued to decline - 1.90% from 1.96% QoQ; Standard Restructured loans declined to 1.7% vs 2.1% QoQ
- On the remaining contingency provisions of ₹ 129 Cr, the Bank would further decide in the coming quarters basis evolving market conditions
- 77% of advances have been disbursed after the start of pandemic and this pool has been exhibiting better than historical trends in asset quality so far with GNPA at 0.55% and 92% book being current; This coupled with ongoing resolution in existing stressed loans augurs well for credit costs in the near to medium term

All figures in ₹ crores unless specified

## 5. Tech Update



14.3 Lac digital customers



42% customers acquired via digital products in Q2'FY23



3.1 lac + credit cards issued



₹530 Cr+ digital personal loans disbursed since AU 0101 launch



# 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

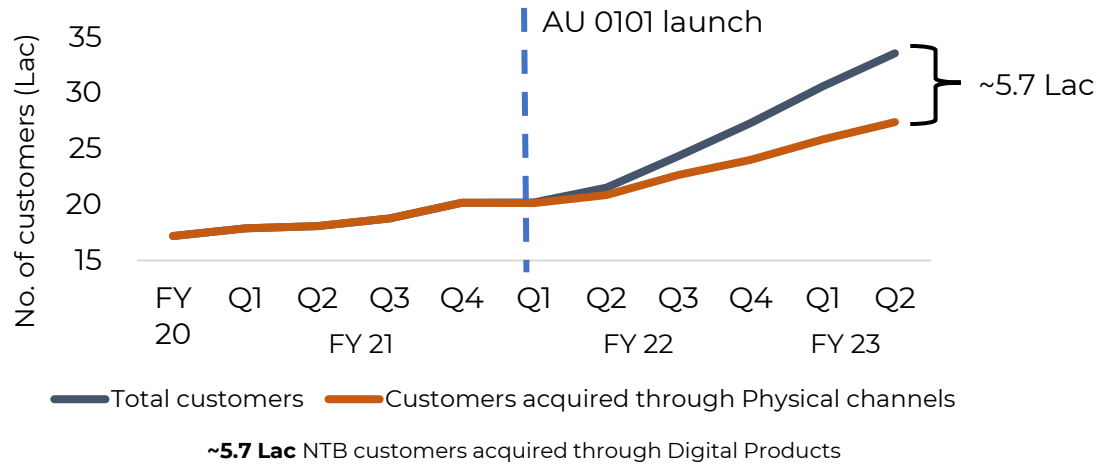


5 Drive automation and operating efficiency

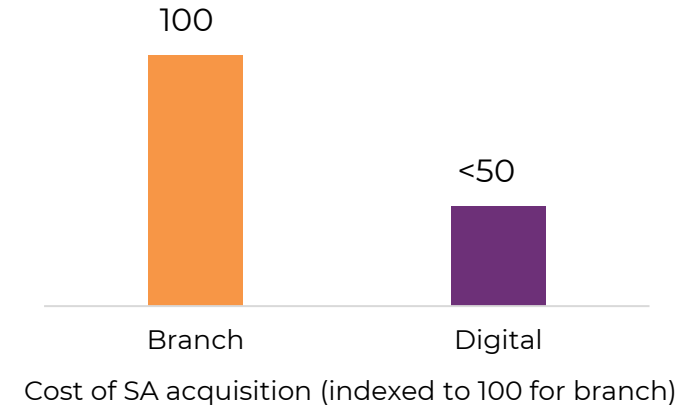
# Digital is accelerating our customer acquisition and increasing engagement



## Accelerated acquisition through digital proposition...



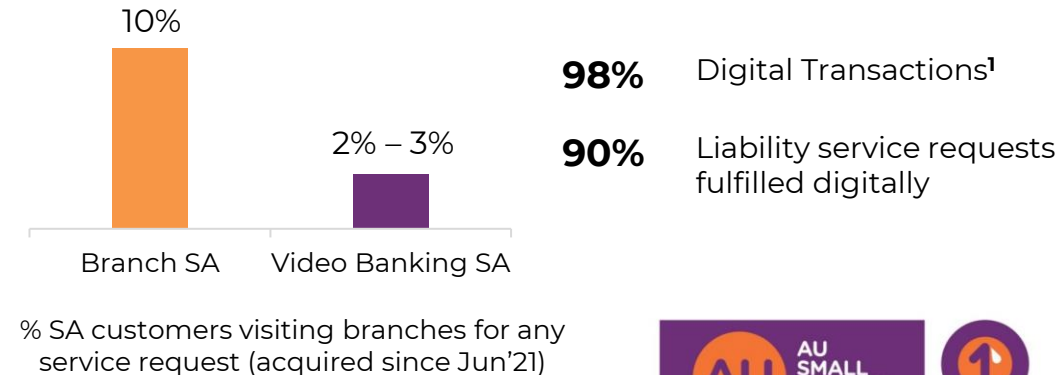
## ...at much lower cost



## Increasing customer engagement...

	Jun'21	Sep'22
Monthly Transacting Customers (lac) in SA	5.4	9.3
Monthly Transacting Customers as % of total SA customers	47%	56%
Avg. monthly transactions per Transacting Customer	17	28

## ...at lower incremental cost to serve



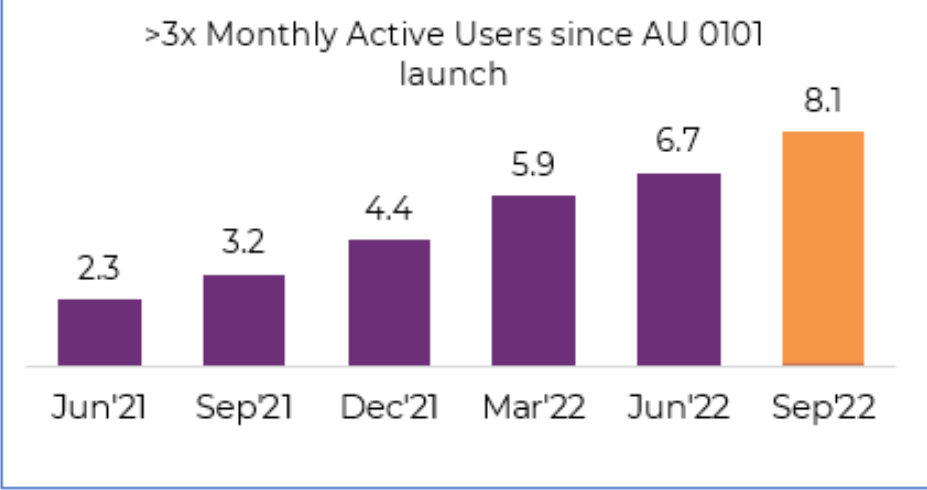
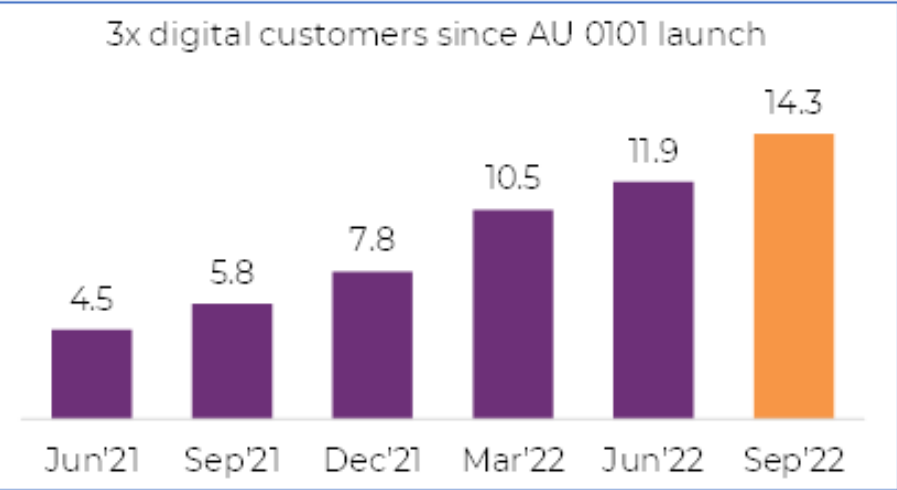
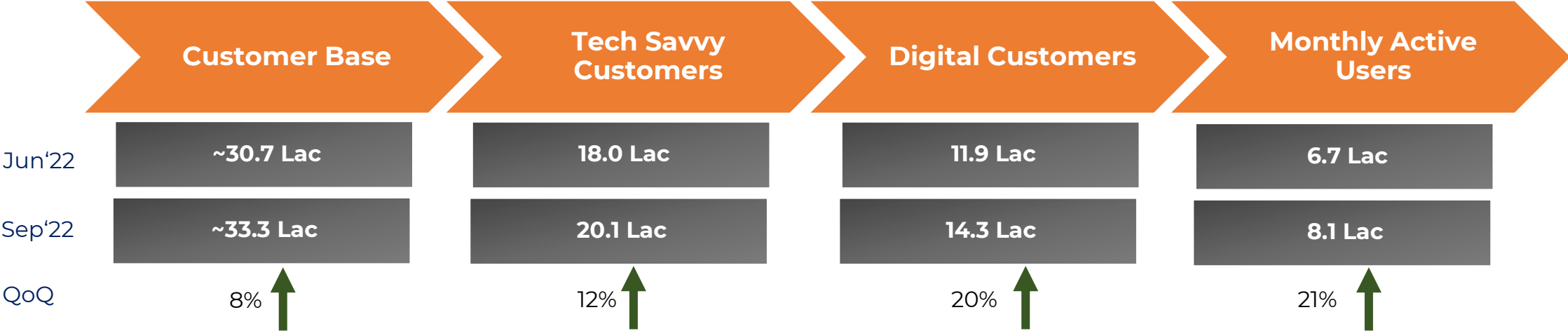
### Acquisition

### Engagement

<sup>1</sup>Customer initiated debit transactions for Bank's liability business



# AU 0101 – strong adoption since launch



**4.3 Lac** Additional Non-AU customers registered on AU 0101 as of Q2'FY23

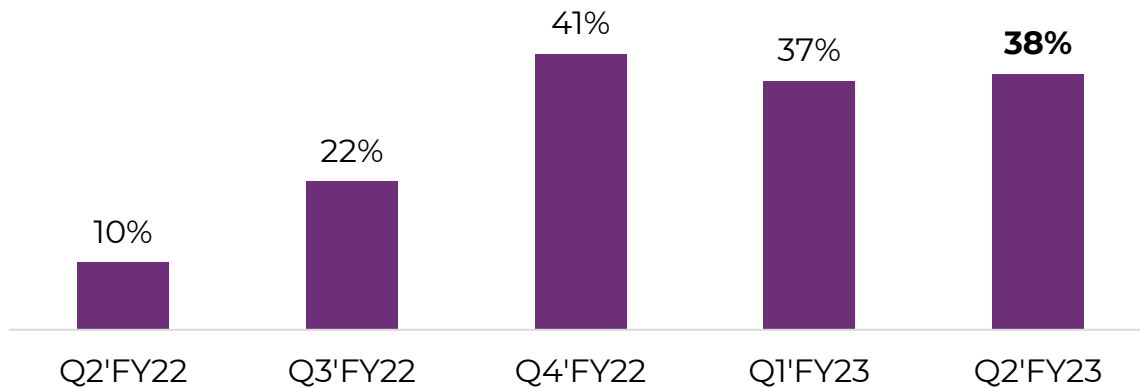


# Video Banking - helping us achieve meaningful growth

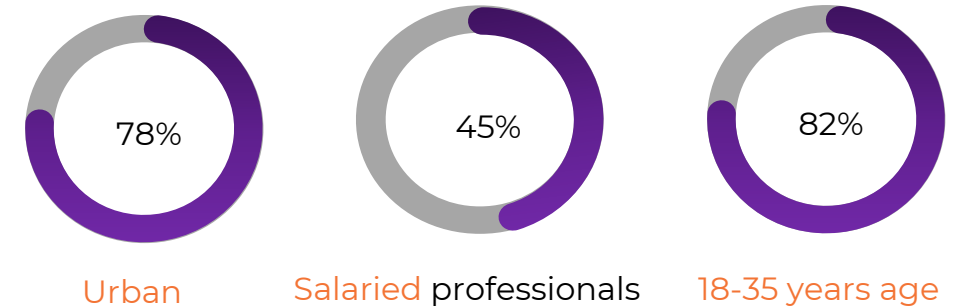


- Continue to develop Video Banking proposition with expanding suite of banking services delivered over secured video calls (acquisition, servicing and cross sell)

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



Customer profile



**2 Lac+**

Accounts till Q2

**₹ 679 Cr**

SA Balance  
19% ↑ QoQ

**₹ 870 Cr**

Total relationship value  
21% ↑ QoQ

**~80k**

Service and engagement  
video calls received in Q2

**10%**

Customer with two  
or more products

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



<sup>1</sup> ex BSBDA and digital min KYC accounts

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



**3.1 Lac+**

Cards live

**47%**

Cards issued to NTB

**37%**

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

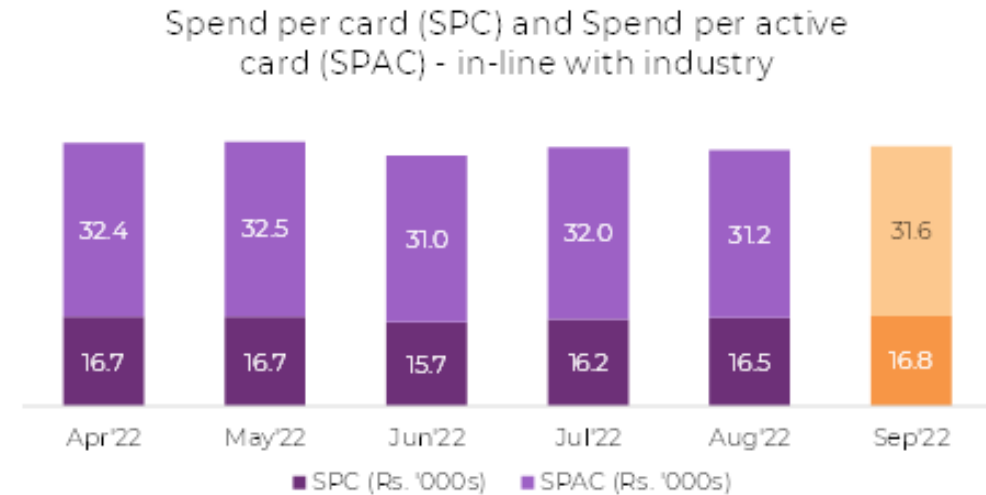
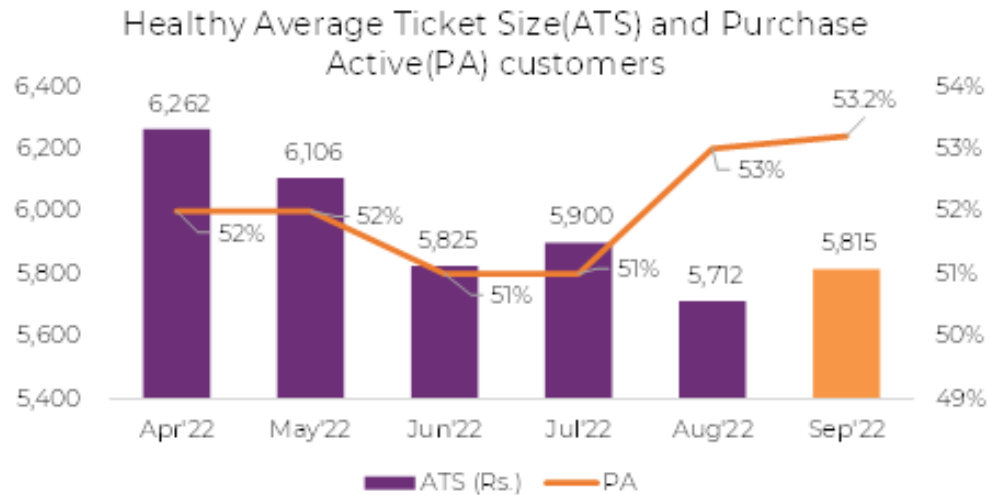
**₹ 1.3 Lac**

Average limit per card

**62%**

Urban customers

- LiT, India's first customizable credit card launched last quarter, is now our highest selling card variant
- Monthly issuance run rate of ~30,000 cards
- Affluent sourcing has seen traction in last quarter & currently contributes 24% of overall base
- Achieved 500 Cr+ monthly spends in Sep'22; Spend per card above ₹16,000 per month



## Acquisition

**8.1 Lac+**

UPI QRs installed till Q2'FY23

**67%**

Activation rate

**2 Lac+**

New customers acquired through UPI QR till Q2'FY23

## Engagement

**1.3 Cr**

Transactions in Q2'FY23

**1.6 Lac**

Daily average transactions in Sep'22

**₹ 1,104 Cr**

Value of transactions in Q2'FY23

**85%**

Value of transactions credited to AU accounts in Q2'FY23

**83%**

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

## Lending

**₹ 86 Cr**

Loans disbursed basis QR transactions data till Q2'FY23

**~₹ 2 Lac**

Average loan ticket size



**Digital Savings Account**  
rated 5 by Forbes Advisor



**LiT credit card**  
rated 5 by Forbes Advisor



**Video Banking**  
Awarded for best covid strategy implemented for customer experience



## 6. Other Key Updates



Sustainability is intrinsic to our business model



Sustainalytics has rated our ESG risk at “Medium”



Onboarded Head of Sustainability last quarter



Strong and Independent Board

## Environment

Environment is a recognized stakeholder for AU

### Carbon Neutral AGM

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

### Stakeholder engagement – Co2 emission

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

### 1.2 MW Solar captive power plant

Installed and commenced wheeling of renewable power to our Jaipur offices

## Social

Addressing the Occupational, Residential, and Social vulnerabilities

### - COE for Skills Development

Skill development is the flagship project of the Bank. During Q2'FY23, 1,531 youth were trained and 1,145 (75%) linked to employment; till date, 7,800+ youth have been trained across 15 locations and 77% successfully linked to employment

### - AU's Rural Sports Initiative

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

### - Women Entrepreneurship

AU supports women entrepreneurs for livelihood generation and capacity building by providing support and access. Till date, 1,700+ women are live on the platform with 171 added in Q2'FY23

## Governance

Compliant on all governance parameters

### Sustainalytics platform

Rated our ESG Risk at Medium level – among the top quartile of Indian Banks

### Steering committee on Sustainability

During Q2'FY23, Bank formalised the Management steering committee for driving the sustainability agenda and held sustainability sessions with leadership team

### Credit Rating upgraded

India Ratings upgraded our credit rating to "AA/Stable" during the quarter; We are now rated "AA/Stable" by all 3 rating agencies – namely CRISIL, CARE and India Ratings

## Universal Access to Financial Services

- 30% of our total touchpoints/branches - 293 are in unbanked rural centres (Tier-VI, population less than 5,000 & Tier-V, population less than 10,000)
- Present in 51\* Special Focus Districts with 87 touchpoints covering 24 Aspirational districts, 13 Left wing extremist affected districts, 13 districts in Hill states and 1 north eastern region.

### Providing Basic Bouquet of Financial Services



## PM Jan Dhan Yojana

Particulars	BSBDA	MUDRA	PMJJBY	PMSBY	APY
<b>Count</b>	2,57,000+	2,98,000+	35,000+	58,000+	50,000+

Received Direct Benefit Transfer of ₹1.5+ Cr in Q2'FY23 in Aadhaar seeded accounts.



## PM SVANidhi

- Supported 740+ street vendors



## Indira Gandhi Urban Credit Card Yojana

- Supported 480+ micro entrepreneurs



## Financial and Digital Literacy

- Organised 270+ financial and digital literacy camps at rural branches in Q2'FY23

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

Data as on 30-Sept'22 unless otherwise stated



**India's Best Small  
Finance Bank 2020-21**

By Financial Express



**The Economic Times  
Employee Excellence  
Award 2022**



**HR Excellence  
Award 2022**

By PeopleFirst



**Numero Uno  
Exemplary Award**

By PFRDA



**Financial Inclusion  
Initiative of the year**

By Asian Banking and  
Finance Retail Banking  
Award 2022



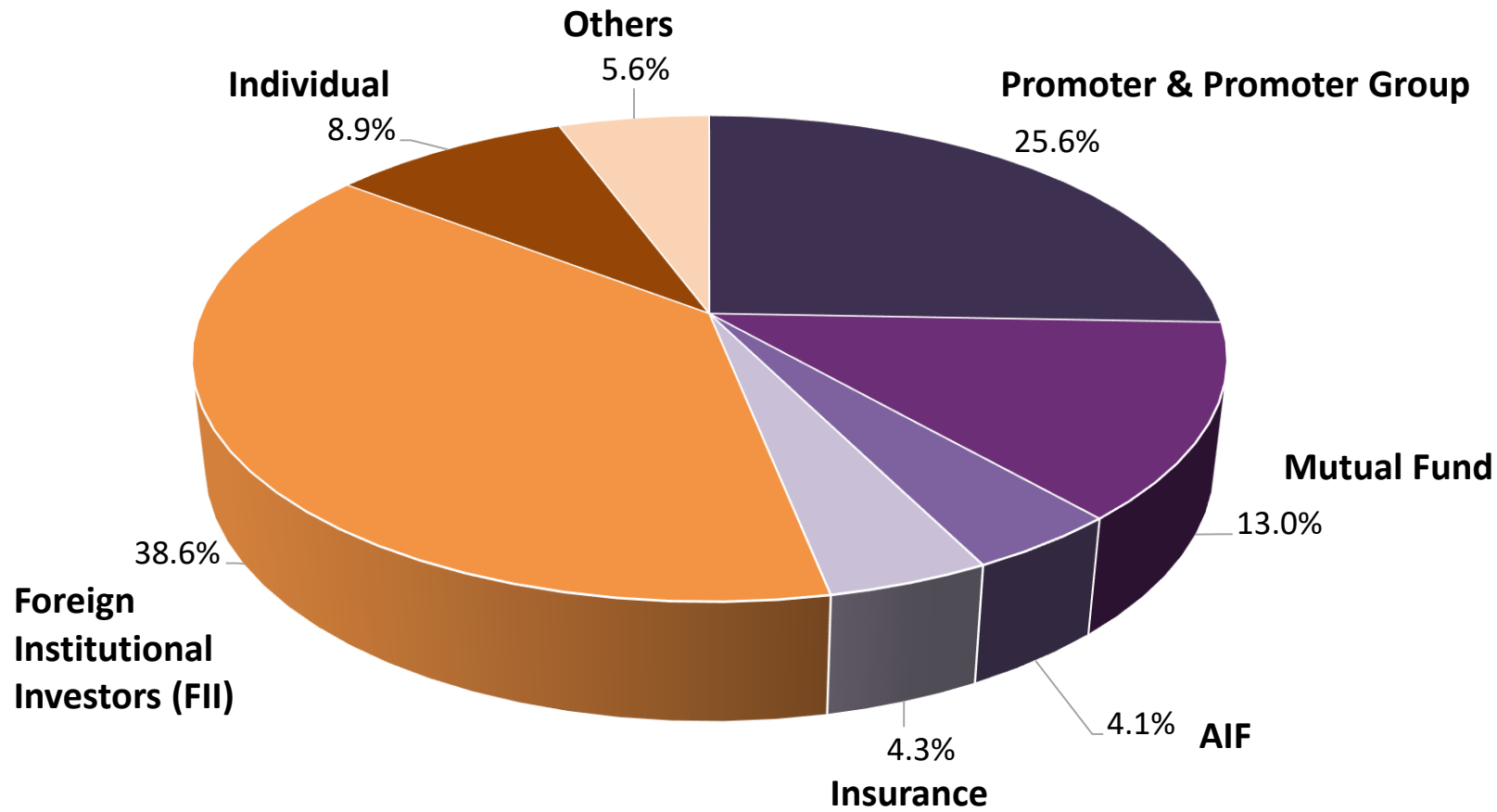
**Digital Consumer  
Banking Initiative of  
the year**

By Asian Banking and  
Finance Retail Banking  
Award 2022




**Front Benchers  
Award 2022**

- First runner up  
Banks integrated  
marketing campaign  
"Badlaav Humse Hai"




Shareholding Pattern	% of shareholding
Promoter & Promoter group	25.6
DII	21.3
FII	38.6
Individual	8.9
Others	5.6
Total	100



**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  
*41+ years of experience*  
*MBA*

Ex-COO, Taj Group of Hotels



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

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



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


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



**Mr. Sanjay Agarwal**  
MD & CEO  
*27 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




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

Associated with the Bank for more than 19 years




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

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



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

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



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

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

# Abbreviations

BSBDA	Basic Savings Bank Deposit A/C	OPEX	Operating Expenses
CASA	Current Account Deposits and Savings Account Deposit	P&L	Profit & Loss Statement
COF	Cost of Fund	PAT	Profit After Tax
CRAR	Capital Adequacy Ratio	PMJJBY	Pradhan Mantri Jeevan Jyoti Bima Yojana
DII	Domestic Institutional Investors	PMSBY	Pradhan Mantri Suraksha Bima Yojana
DPD	Days Past Due	QoQ	Quarter on Quarter
LCR	Liquidity Coverage Ratio	REG	Real Estate Group
MUDRA	Micro Units Development & Refinance Agency Ltd.	RoA	Return on Average Assets
NBFC	Non-Banking Finance Company	RoE	Return on Average Shareholder's Fund
NII	Net Interest Income	TD	Term Deposit
NPA	Non-Performing Assets	YoY	Year on Year
NTC	New to Credit	YTD	Year to Date



# Definitions

a.	Core Markets	Core Markets are smaller centres in rural/semi-urban which typically have a local economy built around agriculture and small businesses, and which have traditionally been our traditional markets for lending.
b.	Urban Markets	Larger centres which have more advanced infrastructure such as airports, malls etc. are defined as Urban Markets
c.	CASA Ratio	Calculation for CASA Ratio is Current account + Savings account / Total Deposits with CDs included in total deposits
d.	Yield on Advances	Gross Advance Yield excludes OD FD, and is calculated as the weighted average of yield on outstanding Gross Advances for the end of months within the respective period
e.	NPA Calculation	Net NPA Calculation does not include contingency provisions that the bank is carrying
f.	Retail TD	Retail TD refers to all TD having balance less than ₹ 2 Crores ; Bulk TD refers to all balances of ₹ 2 Crore & above
g.	Gross Advances	Gross Advances includes billed interest
h.	Collection Efficiency	Collection efficiency is calculated with all money received during the period from borrowers (excluding foreclosure) as % of current billing for the period
i.	Tech savvy customers	Tech savvy customers are those who are digital in their lifestyle but may not necessarily be active on AU Bank's digital channels
j.	Digital Customers	Digital customers are those active on AU Bank's digital channels
k.	Digital Products	Video Banking SA, Credit Cards, UPI QR, Personal Loans
l.	Transacting Customers	Customer initiated transactions on total Savings Accounts base, excluding dormant accounts



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# THANK YOU

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