

Investor Presentation

Q4FY23



BEYOND BANKING

When you bank with us, you contribute towards a better society

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GNPA ,NNPA & Gross Advances across the presentation refers to GNPA, NNPA & Gross Advances including IBPC sold



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Earn more with Fixed Deposits

Associate Sponsor



up to

9

%*
p.a.

Interest on FD

for 888 days for Senior Citizens

*T&C Apply, 8.5% for individuals, NRE/NRO for 888 days



Key Highlights



Snapshot

Operational



18 States and UTs



922 Banking Outlets
349 ATMs*



303 Business
Correspondents



20,563 employees

Asset Offerings



Gross Advances:

Rs. 27,861 Cr [Rs.20,597 Cr]
SBL- 36%, VF - 25%,
MFI- 19%, HF-10%
MSE – 4%, NBFC – 4%



Disbursements for Q4FY23:

Rs. 5,917 Cr [Rs. 3,279 Cr]
SBL – 25%, VF - 27%,
MFI – 28%, HF- 9% ,
MSE – 1%, NBFC – 7%



Asset Quality:

GNPA: 2.60% [4.06%]
NNPA: 1.14% [2.37%]
PCR: 56.90% [42.73%]



Yield on Advances:

17.06% for Q4FY23 [17.22%]

Liability Profile



Total Deposits:

Rs. 25,381 Cr [Rs. 18,951 Cr]
CASA – 42%, TD – 58 %



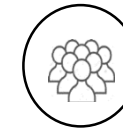
Third Party Products:

Premium Collected for Q4FY23
Rs. 64 Crs [Rs. 52 Cr]
Mutual Fund AUM
Rs. 212 Cr [Rs. 132 Cr]



Daily Average Cost of Funds for Q4FY23:

6.61% [6.20%]
SA – 6.24%, TD – 7.01%



CASA Ratio:

42.28% [52.01%]

Financials



PAT for Q4FY23:

Rs. 190 Cr [Rs. 120 Cr]



Shareholders funds

CRAR –23.80%
Tier I – 23.08%
Tier II – 0.72%



NIM for Q4FY23:

9.10% [9.12%]



RoA: Q4FY23 at 2.28% [1.83%]

RoE: Q4FY23 at 15.52% [12.21%]

Figures in [] represent Q4FY22 data | *Including 346 onsite and 3 offsite ATMs



BEYOND BANKING | When you bank with us, you contribute towards a better society.

Key Highlights



Key message

- Core operating performance remained strong despite the rise in interest rate
 - Highest ever broad-based disbursements of Rs. 5,917 Crs with new products continuing to scale-up. Growth of 80% YoY and 23% QoQ
 - Gross advances at Rs. 27,861 Crs with a growth of 35% YoY and 12% QoQ
 - Deposits grew 34% YoY and 8% QoQ to reach Rs. 25,381 Crs
- Q4FY23 saw a 20bps increase in CoF sequentially to 6.61%, for the year ended with a CoF of 6.38%
- The receipt of AD-1 license to further strengthen product suite



Asset Updates

Small Business Loans:

- *Gross advances crossed Rs. 10,000 Crs during the quarter*
- *All time high disbursement in Q4FY23 at Rs 1,464 Crs*

Vehicle Finance:

- *Vehicle Finance achieved highest ever broad-based disbursement of Rs. 1,590 Crs for the quarter*
- *Achieved 10% market share in Tata Motors Small Commercial Vehicle (SCV) segment in the geographies we operate*
- *76% of the disbursement done through revamped proprietary Loan origination system 'Hetra'*

Housing Finance:

- *After deepening presence in West expanding geography in South*



Key Highlights



Liability Update

- Acquisition scale up and Customized Digital Solutions helped the Bank to grow the CA book, CA witnessed a growth of 26% YoY and 22% QoQ
- Savings & Term Deposits from “Elite” the mass affluent customer segment crossed 11,550 Crs. Bank witnessing positive traction in Primary, Active & Product Holding of the book
- Savings account balances from individuals continue to remain healthy and contribute 81% of savings balances
- NR deposits grew 50% YoY and has crossed Rs. 1,300 Crs
- 94% of Bulk Term Deposits are non callable i.e. ‘LCR Friendly’ deposits providing stability to the portfolio



Profit & Loss

- *NII grew 28% YoY and 9% QoQ, Other income grew 66% YoY and 38% QoQ*
- *NIM's stable at 9.10%*
- *Core PPOP* grew 11% YoY and 13% QoQ to Rs. 316 Crs | PPOP to assets expanded to 3.79% for the quarter*
- *Highest ever PAT at Rs. 190 Crs for Q4FY23, growth of 59% YoY and 12% QoQ*



Key Ratios

- *Cost to Income improved to 58.09% from 63.95% in Q3FY24 and 56.85% in Q4FY22*
- *Highest ever RoA and RoE of 2.28% and 15.52% respectively*

*Core PPOP – PPOP excluding income from sale to ARC



Highlights



Asset Quality & Provisioning

- Annualized gross slippages at 3.06% for Q4FY23 as compared to 5.03% in Q3FY23 and 8.30% in Q4FY22
- GNPA improved by 147bps YoY to 2.60% in Q4FY23 as compared to 3.46% in Q3FY23 and 4.06% in Q4FY22
- NNPA improved by 123bps YoY to 1.14% in Q4FY23 as compared to 1.73% in Q3FY23 and 2.37% in Q4FY22
- In order to strengthen PCR, Bank has made additional provisions of Rs. 90 Crs during the quarter, PCR improved to 56.90% from 50.84% in Q3FY23 and 42.73% in Q4FY22



Strong Capital Buffer

- Networth of the Bank crosses Rs. 5,100 Crs
- As of March 31, 2023 Total CRAR at 23.80% | Tier I at 23.08% and Tier II at 0.72%
- Board recommended maiden dividend of Rs. 1 per equity shares (10% of face value) for FY23



IT initiatives

- CBS version upgrade completed
- Bank has invested in a hybrid cloud and on-prem enterprise data warehouse that will lay the foundation for its analytical journey to enhance its proprietary credit assessment models and assist in cross selling
- State of the art internet banking and mobile banking with new enhanced customer experience to go live by March'24
- Revamped CRM system to go live by March'24



Update on scheme of amalgamation

- Appointed date 1st January 2023 and Effective date 2nd February 2023
- The shareholders of EHL, on February 8, 2023, were allotted 231 equity Shares of Rs.10/- each credited as fully paid up of Bank, in respect of every 100 Equity Shares of Rs.10/- each held by them in EHL
- The fractional entitlements were dealt with as provided in the approved scheme
- Bank stands fully complied with all the statutory/ regulatory requirements pertaining to the approved Scheme of Amalgamation



Provision Details

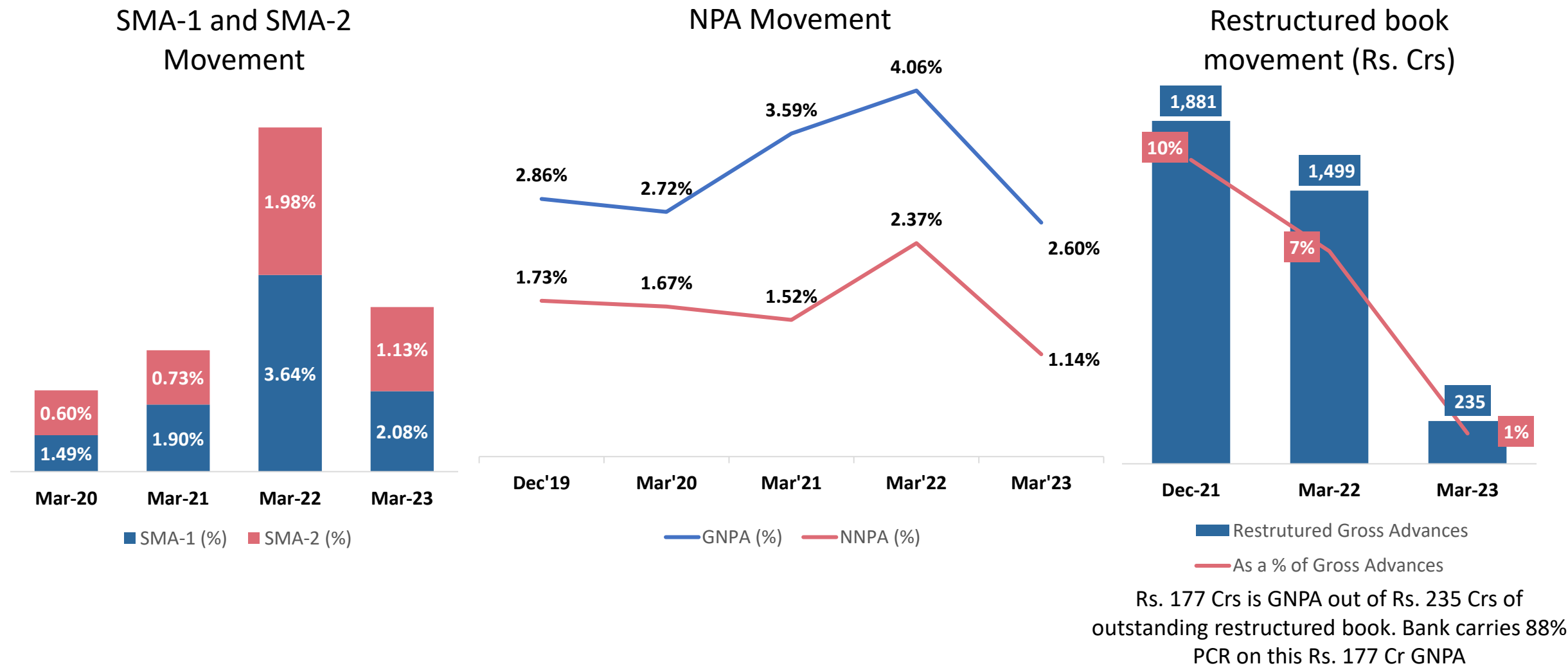
Additional Provisions:

- *Management decided to make additional provisions of Rs. 90 Crs to strengthen Provision Coverage Ratio (PCR) and total provisions for the quarter is Rs. 85 Crs*

Particulars	Rs. Crs
NPA Provision and Write-off for the quarter	11.90
Standard Asset Provision	-5.34
Reversal of Excess Provision on Assets sold to ARC	-11.24
Total provisions for the quarter as per provision policy as of Dec'22	-4.68
Additional provision for the quarter due to change in provision policy effective March'23	89.95
Total Provision for the quarter	85.27



SMA-1, SMA-2, NPA & Restructured Book movement

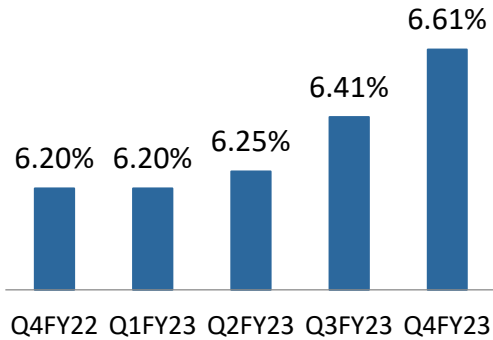


Financial Performance – Quarterly Trends

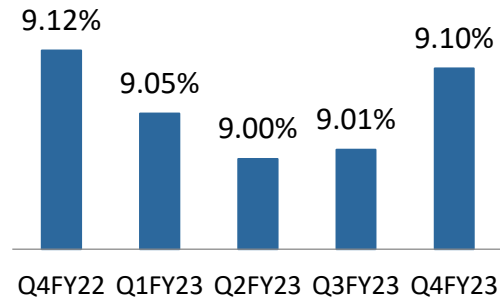


Key Ratios

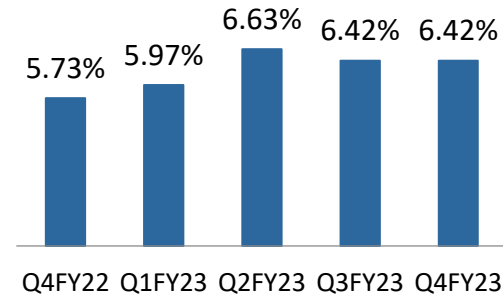
Daily Avg Cost of Funds



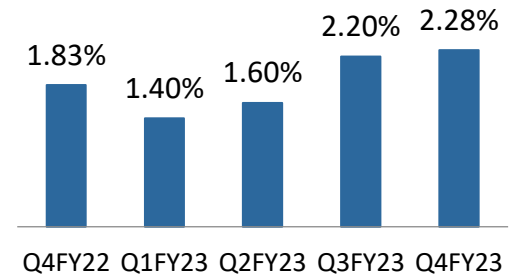
Net Interest Margin (NIM)



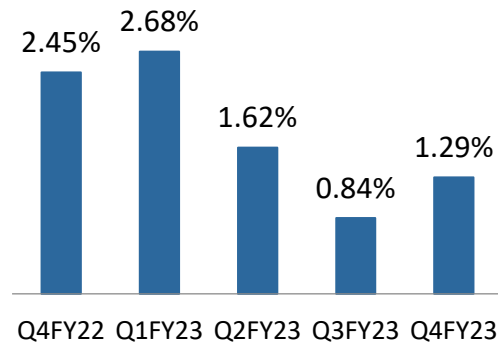
Cost to Assets



RoA

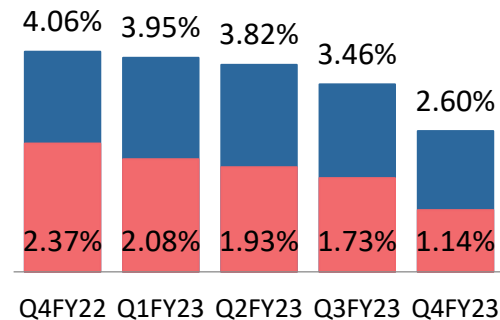


Credit Cost

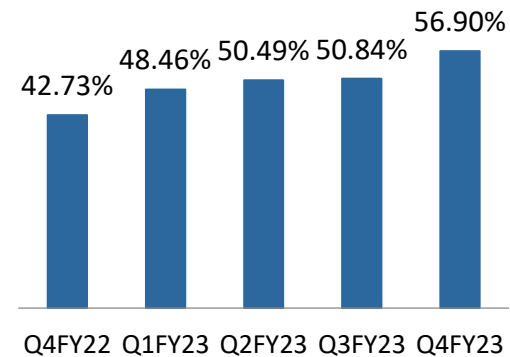


GNPA & NNPA

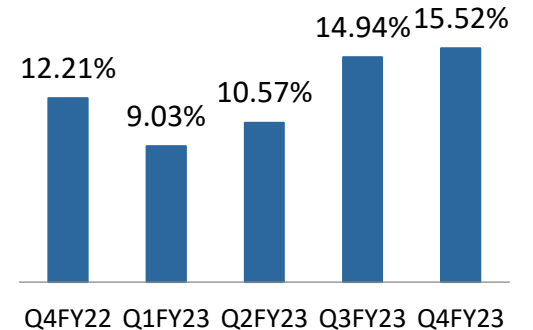
■ GNPA ■ NNPA



Provision Coverage Ratio

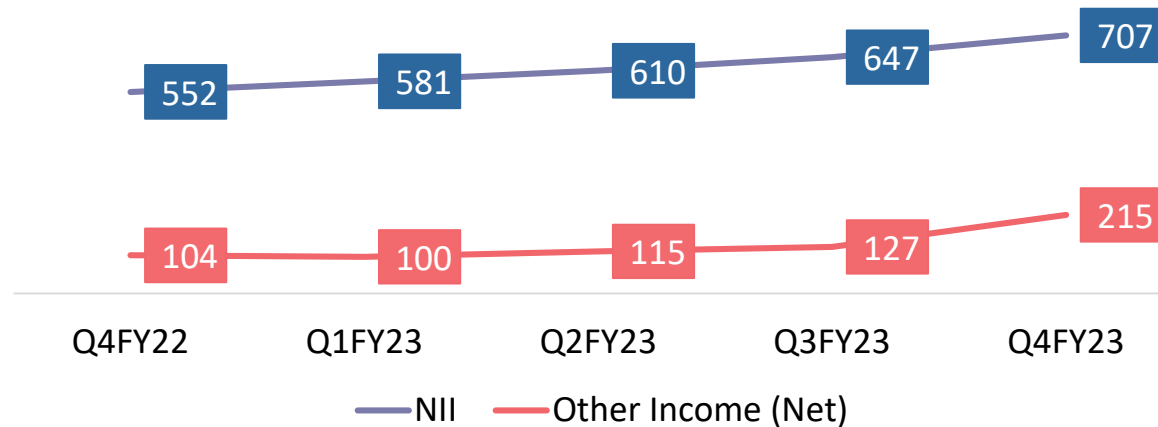


RoE

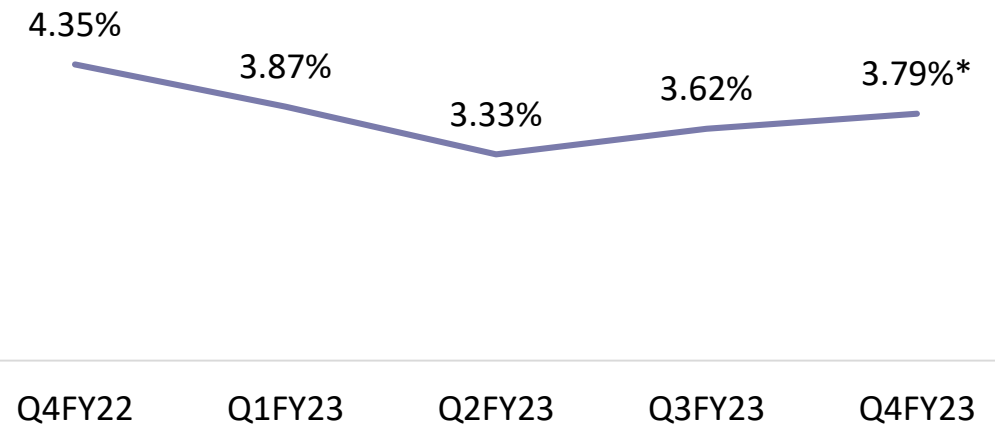


Income Evolution

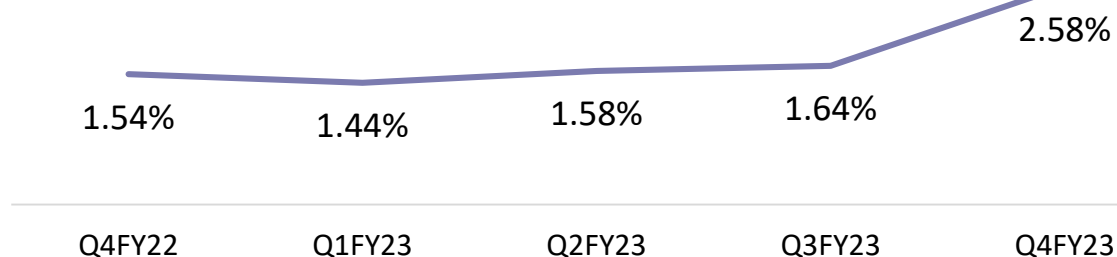
Net Income Evolution[^] (Rs. Cr)



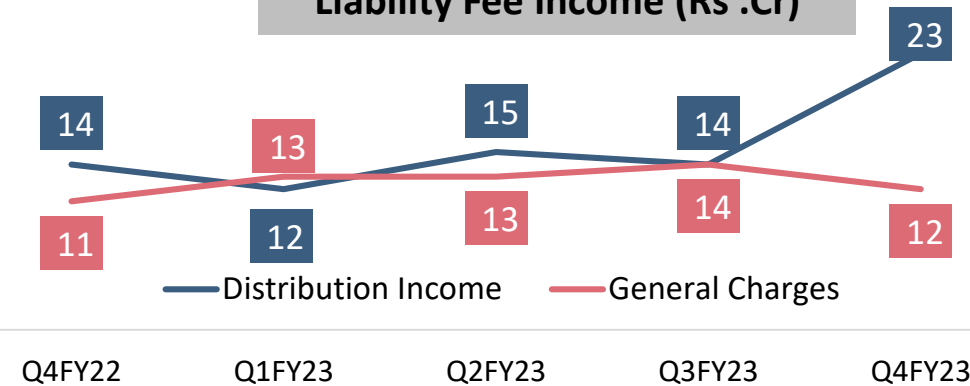
Core PPOP^{*} / Assets (%)



Other Income [Net] Contribution[^] (%)



Liability Fee Income (Rs .Cr)



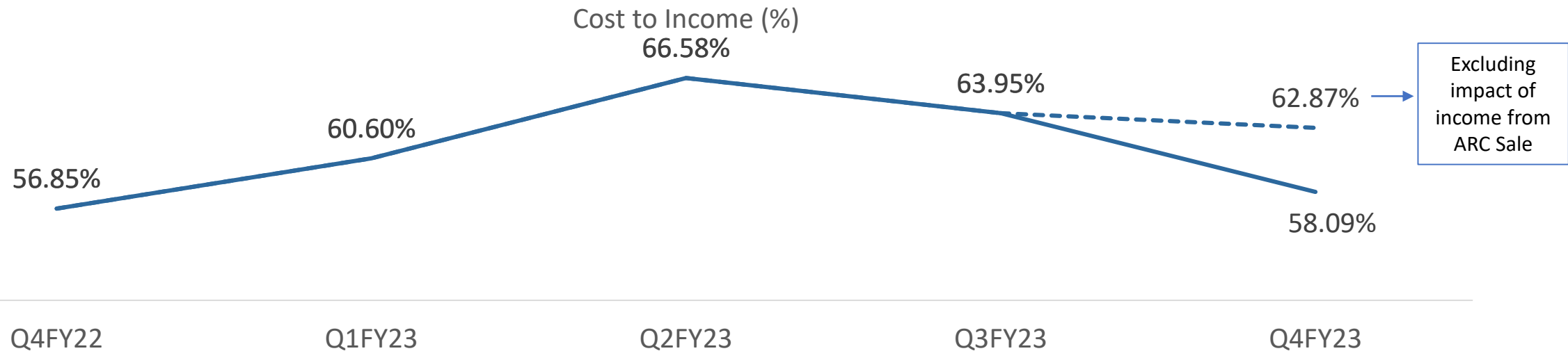
[^]Other income Includes Rs 70 Crs Income from Sale to ARC in Q4FY23

^{*}Core PPOP – PPOP excluding income from sale to ARC



Opex evolution

Rs. Cr	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23
Employee expenses	209*	225 [#]	275	292	304
Other expenses (net of digital expenses)	148	169	187	182	207
Depreciation	17	18	21	21	25
Total Operating expenses	374	412	483	495	536
No. of employees	17,607	17,936	18,962	20,005	20,563



*Reversal of excess provision for gratuity and leave salary of Rs 30.63 Cr. during the quarter

[#]Reversal of employee provision of Rs. 31 Crs created on account of Covid policy and performance incentives



Advances



Advances evolution

Rs Cr	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	YoY %	Contribution %
Micro Finance	3,907	4,007	4,144	4,600	5,225	34%	19%
Small Business Loans (SBL)	7,881	8,234	8,725	9,312	10,083	28%	36%
Housing Finance	1,641	1,821	2,121	2,463	2,873	75%	10%
Vehicle Finance	5,047	5,279	5,641	6,203	6,971	38%	25%
Used CV	2,861	2,905	3,015	3,226	3,463	21%	12%
New CV	1,854	1,975	2,150	2,404	2,793	51%	10%
Used Car	332	399	476	573	715	115%	3%
MSE Finance	1,164	1,122	1,157	1,172	1,175	1%	4%
NBFC	758	692	709	872	1,184	56%	4%
Others [†]	199	533	282	293	350	75%	1%
Gross Advances	20,597	21,688	22,779	24,915	27,861	35%	100%

[†] Others includes loan-against-gold, unsecured business loans, overdrafts against fixed deposits ,staff loans and reverse repo of more than 14 days



Disbursements evolution

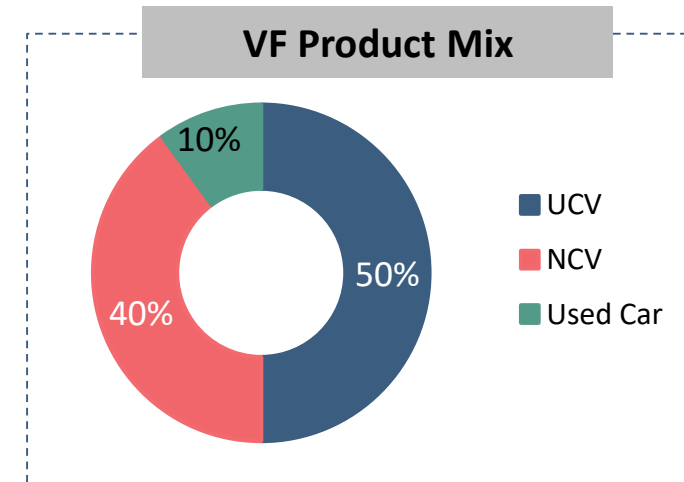
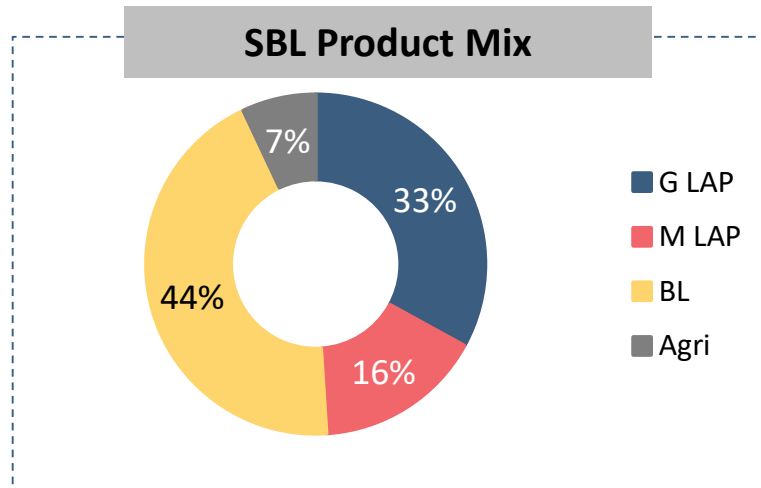
Rs Cr	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	YoY %
Micro Finance	972	939	971	1,340	1,676	72%
Small Business Loans (SBL)	940	978	1,096	1,260	1,464	56%
Housing Finance	267	266	388	427	557	109%
Vehicle Finance	940	889	1,098	1,334	1,591	69%
Used CV	514	474	589	699	635	24%
New CV	323	310	381	477	743	130%
Used Car	102	105	128	158	213	109%
MSE Finance	72	73	77	92	88	22%
NBFC	28	30	135	261	425	1418%
Others [†]	60	63	80	83	116	93%
Total Disbursements	3,279	3,238	3,845	4,797	5,917	80%

[†] Others includes loan-against-gold, unsecured business loans, overdrafts against fixed deposits and staff loan

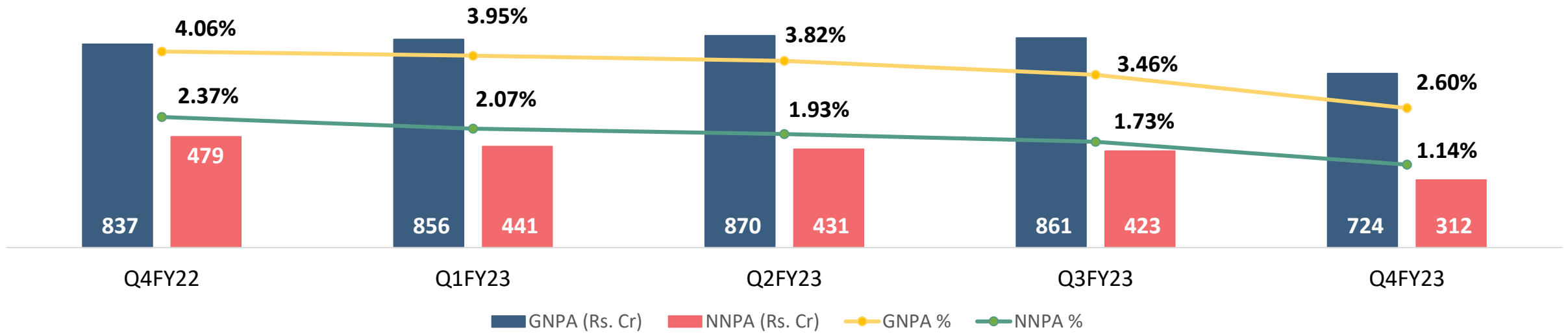


Segmental Details

Product Segment	Number of Live Loans	ATS @ Disbursement (Lacs)	ATS @ Portfolio (Lacs)	GNPA (%)	PCR (%)
Micro Finance	19,87,970	0.46	0.26	2.31%	74.80%
Small Business Loans (SBL)	2,46,466	6.72	4.09	3.38%	50.49%
Housing Finance	31,337	13.05	9.17	0.90%	32.14%
Vehicle Finance	2,01,095	5.78	3.47	2.19%	63.82%
MSE Finance	3,262	50.62	36.03	6.34%	47.58%
NBFC	54	6,071	2,193	0.4%	100%



Asset Quality Trend



GNPA Movement (Rs. Cr)	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23
Opening GNPA Balance	863.82	837.18	856.00	870.26	861.36
Add: Additions during the period	408.56	296.03	314.01	286.46	190.59
Less:					
i. Upgradations	109.88	51.75	136.67	144.81	125.71
ii. Recoveries (excluding recoveries made from upgraded accounts)	133.62	95.64	81.73	69.37	84.79
iii. Technical or Prudential write-offs	105.62	95.95	22.76	27.71	9.21
Write-offs other than those under (iii) above	86.08	33.87	58.58	53.47	108.28
Closing GNPA Balance	837.18	856.00	870.26	861.36	723.96

On daily recognition basis, no netting of during the quarter

Includes NPA assets sold to ARC Rs. 69.05 Crs

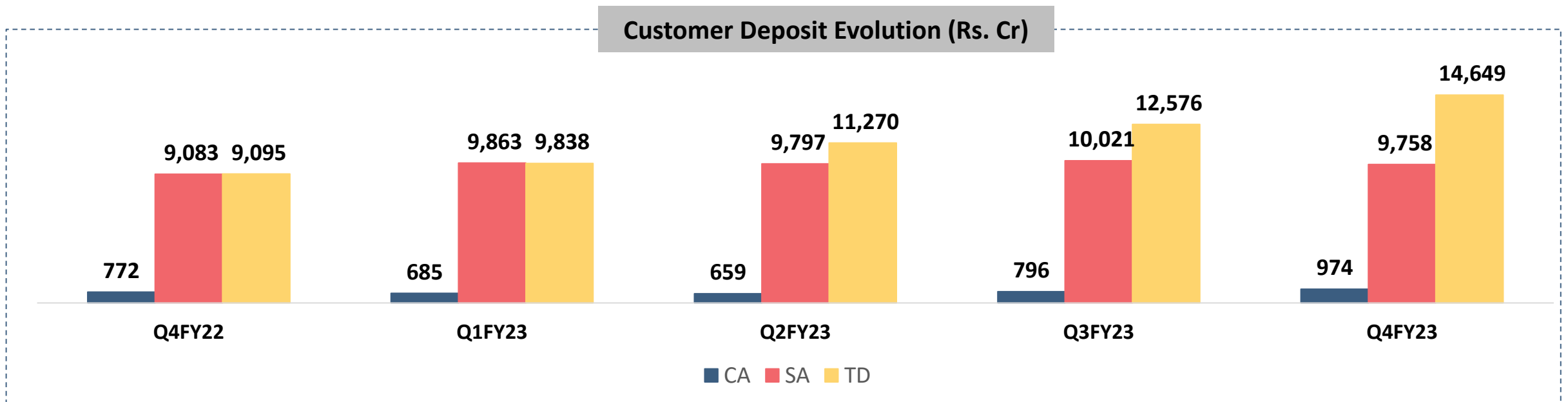


Liabilities & Branch Banking



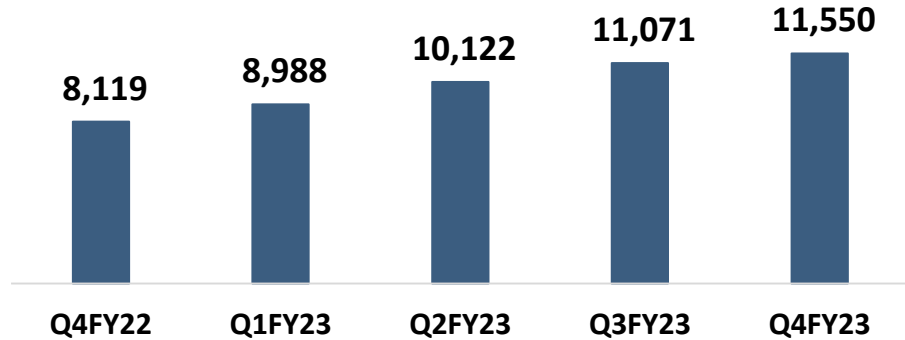
Deposits Evolution

as on 31 Mar 2023	CA [Current Account]	SA [Savings Account]	CASA [Low cost deposits]	TD [Term Deposits]	CASA+TD [Customer Deposits]
Balance (Cr)	974	9,758	10,732	14,649	25,381
as a % of total borrowings (Rs. 30,004 Cr)	3%	33%	36%	49%	85%
as a % of total deposits (Rs. 25,381 Cr)	4%	38%	42%	58%	100%

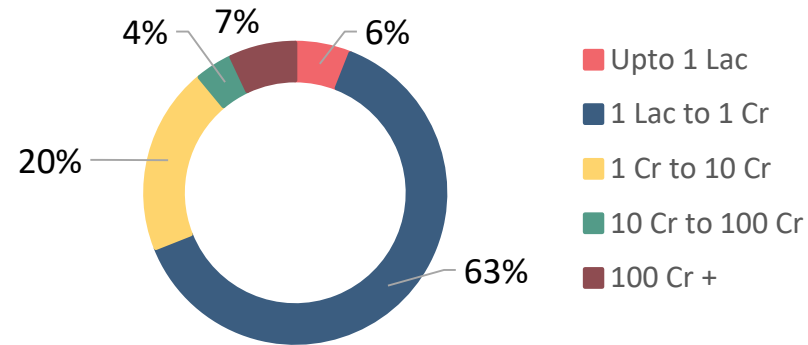


Customer Deposit Profile

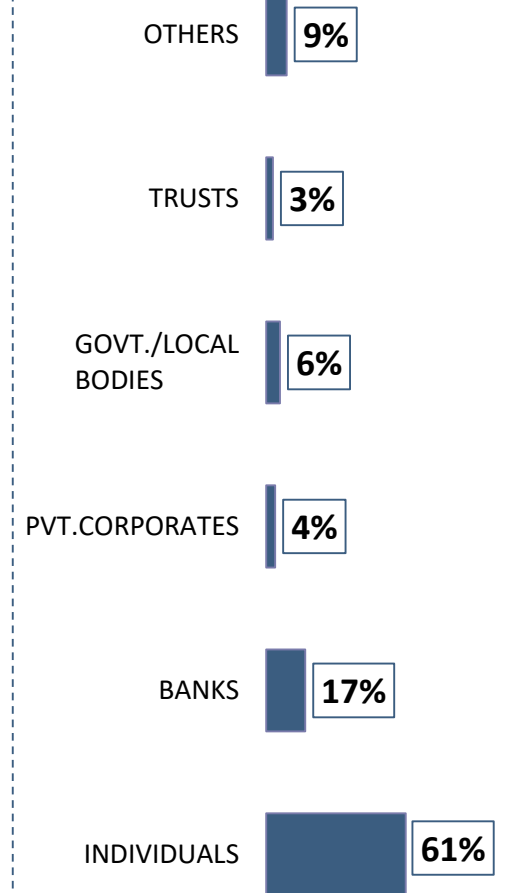
Elite Book (Rs. Cr)



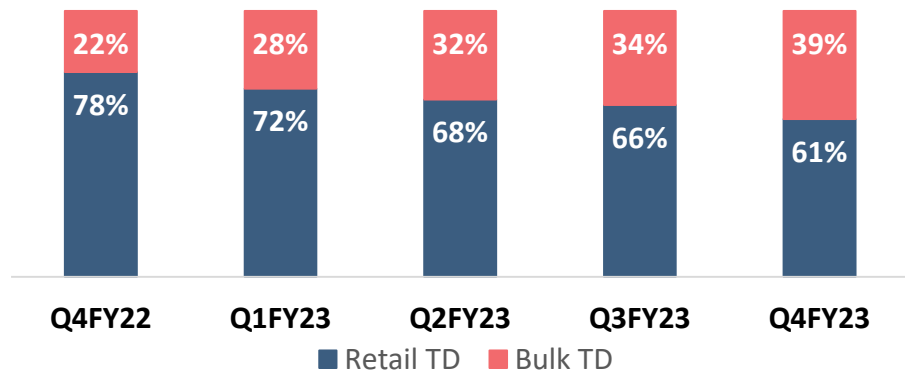
Savings Slab Wise (%)



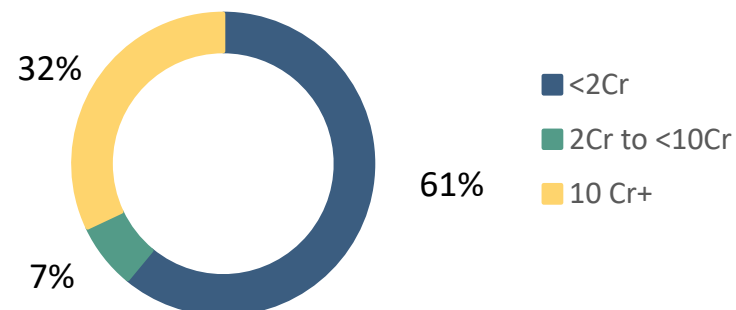
Deposit Category



Retail & Bulk TD Mix



Term Deposit Slab Wise (%)



Acquiring & Issuance Business



Acquiring Business

- *Ranked first among the Small Finance Banks and among top 25 Banks in POS sourcing*
- *Bank witnessed a growth of 78% in No of POS from 13,216 in FY22 to 23,570 in FY23*
- *No of Active Terminal as of Mar'23 is 69%*
- *There was a growth of 81% in POS volume from Rs. 271 Crs in FY22 to Rs. 492 Crs in FY23*
- *POS installed float was Rs. 59 Crs in FY23 compared to Rs 43 Crs in FY22*



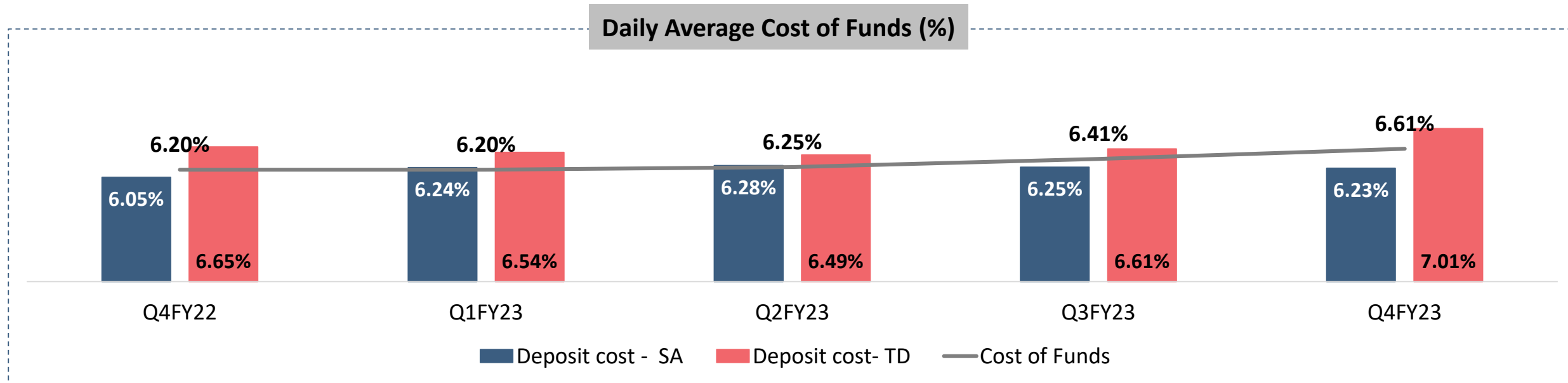
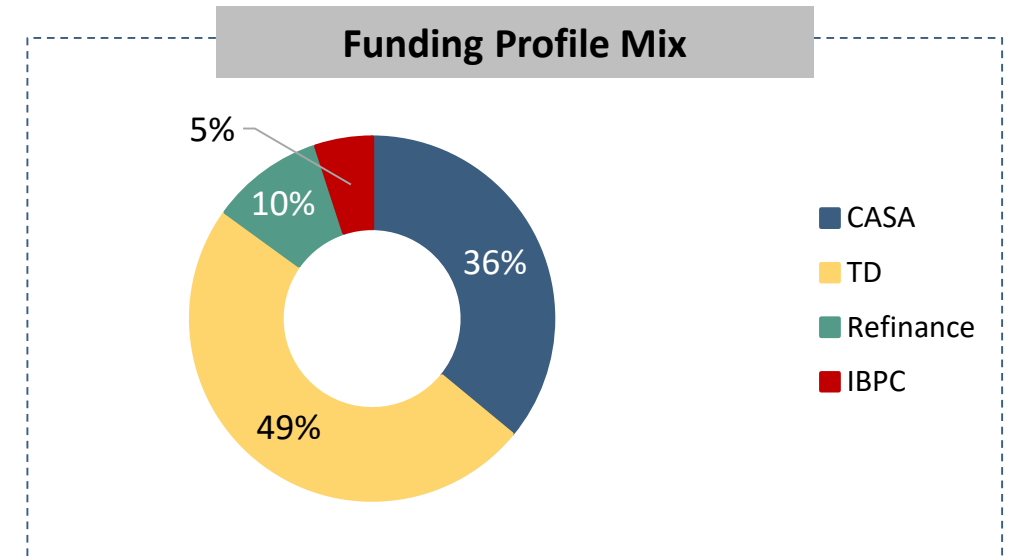
Issuance Business

- *Debit card spends increased 37% YoY to Rs. 953 Crs in FY23 from Rs. 694 in FY22*
- *Interchange gross income increased by 65% YoY to Rs 4.34 Crs in FY23*
- *Bank witnessed 25% increase in Unique Card Activation compared to previous year at 1.03 Lakhs*
- Basis Visa report,
 - Bank was among the best in terms of transactions /active
 - Bank had one of the highest X-Border PV Penetration



Funding Profile

In Rs Cr	Mar 2022	Dec 2022	Mar 2023
TD	9,095	12,576	14,649
Refinance	2,466	2,410	2,974
CASA	9,855	10,817	10,732
Sub Debt	150	-	-
IBPC	865	1200	1650
RBI Borrowing	-	330	-
Total Borrowings	22,431	27,333	30,005



Treasury Update



The Bank's total investment portfolio of Rs. 6,665 Crore comprises of SLR and Non-SLR securities

Category (Rs. Cr)	Book Value
SLR	6,536
Non SLR	129
Total	6,665



Borrowings & Liquidity

- The Bank's Certificate of Deposit (CD) programme has highest rating at A1+ from CRISIL and India Ratings (CRISIL A1+ for Rs. 500 Crore & IND A1+ for Rs. 100 Crore)
- The Bank has adequate eligible advances available to raise funds through refinance or IBPC whenever required which provides strong cushion to ALM position of the Bank
- The Bank currently maintains 'surplus' liquidity in the form of High Quality Liquid Assets (HQLA). Liquidity Coverage Ratio (LCR) as on 31.03.2023 is 181%



Profit on Sale of Investments for the quarter is Rs. 2.67 Crore; MTM depreciation on Investments for the quarter is Rs 1 Cr



Digital Banking



Digital Banking – Key Highlights

Neo Banking



Equitas Selfe
Own digital platform



Rs. 601 Crs
Total Deposits

NiyoX



Rs. 416 Crs
Total Deposits

freo



Rs. 5.7 Crs
Total Deposits

Digital Products overview for Q4



Prepaid Cards

- 2.15 Lacs Cards issued
- 61 Lacs+ Transactions
- 618 Crs+ Txn value processed

Micro ATM

- 319 Lacs+ Transactions
- 10,767 Crs + Txn value processed

NETC - FASTag

- 95 K+ new Fastags issued
- 519 Crs+ issuer Txn value processed

UPI

- 51 Crs+ Transactions Processed



Financials



Balance Sheet

Particulars (in Rs Cr)	Mar-23	Mar-22	YoY %	Dec-22	QoQ%
Capital & Liabilities					
Capital	1,111	1,252	-11%	1,254	-11%
Reserves & Surplus	4,047	2,994	35%	3,386	20%
Networth	5,158	4,246	21%	4,640	11%
Deposits	25,381	18,951	34%	23,394	8%
Borrowings	2,974	2,616	14%	2,740	9%
Other Liabilities & Provision	1,445	1,135	27%	1,031	40%
Total	34,958	26,948	30%	31,805	10%
Assets					
Cash and Balances With Reserve Bank of India	1,174	2,077	-43%	1,303	-10%
Balances With Banks and Money At Call and Short Notice	70	56	28%	28	151%
Investments	6,665	4,450	50%	6,181	8%
Advances	25,799	19,374	33%	23,277	11%
Fixed Assets	379	200	89%	232	63%
Other Assets	871	791	10%	784	11%
Total	34,958	26,948	30%	31,805	10%
Gross Advances	27,861	20,597	35%	24,915	12%

Profit & Loss Account

Particulars (in Rs Cr)	Q4FY23	Q4FY22	YoY%	Q3FY23	QoQ%	FY23	FY22	YoY%
Interest Income from Loans	1,047	811	29%	959	9%	3,765	3,139	20%
Income on Investments	101	66	53%	81	25%	316	246	28%
Interest on balances with Reserve Bank of India and other inter bank funds	8	19	-55%	23	-64%	81	75	8%
Total Interest Income	1,156	896	29%	1,063	9%	4,162	3,460	20%
Finance Cost								
Interest on deposits	380	276	37%	357	6%	1,358	1,135	20%
Interest on RBI / inter-bank borrowings	15	12	29%	11	38%	56	19	195%
Other interest	54	55	-3%	48	13%	203	267	-24%
Total Finance Cost	449	343	31%	416	8%	1,617	1,421	14%
Net Interest Income	707	552	28%	647	9%	2,545	2,039	25%
Other Income^								
Asset Fee Income	172 [#]	79	118%	95	81%	419 [#]	227	85%
Treasury & PSLC Fee Income	8	-1	-	8	-	29	50	-42%
Liability & Distribution Income	35	27	30%	24	45%	109	88	24%
Total Other Income^	215	105	104%	127	70%	557	365	52%

^Other income is net of digital expenses | [#]Includes Rs 70 Crs Income from Sale to ARC in Q4FY23

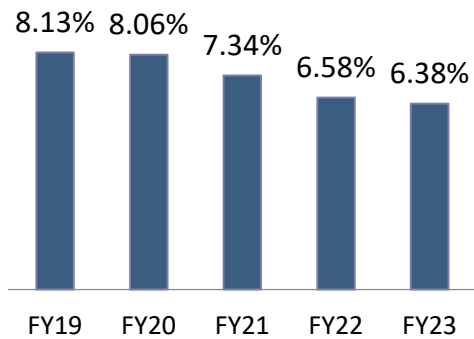
Profit & Loss Account

Particulars (in Rs Cr)	Q4FY23	Q4FY22	YoY%	Q3FY23	QoQ%	FY23	FY22	YoY%
Net Income	922	658	32%	774	19%	3,102	2,404	29%
Employee Cost	304	209	46%	292	4%	1,097	898	22%
Opex*	232	165	41%	203	14%	829	634	31%
Total Operating Expenditure	536	374	43%	495	8%	1,926	1,532	26%
PBT before provision & Write-off	386	284	36%	279	38%	1,176	872	35%
Credit Cost	85	123	-31%	50	71%	367	494	-26%
Provision for Security Receipts (SR)	40	-	-	-	-	40	-	-
PBT	261	161	62%	229	14%	769	378	103%
Taxes	71	41	72%	59	20%	195	97	101%
PAT	190	120	59%	170	12%	574	281	104%

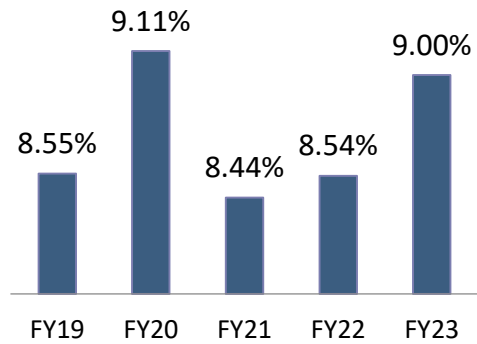
*Opex is exclusive of digital expenses

Key Ratios - Annual

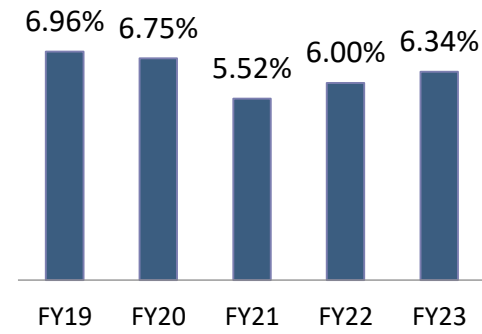
Cost of Funds



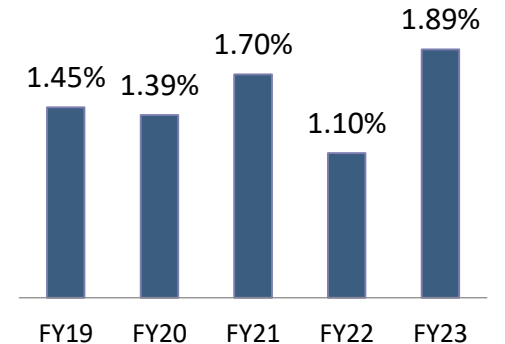
Net Interest Margin (NIM)



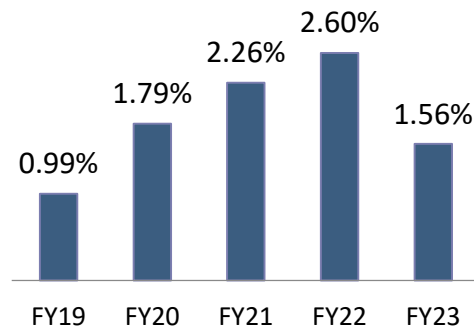
Cost to Assets



RoA

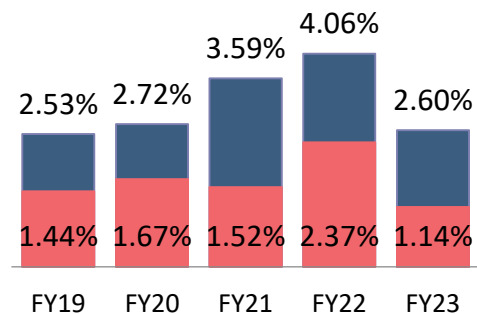


Credit Cost

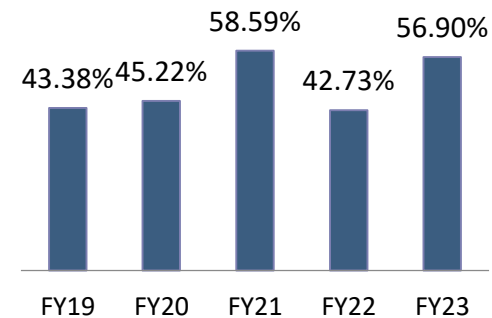


GNPA & NNPA

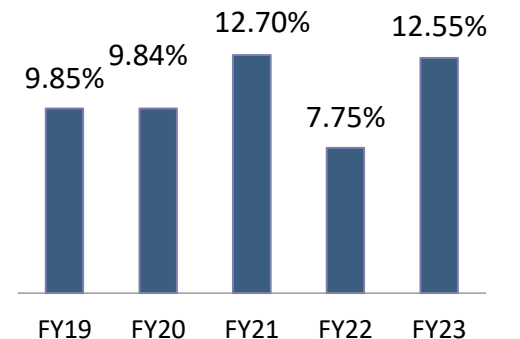
■ GNPA ■ NNPA



Provision Coverage Ratio



RoE





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