

Investor Presentation

Q1FY23



BEYOND BANKING

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

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BEYOND BANKING
**The more you save in
your account, the more
we contribute together.**

When you bank with us,
we invest up to 5% of our net
profit every year back to the
communities.



Key Highlights



Snapshot

Operational



18 States and UTs



876 Banking Outlets
342 ATMs



288 Business
Correspondents



17,936 employees

Asset Offerings



Gross Advances:

Rs. 21,688 Cr [Rs. 17,837 Cr]
SBL- 38%, VF - 24%, MFI-
18%, HF- 8% , MSE – 5%,
NBFC – 3%



Disbursements for Q1FY23:

Rs. 3,238 Cr [Rs. 1,265 Cr]
SBL – 30%, VF - 27%, MFI –
29%, HF- 8% , MSE – 2%,
NBFC – 1%



Asset Quality:

GNPA: 3.95% [4.58%]
NNPA: 2.07% [2.29%]
PCR: 48.46% [51.21%]



Yield on Advances:

17.15% for Q1FY23 [17.69%]

Liability Profile



Total Deposits:

Rs. 20,386 Cr [Rs. 17,095 Cr]
CASA – 52%, TD – 48%



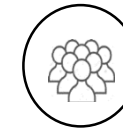
Third Party Products:

Premium Collected for Q1FY23
Rs. 25 Crs [Rs 19 Cr]
Mutual Fund AUM
Rs. 187 Cr [Rs. 143 Cr]



Daily Average Cost of Funds for Q1FY23:

6.20% [6.93%]
SA – 6.24%, TD – 6.54%



CASA Ratio:

51.74% [39.74%]

Financials



PAT for Q1FY23:

Rs. 97 Cr [Rs. 12 Cr]



Shareholders funds

CRAR –24.62%
Tier I – 24.07%
Tier II – 0.55%



NIM for Q1FY23:

9.05% [7.87%]



RoA: Q1FY23 at 1.40% [0.19%]

RoE: Q1FY23 at 9.03% [1.40%]

Figures in [] represent Q1FY22 data



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Highlights



Credit growth continues to be healthy

- *Q1FY23 disbursement at Rs. 3,238 Crs, strong growth of 156% YoY on account of a low base due to covid led lockdowns*
- *Advances as of Q1FY23 was at Rs. 21,688 Cr, growth of 22% YoY*
- *Yields stable at 17.15% on a sequential basis*



Strong retail deposit momentum

- *Cost of funds stable at 6.20%, on a YoY basis CoF improved by 73bps*
- *CASA deposit grew 55% YoY to Rs. 10,548 Crs. CASA ratio stood at 52% as of June 2022*
- *Retail Term Deposits grew 14% YoY to Rs. 7,083 Crs*
- *Retail Term Deposits contribute 72% of total term deposits*



Key Ratios

- *Cost to Income at 60.60% in Q1FY23 as compared to 56.85% in Q4FY22 as compared and 68.41% in Q1FY22*
- *RoA and RoE for Q1FY23 at 1.40% and 9.03%*



Highlights



Profit & Loss

- *Net Interest Income for Q1FY23 at Rs. 581 Cr as against Rs. 461 Cr in Q1FY22. Growth of 26% YOY. NIM at 9.05%*
- *PPoP as a % of assets expanded to 3.87% from 2.65% YoY*
- *The Bank during the quarter has made higher provisions of Rs. 76 Cr towards the restructured loans which became NPA during Covid*
- *PAT for Q1FY23 at Rs. 97 cr as against Rs. 12 Cr in Q1FY22*



Asset Quality, Provisioning & Restructuring

- *Annualized gross slippages excluding restructured book normalizes to 2.7%*
- *Non restructured 31-90 pool as of June '22 at comfortable levels of 3.85%*
- *GNPA at 3.95% in Q1FY23 as compared to 4.06% in Q4FY22 and 4.58% in Q1FY22*
- *NNPA at 2.07% in Q1FY23 as compared to 2.37% in Q4FY22 and 2.29% in Q1FY22*
- *Provision coverage ratio improves to 48.46% from 42.73% in Q4FY22 ; write off during the quarter at Rs. 130 Crs*
- *Provisions for Q1FY23 at Rs. 142 Crs: RL provisions at Rs. 95 Crs & Non RL provisions at Rs. 47 Crs*



Strong Capital Buffer

- *As of June 30, 2022 Total CRAR at 24.62% | Tier I at 24.07% and Tier II at 0.55%*



Business Highlights



Asset Updates

- *Launched Merchant Over Draft loans for SBL customers to help meet their working capital requirements, early signs are encouraging*
- *Launching a “self onboarding JLG loan app” targeting blue collar workforce in factories*
- *Launched a new age Loan Origination System (LOS) for Vehicle financing. This new age LOS aims to improve sales productivity and straight through processing of loans to significantly improve disbursement TATs*
- *Pricing pressure led by competition from universal banks in wholesale financing products like MSE and NBFC finance led to depletion of advances*



Liabilities Updates

- *Expanded the Banks savings account product offering with the introduction of “Enjoi” – a kid’s savings account*
- *Expanded our geographic presence in Kerala by opening two branches in Kerala*
- *Elite SA book crossed Rs. 8,000 Crs with 70,000+ Customers*
- *NR Book crossed Rs. 1,000 Crs*
- *9% of the SA balance mobilized through digital channel*



Restructured Loans - Update

Restructured Book

As of 30 th June 2022					Rs. Cr
Buckets	MF	CV	SBL & HF	MSE	Total
Standard	68	156	159	27	410
1 to 30 Days	13	93	35	16	157
31 to 60 Days	15	114	52	2	183
61 to 90 Days	48	64	54	4	169
NPA	26	132	104	9	271
Total	169	559	404	58	1,190

Summary of EMI collections* status as of Jun'22

	1-60 DPD	1-60 DPD EMI Status		
		1 EMI	2 EMI	3 EMI
CV	207	17	78	112
SBL & HF	87	16	40	30.5
MF	27	5	12	10
MSE	18	2	10	7
Total	340	40	140	160

Figs. represents POS as of Jun'22 in Rs . Crs

**EMI collections for April, May & Jun'22*



Provisions on Restructured Loans

Particulars	Rs. Cr
Total Provisions	276
Restructured Standard Provisions	114
Restructured NPA Provisions	162
(incl) Higher Provisioning made towards Vehicle Finance & Small Business Loans	76
Management overlay provisions	13
<ul style="list-style-type: none">• 100% provisions made on Micro Finance Covid restructured loans that has slipped into NPA• SBL & VF Loans that have slipped into NPA post Covid restructuring have been classified as Doubtful category and provisioned for accordingly	



Progress & Timelines on Scheme of Amalgamation

Board Approval	NOC Application	RBI NOC received	No observation letter from Stock Exchanges	Filed join application for the scheme of amalgamation	EHL divests it's entire shareholding in ETPL	NCLT order for convening meeting
The Board of Directors of the Bank approved the scheme of amalgamation between ESFB & EHL	Application for NOC was made to NSE & BSE	Bank received no-objection from RBI on for amalgamation of EHL with ESFB	Bank received the no observation letter from the stock exchanges (NSE & BSE) including SEBI observations	EHL & ESFB made joint application for the scheme of amalgamation at NCLT, Chennai bench	EHL divested its shareholding in ETPL	NCLT ordered convening unsecured creditors, equity shareholders and depositors meeting on 6 th and 7 th September 2022 of
21 st March 2022	30 th March 2022	6 th May 2022	10 th June 2022	18 th June 2022	5 th July 2022	22 nd July 2022

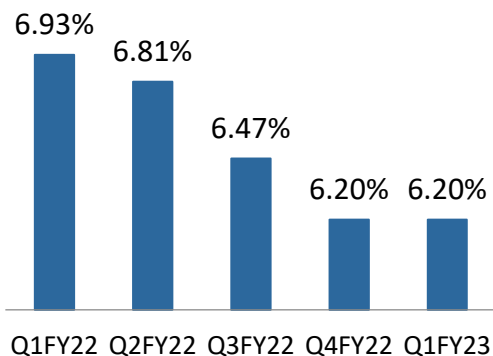


Financial Performance – Quarterly Trends

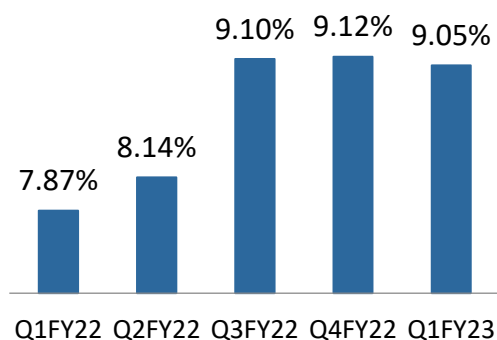


Key Ratios

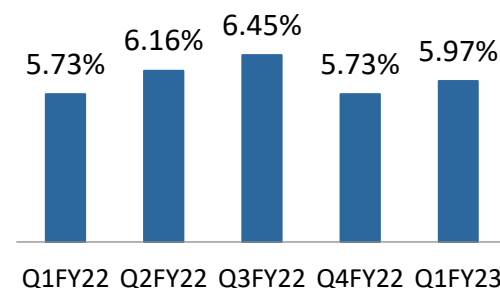
Daily Avg Cost of Funds



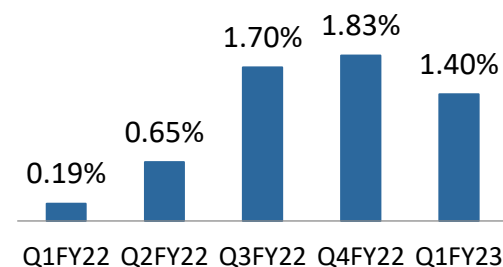
Net Interest Margin (NIM)



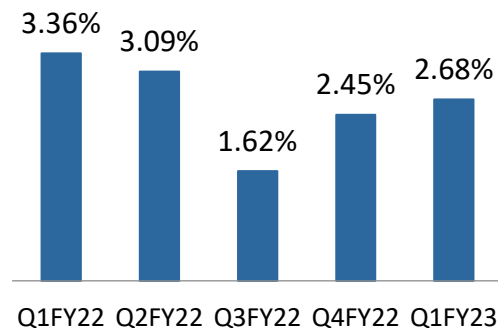
Cost to Assets



RoA

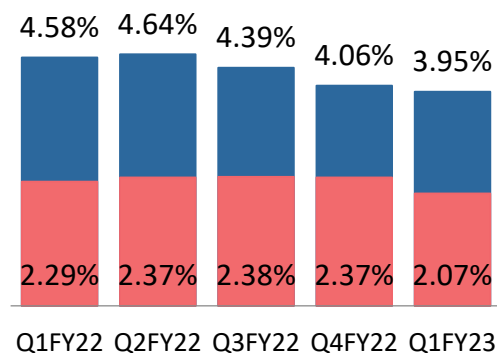


Credit Cost

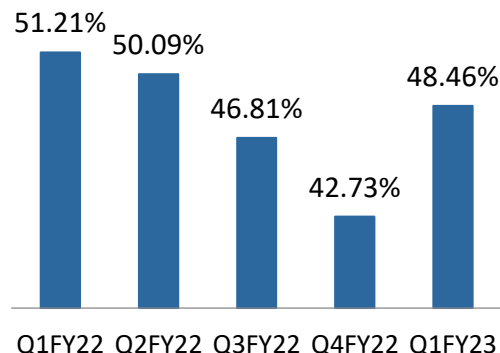


GNPA & NNPA

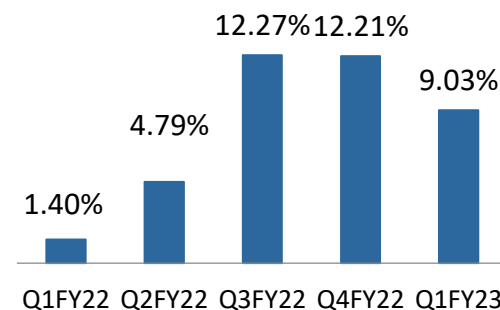
■ GNPA ■ NNPA



Provision Coverage Ratio

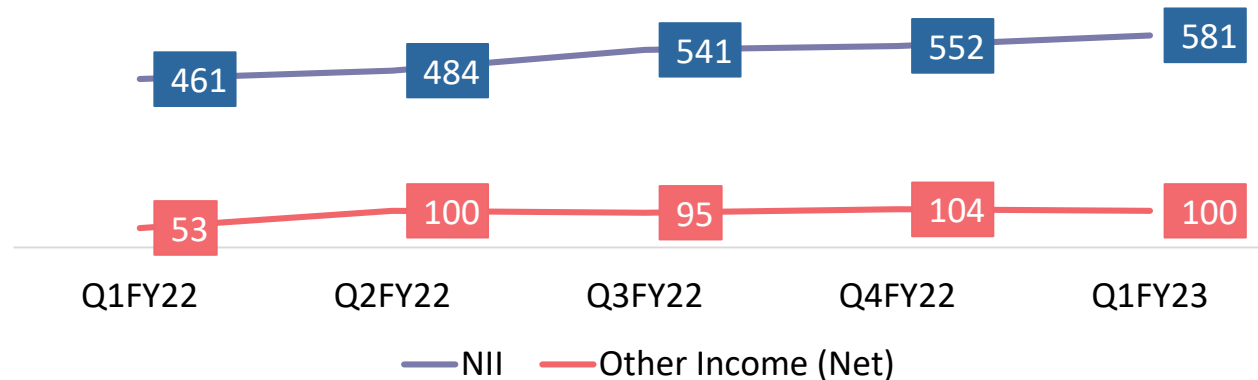


RoE

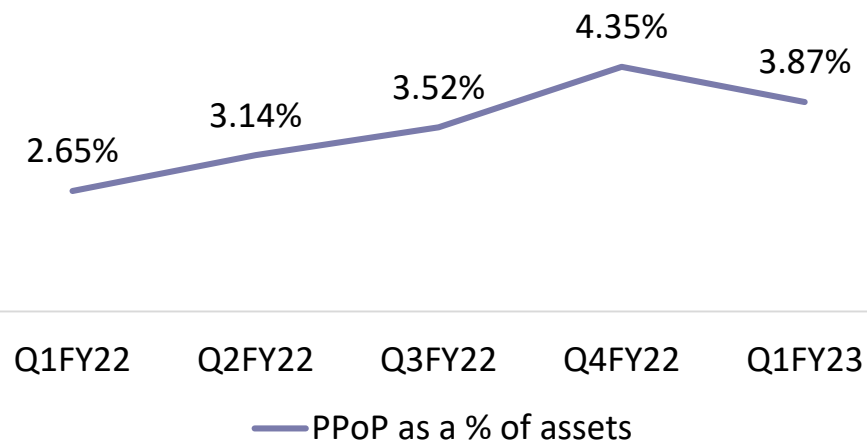


Income Evolution

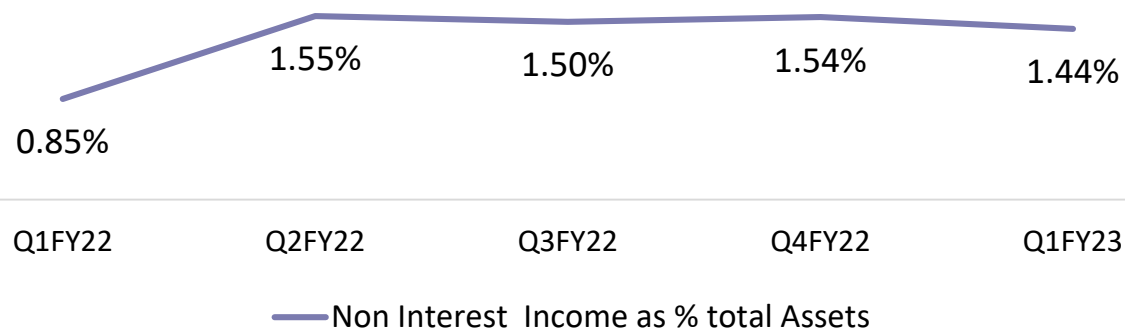
Net Income Evolution (Rs. Cr)



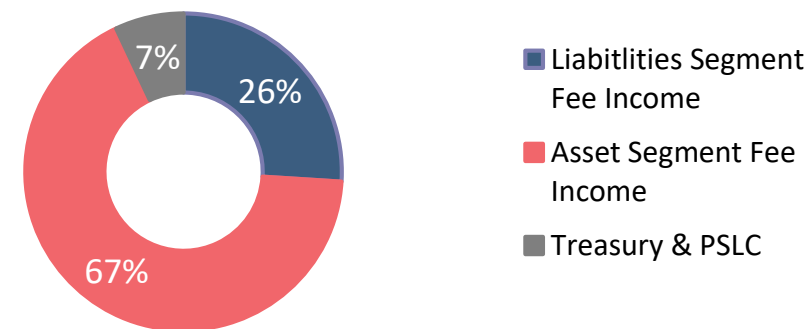
PPoP/ Assets (%)



Other Income [Net] Contribution (%)

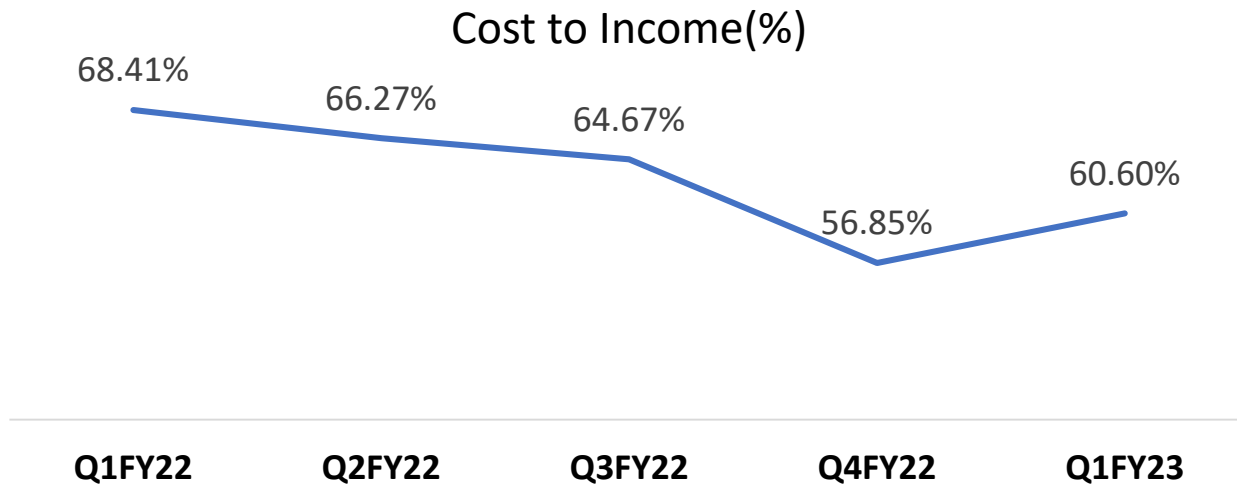


Other Income Break up (%)



Opex evolution

Rs. Cr	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23
Employee expenses	222	228	240	209*	225 [#]
Other expenses (net of digital expenses)	115	144	152	148	169
Depreciation	20	19	19	17	18
Total Operating expenses	356	391	411	374	412
No. of employees	16,770	17,441	17,509	17,607	17,936



#Employee expenses for the quarter takes into account reversal of employee provision of Rs. 31 Crs created on account of Covid policy and performance incentives

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



Advances



Advances evolution

Rs Cr	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	YoY %	Contribution %
Micro Finance	3,128	3,438	3,695	3,907	4,007	28%	18%
Small Business & Agri Loans	6,998	7,421	7,609	7,881	8,234	18%	38%
Housing Finance	1,017	1,175	1,310	1,641	1,821	79%	8%
Vehicle Finance	4,377	4,670	4,846	5,047	5,279	21%	24%
Used CV	2,836	2,997	3,127	3,193	3,303	16%	15%
New CV	1,541	1,673	1,719	1,854	1,976	28%	9%
MSE Finance	1,208	1,170	1,194	1,164	1,122	-7%	5%
NBFC	914	908	817	758	692	-24%	3%
Others [†]	195	196	217	199	533	173%	2%
Gross Advances	17,837	18,978	19,687	20,597	21,688	22%	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

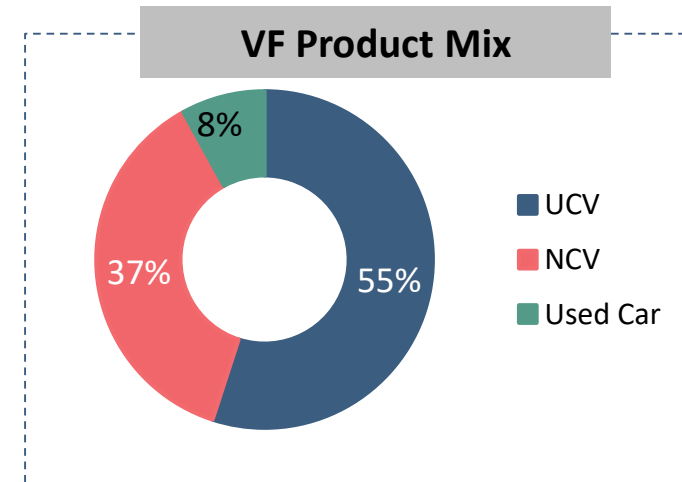
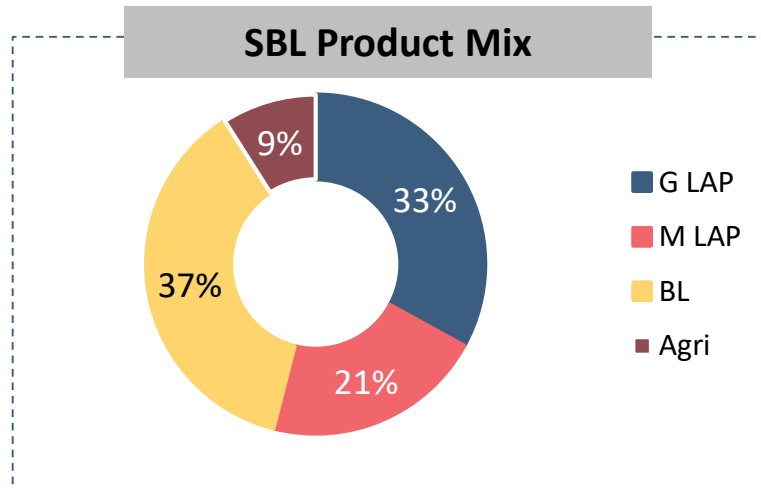
Rs Cr	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	YoY %
Micro Finance	393	938	1,010	972	939	139%
Small Business and Agri Loans	232	951	728	940	978	322%
Housing Finance	83	203	177	267	266	220%
Vehicle Finance	177	782	778	940	889	402%
Used CV	106	523	512	617	579	446%
New CV	72	259	266	323	310	331%
MSE Finance	63	98	54	72	73	16%
NBFC	300	136	50	28	30	-90%
Others [†]	17	37	64	60	63	271%
Total Disbursements	1,265	3,145	2,861	3,279	3,238	156%

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

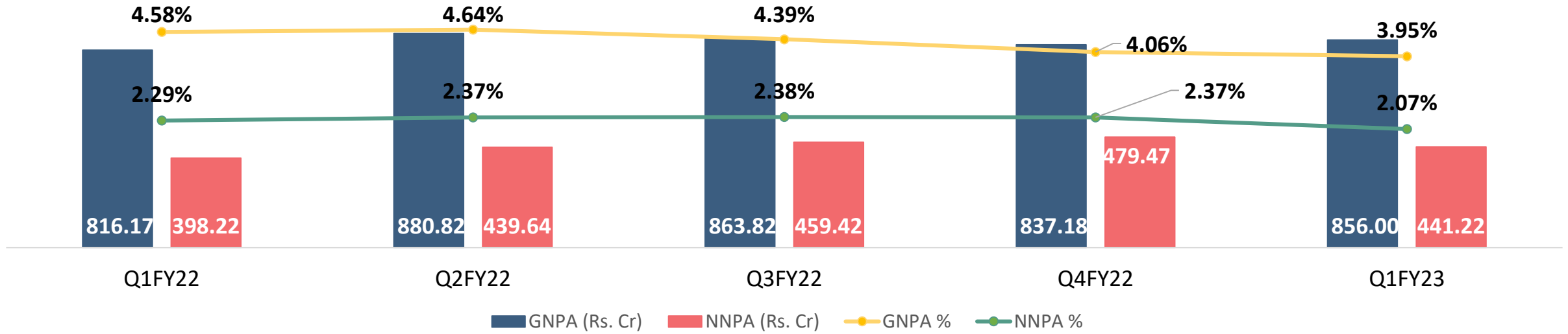


Segmental Details

Product Segment	Number of Live Loans	ATS @ Disbursement (Lacs)	ATS @ Portfolio (Lacs)	GNPA (%)	PCR (%)
Micro Finance	18,45,786	0.41	0.21	4.70%	47.84%
Small Business Loans	2,27,339	6.45	3.47	4.23%	39.63%
Housing Finance	22,878	9.44	7.96	1.39%	34.94%
Vehicle Finance	1,73,189	4.93	3.05	4.20%	67.96%
MSE Finance	1,957	85.88	57.33	5.59%	30.87%
NBFC	39	3,000	1,775	0.69%	100%



Asset Quality Trend



GNPA Movement (Rs. Cr)	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23
Opening GNPA Balance	642.78	816.17	880.82	863.82	837.18
Add: Additions during the period	374.86	339.08	266.82	408.56	296.03
Less:					
i. Upgradations	157.54	186.61	68.64	109.88	51.75
ii. Recoveries (excluding recoveries made from upgraded accounts)	32.43	65.47	80.28	133.62	95.64
iii. Technical or Prudential write-offs	5.65	7.15	102.46	105.62	95.95
Write-offs other than those under (iii) above	5.86	15.20	32.45	86.08	33.87
Closing GNPA Balance	816.17	880.82	863.82	837.18	856.00

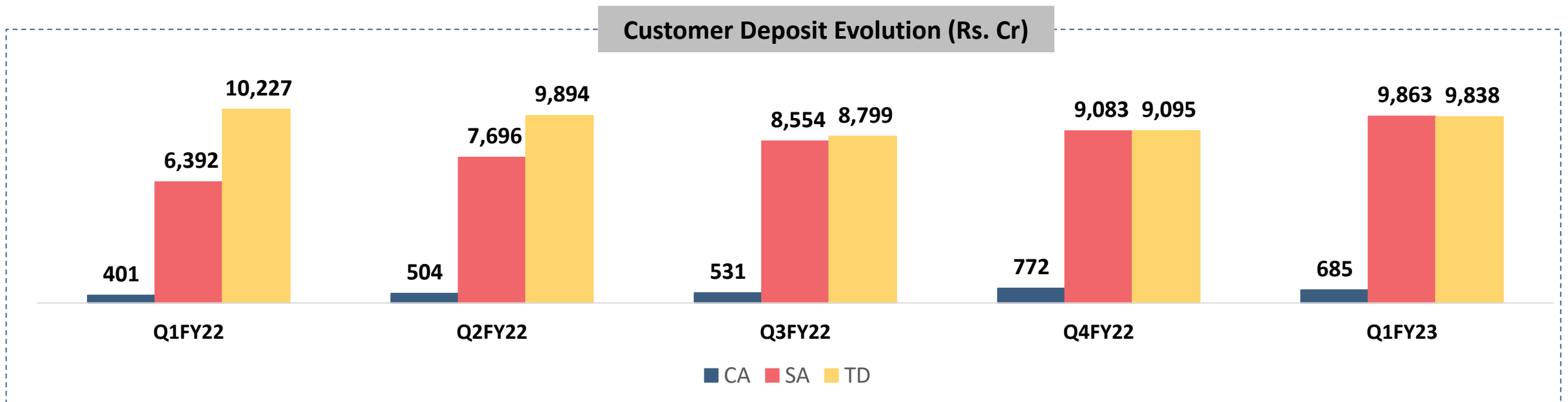


Liabilities & Branch Banking



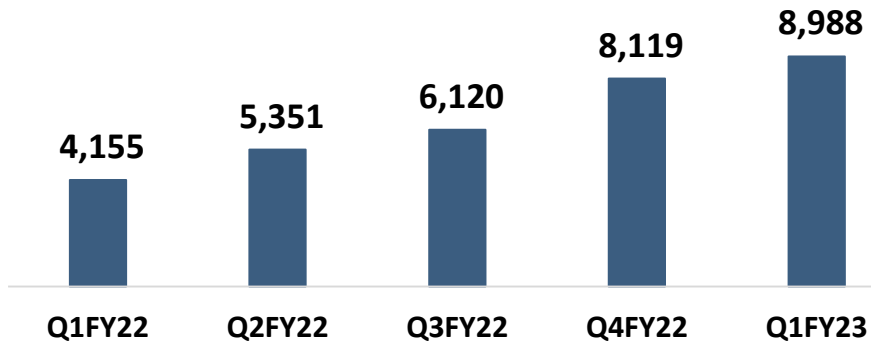
Deposits Evolution

as on 30 June 2022	CA [Current Account]	SA [Savings Account]	CASA [Low cost deposits]	TD [Term Deposits]	CASA+TD [Customer Deposits]
Balance (Cr)	685	9,863	10,548	9,838	20,386
as a % of total borrowings (Rs. 23,630 Cr)	3%	42%	45%	42%	86%
as a % of total deposits (Rs. 20,386 Cr)	3%	48%	52%	48%	100%

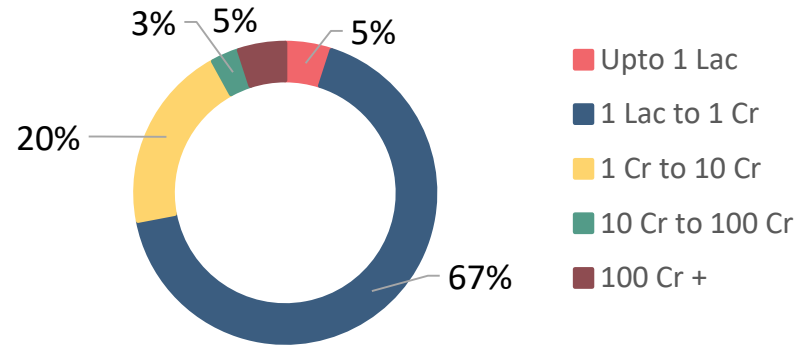


Customer Deposit Profile

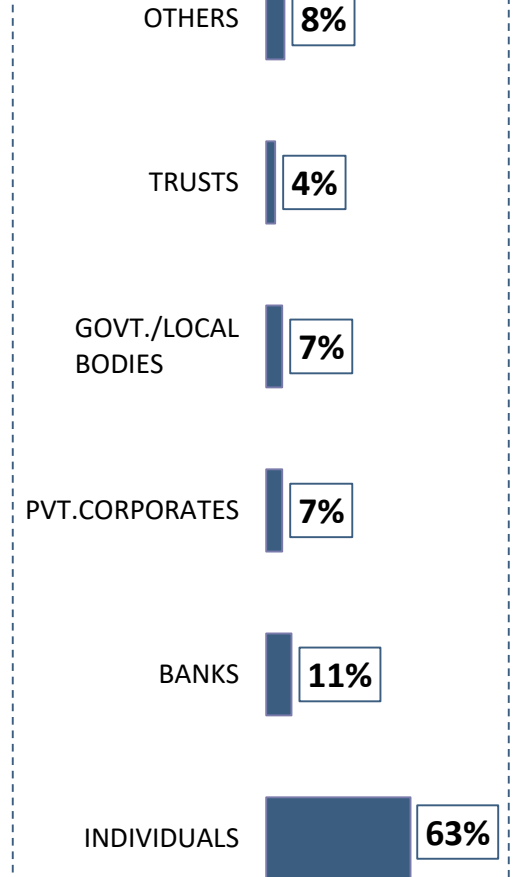
Elite Balance (Rs. Cr)



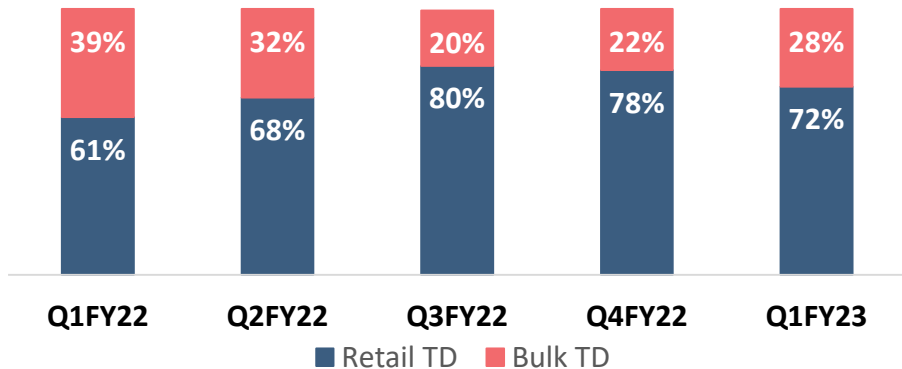
Savings Slab Wise (%)



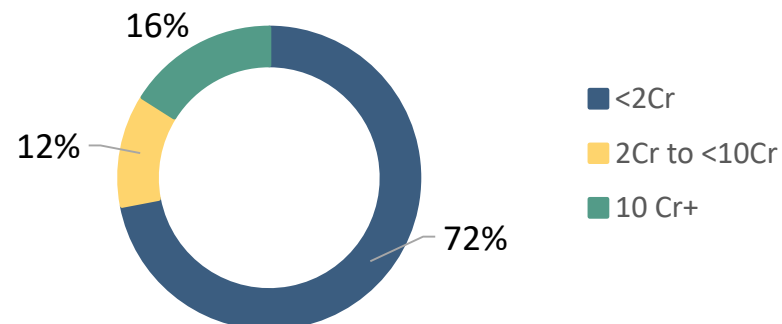
Deposit Category



Retail & Bulk TD Mix

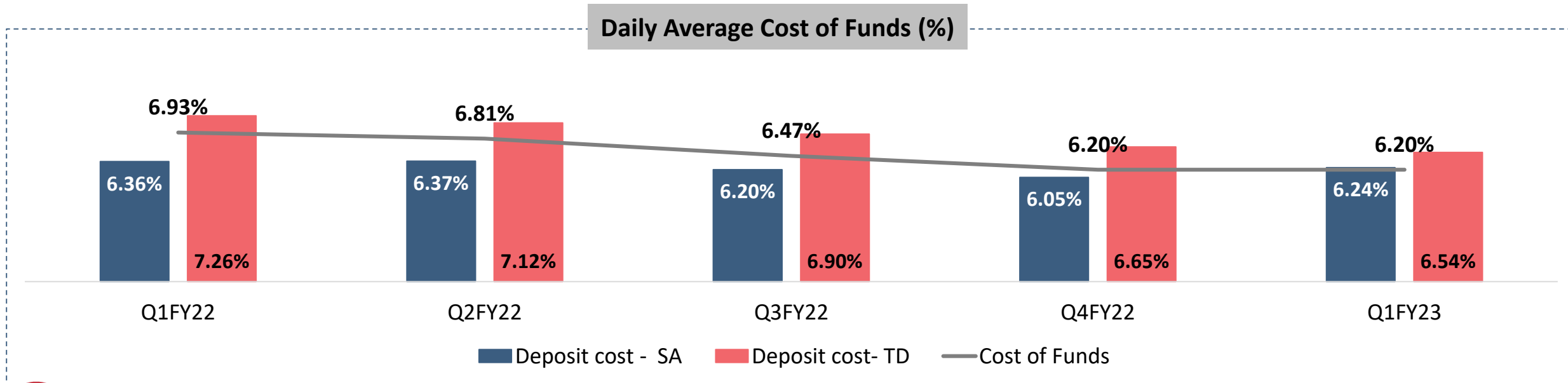
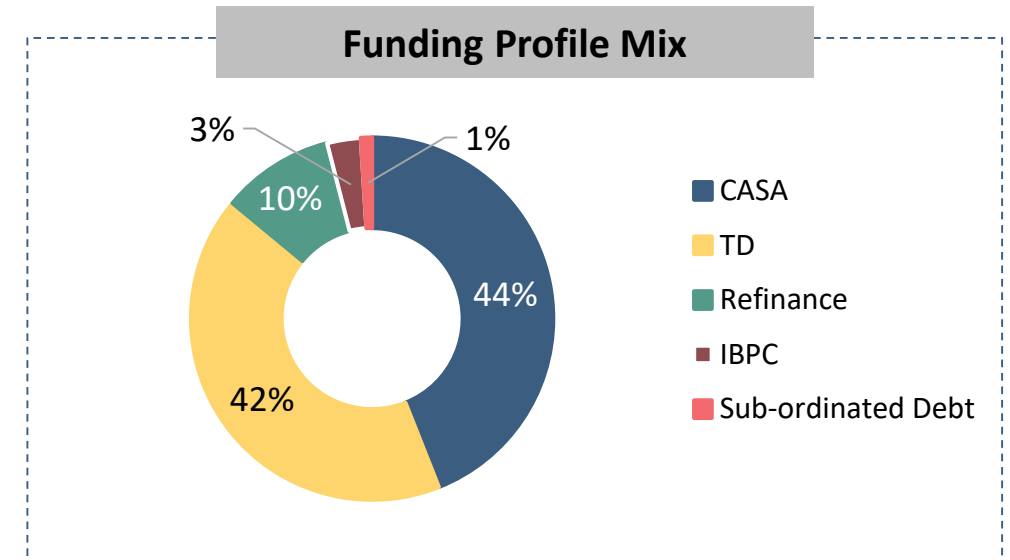


Term Deposit Slab Wise (%)



Funding Profile

In Rs Cr	June 2021	March 2022	June 2022
TD	10,227	9,095	9,838
Refinance	3,413	2,466	2,299
CASA	6,794	9,855	10,548
Sub Debt	150	150	150
IBPC	700	865	795
Others (CD + RBI Borrowing)	189	-	-
Total Borrowings	21,473	22,432	23,630



Treasury Update



The Bank's total investment portfolio of Rs. 4,853 Crore comprises of SLR and Non-SLR securities

Category (Rs. Cr)	Book Value
SLR	4,850
Non SLR	3
Total	4,853



Borrowings & Liquidity

- The Bank's Certificate of Deposit (CD) program for ₹ 500 Crore has highest rating from CRISIL at A1+
- The Bank has adequate eligible advances available to raise funds through Refinance or IBPC whenever required, providing strong cushion to ALM position of the Bank
- The Bank maintains 'surplus' liquidity in the form of High Quality Liquid Assets (HQLA). Liquidity Coverage Ratio (LCR) as on 30.06.2022 is 211%



Profit on sale of Investments for the quarter at Rs. 6.52 Crore. MTM losses on Investments for the quarter was Rs. 0.27 Crore



Digital Banking



Digital Banking – Key Highlights

NeoBanking – Live Partnerships

- **NiyoX**
 - 15.5 lac Accounts till date
 - CASA Balance of Rs 438 Crs+
- **FreoSave**
 - Launched in Jun'22
 - 9K+ Accounts opened

NiyoX

freo

Prepaid Engagements

- Over 25K cards issued (Virtual)
- 50 Lakh+ Transactions
- 85 Crs+ Transactions value processed
- Programs under integration:
 - BankIT | Neokred
 - Odinmo | Paymint

DigiPe

bijlipay

BANKIT बैंकइट®
SEND | SPEND | LEND | INVEST

NEOKRED

novopay

Acquiring Business

- **POS Terminal**
 - #17.6K+ POS Terminals. Processed 15 lakh transactions worth Rs. 372 Crs
- **QR & Payment Gateway**
 - 87K+ QR Issued with 68K+ Transaction of Rs 19 Crs in June 2022
 - 100 live payment gateway processed 8.5K+ transaction of Rs 9.3 Crs in June 2022

Digital Payments and Acquisitions

- **NETC - FASTag**
 - 24K+ new Fastags issued
 - 145 Crs+ issuer Transactions Processed
- **MicroATM**
 - 99 Lakh+ Transactions
 - 3422 Crs+ Transactions processed

bijlipay

Pay Nearby

Spice money

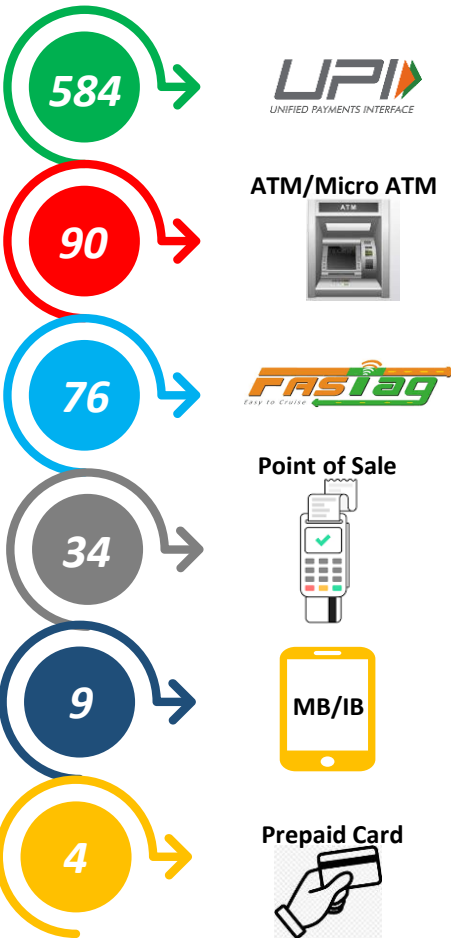
novopay



Digital Transactions and Omni Channel Customer Outreach

Digital Transactions

Transactions Per Minute



Digital Acquisition

3+

Accounts per minute



Insurance Volume

16+

Policies per hour^^



Relationship Management

1,000+

Virtual meetings per day



Virtual (VRM)

2,800+

Physical Customer meetings per day

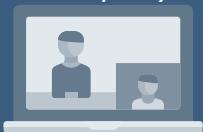


Physical

Digital/Remote Customer Service

1,700+

Video per day



Video Banking

2,700+

Calls per day



Customer Contact Center

^^basis 10 hours working a day



Financials



Balance Sheet

Particulars (in Rs Cr)	Jun-22	Jun-21	YoY %	Mar-22	QoQ%
Capital & Liabilities					
Capital	1,253	1,142	10%	1,252	-
Reserves & Surplus	3,095	2,274	36%	2,994	3%
Networth	4,348	3,416	27%	4,246	2%
Deposits	20,386	17,095	19%	18,951	8%
Borrowings	2,449	3,678	-33%	2,616	-6%
Other Liabilities & Provision	1,185	798	48%	1,139	4%
Total	28,367	24,987	14%	26,952	5%
Assets					
Cash and Balances With Reserve Bank of India	1,911	1,601	19%	2,077	-8%
Balances With Banks and Money At Call and Short Notice	145	82	77%	56	159%
Investments	4,854	5,787	-16%	4,450	9%
Advances	20,479	16,719	22%	19,374	6%
Fixed Assets	200	170	18%	200	-
Other Assets	779	628	24%	795	-2%
Total	28,367	24,987	14%	26,952	5%
AUM [On Book + Off Book]	21,690	17,837	22%	20,597	5%

Profit & Loss Account

Particulars (in Rs Cr)	Q1FY23	Q1FY22	YoY%	Q4FY22	QoQ%
Interest Income from Loans	855	742	15%	811	5%
Income on Investments	62	57	9%	66	-6%
Interest on balances with Reserve Bank of India and other inter bank funds	24	20	21%	19	29%
Total Interest Income	941	819	15%	896	5%
Finance Cost					
Interest on deposits	296	278	6%	276	7%
Interest on RBI / inter-bank borrowings	12	1	-	12	-
Other interest	52	79	-34%	55	-5%
Total Finance Cost	360	358	1%	343	5%
Net Interest Income	581	461	26%	553	5%
Other Income					
Asset Fee Income	67	27	148%	79	-15%
Treasury & PSLC Fee Income	7	15	-53%	0	-
Liability & Distribution Income	26	17	53%	26	-
Total Other Income^	100	59	69%	105	-5%

*Opex is exclusive of digital expenses | ^Other income is net of digital expenses

Profit & Loss Account

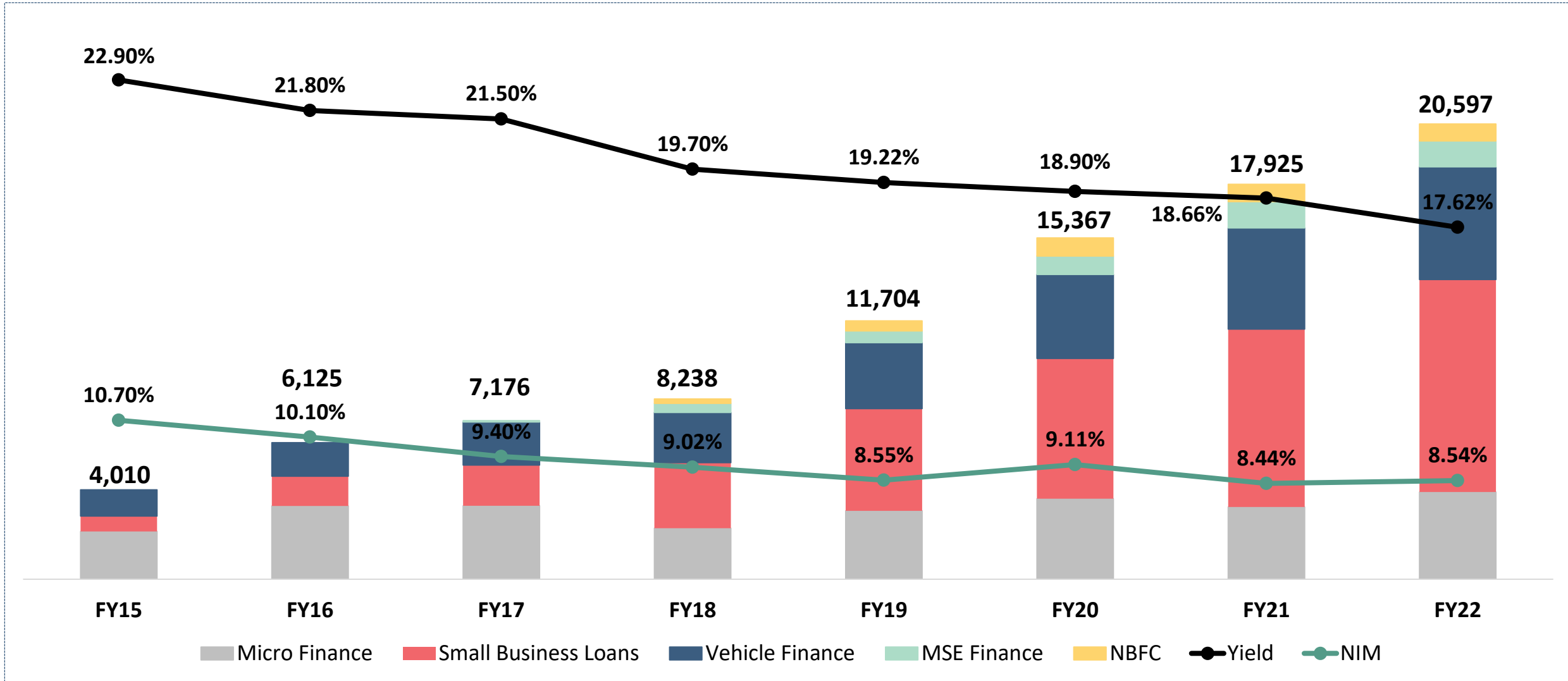
Particulars (in Rs Cr)	Q1FY23	Q1FY22	YoY%	Q4FY22	QoQ%
Net Income	681	520	31%	658	3%
Employee Cost	225	222	1%	209	8%
Opex*	187	134	40%	165	13%
Total Operating Expenditure	412	356	16%	374	10%
PBT before provision & Write-off	269	164	63%	284	-5%
Credit Cost	142	150	-5%	123	15%
PBT	127	14	-	161	-21%
Taxes	30	2	-	41	-28%
PAT	97	12	713%	120	-19%

*Opex is exclusive of digital expenses ^Other income is net of digital expenses

Journey of building a Stable, Sustainable and Scalable Bank



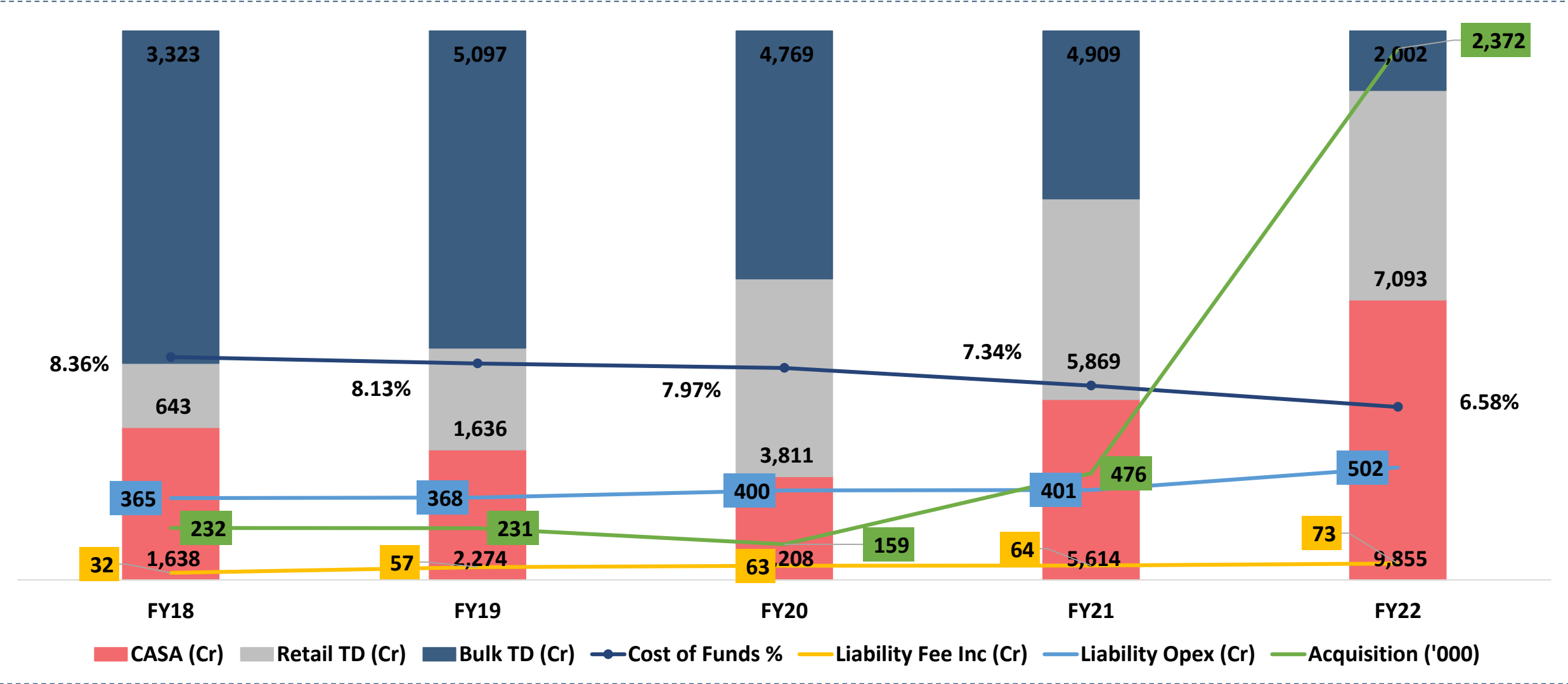
Diversifying across the informal segment



Gross Advances across the presentation refers to Gross Advances including IBPC

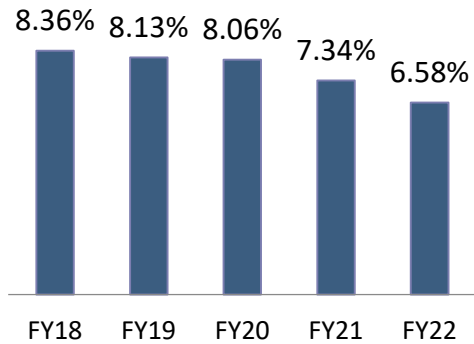


Liability franchise evolution

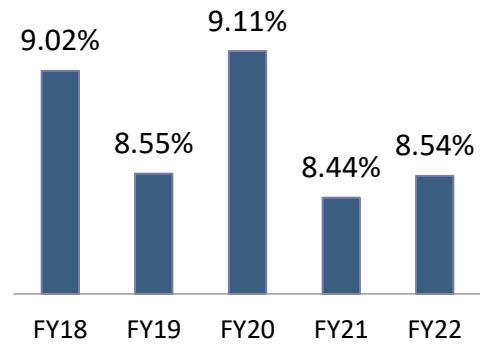


Key Ratios - Annual

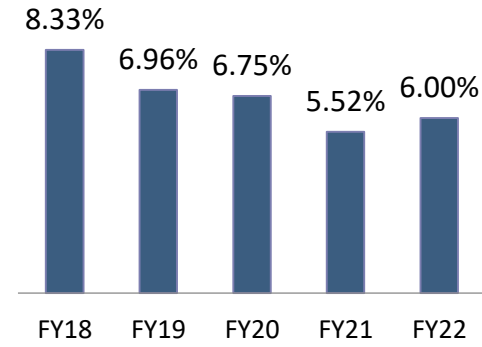
Cost of Funds



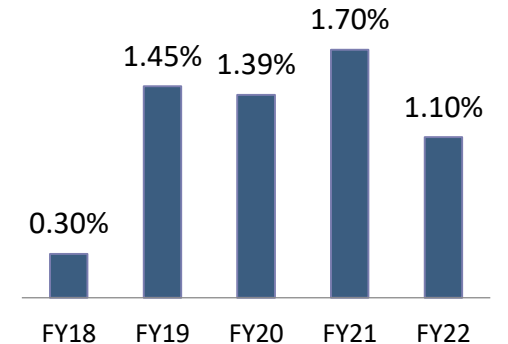
Net Interest Margin (NIM)



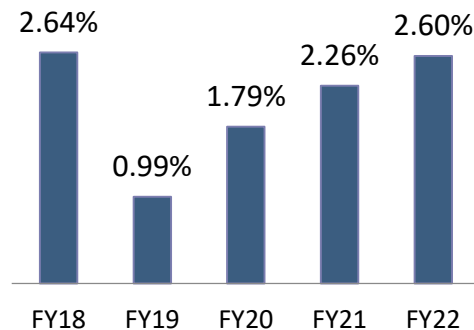
Cost to Assets



RoA

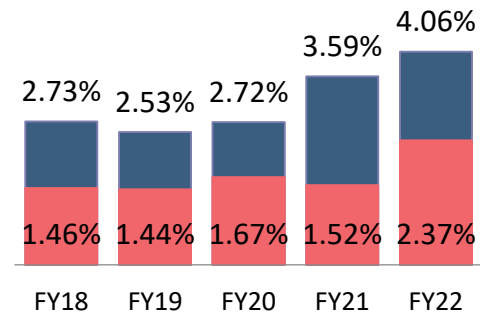


Credit Cost

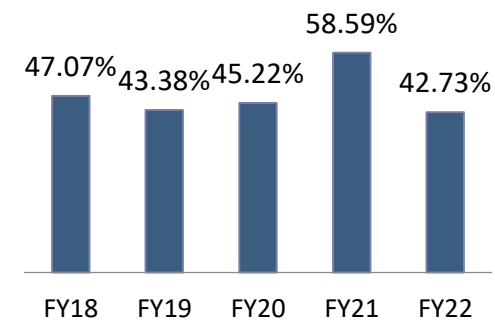


GNPA & NNPA

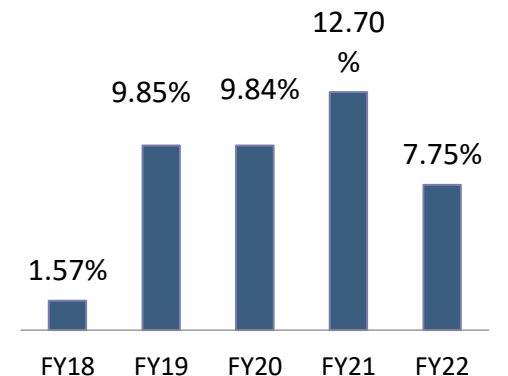
■ GNPA ■ NNPA



Provision Coverage Ratio



RoE





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