

Q3FY25 Investor Presentation

January 31, 2025

Sustainable | Predictable | Productive

Disclaimer

This presentation and the accompanying slides (the "Presentation") have been prepared by Poonawalla Fincorp Ltd. (the "Company") solely for informational purposes. They do not constitute an offer, recommendation, or invitation to purchase or subscribe for any securities. Furthermore, they should not be relied upon as the basis for any contract or binding commitment. Any offering of securities by the Company will only be made through a statutory offering document that contains detailed information about the Company.

This presentation contains forward-looking statements regarding the Company's future business prospects and profitability, but it is important to note that these statements are subject to various risks and uncertainties. The actual results may differ significantly from what is stated in these forward-looking statements. Risks and uncertainties related to these statements include fluctuations in earnings, our ability to manage growth, competition, economic conditions in India and abroad, attracting and retaining skilled professionals, as well as government policies and actions. The Company does not guarantee any updates or announcements regarding these forward-looking statements. The Company's future performance may be impacted by various risks, uncertainties, and factors, leading to results that differ significantly from what is expected. Factors such as changes in regulations, compliance with capital adequacy norms, fluctuations in collateral value, management of NPAs, fraud, interest rate volatility, and economic changes in India can all affect the Company's outcomes.

The information in this document is being provided by the Company and is subject to change without notice. The accuracy, completeness, and fairness of the presentation have not been independently verified. No representation or warranty, express or implied, is made regarding the information contained herein, so reliance should not be placed on it. The Company and other parties mentioned in this document will not be held liable for any statements made or events arising from it.

Distribution of this presentation may be limited by law in certain jurisdictions, so individuals who receive this presentation should familiarize themselves with any applicable restrictions and comply with them.



Table of Contents

1

Key Highlights

2

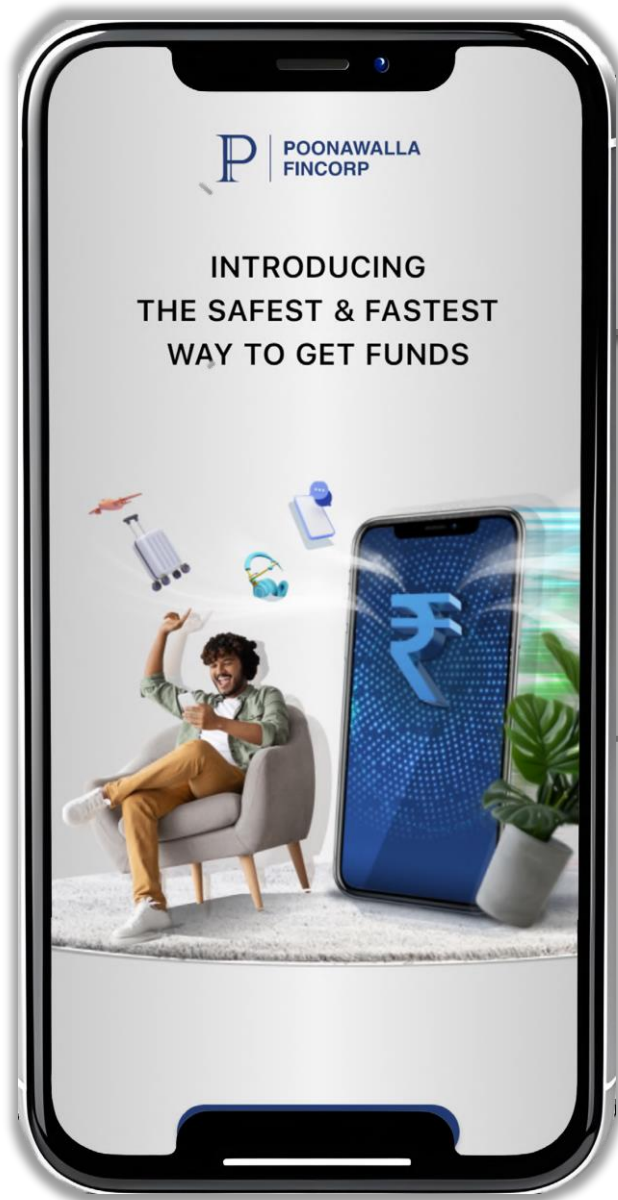
Business Overview

3

Financial Overview

4

Board of Directors, Management Team, ESG and Awards



1. Key Highlights

Financial Highlights

Robust AUM growth led by right mix



AUM



₹30,984 Cr

↑ 41% YoY
↑ 9% QoQ

NII



₹672 Cr

↑ 22% YoY
↑ 4% QoQ

PPoP



₹373 Cr

↑ 7% YoY
↑ 34% QoQ

CAR



25.89%

PAT



₹19 Cr

GNPA



1.85%

↑ 52bps YoY
↓ 25bps QoQ

- Consistent growth in AUM led by right product mix (building robust AUM growth QoQ)
- Secured on-book mix at 54%
- Successful credit recalibration of incremental STPL book for predictable and sustainable profitability
- Consistent growth in Net Interest Income and PPoP despite increase in share of secured loans
- Opex to Average AUM at 4.2% for the quarter, due to robust business and AUM growth
- GNPA improved from 2.10% to 1.85% QoQ; NNPA at 0.81%

NII includes fee and other income

Q2FY25 PPoP includes one-time Opex of ₹ 71 Crore

Q2FY25 PAT includes one-time Opex of ₹ 71 Crore and one-time provisioning of ₹ 666 Crore in STPL book

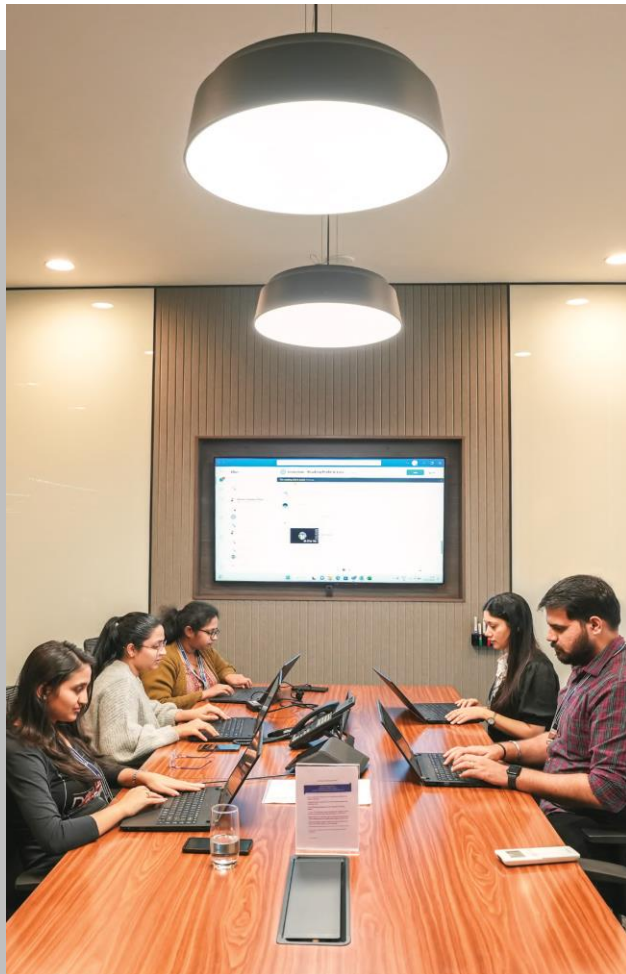


Table of Contents

1

Key Highlights

2

Business Overview

✓ Vision and Strategy

✓ Assets

✓ Liability

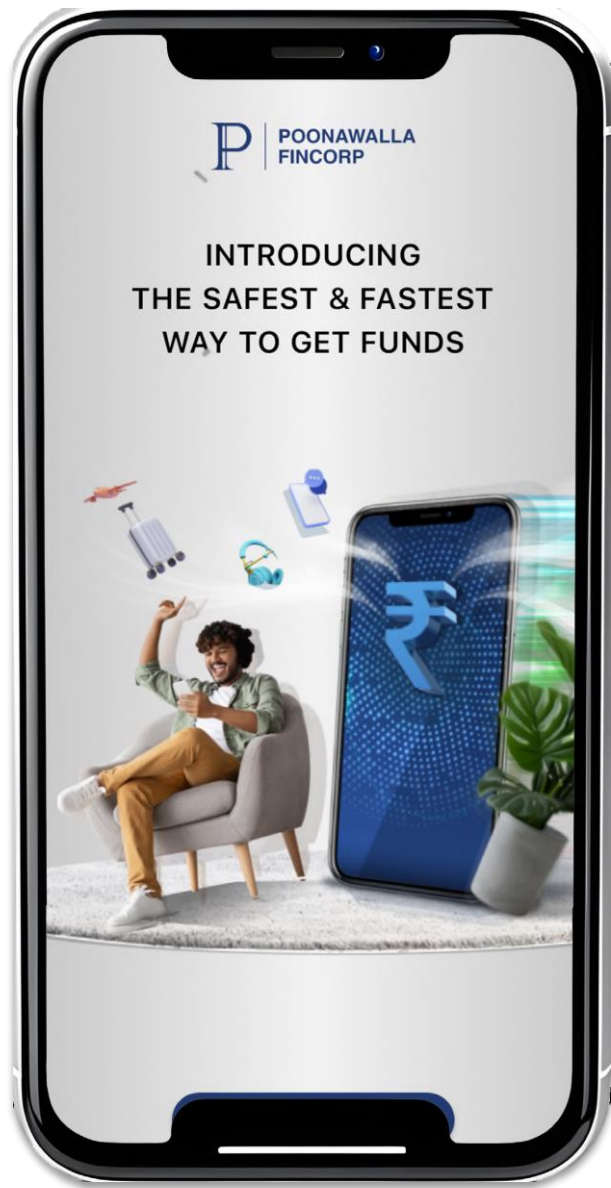
✓ Risk Management

3

Financial Overview

4

Board of Directors, Management Team, ESG and Awards



2. Business Overview

Our Vision and Mission



Vision

To be the Most **Trusted Financial Services brand**

- **Trust:** Denotes legacy and brand promise
- **Financial Services:** Holistic term that broadly defines the current and future business expansion



Mission

To help our customers succeed financially, and our values guide everything we do: Ethics, Integrity, Inclusion, Teamwork and **strive to be the financial partner of choice for our customers**, aiming to make a positive impact in our communities.

Way Forward

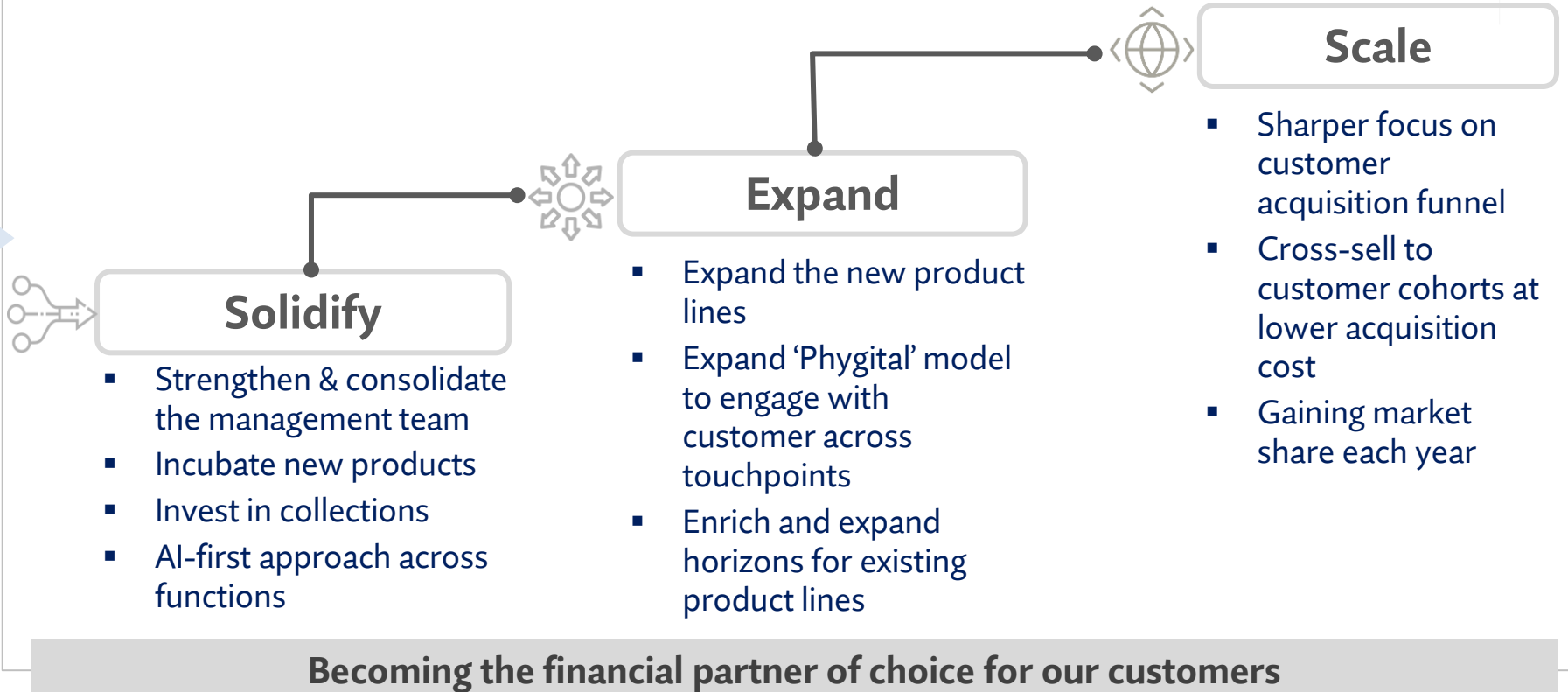
Solidify, Expand and Scale



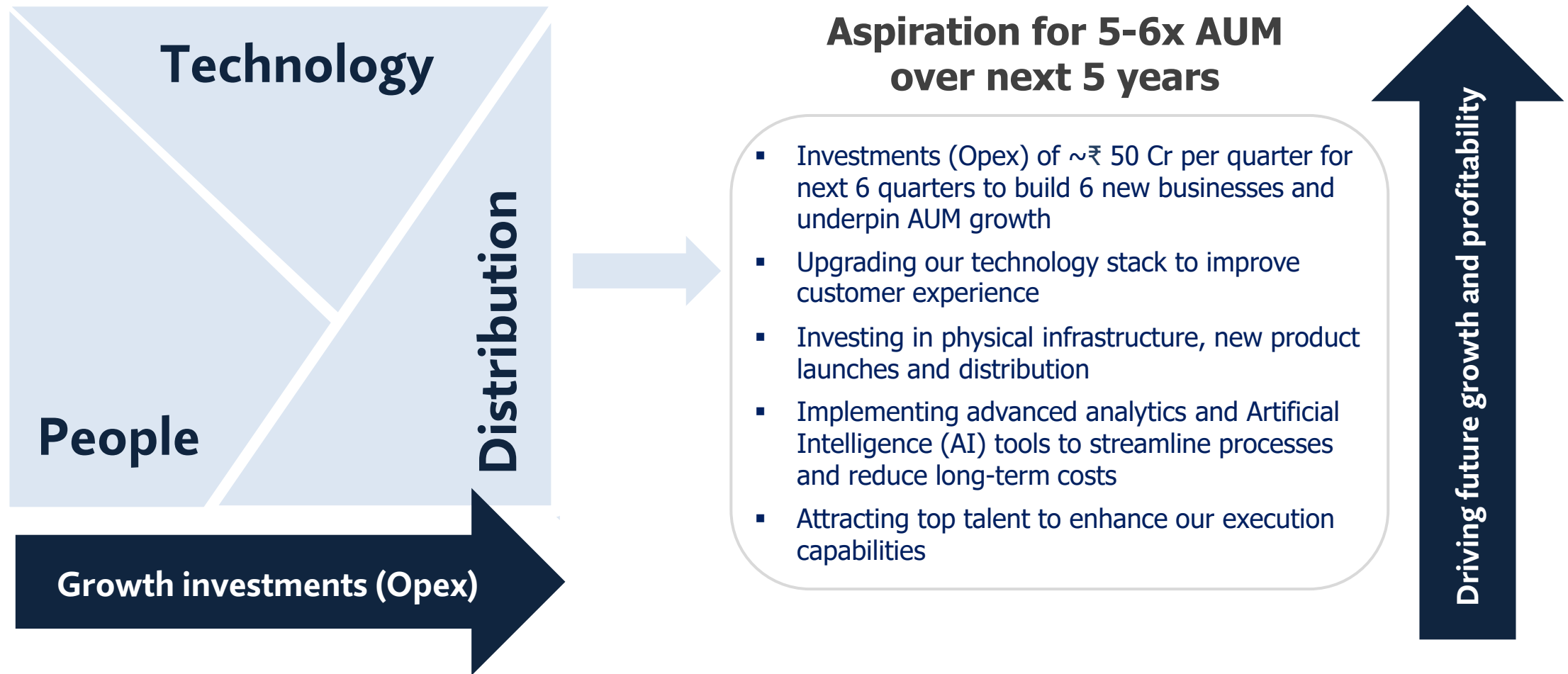
Shaping up a **Sustainable, Predictable and Productive Business**

**FY25
onwards**

**Aspiration for 5-6x
AUM over next 5 years**



Strengthening the core – Investments for growth









Optimising product mix

Incubate and expand with product lines



New Product Launches

|  PL Prime |  Consumer Durable |  Shopkeeper Loans |  Used CVs |  Gold Loans |  Education Loans |
|--|--|--|---|---|--|
| <ul style="list-style-type: none">Quality of customersFoundation for cross-sellingLaunch digitally and physicallySalaried customers of top corporates | <ul style="list-style-type: none">Build large customer franchisePenetration in householdsGenerate visibilityBuild high yielding cross-sell modelsNo incremental branch infrastructure cost | <ul style="list-style-type: none">No incremental branch infrastructure costBusiness happens at POSBoth physical and digital models | <ul style="list-style-type: none">Profit maximiserEnhancing MSME portfolioSecured businessCross-sell opportunity | <ul style="list-style-type: none">Secured businessGeographical expansion: High potential in T2/T3 markets400 branches to be launched by FY26 with very strong cross-sell machineProfit maximiser | <ul style="list-style-type: none">Penetration in householdsWell-defined end useLarge market and cross sell opportunity for parents and students in futureHigh Customer Lifetime Value |
| Launched in August-2024 & showing good traction | Planned launch in Q1FY26 | | | | |

400 Gold loan branches to be launched by FY26

Nurturing customers throughout the lifecycle | Build strong Distribution Presence

AI-led digital strategy

One-stop shop for customer servicing and value-added services



Disbursement through App for PL has already picked-up and web-based loan applications and complete digital onboarding will be replicated for other products as well

Digital Onboarding

Account Aggregator
based Banking

Alternate Data

Dedicated Customer
App & Call Support

eKYC & Signing

AI & ML models

Intelligent System
Based Decisioning

App will evolve as a one-stop shop for customers

Servicing Features

Enhancement of the interface to improve interactivity and usability

Engagement Features

Enhanced value-added services for customers

Specific AI projects have been launched

Specific AI Projects and Solutions

6 projects identified



AI-first approach: 6 Projects across functions are underway – Delivery in 3-6 months

Problem Statement

Human Resources

- ✓ *Candidate resume review & matching took considerable time and effort. Documentation, bureau checks, etc were manually intensive processes*
- Employee queries resolution has to be consistent, predictable and to be done at scale

Credit & Risk

- Standard analysis of decision parameters
- Consistency in decision making
- Processes to be augmented to achieve scale and growth

Compliance & Audit

- Enabler for Compliance to identify gaps and remediation
- Analysing large datasets to identify audit exceptions and outlier identification

Collections

- Designs to support each stage of the collection life cycle from pre-due to recovery

Solution Approach

Human Resources

- ✓ *Solution deployed using LLM, Computer Vision, AI agent, etc*
- Reduced average time to offer by 90%
- Focus on employee query resolution with almost zero lag, using AI models

Credit & Risk

- Focus on drop in time-to-sanction
- Efficiency in cost structures across credit underwriting and risk management

Compliance & Audit

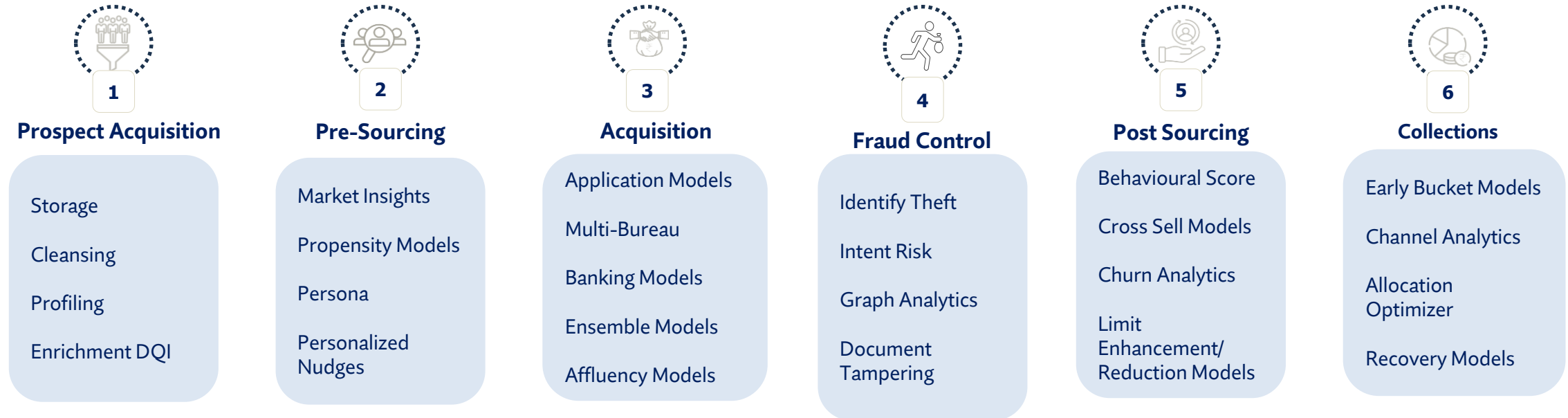
- Leveraging AI for regulatory compliance
- Enhance detections techniques through smart AI coding

Collections

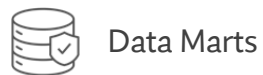
- Focusing on Collection Efficiency optimization driven by structured and unstructured data

Leveraging data analytics

Application across Product & Credit lifecycle



Powered by Enriched Data and Capability Stacks



Data Marts



AI/ ML Techniques



Hyper personalization



CI/ CD



Reinforcement Learning



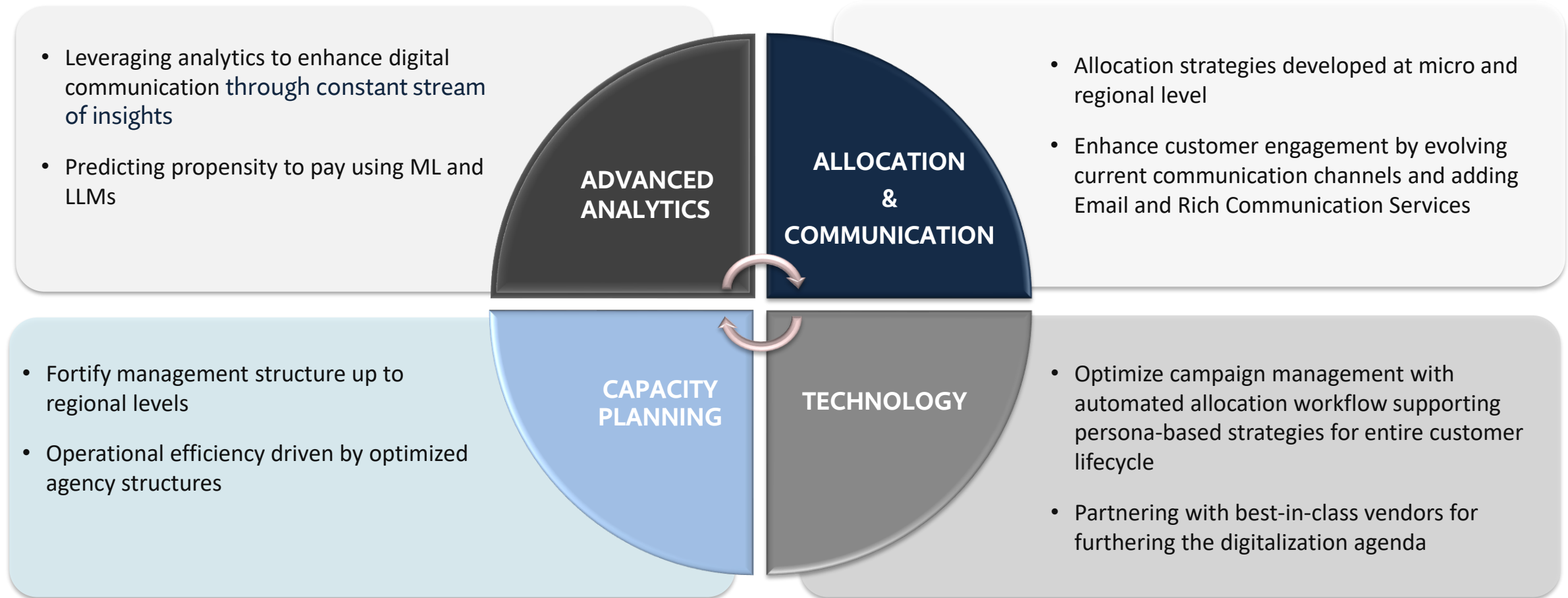
Alternate Data & Partnerships Score



Enriched Customer Experience

Vertically deeper Collection Strategies

Next orbital shift



Deepening engagement with all stakeholders

Fostering strong relationships across the value chain



Employees

- Implementation of robust engagement framework to foster a vibrant and connected workplace
- Comprehensive Programs and initiatives aimed at nurturing and building future leaders
- Framework in place to deepen Connect with employees for addressing concerns and celebrating success
- Talent development and succession planning



Channel Partners

- Increase partner visibility and reward & recognize them in their growth journey
- Enhance transparency & turn around time (TAT) through seamless business processes & technology
- Upgrade to a quick and effective feedback and query resolution mechanism



Customers

- Holistic customer engagement plan
- Personalize services and products to meet customer expectations
- Strengthen quick and effective query resolution mechanism

Human Resources: Planned Innovations and Goals



HR Vision

To enable both HR and employees to complete HR-related tasks with minimal effort, aiming to achieve “Zero Clicks” experience

1 Employee Development

Prioritizing employee development by continuous learning and interventions to enhance productivity and ensure their long-term success

2 Candidate Experience

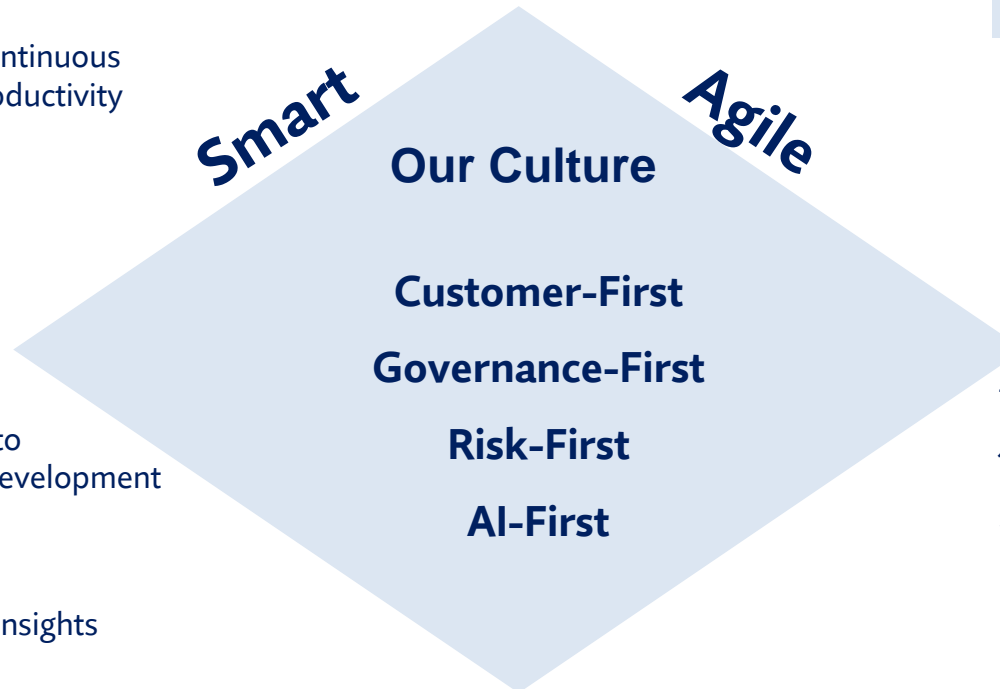
AI-enabled systems providing the best support throughout the application process to prospective candidates

3 Employee Lifecycle Management:

AI-enabled tools for continuous support to employees from Onboarding to Career Development
Focus on employee wellbeing

4 Empowering Managers

Managers to be equipped with AI-driven insights empowering decision making



Impact

Increased engagement with employees promoting their learning and development, navigation of career paths, and informed career choices

Better outcomes for both the candidates and our hiring process.

Transforming various stages of employees' journey.
Fostering employee engagement with enhanced satisfaction and focus on wellness

Improving managerial efficiency and fostering leadership development.

Leveraging Artificial Intelligence (AI) and Machine Learning (ML), emphasis on Large Language Models (LLMs), to drive towards goal of “Zero lag” in resolving employee queries

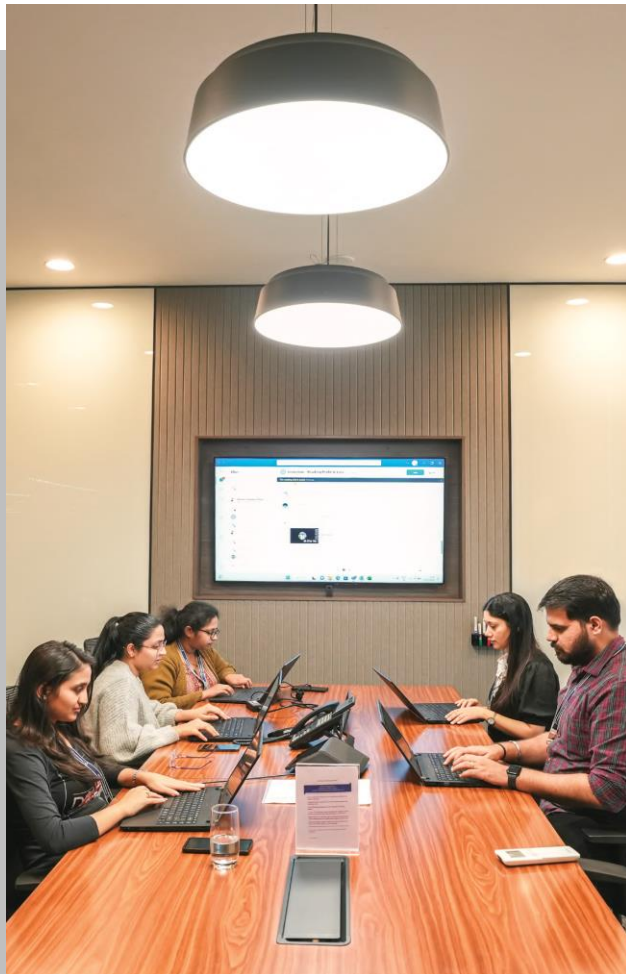


Table of Contents

1

Key Highlights

2

Business Overview

✓ Vision and Strategy

✓ Assets

✓ Liability

✓ Risk Management

3

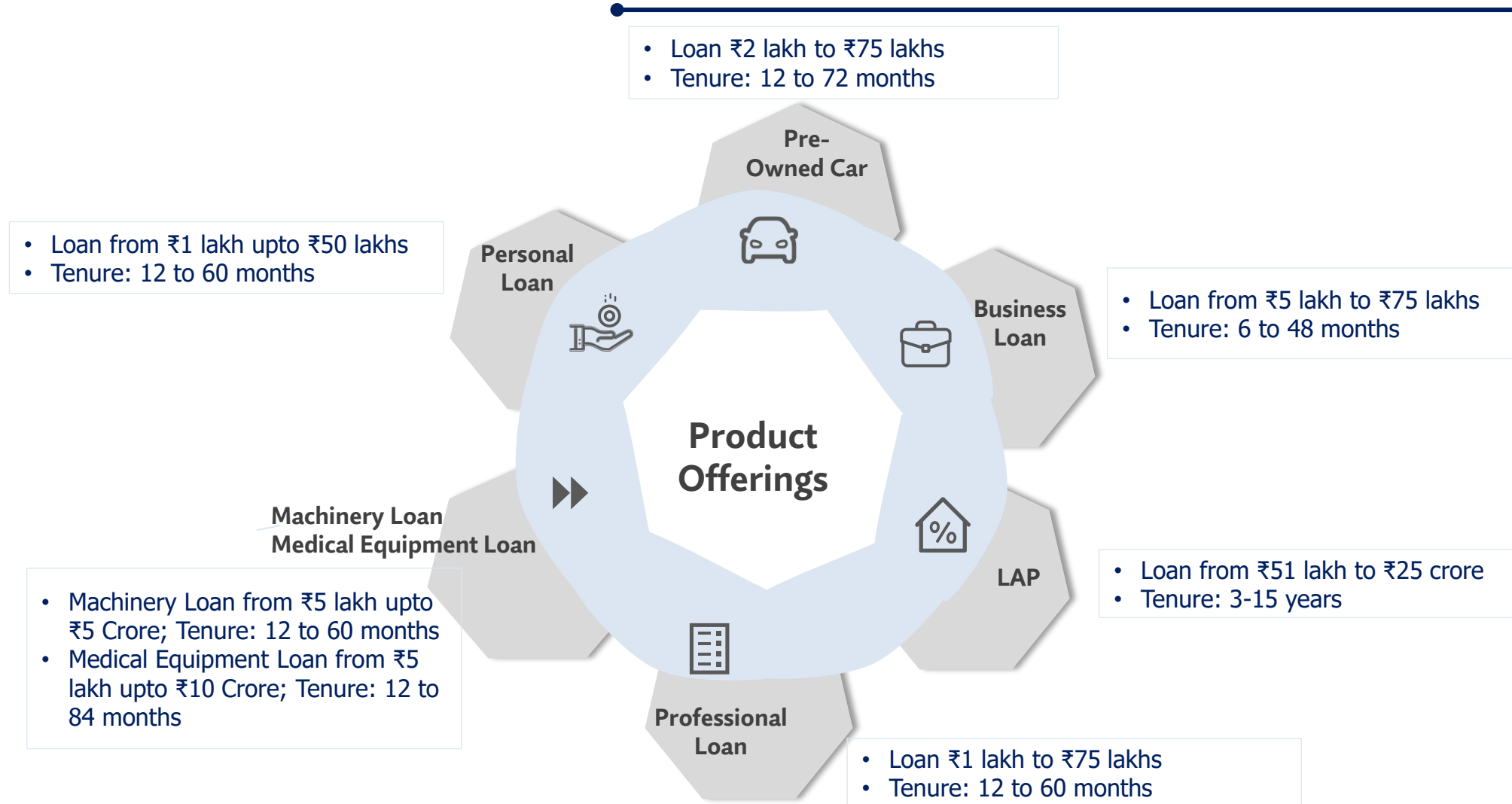
Financial Overview

4

Board of Directors, Management Team, ESG and Awards

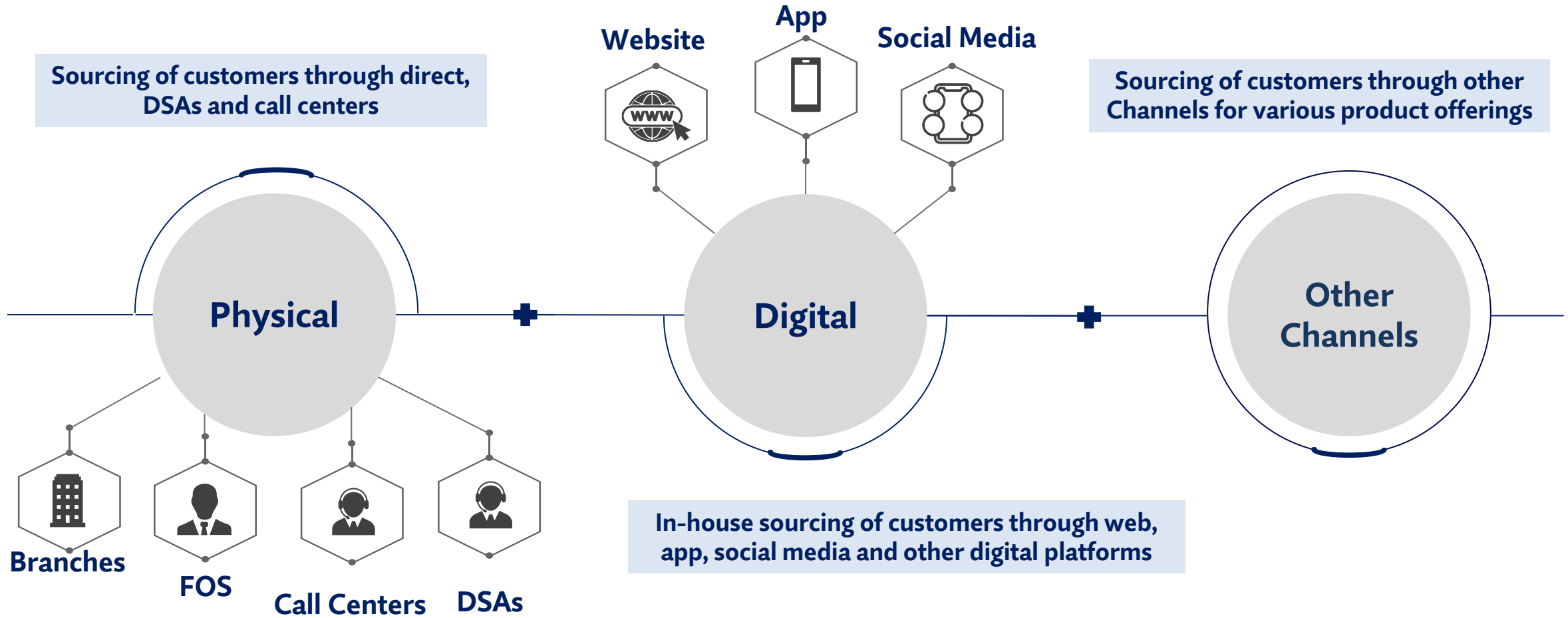
Well diversified product suite

Tailored to target our focused segment



Phygital Distribution Model

An architecture for customer sourcing



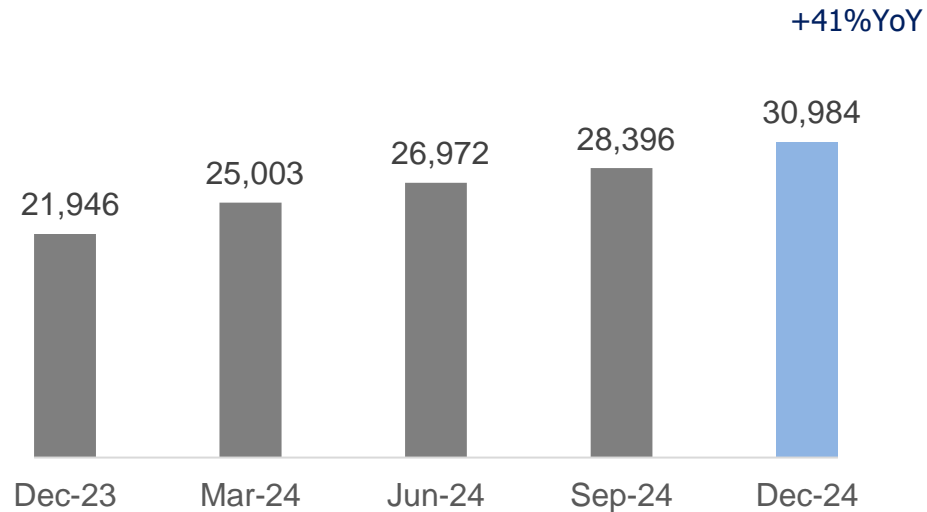
Assets Under Management

Growth in AUM targeting right mix

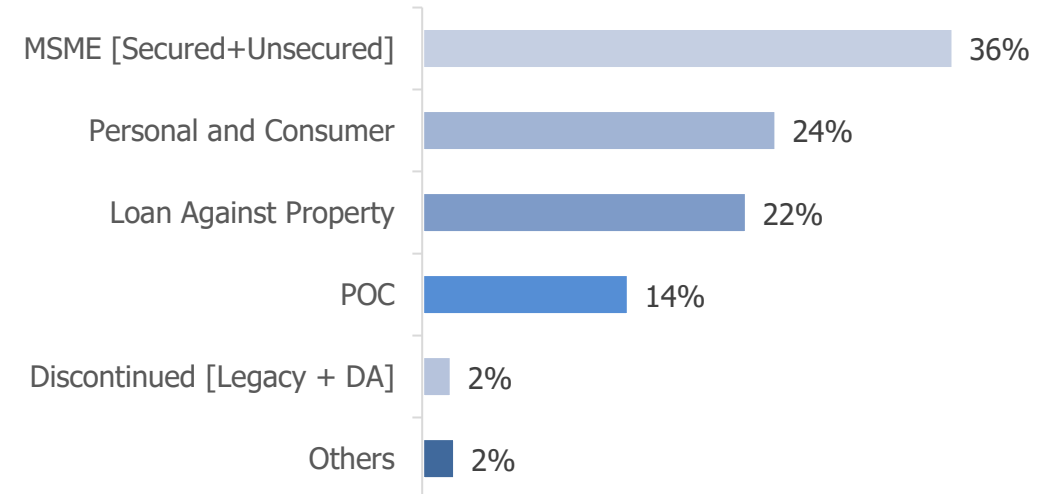


- Robust growth momentum in AUM
- Right balance of Secured to Unsecured on-book mix at 54:46

Assets under Management [₹ crore]



AUM Mix



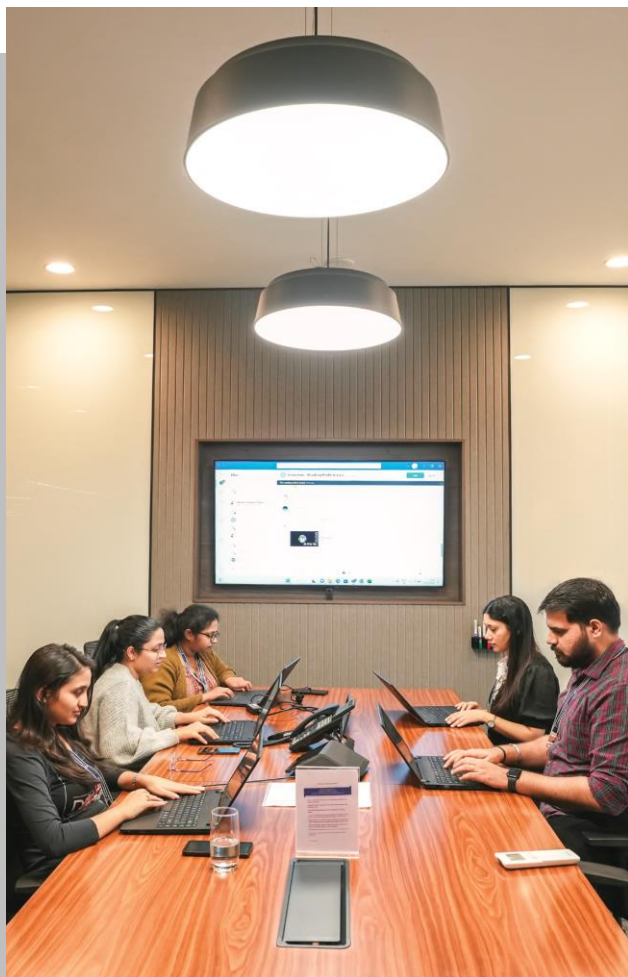


Table of Contents

1

Key Highlights

2

Business Overview

✓ Vision and Strategy

✓ Assets

✓ Liability

✓ Risk Management

3

Financial Overview

4

Board of Directors, Management Team, ESG and Awards

Credit Rating

Highest rating - AAA



Long-term Ratings*

CRISIL Ratings

Q3FY25

CARE Ratings

AAA/Stable

Short-term Ratings**

CRISIL Ratings

Q3FY25

CARE Ratings

A1+

*Long-term rated instruments includes Bank Facilities, NCD and Subordinated Debt | **Short-term rated instrument includes Commercial Paper

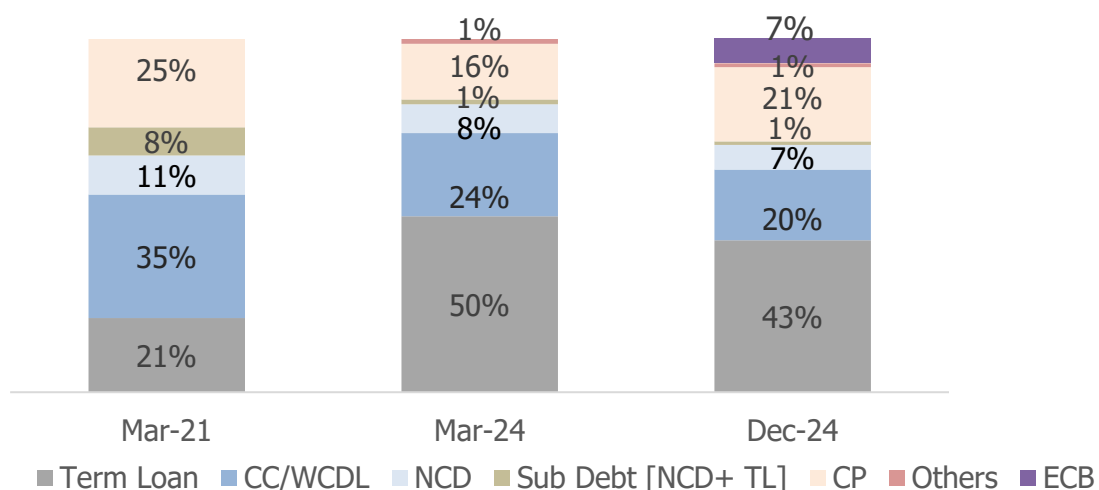
Composition of Borrowings

Well diversified liability profile

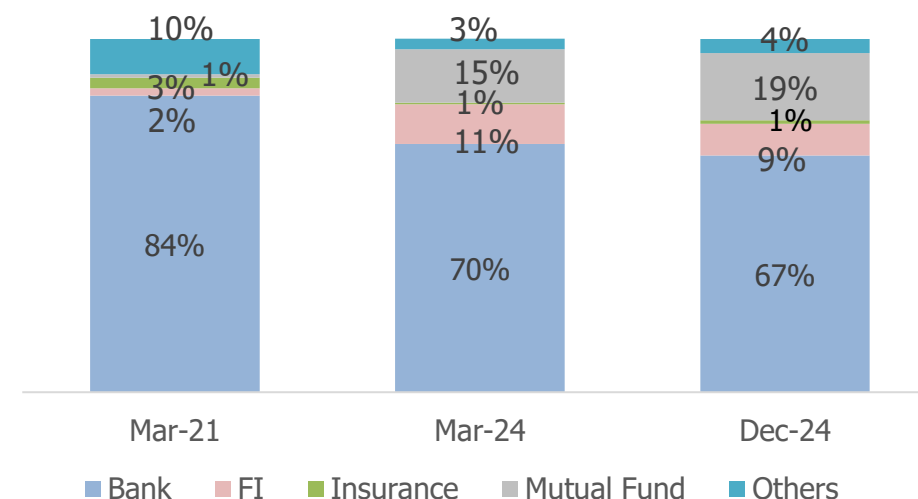


- Total borrowings as on Dec 31, 2024, at ₹ 21,338 crore. Further diversification of funding mix with maiden ECB of ₹ 1,477 crore
- 65% of borrowings are on variable rate
- Healthy mix of Short-term and Long-term borrowing ensuring positive ALM and optimized cost of borrowing
- Low leverage with D/E of 2.65x, providing enough headroom for growth

Instrument wise



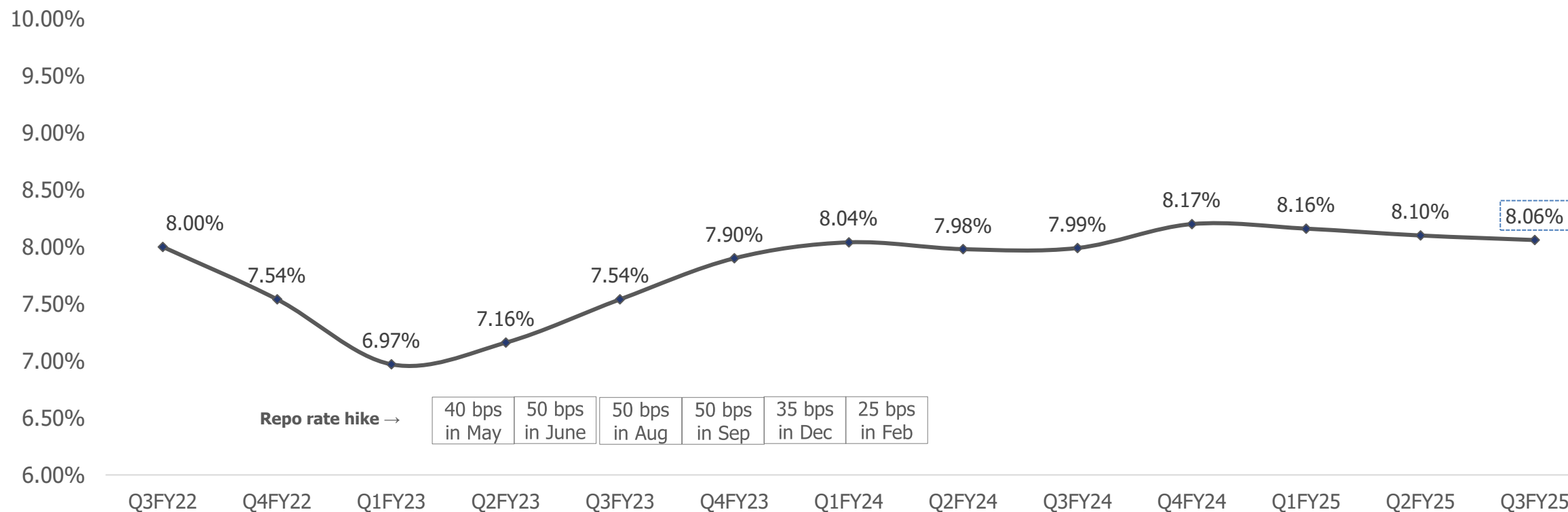
Institution wise



Optimizing Cost of Borrowing



CoB lower 4bps QoQ despite tight liquidity condition and elevated interest rate environment



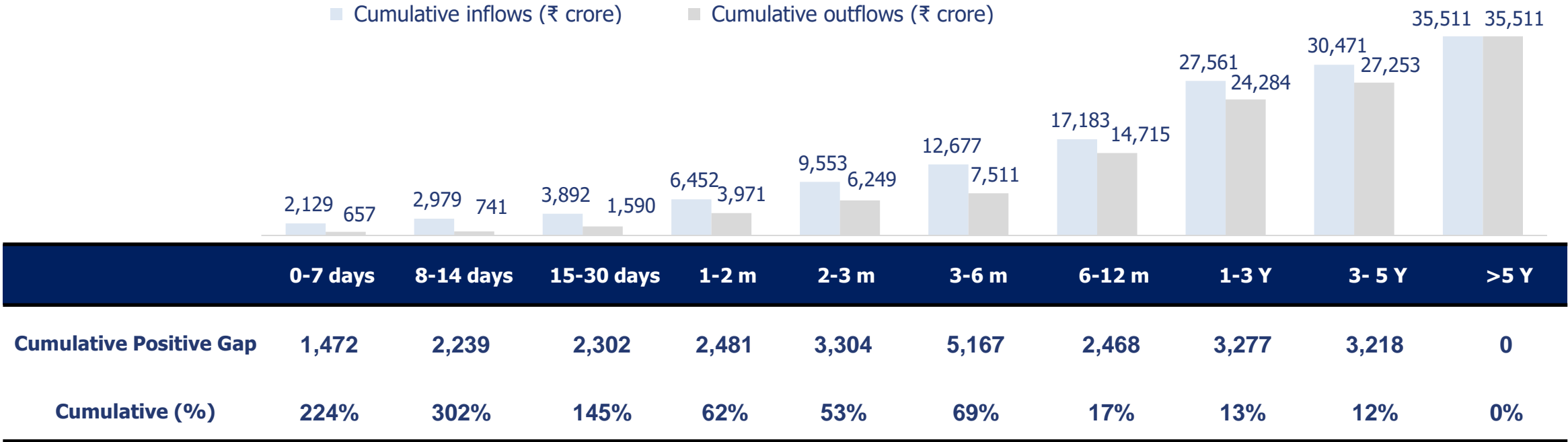
ALM statement and Liquidity



Structural Liquidity Statement as on December 31, 2024



Liquidity as on Dec 31, 2024, for PFL stood at ₹ 4,808 crore in the form of cash, cash equivalents and undrawn bank lines



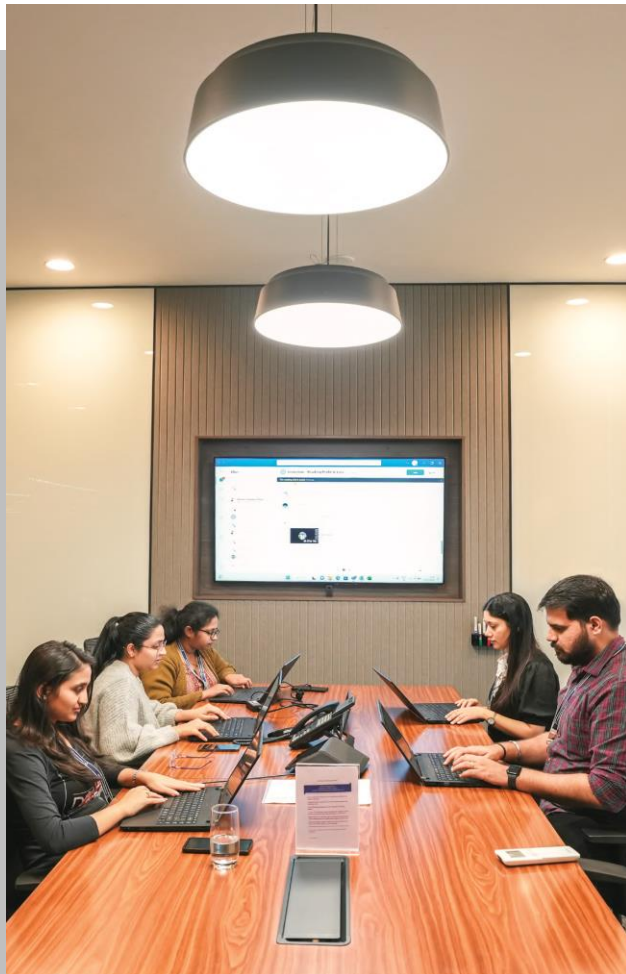


Table of Contents

1

Key Highlights

2

Business Overview

✓ Vision and Strategy

✓ Assets

✓ Liability

✓ Risk Management

3

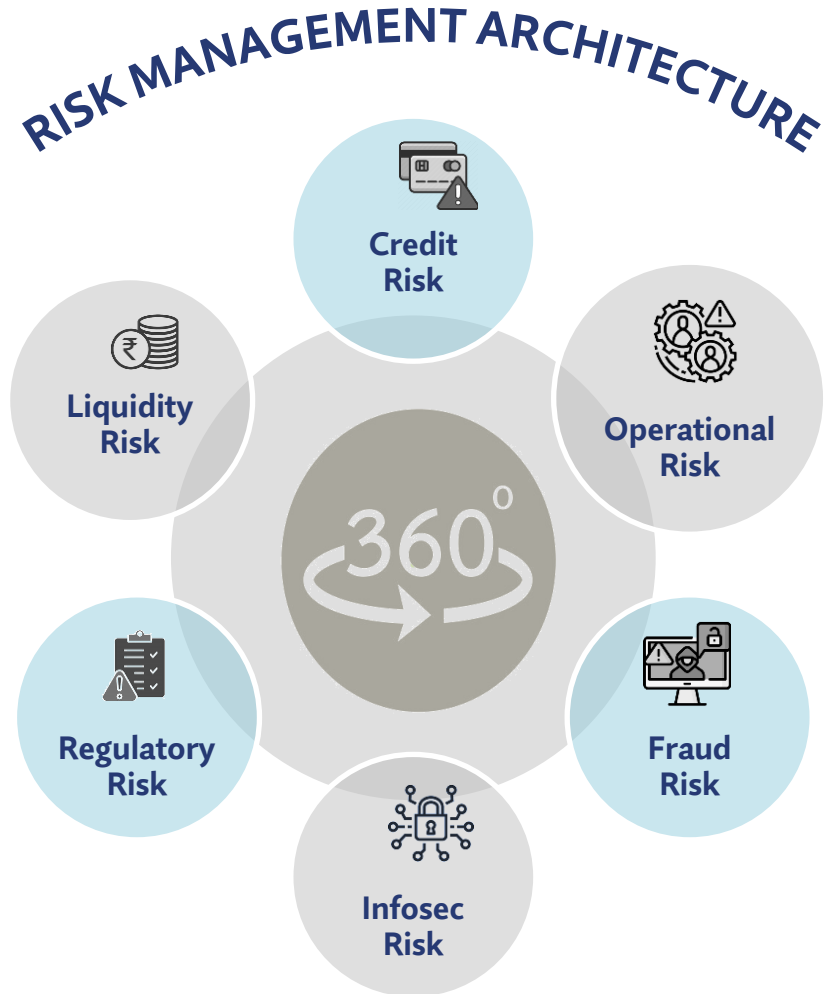
Financial Overview

4

Board of Directors, Management Team, ESG and Awards

Risk Management integrated into the strategy

Comprehensive risk management framework



Risk Management Strategy



Focus on Retail Lending

Creating a **granular** retail loan portfolio with **low concentration risk** and prudent mix of secured and unsecured offerings



Product Diversification

Diversification of product portfolio for risk-calibrated growth; Catering to all segments of the economy viz. Individuals, MSMEs, Corporates



Extensive use of Analytics

Leverage bureau information as well as alternate data for **sharper risk segmentation**; Granular customer segmentation for calibrated risk-rewards



Strengthening Monitoring & Governance

Enhanced credit risk monitoring with focus on **real-time Through-The-Door (TTD)** portfolio quality; Product program approach with well-defined risk triggers



Strengthening Lending Framework

Leveraging technology through use of AI/ML for predictive risk modeling and credit scoring; Initiative to use technology in Risk Management



Table of Contents

1

Key Highlights

2

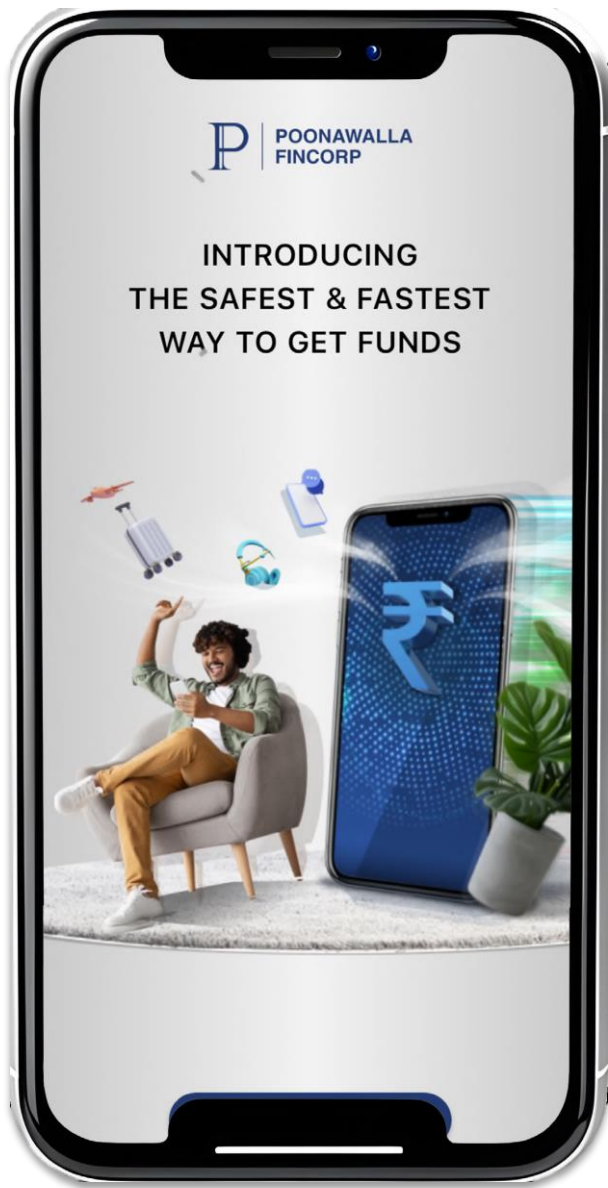
Business Overview

3

Financial Overview

4

Board of Directors, Management Team, ESG and Awards



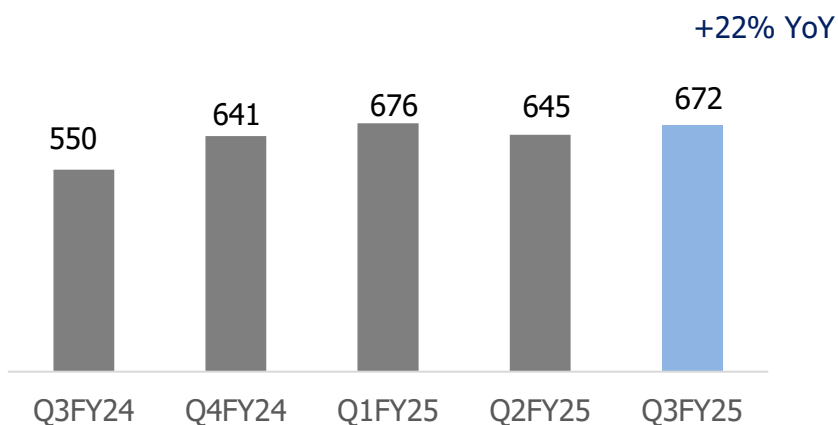
3. Financial Overview

Net Interest Income (NII) and Operating Expense

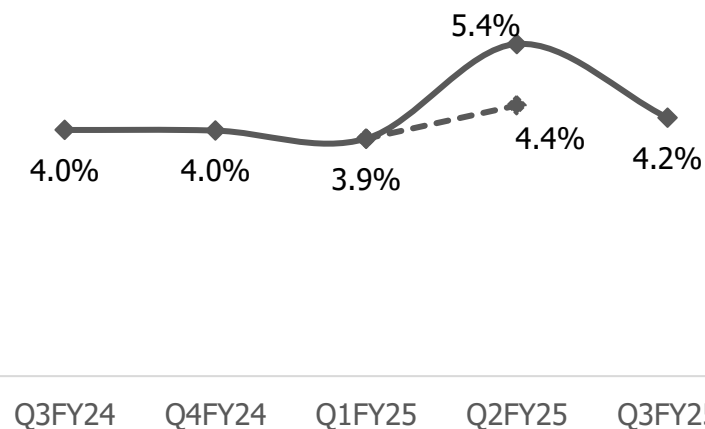
Consistent growth in net interest income; Stable Opex ratio



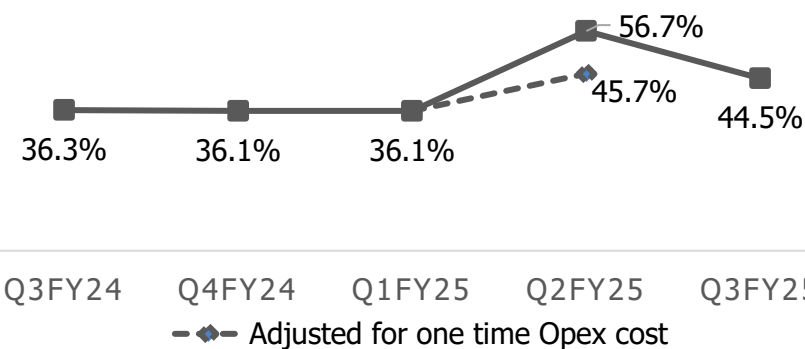
NII (₹ crore)



Opex to Average AUM ratio



Cost to Income ratio



- Healthy growth in NII with higher secured mix
- Opex to Average AUM at 4.2%; Cost to income at 44.5% driven by robust business and AUM growth

Asset Quality Trend

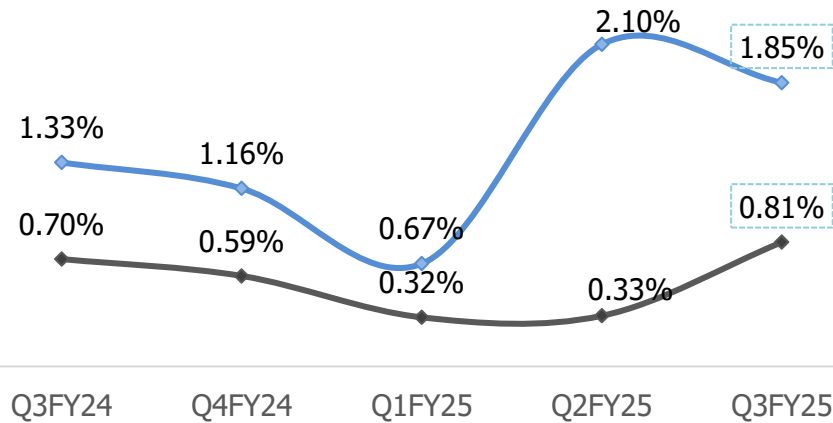
Reduction in Gross NPA; Adequately Provisioned



- GNPA reduced by 25bps QoQ to 1.85%
- PCR stands at 56.79%
- NNPA at 0.81%

GNPA and NNPA

—●— GNPA —◆— NNPA



| Particulars (₹ crore) | Dec-23 | Mar-24 | Jun-24 | Sep-24 | Dec-24 |
|-----------------------|---------------|---------------|---------------|---------------|---------------|
| Stage 1 Assets | 19,706 | 22,204 | 23,903 | 24,771 | 27,811 |
| Stage 2 Assets | 745 | 615 | 713 | 764 | 748 |
| Stage 1 PCR | 5.0% | 3.4% | 2.0% | 2.8% | 2.1% |
| Stage 2 PCR | 18.9% | 19.3% | 14.4% | 34.3% | 30.4% |
| Stage 1 & 2 PCR | 5.5% | 3.9% | 2.3% | 3.7% | 2.8% |
| Gross NPA (Stage 3) | 275 | 268 | 166 | 547 | 539 |
| Net NPA (Stage 3) | 145 | 136 | 79 | 85 | 233 |
| Gross NPA (%) | 1.33% | 1.16% | 0.67% | 2.10% | 1.85% |
| Net NPA (%) | 0.70% | 0.59% | 0.32% | 0.33% | 0.81% |
| PCR (%) | 47.33% | 49.39% | 52.53% | 84.47% | 56.79% |

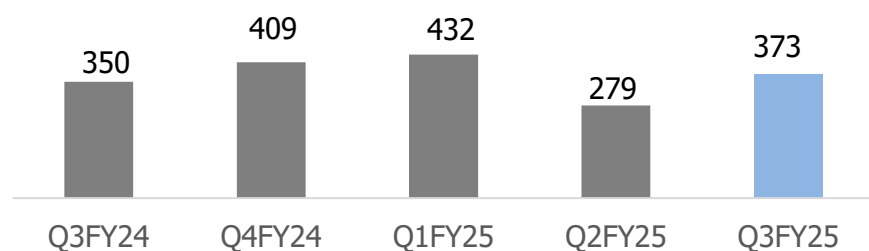
Profitability

Building blocks for sustainable and predictable profitability

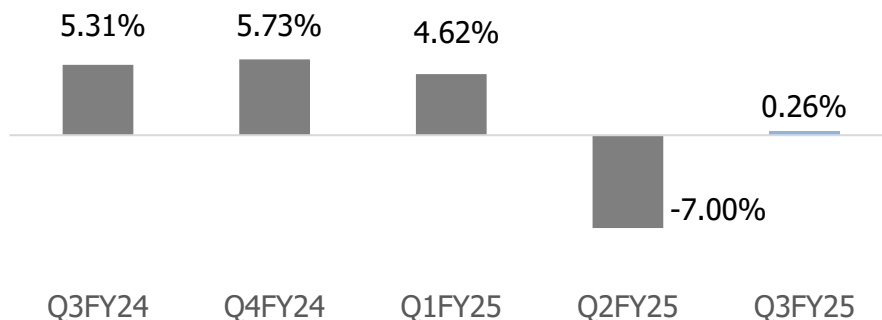


PPoP (₹ crore)

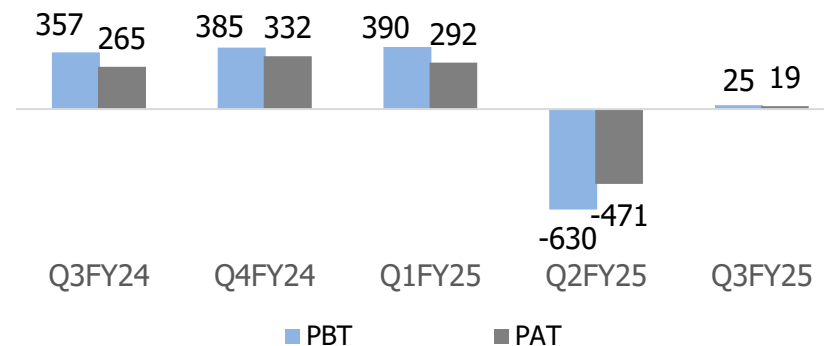
+7% YoY



RoA



PBT and PAT (₹ crore)



- PPoP grew by 7% QoQ*
- Operating profitability showing healthy growth even with higher secured mix, recalibration of STPL, and ongoing investments for building new businesses. AUM will add considerable strength in 4 quarters and lay foundation for very robust sustainable profits

Q2FY25 RoA, PBT and PAT includes One-time Opex of ₹ 71 Crore and one-time provisioning of ₹ 666 Crore in STPL book

*Q2FY25 PPoP adjusted for one-time Opex

Profit & Loss Statement



| ₹ crore | Q3FY24 | Q2FY25 | Q3FY25 |
|---|------------|--------------|------------|
| Total Interest Income | 714 | 911 | 999 |
| Interest expenses | 224 | 352 | 385 |
| Net Interest Income (NII) | 491 | 559 | 614 |
| Fee & Other Income | 59 | 86 | 58 |
| NII (inc. fees and other income) | 550 | 645 | 672 |
| Operating expenses | 200 | 366 | 299 |
| Operating profit | 350 | 279 | 373 |
| Credit cost | (7) | 910 | 348 |
| Profit/(Loss) before tax | 357 | (630) | 25 |
| Tax | 92 | (159) | 6 |
| Profit/(Loss) after Tax | 265 | (471) | 19 |
| One-time expense/(income) | - | 737 | - |
| Profit/(Loss) Before Tax (excl. one-time expense/(income)) | 357 | 106 | 25 |
| Profit after Tax (excl. one-time expense/(income)) | 265 | 80 | 19 |

One-time expense in Q2FY25 of ₹737 Crore includes one-time Opex of ₹ 71 Crore and one-time provisioning of ₹666 Crore on STPL book

Balance Sheet



| ₹ crore | Dec 31, 2023 | Sep 30, 2024 | Dec 31, 2024 |
|--------------------------|---------------|---------------|---------------|
| Cash & Bank Balances | 198 | 138 | 114 |
| Receivables | 66 | 15 | 30 |
| Loans | 19,415 | 24,646 | 27,962 |
| Investments | 743 | 1,239 | 1,230 |
| Other Financial Assets | 342 | 213 | 199 |
| Non-Financial Assets | 468 | 701 | 697 |
| Total Assets | 21,232 | 26,952 | 30,232 |
| Borrowings | 12,472 | 18,107 | 21,338 |
| Other Liabilities | 685 | 829 | 838 |
| Share Capital | 154 | 155 | 155 |
| Reserves & Surplus | 7,921 | 7,861 | 7,901 |
| Total Liabilities | 21,232 | 26,952 | 30,232 |



Table of Contents

1

Key Highlights

2

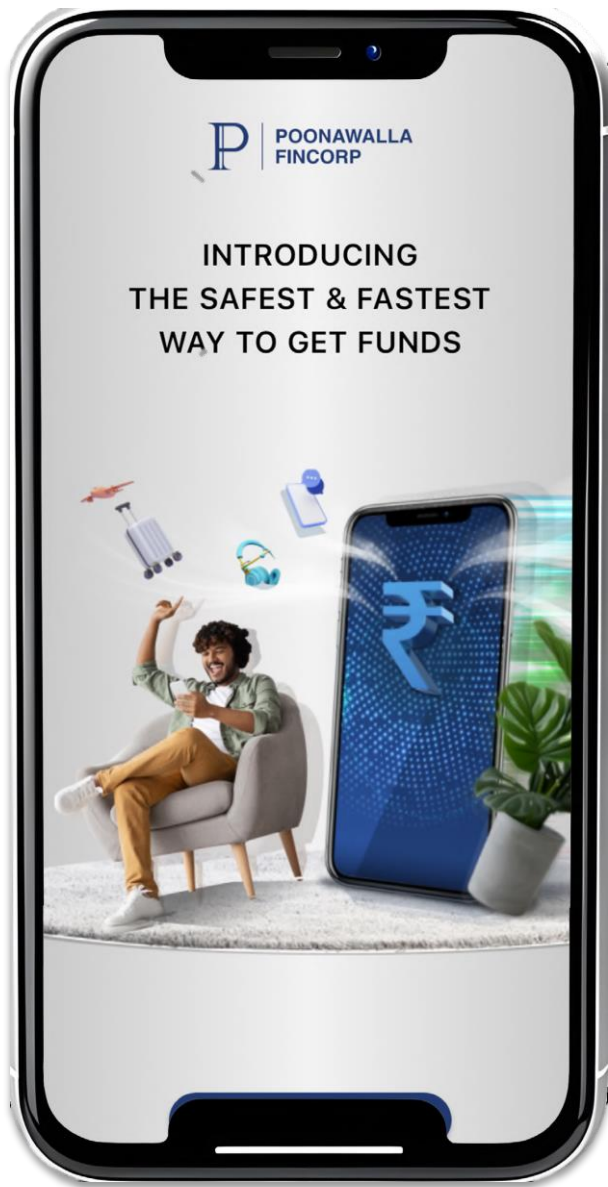
Business Overview

3

Financial Overview

4

Board of Directors, Management Team, ESG and Awards



4. Board of Directors, Management Team, ESG and Awards

Board of Directors

Commanding the course with the best governance standards



Mr. Adar Poonawalla
Chairman & Non-Executive Director

CEO of the Serum Institute of India (SII), the world's largest vaccine manufacturer by the number of doses produced and sold a year. Graduated from the University of Westminster in London. Founder of Poonawalla Fincorp and Villoo Poonawalla Charitable Foundation- launched to focus on increasing education, healthcare, safe water and environmental sanitation.



Mr. Arvind Kapil
Managing Director & CEO

Served as HDFC Bank's Group Head overseeing the mortgage banking business with a book size of 7.5 lakh crore. Also spearheaded the retail lending franchise at the HDFC bank. With an illustrious tenure spanning over 25 years, Mr. Arvind Kapil has been a trailblazer in harnessing digital solutions to revolutionise customer experience and groundbreaking innovations.

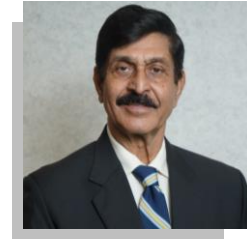


Mr. Sunil Samdani
Executive Director

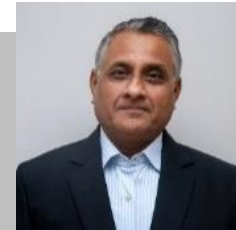
Seasoned financial professional and a strategic thought leader, with over two decades of rich experience in the BFSI sector. Served as Executive President and Chief Financial Officer of Bandhan Bank, Chief Financial Officer at Karvy Financial Services Limited, where he set up the treasury and finance functions for the NBFC.



Ms. Sonal Sanjay Modi
Non -Executive Director



Mr. Kewal Kundanlal Handa
Independent Director



Mr. Sanjay Kumar
Independent Director



Mr. Prabhakar Dalal
Independent Director



Mr. Bontha Prasad Rao
Independent Director



Ms. Kemisha Soni
Independent Director



Mr. Rajeev Sardana
Independent Director

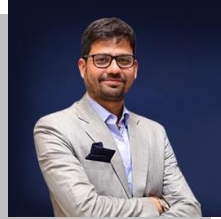
Management Team

Leading the next phase of growth



Mr. Arvind Kapil
Managing Director & CEO

Education: AMP-Harvard Business School, Masters program - IIM-B
Experience: HDFC Bank



Mr. Sunil Samdani
Executive Director

Education: CA, EDP from ISB
Experience: Bandhan Bank



Mr. Sanjay Miranka
Chief Financial Officer

Education: CA and CS
Experience: Aditya Birla Finance



Mr. Shriram V. Iyer
Chief Credit & Analytics Officer

Education: MBA, MDP- IIM-A
Experience: HDFC Bank



Mr. Vikas Pandey
Chief Business Officer - Consumer Business

Education: MBA
Experience: HDFC Bank



Mr. Veeraraghavan Iyer
Chief Business Officer - Commercial Business

Education: MMS, BE
Experience: HDFC Bank



Mr. Harsh Kumar
Chief Human Resources Officer

Education: MBA- HR and BE
Experience: CSB Bank, HDFC Bank



Mr. Bhaskar Pandey
Chief Risk Officer

Education: MBA and MCA
Experience: HDFC Bank



Mr. Bholananda Behera
Chief Compliance Officer

Education: MBA HR, PG-Senior Leadership XLRI
Experience: HDFC Bank, Canara Bank



Mr. Nitin Sane
Chief Internal Auditor

Education: PGDM in Financial Management, Masters in Criminology
Experience: Rabo Bank Group



Mr. Salil Hajarnis
Chief Technology Officer

Education: BE, PGDM
Experience: Fiserv, Capgemini

ESG delivering sustainable long-term value to stakeholders

Prioritising responsible business practices



Our Approach

Environment

We are committed to sustaining our environment by responsibly maintaining and optimising our assets regularly. Our key initiatives would lead our business operations to run smoothly and create a friendly environment for all.

Social

We are committed to investing proactively in our workforce and fostering positive relationships with external stakeholders, including customers, lenders, vendors, and communities. Our social commitment is centred on prioritising people and building lasting partnerships for mutual benefit.

Governance

We are committed to strong governance that encompasses all of our business drivers, including strategic depth, code of conduct, board membership, risk management, and guiding principles.

Metrics

5575.05 GJ

Total energy consumed

Implemented energy saving measures

0.40 tCO2/H

Total Scope 1 and Scope 2 emissions intensity per rupee of turnover

82.78%

Reduction in e-waste generated vs FY23

- Responsible e-waste disposal mechanisms in place
- Reduction in paper usage- digitalising processes and encouraging paperless transactions
- Promoting responsible paper use - re-using printouts and providing digital alternatives for customer communications.

647

Students supported financially for pursuing education

100%

Beneficiaries from vulnerable and marginalised groups

Ensuring compliance with regulatory changes

Maintaining the governance standards

Emphasis on financial integrity, ethical conduct, transparency, and trust

Awards and Accolades

Industry Recognition for our brand



Human Resource



Certified as a great workplace by Great Place To Work (GPTW) from January 2024



India's Best Workplace in Health & Wellness 2023



Recognised as The Most Preferred Workplace 2023-24

Brand & Marketing



The Great Indian BFSI Customer Education Campaign of the Year



The Great Indian BFSI Anthem of the Year



The Great Indian BFSI Digital Marketing Campaign of the Year

At 4th edition of The Great India BFSI Awards 2024

Risk Management



Outstanding Risk Management Initiative



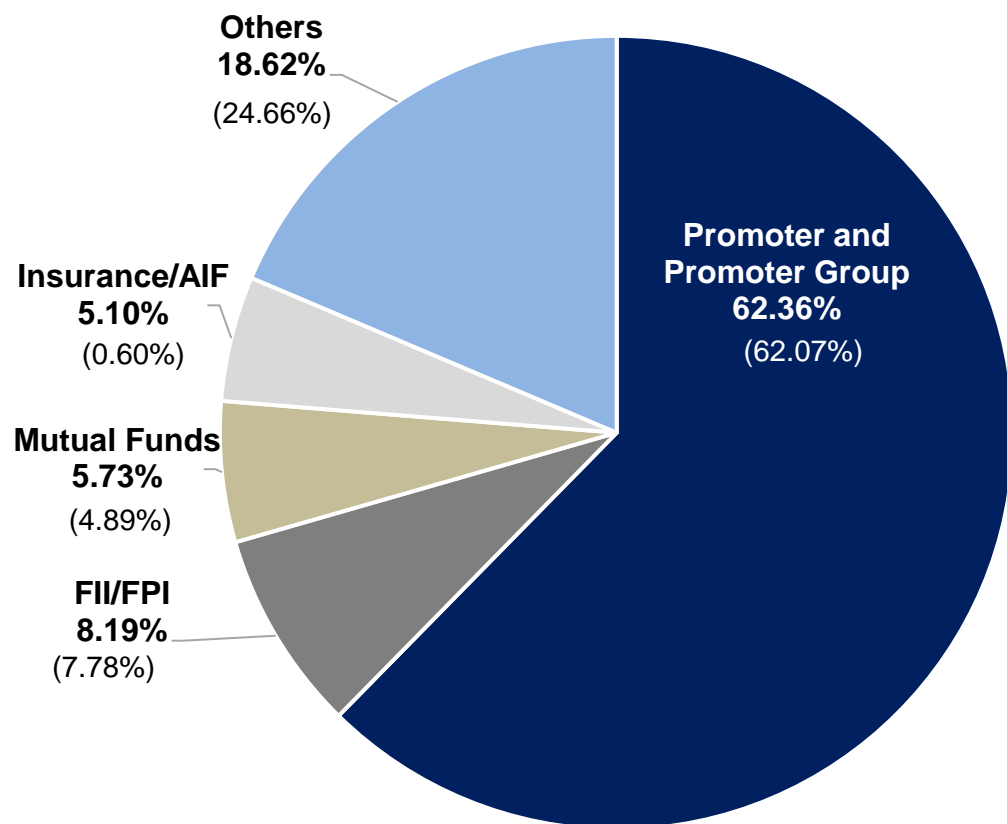
Outstanding Security Awareness

At 4th edition of ELETs BFSI Security Summit

Shareholding Pattern



Shareholding Pattern (Quarter ending Dec, 2024)



Figures in bracket represent data for quarter ending Dec, 2023

Top Institutional Investors

| |
|---|
| Kotak Mahindra Mutual Fund |
| SBI Life Insurance |
| Life Insurance Corporation of India |
| Amansa Holdings Private Limited |
| Bank Muscat India Fund |
| Franklin Templeton India Fund |
| Bandhan Mutual Fund |
| ICICI Prudential Life Insurance |
| Kuwait Investment Authority Fund |
| RIMCO India Limited |
| Aditya Birla Mutual Fund |
| Abu Dhabi Investment Authority |
| Baroda BNP Paribas Mutual Fund |
| Quant Mutual Fund |
| Vanguard |
| Ishares Core MSCI Emerging Markets ETF |
| Emerging Markets Core Equity Portfolio Of DFA |
| Investment Dimensions Group Inc. |



Thank You!

For further information, please contact:

Team – Investor Relations



Investor.relations@poonawallafincorp.com

www.poonawallafincorp.com

CIN : L51504PN1978PLC209007