

Please note that this document is for information purposes only, without regard to specific objectives, financial situations and needs of any particular person. These materials summarize certain points related to the Offer and they are not a comprehensive summary. Investors are requested to refer to the Red Herring Prospectus for details regarding the Offer, the Issuer Company and the risk factors before taking any investment decision. Please note that investments in securities are subject to risks including loss of principal amount and past performance is not indicative of future performance. ICICI Securities Limited does not accept any liability whatsoever direct or indirect that may arise from the use of the information herein. The information contained herein does not constitute an offer or an invitation for an offer to invest. You understand that under no circumstances may these materials or any part thereof be provided to persons outside India.



Initial Public Offer of Utkarsh Small Finance Bank Limited

Issue Opens on: July 12, 2023 | Issue Closes on: July 14, 2023

Price Band - Rs. 23 to Rs. 25 per share

The Floor Price is 2.30 times the face value of the Equity Shares and the Cap Price is 2.50 times the face value of the Equity Shares

Minimum Bid Lot of 600 shares; Bids in multiples of 600 shares thereafter

Initial Public Offering of up to [●] equity shares of face value of 10 each (The "Equity Shares") of Utkarsh Small Finance Bank Limited (Our "Bank") for cash at a price of [●] per equity share (including a premium of ₹ [●] per equity share) ("Issue Price") aggregating up to ₹ 5,000 million (The "Issue"). The Issue includes a reservation of up to [●] equity shares, aggregating up to ₹ [●] (Constituting up to 1% of the size of the Issue), for subscription by eligible employees (The "Employee Reservation Portion"). The Issue less the Employee Reservation Portion is hereinafter referred to as the "Net Issue". The Issue and the Net Issue shall constitute [●]% and [●]%, respectively, of the post-issue paid-up equity share capital of our bank.

Overview of the Company

<p>Business Overview</p>	<ul style="list-style-type: none"> Utkarsh small finance bank is based out of Varanasi which provides comprehensive financial services to the underserved and unserved customer segments with a focus on financial inclusion. The bank reported third fastest GLP growth of 31% CAGR between Fiscal 2019 and Fiscal 2023 among SFBs with GLP of more than ₹ 60 billion. Operations of the Bank are spread across India and are present in 26 States and Union Territories with 830 Banking Outlets and 15,424 employees, as of March 31, 2023. Bank has Gross Loan Portfolio of INR 106,307.25 million and deposit base of INR 137,101.40 million as of March 31, 2023.
<p>Promoter Background</p>	<p>Utkarsh CoreInvest Limited</p> <ul style="list-style-type: none"> Professionally managed company which is the sole promoter of the Bank. The company under its erstwhile name, Utkarsh Micro Finance Private Limited, was registered as a non-banking financial institution (without accepting public deposits) with the RBI. It commenced its operations as a NBFC in Fiscal 2010 and was focused on providing microfinance to unserved and underserved segments and in particular in the states of Uttar Pradesh and Bihar. The company transferred its business of providing microfinance, as a going concern to the Bank post the Bank obtained the RBI license to establish and carry-on business as an SFB.
<p>Strengths</p>	<p><u>Sound understanding of microfinance segment and presence in rural and semi-urban areas</u></p> <ul style="list-style-type: none"> The promoter of the Bank, Utkarsh CoreInvest Limited, has a history of serving customers in the microfinance segment with a particular focus on financial inclusion for unserved and underserved customer segments in rural/ semi-urban areas of Uttar Pradesh, Bihar, Jharkhand, Madhya Pradesh, Chhattisgarh and Uttarakhand. As of March 31, 2021, 2022 and 2023, the microbanking portfolio of the Bank constituted 81.98%, 75.28% and 66.03% of its total Gross Loan Portfolio and were to its microbanking loan customers primarily present in rural and semi-urban areas across 159 districts, as of March 31, 2023. As of March 31, 2021, 2022 and 2023, the Bank generated 68.47%, 63.23% and 56.42% of its Gross Loan Portfolio from rural and semi-urban areas, respectively. <p><u>Growing deposits with focus on retail deposits</u></p> <ul style="list-style-type: none"> The Bank offers diversified liabilities products at competitive rates targeted primarily at retail customers from all

segments led by senior citizens, middle-class individuals and self-employed and salaried individuals.

- Total deposits of the Bank have grown from ₹ 75,075.68 million as of March 31, 2021, to ₹ 100,741.83 million as of March 31, 2022, and further to ₹ 137,101.40 million as of March 31, 2023, while its deposit-only customers have increased from 0.38 million as of March 31, 2021, to 0.65 million as of March 31, 2022 and further to 0.86 million as of March 31, 2023.
- CASA franchise of the Bank has also increased from ₹ 13,269.92 million as of March 31, 2021 to ₹ 22,532.85 million as of March 31, 2022 and further to ₹ 28,637.35 million as of March 31, 2023. CASA to total deposits ratio of the Bank was 17.68% as of March 31, 2021, increased to 22.37% as of March 31, 2022, and further to 20.89% as of March 31, 2023.
- A continuous growth in customer base of the Bank has led to diversification of its deposit franchise and growth in retail deposit base. Ratio of retail term deposits to total deposits of the Bank, as of March 31, 2021, 2022 and 2023 was 39.83%, 37.28% and 40.66%, respectively.
- CASA ratio and large percentage of retail deposits of the Bank provide it with stable access to low-cost funding and longer tenure resources profile.

Diversified distribution network with significant cross-selling opportunities

- The Bank has an extensive physical network of Banking Outlets and as of March 31, 2023, the Bank had 830 Banking Outlets across 26 States and Union Territories covering 253 districts in India of which 522 Banking Outlets were located in rural and semi-urban areas (combined). Network of Banking Outlets of the Bank allows it to service its existing customers and attract new customers as a result of relationships cultivated through proximity and frequent interaction by its employees.
- As of March 31, 2023, 62.89% of total banking outlets of the Bank were located in rural and semi-urban areas.
- Banking outlets of the Bank have grown from 558 Banking Outlets as of March 31, 2021 to 686 Banking Outlets as of March 31, 2022 and further to 830 Banking Outlets as of March 31, 2023.
- Besides Banking Outlets of the Bank, its multi-channel delivery includes ATMs, micro-ATMs, mobile and internet banking, corporate internet banking services. As of March 31, 2023, the Bank had a network of 280 on-site and seven off-site ATMs. As of March 31, 2023, the Bank has also set-up 546 micro-ATMs.
- Relationship of the Bank with its microbanking customers presents significant opportunities to cross sell its other asset products that cater to the entire customer lifecycle.
- Given large base of microbanking customers of the Bank, it has initiated opening of savings accounts for these customers as a result of which, as of March 31, 2021, 2022 and 2023, 21.10%, 35.16% and 44.74% of its JLG loan accounts had savings accounts with the Bank.

Focus on risk management and effective operations

- Risk management and conservative provisioning policies of the Bank have helped it successfully navigate through industry wide one-off events such as demonetization and COVID.
- Effective credit risk management of the Bank is also reflected in control on its portfolio quality indicators. As of March 31, 2021, 2022 and 2023, its percentage of gross NPAs to Gross Advances was 3.75%, 6.10% and 3.23%, respectively, while its percentage of net NPAs to Net Advances was 1.33%, 2.31% and 0.39%, respectively.

Stable growth with cost efficient operational performance

- The Bank reported third fastest Gross Loan Portfolio growth of 31.0% CAGR between Fiscal 2019 and Fiscal 2023 among SFBs with Gross Loan Portfolio of more than ₹ 60 billion, according to CRISIL.
- The Bank provides its products and services in a cost-efficient manner which is one of its core strengths with its cost-to-income ratio being the lowest among SFBs with Gross Loan Portfolio of more than ₹ 60 billion in Fiscal 2023, according to CRISIL.
- The disbursements of the Bank have increased from ₹ 59,140.08 million in Fiscal 2021 to ₹ 90,462.79 million in Fiscal 2022, and was ₹ 124,428.94 million in Fiscal 2023.
- Gross Loan Portfolio of the Bank has grown from ₹ 84,156.60 million as of March 31, 2021 to ₹ 106,307.25 million as of March 31, 2022 and further to ₹ 139,571.08 million as of March 31, 2023

Leadership complementing strengths of the Bank

- The promoter of the Bank has a diversified shareholding which lends credibility to operations of the Bank.
- Board of the Bank comprises of individuals from various fields with varied and diverse experience. The experience of the Independent Directors helps to ensure transparency and accountability in its operations across diverse functional aspects and their inputs enhance quality of its operations.
- The management team of the Bank comprises of qualified and experienced professionals. The Managing Director and Chief Executive Officer, Govind Singh, has over 25 years of experience in the banking and financial services sector and in particular the microfinance industry.

	<ul style="list-style-type: none"> The Bank is also led by a professional senior management team, each of whom have significant experience in the banking and financial services industry. The group heads of functional groups, such as accounts and finance, operations, technology, compliance, internal audit, risk and human resources, enhance the quality of the management with their specific and extensive industry experience. 																																																																																			
Strategies	<ul style="list-style-type: none"> Continue diversifying retail asset portfolio of the Bank Grow retail deposits mix across geographies and customer segments to build stable funding source Increase share of fee income and capitalize on cross-selling opportunities 																																																																																			
Major Shareholders	<table border="1"> <thead> <tr> <th>Sr. No.</th> <th>Name of the Shareholder</th> <th>Number of Equity Shares held</th> <th>Percentage of Equity Share Capital (%)</th> </tr> </thead> <tbody> <tr> <td colspan="4">Promoters</td> </tr> <tr> <td>1.</td> <td>Utkarsh CoreInvest Limited</td> <td>759,272,222</td> <td>84.75%</td> </tr> <tr> <td></td> <td>Total (A)</td> <td>759,272,222</td> <td>84.75%</td> </tr> <tr> <td colspan="4">Others</td> </tr> <tr> <td>1.</td> <td>Olympus ACF Pte Limited</td> <td>37,037,037</td> <td>4.13%</td> </tr> <tr> <td>2.</td> <td>Bharti AXA Life Insurance Company Limited</td> <td>23,584,905</td> <td>2.63%</td> </tr> <tr> <td>3.</td> <td>Triodos Sicav II - Triodos Microfinance Fund</td> <td>21,117,684</td> <td>2.36%</td> </tr> <tr> <td>4.</td> <td>responsAbility Participations Mauritius</td> <td>13,444,444</td> <td>1.50%</td> </tr> <tr> <td>5.</td> <td>Aavishkaar Bharat Fund</td> <td>12,962,962</td> <td>1.45%</td> </tr> <tr> <td>6.</td> <td>Growth Catalyst Partners LLC</td> <td>11,683,722</td> <td>1.30%</td> </tr> <tr> <td></td> <td>Total (B)</td> <td>119,830,754</td> <td>13.37%</td> </tr> <tr> <td></td> <td>Total (A+B)</td> <td>879,102,976</td> <td>98.12%</td> </tr> </tbody> </table>	Sr. No.	Name of the Shareholder	Number of Equity Shares held	Percentage of Equity Share Capital (%)	Promoters				1.	Utkarsh CoreInvest Limited	759,272,222	84.75%		Total (A)	759,272,222	84.75%	Others				1.	Olympus ACF Pte Limited	37,037,037	4.13%	2.	Bharti AXA Life Insurance Company Limited	23,584,905	2.63%	3.	Triodos Sicav II - Triodos Microfinance Fund	21,117,684	2.36%	4.	responsAbility Participations Mauritius	13,444,444	1.50%	5.	Aavishkaar Bharat Fund	12,962,962	1.45%	6.	Growth Catalyst Partners LLC	11,683,722	1.30%		Total (B)	119,830,754	13.37%		Total (A+B)	879,102,976	98.12%																															
	Sr. No.	Name of the Shareholder	Number of Equity Shares held	Percentage of Equity Share Capital (%)																																																																																
	Promoters																																																																																			
	1.	Utkarsh CoreInvest Limited	759,272,222	84.75%																																																																																
		Total (A)	759,272,222	84.75%																																																																																
	Others																																																																																			
	1.	Olympus ACF Pte Limited	37,037,037	4.13%																																																																																
	2.	Bharti AXA Life Insurance Company Limited	23,584,905	2.63%																																																																																
	3.	Triodos Sicav II - Triodos Microfinance Fund	21,117,684	2.36%																																																																																
	4.	responsAbility Participations Mauritius	13,444,444	1.50%																																																																																
5.	Aavishkaar Bharat Fund	12,962,962	1.45%																																																																																	
6.	Growth Catalyst Partners LLC	11,683,722	1.30%																																																																																	
	Total (B)	119,830,754	13.37%																																																																																	
	Total (A+B)	879,102,976	98.12%																																																																																	
Operational and Financial Snapshot	<table border="1"> <thead> <tr> <th rowspan="2">Particulars (₹ in millions, except otherwise indicated)</th> <th colspan="3">As of and for the</th> </tr> <tr> <th>Year ended March 31, 2021</th> <th>Year ended March 31, 2022</th> <th>Year ended March 31, 2023</th> </tr> </thead> <tbody> <tr> <td>(A) Gross Loan Portfolio</td> <td>84,156.60</td> <td>106,307.25</td> <td>139,571.08</td> </tr> <tr> <td>(B) Disbursements</td> <td>59,140.08</td> <td>90,462.79</td> <td>124,428.94</td> </tr> <tr> <td>(C) Deposits</td> <td>75,075.68</td> <td>100,741.83</td> <td>137,101.40</td> </tr> <tr> <td>(D) Credit to Deposit Ratio</td> <td>109.45%</td> <td>101.53%</td> <td>95.32%</td> </tr> <tr> <td>(E) Capital & Reserves</td> <td>13,683.53</td> <td>15,722.97</td> <td>20,003.21</td> </tr> <tr> <td>(F) Net Interest Income</td> <td>8,392.46</td> <td>10,608.51</td> <td>15,290.31</td> </tr> <tr> <td>(G) Net Interest Margin</td> <td>8.20%</td> <td>8.75%</td> <td>9.57%</td> </tr> <tr> <td>(H) Profit Before Taxes</td> <td>1,514.36</td> <td>797.13</td> <td>5,358.14</td> </tr> <tr> <td>(I) Net Profit for the year</td> <td>1,118.15</td> <td>614.62</td> <td>4,045.02</td> </tr> <tr> <td>(J) Return on Average Assets</td> <td>1.05%</td> <td>0.48%</td> <td>2.42%</td> </tr> <tr> <td>(K) Return on Average Equity</td> <td>9.99%</td> <td>4.14%</td> <td>22.84%</td> </tr> <tr> <td>(L) Average Yield</td> <td>15.46%</td> <td>15.24%</td> <td>15.67%</td> </tr> <tr> <td>(M) Cost of Funds</td> <td>8.27%</td> <td>7.47%</td> <td>6.96%</td> </tr> <tr> <td>(N) CASA + Retail Term Deposit Ratio (as percentage of total deposit)</td> <td>57.51%</td> <td>59.64%</td> <td>61.55%</td> </tr> <tr> <td>(O) CASA Ratio</td> <td>17.68%</td> <td>22.37%</td> <td>20.89%</td> </tr> <tr> <td>(P) Provision Coverage Ratio (including technical write off)</td> <td>80.42%</td> <td>78.14%</td> <td>95.78%</td> </tr> <tr> <td>(Q) Cost to Income Ratio</td> <td>56.54%</td> <td>58.90%</td> <td>54.15%</td> </tr> <tr> <td>(R) Gross NPA as a percentage of Gross Advances</td> <td>3.75%</td> <td>6.10%</td> <td>3.23%</td> </tr> <tr> <td>(S) Net NPA as a percentage of Net Advances</td> <td>1.33%</td> <td>2.31%</td> <td>0.39%</td> </tr> </tbody> </table>	Particulars (₹ in millions, except otherwise indicated)	As of and for the			Year ended March 31, 2021	Year ended March 31, 2022	Year ended March 31, 2023	(A) Gross Loan Portfolio	84,156.60	106,307.25	139,571.08	(B) Disbursements	59,140.08	90,462.79	124,428.94	(C) Deposits	75,075.68	100,741.83	137,101.40	(D) Credit to Deposit Ratio	109.45%	101.53%	95.32%	(E) Capital & Reserves	13,683.53	15,722.97	20,003.21	(F) Net Interest Income	8,392.46	10,608.51	15,290.31	(G) Net Interest Margin	8.20%	8.75%	9.57%	(H) Profit Before Taxes	1,514.36	797.13	5,358.14	(I) Net Profit for the year	1,118.15	614.62	4,045.02	(J) Return on Average Assets	1.05%	0.48%	2.42%	(K) Return on Average Equity	9.99%	4.14%	22.84%	(L) Average Yield	15.46%	15.24%	15.67%	(M) Cost of Funds	8.27%	7.47%	6.96%	(N) CASA + Retail Term Deposit Ratio (as percentage of total deposit)	57.51%	59.64%	61.55%	(O) CASA Ratio	17.68%	22.37%	20.89%	(P) Provision Coverage Ratio (including technical write off)	80.42%	78.14%	95.78%	(Q) Cost to Income Ratio	56.54%	58.90%	54.15%	(R) Gross NPA as a percentage of Gross Advances	3.75%	6.10%	3.23%	(S) Net NPA as a percentage of Net Advances	1.33%	2.31%	0.39%
	Particulars (₹ in millions, except otherwise indicated)		As of and for the																																																																																	
		Year ended March 31, 2021	Year ended March 31, 2022	Year ended March 31, 2023																																																																																
	(A) Gross Loan Portfolio	84,156.60	106,307.25	139,571.08																																																																																
	(B) Disbursements	59,140.08	90,462.79	124,428.94																																																																																
	(C) Deposits	75,075.68	100,741.83	137,101.40																																																																																
	(D) Credit to Deposit Ratio	109.45%	101.53%	95.32%																																																																																
	(E) Capital & Reserves	13,683.53	15,722.97	20,003.21																																																																																
	(F) Net Interest Income	8,392.46	10,608.51	15,290.31																																																																																
	(G) Net Interest Margin	8.20%	8.75%	9.57%																																																																																
	(H) Profit Before Taxes	1,514.36	797.13	5,358.14																																																																																
	(I) Net Profit for the year	1,118.15	614.62	4,045.02																																																																																
	(J) Return on Average Assets	1.05%	0.48%	2.42%																																																																																
	(K) Return on Average Equity	9.99%	4.14%	22.84%																																																																																
	(L) Average Yield	15.46%	15.24%	15.67%																																																																																
	(M) Cost of Funds	8.27%	7.47%	6.96%																																																																																
	(N) CASA + Retail Term Deposit Ratio (as percentage of total deposit)	57.51%	59.64%	61.55%																																																																																
(O) CASA Ratio	17.68%	22.37%	20.89%																																																																																	
(P) Provision Coverage Ratio (including technical write off)	80.42%	78.14%	95.78%																																																																																	
(Q) Cost to Income Ratio	56.54%	58.90%	54.15%																																																																																	
(R) Gross NPA as a percentage of Gross Advances	3.75%	6.10%	3.23%																																																																																	
(S) Net NPA as a percentage of Net Advances	1.33%	2.31%	0.39%																																																																																	
Objects of the Offer	<ul style="list-style-type: none"> The Issue comprises a Fresh Issue aggregating up to ₹ 5,000 million Company proposes to utilize the Net Proceeds from the Fresh Issue towards fully augmenting its Tier - 1 capital base to meet its future capital requirements 																																																																																			

Investors are requested to refer to the Red Herring Prospectus dated July 6, 2023 at <https://www.icicisecurities.com/OfferDocument.aspx?ArticleID=19402>, for details regarding the Issue, the Issuer Company and the risk factors before taking any investment decision