



Press Release

AU Small Finance Bank Q2FY18 Total Income up 41% to Rs. 508 crore

Gross AUM expanded 30% to cross Rs. 12,000 crore driven by retail loans of over Rs. 10,000 crore

Opened over 300 branches since launch of banking operations in April, 2017

Opened 1,75,000 deposit accounts, mobilized ~ Rs. 2,000 crore of CASA, Retail & Bulk Deposits as a Bank

Incremental cost of funds significantly lower in H1 at 6.7%

Jaipur, October 28, 2017: AU SMALL FINANCE BANK LTD. [BSE: 540611; NSE: AUBANK], has announced its financial performance for the second quarter ended September 30, 2017.

Summary of Business Performance in Q2FY18

- Net Interest Income of Rs. 220 crore in Q2FY18, up 12%. Total Income of Rs. 508 crore, up 41 %.
- Gross AUM surged by 30% Y-o-Y to Rs 12,134 crore as on September 30, 2017 led by growth in all segments of retail and wholesale banking operations. Retail loans now exceed Rs. 10,000 crore, comprising ~85% of loan book.
- Disbursements clocked growth of 29% in H1 to exceed Rs. 4,000 crore in H1; surpassed Rs. 2,500 crore during Q2. All segments of retail assets witnessed strong growth in Q2; Wheels, MSME, SME Y-o-Y disbursements grew 23%, 43% and 8% respectively; NBFC disbursements up 90% in wholesale bank.
- Raised Deposits of Rs. 1,164 crore during Q2 at incremental cost of funds 6.7%. Deposits of Rs. 1,978 crore have been raised after transitioning into a bank on April 19, 2017. Over 175,000 deposit accounts, including 156,000 CASA accounts, opened in this short period of which 82% were new relationships for the bank. Paperless eKYC-enabled customer onboarding and tab-based account opening process followed.
- Maintained asset quality with Gross NPA at 3.1% and Net NPAs of 2.1% (both on book), with provision coverage at 32.8% as on September 30, 2017.
- Q2 was the first full quarter of banking operations, resulting in Cost to Income Ratio to increase to 54.6%, which is expected to start improving as operational efficiency kicks in over medium term.
- PAT was Rs. 68 crore for Q2FY18 as against Rs. 62 crore in Q1FY18. For H1FY18 PAT stood at Rs. 130 crore.
- ROA (annualized) increased marginally over Q1FY18 to 1.8%; likewise RoE (annualized) rose to 13.1%.

- Well Capitalized with CAR of 20.6% and Tier-I CAR of 19.7% as on September 30, 2017.
- Following transition from NBFC to Small Finance Bank and commencement of banking operations on April 19, 2017, AU Bank has rapidly developed a network of 303 branches, 113 asset centres, 23 offices and 287 ATMs in 11 states and 1 union territory in North, West and Central India as on September 30, 2017.
- Made significant progress in expanding basket of products within banking operations:
 - Received corporate agency approval from IRDAI for distribution of third-party insurance products; tied up with Aditya Birla Health Insurance
 - Within internet banking, added RTGS facility across all IFSC codes
 - Piloted Digital Consumer Durable Loans with card-less EMI options
 - Started digital onboarding of savings account customers; onboarded almost 70% new saving accounts through Tab banking in the month of September, 2017
 - Scaled-up/added new products including gold loans and agri-SME loans in retail bank and business banking in wholesale bank

Commenting on Q2FY18 financial and operating performance, Mr. Sanjay Agarwal, MD & CEO, AU Small Finance Bank said, *“Following the rapid and seamless transition from NBFC to banking operations, we have now established the operating base that we believe is poised to deliver sustainable growth over several years by bringing the benefits of a full-service bank to a large number of Indians, including in unbanked areas given our experience of 20 years in serving such markets and basis our small finance bank mandate.*

With over 300 branches and 113 asset centres we have a strong banking franchise that allows us to expand upon the asset relationships developed over the last 2 decades since AU’s incorporation in 1996.

Since our bank launch on April 19 this year, we have opened 1.75 lakh accounts and raised Rs. 2,000 crore of deposits that has allowed us to bring substantial reduction in the incremental cost of funds to 6.7% in H1. We have also disbursed more than Rs. 2,500 crore of loans in Q2 alone, as credit demand returned after GST implementation, while maintaining control over asset quality. We have recently launched gold loans, agriculture SME loans, apart from working capital facilities and RTGS facilities for customers to expand our portfolio of services.

Following recent regulatory transitions enacted in the country, our traditional base of SME and MSME businesses are looking to expand their presence and AU Bank is best-positioned to partner with them. We are bringing a best-in-class banking experience to our customer base that has rapidly expanded to almost 500,000 accounts. Some of our unique offerings include monthly interest payouts, bio-metric ATMs, minimal paper work and true anywhere banking.

Q2 was the first full quarter of operations as a bank and we believe that following the establishment of over 300 branches in a few months, our cost base can be expected to start improving over next few quarters. Despite higher costs, we delivered annualized return on assets at 1.8% and return on equity at 13.1%. Both of these metrics could be expected to expand as the business grows as per plan."

About AU Small Finance Bank Limited

Started in 1996 as Au Financiers, AU Small Finance Bank Limited has a long standing track record of over two decades of being a retail focused and customer centric institution serving the underbanked and unbanked populous of North, West and Central India.

AU Bank commenced its banking operations on April 19, 2017. As on Sept 30, 2017, AU Bank's distribution network was at 303 Branches, 113 Asset Centers, 23 offices and 287 ATMs spread across 11 states and one union territory. AU Bank had Gross Asset Under Management of Rs. 12,134Cr, Total Deposits of Rs. 1,978 Cr and an employee base of 9,974 team members.

AU Bank offers comprehensive suite of asset and liability product and services. AU Bank's Retail Loan offerings include Wheels Loan, Secured Business Loans to MSME & SME, Gold Loan, Agri-SME Loans. The Bank also offers NBFC Loans, Real Estate Group Loans and Business Banking Loans as part of Wholesale Loans. On the Liability side, AU Bank offers Current Account, Savings Account, Fixed Deposits, Recurring Deposits and transaction banking services. In addition, AU Bank is also offering Locker services and Third Party products like General Insurance and Life Insurance.

Long Term Credit Rating: IND A+ / Positive (India Ratings)

Short Term Credit Rating: IND A1+ (India Ratings)

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