



चलो आगे बढ़ें

A SCHEDULED BANK | FORTUNE INDIA 500 COMPANY

Investor Presentation

Q3FY18

Retail Focused | Differentiated | Well Capitalized | Fast Growing | Customer Centric

January 31, 2018

Table of Contents



-  **Q3/ 9MFY18 Performance Summary**
-  **Retail Bank, Wholesale Bank Snapshot**
-  **Liabilities & Treasury Snapshot**
-  **About AU Small Finance Bank**
-  **Summary Financials & Shareholding Pattern**

Q3 / 9MFY18 Key Financials & Y-o-Y Comparison



Select P&L Highlights

In INR Crore

Total Income		Net Interest Income		PPOP		Profit After Tax ¹	
Q3	9M	Q3	9M	Q3	9M	Q3	9M
570	1489	250	654	153	421	79	209
↑ 61%	↑ 45%	↑ 25%	↑ 16%	↑ 5%	↑ 1%	↓ -5%	↓ -8%

Select Business Highlights

In INR Crore

Gross AUM	9M FY18 Disbursements ²	Deposits ³	Net Worth
13,415	6,619	3,716	2,194
↑ 38%	↑ 47%	NA	↑ 24%

Assets Quality & Capital Adequacy

Gross NPA ⁴	Net NPA ⁴	CRAR	Tier 1 CRAR
2.8%	1.9%	21.0%	20.0%
Vs. 3.1% (30 st Sep 17)	Vs. 2.1% (30 th Sep 17)	Vs. 26.6% (31 st Dec 16)	Vs. 24.4% (31 st Dec 16)

Operational Highlights

# Branches	# Asset Centers	#ATMs	# Active Customer A/cs ⁵	# Employees
306	105	291	6,68,659 (VS. 4,79,207 IN Q2)	10,666

NA – Not Applicable

1 9MFY17 PAT adjusted for exceptional items for comparison with 9MFY18. Exceptional item in FY17 - profit on sale of investments in subsidiaries & associate companies

2 For 9MFY18. Disbursement during Q3FY18 was Rs. 2,520/- Crore

3 Deposits include Certificate of Deposits of Rs. 99 Crores

4 GNPA recognized on 90 DPD basis as on 31st Dec, 2017 while it was based on 120 DPD as on 31st Dec, 2016

5 Active Loan Customers Accounts – 3,26,947, Active Deposit Customers Accounts – 3,41,712



ADVANCES & ASSET QUALITY

- Maintained robust loan growth; Gross AUM at Rs. 13,400+ crore, Up ~38% y-o-y
- Continued focus on Retail Assets with lion's share of more than ~82% at Rs. 11,000+ crore.
- 2nd continued quarter of disbursements of more than Rs. 2,500 crores; ~35,000 new loans accounts
- Gaining traction in new products; ~1800 Gold Loans and 200 Consumer Durable Loans disbursed in Q3FY18
- Improved Asset Quality - GNPA at 2.8% (vs. 3.1% as on 30/09/17) and NNPA of 1.9% (vs. 2.1% as on 30/09/17)
- Likewise 90+ DPD (including off-book) in at 2.2% as against 2.3% as at last quarter end.

LIABILITIES, BRANCH BANKING & CROSS-SELL

- Strong traction in deposits mobilization; Deposits nearly doubled over Q2FY18 and stood at Rs. 3,716 crores; driven partly also by 'Scheduled Bank' status, rates and product features
- Deposits to Advances ratio at ~37%
- Cost of Deposits at 6.55%
- Maintained CASA ratio of 37%; More than 3,00,000 CASA a/cs opened till date.
- ~89% deposit customer New to AU Bank
- BC tie up done for opening branches in unbanked locations



LIABILITIES, BRANCH BANKING & CROSS-SELL

- **Leveraging AU distribution strength; ramping up cross sell of insurance & mutual funds**
 - GI Partner – Chola mandalam; Premium Collected Rs. 7 Crore; 23,071 policies
 - HI Partner – Aditya Birla – Premium Collected Rs. 1 Crore, 1091 policies (started in Dec'2017)
 - Mutual Fund – Kicked off with 12 AMCs; AUM of Rs. 1 Crore, 214 SIP Installments

DIGITAL BANKING

- **TAB adoption reached to 90% for individual saving accounts; More than 1,24,000 accounts on Tab in last quarter. 97% accounts opened in STP mode**
- **Launched Mobile Banking App on android**
- **IMPS made live on Internet Banking**
- **Successful installation of over 250+ POS machines**
- **Kick started the project to provide cash management services, corporate net banking solutions for our MSME & SME customers; tied up with Aurion-Pro**

STATUS OF SFB LICENSE REQUIREMENTS

Criterion	Requirements	Status as on 31 st Dec 2017
Branches in unbanked areas	25% of total bank branches	To be met by March 2018; already 12 branches operations. BC tie up done for the remaining branches
Proportion of Loans & Advances up to Rs. 25 Lacs	50%	60.37%
Priority Sector Lending (applicable from next FY)	75%	PSL Qualified Advances of Rs. 7064 Crs out of Total Advances of Rs. 10,031 Crs



FINANCIAS, CAPITAL ADEQUACY & RETURN RATIOS

- Average AUM IRR of 15.3%; Average Cost of Funds of 8.6%
- Net Interest Income of Rs. 250 crore for Q3FY18 and Rs. 654 crore in 9MFY18; Up 25% over Q3FY17 and 16% over 9MFY17 respectively
- Total Income of Rs. 570 crore (Up 61% over Q3FY17) partly led by growth in other operating income; 9MFY18 Total Income at Rs. 1489 crore, Up 45% y-o-y
- Q3FY18 Cost to Income Ratio marginally rose to ~57.1%; For 9MFY18 Cost to Income ratio stood at 53.6%
- Q3FY18 PAT at Rs. 79 crore; Almost at similar levels of Rs. 83 crore in Q3FY17 despite impact of the higher costs of bank transitioning.
- Well Capitalized; CRAR of 21.0% and Tier – I CRAR of 20.0%
- ROA marginally better over Q2FY18 at 1.8%; Likewise RoE marginally rose to 13.3%¹

OTHER KEY HIGHLIGHTS

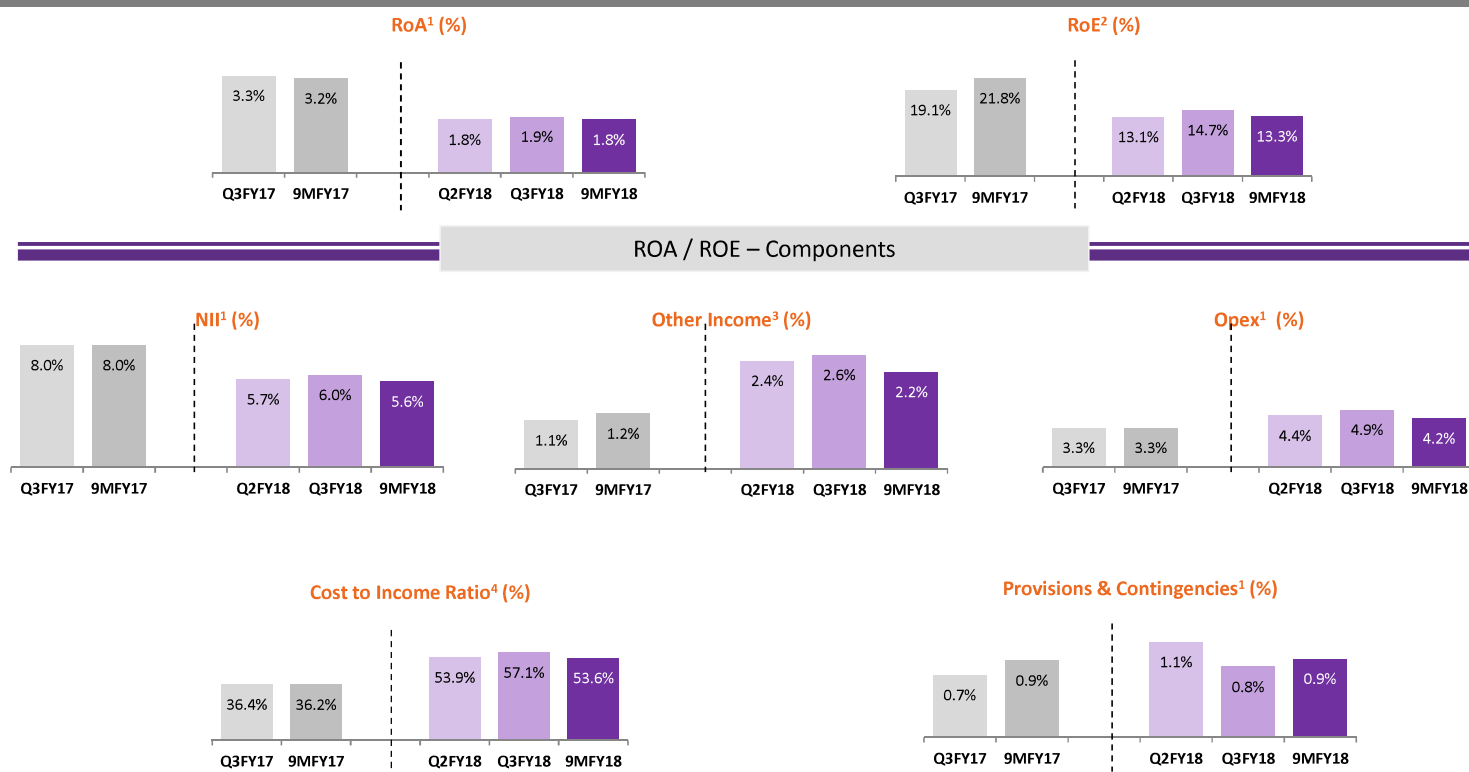
- Expanded the Board; Inducted two directors having vast experience in banking, financial services, housing, mortgages & investment management.
- Received “Scheduled Bank” status as on 1st Nov 2017; Included in MSCI India Domestic Small Cap Index
- Featured in Fortune India 500 Companies – Ranked 6th in 5 year PAT growth

1. 9M annualized

Steadily Improving ROA & ROE despite bank transition



Q3FY18 ROA and ROE marginally better than Q2FY18, despite higher Opex on account of Bank transition; Directionally improving trend in ROA / ROE components



1 As % of sum of Avg. Total Assets and Avg. Securitization & Assignment AUM; Annualized

2 Annualized; Q3FY17 and 9MFY17 ROE's calculated on PAT after adjusting for exceptional items; Annualized

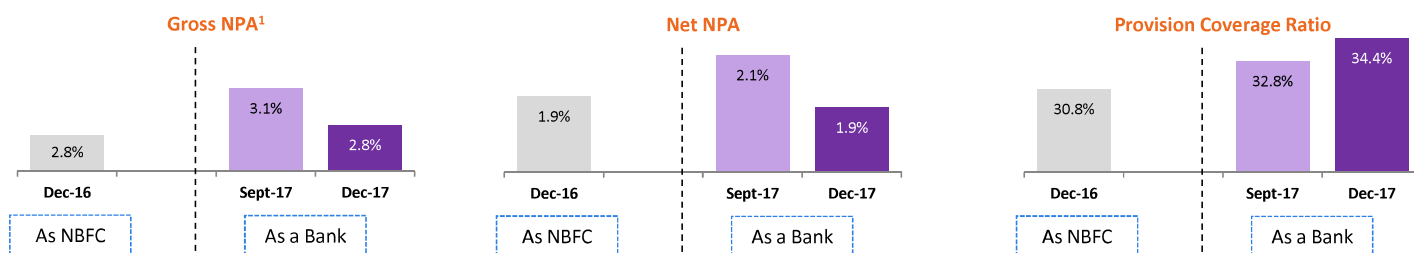
3 Other income includes Loan processing & related fees and other charges collected, PSLC premium / fees, General Banking fees, profit on sale/purchase of mutual fund, recovery from loans written off, third party products distribution income etc.; As % of sum of Avg. Total Assets and Avg. Securitization & Assignment AUM; Annualized

4 Cost to Income Ratio represents Operating Cost to sum of NII and Other Income

Improved Asset Quality



Movement of Gross NPA	Q3FY18	Q2FY18
(All Figures in INR Crore)	Unaudited	Unaudited
Opening Gross NPA	266	217
Additions during the period	68	84
Reductions during the period	48	35
Gross NPA (closing)	286	266



¹ Gross NPA as on Dec 31, 2017 and Sept 30, 2017 are based on Gross NPA recognition at 90 Days Past Due where as Gross NPA as on Dec 31 2016 was based on Gross NPA recognition at 120 Days Past Due.

¹ 90+ Days Past Dues (90+ DPD) refers to principal outstanding for all loans / advances on-book or securitised or assigned and which are overdue for 90 Days or more

Well Capitalized; Adequate levels of CRAR



(All Figures in INR Crore)	Dec-17	Sept-17	Dec-16
	Unaudited	Unaudited	Unaudited
Total Risk Weighted Assets	9,374	8,380 [@]	6,704
Tier I Capital	1,874	1,884	1,634
Tier II Capital	91	85	150
Total Capital	1,965	1,969	1,784
CRAR	21.0%	23.5%[@]	26.6%
Tier I CRAR	20.0%	22.5% [@]	24.4%
Tier II CRAR	1.0%	1.0% [@]	2.2%

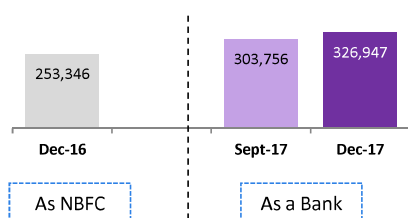
Note : CRAR and Tier 1 Capital Funds for interim financial periods has been computed without adding interim profit
Slight reduction in Tier I Capital Funds as on Dec 31, 2017 as against Sept 30, 2017 is on account of higher Deferred Tax Assets, Prepaid Expenses and Credit Enhancements while interim profits are not added
Slight increase in Tier II Capital Funds as on Dec 31, 2017 is on account of higher Standard Assets Provisions

@ As on Sep 30, 2017 Reported CRAR , Tier I CRAR & Tier II CRAR was 20.6%, 19.7% and 0.9% respectively. RBI vide its circular No. DBR.NBD.No.4502/16.13.218/2017-18 dated November 8, 2017 has provided an exemption to all Small Finance Banks whereby no separate capital charge is prescribed for market risk and operational risk. Accordingly, Sept 30, 2017 CRAR, Tier I CRAR & Tier II CRAR is revised to 23.5%, 22.5% & 1.0% respectively to make it comparable with Dec 30, 2017 figures.

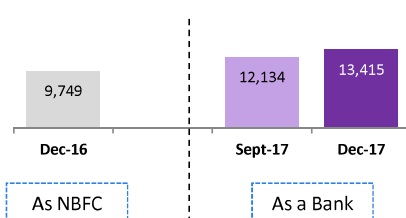
Key Performance Matrix



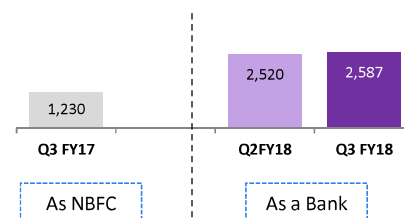
Active Loan Accounts



Gross AUM¹ INR Crore

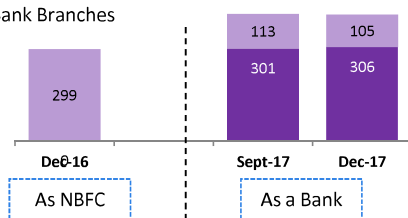


Disbursements INR Crore

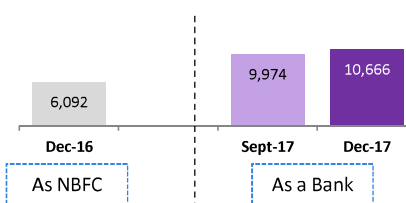


■ Asset Centers
■ Bank Branches

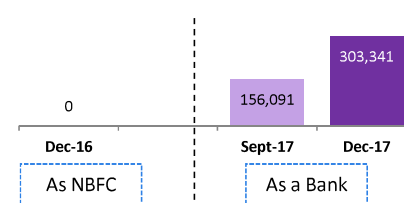
Branches²



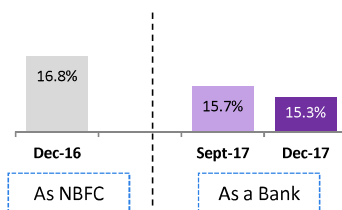
Employees



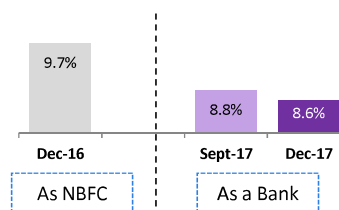
No. of CA, SA Accounts



Avg. Yield on Gross AUM³



Avg. Cost of Funds⁴



¹ Gross AUM represents sum of principal outstanding for all Loans / Advances on-books and Loans securitized or assigned as of last day of the relevant period.

² Branches as on 31st Dec 2016 refers to Branches in NBFC form.

³ Average Yield on Gross AUM represent weighted average Yield on Gross AUM, weights being AUM of each loan outstanding as of last day of the relevant period.

⁴ Average Cost of Funds represents simple average of monthly weighted average interest cost on deposits & borrowings and cost of securitization and assignment, weights being daily average deposits & borrowings and principal outstanding of securitisation and assignment transaction as of the last day of the relevant period.

Profit & Loss Statement



(All Figures in INR Crore)	Q3FY18	Q3FY17	Y-o-Y	9MFY18	9MFY17	Y-o-Y	Q2 FY18	FY17
	Unaudited	Unaudited		Unaudited	Unaudited		Unaudited	Audited
Income								
Interest Earned	464	326	42%	1,235	942	31%	410	1,287
Interest Expended	214	125	70%	582	378	54%	191	500
Net Interest Income	250	201	25%	654	564	16%	220	786
Other Income ¹	106	27	291%	254	87	192%	93	132
Total Net Income	356	228	56%	907	651	39%	312	918
Expenses								
Operating Expenses								
Employee Cost	118	47	151%	289	122	137%	100	193
Other Operating Expenses	85	36	138%	196	114	73%	68	156
Operating Profit before Provisions and Contingencies	153	145	5%	421	416	1%	144	569
Provisions (other than tax) and Contingencies	33	18	87%	103	61	69%	41	96
Exceptional Items	-	0	-100%	-	670	-100%	-	670
Profit Before Tax	120	127	-6%	318	1,025	-69%	103	1,143
Tax expenses	41	45	-8%	109	281	-61%	35	321
Profit After Tax	79	83	-5%	209	744	-72%	68	822
Profit After Tax (adjusted for exceptional items)	79	83	-5%	209	227	-8%	68	305

¹ Other income includes Loan processing & related fees and other charges collected, PSLC premium / fees, General Banking fees, profit on sale/purchase of mutual fund, recovery from loans written off, third party products distribution income etc.

Balance Sheet



(All Figures in INR Crore)	Dec 31, 2017	Dec 31, 2016	Y-o-Y	Sept 30, 2017	Mar 31, 2017
	Unaudited	Unaudited		Unaudited	Audited
Liabilities					
Capital	286	274	4%	284	284
Reserves and Surplus	1,908	1,501	27%	1,828	1,703
Deposits	3,716	-	N.A.	1,978	-
Borrowings	7,325	4,391	67%	7,442	7,071
Other Liabilities and Provisions	926	489	89%	799	709
Total Liabilities	14,161	6,655	113%	12,332	9,768
Assets					
Cash and Balances with R B I	346	9	N.A.	313	13
Balances with banks and Money at Call and Short Notice	478	189	153%	884	611
Investments	2,627	165	1490%	1,978	2,150
Advances	10,031	6,019	67%	8,535	6,551
Fixed Assets	389	131	196%	393	276
Other Assets	290	142	105%	228	166
Total Assets	14,161	6,655	113%	12,332	9,768

New Directors on Bank's Board – Brief Profile



Mr. Raj Vikash Verma – Independent Director

Masters in Economics (Delhi School of Economics), MBA Finance (FMS), CAIIB

- He has 35 years of rich experience of several facets of Housing, Mortgages & Financial regulations
- He has held several Chairman / CEO level leadership positions with leading regulatory/financial institutions viz. NHB, IMG, CERSAI, PFRDA, etc.
- He has been member-advisory committee to Insolvency & Bankruptcy Board of India

Mr. Narendra Ostwal - Nominee Director of Redwood Investments Ltd (a fund advised by Warburg Pincus)

MBA (IIM Bangalore), Chartered Accountant, Bachelor of Commerce

- He has over 18 years of experience and he serves as the Managing Director, Warburg Pincus India Private Limited and leads the investment management & evaluation function.
- He has been associated with various investments of the Warburg Pincus group including in Kotak Mahindra Bank, Capital First Limited and AU Small Finance Bank Limited (Formerly known as "Au Financiers (India) Limited").

Way Forward



Retail, Wholesale Bank – Diversify Products Mix

- Continue to be retail assets led bank
- Scale up the recently launched Housing / Home loans alongside other retail assets viz. Gold Loans, Consumer Durable Loans, Agri-allied loans.
- Scale up business banking within Wholesale Bank
- Leverage AU's distribution strength on scaling up the cross-sell liabilities products of insurance & MF



Liabilities – Enhance customer experience through ongoing Digital Enhancements

- Offering Corporate Net Banking, CMS, Bill Pay facilities
- Aadhaar Enabled Payment System¹
- Mobile Banking App - iOS version of the
- Digital onboarding of Individual Joint A/cs, Current A/cs
- Going live with IMPS on mobile banking
- Going live on UPI
- Going live on Bharat Bill Pay (BBPS)
- Going live with ASBA facility for our customers
- Merchant Acquiring through physical POS terminals & QR



Distribution







- Setting up branches in unbanked areas through BC Model; already tied up with the partner



Technology

- Significant investment in IT infrastructure
- Upgradation of existing technology with automated and digitized platforms

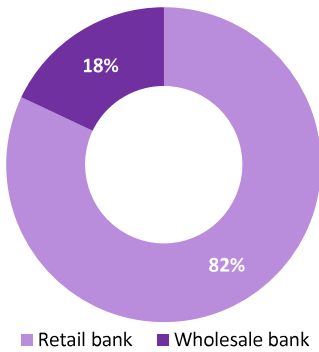
1. Allows online interoperable financial transaction at PoS (Point of Sale / Micro ATM) through the Business Correspondent (BC) of any bank using the Aadhaar authentication

- 
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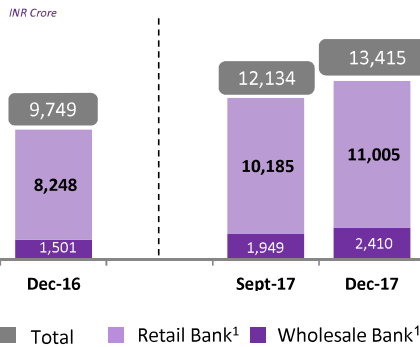
Retail & Wholesale Bank Snapshot – I



Retail Bank Assets comprise ~82% of Gross AUM of Rs. 13,415 Crore

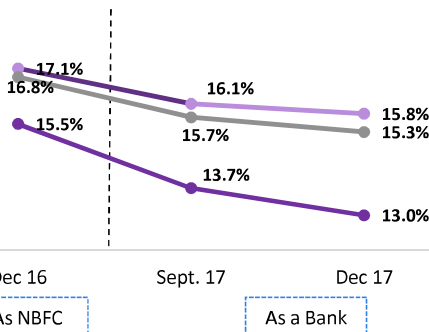


Retail Bank AUM continue to exhibit strong growth

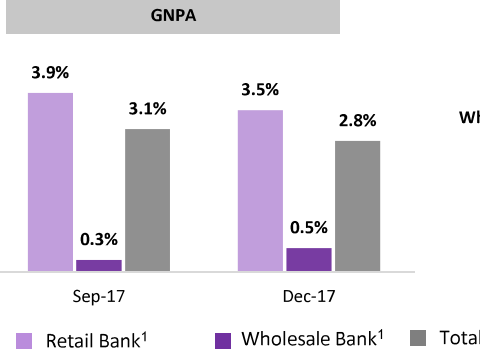


AUM Growth	Q-o-Q	Y-o-Y
Total	10.6%	37.6%
Retail Bank	8.1%	33.4%
Wholesale Bank	23.7%	60.6%

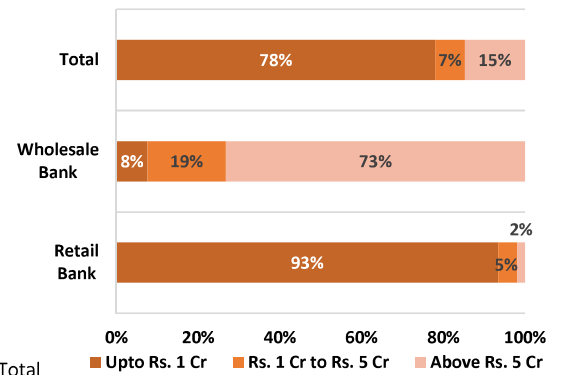
Reduction in Yields due to benefits of Banking Platform and basis market and product dynamics



Consistent Asset Quality



Ticket Size wise Distribution of Gross AUM

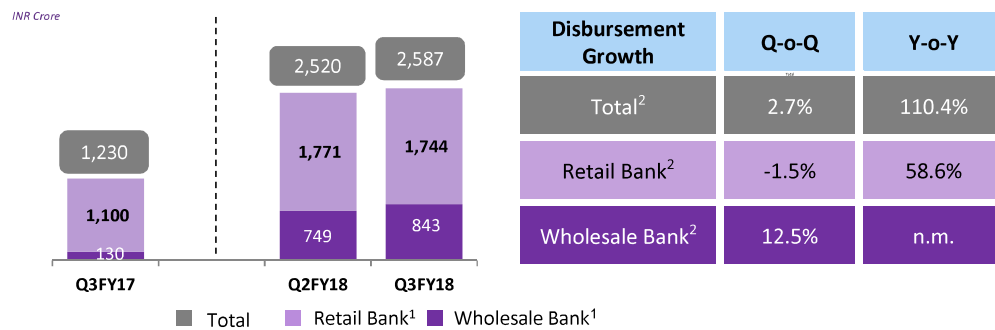


¹ Certain loans under Retail Bank vertical (majorly Secured Business Loans – SME) were re-classified under Wholesale Bank as Business Banking Loans. Resultantly, the break-up of Gross AUM, Disbursements, Weighted Average Yield, Average Ticket Size, GNPA, 90+ DPD as on Sept. 30, 2017 or for Q2FY18 changed for Retail Bank and Wholesale Bank to the extent of such re-classification in this Quarterly presentation as compared to figures presented for Retail Bank and Wholesale Bank in Q2FY18 presentation. However, there is no change on aggregate basis.

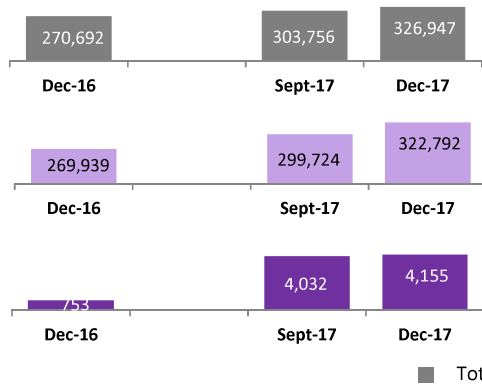
Retail & Wholesale Bank Snapshot - II



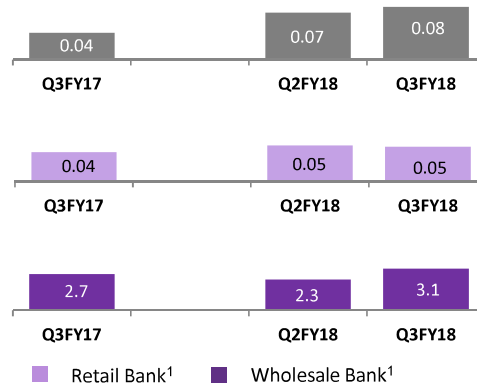
Consistent growth in Disbursements



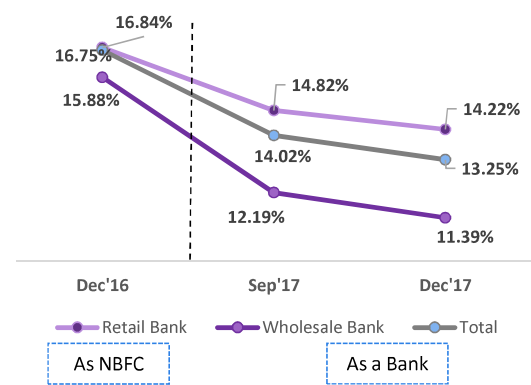
Active Customers Loan Accounts



Average Ticket Size (in Rs. Cr)



Disbursement IRRs



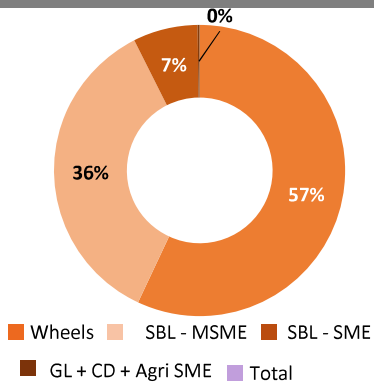
¹ Certain loans under Retail Bank vertical (majorly Secured Business Loans – SME) were re-classified under Wholesale Bank as Business Banking Loans. Resultantly, the break-up of Gross AUM, Disbursements, Weighted Average Yield, Average Ticket Size, GNPA, 90+ DPD as on Sept. 30, 2017 or for Q2FY18 changed for Retail Bank and Wholesale Bank to the extent of such re-classification in this Quarterly presentation as compared to figures presented for Retail Bank and Wholesale Bank in Q2FY18 presentation. However, there is no change on aggregate basis.

² The y-o-y disbursement number for corresponding quarter of last year is truly comparable as Q3FY17 was impacted by demonetisation

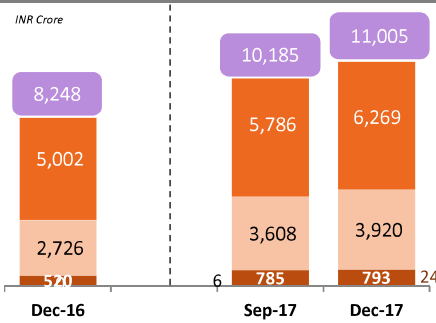
Retail Bank Snapshot – I



Retail Assets AUM Mix by Products – Wheels, MSME, SME and GL+CD+Agri SME



Retail Bank AUM grew by ~33% Y-o-Y; Secured Business Loans continue to exhibit strong growth



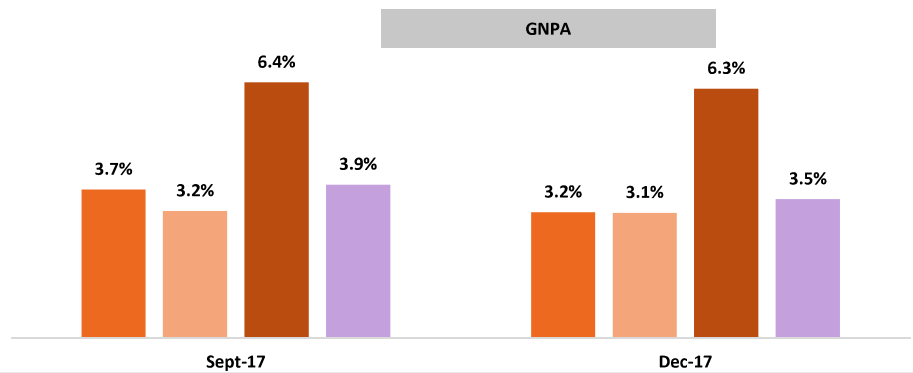
AUM Growth	Q-o-Q	Y-o-Y
Overall Retail Bank	8.1%	33.4%
Wheels	8.3%	25.3%
SBL - MSME	8.6%	43.8%
SBL - SME	1.0%	52.4%

■ Total
 ■ GL + CD + Agri SME
 ■ SBL - SME
 ■ SBL - MSME
 ■ Wheels

Product Wise Average IRR Range

Wheels - New	12%-16%
Wheels - Used	18%-22%
Wheels - Total	14%-18%
SBL - MSME	15%-19%
SBL - SME	12%-16%

Improving Asset Quality of Retail Bank

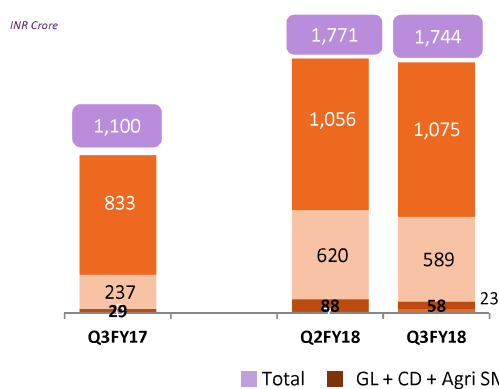


■ Wheels
 ■ SBL - MSME
 ■ SBL - SME
 ■ GL + CD + Agri SME
 ■ Total

Retail Bank Snapshot - II

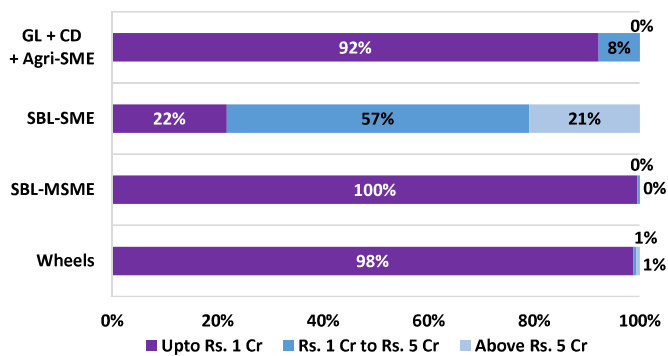


Disbursement Momentum maintained in Retail Assets

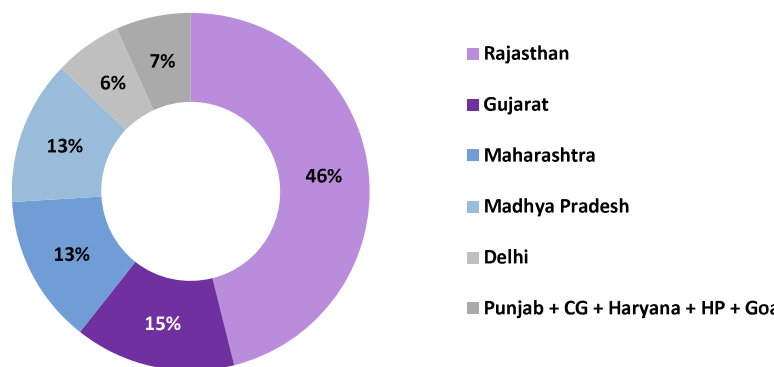


Products	Q-o-Q	Y-o-Y
Overall Retail Bank	-1.5%	58.6%
Wheels	1.8%	29.0%
SBL MSME	-5.0%	148.0%
SBL – SME	-34.5%	98.7%

Ticket Size wise Distribution of Retail Assets AUM

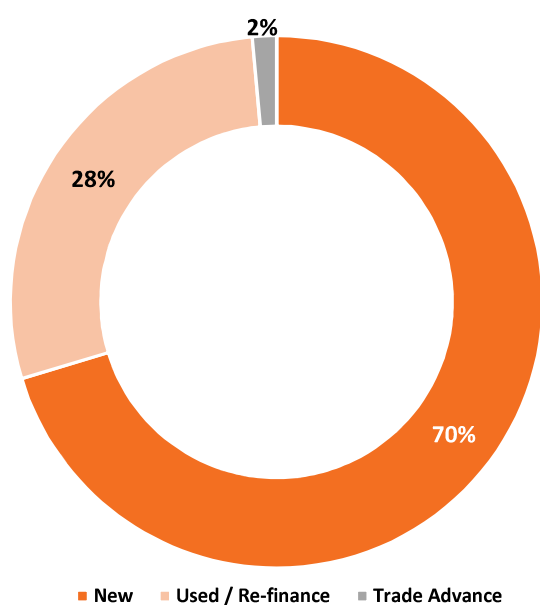


Retail Assets Regional Break-up

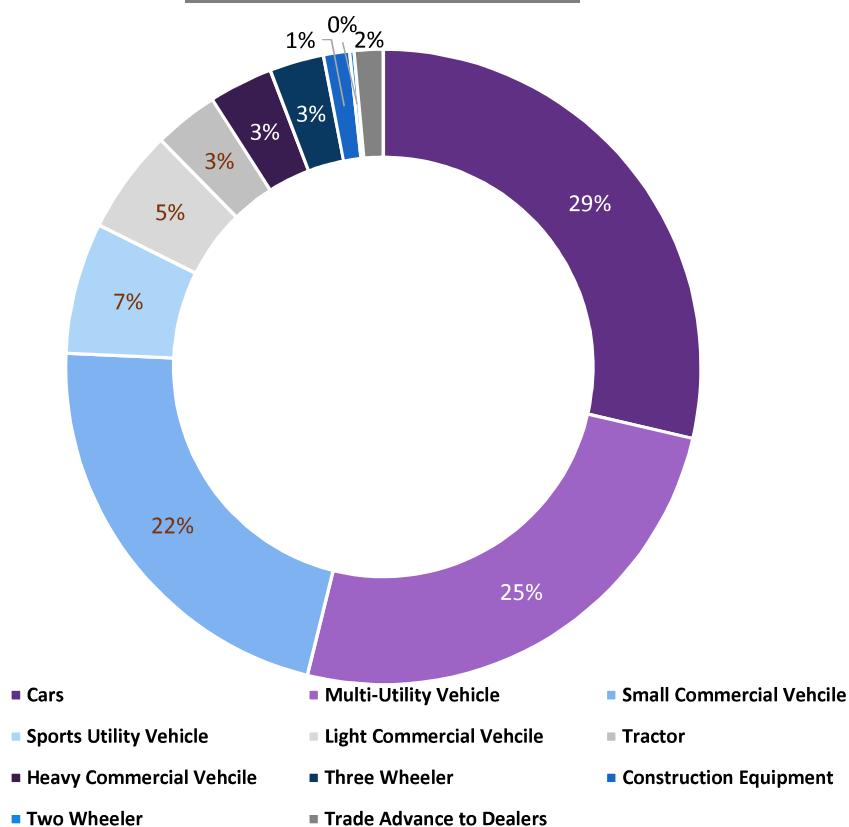


As on 31st Dec 17

Wheels AUM break up – New vs Old



Wheels AUM break up – Vehicle types

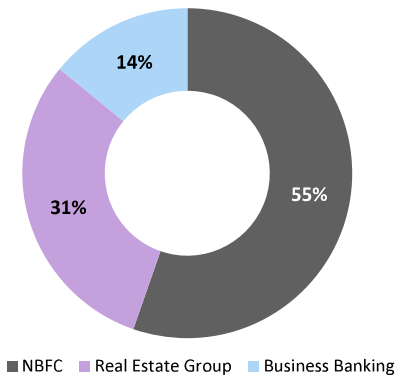


As on 31st Dec 17

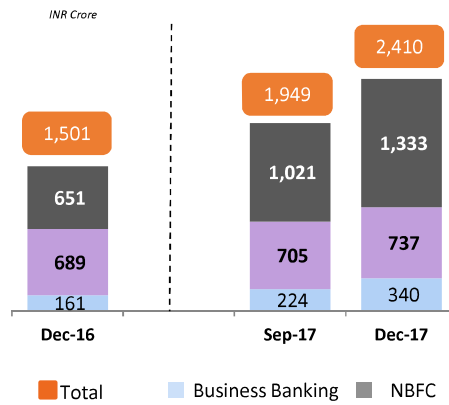
Wholesale Bank Snapshot



Wholesale Bank Assets AUM Break-up

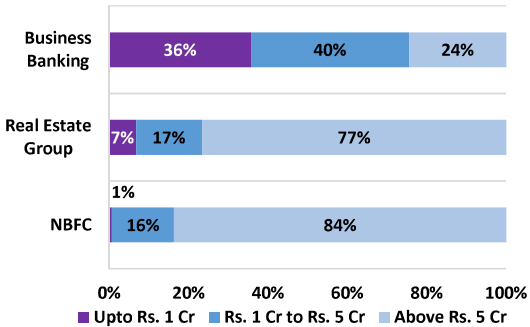


Good Momentum in Business Banking; NBFC book growth intact

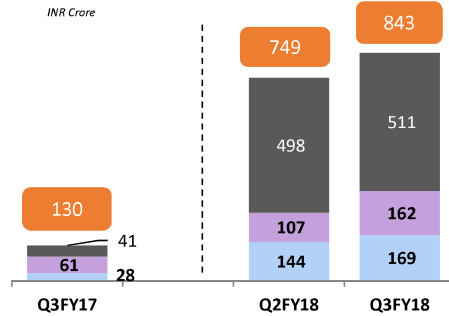


AUM Growth	Q-o-Q	Y-o-Y
Overall Wholesale Bank	23.7%	60.6%
NBFC	30.6%	104.9%
Real Estate Group	4.6%	6.9%
Business Banking	51.9%	111.2%

Ticket Size Distribution of Wholesale Bank AUM









Wholesale Bank Disbursement Break-up



Disbursement Growth	Q-o-Q	Y-o-Y
Overall Wholesale Bank	12.5%	548.6%
NBFC	2.63%	1148.7%
Real Estate Group	51.6%	164.4%
Business Banking	17.7%	512.8%

As on 31st Dec 17

- 
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Well entrenched distribution franchise



11 States

306 Branches &
105 Asset Centers

291 ATMs

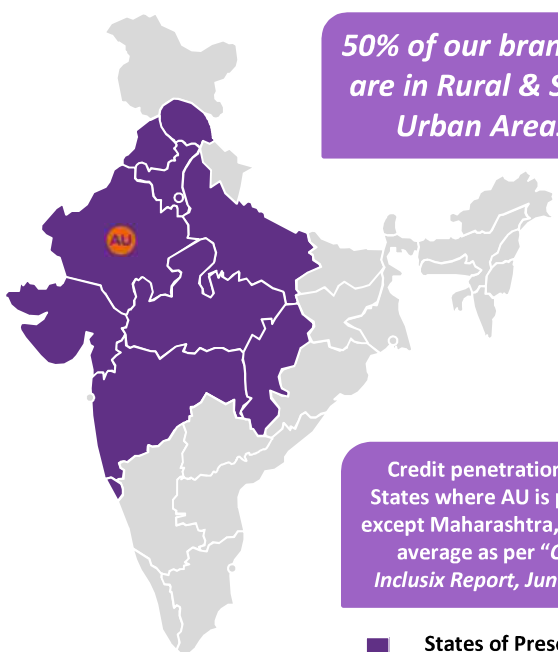
10,666
employees

3,46,683 Active Loan
Accounts

3,41,712 CASA
Accounts

37% CASA Ratio

Deep Penetration into Core States and Expansion into
Growth Geographies



50% of our branches
are in Rural & Semi
Urban Areas

Credit penetration of all
States where AU is present,
except Maharashtra, is below
average as per "CRISIL
Inclusix Report, June 2015"

■ States of Presence

Branch Distribution

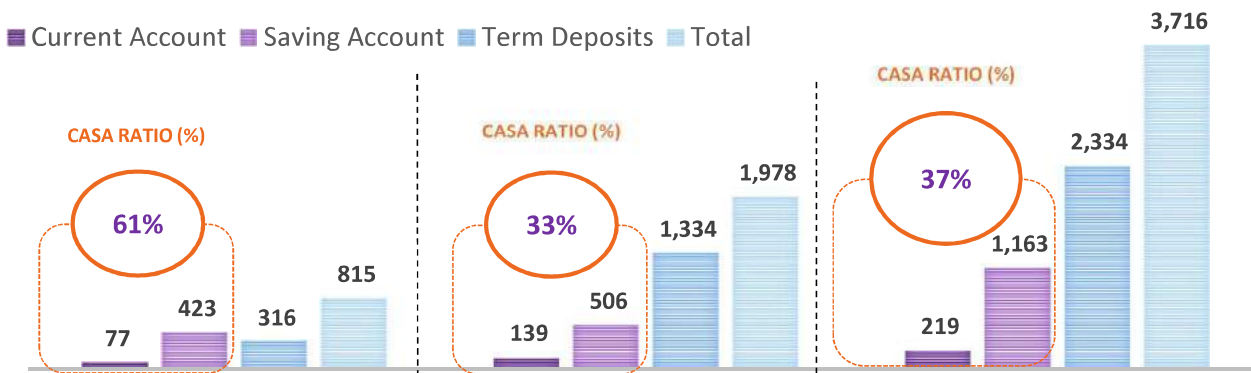
State	Metropolitan	Urban	Semi-urban			Rural		Total
	Tier 1	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5	Tier 6	
Rajasthan	16	23	19	43	21	3	17	142
Gujarat	8	20	4	5	3	-	-	40
Madhya Pradesh	5	16	7	9	-	-	-	37
Maharashtra	12	16	6	2	1	-	-	37
Punjab	1	11	4	2	-	-	-	18
Haryana	1	11	1	1	-	-	-	14
Chhattishgarh	1	4	-	-	-	-	-	5
NCT of Delhi	5	-	-	-	-	-	-	5
Himachal Pradesh	-	1	-	2	1	-	-	4
Uttar Pradesh	1	1	-	-	-	-	-	2
Chandigarh	-	1	-	-	-	-	-	1
Goa	-	-	1	-	-	-	-	1
Total	50	104	42	64	26	3	17	306

- ✓ AU has over 20 years of experience in rural and semi-urban markets Presence across 11 states in North, West and Central region of India
- ✓ Focused on customers in such markets, particularly those without credit history, that offering significant growth opportunities and customer loyalty
- ✓ Deep understanding of local characteristic has enabled to understand unique needs of target customers and penetrate deeper
- ✓ Adapted low cost Hub & Spoke model enabling operational efficiency and optimum turnaround times

Liabilities, Branch Banking, Cross Sell - Snapshot

Growing Deposit Franchise (value), CASA Ratio of 38%

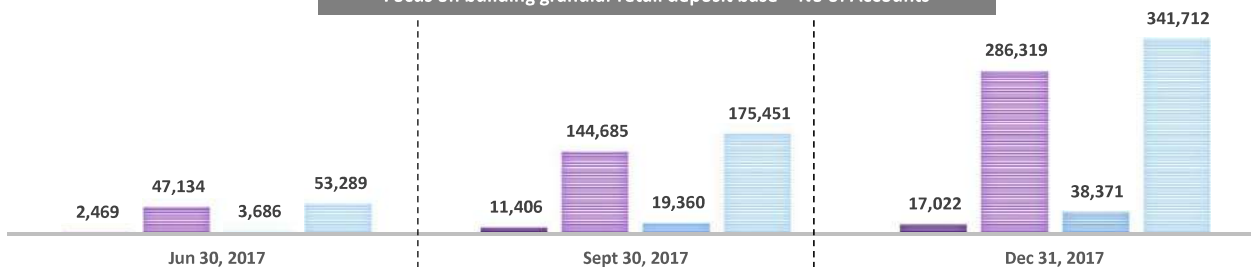
■ Current Account ■ Saving Account ■ Term Deposits ■ Total



Q-o-Q Growth
in Q3

88%

Focus on building granular retail deposit base - No of Accounts



95%

ATS as on Dec 31, 2017

Current Account	Savings Account	Term Deposits	Total Deposits
1.3 Lacs	0.4 Lacs	6.1 Lacs	1.1 Lacs

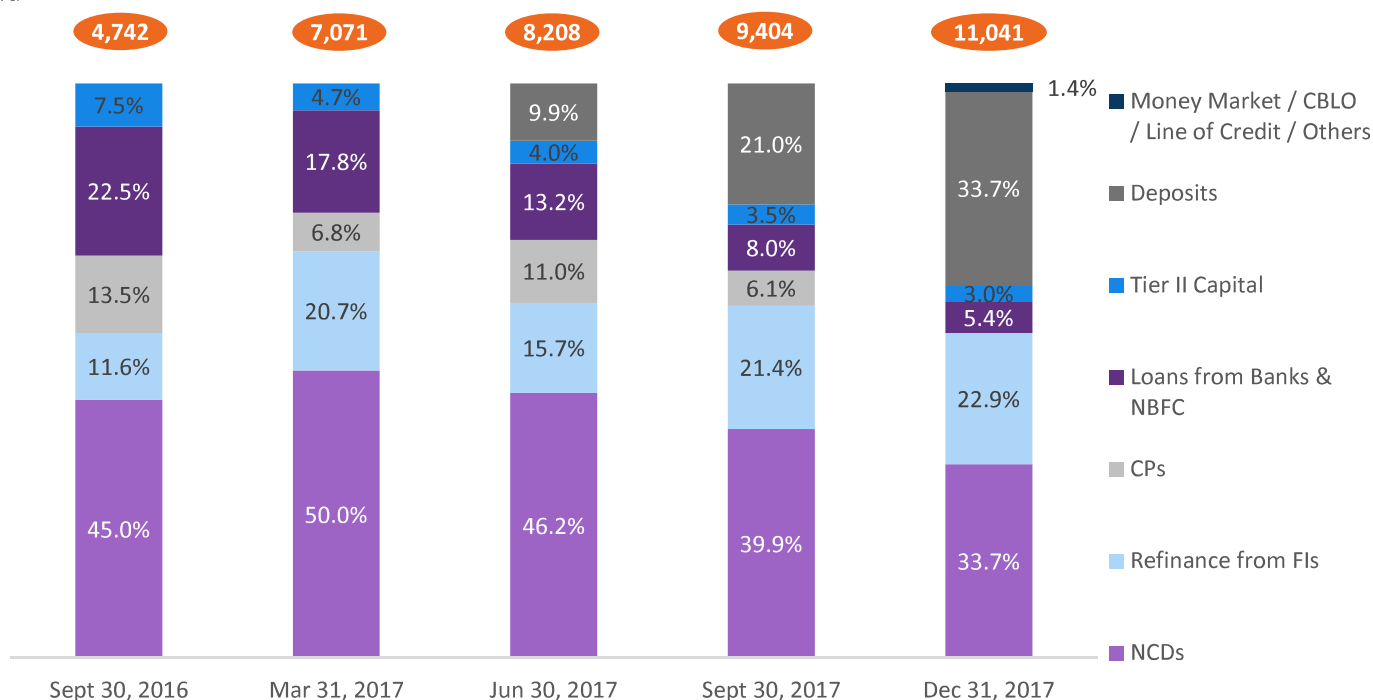
Note - Deposits include Certificate of Deposits of Rs. 99 Crores

Diversified Liabilities Portfolio



Increasing proportion of Deposits further diversifying the funding profile

All figures in INR Cr



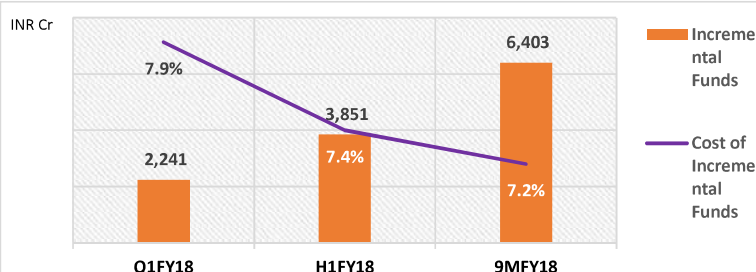
Off-book Source of Fund	Sept 30, 2016	Mar 31, 2017	Jun 30, 2017	Sept 30, 2017	Dec 31, 2017
Sec. & Assign O/s AUM®	2,938	3,988	3,774	3,560	3,188

® Outstanding AUM of loan assets sold through Securitisation and Assignment as reduced by Outstanding AUM of Assets retained to meet Minimum Retention Requirement (MRR) in Securitisation and Assignment transaction and appearing in Balance Sheet.

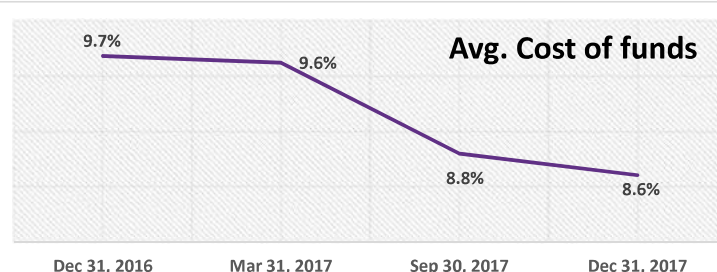
Declining Cost of Funds & Treasury Updates



Incremental Funds being raised¹ at relatively lower cost



Improving cost of funds









Treasury Update

- Incremental Cost of Funds since conversion into Bank (Apr 19, 2017) at 6.77% leading to decline Average Cost of Funds to ~8.60% as on Dec 31, 2017
- Incremental deposits raised at 6.55% in 9MFY18
- Grandfathered Secured Borrowings in excess of Rs. 1700 crore converted into Unsecured Borrowings enabling capital release and thereby contributed in improving capital adequacy
- Executed PSLC deals of additional Rs. 1,938 crore generating additional premium income of ~Rs. 12 crore. In 9MFY18, Bank earned premium income of ~Rs. 65 crore (recognized ~Rs. 35 crore in 9MFY18 P/L) on the back of total PSLC volume of Rs. 6,096 crore.
- SLR investment of Rs. 1,865 Cr (as against requirement of Rs. 1,617 Cr) and Non-SLR Investment of Rs. 762 Cr as on Dec 31, 2017

Long Term Credit Rating of "A+" and Short Term Credit Rating of "A1+"

¹Including Securitizations / Assignments

- 
-  Q3 / 9M FY18 Summary Performance
 -  Retail Bank, Wholesale Bank Snapshot
 -  Liabilities & Treasury Snapshot
 -  About AU Small Finance Bank
 -  Summary Financials & Shareholding Pattern

AU Bank - Retail Focused, Fast Growing, Well Capitalized, Differentiated, Customer Centric Bank



- Prominently retail focused bank, primarily serving low & middle income individuals and businesses that have limited or no access to formal banking and finance channels
 - 82% of our AUM of Rs. 13,415 crore as on Dec 31, 2017 comprise Retail Loans
 - Proficient in Smaller Ticket Loans and Priority Sector Lending
- Commenced operations in 1996; promoted by first generation entrepreneur, Sanjay Agarwal, a merit holder CA, holding ~33% stake in the business; ably supported by long-standing team of professionals
- Successful record of building leadership position in core markets, with contiguous expansion into new markets
 - Wide spread distribution - 306 branches, 105 asset centers, 23 offices, 291 ATMs in 11 States & 1 union territory of North, West & Central India
- Obtained SFB license in December 2016 and commenced banking operations on April 19, 2017. Key asset product offerings include
 - Retail Bank - Wheels, Secured Business Loans to MSME & SME, Gold Loan, Agri-SME Loans, Consumer Durable Loans
 - SME & Mid Corporate (Wholesale Bank) - NBFC Financing, Business Banking and Financing to Real Estate.
- A new age retail focused bank with no legacy issues on Asset Quality; Gross NPA of 2.8% and Net NPA of 1.9% as on Dec 31, 2017
- Well Capitalized Bank with Capital Adequacy Ratio of 21%, Tier 1 Capital Adequacy Ratio of 20%. Net Worth of Rs. 2,194 crore as on Dec 31, 2017
- Long-term credit rating of “A+” and Short-term credit rating “A1+”; Scheduled Commercial Bank; A Fortune India 500 Company
- Marquee Investor base which includes institutions like IFC (member of World Bank Group), Warburg Pincus, Chrys Capital, Kedaara, etc.
- Customer Centricity - No / Minimal forms, Higher Interest Rates, Monthly Interest Payout, Extended Banking & Locker Hours, True Anywhere Banking, Tab Based A/c opening, etc.

Key Milestones | Our Journey



**FY
96-07**

- Commenced operations in 1996 with vehicle finance (Wheels segment)
- Commercial associate of HDFC Bank since 2003
- Commenced operations in Maharashtra

- Obtained investments from IBEF and INEF I (Motilal Oswal) & IFC & Infusion by Promoters
- Attained the status of Systemically Important Non-Deposit Taking Asset Finance Company".
- Started MSME finance (Secured Business Loans)
- Commenced operations in Gujarat

**FY
08-10**

'One of the 14 hidden gems of India'
- Forbes India, September 2013 publication

**FY
11-12**

- Entered SME Finance, NBFC finance and Real Estate Group; Set up Housing & Insurance Broking subsidiaries
- Obtained PE funding from Warburg Pincus & IFC
- Expanded in Punjab, Madhya Pradesh and Goa

Runner-up in "Best Retail NBFC"
- Outlook Money Awards, 2016

- PE Investment by ChrysCap & Kedaara
- Two notch long term rating upgrade by CRISIL to CRISIL A / Stable
- Assigned long term rating of IND A+ / Stable from India Ratings
- Entered Delhi, Himachal Pradesh and Haryana

**FY
13-15**

**FY
16**

- In-principal approval from RBI for setting up an SFB

Mr. Sanjay Agarwal chosen as
"Business Leader of the Year"
- ICAI Awards, 2017

- Divestment in Au Housing Finance Ltd & other subsidiaries / associates
- Secondary market sale of shares by foreign shareholders to domestic shareholders to the extent of ~15% to meet SFB regulations
- Receipt of final SFB license

**FY
17**

**YTD
FY18**

- Commenced SFB operations; Offering wide bouquet of retail loans, deposit products. Payments & transaction banking
- INR 1,913 Cr IPO; Oversubscribed by 54x; Listed on NSE & BSE
- Registered as Corporate Agent with IRDA for Bancassurance
- Tie up with 12 AMCs for cross-sell MF's.

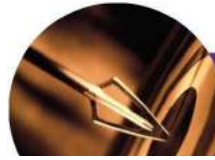
Received
"Scheduled Bank"
status

Vision & Mission



AU Vision

- To be the world's most trusted retail bank and coveted employer
- That is admired as the epitome of financial inclusion and economic success,
- Where ordinary people do extraordinary things to transform society at large,
- Thereby guaranteeing trust, confidence and customer delight.



AU Mission

To build one of India's largest retail franchise by 2022 that is admired for:

- Making every customer feel supreme while being served
- Aspiring that no Indian is deprived of banking
- Bias for action, dynamism, detail orientation and product and process innovation
- Globally respected standards of integrity, governance and ethics
- Being an equal opportunity employer, providing a collaborative and rewarding platform to all its employees

Fastest growth to INR 1 trillion book size and a client base of 10 million+ delighted customers

Bouquet of Products



Parameter	Retail Bank – Existing Products			SME & Mid Corporate – Existing Products	
	Wheels (Vehicle Loans)	Secured Business Loans - MSME	Secured Business Loans – SME	NBFC	Real Estate Group
Commenced	• 1996	• 2007	• 2012	• 2012	• 2012
Clientele typically includes	• First time users/ buyers, Small Road Transport operators, Self Employed	• Provision stores, dairy businesses, hotels, restaurants	• Traders, wholesalers, distributors, retailers, NBFCs, self-employed professionals and small construction companies	• NBFCs, HFCs & MFIs	• Small construction companies / builders
Target Segment	• Low & middle income individuals and businesses in rural, semi-urban & urban markets who have limited or no access to formal banking and finance channels	• Turnover > INR 1m < INR10m	• Turnover > INR 10m	• NBFCs, HFCs & MFIs	• Small construction companies / builders
Loan Tenure	• Up to 5 years	• Up to 12 years	• Up to 15 years	• Up to 4 years	• Up to 7 years
Security	• Vehicle	• Immovable property	• Immovable property / loan receivables	• Underlying Loan receivables	• Immovable property
Purpose	• Income / Revenue Generation	• Business Expansion; Working capital requirement / Equipment purchase	• Business Expansion; Working capital requirement / Equipment purchase	• Underlying Loan receivables	• Immovable property
Retail Bank –New Products			SME & Mid Corporate – New Products		
Gold Loans, Agri SME Loans, Consumer Durable Loans			Business Banking		

1. Average for disbursement during the period 9MFY18

Comprehensive banking products for previously unbanked customer segments



Liabilities Product Portfolio	Key Features	
	Savings Accounts	Insurance (3 rd Party)
	Current Accounts	ATMs
	Deposit – Fixed & Recurring	Lockers
	Mutual Funds	Debit Cards
	<ul style="list-style-type: none"> ✓ Few Product Variants - Easy to remember & recollect ✓ Go-to-Market approach ✓ True Anywhere Banking – No home branch concept ✓ Extended Banking Hours ✓ Monthly Interest Pay-out ✓ Higher Interest Rate ✓ Pre-Qualified Overdraft facility for our existing Asset Customers 	
	<ul style="list-style-type: none"> ✓ Auto Upgrade of Features and therefore No Fear of Charging ✓ Simple Forms, Less Forms ✓ No Deposit Slips ✓ Customer “Instruction”, not request 	
	Net Banking	
	TAB Banking	
	Mobile Banking	

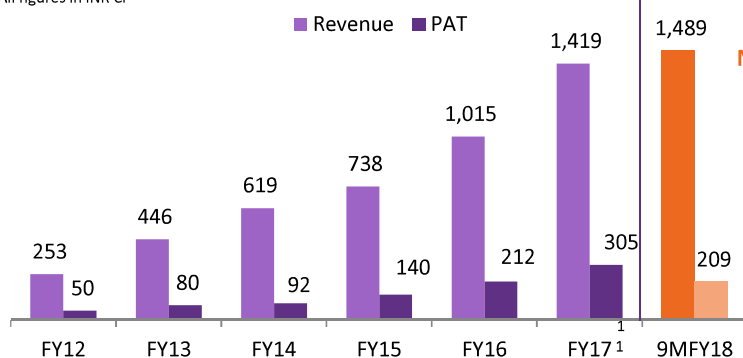
- 
-  Q3 / 9M FY 18 Summary Financial Performance
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Robust Operating and Financial Performance (1/2)

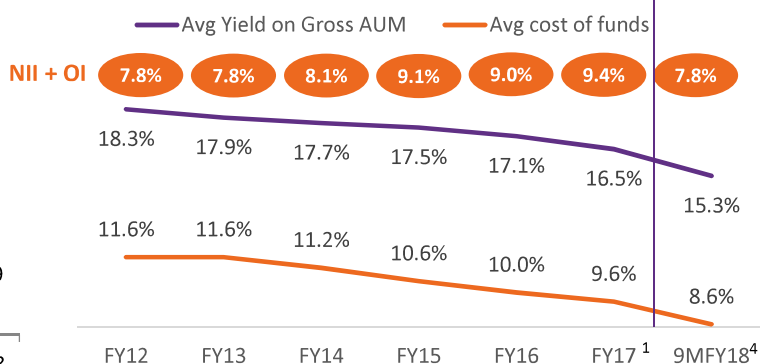


Total Revenue and PAT

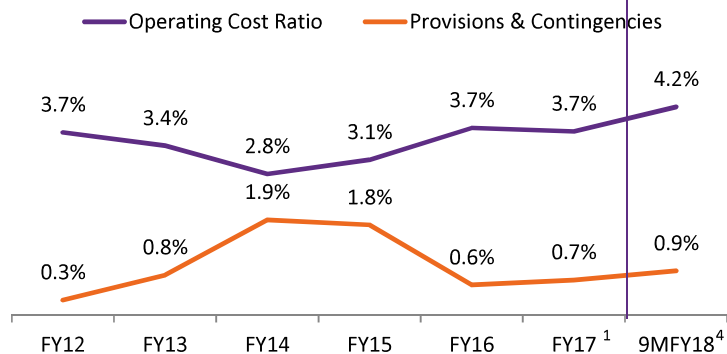
All figures in INR Cr



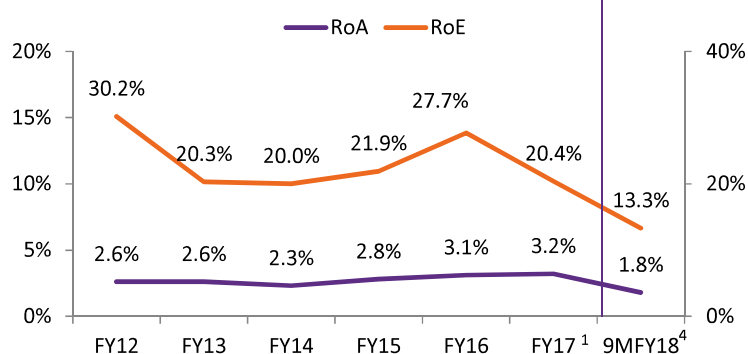
Yields² and Cost of Funds³



Opex and Provisions & Contingencies Ratio



Superior returns (RoA & RoE)



1. PAT, RoE and RoA are adjusted for the exceptional profit on sale of investments in subsidiaries & associates during FY17

2. Average Yield on Gross AUM represent weighted average Yield on Gross AUM, weights being AUM of each loan outstanding as of last day of the relevant period.

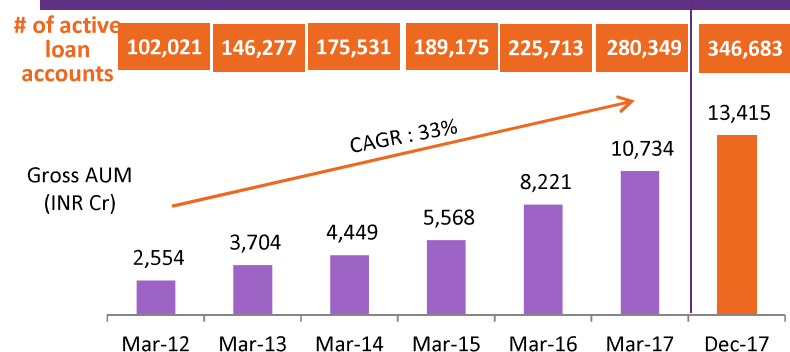
3. Average Cost of Funds represents simple average of monthly weighted average interest cost on deposits & borrowings and cost of securitization and assignment, weights being daily average deposits & borrowings and principal outstanding of securitisation and assignment transaction as of the last day of the relevant period.

4. NII+OI, Operating Cost ratio, Provision & Contingencies ratio, RoA & RoE are calculated on Average Gross AUM till FY17 whereas for 9MFY18 all such ratios are represented as % of Average Total Assets and Securitization & Assignment AUM.

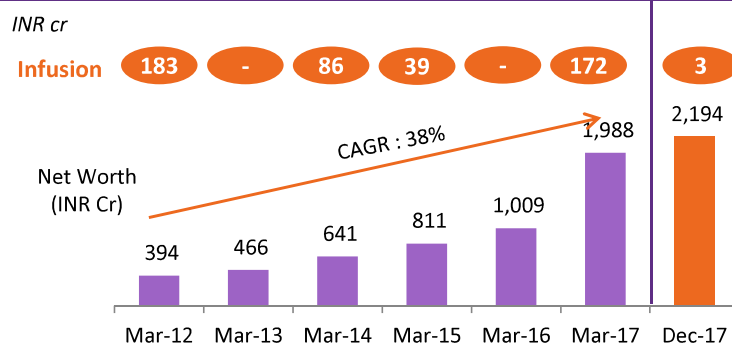
Robust Operating and Financial Performance (2/2)



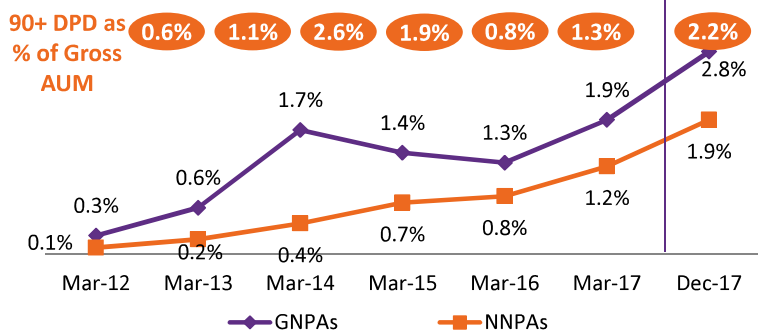
Growth Trajectory



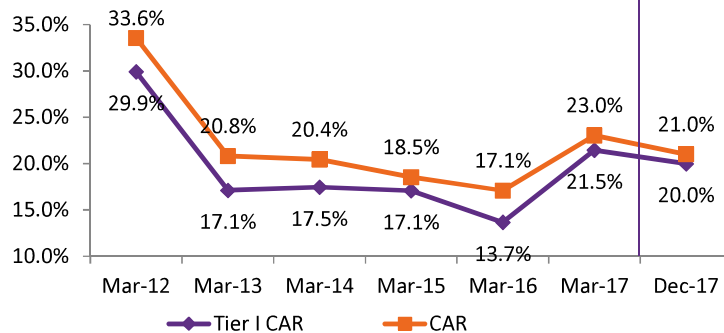
Network and Capital Infusion



Gross NPA¹, Net NPA & 90+DPD



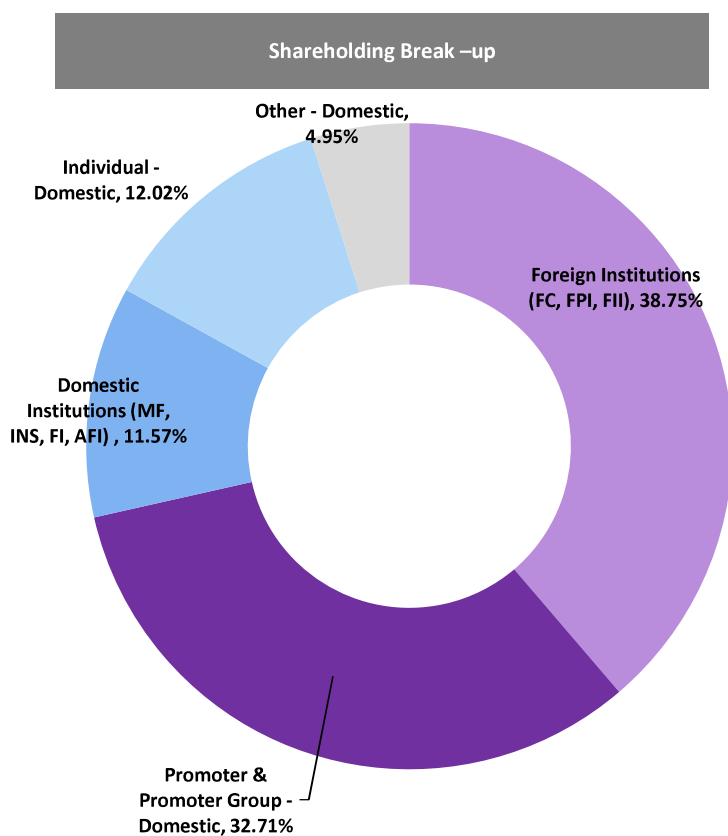
Capital Adequacy



Internal accruals constitute a significant portion of the net worth. Net worth as at Dec 31, 2017 of Rs. 2,194 Cr includes capital infusion of Rs. 579 cr and balance are internal accruals

1. NPA recognition till Mar-15 was on overdue for more than 180 days basis which moved to overdue more than 150 days as at Mar-16, overdue more than 120 days as at Mar-17 and overdue more than 90 days as at Sept 30, 2017 in line with regulatory requirements.

Marquee Shareholders Base – As on 31st Dec 2017¹



Key Non-Promoter Shareholders (Holding above 1%) Holding

Redwood Investment (Warburg Pincus)	15.74%
International Finance Corporation	7.95%
Ourea Holdings (incl. Kedara Capital I)	3.93%
Labh Investments (incl. ChrysCapital VI LLC)	3.78%
SBI Mutual Fund (through its various MF schemes)	3.46%
Motilal Oswal Mutual Fund (through its various MF schemes)	1.72%
SBI Life Insurance	1.70%
ICICI Pru Life Insurance	1.70%
Amansa Holdings	1.48%
Motilal Oswal Securities	1.17%

1. Based on Beneficial Position as on 29th Dec 2017

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Figures for the previous period / year have been regrouped wherever necessary to conform to the current period’s / year’s presentation. Total in some columns / rows may not agree due to rounding off.

Note: All financial numbers in the presentation are from Audited Financials or Limited Reviewed financials or based on Management estimates.



THANK YOU

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Abbreviations



ALM	Asset Liability Management	NPA	Non Performing Assets
AUM	Asset Under Management	NSE	National Stock Exchange
BSE	Bombay Stock Exchange	OPEX	Operating Expenses
CASA	Current Account Deposits and Savings Account Deposit	PAT	Profit After Tax
CRAR	Capital Adequacy Ratio	PPOP	Pre-Provisioning Operating Profit
CRR	Cash Reserve Ratio	Q-o-Q	Quarter on Quarter
DPD	Days Past Due	ROA	Return on Average Assets
EPS	Earning Price Per Share	ROE	Return on Average Shareholder's Fund
IFSC	Indian Financial System Code	RTGS	Real Time Gross Settlement
IPO	Initial Public Offer	SFB	Small Finance Bank
LCR	Liquidity Coverage Ratio	SLR	Statutory Liquidity Ratio
NBFC	Non-Banking Finance Company	STP	Straight Through Processing
NII	Net Interest Income	Y-o-Y	Year on Year