



चलो आगे बढ़ें

A SCHEDULED BANK | FORTUNE INDIA 500 COMPANY

# Investor Presentation

9M / Q3FY19

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



January, 2019

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# 1. 9M / Q3FY19 Performance Summary & Key Updates

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# 9M / Q3FY19 Key Highlights

11 States



396 Branches<sup>1</sup>, 84 Asset Centers  
49 BCs, 15 Offices, 485 ATMs<sup>1</sup>



11 lakh Customers

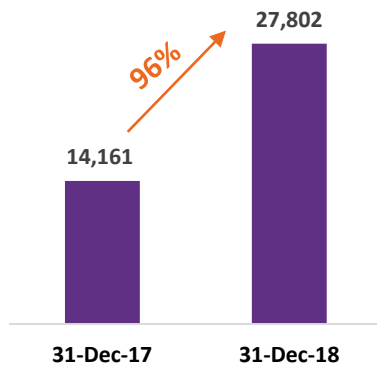


12,572 employees



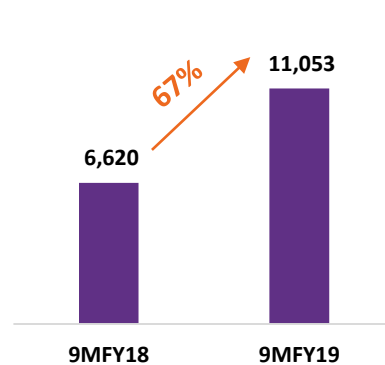
Total B/S Assets

INR Crore



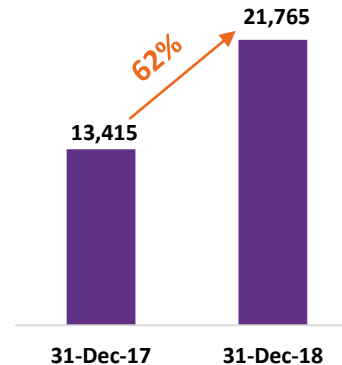
Disbursements<sup>2</sup>

INR Crore



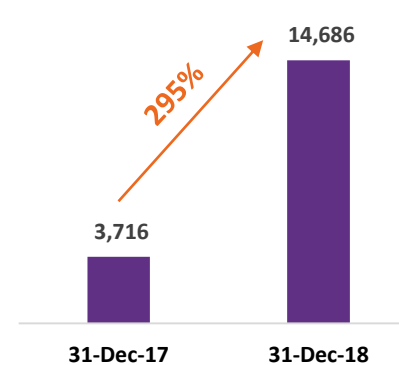
Loan Assets Under Management<sup>3</sup>

INR Crore



Deposits<sup>3</sup>

INR Crore



CASA Ratio<sup>4</sup>

24%

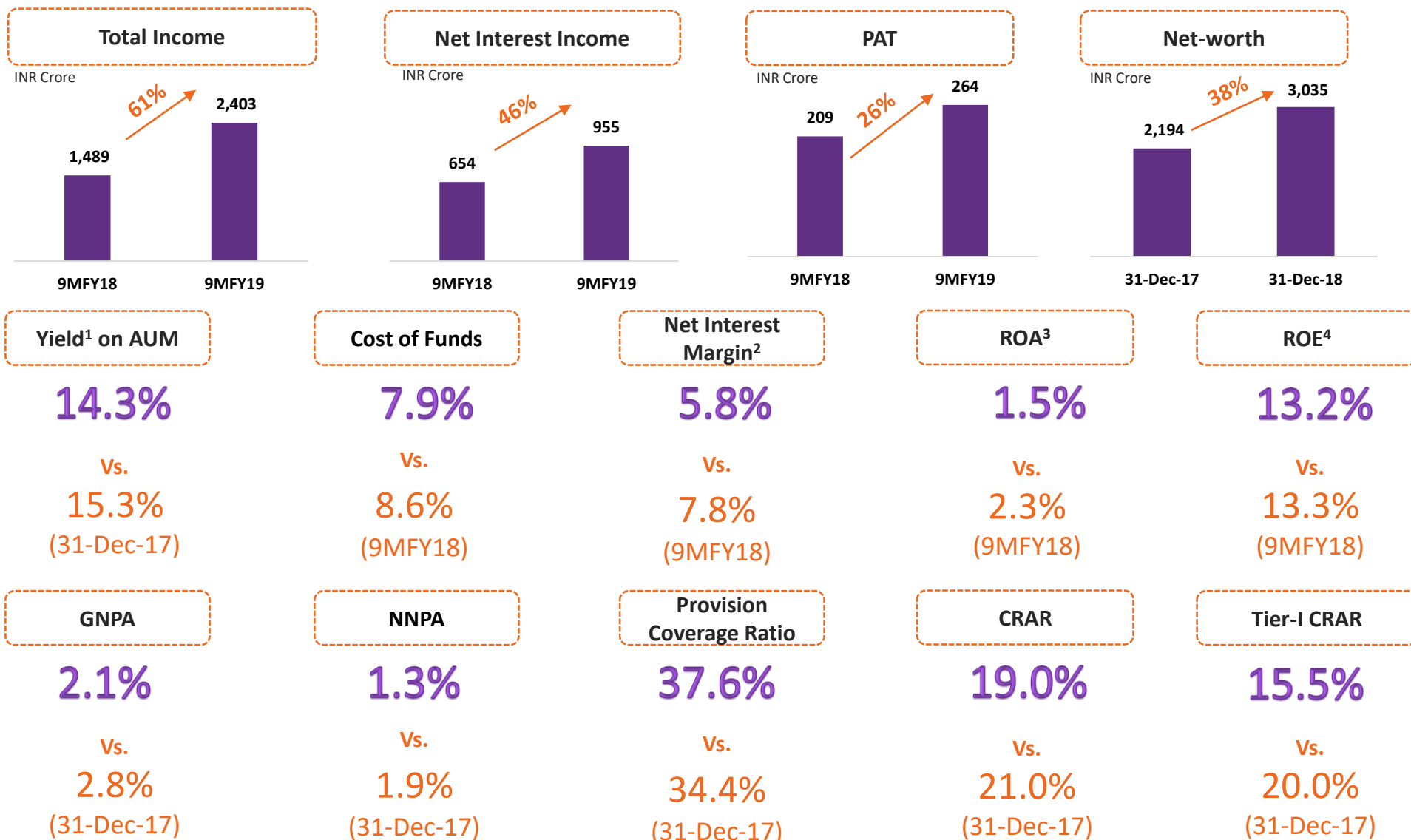
<sup>1</sup> 306 Bank Branches and 90 Business Correspondent Banking Outlets. In addition to 292 ATMS, Bank has commenced operation of 193 RISL / CMS ATMS at Atal Seva Kendras in Q3FY19

<sup>2</sup> Disbursements include Non-Fund based credit facilities sanctioned

<sup>3</sup> Money Market Term Lending by Treasury of INR 455 Crore as on 31<sup>st</sup> Dec 2018 is also added in Loan Assets Under Management. Corresponding figures for past periods added in Loan Assets Under Management

<sup>4</sup> Deposit Base of INR 14,686 Crore includes Certificate of Deposit of INR 2,113 Crore; <sup>4</sup>CASA Ratio is computed excluding the Certificate of Deposits from Total Deposits

# 9M / Q3FY19 Key Highlights



<sup>1</sup>Total Loan Assets AUM Yield is calculated excluding the Money Market Lending by Treasury

<sup>2</sup>Net Interest Margin represents Net Interest Income as % of Average Interest Earning Assets

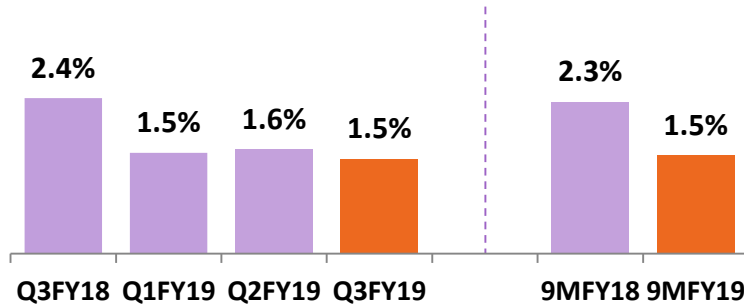
<sup>3</sup>ROA represents PAT as % of Average Total Assets; Annualized

<sup>4</sup>ROE represents PAT as % of Average Net worth; Annualized

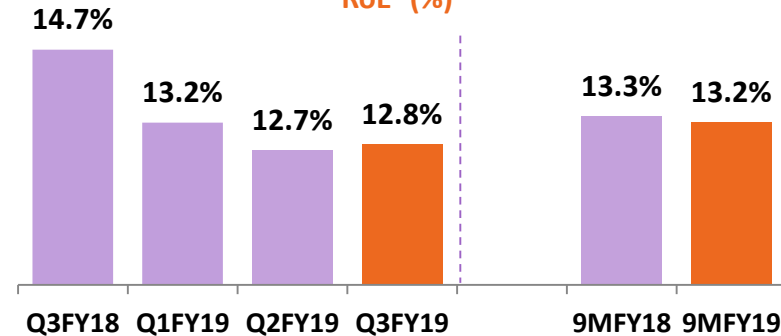
- ❑ Advances growth momentum strongly intact amidst the headwinds of tighter liquidity and a broader slowdown. AUM on 31<sup>st</sup> Dec 18 at INR 21,765 Crore; 3<sup>rd</sup> Consecutive quarter for 60%+ y-o-y AUM Growth
- ❑ Underlying growth all lines of businesses; marginal market share gains from NBFC in retail assets. Outlook on NBFCs continues to be cautious; promptly reduced / rebalanced / repriced the NBFC book
- ❑ Asset Quality Stable with NNPA at 1.3% as on 31<sup>st</sup> Dec 18, same as at 30<sup>th</sup> Sept 2018
- ❑ Steadily building a granular deposit franchise; Total Deposits at INR 14686, Crores; ~3X vis-à-vis Dec 17 levels.
- ❑ Focused effort to strategically replace bulk deposits with retail deposits. Continued strong traction in CASA; Sourced ~1.1 Lac CASA accounts in Q3FY19; YTD ~80% incremental CASA accounts completely New to AU Bank. CA,SA & Retail Term Deposits ~44% of the total deposits.
- ❑ Mobilized INR 800 Crores of Retail Term Deposits in the Quarter. Expanded distribution – powered 190+ ATMs in Rajasthan
- ❑ Investing in Digital Bank – Beefing up the team, onboard ~30 executives; hired heads for all critical positions. Building product position / exploring active partnership with category leaders / emerging start-ups for Digital Wealth Management, Innovative Payment, Unsecured Lending
- ❑ Further strengthened our Capital Adequacy; Raised Tier II Capital of INR 500 Crores from marquee institutional investors.
- ❑ Received RBI's approval for 142 new banking outlets; Identified 27 key locations in Mumbai, Delhi and Pune for the first phase. New Banking Outlets to come in starting Q2FY20
- ❑ Maintaining healthy liquidity, consistently maintaining LCR above 100%; Well Managed ALM; Earned treasury profit of INR 2.6 Crore in Q3FY19.

# Consistent Profitability

RoA<sup>1</sup> (%)

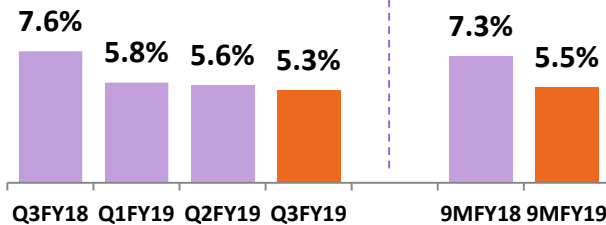


RoE<sup>1</sup> (%)

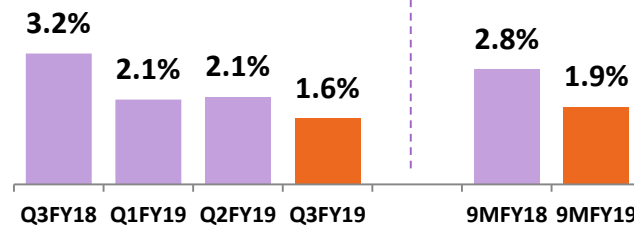


## ROA / ROE – Components

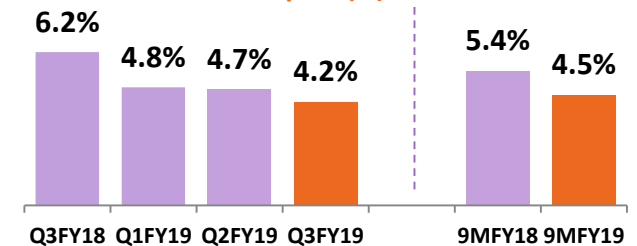
NII<sup>1</sup> (%)



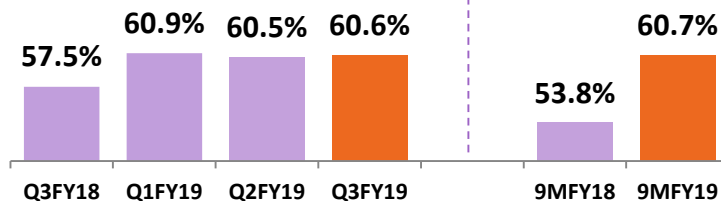
Other Income<sup>3</sup> (%)



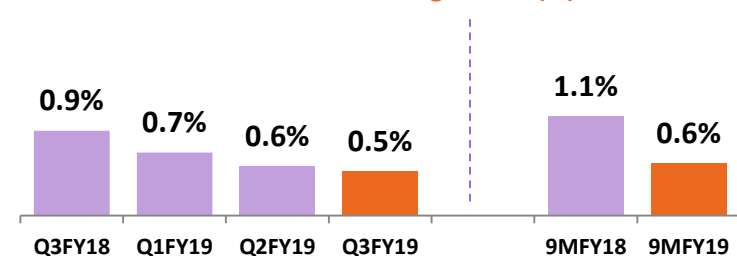
Opex<sup>1</sup> (%)



Cost to Income Ratio<sup>4</sup> (%)



Provisions & Contingencies<sup>1</sup> (%)



<sup>1</sup> As % of sum of Avg. Total Assets; Annualized for quarterly / nine month figures

<sup>2</sup> Annualized for quarterly / nine month figures

<sup>3</sup> 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; Annualized for quarterly / nine month figures

<sup>4</sup> Cost to Income Ratio represents Operating Cost to sum of NII and Other Income;

# Product-wise ROA for 9MFY19

	Vintage Asset Verticals						New Asset Verticals													
Business Segments	Wheels	SBL - MSME	SBL - SME	NBFC	REG	Total Vintage Asset	Business Banking	Gold Loan	Consumer Durable	Two Wheeler	Home Loan	Agri SME	Total New Asset	Loan Assets	Loan Assets	Branch Banking	Digital	Treasury	Regulatory Cost (CRR, SLR & LCR)	Overall
Loan AUM proportion	43%	31%	4%	11%	4%	92%	3%	0%	0%	0%	0%	1%	4%	100%	100%	-	-	-	-	-
Loan AUM Growth y-o-y	49%	71%	5%	77%	8%	54%	118%	193%	n.m.	n.m.	n.m.	n.m.	175%	62%	62%	-	-	-	-	-
PAT (INR Crore)	132	168	18	36	24	377	2	1	-0	-0	-3	-4	-4	373	373	-88	-1	2	-24	264
Return on Assets (ROA)	2.2%	3.9%	2.8%	2.3%	4.3%	2.9%	0.7%	3.2%	-1.3%	-1.5%	-35.9%	-6.1%	-1.0%	2.7%	2.1%	-0.5%	-0.0%	0.0%	-0.1%	1.5%
ROA based on	Average Loan AUM													Average Total B/S Assets						

- ❑ Investment Phase for build up of New Asset Products like Business Banking, Gold Loan, Home Loan, Agri-SME, Consumer Durable & Two-Wheeler; Expected to stabilize and achieve reasonable scale & ROA in next 2-3 years.
- ❑ Early Phase for Branch Banking vertical – just 1 year 9 months of Banking operation; Resultantly Cost to Income is high and drag of -0.5% on Overall ROA; Scope for improvement in Operational Efficiency and expect to break even in next 1.5 to 2.5 years
- ❑ Building Digital team for next phase of growth for Bank. Lay a solid foundation in next 2 years to create a strong digital platform.

\*n.m. refers to “not meaningful”

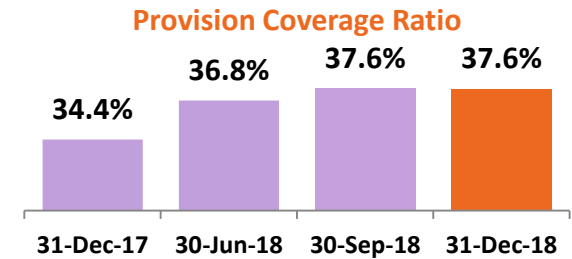
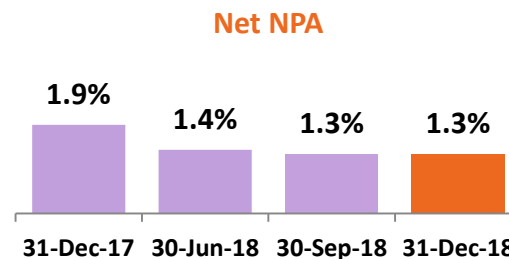
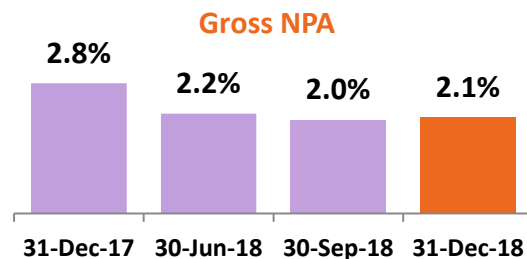
Credit Cost - Net Impact on P/L	Q3FY18	Q4FY18	Q1FY19	Q2FY19	Q3FY19
(All Figures in INR Crore)	Unaudited	Audited	Unaudited	Unaudited	Unaudited
Provision on NPA	11	2	22	17	19
Write off	-0	18	-	-	-
Repossession Loss	12	-0	5	5	5
POS Loss	1	-0	0	1	2
Less: Bad Debt Recovery	-6	-12	-5	-9	-4
<b>Credit Cost – Net Impact on P/L</b>	<b>18</b>	<b>7</b>	<b>22</b>	<b>14</b>	<b>22</b>
<b>Credit Cost – Net Impact on P/L (%)</b>	<b>0.5%</b>	<b>0.2%</b>	<b>0.5%</b>	<b>0.2%</b>	<b>0.2%</b>

Movement of Gross NPA	Q3FY18	Q4FY18	Q1FY19	Q2FY19	Q3FY19
(All Figures in INR Crore)	Unaudited	Audited	Unaudited	Unaudited	Unaudited
Opening Gross NPA	266	286	270	334	371
Additions during the period	68	48	99	95	103
Reductions during the period	48	64	35	57	54
<b>Gross NPA (closing)</b>	<b>286</b>	<b>270</b>	<b>334</b>	<b>371</b>	<b>421</b>

Gross NPA of INR 421 Crore as on 31<sup>st</sup> Dec 18 includes “Below 90 Days Overdue” cases worth INR 149 Cr ore, primarily comprising:

- “Below 90 Days Overdue” loans which had crossed 90 Days Overdue earlier & tagged Gross NPA however as on 31<sup>st</sup> Dec 18 these loans have come down to Below 90 Days Overdue – ~INR 94 Crore
- “Below 90 Days Overdue” loans of a customer which would have been standard but for that customer’s other loans being tagged as Gross NPA – ~INR 47 Crore



(INR Crore)	Dec-17 <sup>^</sup>	Mar-18	Jun-18 <sup>^</sup>	Sep-18 <sup>^</sup>	Dec-18 <sup>^</sup>
	Unaudited	Audited	Unaudited	Unaudited	Unaudited
Total Risk Weighted Assets	9,374	11,833	13,212	15,459	17,141
Tier I Capital	1,874	2,179	2,653	2,660	2,660
Tier II Capital	91	105	85	87	599
Total Capital	1,965	2,285	2,738	2,747	3,260
<b>CRAR</b>	<b>21.0%</b>	<b>19.3%</b>	<b>20.7%</b>	<b>17.8%</b>	<b>19.0%</b>
Tier I CRAR	20.0%	18.4%	20.1%	17.2%	15.5%
Tier II CRAR	1.0%	0.9%	0.6%	0.6%	3.5%

<sup>^</sup>**Note :** CRAR and Tier 1 Capital Funds for interim financial periods has been computed without adding interim profit

- 1,01,04,364 Convertible Warrants issued in Jun'18 to Camas Investments Pte (Temasek) carrying a right to the convert the warrants into equivalent equity shares on or before Dec'19 by paying the balance 75% amounting to INR 525 Crore in aggregate
- Investment in Aavas Financiers Ltd. at current market valuation is ~INR 485 Crore (56,50,909 equity shares at closing price of INR 857.50 per share as on 31<sup>st</sup> Dec 18 at NSE)

# Profit & Loss Statement

(All Figures in INR Crore)	Q3FY19	Q3FY18	Y-o-Y	9MFY19	9MFY18	Y-o-Y	Q2FY19	Q-o-Q
	Unaudited	Unaudited		Unaudited	Unaudited		Unaudited	
<b><u>Income</u></b>								
Interest Earned	788	464	70%	2,072	1,235	68%	683	15%
Interest Expended	440	214	106%	1,117	582	92%	362	22%
<b>Net Interest Income</b>	<b>348</b>	<b>250</b>	<b>39%</b>	<b>955</b>	<b>654</b>	<b>46%</b>	<b>321</b>	<b>8%</b>
Other Income <sup>1</sup>	106	106	0%	331	254	31%	123	-14%
<b>Total Net Income</b>	<b>454</b>	<b>356</b>	<b>27%</b>	<b>1,287</b>	<b>907</b>	<b>42%</b>	<b>444</b>	<b>2%</b>
<b><u>Expenses</u></b>								
Operating Expenses								
Employee Cost	151	118	28%	442	289	53%	150	1%
Other Operating Expenses	124	87	43%	339	199	70%	119	5%
<b>Operating Profit before Provisions and Contingencies</b>	<b>179</b>	<b>151</b>	<b>18%</b>	<b>506</b>	<b>419</b>	<b>21%</b>	<b>175</b>	<b>2%</b>
Provisions (other than tax) and Contingencies	32	31	3%	103	100	2%	35	-7%
Exceptional Items	-	-	0%	-	-	0%	-	0%
<b>Profit Before Tax</b>	<b>146</b>	<b>120</b>	<b>22%</b>	<b>404</b>	<b>318</b>	<b>27%</b>	<b>140</b>	<b>4%</b>
Tax expenses	51	41	24%	140	109	28%	49	4%
<b>Profit After Tax</b>	<b>95</b>	<b>79</b>	<b>21%</b>	<b>264</b>	<b>209</b>	<b>26%</b>	<b>91</b>	<b>4%</b>

# Balance Sheet – Total Assets grew 96% y-o-y

(All Figures in INR Crore)	Dec 31, 2018	Dec 31, 2017	Y-o-Y	Sept 30, 2018	Q-o-Q
	Unaudited	Unaudited		Unaudited	
<b><u>Liabilities</u></b>					
Capital	292	286	2%	292	0%
Money received against Share Warrants	175	-	N.A.	175	0%
Employees stock options outstanding	41	9	339%	34	22%
Reserves and Surplus	2,527	1,899	33%	2,428	4%
Deposits	14,686	3,716	295%	12,869	14%
Borrowings	8,828	7,325	21%	7,830	13%
Other Liabilities and Provisions	1,253	926	35%	1,152	9%
<b>Total Liabilities</b>	<b>27,802</b>	<b>14,161</b>	<b>96%</b>	<b>24,780</b>	<b>12%</b>
<b><u>Assets</u></b>					
Cash and Balances with R B I	729	346	111%	699	4%
Balances with banks and Money at Call and Short Notice	587	478	23%	1,089	-46%
Investments	5,598	2,627	113%	3,998	40%
Advances	20,000	10,031	99%	18,117	10%
Fixed Assets	438	389	13%	436	1%
Other Assets	449	290	55%	440	2%
<b>Total Assets</b>	<b>27,802</b>	<b>14,161</b>	<b>96%</b>	<b>24,780</b>	<b>12%</b>

Expenses Nature	Q3FY19		9MFY19	
	INR Crore	%	INR Crore	%
Fixed	57	21%	173	22%
Semi Variable	174	63%	489	63%
Variable	44	16%	119	15%
<b>Total Opex</b>	<b>275</b>	<b>100%</b>	<b>781</b>	<b>100%</b>

Expenses Head	Q3FY19		9MFY19	
	INR Crore	%	INR Crore	%
Employee Related Opex	151	54%	442	56%
Other Opex	124	46%	339	44%
<b>Total Opex</b>	<b>275</b>	<b>100%</b>	<b>781</b>	<b>100%</b>

## Levers of Operating Leverage

### Fixed Expenses - about 20% of the Total Expenses

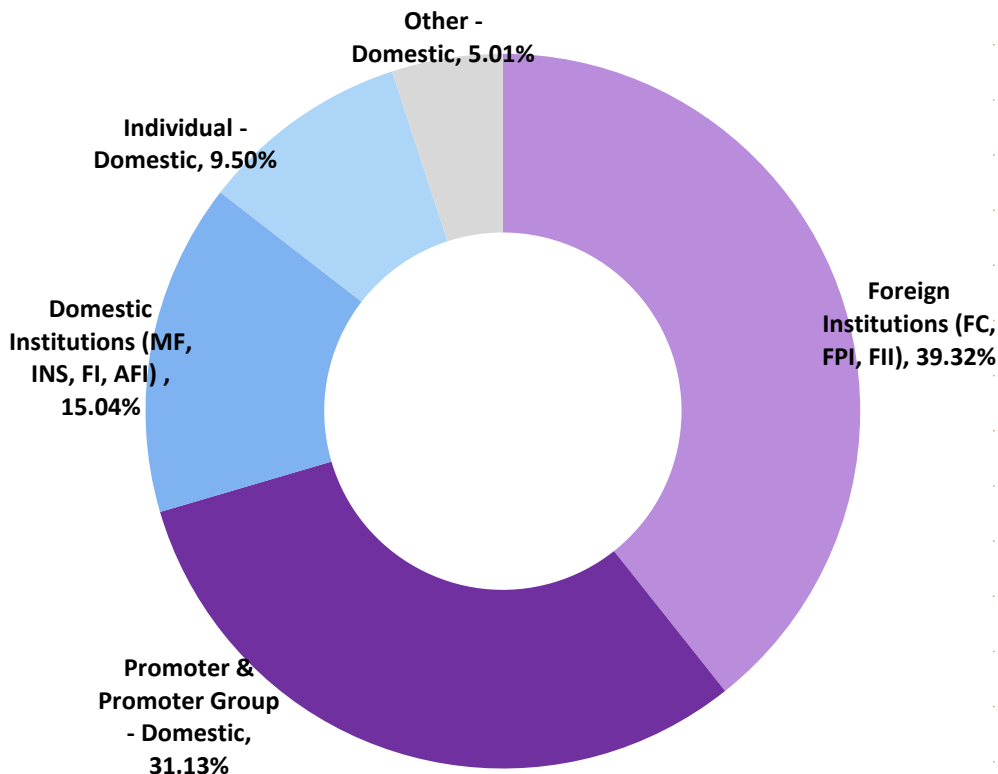
- ❑ Includes Rent, Electricity, Office & General Expenses, Depreciation, and IT Expenses of the current set-up bulk of which will increase marginally for the medium term growth through the current set up.
- ❑ Part of these expenses will increase as and when additional branches are opened or as and when we invest in new technology for business expansion or technological changes or digitization

### Semi-Variable Expenses – about 65% of the Total Expenses

- ❑ Majorly includes Employee Salary & Bonus
- ❑ For Branch Banking, we are sufficiently staffed for all existing branches and therefore the employee expense for Branch Banking would remain largely Fixed in nature with routine salary and performance linked pay-outs
- ❑ Employee Salary & Bonus for Support / Other Function – Current setup is commensurate for growth in medium term.
- ❑ Similar logic have been applied for Travel & Conveyance, Legal & Professional & Other related expenses.

# Marquee Shareholders Base – As on 31<sup>st</sup> Dec 2018

Shareholding Pattern



Key Non-Promoter Shareholders (Holding above 1%)

Key Non-Promoter Shareholders (Holding above 1%)	Holding
Redwood Investment (Warburg Pincus)	6.94%
Temasek Holdings	4.77%
Nomura	4.61%
SBI Mutual Fund (through its various MF schemes)	3.35%
Kotak Mahindra MF (through its various MF schemes)	3.02%
Ourea Holdings (incl. Kedaara Capital I)	2.72%
Labh Investments (incl. ChrysCapital VI LLC)	2.68%
Amansa Holdings	2.13%
Steadview Capital (along with its other Inv. Vehicles)	1.90%
International Finance Corporation	1.88%
Wasatch (along with its other Inv. Vehicles)	1.86%
Motilal Oswal MF	1.69%
SBI Life Insurance	1.56%
ICICI Prudential Life Insurance	1.23%
Uttam Tibrewal	1.17%
VANGUARD (through its various funds)	1.12%
Motilal Oswal Securities Ltd	1.09%
HDFC Standard Life Insurance Co. Ltd.	1.06%
Kotak's Offshore Funds (through its various funds)	1.00%

Total No. of Shareholders

88,074

Domestic : Foreign

61:39

Note: Above Shareholding Pattern includes 1,01,04,364 Convertible Warrants (each Convertible Warrant is convertible into 1 equity share)

## Retail Assets, Small & Mid Corporate Assets

*Diversify Products Mix; Offering wider products bouquet*

- Continue to be Retail Assets led bank
- Scale up Home loans product alongside other retail assets viz. Gold Loans, Consumer Durable Loans, Agri-SME loans.
- Scale up Business Banking
- Process automation

## **BUILD THE BANK**

## Liabilities & Branch Banking

*Enhance customer experience through ongoing Digital Enhancements*

- Cost Optimization
- Aadhaar Enabled Payment System, UPI including BHIM, Bharat Bill Pay (BBPS)
- Efficient Customer Service through Chatbots and automation

## **FOCUS ON 4 D**

### **Data**

- Created a Data Group, focusing on building data culture in the DNA of the organization
- Streamlining source systems for quality data capturing and creating complete customer profile

### **Digital**

- Beefing up the Digital Banking team under the leadership of **Chief of Digital Bank and Digital Strategy**
- AU ABHI and Consumer Durables folded into Digital Bank
- Key Priorities : Complete Payment Eco-System Integration, Technology at Scale, Robo Advisory

### **Distribution**

- Alternate Low Cost Tech Enabled BO & BC model – 90 BO & 49 BC agents
- Branch Expansion – being chalked out
- Emphasis on developing alternate channels – employee cross sell, telemarketing, digital, customer referrals, etc.

### **Delight**

- Customer's Convenience and Delight – To remain a focal point of all our initiatives

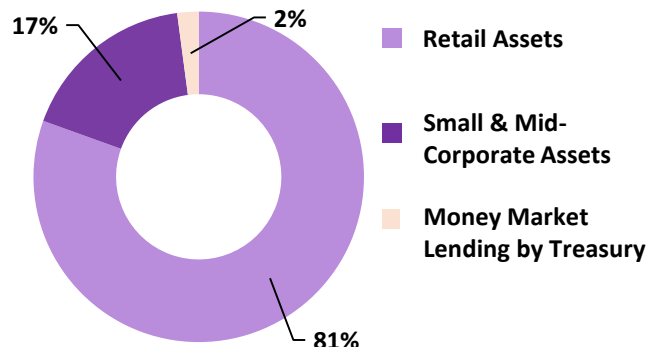
## 2. Retail Assets & Small & Mid-Corporate Assets - Snapshot

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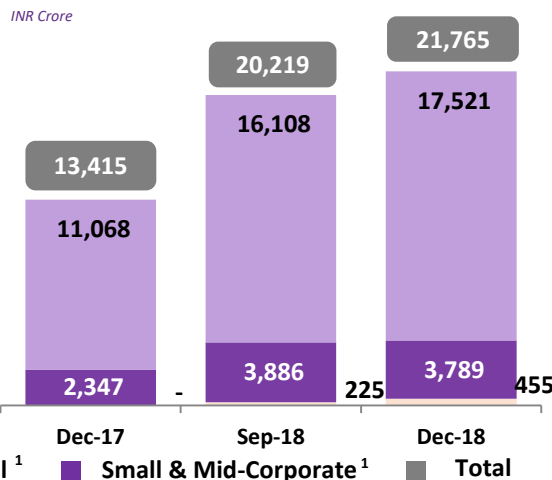


# Retail and Small & Mid-Corporate Assets Snapshot – I

Retail Assets comprise ~81% of Gross AUM of INR 21,765 Crore

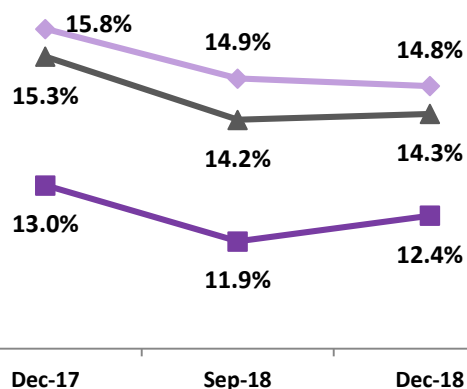


Retail Assets continues to exhibit strong growth

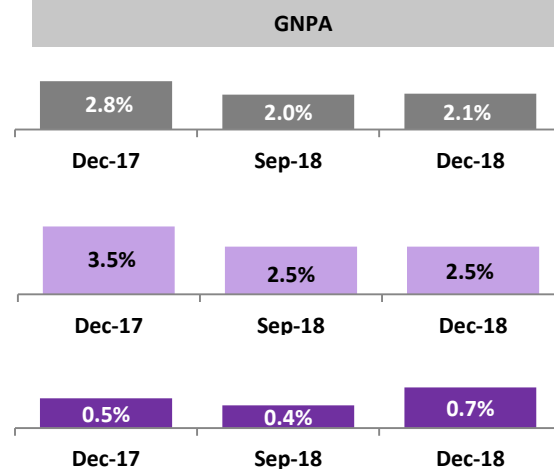


AUM Growth	Y-o-Y	Q-o-Q
Total	62.2%	7.6%
Retail Assets <sup>1</sup>	58.3%	8.8%
Small & Mid-Corporate <sup>1</sup>	61.5%	-2.5%
Money Market Lending	N.A.	102.2%

AUM IRR

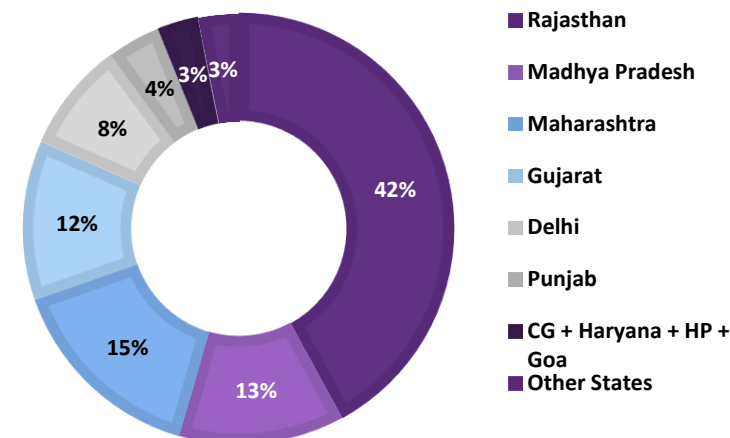


Strong Asset Quality maintained amidst healthy growth



Geographically Well-Diversified book

State-wise Loan Assets Under Management as on 31<sup>st</sup> Dec 18



<sup>1</sup> Overdraft Facilities extended to SBL-MSME customers which were earlier classified under "Business Banking" in "Small & Mid-Corporate Assets" have now been classified under "SBL-MSME" in "Retail Assets"; Accordingly changes have been made for past periods.

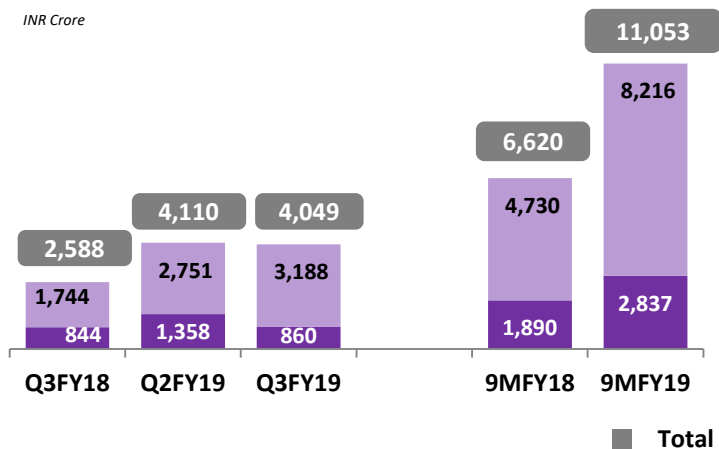
<sup>2</sup> Retail Assets AUM Yield is excluding the OD Against FD product. Avg. AUM Yield in OD Against FD is around 8.5%

<sup>3</sup> Total Loan Assets AUM Yield is calculated excluding the Money Market Lending by Treasury

# Retail and Small & Mid-Corporate Assets Snapshot – II

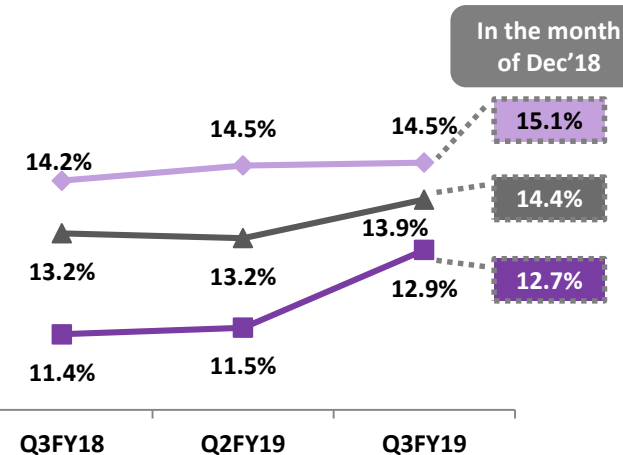
## Consistent growth in Disbursements

INR Crore

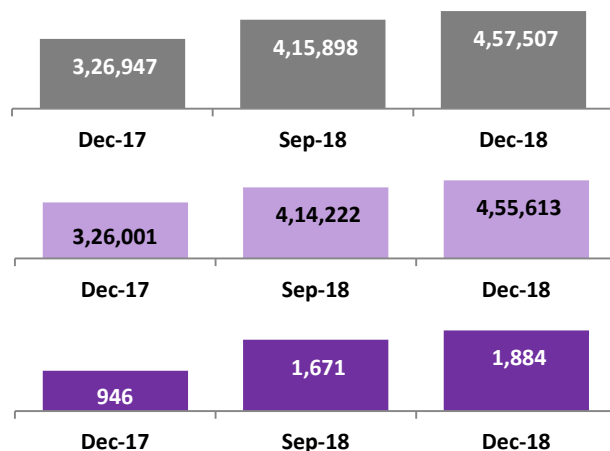


Q3 Credit Disbursements	Y-o-Y	Q-o-Q
Total	56.4%	-1.5%
Retail	82.8%	15.9%
Small & Mid-Corporate	2.0%	-36.7%

## Incremental Yield<sup>2</sup> on Disbursements

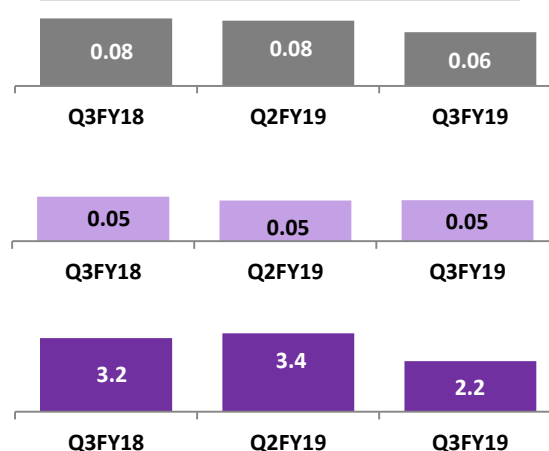


## # Active Customers Loan Accounts



- Added ~164,000 new loans accounts in 9MFY19 alone; Up ~75% y-o-y

## Average Ticket Size (in INR Cr)



## >90% of Retail with Original Ticket Size of Upto INR 1 Crore

Original Ticket Size	Retail	SME & Mid Corp.	Total
Upto INR 5 Lakh	30%	0%	25%
INR 5 – 10 Lakh	29%	0%	23%
INR 10 Lakh - 1 Crore	35%	8%	29%
<b>Upto INR 1 Crore</b>	<b>94%</b>	<b>8%</b>	<b>77%</b>
INR 1 - 5 Crore	4%	15%	6%
Above INR 5 Crore	2%	77%	17%

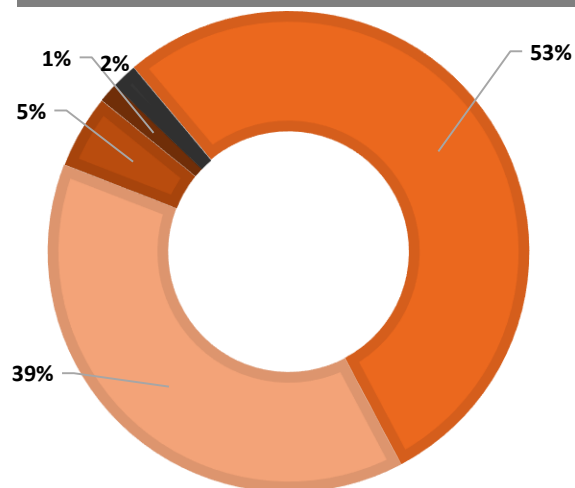
<sup>1</sup> Overdraft Facilities extended to SBL-MSME customers which were earlier classified under "Business Banking" in "Small & Mid-Corporate Assets" have now been classified under "SBL-MSME" in "Retail Assets"; Accordingly changes have been made for past periods.

<sup>2</sup> Retail Assets Disbursement Yield & Avg. Ticket Size is excluding the OD Against FD product. Avg. Disbursement Yield in OD Against FD is around 8.5%

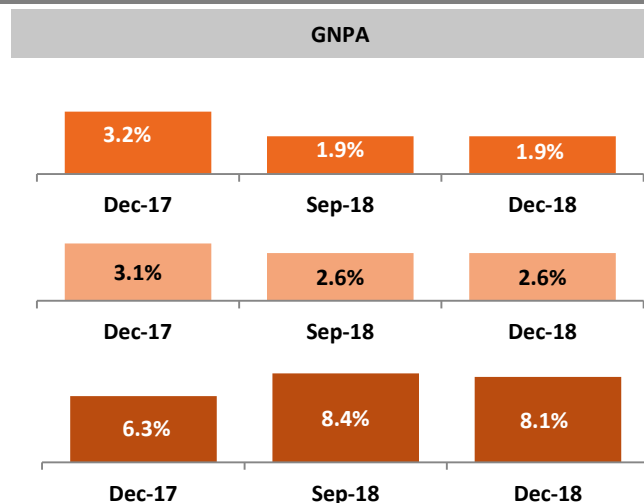
# Retail Assets Snapshot – I

Retail Assets AUM <sup>1</sup> Break-up					
Retail Assets	AUM (INR Cr)			Dec-18 Growth (%)	
	31-Dec-17	30-Sep-18	31-Dec-18	Y-o-Y	Q-o-Q
Wheels	6,269	8,543	9,352	49.2%	9.5%
SBL - MSME <sup>1</sup>	3,955	6,078	6,769	71.2%	11.4%
SBL - SME	821	819	861	4.9%	5.2%
GL + Agri SME+ HL+ CD	24	154	238	912.6%	54.8%
OD Against FD	-	514	300	N.A.	-41.7%
<b>Total Retail Assets<sup>1</sup></b>	<b>11,068</b>	<b>16,108</b>	<b>17,521</b>	<b>58.3%</b>	<b>8.8%</b>

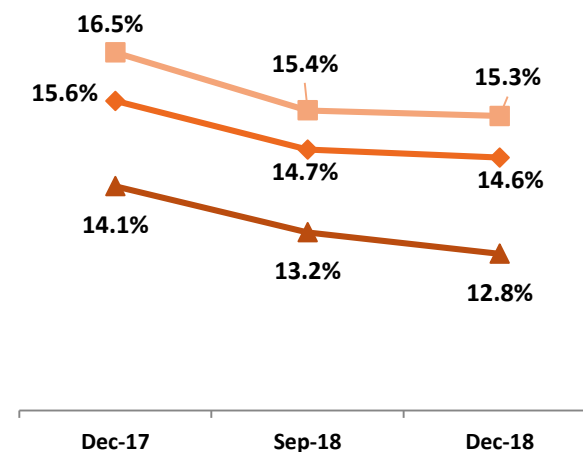
Retail Assets – Diversified Product Mix



Robust Asset Quality



Retail Assets AUM IRR



■ Wheels 
 ■ SBL - MSME <sup>1</sup>
■ SBL - SME 
 ■ GL + Agri SME + HL + CD 
 ■ OD Against FD 
 ■ Total <sup>1</sup>

<sup>1</sup> Overdraft Facilities extended to SBL-MSME customers which were earlier classified under "Business Banking" in "Small & Mid-Corporate Assets" have now been classified under "SBL-MSME" in "Retail Assets"; Accordingly changes have been made for past periods.

# Retail Assets Snapshot - II

## Strong Disbursement Momentum maintained in Retail Assets

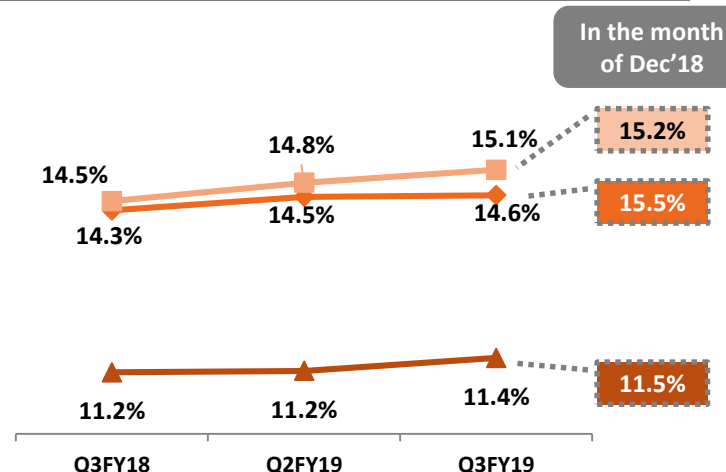
Retail Assets	Disbursements (INR Cr)			Q3FY19 Growth (%)	
	Q3FY18	Q2FY19	Q3FY19	Y-o-Y	Q-o-Q
Wheels	1,075	1,555	1,908	77.5%	22.7%
SBL - MSME	589	829	936	59.0%	12.9%
SBL - SME	58	43	73	25.5%	66.8%
GL + Agri SME+ HL+ CD	23	83	120	418.0%	44.9%
OD Against FD	-	241	153	N.A.	-36.8%
<b>Total Retail Assets</b>	<b>1,744</b>	<b>2,751</b>	<b>3,188</b>	<b>82.8%</b>	<b>15.9%</b>

■ Wheels 
 ■ SBL - MSME 
 ■ SBL - SME 
 ■ GL + Agri SME + HL + CD 
 ■ OD Against FD 
 ■ Total

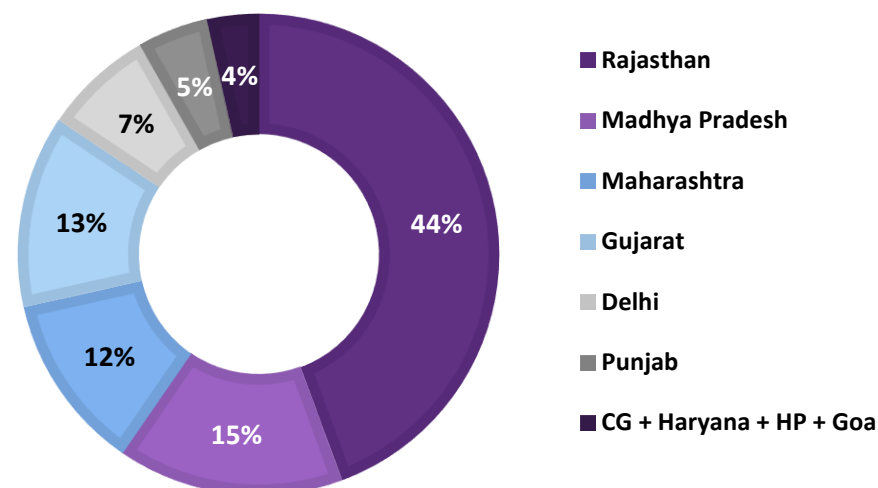
## Ticket Size wise Distribution of Retail Assets AUM

Original Ticket Size	Wheels	SBL - MSME	SBL - SME	GL + Agri + CD + HL
Upto INR 5 Lakh	49%	11%	0%	22%
INR 5 – 10Lakhs	38%	22%	0%	8%
INR 10Lakhs+ -1 Crore	12%	67%	23%	52%
Upto INR 1 Crore	99%	100%	23%	82%
INR 1 -5 Crores	1%	0%	63%	14%
Above INR 5 Crores	0%	0%	13%	4%

## Retail Assets Disbursement IRR

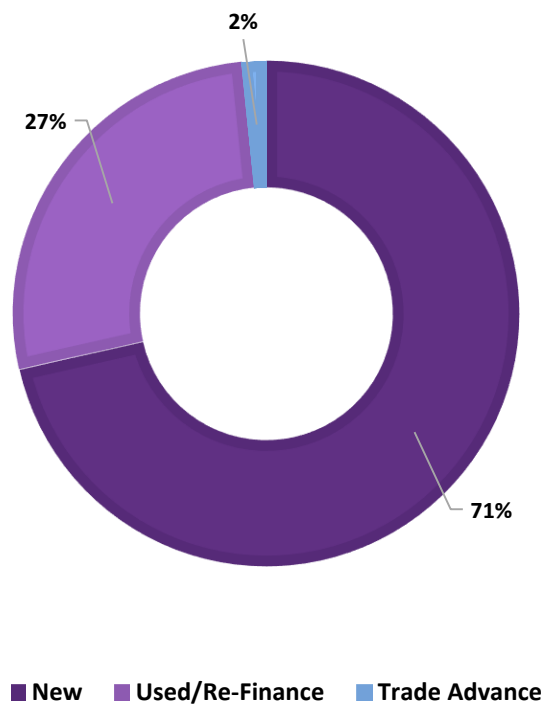


## Retail Assets Regional Break-up

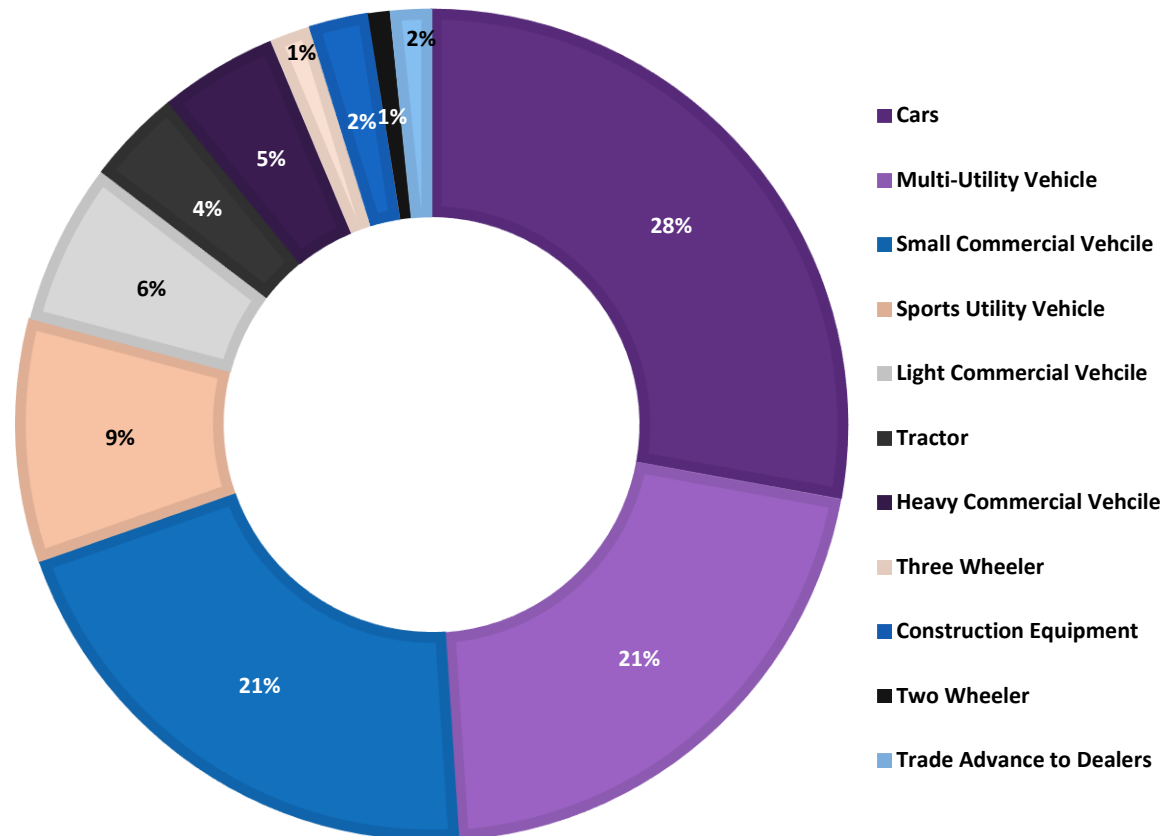


As on 31<sup>st</sup> Dec 2018

Wheels AUM break up – New vs Old



Wheels AUM break up – Vehicle types



As on 31<sup>st</sup> Dec 18

## Agriculture SME Loans



Agri Enterprises

Agri Infrastructure

Agri Projects

**Rolled out in 6 States**  
Focus on Agri Value Chain /  
Food Processing, etc.

Agri SME	INR Crore	IRR %
Q3 Disbursement	67	11.2%
AUM as on 31 <sup>st</sup> Dec 18	148	11.4%
GNPA as on 31 <sup>st</sup> Dec 18		NIL

## Home Loans



Self-Construction

Purchase of Flat / House

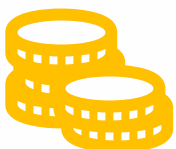
Extension / Renovation

Takeover / Top-up

**Rolled out in 7 States**  
Covering 88 locations  
Focus on Unreached and  
Unserved Segments

HL	INR Crore	IRR %
Q3 Disbursement	30	12.8%
AUM as on 31 <sup>st</sup> Dec 18	40	12.9%
GNPA as on 31 <sup>st</sup> Dec 18		NIL

## Gold Loans



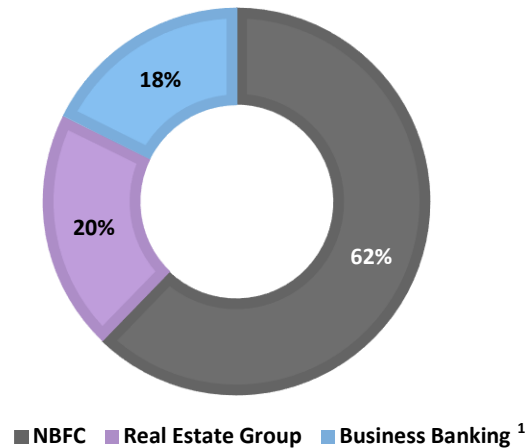
Branch Offering

**Offered at 210+ Branches**

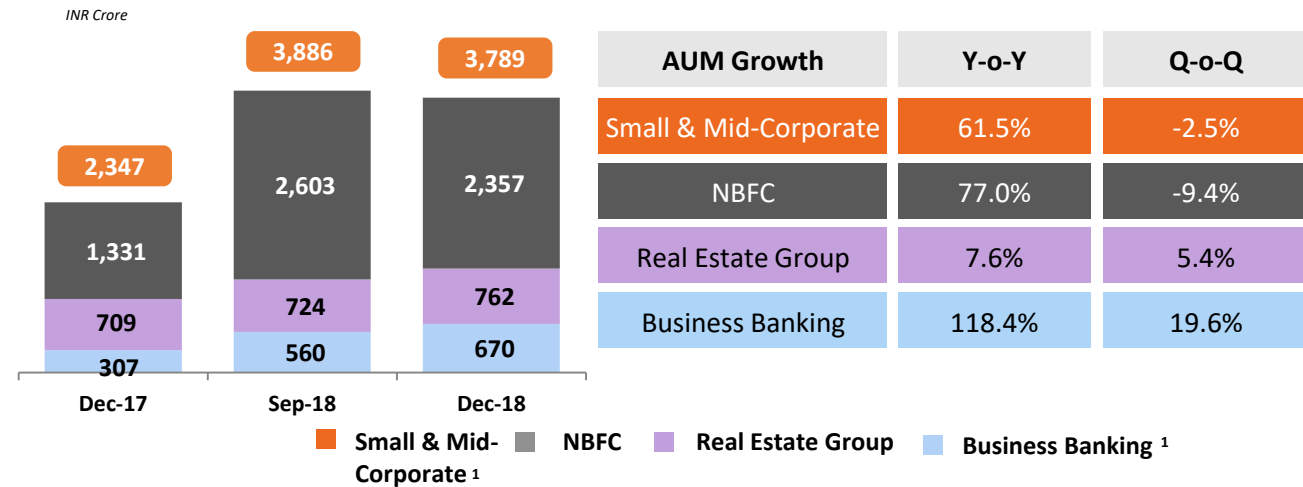
GL	INR Crore	IRR %
Q3 Disbursement	17	13.3%
AUM as on 31 <sup>st</sup> Dec 18	44	13.2%
GNPA as on 31 <sup>st</sup> Dec 18		1.4%

# Small & Mid-Corporate Assets Snapshot

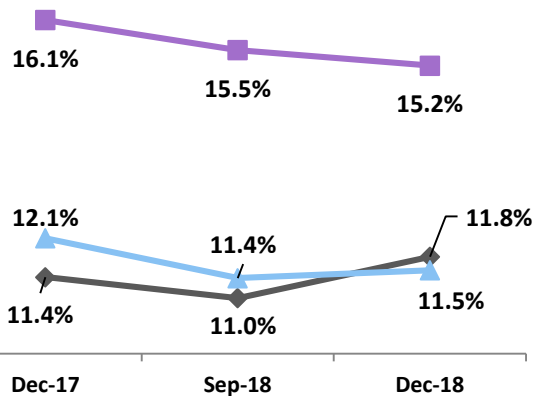
Small & Mid-Corporate Assets AUM Break-up



Continued Momentum in Business Banking

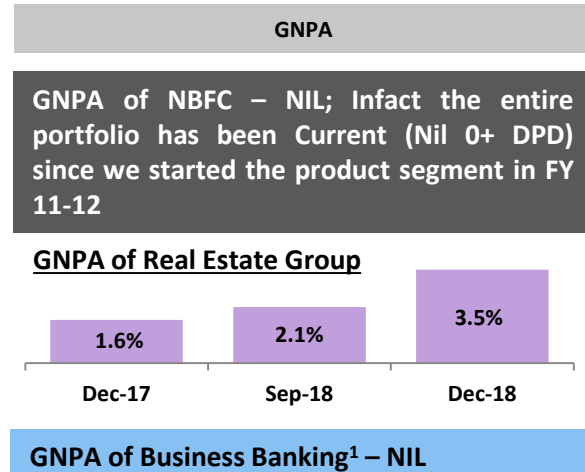


Small & Mid-Corporate<sup>1</sup> AUM IRR



As on 31<sup>st</sup> Dec 18

Strong Asset Quality



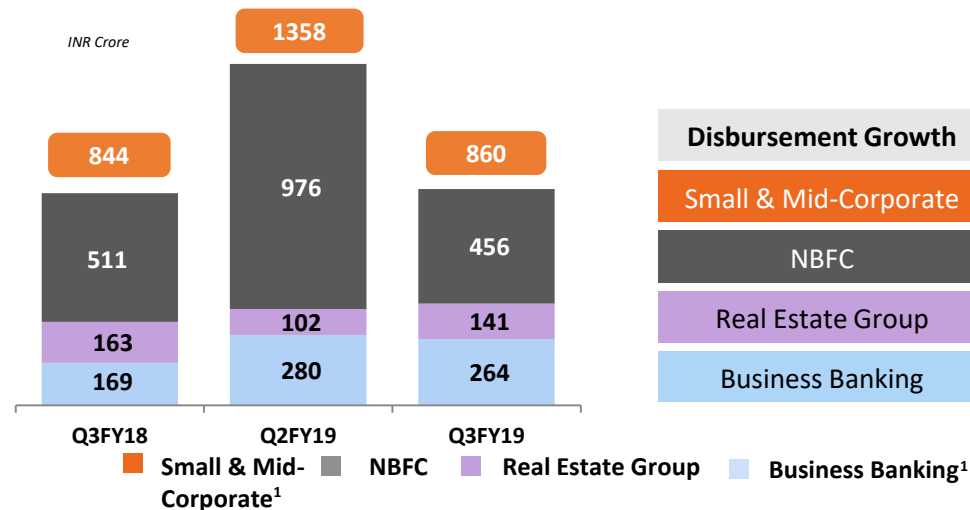
Ticket Size Distribution of Small & Mid Corporate Assets<sup>1</sup> AUM

Original Ticket Size	NBFC	REG	Business Banking
Upto INR 5 Lakh	0%	1%	1%
INR 5 – 10 Lakhs	0%	0%	1%
INR 10 Lakhs – 1Crore	0%	9%	32%
Upto INR 1 Crore	0%	10%	34%
INR 1 - 5 Crore	9%	11%	37%
Above INR 5 Crores	90%	79%	29%

<sup>1</sup> Overdraft Facilities extended to SBL-MSME customers which were earlier classified under "Business Banking" in "Small & Mid-Corporate Assets" have now been classified under "SBL-MSME" in "Retail Assets"; Accordingly changes have been made for past periods.

# Small & Mid-Corporate Assets Snapshot

Small & Mid Corporate<sup>1</sup> Assets – Disbursement Break Up

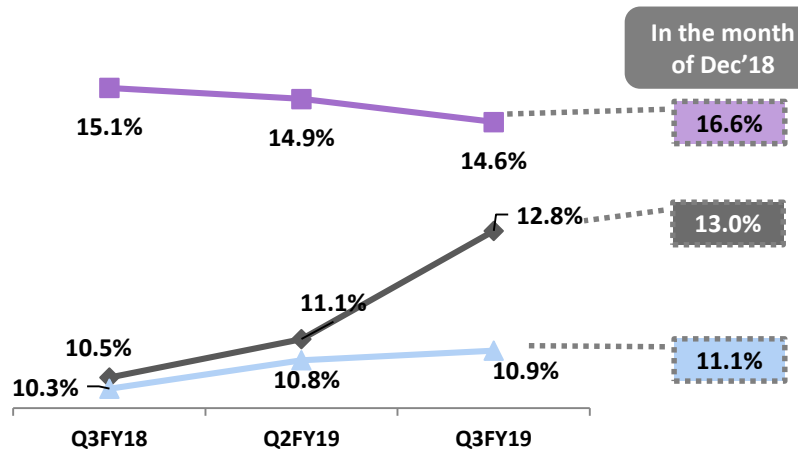


Disbursement Growth	Q3FY19	
	Y-o-Y	Q-o-Q
Small & Mid-Corporate	2.0%	-36.7%
NBFC	-10.9%	-53.3%
Real Estate Group	-13.3%	38.3%
Business Banking	55.8%	-5.9%

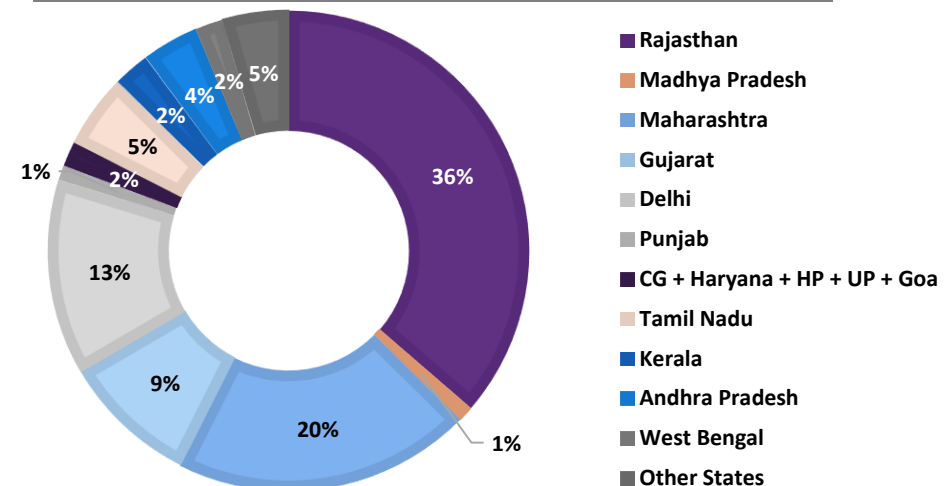
## Increasing presence in Non-Fun Based Credit Facilities, Trade & Remittances

- ❖ Business Banking executed more than 530 transactions amounting to ~INR 245 Crore in 9MFY19
- ❖ In addition to above Branch Banking sourced ~INR 60 Crore worth transactions in 9MFY19

Small & Mid-Corporate<sup>1</sup> Yield on Disbursement



Small & Mid-Corporate<sup>1</sup> Regional Break-up



As on 31<sup>st</sup> Dec 18

Small & Mid-Corporate<sup>1</sup> (Orange), NBFC (Dark Grey), Real Estate Group (Purple), Business Banking<sup>1</sup> (Light Blue)

<sup>1</sup> Overdraft Facilities extended to SBL-MSME customers which were earlier classified under "Business Banking" in "Small & Mid-Corporate Assets" have now been classified under "SBL-MSME" in "Retail Assets"; Accordingly changes have been made for past periods.

# Small & Mid-Corporate Assets Snapshot – II

## NBFC Lending

NBFC Lending spread across varied asset classes – substantially Asset Finance Co's

Type of NBFC's	No. of Customers	Exposure (%)
Asset Finance Co's (AFC)	80	59.2%
Housing Finance Co's (HFC)	17	14.1%
Microfinance Institutions (MFI)	20	18.3%
Fin-tech	10	6.3%
Gold Loan Co's	3	2.3%
<b>Total</b>	<b>130</b>	<b>100.0%</b>

~12% exposure in Working Capital Facilities, Term Loans are majorly for 2 Year & above original tenor – 64%, in line with underlying asset class tenor

Type of Facility	Exposure (%)
Term Loan	87.8%
Cash Credit	12.2%
<b>Total</b>	<b>100.0%</b>

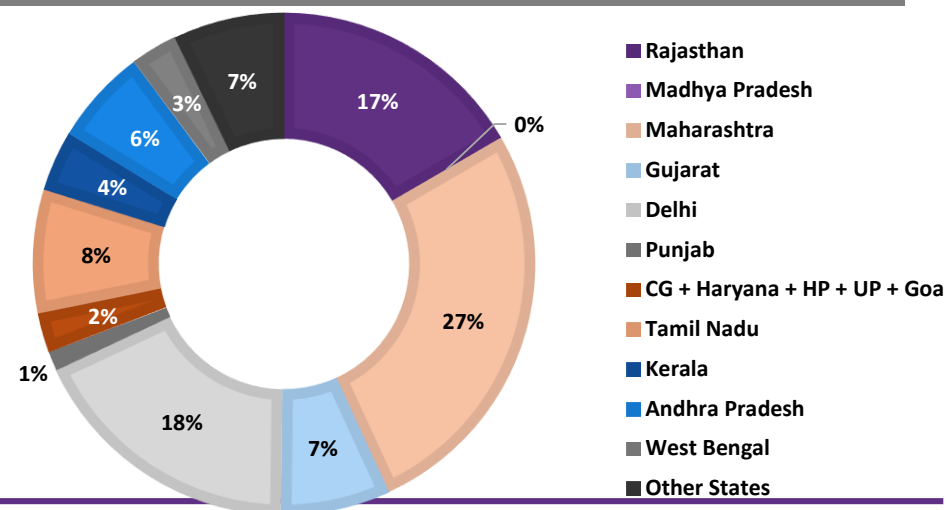
More than INR 1300 Crore Deposits raised from NBFC segment as on 31<sup>st</sup> Dec 18

As on 31<sup>st</sup> Dec 18

86% of the NBFC exposure is in Investment Grade

Credit Rating	No. of Customers	Exposure (%)
<b><u>Investment Grade</u></b>	<b>79</b>	<b>86.1%</b>
“AA”	4	7.0%
“A”	19	37.4%
“BBB”	56	41.6%
<b><u>Non-Investment Grade – “BB” rated</u></b>	<b>15</b>	<b>3.4%</b>
<b><u>Unrated</u></b>	<b>36</b>	<b>10.6%</b>
<b>Total</b>	<b>130</b>	<b>100.0%</b>

Geographically Well – Diversified across 16 States



### 3. Branch Banking - Snapshot

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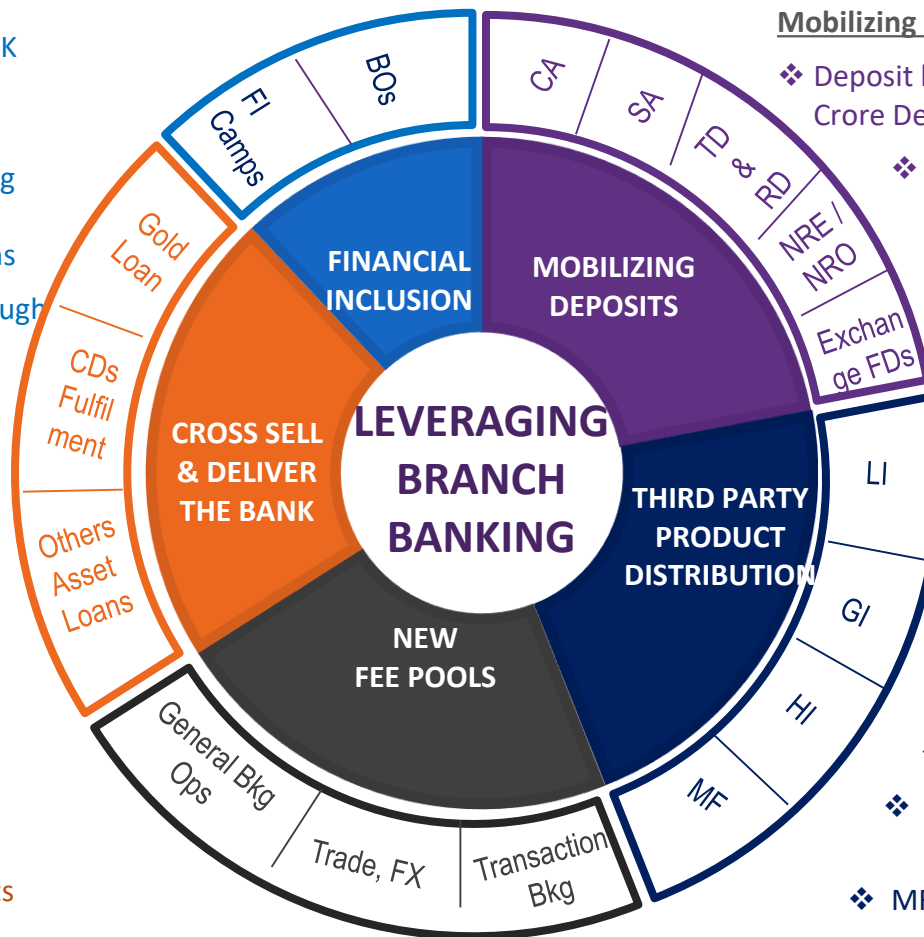
# AU Branch Bankers - Driving Deposits, Cross-Sell, Third Party Products, New Income Pools and Financial Inclusion

## Financial Inclusion

- ❖ 14 Unbanked branches<sup>1</sup>, ~12.7K CASA A/c's
- ❖ 90 Banking Outlets (BOs) in Unbanked areas and 49 Banking Correspondents (BCs), ~26.3K CASA A/cs, ~70.5K Transactions
- ❖ 466 assets disbursement cases through BOs & BCs

## Cross-sell (YTD)

- ❖ YTD ~4205 GL cases; AUM INR ~44 crores; No separate Field force
- ❖ CD Loans - Branches contribute by sourcing and last mile fulfilment
- ❖ Other Asset Products – INR 636 Cr



## Mobilizing Deposits

- ❖ Deposit base – ~9.08 lakh Accounts with INR 14,674 Crore Deposits; New to AU Bank - >80%
- ❖ CASA + Retail Deposits – 44%
- ❖ Relationship with 243 Banks, 2200 TASCs, 325+ Gram-panchayats
- ❖ More than Half a Millions Accounts opened on Tab till date
- ❖ NRE / NRO segment mobilized INR 24 Crores of average SA balance
- ❖ ~450 mandates for Corporate Salary accounts

## Third Party product distribution

- ❖ LI premium of INR 60 Crore (33,110 policies)
- ❖ GI & HI premium of INR 81 Crore (2,13,119 policies) & INR 8 Cr (19,993 policies)
- ❖ MF distribution of INR 46 Crores (~8,000 SIP)

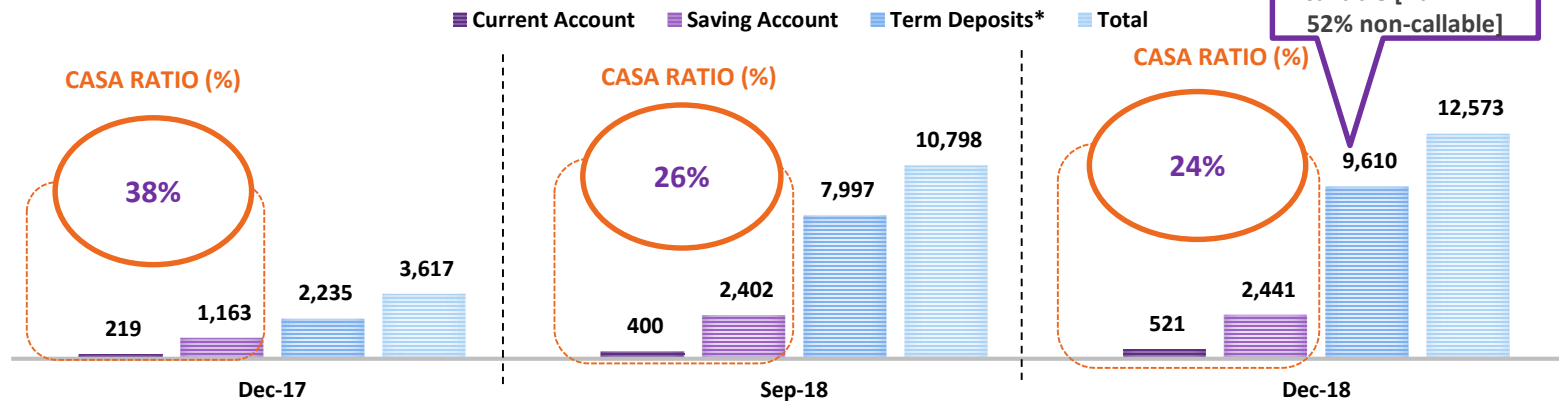
## Building New Fee Pools

- ❖ Processed 77K+ Cheques, 10K DDs, 9K+ RTGS/NEFT Transactions;
- ❖ Trade & Remittances picking up – 560 txn of INR 91 Crore

- ❖ Installed 1704 POS
- ❖ Offering CMS services

# Branch Banking - Snapshot

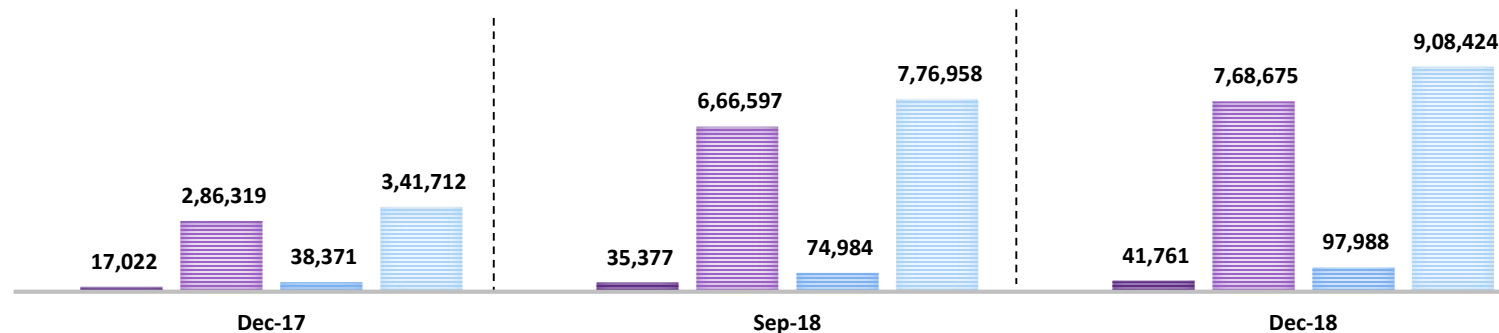
Growing Deposit Franchise; CASA Ratio of 24%



Total Deposit Growth

Y-o-Y	Q-o-Q
295%	14%

Focus on building granular retail deposit base - No of Accounts



Deposit Accounts Growth

Y-o-Y	Q-o-Q
166%	17%

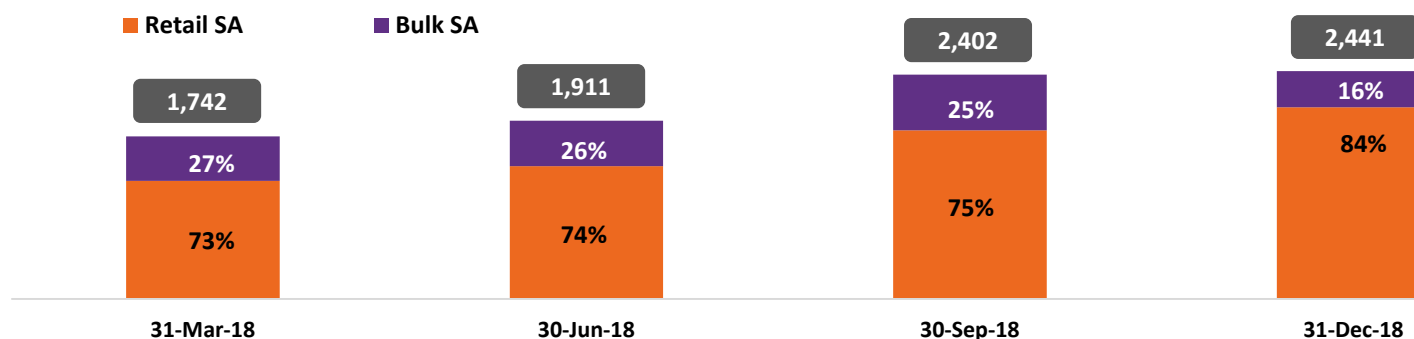
ATS as on 31<sup>st</sup> Dec 2018

Current Account	Savings Account	Term Deposits	Total Deposits
1.2 Lacs	0.32 Lacs	12.0 Lacs	1.6 Lacs

\*Note – Term Deposits excludes Certificate of Deposits of INR 2113 Crore as on 31st Dec, 2018 and INR 2,071 Crore as on 30th Sep, 2018

# Focused on Building A Granular Retail Deposit Franchise

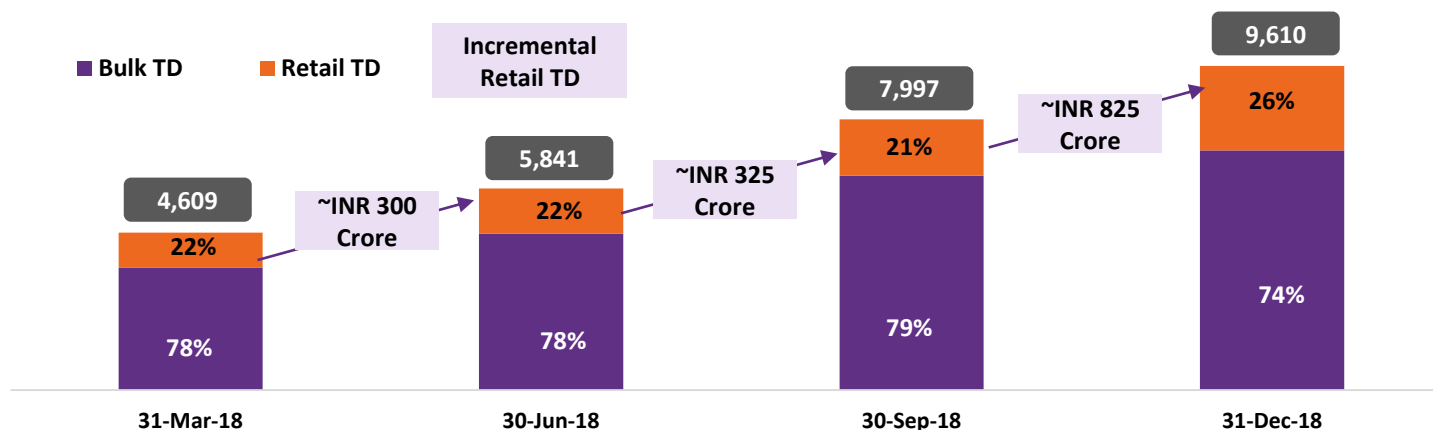
## Increasing Share of Retail in Savings Account (SA)



SA Break-up	Absolute Growth in 9MFY19	
	INR Crore	%
Retail SA <sup>1</sup>	790	63%
Bulk SA <sup>1</sup>	-91	-19%
<b>Total</b>	<b>699</b>	<b>40%</b>

➤ 85 Branches have doubled their SA book over Mar'18, Another 93 branches have grown by 1.5x

## Increasing Share of Retail in Term Deposits (TD)



➤ Daily Retail FD count crossed 550

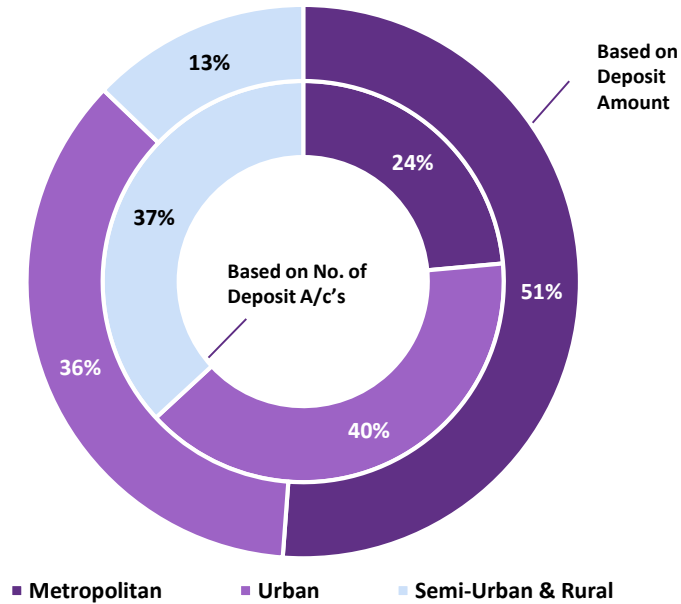
➤ Individual + HUF contributing 73% of Retail Term Deposit; Senior Citizen segment forms 32% of Retail Term Deposits

<sup>1</sup> Retail SA refers to all SA of Individuals (including Salaried), HUF and SA of Government & TASC having balance of less than INR 5 Crore while Bulk SA refers to SA of Government & TASC with balances of INR 5 Crore & above

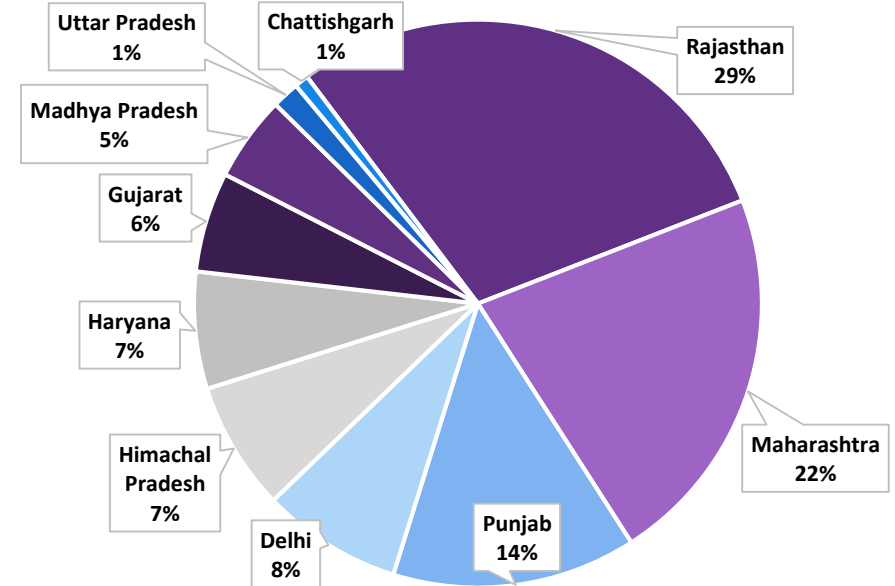
<sup>2</sup> Retail TD refers to all TD of Individuals (including Salaried), HUF and TD of Corporates, Government & TASC having balance of less than INR 1 Crore while Bulk TD refers to all TD of Banks and TD of Corporates, Government & TASC with balances of INR 1 Crore & above

# Branch Banking – Deposit profile

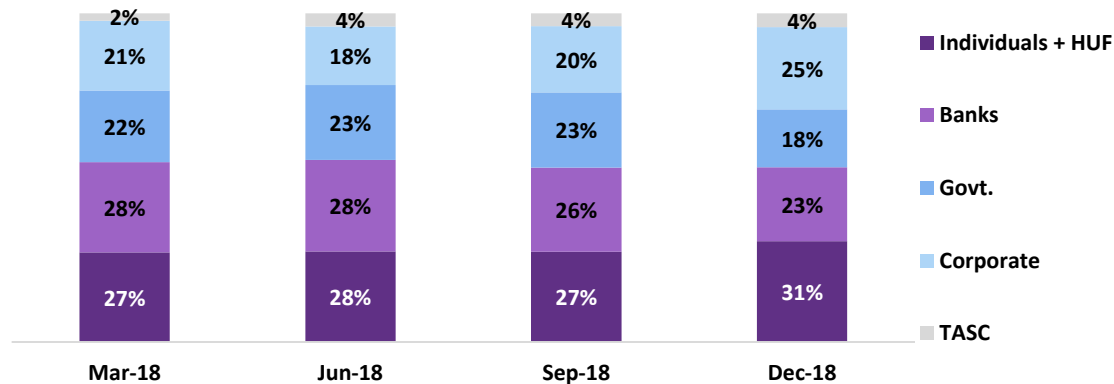
Area-wise Deposit<sup>1</sup> Distribution



Diversified Deposit<sup>1</sup> Build-up across States



Profile of Deposits<sup>1</sup> spread across segments – Focus on building “Individual” base



As on 31<sup>st</sup> Dec 18

<sup>1</sup>Deposits excludes Certificate of Deposits of INR 2,071 Crore as on 30th Sep, 2018 and INR 2,113 as on 31st Dec, 2018

## 4. Treasury - Snapshot

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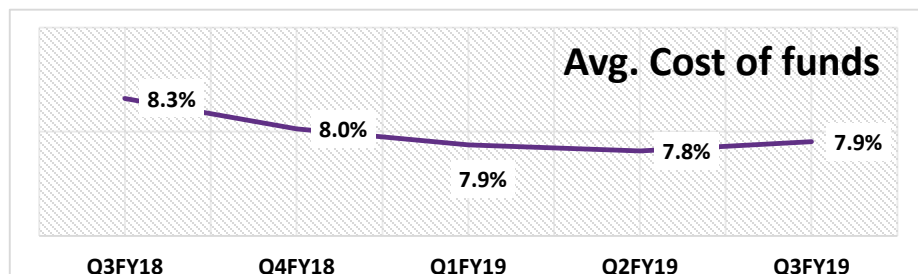
## Increasing proportion of Deposits further diversifying the funding profile

Funding Source	31-Dec-17	31-Mar-18	30-Jun-18	30-Sep-18	31-Dec-18
<b>Deposits + Borrowings (INR Crore)</b>	<b>11,041</b>	<b>15,562</b>	<b>16,874</b>	<b>20,699</b>	<b>23,502</b>
Deposits	33.7%	50.9%	59.3%	62.2%	62.4%
Refinance from FIs	22.9%	22.8%	22.4%	23.2%	22.7%
NCD	33.7%	19.5%	14.3%	9.6%	8.5%
Loans from Banks & NBFC	5.4%	4.9%	1.9%	1.7%	1.2%
Tier II Capital	3.0%	1.8%	1.5%	1.1%	3.1%
CBLO / Line of Credit / Inter-Bank / Others	1.4%	0.2%	0.6%	2.2%	2.1%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

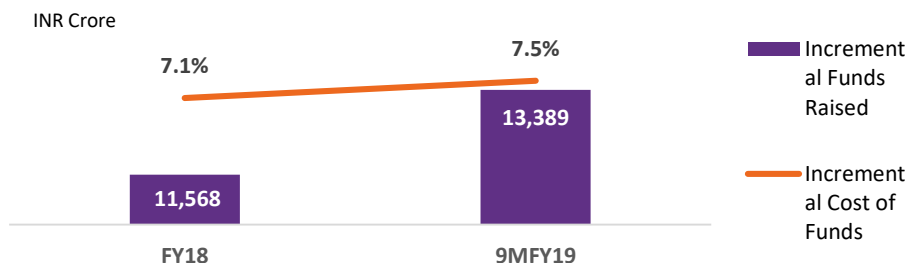
Off-book Source of Fund	31-Dec-17	31-Mar-18	30-Jun-18	30-Sep-18	31-Dec-18
Sec. & Assign O/s AUM <sup>@</sup> (INR Crore)	3,188	2,710	2,304	1,944	1,618

<sup>@</sup>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.

## Stable cost of funds<sup>1</sup>



## Incremental Funds<sup>2</sup> raised & its Cost



## Treasury Update

- Stable Average Cost of Funds – 7.9% in Q3FY19 vis-à-vis 7.8% in Q2FY19; 40 bps lower y-o-y
- Incremental Cost of Funds at 7.5% in 9MFY19 resulting from hardening interest rates and tight systemic liquidity; Cost of Deposits (excluding Certificate of Deposits) at 7.2% in 9MFY19
- Maintained SLR of INR 3,852 Crore (as against requirement of INR 3,412 Crore) in form of Govt. Securities/SDLs (HTM Category) and Govt Securities/T-Bills (AFS Category); Hence, minimal MTM risk.
- Built-up of profitable and high quality Non SLR investment book of ~Rs 1,000 crores to offset negative carry on account of incremental cost of funds to maintain regulatory SLR and LCR
- Earned treasury profit of INR 2.6 crores in Q3FY19.
- Maintaining healthy Liquidity Coverage Ratio of more than 100%, consistently as against regulatory requirement of 70%<sup>3</sup> for SFBs; Maintained average LCR 108% for Q3FY19.
- Capital Adequacy further strengthened by issuance of Tier II capital of INR 500 crores in the form of subordinate debt from marquee domestic banks, mutual funds, insurance and FIs. Total Capital Adequacy stood at 19.0% (Tier I – 15.5% & Tier II – 3.5%) as on 31<sup>st</sup> Dec 18 as against regulatory requirement of 15%.

<sup>1</sup>Average Cost of Funds represents weighted average interest cost on deposits & borrowings and cost of securitization and assignment, weights being daily average deposits & borrowings and principal outstanding of securitization and assignment transaction during the period

<sup>2</sup>Including Securitizations / Assignments

<sup>3</sup>LCR has increased to 80% for SFBs from Jan 1, 2019.

## Strong Liquidity and ALM Position

- ❑ Maintained healthy liquidity of INR 2,862 Crore in form of excess SLR, Non SLR investments and short term money market lending (this is in addition to regulatory SLR & CRR requirement) which is more than 12% of Deposits & Borrowings (external liabilities) as on 31<sup>st</sup> Dec 2018.
- ❑ Certificate of Deposits (CD) form less than 10% of external liabilities as on 31<sup>st</sup> Dec, 2018. CD outstanding of INR 2,113 Crore as on 31<sup>st</sup> Dec, 2018 as against Board approved limit of INR 3,500 Crore
- ❑ Well managed ALM across all buckets of Asset Liability Statement are within Regulatory and Board determined limits
- ❑ Out of total external liabilities, Medium & Long term Sources of funds form ~45% of Balance Sheet Size and ~55% of external liabilities
- ❑ Incrementally, access to other sources of long term borrowings including Infrastructure Bonds, Refinance, Portfolio Securitization/Assignment and External Commercial Borrowings (ECB)

## Build-up of strong deposit franchisee

- ❑ Strong build up of Deposit Franchisee with Branch Deposits of more than INR 12,500 Crore in about 20 months from commencement of banking operations
- ❑ Deposit growth of INR 6,762 Crore in 9MFY19, an absolute growth of 85% over 31<sup>st</sup> Mar 18 deposit base
- ❑ Momentum in CASA maintained – CASA ratio of 24% as on 31<sup>st</sup> Dec, 2018
- ❑ Deposits from Individuals & Government form 31% & 18% of Total Deposits respectively; Non-Callable Bulk Term Deposits form 52% of Bulk Term Deposits [38% of Total Term Deposits are non-callable]

## 5. Digital & Analytics

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Online/ Paperless

App Assisted Model

## Consumer Durable

Online sourcing through Tech. Partner  
Vijay Sales, Croma, Flipkart,  
Amazon, Samsung, Godrej etc.

Partnered with eHaat to improve rural  
product availability

Offline Digitally Assisted Model at Branch

CD	INR Crore	IRR %
Q3 Disbursement	5	21.8%
AUM as on 31 <sup>st</sup> Dec 18	7	22.3%
GNPA as on 31 <sup>st</sup> Dec 18		2.3%



Online/ Paperless

## Two Wheeler Loans

Digitally Assisted model

Cross Sell opportunities

Launched 2W Tele-Sales Module

Pre-approved 2W Loans - fulfilment by  
field team

TW	INR Crore	IRR %
Q2 Disbursement	41	22.2%
AUM as on 31 <sup>st</sup> Dec 18	77	22.4%
GNPA as on 31 <sup>st</sup> Dec 18		0.9%



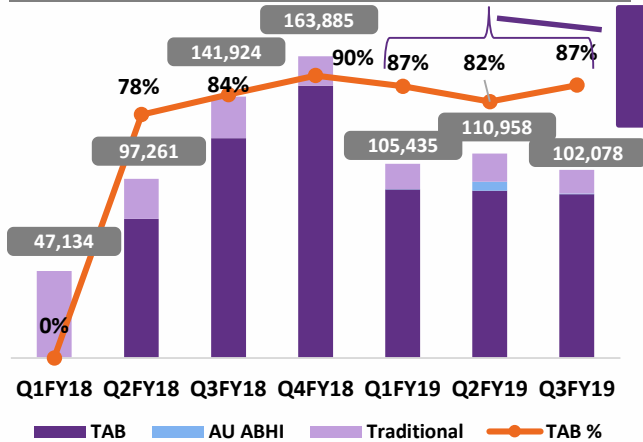
Lead Generation ,  
Tracking App

## "AU BUSINESS" APP

All 12000+ employees "FORCE AU"  
powered with this APP

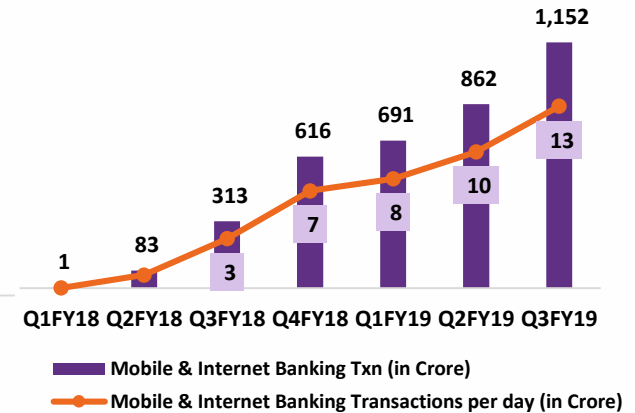
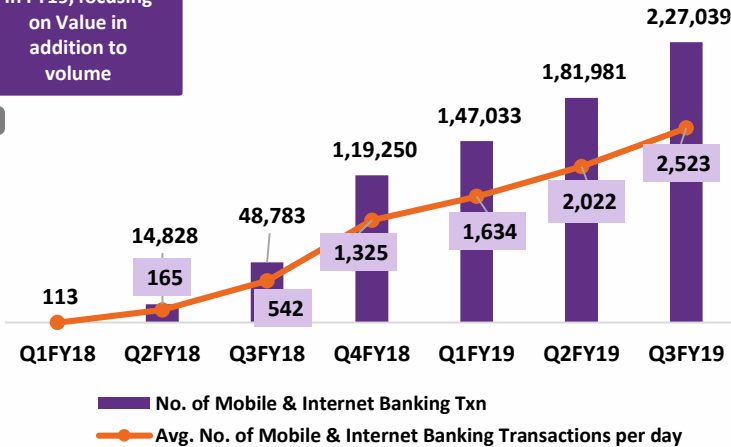
	No of Leads Converted	Value of Business
Asset Business Leads	7,870	INR 737 Crore
Liability Business Leads	27,773	INR 111 Crore

## TAB based paperless onboarding – SA opened

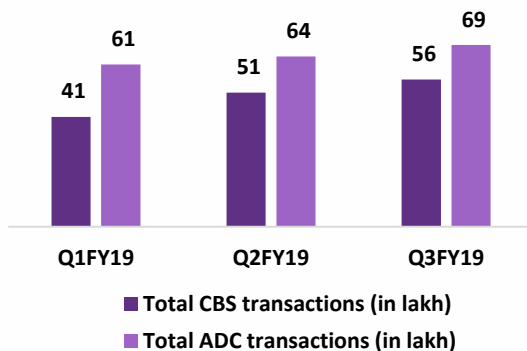


In FY19, focusing on Value in addition to volume

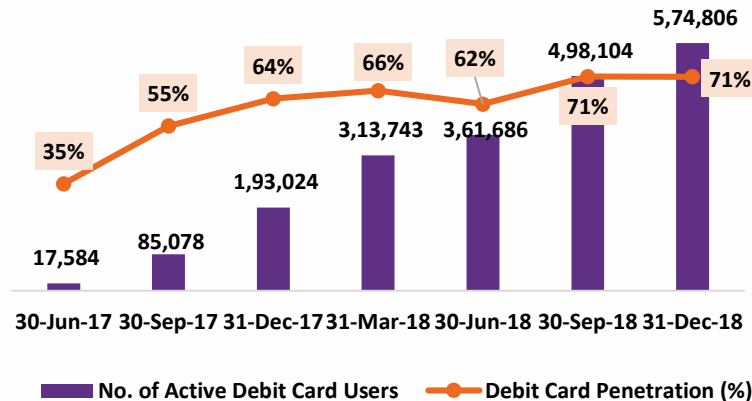
## Increasing Digital Channel Usage; About 85,000 Internet & Mobile Banking Users



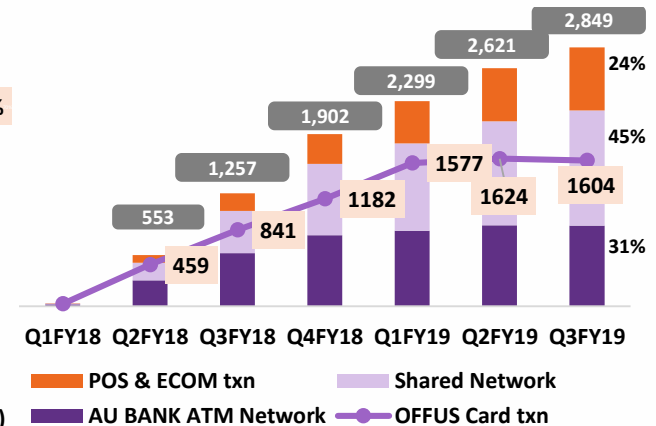
## About 70 lakh ADC transactions in a Qtr



## Increasing Debit Card penetration

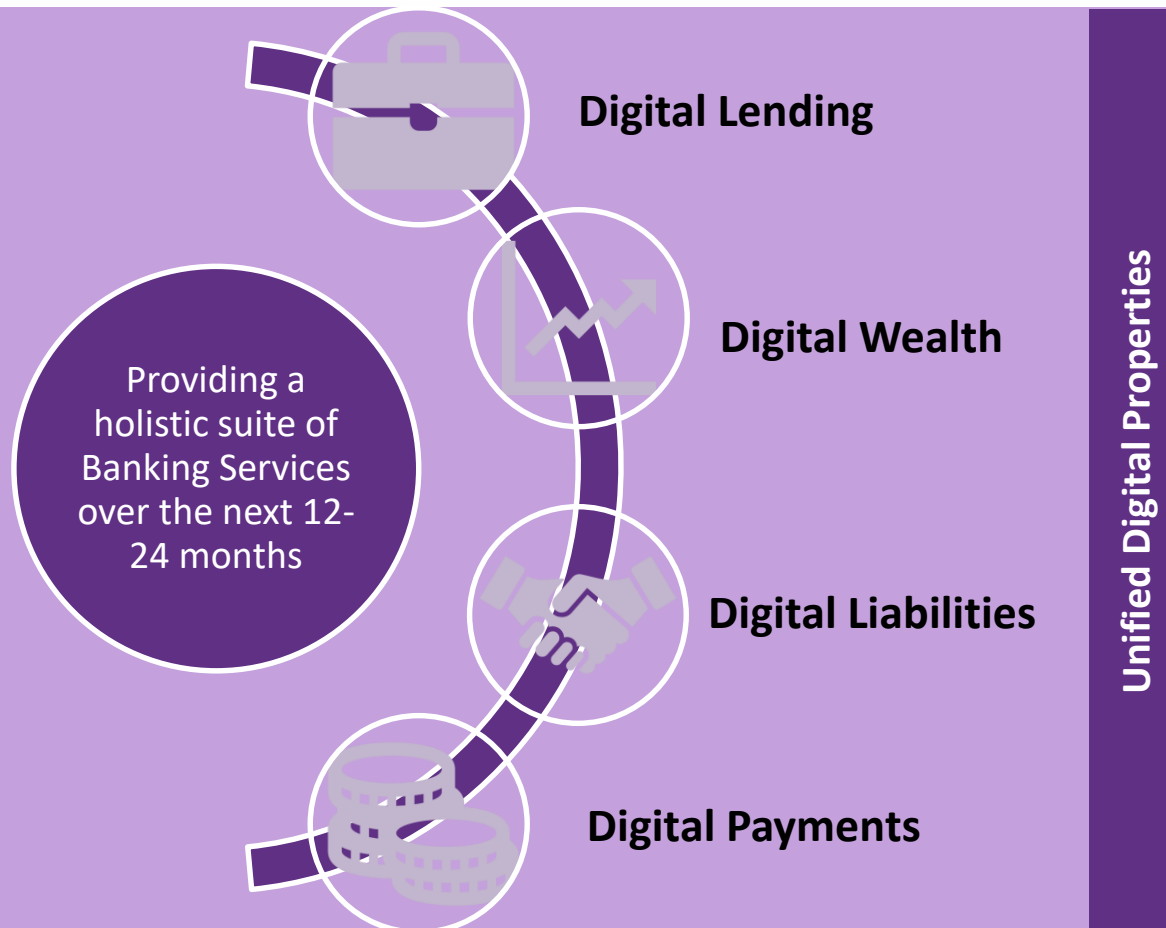


## Debit Card transaction Volume (in '000's)



1700+ POS Machines Installed; ~4.8 Lakh Transactions worth INR 70 Crore in 9MFY19

# Creating a new age Digital Banking set up



**Delivered by hiring the right talent and creating an Omni experience across Banking Touch Points**

- Integrated multi industry team with resources being onboarded with Banking, Non Banking, Fintech experience for New Age Banking solutions
- Collaborative synergies with existing structures for One Bank experience
- Shared vision to be the Best In Class Digital Bank

Low Cost of Acquisition

Low Operating Cost

Customer Experience

Banking on the Fly - Paperless

Increase Income per Customer

Higher Reach

Omni Channel Experience

## Business Analytics

- ❖ Loan Origination propensity models for Wheels & SBL Loans
- ❖ Using POD and propensity models to identify right set of customers for cross-sell campaigns
- ❖ Using historical data analysis to align incentive policies with business goal
- ❖ Location Analytics – Identifying the best locations for opening unbanked branches
- ❖ Loan Application scorecards and auto-approve algorithms – Designed for Wheels, already deployed for CD loans
- ❖ Repeat purchase identification and tracking
- ❖ Customer Profiling - Profiled 8.5+ lac customers from various source systems
- ❖ Customer-centric business approach; Identified key business drivers PPC (Product per Customer) and TRV (Total Relationship Value)

## Collection & Risk Analytics

- ❖ Probability of Default Model – Default Prediction for early vintage customers
- ❖ Customer Contact-ability Model – Identifying customers with high/low contact-ability
- ❖ Collectability prediction – Identifying which customers are going to pay in a given month – Current, 1<sup>st</sup> and 2<sup>nd</sup> bucket
- ❖ Collection Allocation Optimization – Optimizing collection allocation based on collectability of customer
- ❖ Risk-based pricing – Consumer Durable loans
- ❖ Collection Roll rates simulation – right up to 12<sup>th</sup> bucket

## HR Analytics

- ❖ Employee Attrition tracking, Analysis and prediction
- ❖ Sales Executive – 360 degree Performance View
- ❖ Using Roll Rate simulator for ACR prediction and manpower planning
- ❖ Employee performance improvement assistance – Identifying specific areas of improvement and doing targeted communication

## 6. Distribution, Financial Inclusion & Customer Delight

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# Well entrenched contiguous distribution franchise

11 States

396 Branches<sup>1</sup>, 49 BCs,  
84 Asset Centers

485 ATMs<sup>1</sup>

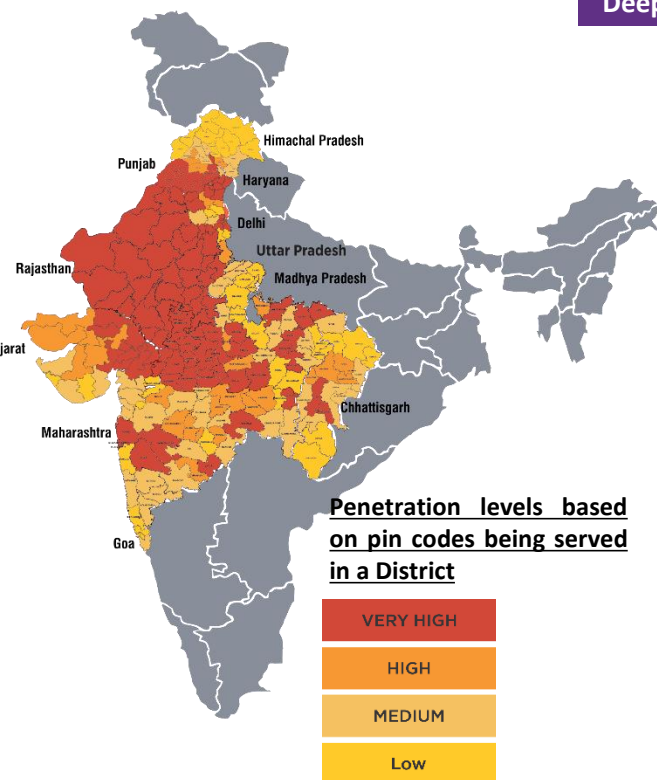
11 lakh  
Customers

4,57,507 Active Loan A/c's &  
9,08,424 Deposit A/c's

12,572  
employees

24% CASA  
Ratio<sup>2</sup>

## Deep Penetration into Core States and Expansion into other States



	Metro-Politan	Urban	Semi-urban			Rural		Rural Un-banked <sup>1</sup>	Total	Asset
States	Tier 1	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5	Tier 6	Tier 6	Branches	Centres
Rajasthan	16	23	19	43	21	3	3	76	204	32
Madhya Pradesh	5	16	7	9	-	-	-	16	53	9
Gujarat	8	20	4	5	3	-	-	2	42	14
Maharashtra	12	16	6	2	1	-	-	2	39	12
Punjab	1	11	4	2	-	-	-	3	21	6
Haryana	1	11	1	1	-	-	-	5	19	3
Chhattishgarh	1	4	-	-	-	-	-	-	5	2
Delhi / NCR	5	-	-	-	-	-	-	-	5	5
Himachal Pradesh	-	1	-	2	1	-	-	-	4	1
Uttar Pradesh	1	1	-	-	-	-	-	-	2	-
Chandigarh	-	1	-	-	-	-	-	-	1	-
Goa	-	-	1	-	-	-	-	-	1	-
<b>Total</b>	<b>50</b>	<b>104</b>	<b>42</b>	<b>64</b>	<b>26</b>	<b>3</b>	<b>3</b>	<b>104</b>	<b>396</b>	<b>84</b>
<b>Branch Distribution (%)</b>	<b>13%</b>	<b>26%</b>	<b>33%</b>			<b>28%</b>			<b>100%</b>	

❑ Distribution Networks spreads across 11 states; 60% of our branches are in Rural & Semi Urban Areas (Tier 2 to Tier 6)

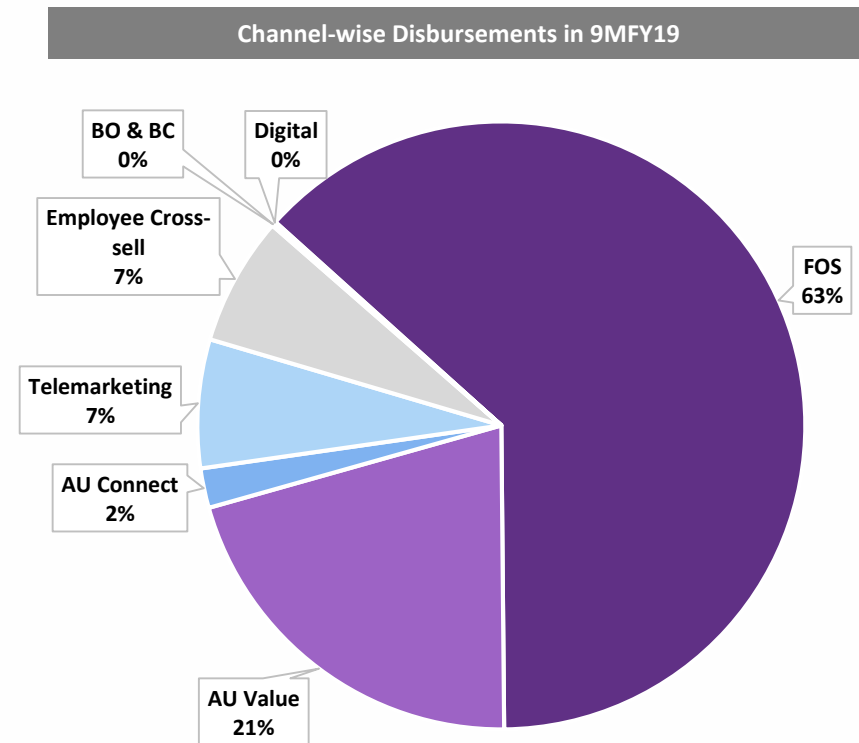
❑ Appointed 36 Business Correspondent Agents (BC) in Q3FY19 taking total BCs to 49

<sup>1</sup>306 Bank Branches and 90 Business Correspondent Banking Outlets. In addition to 292 ATMS, Bank has commenced operation of 193 RISL / CMS ATMS at Atal Seva Kendras in Q3FY19.

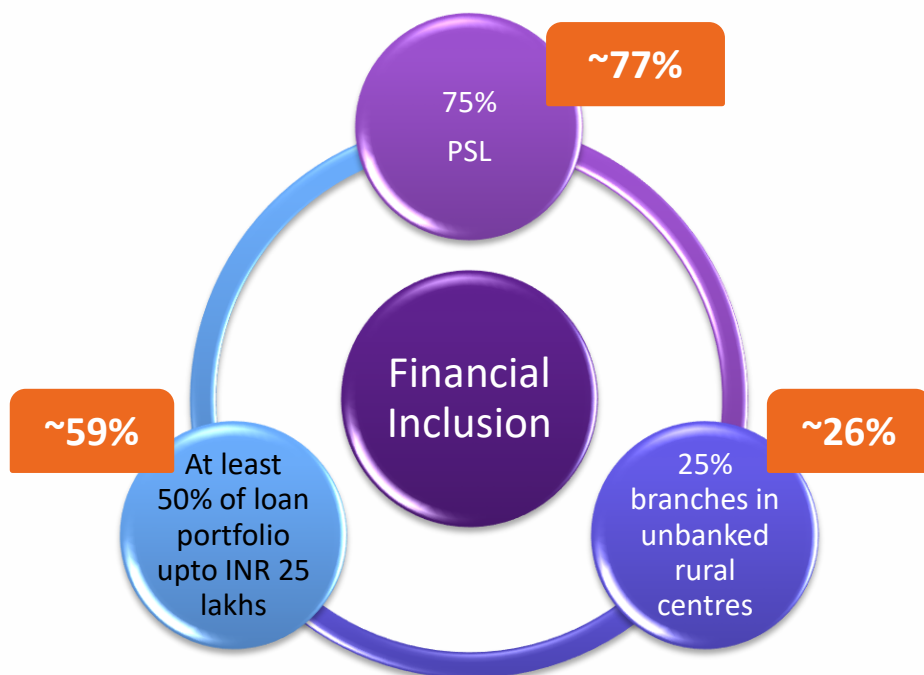
<sup>2</sup> Calculated based on Deposits excluding Certificate of Deposits of INR 2,113 Crore

Substantially “In-house” & “Direct” Sourcing; Developing multiple alternate channels for business sourcing

Sourcing Channels	Disbursements		Deposits	
	9MFY18	9MFY19	9MFY18	9MFY19
<b>Fleet on Street (FOS)</b>	65%	<b>63%</b>	100%	<b>98%</b>
<b>AU Value – Dealerships &amp; equivalent</b>	20%	<b>21%</b>	-	-
<b>AU Connect – Referrals &amp; equivalent</b>	2%	<b>2%</b>	-	-
<b>Telemarketing</b>	11%	<b>7%</b>	0%	<b>1%</b>
<b>Employee Cross-sell (including AU BUSINESS)</b>	2%	<b>7%</b>	0%	<b>1%</b>
<b>Banking Outlet (BO) &amp; Business Correspondents (BC)</b>	0%	<b>0.2%</b>	0%	<b>0%</b>
<b>Digital</b>	0%	<b>0.1%</b>	-	-
<b>Total</b>	100%	<b>100%</b>	100%	<b>100%</b>



## Meeting Key Objectives of Small Finance Bank



- ❖ Serving customers with limited or no access to organized finance; Deep understanding and strong relationship enabled by local manpower
- ❖ Paperless hassle-free banking; 80% of A/c's opened through TAB's in semi-urban & rural areas
- ❖ Launched PMJJBY; Soon to launch PMSBY and APY; Both UPI & USSD in pipeline
- ❖ Opening 1000 ATM's at Atal Seva Kendra in deep pockets across Rajasthan – 193 such ATMs commenced operation;
- ❖ STP of CD loans promoting financial inclusion in semi-urban & rural areas;
- ❖ Financial Inclusion App for BC's; Cross-sell of Assets promoting entrepreneurship; EMI collection & Chq drop facility at BC banking outlets; Added focus on Branch Banking and Asset products in addition to Remittance
- ❖ Focussing on Unbanked areas - Financial Literacy Camps; A/c opening drives

**~80%** Loan Customers having no formal documents; Assessed income

**~36%** Loan Customers with no Credit Bureau History

**~24,000** BSBDA A/cs; Aadhar seeding in ~19,000 A/c's

**104** Branches in unbanked rural centres (incl. 90 BO's) – Loan – INR 32 Cr & Deposit – INR 32 Cr

**~60%** Branches in rural & semi-urban areas

**~3.5 lakh** Deposit Accounts in rural & semi-urban areas

**~INR 1,720 Cr** Loans Disbursed to SC, ST, OBC & Minority in 9MFY19

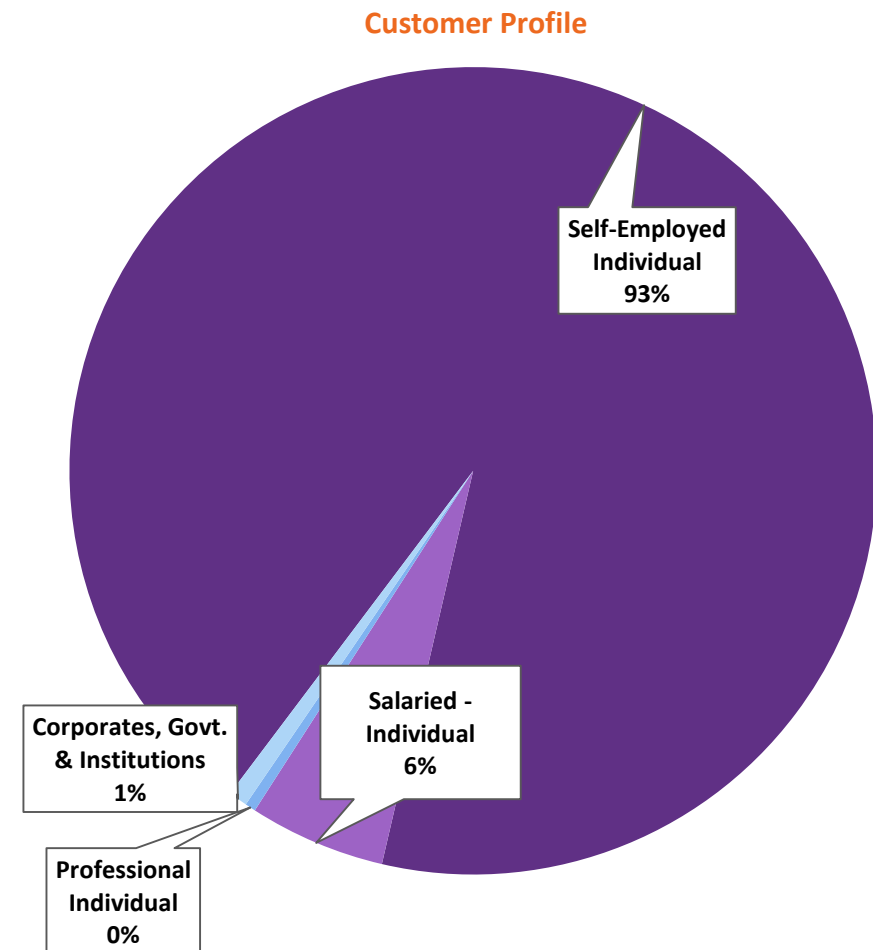
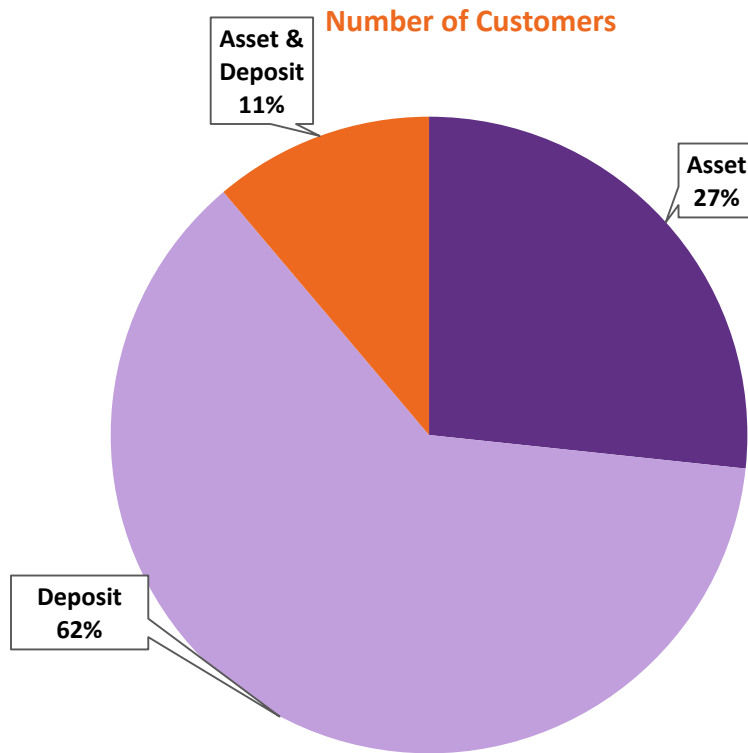
**~INR 2,636 Cr** Mudra Loans Disbursed in 9MFY19

**~2.9 lakh** Debit cards issued in semi-urban & rural areas

# Focused on serving “Self-employed”, “Low-Middle Income” segments

More than 1.1 million customer base

About 95% Self Employed (including Professionals)



# “Customer Centricity” to lead to Customer Delight

## Customer Centricity at the core of strong Asset franchisee

### Deep branch penetration & Hire Local Personnel

- Ensures being close to the customer and better understanding of customer requirements & encourages repeat business
- Leads to business referrals and increases collection efficiency

### Relationships with dealers & manufacturers

- Establish relationships and preferred financing agreements with vehicle manufacturers and dealers

### Call Centers

- 400+ Seater call center
- Tele-calling team focusing, Origination, customer service and collections operating in English and select regional languages

### Banking Ombudsman

- 59 Banking ombudsman cases
- No award in any of case
- All cases closed; No pending case as on 31<sup>st</sup> Dec 18

## Key Initiatives Undertaken towards Customer Centricity in Branch Banking

### Simple and clear value proposition for Deposit products

- Few Product Variants - Easy to remember & recollect
- Top 3 USPs for each Product variant
- Hassle-free TAB based savings bank account opening

### Making customers realize value of their money

- Competitive Interest Rates
- Monthly Credit of Interest in Savings account

### Focus on Customer Convenience

- True Anywhere Banking – No home branch concept
- Extended Banking Hours
- Auto Upgrade of Features and therefore No Fear of Charging
- No Deposit Slips; Simple Forms, Less Forms

### Establish Customer service as in Asset franchise

- Continue with “Go-to-Market approach” in Deposit raising similar to Asset Origination
- “Customer Service Menu” & not “Customer Request Form”

Customized connect through localized proposition – Deep branch network created through contiguous expansion

## 7. About AU Small Finance Bank

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# AU BANK – tapping the unreached and unbanked segments

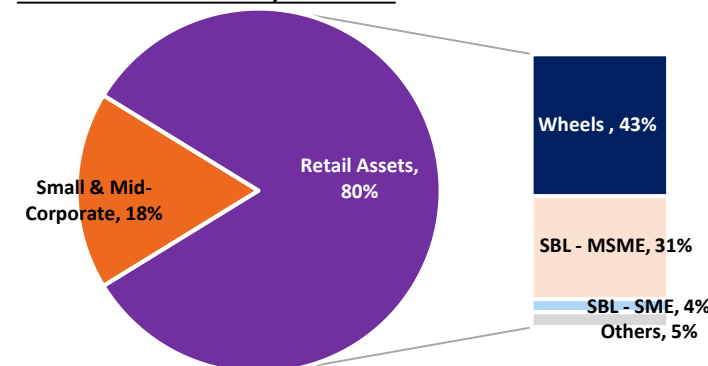


## Overview

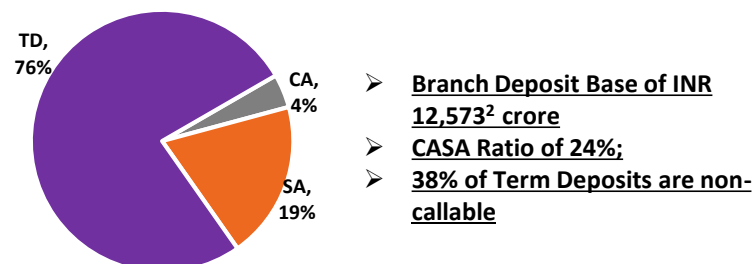
- AU SMALL FINANCE BANK (“AU BANK” or “Company”) is a **scheduled commercial bank** which successfully transitioned from an Asset Financing NBFC to a SFB; started in 1996; commenced banking operations in Apr 19, 2017;
- A **retail focused bank** with diversified bouquet of products and services
- Target customers include **low & middle income individuals** and **micro / small businesses** which are credit worthy having business potential but unable to avail financing from formal channels; 11 lakh active customers;
- Contiguous geographical distribution** across 11 states and a UT with 396 branches<sup>1</sup>, 84 asset centers, 49 business correspondent agents, 16 offices, 485 ATMs<sup>1</sup>;
- Created a niche by focusing on segments of high growth potential and high margins while ensuring lower risk through **robust risk management and governance practises**: GNPA of 2.1% and NNPA of 1.3% as on 31<sup>st</sup> Dec 2018;
- Promoted by **first generation entrepreneur**, Sanjay Agarwal, a merit holder CA, holding ~31% stake; ably supported by **experienced team of professionals**; young and passionate team of 12,572 employees;
- Marquee Investor base** which includes institutions like Temasek Holdings, Nomura, Warburg Pincus, IFC, SBI MF, Chrys Capital, Kedaara Capital, etc;
- Long-term credit rating of “**AA- / Stable**” by **CRISIL Ratings, ICRA Ratings, India Ratings & CARE Ratings**; Highest Short-term credit rating of “**A1+**”

## Focused on Retail Financing with Diversified Portfolio

### Gross AUM of INR 21,675 crore

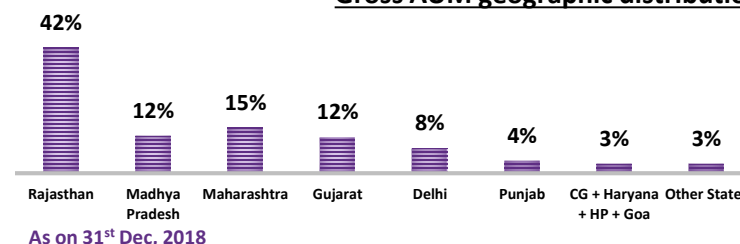


## Strong Build up of Deposits



## Contiguous Geographic presence

### Gross AUM geographic distribution



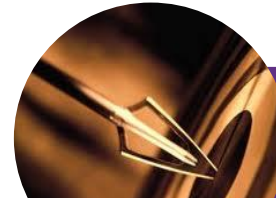
<sup>1</sup> 306 Bank Branches and 90 Business Correspondent Banking Outlets. In addition to 292 ATMS, Bank has commenced operation of 193 RISL / CMS ATMS at Atal Seva Kendras in Q3FY19

<sup>2</sup> Excludes Certificate of Deposits of INR 2,113 Crore



## 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.



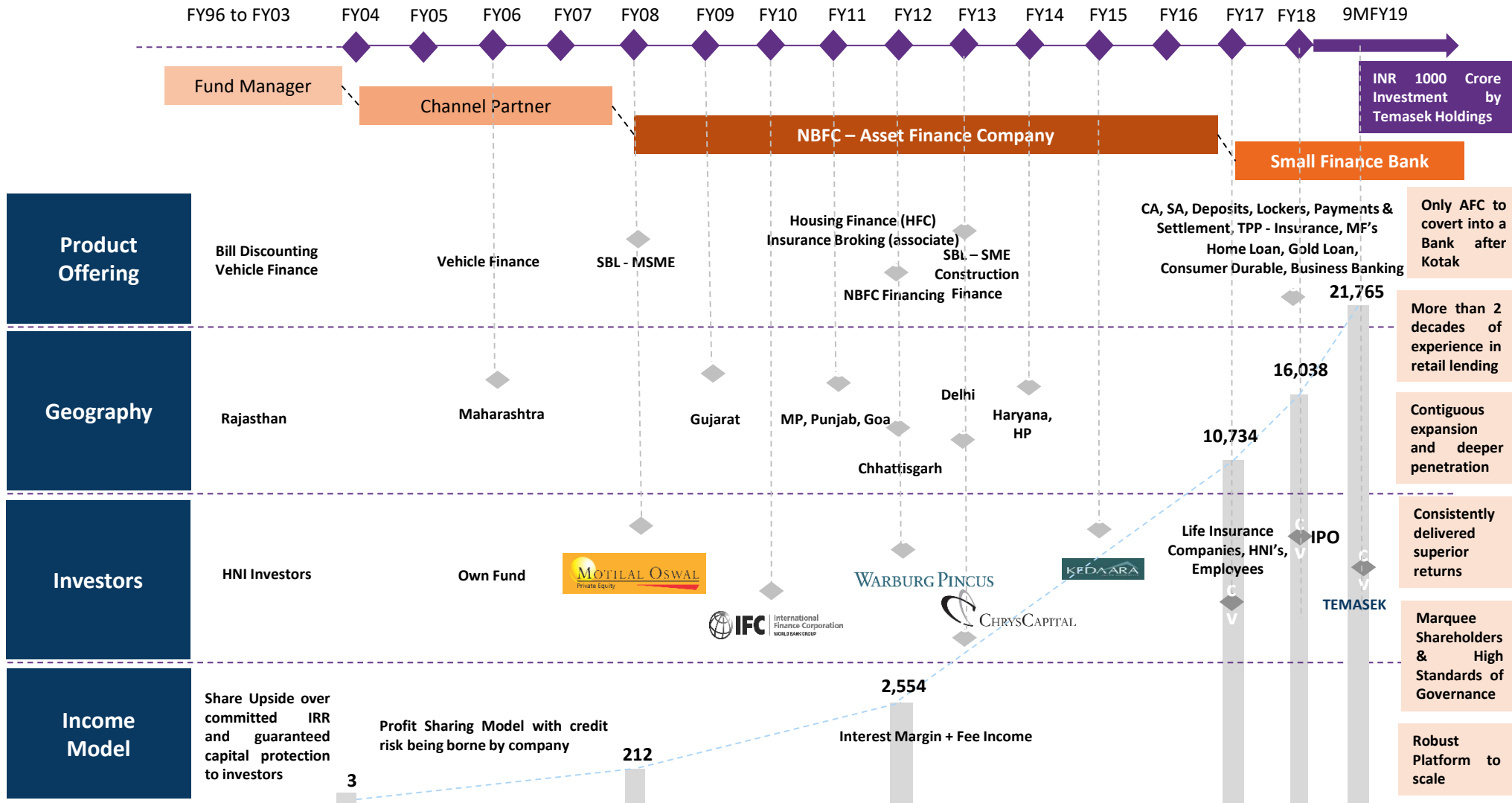
## AU Mission

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**

# AU Journey - natural progression to Bank



\*Column bar denotes Gross AUM as at end of that particular FY; In INR Crores

# Diversified Bouquet of Products with focus on Retail

ASSETS PRODUCT OFFERINGS	Retail Assets – Existing Products				Small & Mid-Corporate – Existing Products	
	Parameter	Wheels (Vehicle Loans)	Secured Business Loans - MSME	Secured Business Loans – SME	NBFC	Real Estate Group
	Commenced	<ul style="list-style-type: none"><li>1996</li></ul>	<ul style="list-style-type: none"><li>2007</li></ul>	<ul style="list-style-type: none"><li>2012</li></ul>	<ul style="list-style-type: none"><li>2012</li></ul>	<ul style="list-style-type: none"><li>2012</li></ul>
	Clientele typically includes	<ul style="list-style-type: none"><li>First time users/ buyers, Small Road Transport operators, Self Employed</li></ul>	<ul style="list-style-type: none"><li>Provision stores, dairy businesses, hotels, restaurants</li></ul>	<ul style="list-style-type: none"><li>Traders, wholesalers, distributors, retailers, NBFCs, self-employed professionals and small construction companies</li></ul>	<ul style="list-style-type: none"><li>NBFCs, HFCs &amp; MFIs</li></ul>	<ul style="list-style-type: none"><li>Small construction companies / builders</li></ul>
	Loan Tenure	<ul style="list-style-type: none"><li>Up to 5 years</li></ul>	<ul style="list-style-type: none"><li>Up to 12 years</li></ul>	<ul style="list-style-type: none"><li>Up to 15 years</li></ul>	<ul style="list-style-type: none"><li>Up to 4 years</li></ul>	<ul style="list-style-type: none"><li>Up to 7 years</li></ul>
	Security	<ul style="list-style-type: none"><li>Vehicle</li></ul>	<ul style="list-style-type: none"><li>Immoveable property</li></ul>	<ul style="list-style-type: none"><li>Immoveable property / loan receivables</li></ul>	<ul style="list-style-type: none"><li>Underlying Loan receivables</li></ul>	<ul style="list-style-type: none"><li>Immoveable property</li></ul>
	Purpose	<ul style="list-style-type: none"><li>Income / Revenue Generation</li></ul>	<ul style="list-style-type: none"><li>Business Expansion; Working capital requirement / Equipment purchase</li></ul>	<ul style="list-style-type: none"><li>Business Expansion; Working capital requirement / Equipment purchase</li></ul>	<ul style="list-style-type: none"><li>Underlying Loan receivables</li></ul>	<ul style="list-style-type: none"><li>Immoveable property</li></ul>
LIABILITIES PRODUCT OFFERINGS	Retail Assets –New Products				Small & Mid-Corporate – New Products	
	Home Loans, Gold Loans, Agri SME Loans, Consumer Durable Loans				Business Banking	
	Savings Accounts	Current Accounts	Fixed & Recurring Deposits	Lockers		
	Debit Cards	ATMs	Insurance	Mutual Funds		
DIGITAL	TAB Banking					
	Net Banking					
	Mobile Banking					

# Experienced Board of Directors

## Board of Directors



**Mr. Mannil Venugopalan**  
Chairman and  
Independent Director  
47+ years of experience  
B. Com (Gold Medal)

Ex-CMD, Bank of India  
Ex-MD & CEO, Federal Bank



**Mr. Krishan Kant Rathi**  
Independent Director  
29+ years of experience  
CA, CS

Ex-CEO, Future Consumer Limited  
Ex-CFO, Future Group



**Ms. Jyoti Ishwar Chandra Narang**  
Independent Director  
37+ years of experience  
MBA

Ex-COO, Indian Hotels Company  
Limited



**Mr. Raj Vikash Verma**  
Independent Director  
35+ years of experience  
Masters in Economics,  
MBA Finance (FMS), CAIIB

Leadership positions at NHB,  
IMGCI, CERSAI, PFRDA, etc.



**Mr. Narendra Ostawal**  
Nominee Director (Redwood  
Investments Ltd)  
18+ years of experience  
CA, MBA (IIM Bangalore)

MD, Warburg Pincus India Private  
Limited



**Mr. Sanjay Agarwal**  
MD & CEO  
21+ years of experience  
CA (Rank holder)

Business Leader of the Year, ICAI  
Awards, 2017



**Mr. Uttam Tibrewal**  
Whole-time Director  
21+ years of experience  
B. Com

Associated with Bank from last  
15 years

## Experienced Senior team

- Majority of the Board constituted by Independent Directors; High Standards of Corporate Governance; 9 Board Level Committees including Risk Monitoring Committee and Corporate Social Responsibility Committee
- Led by promoter, Mr. Sanjay Agarwal, who is a first generation entrepreneur
- Key Management Personnel have been with the company for an average of over 15 years

## 8. Historical Financial & Operational Performance

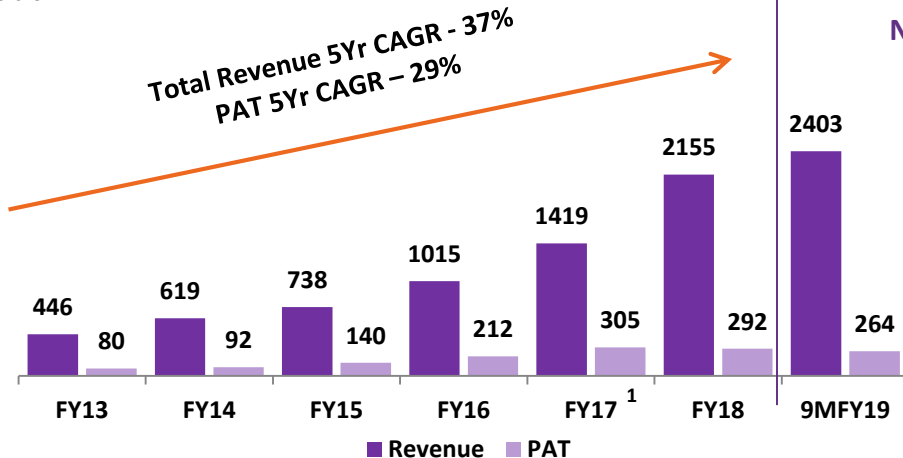
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# Robust Operating and Financial Performance (1/2)

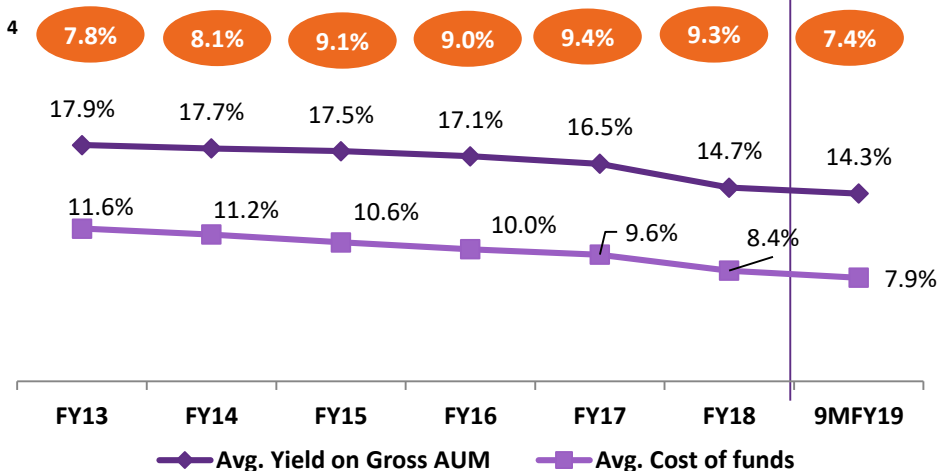
## Total Revenue and PAT

INR Crore

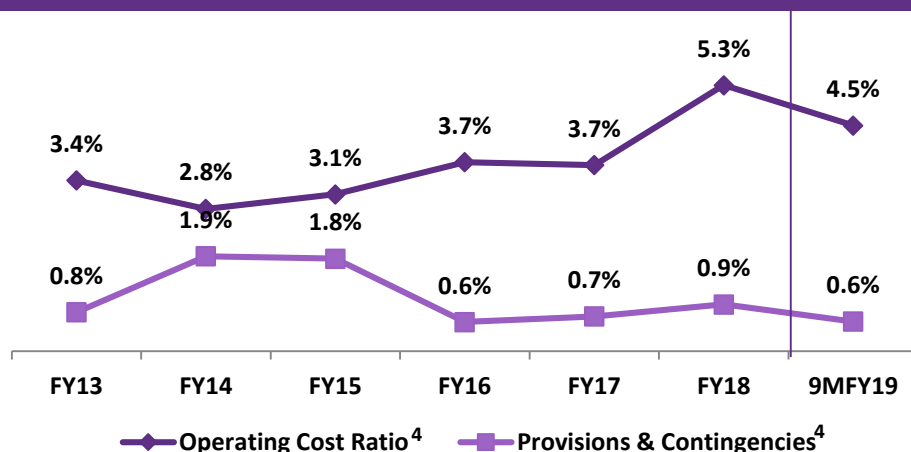


## Yields<sup>2</sup> and Cost of Funds<sup>3</sup>

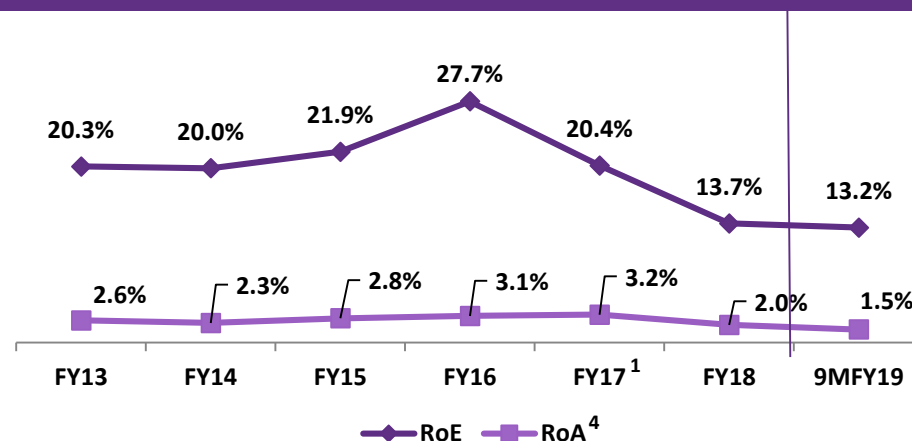
NII + OI<sup>4</sup>



## 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

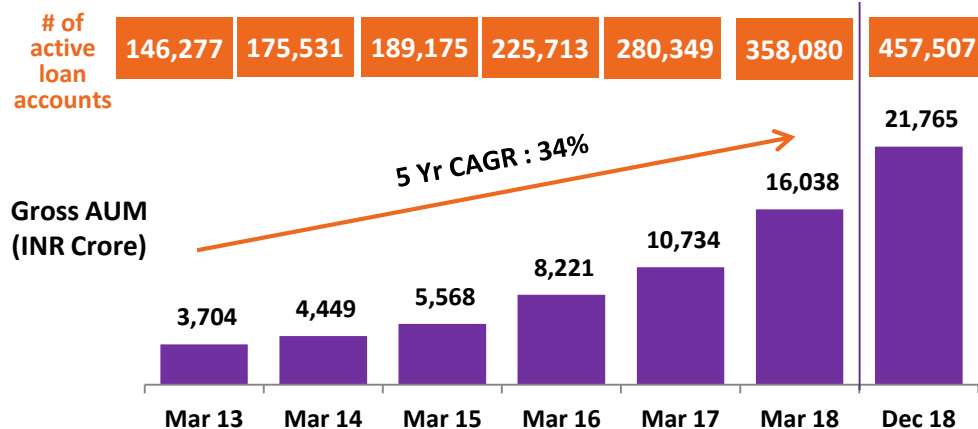
2. Average Yield on Gross AUM represent weighted average Yield on Gross AUM, weights being AUM of each loan outstanding as of last day of the relevant period.

3. Average Cost of Funds represents 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.

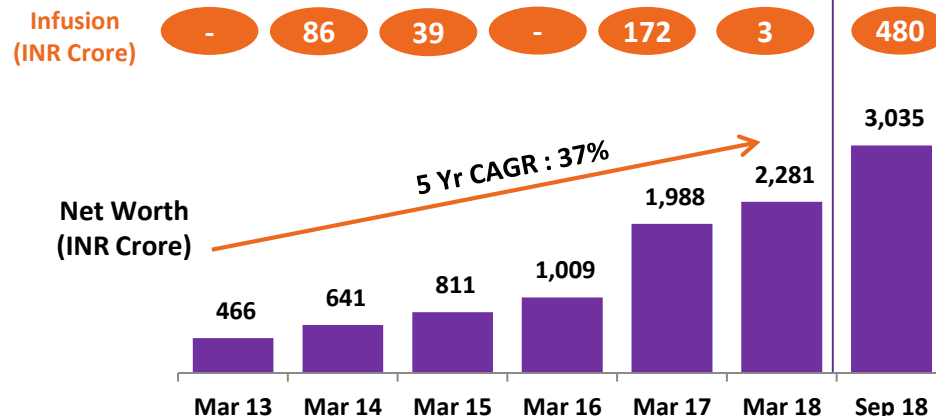
4. NII+OI, Operating Cost ratio, Provision & Contingencies ratio, RoA & RoE are calculated on Average Gross AUM till FY17 whereas for FY18 & 1HFY19 all such ratios are represented as % of Average Total Assets: Annualized for 1HFY19

# Robust Operating and Financial Performance (2/2)

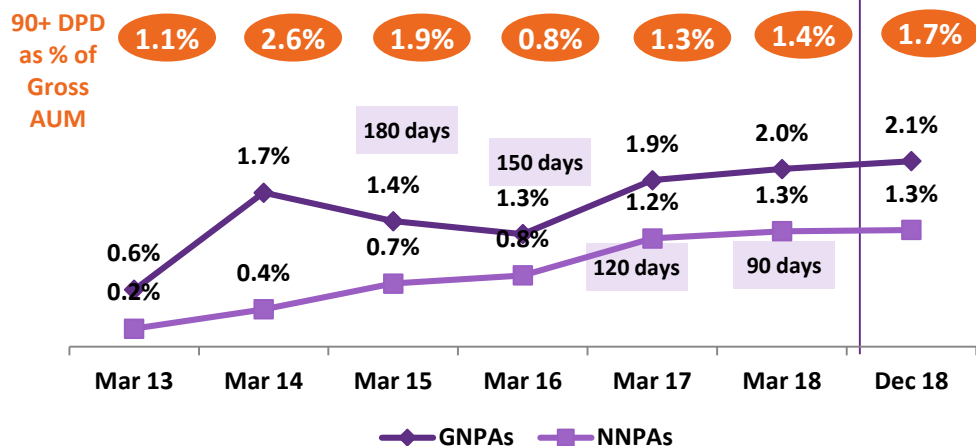
## Growth Trajectory



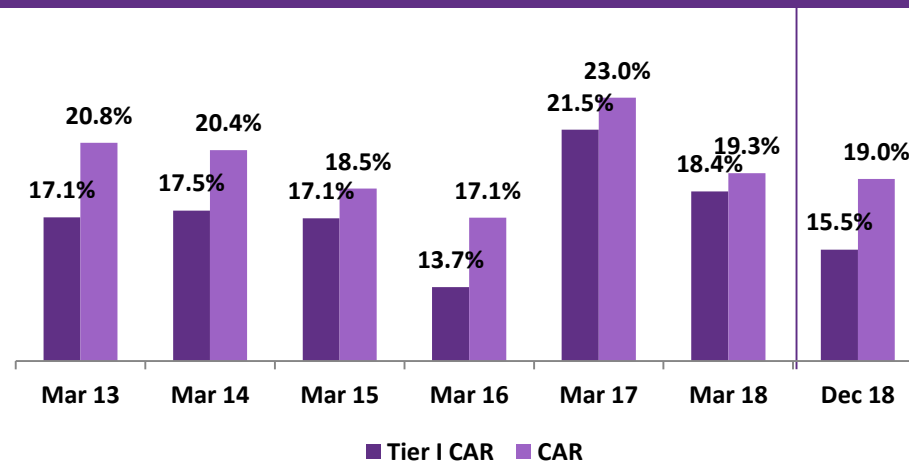
## Network and Capital Infusion



## Gross NPA<sup>1</sup>, Net NPA & 90+DPD



## Capital Adequacy



Internal accruals constitute a significant portion of the Net worth. Net worth of INR 3,035 as at 31<sup>st</sup> Dec 18 includes capital infusion of ~INR 1,100 cr and balance are internal accruals

<sup>1</sup>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 Mar 31, 2018 & thereafter, in line with regulatory requirements.

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# THANK YOU

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ADC	Alternate Delivery Channels	NII	Net Interest Income
AFS	Available for Sale	NPA	Non Performing Assets
ALM	Asset Liability Management	NSE	National Stock Exchange
AUM	Asset Under Management	OPEX	Operating Expenses
BSBDA	Basic Savings Bank Deposit A/C	P/L	Profit & Loss Statement
BSE	Bombay Stock Exchange	PAT	Profit After Tax
CASA	Current Account Deposits and Savings Account Deposit	PPOP	Pre-Provisioning Operating Profit
CBS	Core Banking Solution	Q-o-Q	Quarter on Quarter
CRAR	Capital Adequacy Ratio	ROA	Return on Average Assets
CRR	Cash Reserve Ratio	ROE	Return on Average Shareholder's Fund
DPD	Days Past Due	RTGS	Real Time Gross Settlement
EPS	Earning Price Per Share	SFB	Small Finance Bank
HTM	Held Till Maturity	SLR	Statutory Liquidity Ratio
IPO	Initial Public Offer	STP	Straight Through Processing
LCR	Liquidity Coverage Ratio	TAB	Tablet Mobile Device
NBFC	Non-Banking Finance Company	Y-o-Y	Year on Year