



Investor Presentation Q1 FY18 Update

चलो आगे बढ़ें

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 Mn+ delighted customers

- Successful transition from a NBFC to Small Finance Bank – **commenced banking operations on April 19, 2017.**
 - Offering comprehensive suite of banking products & services.
 - Wide distribution network with 284 branches, 119 asset centres, 23 offices and 251 ATMs in 11 states and 1 union territory as on June 30, 2017
 - Well-qualified and experienced professional leadership team in place.
 - Technology implementation on-course – enable greater customer convenience and enhance operational efficiency
- **Rs. 1913 Cr** IPO; Oversubscribed by **54x**; Listed on NSE and BSE on 10th July 2017.
- Gross AUM grew by **25%** Y-o-Y to **Rs. 10,759 Cr** as on June 30, 2017.
- Raised Deposits of **Rs. 815 Cr** with CASA ratio of **61%** as on June 30, 2017.
- Y-o-Y PAT growth of **5%** to **Rs. 62 Cr** in Q1FY18; ROA – **1.7%** and ROE – **12.3%** for Q1FY18
- Well Capitalized with CAR of **19.9%** and Tier – I CAR of **18.9%** as per BASEL II norms.

¹ Excluding exceptional items

Performance Update – Income, Profitability and BVS

All figures in INR Cr, except BVS which is in INR

			Y-o-Y	Q-o-Q
Total Income	Q1 FY18	419	↑ 35%	↑ 10%
	Q1 FY17	310		
	Q4 FY17	381		
Net Interest Income ¹	Q1 FY18	183	↑ 9%	↓ -19%
	Q1 FY17	168		
	Q4 FY17	226		
PAT	Q1 FY18	62	↑ 5%	↓ -21%
	Q1 FY17 ²	59		
	Q4 FY17	78		
Shareholder's Funds	Q1 FY18	2,048	↑ 28%	↑ 3%
	Q1 FY17	1,598		
	Q4 FY17	1,988		
Book Value Per Share	Q1 FY18	72	↑ 19%	↑ 3%
	Q1 FY17 ³	60		
	Q4 FY17	70		

Key Highlights

- Steady Total Income growth.
- NII grew by 9% Y-o-Y; however it declined by 19% Q-o-Q on account of relatively lower yield Investments portfolio being maintained as SFB.
- Y-o-Y PAT growth of 5%; Decline in Q-o-Q PAT on account of relatively lower NII and higher cost to income ratio arising from SFB transition.
- Consistent rise in Shareholder's Fund and BVS

¹ Interest earned less Interest expended

² Excluding exceptional items

³ Q1 FY17 Book Value Per Share calculated after adjusting for bonus shares to make it comparable

Performance Update – AUM Growth & Asset Quality

All figures in INR Cr

			Y-o-Y	Q-o-Q
Disbursement	Q1 FY18	1513	↓ -2%	↓ 32%
	Q1 FY17	1545		
	Q4 FY17	2218		
Gross AUM	Q1 FY18	10,759	↑ 25%	↔ 0%
	Q1 FY17	8,636		
	Q4 FY17	10,734		

Asset Quality

Particulars	Q1FY18	Q1FY17	Q4FY17
- Gross NPAs	217	123	125
- Net NPAs	155	93	80
- Gross NPA (%)	3.0%	1.9%	1.9%
- Net NPA (%)	2.1%	1.5%	1.2%
- Provision Coverage ratio	29%	24%	35%
- 90+ DPD	247	150	134
- 90+ DPD as % of Gross AUM	2.3%	1.8%	1.3%

Consequent to commencement of operations by the Bank as a small finance bank, the Bank has revised its estimates related to provisioning and write off of loan portfolio. The Bank has adopted a policy for maintaining higher provisioning and write offs as compared to the minimum provision requirements of the RBI Master Circular on Prudential Norms issued vide Notification No. RBI/2015-16/101 DBR.No.BP.BC.2/21.04.048/ 2015-16 dated July 01, 2015 as applicable to banks.

Key Highlights

- Disbursement declined marginally Y-o-Y while Q-o-Q decline was higher due to seasonality of Q1, GST implementation & consequent uncertainty and transition to SFB.
- Steady Y-o-Y growth in Gross AUM.
- Gross NPA recognition at 90 DPD as on June 30, 2017 while it was based on 120 DPD as on March 31, 2017 as well as on June 30, 2016; Resultantly Gross NPA appears to be relatively higher.

Performance Update – Key Financial Ratios

Key Highlights

Key Ratios	Q1FY18	Q1FY17	Q4FY17
NII ¹	5.1%	7.5%	7.5%
Other Income ¹	1.6%	0.8%	1.2%
OPEX ¹	3.3%	3.5%	3.9%
Cost to Income Ratio ²	48.4%	42.3%	44.9%
Provisions & Contingencies ¹	0.8%	0.7%	0.9%
ROA ¹	1.7%	2.6%	2.6%
ROE ³	12.3%	18.1%	16.6%
Diluted EPS ⁴ (in INR)	8.5	8.8	10.8
Tier-I CAR	18.9%	21.3%	21.5%
CAR	19.9%	24.0%	23.0%

- With transition to SFB, Y-o-Y / Q-o-Q NII figures are not comparable given that as a SFB we have Investments to maintain regulatory liquidity ratios (CRR, SLR & LCR) which are low yielding as against Loan Assets.
- Relatively higher Cost to Income ratio on account of transition to SFB.

¹ As % of Average Total Assets and Securitization & Assignment AUM; Annualized

² Cost to Income Ratio represents Operating Cost to sum of NII and Other Income

³ Annualized

⁴ Q1 FY17 EPS calculated after adjusting for bonus shares to make it comparable; Annualized

Performance Update – Financial & Operational Details

Key Financial & Operational Details	June 30, 2017	June 30, 2016	March 31, 2017
Branches	284	292	300
No. of Active Loan Accounts	2,85,558	2,37,266	2,80,349
No. of CASA Accounts	49,603	N.A.	N.A.
No. of Employees	9,055	5,457	8,515
Average Yield on O/s Gross AUM ¹	16.3%	17.0%	16.5%
Average Cost of Funds ²	9.0%	9.8%	9.6%

- In addition to 284 Bank branches, we have 119 Asset Centers, 23 Offices and 251 ATMs as of June 30, 2017.

¹Average Yield on Gross AUM represent weighted average Yield on Gross AUM, weights being AUM of each loan outstanding as of date.

²Average 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.

Well entrenched distribution franchise

11 States

284 Branches &
119 Asset Centers

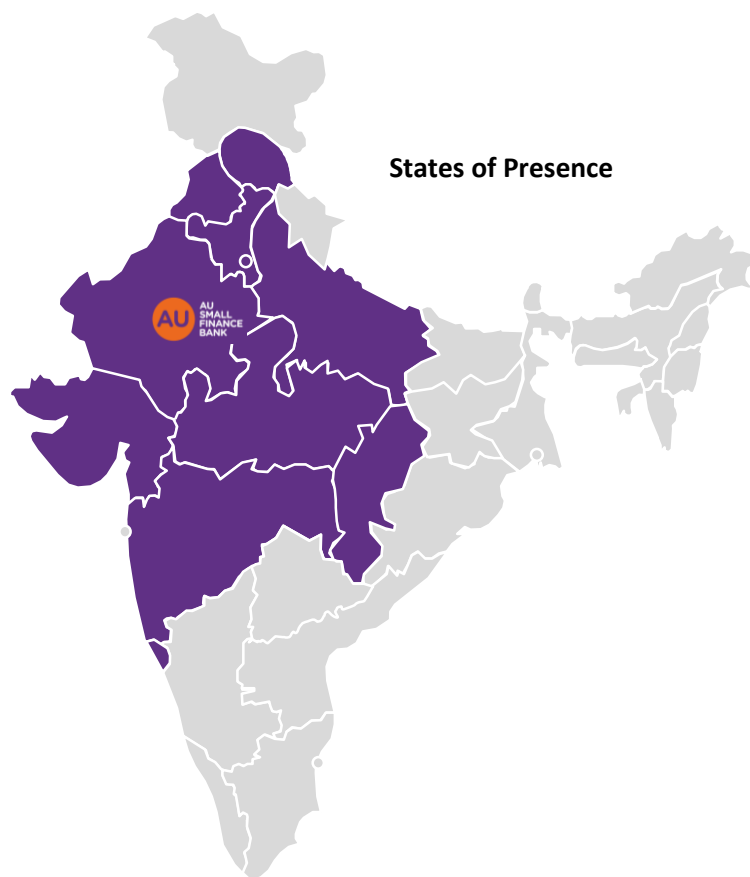
251 ATMs

9,055
employees

285,558 Active Loan
Accounts

49,603 CASA
Accounts

61% CASA
Ratio

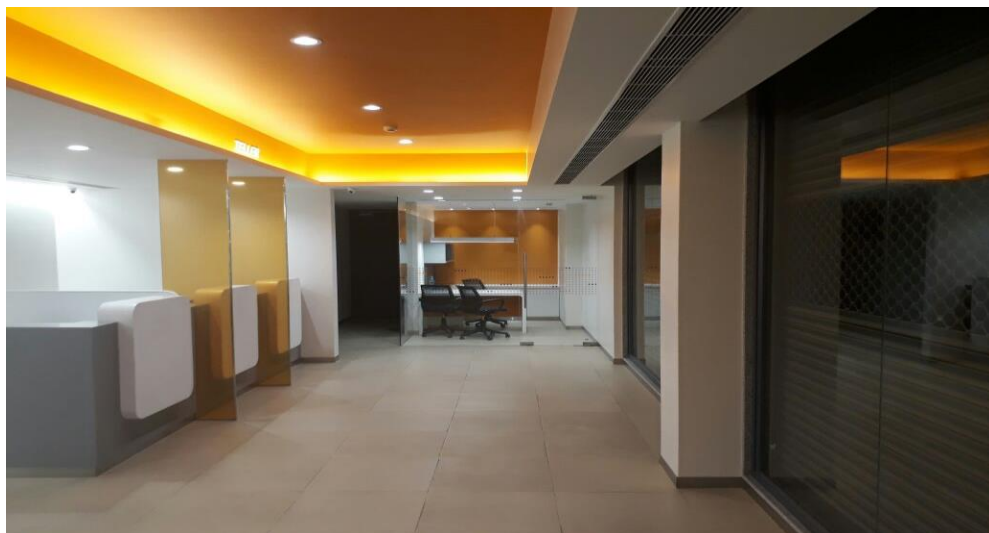


States of Presence

State	Branch	Asset Centre	Office	Grand Total
Rajasthan	125	48	16	189
Gujarat	38	25	3	66
Maharashtra	36	16	1	53
Madhya Pradesh	37	11	0	48
Punjab	19	7	1	27
Haryana	14	4	1	19
Delhi	5	5	1	11
Chhattisgarh	5	2	0	7
Himachal Pradesh	3	1	0	4
Uttar Pradesh	2	0	0	2
Grand Total	284	119	23	426

- ✓ Contiguous presence with deep network
- ✓ Branches in prime locations

Our Branches



Updates as on 30th June 2017

- ✓ 500,000+ sq ft newly built 284 Branches along with 119 Asset Centres and 23 Offices in 11 states and a union territory across all major cities
- ✓ Capital Investment of Rs. 330 Cr till March 31, 2017 comprising of Rs. 185 Cr on Infrastructure and Rs. 71 Cr on Information Technology
- ✓ Leverage AU brand and existing asset customer base
- ✓ Door-step services and extended banking hours
- ✓ CRM-Next enabled sales and service management

Way Forward

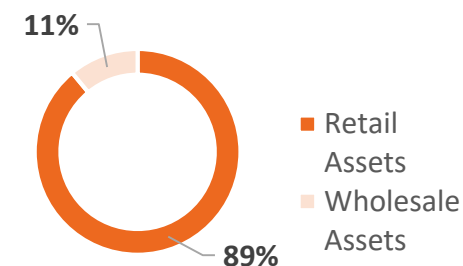
- ✓ 100+ Branches to be opened in Unbanked areas by March 2018
- ✓ Business Correspondent (BC) Model
- ✓ Focus on high liability deposit centres
- ✓ Leverage strong distribution outreach for third party products like Insurance and Mutual Funds

Retail Focused Diversified Asset Portfolio

All figures in INR Cr

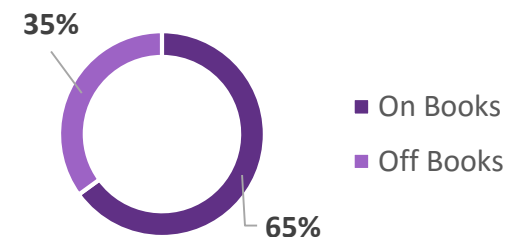
A. Retail vs Wholesale Assets

Particulars	Q1FY18	Q1FY17	Y-o-Y (%)	Q4FY17	Q-o-Q (%)
- Retail Assets					
- Wheels	5,318	4,397	20.9%	5,396	-1.4%
- Secured Business Loan (SBL) - MSME	3,288	2,317	41.9%	3,216	2.2%
- Secured Business Loan (SBL) - SME	970	745	30.3%	947	2.5%
- Gold Loan	0	-	0.0%	-	0.0%
- Agri Loan / KCC	-	-	0.0%	-	0.0%
Total Retail Assets	9,576	7,458	28.4%	9,559	0.2%
- Wholesale Assets					
- NBFC	611	560	9.1%	555	10.1%
- Real Estate Group	570	618	-7.8%	620	-8.1%
- Business Banking	2	-	0.0%	-	0.0%
Total Wholesale Assets	1,183	1,178	0.4%	1,175	0.6%
Total Gross AUM	10,759	8,636	24.6%	10,734	0.2%



B. On Books vs. Off Books

Particulars	Q1FY18	Q1FY17	Y-o-Y (%)	Q4FY17	Q-o-Q (%)
- On Books AUM	6,985	6,423	8.7%	6,746	3.5%
- Off Books AUM - Securitization & Assignment AUM [@]	3,774	2,213	70.5%	3,988	-5.4%
Total AUM	10,759	8,636	24.6%	10,734	0.2%



[@]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.

Updates as on 30th June 2017

- ✓ Well defined Business Units under Retail Bank and Wholesale Bank
- ✓ Introduced Gold Loans, Business Banking, Agri-Allied Loans, Two-wheeler Loans
- ✓ Pre-approved Overdraft facility for existing customers
- ✓ Overdraft against Fixed Deposit
- ✓ 14% of disbursements through alternate distribution channels

Way Forward

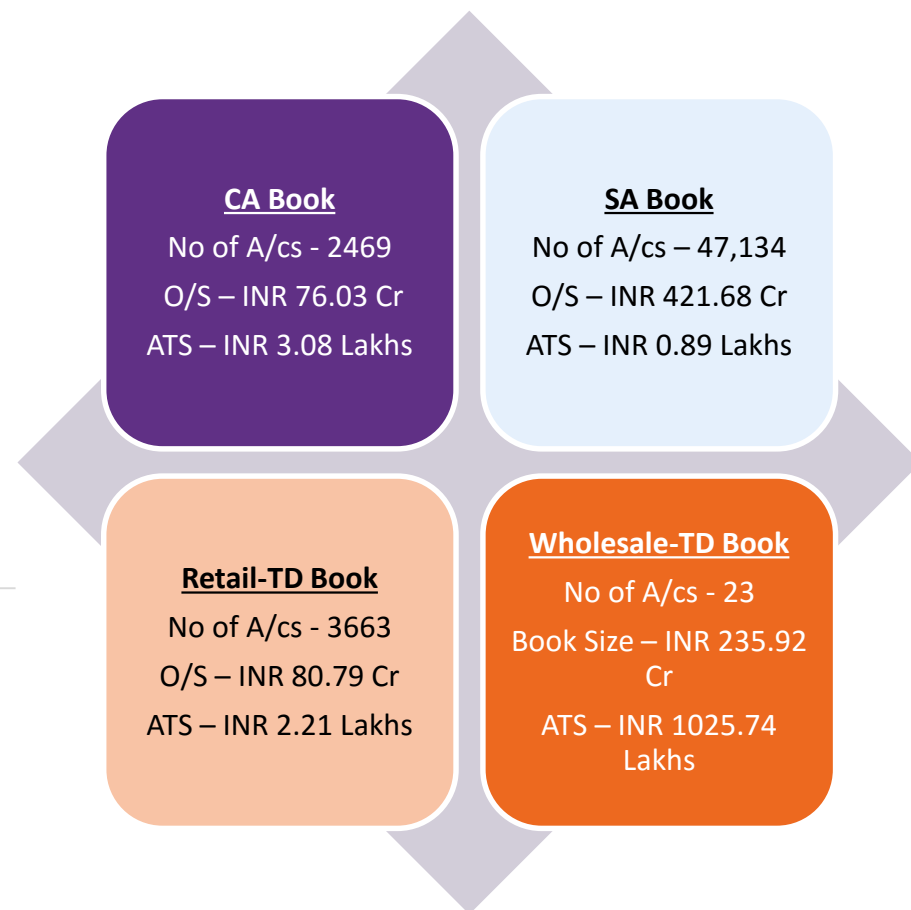
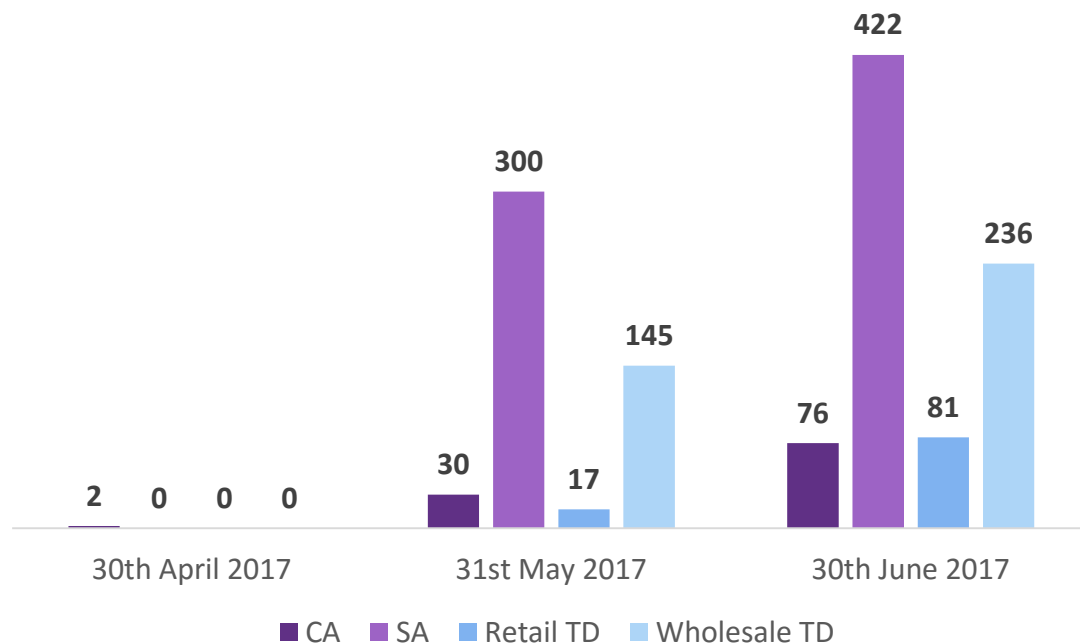
- ✓ Retail asset-led growth strategy; widen target customer profile
- ✓ Digital Bank Business Unit formed; Digital based asset build-up planned for Q3 FY18
- ✓ Housing Loans from Q1 FY19
- ✓ Consumer Durable (CD) Loans
- ✓ Construction Equipment Loans

Liabilities – bouquet of product offerings

Liabilities Product Portfolio	Key Features	
	Savings Accounts	Insurance (3 rd Party)
	Current Accounts	ATMs
	Fixed Deposit	Lockers
	Recurring Deposits	Debit Cards
	Net Banking	
	TAB Banking	
	Mobile Banking	
	<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 Payout ✓ Higher Interest Rate ✓ Pre-Qualified Overdraft facility for our existing Asset Customers ✓ Auto Upgrade of Features and therefore No Fear of Charging ✓ Simple Forms, Less Forms ✓ No Deposit Slips ✓ Customer “Instruction”, not request 	

Fast Growing Liabilities Franchise

Deposits



As on June 30, 2017

Updates as on 30th June 2017

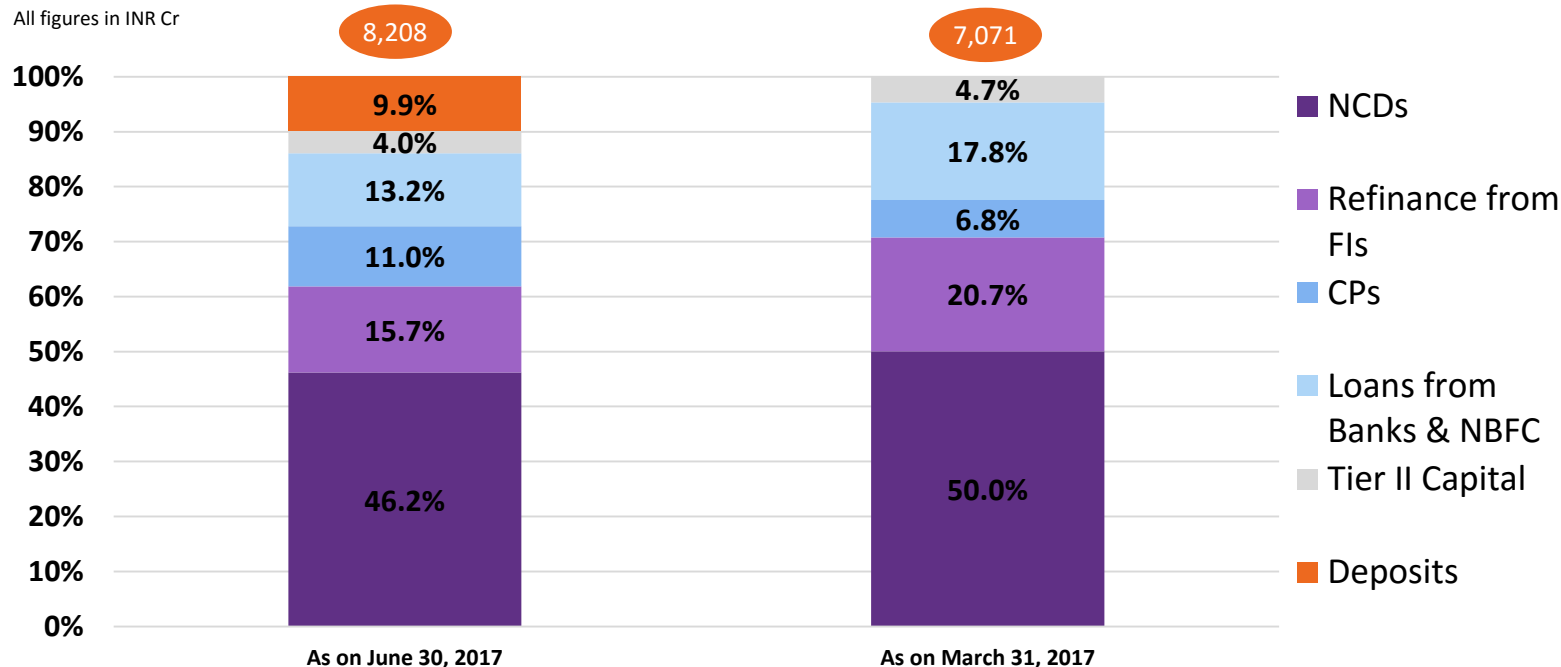
- ✓ 284 Branches are fully functional with latest technology and well equipped infrastructure
- ✓ 251 ATMs operational with biometric authentication; Cash Recyclers in selected branches
- ✓ 2,800 strong human resource for branch banking; Tele-relationship management
- ✓ Internet banking introduced
- ✓ Around 5,000 accounts opened through Aadhar based TABs; to scale up rapidly
- ✓ Visa and Rupay Debit Cards being offered

Way Forward

- ✓ Digitised STP Customer Experience; Introduce Mobile Banking, CMS, NACH
- ✓ Focus on customer convenience with door-step & tech-friendly banking
- ✓ Improve resource productivity; Higher Cross Sell Penetration
- ✓ Cross-sell opportunities – Investment products

Diversified Resource base

All figures in INR Cr



Off-Book O/S AUM	As on June 30, 2017	As on March 31, 2017
	INR 3,774 Cr	INR 3,988 Cr

Incremental Funds on Bank platform at reduced cost

Funds Raised in Q1FY18	Amount in Cr	ROI %
Before Bank conversion (From 01 st April 2017 to 19 th April, 2017) – Securitization / Assignment, NCDs and Bank Borrowings	1090	8.15%
Post bank conversion (from 19 th April, 2017 to 30 th June 2017) - Securitization / Assignment, Refinance and Deposits	1149	6.96%
Grand Total	2239	7.87%

- Complied with CRR and SLR; Total Investments of Rs. 2,251 Cr of which Rs. 1,433 Cr as SLR investments (as against requirement of Rs. 1345 Cr) as on June 30, 2017. In addition, Balances with Banks and Money at Call and Short Notice of Rs. 623 Cr as on June 30, 2017.
- LCR of 470% as of June 30, 2017 as against requirement of 60% for SFBs. ALM and IRS are within regulatory and internal limits.
- Priority Sector Lending Certificates (PSLC) deals of Rs. 1,543 Cr in Q1FY18 generating Premium income of Rs. 31 Cr which will be amortized over the FY (recognized Rs. 1.3 Cr in Q1 FY18).
- Prepayment of certain high cost Term Loans and focus on reducing the borrowing cost of outstanding borrowings.

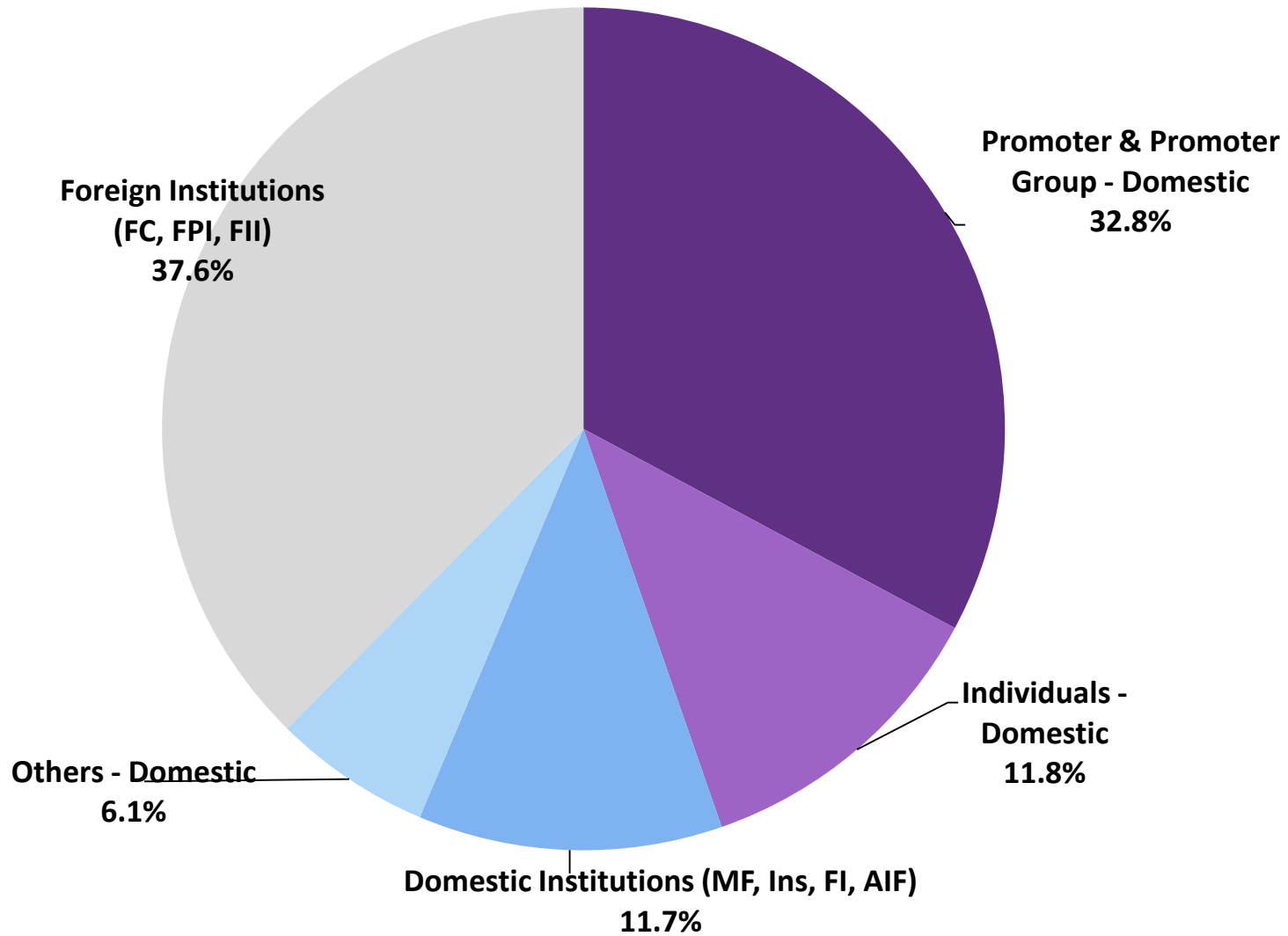
Compliance Updates as on June 30, 2017

Particulars	SFB Requirement	Status as on June 30, 2017	Remarks
Promoter Shareholding	26%	32%	Complied
Foreign Shareholding	Max. 49%	38% (at the time of listing)	Complied
Less than Rs. 25 Lakh Portfolio	Min. 50%	66%	Complied
Priority Sector Lending (PSL)	Min. 75%	73%	Target will be applicable from June, 2018.
Branches in un-banked areas	Min. 25%	1.62%	To be complied by March 2018
Listing at Stock Exchange	3 years from commencement of Bank i.e. upto April 2020	Listed in July 2017	Complied
Directorship	Majority to be independent	Presently, 3 out of 5 are independent	Complied

Regulatory Approvals

- ✓ All business and regulatory approvals in place, except following two:
 - Schedule Commercial Bank status
 - Approval for Corporate Agency from IRDAI under process (RBI approval received)

Shareholding Pattern as on July 28, 2017



Profit & Loss Statement

INR cr	Q1FY18	Q1FY17	Y-o-Y	Q4 FY17	Q-o-Q	FY17
	Unaudited	Unaudited		Unaudited		Audited
<u>Income</u>						
Interest Earned	361	292	23%	344	5%	1,287
Interest Expended	178	124	43%	118	50%	483
Net Interest Income	183	168	9%	226	-19%	804
Other income	58	18	227%	36	61%	101
Total Net Income	241	186	30%	262	-8%	905
<u>Expenses</u>						
Operating Expenses						
Employee Cost	71	40	77%	71	0%	193
Other Operating Expenses	46	39	19%	47	-2%	174
Operating Profit before Provisions and Contingencies	124	107	16%	145	-14%	538
Provisions (other than tax) and Contingencies	29	16	84%	26	10%	65
Exceptional Items	-	694	-100%	0	-100%	670
Profit Before Tax	95	785	-88%	118	-19%	1,143
Tax expenses	34	194	-83%	40	-17%	321
Profit After Tax	62	591	-90%	78	-21%	822
Profit After Tax (excluding exceptional items)	62	59	5%	78	-21%	305

Balance Sheet

INR cr	June 30, 2017	June 30, 2016	Y-o-Y	March 31, 2017	Q-o-Q
	Unaudited	Unaudited		Audited	
<u>Liabilities</u>					
Capital	284	44	545%	284	0%
Reserves and Surplus	1,764	1,554	14%	1,704	4%
Deposits	815	-	N.A.	-	N.A.
Borrowings	7,393	4,828	53%	7,071	5%
Other Liabilities and Provisions	717	582	23%	753	-5%
Total Liabilities	10,973	7,008	57%	9,812	12%
<u>Assets</u>					
Cash and Balances with R B I	320	-	N.A.	-	N.A.
Balances with banks and Money at Call and Short Notice	623	136	358%	624	0%
Investments	2,251	399	464%	2,150	5%
Advances	7,198	6,349	13%	6,595	9%
Fixed Assets	360	26	1285%	276	31%
Other Assets	221	97	127%	166	33%
Total Assets	10,973	7,008	57%	9,812	12%

Abbreviations			
SFB	Small Finance Bank	ROA	Return on Average Assets
NBFC	Non-Banking Finance Company	ROE	Return on Average Shareholder's Fund
IPO	Initial Public Offer	CAR	Capital Adequacy Ratio
NSE	National Stock Exchange	NII	Net Interest Income
BSE	Bombay Stock Exchange	NPA	Non Performing Assets
AUM	Asset Under Management	OPEX	Operating Expenses
Y-o-Y	Year on Year	EPS	Earning Price Per Share
Q-o-Q	Quarter on Quarter	CRR	Cash Reserve Ratio
CASA	Current Account Deposits and Savings Account Deposit	SLR	Statutory Liquidity Ratio
PAT	Profit After Tax	LCR	Liquidity Coverage Ratio
ALM	Asset Liability Management	DPD	Days Past Due
IRS	Interest Rate Sensitivity		

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