



चलो आगे बढ़ें

A SCHEDULED BANK | FORTUNE INDIA 500 COMPANY

# Investor Presentation

## Q1FY19

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



August 7, 2018

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# Q1FY19 Key Highlights

11 States



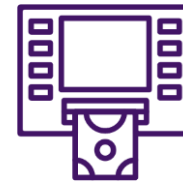
395 Branches<sup>1</sup>  
96 Asset Centers



28 Offices



292 ATMs

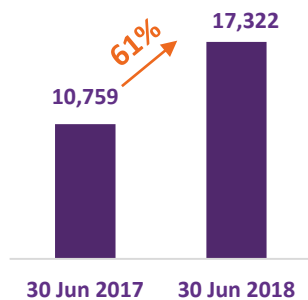


11,535 employees



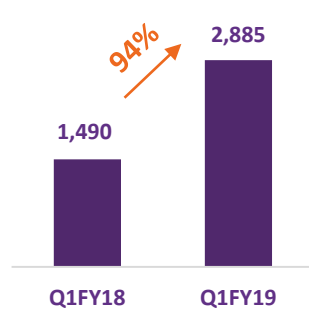
Assets Under  
Management

INR Crore

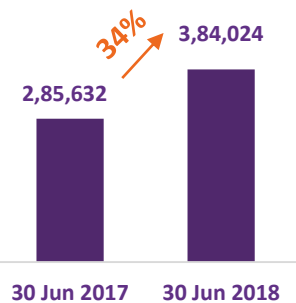


Disbursements

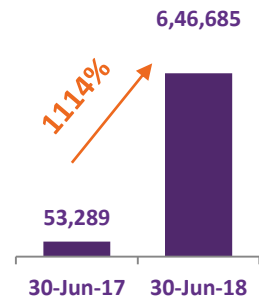
INR Crore



Active Loan  
Accounts

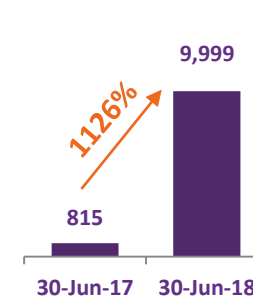


Deposit Accounts



Deposit Base<sup>2</sup>

INR Crore



CASA Ratio<sup>3</sup>

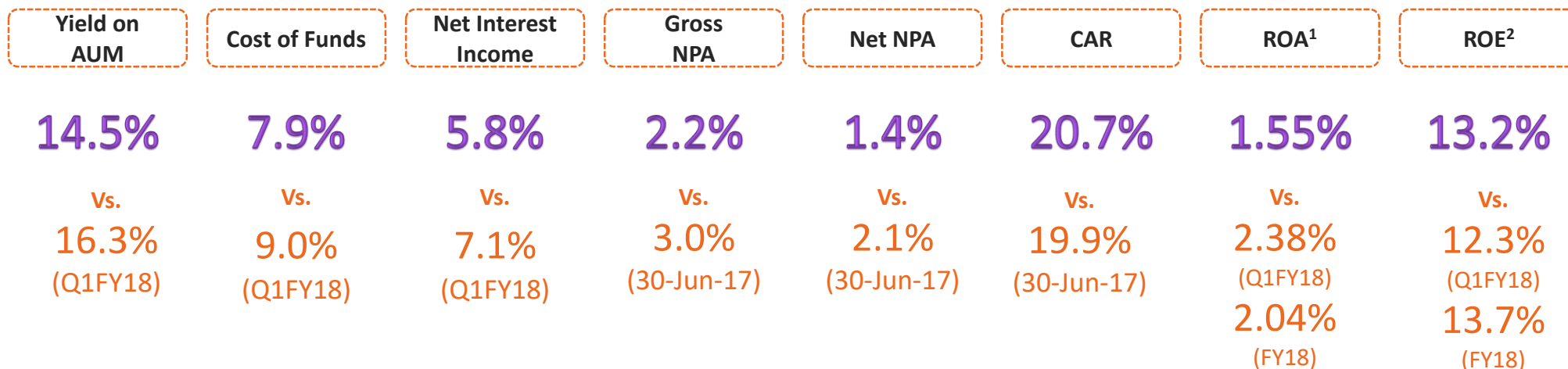
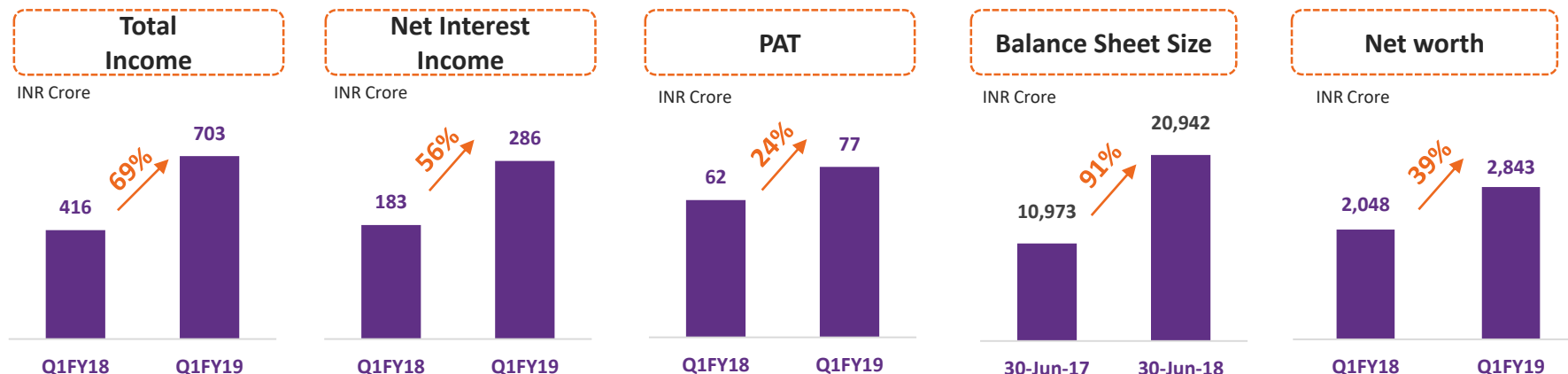
28%

<sup>1</sup> 306 Bank Branches and 89 Business Correspondent Banking Outlets

<sup>2</sup> Deposit Base of INR 9,999 Crore includes Certificate of Deposit of INR 1928 Crore.

<sup>3</sup> CASA Ratio is computed excluding the Certificate of Deposits from Total Deposits

# Q1FY19 Key Highlights



<sup>1</sup>ROA represents PAT as% of Average Total Assets; Annualized for Quarterly figures

<sup>2</sup>ROE is calculated excluding capital infusion of INR 475 Crore through Preferential Issue from Camas Investments (wholly owned subsidiary of Temasek Holding) as the same was infused at the end of Q1FY19 (on June 28, 2018)

# Temasek Holding's Investment of INR 1000 Crores

- INR 1000 crores capital infusion by TEMASEK HOLDINGS PRIVATE LIMITED via their indirect wholly-owned subsidiary Camas Investments Pte. Ltd.
- This is LARGEST PRIMARY EQUITY CAPITAL RAISE by AU BANK
- Offer Summary:
  - Equity (30%) and Convertible Warrants (70%)
  - Issue Price of INR 692.77 per unit
  - 47.5% i.e. INR 475 Crore was invested upfront in form of Equity INR 300 Crore (30% of Issue Size) and Convertible Warrants Application Money of INR 175 Crore i.e. 25% of Convertible Warrants (70% of Issue Size). The remaining INR 525 Crore (75% of Convertible Warrants) of will be invested on conversion of Convertible Warrants into Equity on or before 18 months
- Subject to a lock-in of 12 months from the date of issuance of Equity.
- Temasek's Shareholding on a fully diluted basis : ~4.81%



## Q1FY19 Performance Summary



### ADVANCES & ASSET QUALITY

- Yet another stellar quarter; Gross AUM at INR 17,322 Crore, Up 61% y-o-y
- Retail Assets continue to dominate; Forming 82% of Gross AUM at INR 14,248 Crore, Up 53% y-o-y
- Q1FY19 Total Disbursements nearly DOUBLED at 94% y-o-y growth at INR 2,885 Crore; despite Q1 historically being a lean quarter
- Strong leverage of 'Banking Platform', Wide Retail Distribution and Deeper Penetration. More than 44,700 new loans accounts added in the Q1FY19
- Rapid pick up in New Retail Products viz. Gold Loan, Home Loan, Two Wheeler Loan, Agri SME Loan and Consumer Durable Loan; Cumulative AUM crossed INR 100 Crores
- Small & Mid Corporate Assets - Growth momentum in Business Banking with AUM at INR 506 Crore in Q1FY19 as against INR 196 Crore in Q1FY18
- Improved Asset Quality despite first quarter usually seasonally leaner; Gross NPA at 2.2% (vs. 3.0% as on Jun 30, 2017) and Net NPA of 1.4% (vs. 2.1% as on Jun 30, 2017)

### LIABILITIES, BRANCH BANKING & CROSS-SELL

- Continues to gain strong traction; Touched aggregate Deposits<sup>1</sup> of ~10,000 Crore; Up 26% over Mar 31, 2018
- Sourced more than 1.1 lakh CASA accounts in Q1FY19; Over 75% incremental CASA accounts were New to AU Bank
- 14 Unbanked Branches – Jun 30, 2018 Deposits at ~INR 20 Crores, 8300+ CASA Accounts.
- 89 Business Correspondent Banking Outlets live and operational as on Jun 30, 2018

<sup>1</sup>Includes Certificates of Deposits – INR 1,928 Crore

## Q1FY19 Performance Summary



- **Deposits to Advances ratio improves by ~600 bps; now stands at ~66% vs. ~60% last quarter**
- **Owing to revision in rates, Cost of Deposits (excluding Certificate of Deposits) increased to 6.94% in Q1FY19 from 6.59% in entire FY18**
- **Mutual Fund : INR 7.5+ Crore mobilized during the quarter including 5,700 SIPs; AUM INR 16.6 Crore as on 30<sup>th</sup> Jun 18.**
- **Leveraging Retail Distribution for Insurance Cross-Sell – Insurance Business crossed INR 35 Crore**
  - Life Insurance Partner – Future Generali - Premium Crossed INR 11.6 Crores; ~7000 policies
  - GI Partner – Cholamandalam - Premium Collected INR 21.4 Crore; ~20,000 policies
  - HI Partner – Aditya Birla - Premium Collected INR 2.0 Crore, 4,500 policies
- **~INR 100 Crores business originated through Liability branch banking channel**
- **Opened CASA for 41% of the Loan Accounts originated in Q1FY19; SI set in 72% of such accounts; Disbursements in AU Bank CASA stood at 20% overall for Q1FY19**
- **Done 253 Trade Finance transactions worth ~ INR 38 Crore through other bank tie-ups**
- **Empanelment with India's Largest Insurance Carrier LIC for Branch Banking Business**
- **Signed up with CMS Infosystems as a Banking Partner for 1000 ATMs proposed to set up at 992 Atal Seva Kendra and 8 Mobile ATMs across gram panchayats in Rajasthan**

Q1FY19  
Performance  
Summary



- Launched AU ABHI (Android) – New Age Instant Digital Savings Bank Account;
- Launched AU Business – A simple but POWERFUL app for internal lead referrals and fulfillment; Total Business of 68 Crores with conversion of ~1100 leads
- Corporate Internet Banking has been made live for all the customers; Key functionalities include user onboarding, maker-checker and bulk payment functionalities
- 213 POS machines installed during the quarter taking the overall tally to 673
- Enabled Digital Lending platform to offer two wheeler loans at Dealer points
- Implemented API Gateway to allow collaboration with external stakeholders
- Integrated and Went Live on Public Fund Management System (PFMS) application.
- Continued Thrust on Customer Convenience - ~87% Savings Accounts opened Directly on Tab in previous quarter
- Mobile banking launched for iOS



- Average AUM IRR of 14.5%; Average Cost of Funds of 7.9%
- Net Interest Income of INR 286 Crore for Q1FY19; Up 56% over Q1FY18.
- Total Income of INR 703 Crore for Q1FY19; Up 69% over Q1FY18 and 6% over Q4FY18
- Q1FY19 Cost to Income Ratio was marginally higher at 60.9% vis-à-vis 60.2% in Q4FY18 (not comparable to Q1FY18 as Bank transition cost had not been fully reflected in Q1FY18)
- Resultantly, ROA for the Q1FY19 stood at 1.55%. In absolute value PAT for Q1FY19 stood at INR 77 Crore, Up 24% over Q1FY18.
- Adequate Capital Adequacy - CRAR of 20.7% and Tier – I CRAR of 20.1%

TREASURY / OTHER KEY HIGHLIGHTS

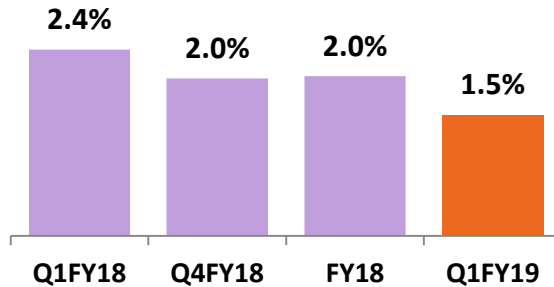
- Investment Yield greater than incremental Cost of Fund for Q1FY19
- Long Term Credit Rating upgrade from ICRA Ratings and CARE Ratings to “[ICRA]AA- / Stable” and “CARE AA- / Stable”, respectively; “IND AA- / Stable” from India Ratings.
- Short Term Credit Rating re-affirmed at “A1+”
- During Q1FY19, the bank issued PSLC worth INR 4,741 Crores earning a fee of INR 43.3 Crore; out of which INR 10.2 Crore was booked in Other Income in this quarter

Q1FY19  
Performance  
Summary

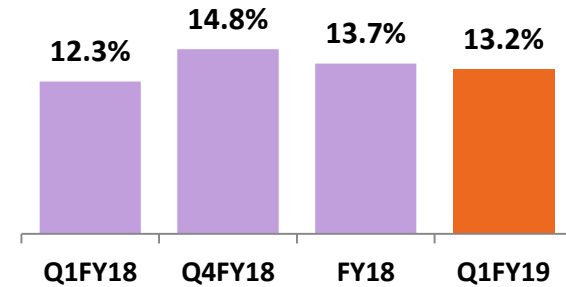


# Consistent Return Ratios

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

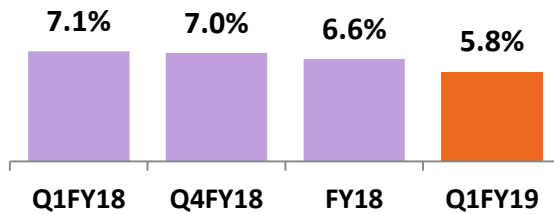


RoE<sup>1</sup> (%)

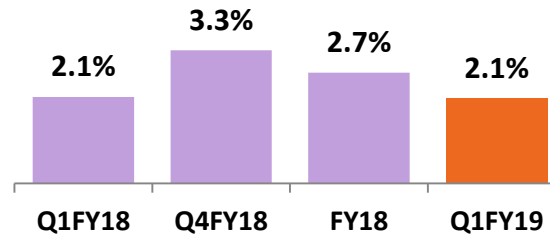


## ROA / ROE – Components

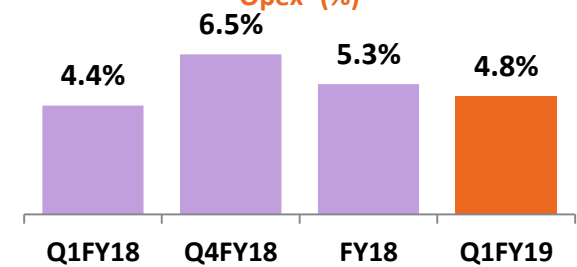
NII<sup>1</sup> (%)



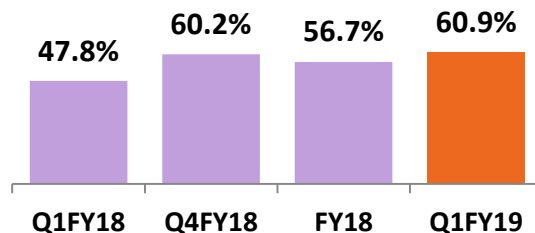
Other Income<sup>3</sup> (%)



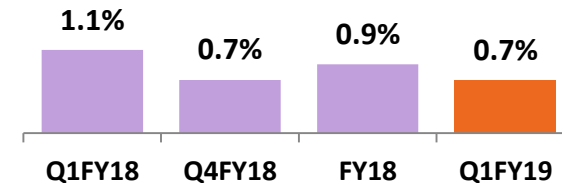
Opex<sup>1</sup> (%)



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



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



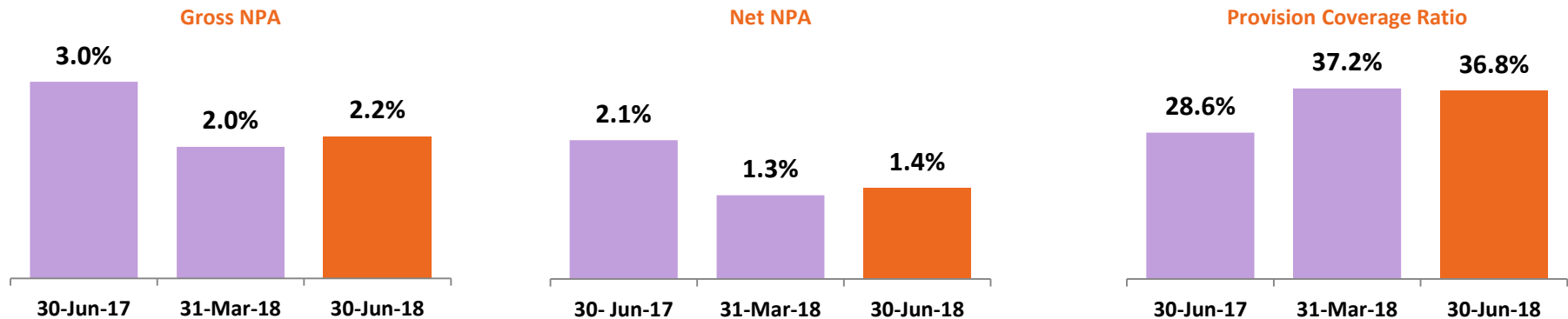
<sup>1</sup> As % of sum of Avg. Total Assets ; Annualized for quarterly figures

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

<sup>4</sup> Cost to Income Ratio represents Operating Cost to sum of NII and Other Income; Cost to Income Ratio for Q4FY18 is calculated excluding MVAT assessment order of Rs.13.1 crore from Operating Cost

Movement of Gross NPA	Q1FY19	Q4FY18
(All Figures in INR Crore)	Unaudited	Audited
Opening Gross NPA	270	286
Additions during the period	99	48
Reductions during the period	35	64
<b>Gross NPA (closing)</b>	<b>334</b>	<b>270</b>
<b>Gross NPA (%age)</b>	<b>2.2%</b>	<b>2.0%</b>

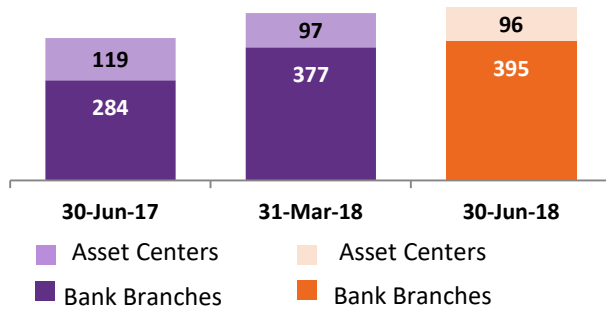


(INR Crore)	Jun-18	Mar-18	Jun-17
	Unaudited	Audited	Unaudited
Total Risk Weighted Assets	13,212	11,833	9,985
Tier I Capital	2,653	2,179	1,885
Tier II Capital	85	105	98
Total Capital	2,738	2,285	1,983
<b>CRAR</b>	<b>20.7%</b>	<b>19.3%</b>	<b>19.9%</b>
Tier I CRAR	20.1%	18.4%	18.9%
Tier II CRAR	0.6%	0.9%	1.0%

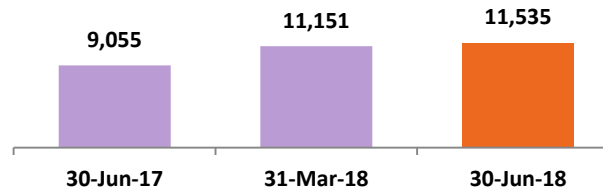
**Note :** CRAR and Tier 1 Capital Funds for interim financial periods has been computed without adding interim profit

# Key Performance Matrix

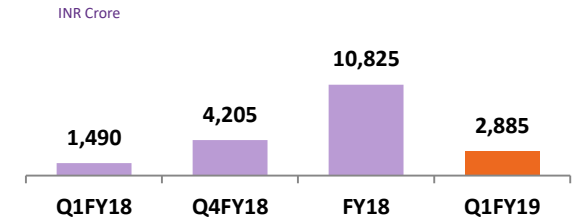
**Branches<sup>1</sup>**



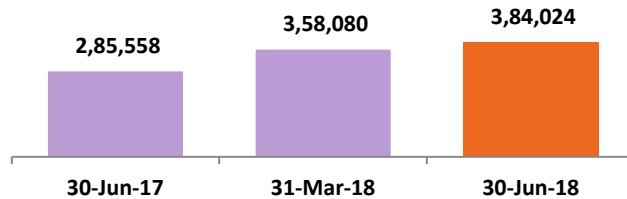
**Employees**



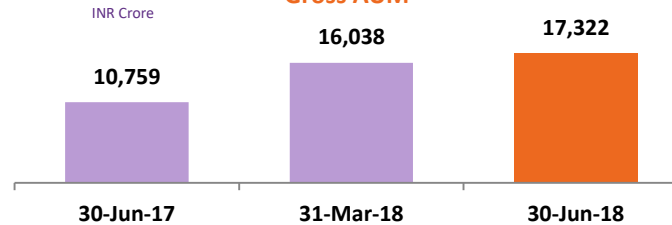
**Disbursements**



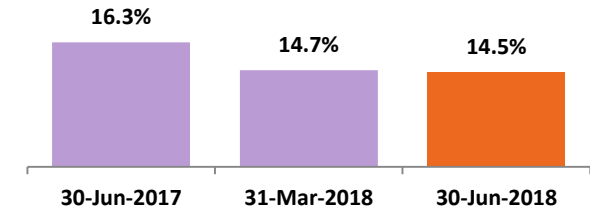
**Active Loan Accounts**



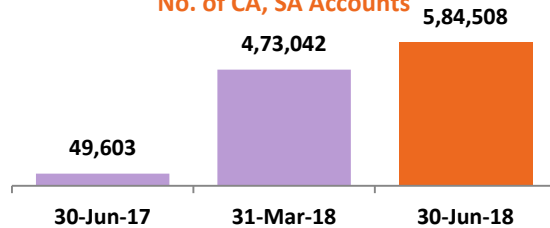
**Gross AUM<sup>2</sup>**



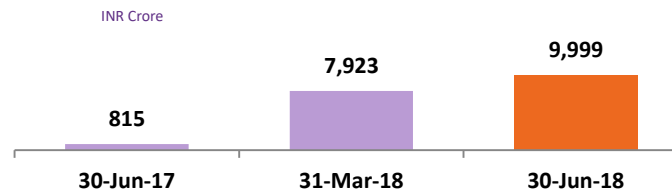
**Avg. Yield on Gross AUM<sup>3</sup>**



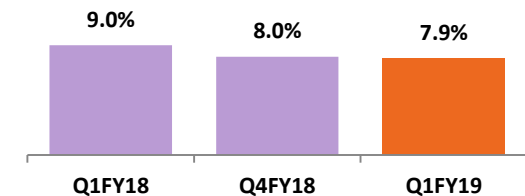
**No. of CA, SA Accounts**



**Deposits**



**Avg. Cost of Funds<sup>4</sup>**



<sup>1</sup> Branches includes 71 and 89 Business Correspondent Banking Outlets as on Mar 31, 2018 and 30th Jun 18 respectively.

<sup>2</sup> 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.

<sup>3</sup> 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.

<sup>4</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 securitisation and assignment transaction during the period.

# Profit & Loss Statement

(All Figures in INR Crore)	Q1FY19	Q1FY18	Y-o-Y	Q4FY18	FY18
	Unaudited	Unaudited		Audited	Audited
<b><u>Income</u></b>					
Interest Earned	600	361	66%	532	1,767
Interest Expended	314	178	77%	245	827
<b>Net Interest Income</b>	<b>286</b>	<b>183</b>	<b>56%</b>	<b>287</b>	<b>940</b>
Other Income <sup>1</sup>	103	55	87%	134	388
<b>Total Net Income</b>	<b>389</b>	<b>238</b>	<b>63%</b>	<b>421</b>	<b>1,329</b>
<b><u>Expenses</u></b>					
Operating Expenses					
Employee Cost	141	71	98%	136	425
Other Operating Expenses	97	43	125%	131	328
<b>Operating Profit before Provisions and Contingencies</b>	<b>152</b>	<b>124</b>	<b>22%</b>	<b>155</b>	<b>576</b>
Provisions (other than tax) and Contingencies	35	29	21%	30	133
Exceptional Items	-	-	0%	-	-
<b>Profit Before Tax</b>	<b>117</b>	<b>95</b>	<b>23%</b>	<b>125</b>	<b>443</b>
Tax expenses	40	34	21%	42	151
<b>Profit After Tax</b>	<b>77</b>	<b>62</b>	<b>24%</b>	<b>83</b>	<b>292</b>
<b>Profit After Tax (adjusted for exceptional items)</b>	<b>77</b>	<b>62</b>	<b>24%</b>	<b>83</b>	<b>292</b>

<sup>1</sup> Other income for Q1FY19 includes Loan processing & other loan related fees of INR 46 Crore, PSLC fees of INR 10 Crore, Recovery from loans written off of INR 6 Crore, Profit on sale/purchase of mutual funds & other assets of INR 1 Crore, General Banking & Deposit related fees of INR 10 Crore & Cross-sell & Distribution related fees of INR 30 Crore;

(All Figures in INR Crore)	30-Jun-18	30-Jun-17	Y-o-Y	31-Mar-18
	Unaudited	Unaudited		Audited
<b><u>Liabilities</u></b>				
Capital	290	284	2%	286
Money received against Share Warrants	175	-	N.A.	-
Employees stock options outstanding	28	-	N.A.	17
Reserves and Surplus	2,350	1,764	33%	1,978
Deposits	9,999	815	N.A.	7,923
Borrowings	6,875	7,393	-7%	7,639
Other Liabilities and Provisions	1,225	717	71%	989
<b>Total Liabilities</b>	<b>20,942</b>	<b>10,973</b>	<b>91%</b>	<b>18,833</b>
<b><u>Assets</u></b>				
Cash and Balances with R B I	548	320	N.A.	492
Balances with banks and Money at Call and Short Notice	607	623	-3%	1,269
Investments	3,741	2,251	66%	3,051
Advances	15,265	7,198	112%	13,312
Fixed Assets	386	360	7%	386
Other Assets	395	221	79%	323
<b>Total Assets</b>	<b>20,942</b>	<b>10,973</b>	<b>91%</b>	<b>18,833</b>



### Retail Assets, Small & Mid Corporate Assets

#### *Diversify Products Mix; Offering wider products bouquet*

- Continue to be Retail Assets led bank
  - Scale up the recently launched Home loans product alongside other retail assets viz. Gold Loans, Consumer Durable Loans, Agri-SME loans.
  - Customer centric product segmentation
- Scale up Business Banking



### Liabilities, Branch Banking

#### *Enhance customer experience through ongoing Digital Enhancements*

- Cost Optimization
- API Gateways
- Digital Payments - Aadhaar Enabled Payment System<sup>1</sup>, UPI including BHIM, IMPS for mobile banking, Bharat Bill Pay (BBPS)
- Digital onboarding of Individual Joint A/c's, Current A/c's
- Efficient Customer Service through Chatbots and automation
- Mobilize deposits via Online modes and through BCs



### Distribution & Cross Sell

- Leveraging digital / technology for low cost models of expansion including BCs for branch expansion
- Leverage AU's distribution strength on scaling up the cross-sell third party products - Insurance & MF
- Digital Platform For Mutual Funds Customers to be brought by Q2FY19








### Technology

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

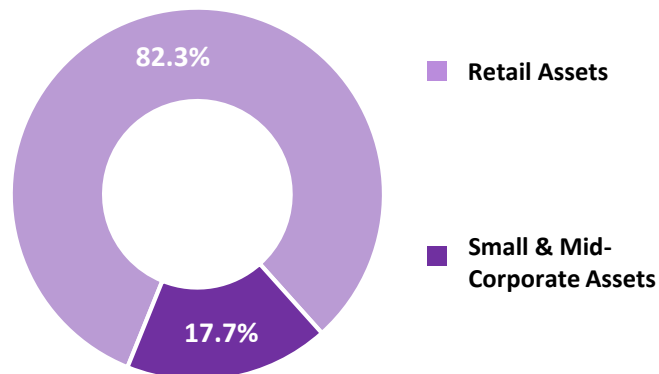




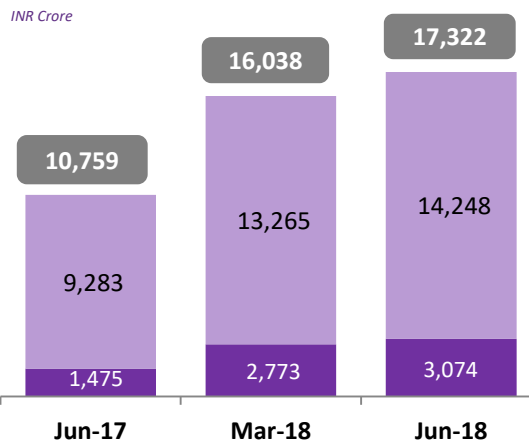
-  Q1FY19 Performance Summary
-  **Retail Assets & Small & Mid-Corporate Assets - Snapshot**
-  Branch Banking & Treasury - Snapshot
-  About AU Small Finance Bank
-  Summary Financials & Shareholding Pattern

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

Retail Assets<sup>1</sup> comprise ~82% of Gross AUM of INR 17,322 Crore

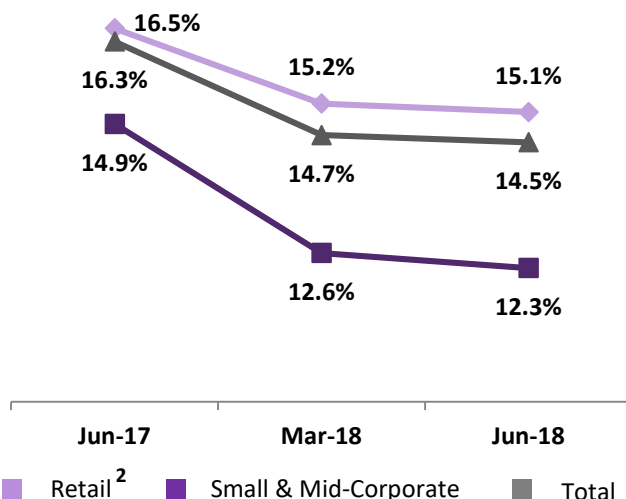


Retail Assets continues to exhibit strong growth

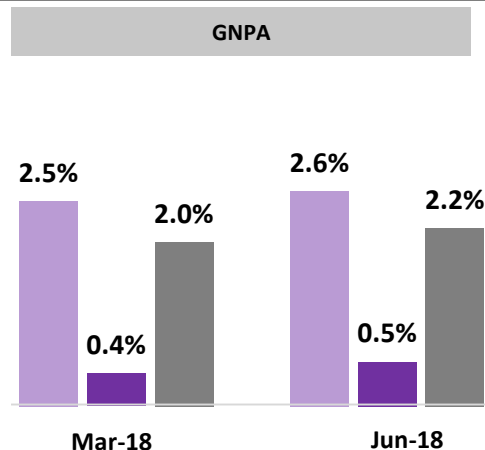


AUM Growth	Q-o-Q	Y-o-Y
Total	61.0%	8.0%
Retail Bank	53.5%	7.4%
Small & Mid-Corporate	108.4%	10.9%

Flattish AUM Yield amidst strong growth



Consistent Asset Quality



~95% of Retail with Original Ticket Size of Upto INR 1 Crore

Original Ticket Size	Retail	SME & Mid Corp.	Total
Upto INR 5 Lakh	33%	2%	27%
INR 5 – 10 Lakh	29%	0%	24%
INR 10 Lakh - 1 Crore	33%	7%	28%
<b>Upto INR 1 Crore</b>	<b>95%</b>	<b>10%</b>	<b>78%</b>
INR 1 - 5 Crore	4%	16%	7%
Above INR 5 Crore	1%	74%	15%

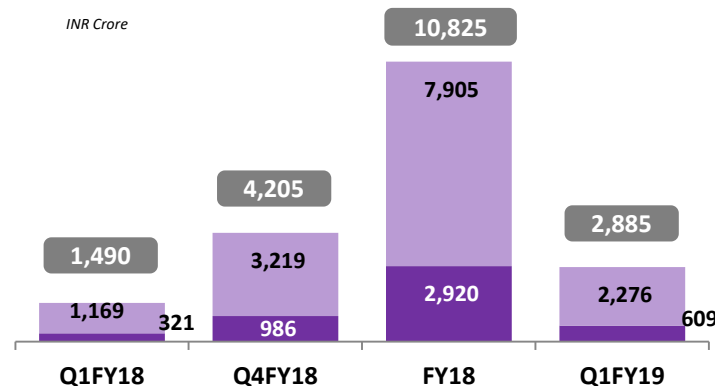
<sup>1</sup>Overdraft (OD) Against Fixed Deposits (FD) AUM of INR 111 Crore as on Jun 30, 2018 and INR 224 Crore as on Mar 31, 2018 is being classified under Retail Assets from Q1FY19 (in FY18 it was classified under Small & Mid-corporate)

<sup>2</sup> Retail Assets AUM Yield is excluding the OD Against FD product. Avg. AUM Yield in OD Against FD is around 8% to 8.5%

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

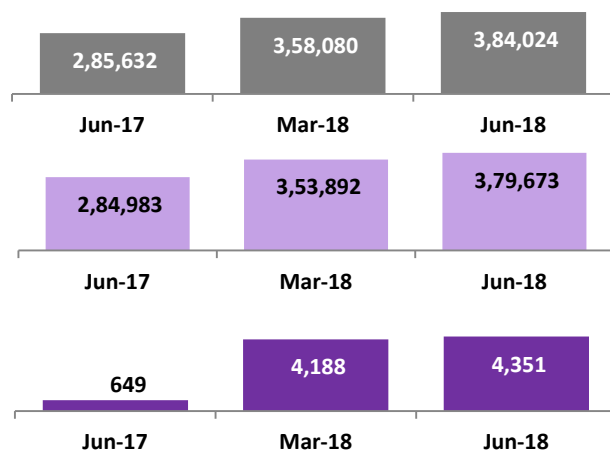
- Continued to witness strong growth on Bank Platform;
- Qtrly Disbursements almost doubled in Q1
- Improvement in overall and Retail Assets Disbursement Yields

## Consistent growth in Disbursements

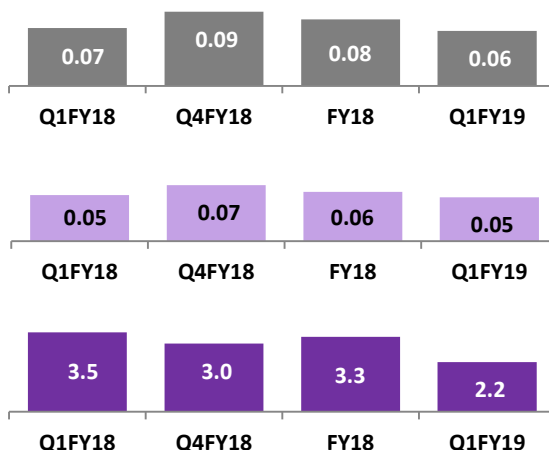


Disbursement Growth	Y-o-Y	Q-o-Q
Total	93.7%	-31.4%
Retail	89.6%	-38.2%
Small & Mid-Corporate	94.8%	-29.3%

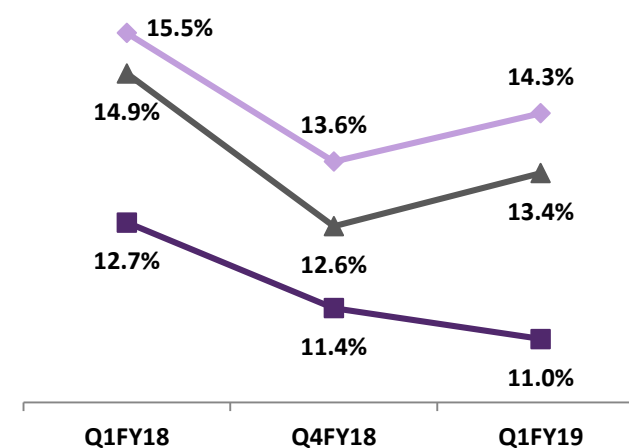
## # Active Customers Loan Accounts



## Average Ticket Size (in INR Cr)



## Disbursement Yield



■ Total ■ Retail ■ Small & Mid-Corporate

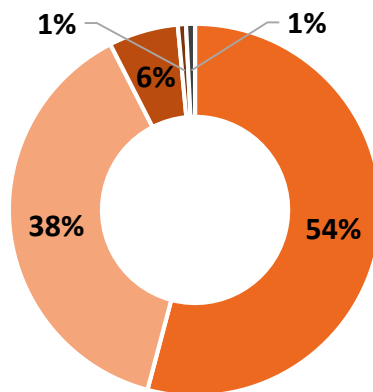
<sup>1</sup>Overdraft (OD) Against Fixed Deposits (FD) Disbursement of INR 95 Crore in Q1FY19 and INR 382 Crore in Q4FY18 is being classified under Retail Assets from Q1FY19 (in FY18 it was classified under Small & Mid-corporate)

<sup>2</sup> Retail Assets Disbursement Yield is excluding the OD Against FD product. Avg. Disbursement Yield in OD Against FD is around 8% to 8.5%

- Robust 61% Y-o-Y growth in Retail AUM led by growth in SBL-MSME followed by Wheels
- Momentum picking up in New Products

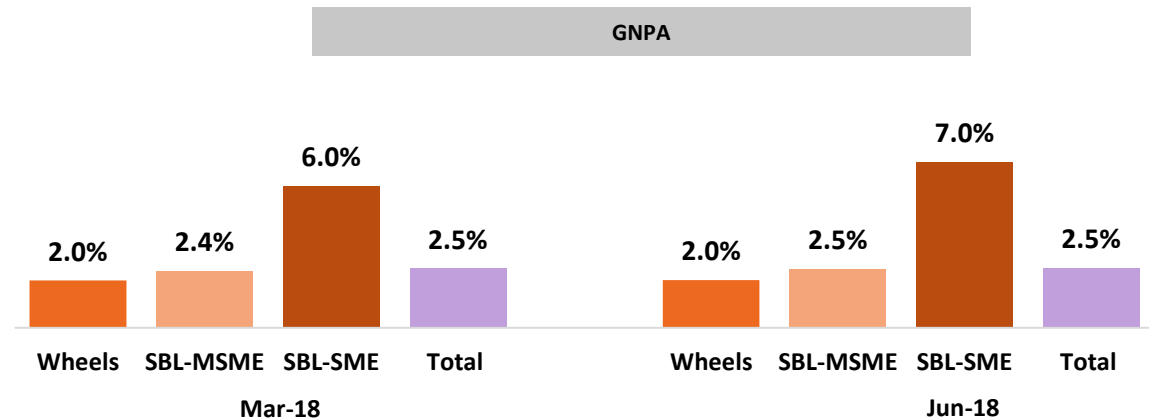
Retail Assets AUM Break-up					
Retail Assets	AUM (INR Cr)			Jun-18 Growth (%)	
	30-Jun-17	31-Mar-18	30-Jun-18	Y-o-Y	Q-o-Q
Wheels	5,318	7,133	7,710	45.0%	8.1%
SBL – MSME	3,284	4,977	5,464	66.4%	9.8%
SBL – SME	681	870	862	26.5%	-0.9%
GL + Agri SME+ HL+ CD	0	62	101	n.m.	63%
OD Against FD	0	224	111	n.m.	-50.5%
<b>Total Retail Assets</b>	<b>9,283</b>	<b>13,265</b>	<b>14,248</b>	<b>61.0%</b>	<b>8.0%</b>

Retail Assets – Diversified Product Mix



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

Stable Asset Quality despite a seasonally leaner quarter



## Strong Disbursement Momentum maintained in Retail Assets

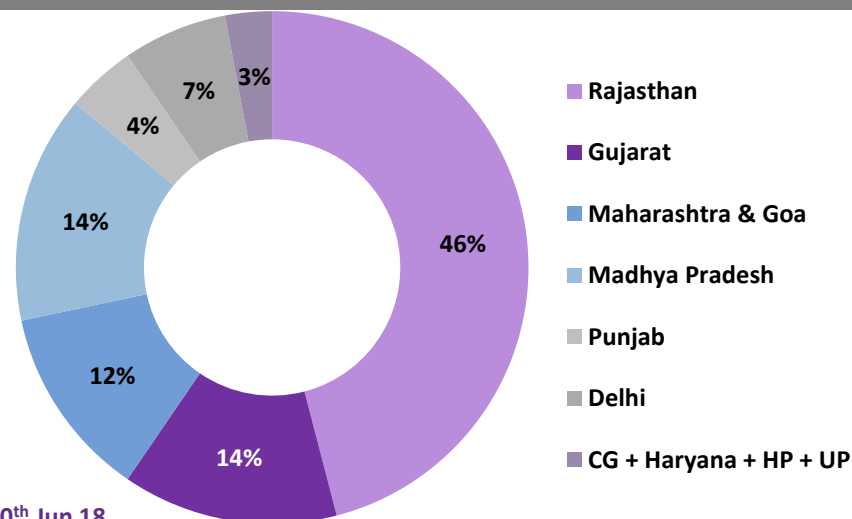
- Disbursement nearly doubled over Q1FY18
- Strong growth in core focus verticals of Wheels (up 101% y-o-y) and MSME (up 71% y-o-y)

Retail Assets	Disbursements (INR Cr)			Q1FY19 Growth (%)	
	Q1FY18	Q4FY18	Q1FY19	Y-o-Y	Q-o-Q
Wheels	677	1,626	1,358	100.5%	-16.5%
SBL – MSME	419	1,060	715	70.6%	-32.5%
SBL – SME	72	99	48	-33.0%	-51.4%
GL + Agri SME+ HL+ CD	0.3	51	60	n.m.	17.4%
OD Against FD	0	382	95	n.m.	-75.2%
<b>Total Retail Assets</b>	<b>1,169</b>	<b>3,219</b>	<b>2,276</b>	<b>94.70%</b>	<b>-31.4%</b>

## Ticket Size wise Distribution of Retail Assets AUM

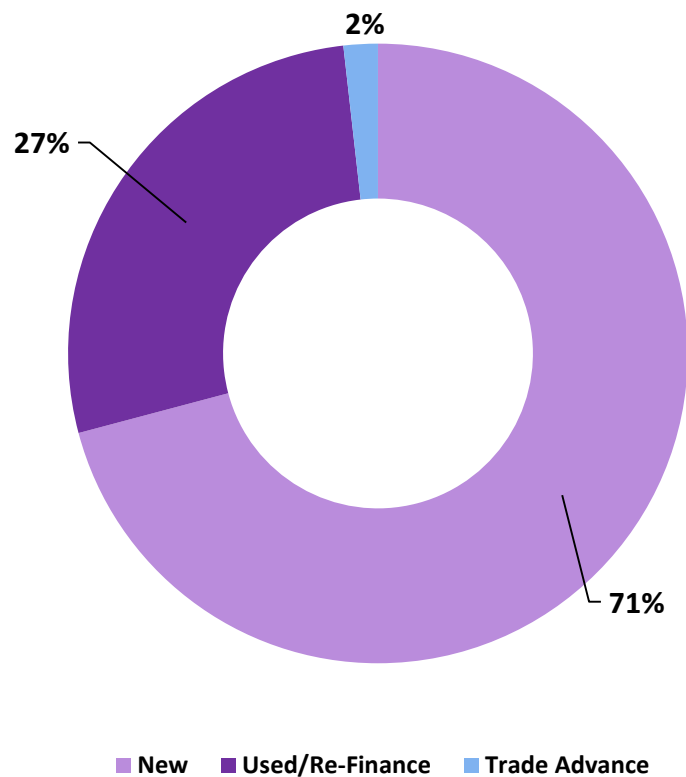
Original Ticket Size	Wheels	SBL-MSME	SBL – SME	GL + Agri + CD + HL
Upto INR 5 Lakh	51%	11%	0%	33%
INR 5 – 10Lakhs	37%	23%	0%	6%
INR 10LakhsI -1 Crore	11%	65%	22%	45%
<b>Upto INR 1 Crore</b>	<b>99%</b>	<b>100%</b>	<b>23%</b>	<b>84%</b>
INR 1 -5 Crores	1%	0%	61%	16%
Above INR 5 Crores	0%	0%	17%	0%

## Retail Assets Regional Break-up

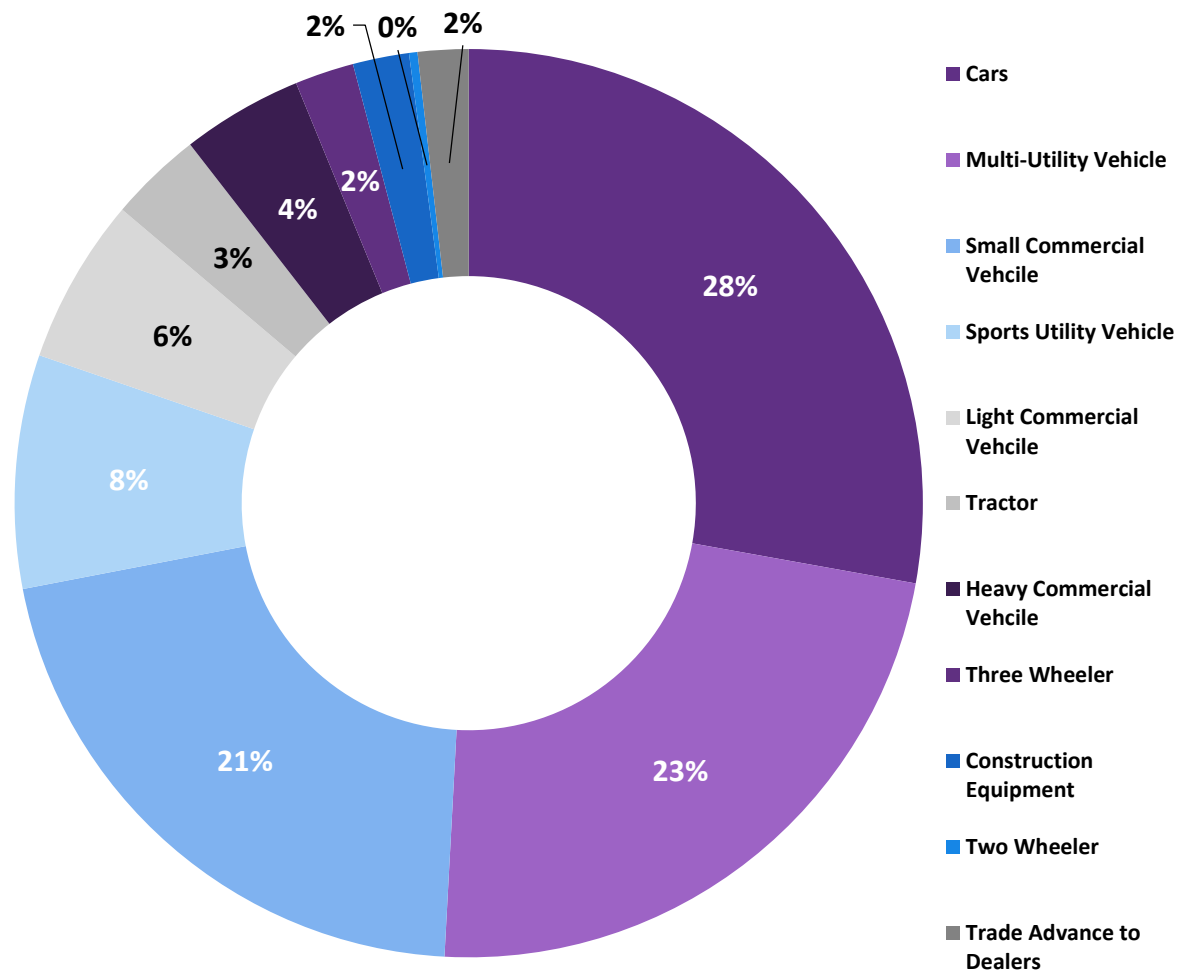


As on 30<sup>th</sup> Jun 18

Wheels AUM break up – New vs Old



Wheels AUM break up – Vehicle types



As on 30<sup>th</sup> Jun 18

# Scaling Up New Retail Foot Prints

## Agriculture SME Loan



Agri Enterprises

Agri Infrastructure

Agri Projects

**Rolled Out**  
in 6 States

**Disbursements**  
INR 42 Crore

## Consumer Durable



Online/ Paperless

App Assisted Model

**Online sourcing through Tech. Partner**

Vijay Sales, Croma, Flipkart,  
Amazon, Samsung, Godrej etc.

**Offline Assisted Model –**  
Successful Pilots Done

**Disbursements**  
INR 2 Crore

## Two Wheeler Loans



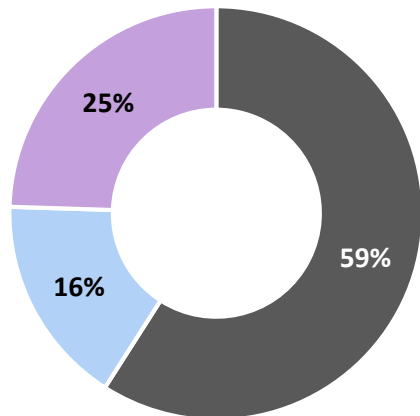
Online/ Paperless

56% of Disbursements being  
**Cross Sell to Existing Customers**

**Disbursements**  
INR 12 Crore

# Small & Mid-Corporate Assets Snapshot

Small & Mid-Corporate Assets AUM Break-up



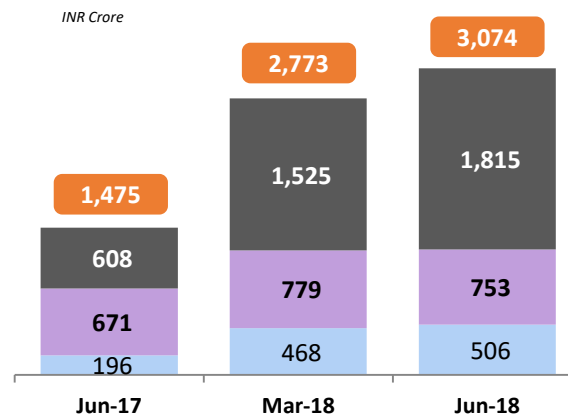
■ NBFC ■ Business Banking ■ Real Estate Group

Ticket Size Distribution of Small & Mid Corporate Assets AUM

Original Ticket Size	NBFC	REG	Business Banking
Upto INR 5 Lakh	0%	3.7%	5.4%
INR 5 – 10 Lakhs	0%	0.1%	2.4%
INR 10 Lakhs – 1Crore	0.3%	5.4%	30.1%
<b>Upto INR 1 Crore</b>	<b>0.3%</b>	<b>9.2%</b>	<b>37.9%</b>
INR 1 - 5 Crore	10.4%	12.6%	35.8%
Above INR 5 Crores	89.3%	78.2%	26.2%

As on 30<sup>th</sup> Jun 18

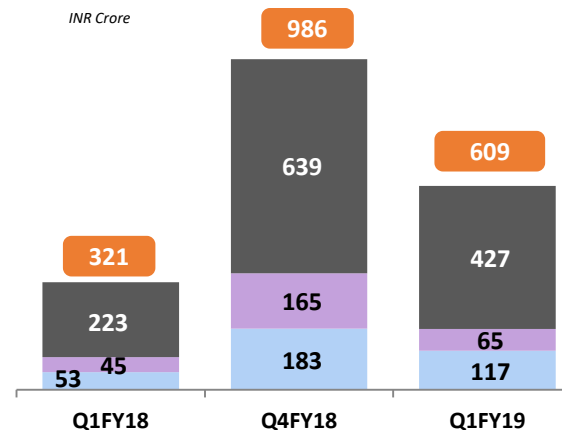
Good Momentum in Business Banking



■ Small & Mid-Corporate ■ NBFC ■ Real Estate Group ■ Business Banking

AUM Growth	Y-o-Y	Q-o-Q
Small & Mid-Corporate	108.4%	10.9%
NBFC	198.7%	19.3%
Real Estate Group	12.3%	-3.3%
Business Banking	157.8%	8.0%

Small & Mid Corporate Assets – Disbursement Break Up








■ Small & Mid-Corporate ■ NBFC ■ Real Estate Group ■ Business Banking

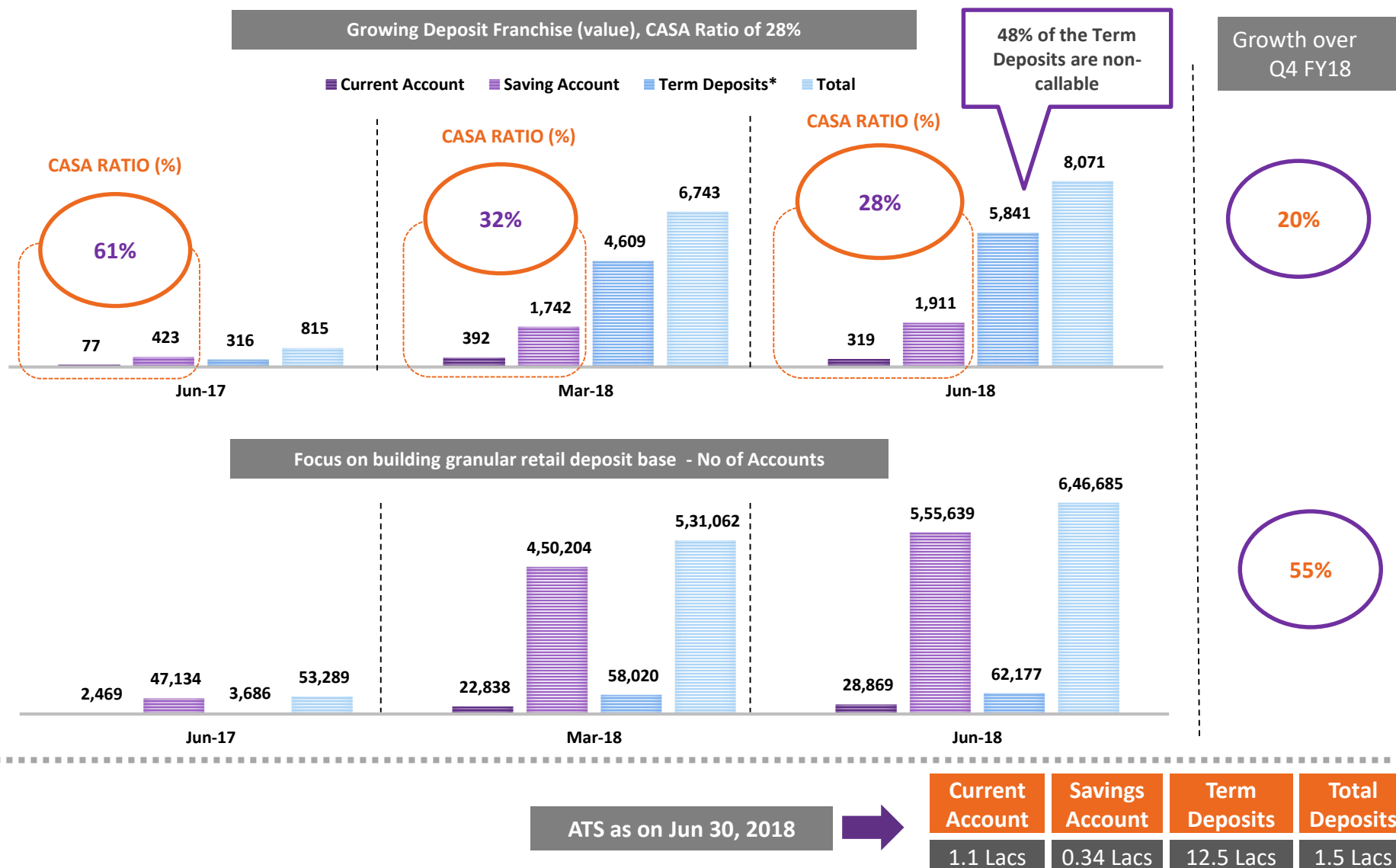
Disbursement Growth	Y-o-Y	Q-o-Q
Small & Mid-Corporate	89.6%	-38.2%
NBFC	91.4%	-33.1%
Real Estate Group	45.5%	-60.6%
Business Banking	119.1%	-36.1%





-  Q1FY19 Performance Summary
-  Retail Assets & Small & Mid-Corporate Assets - Snapshot
-  Branch Banking & Treasury - Snapshot
-  About AU Small Finance Bank
-  Summary Financials & Shareholding Pattern

# Liabilities - Branch Banking - Snapshot



\*Note – Term Deposits excludes Certificate of Deposits of INR 1928 Crore as on Jun 30, 2018 and INR 1181 Crore as on Mar 31, 2018

## Increasing proportion of Deposits further diversifying the funding profile

Funding Source	30-Jun-17	30-Sep-17	31-Dec-17	31-Mar-18	30-Jun-18
<b>Deposits + Borrowings (INR Crore)</b>	<b>8,208</b>	<b>9,404</b>	<b>11,041</b>	<b>15,562</b>	<b>16,874</b>
Deposits	9.9%	21.0%	33.7%	50.9%	59.3%
Refinance from FIs	15.7%	21.4%	22.9%	22.8%	22.4%
NCD	46.2%	39.9%	33.7%	19.5%	14.3%
Loans from Banks & NBFC	13.2%	8.0%	5.4%	4.9%	1.9%
Tier II Capital	4.0%	3.5%	3.0%	1.8%	1.5%
Money Market – Line of Credit, Others	0%	0%	1.4%	0.2%	0.6%
Commercial Papers	11.0%	6.1%	0.0%	0.0%	0.0%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

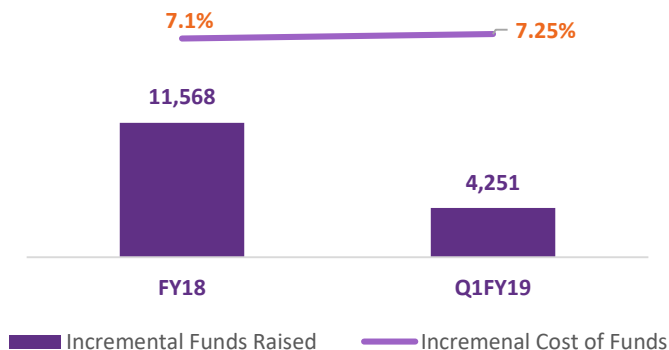
Off-book Source of Fund	Q1FY18	Q2FY18	Q3FY18	Q4FY18	Q1FY19
Sec. & Assign O/s AUM <sup>@</sup> (INR Crore)	3,774	3,560	3,188	2,710	2,304

<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.

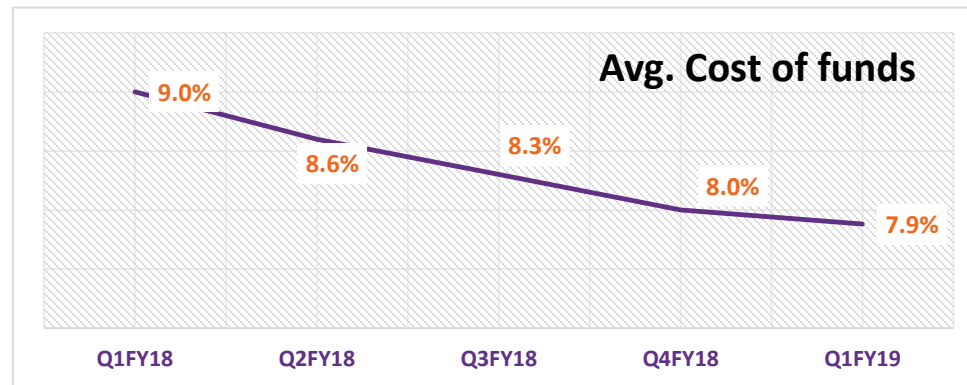
# Declining Cost of Funds & Treasury Updates

## Incremental Funds<sup>1</sup> being raised at relatively lower cost

INR Crore



## Improving cost of funds<sup>2</sup>



## Treasury Update






- Incremental Cost of Funds at 7.25% leading to decline in Average Cost of Funds to 7.9% as on Jun 30, 2018
- In Q1FY19, Deposits cost is at 6.94%
- In Q1FY19, Bank earned gross premium income of INR 43.3 crore on the back of total PSLC volume of INR 4,741 crore
- SLR investment of INR 2,918 Cr (as against requirement of INR 2,532 Cr) and Non-SLR Investments & Lending of INR 1,612 Cr as on Jun 30, 2018
- Comfortable Liquidity in Hand of ~ INR 2,000 Crore in the form of Non-SLR Investment and Excess SLR
- Liquidity Coverage Ratio of 156% as on Jun 30, 2018
- Stock of existing Grandfathered borrowings as on Jun 30, 2018 was INR 2,992 Crores vis-à-vis INR 6,709 crore at the time of commencement of Banking Operation as on Apr 19, 2018, large proportion of which shall mature over next 2 years which shall enable further reduction in cost of funds.

Long Term Credit Rating of “AA-” and Short Term Credit Rating of “A1+”

<sup>1</sup>Including Securitizations / Assignments

<sup>2</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 securitisation and assignment transaction during the period



-  Q1FY19 Summary Performance
-  Retail Assets & Small & Mid-Corporate - Snapshot
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# AU BANK – tapping the unreachable and unbanked segments

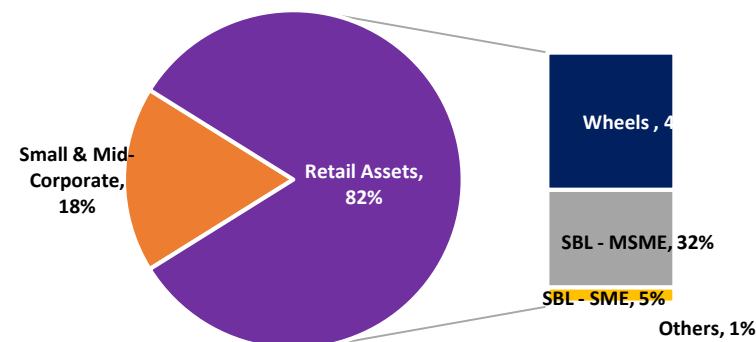


## Overview

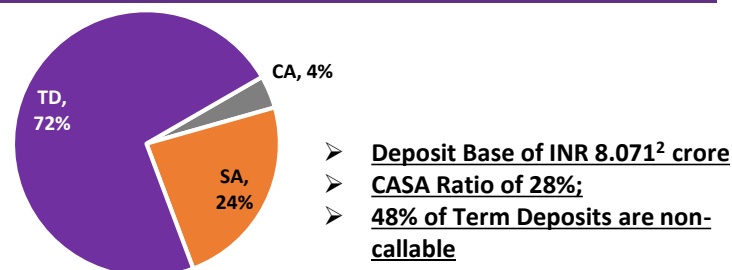
- AU SMALL FINANCE BANK (“AU BANK” or “Company”) is a **scheduled commercial bank** which successfully transitioned from an Asset Financing NBFC to a SFB; started in 1996; commenced banking operations in Apr 19, 2017;
- A **retail focused bank** with diversified bouquet of products and services
- Target 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; 10,30,709 active customer accounts<sup>1</sup>;
- Contiguous geographical distribution** across 11 states and a UT with 395 branches, 96 asset centers, 28 offices, 292 ATMs;
- 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 2.2% and NNPA of 1.4% as on Jun 30, 2018;
- Promoted by **first generation entrepreneur**, Sanjay Agarwal, a merit holder CA, holding ~31.1% stake; ably supported by **experienced team of professionals**; young and passionate team of 11,535 employees;
- Marquee Investor base** which includes institutions like Temasek Holdings, Warburg Pincus, Chrys Capital, Kedaara Capital, etc;
- Long-term credit rating of “**AA- / Stable**” by ICRA Ratings, India Ratings & CARE Ratings; Highest Short-term credit rating of “**A1+**”

## Focused on Retail Financing with Diversified Portfolio

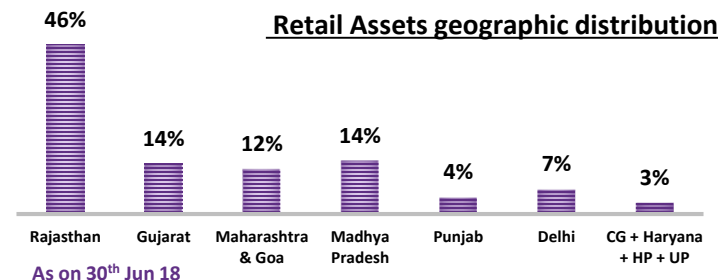
### Gross AUM of INR 17,322 crore



## Strong Build up of Deposits



## Contiguous Geographic presence



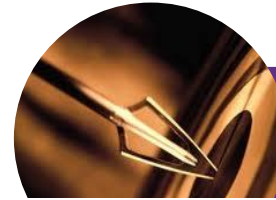
<sup>1</sup> Active Loan Customers Accounts – 384,024 and Active Deposit Customers Accounts – 646,685

<sup>2</sup> Excludes Certificate of Deposits of INR 1,928 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.



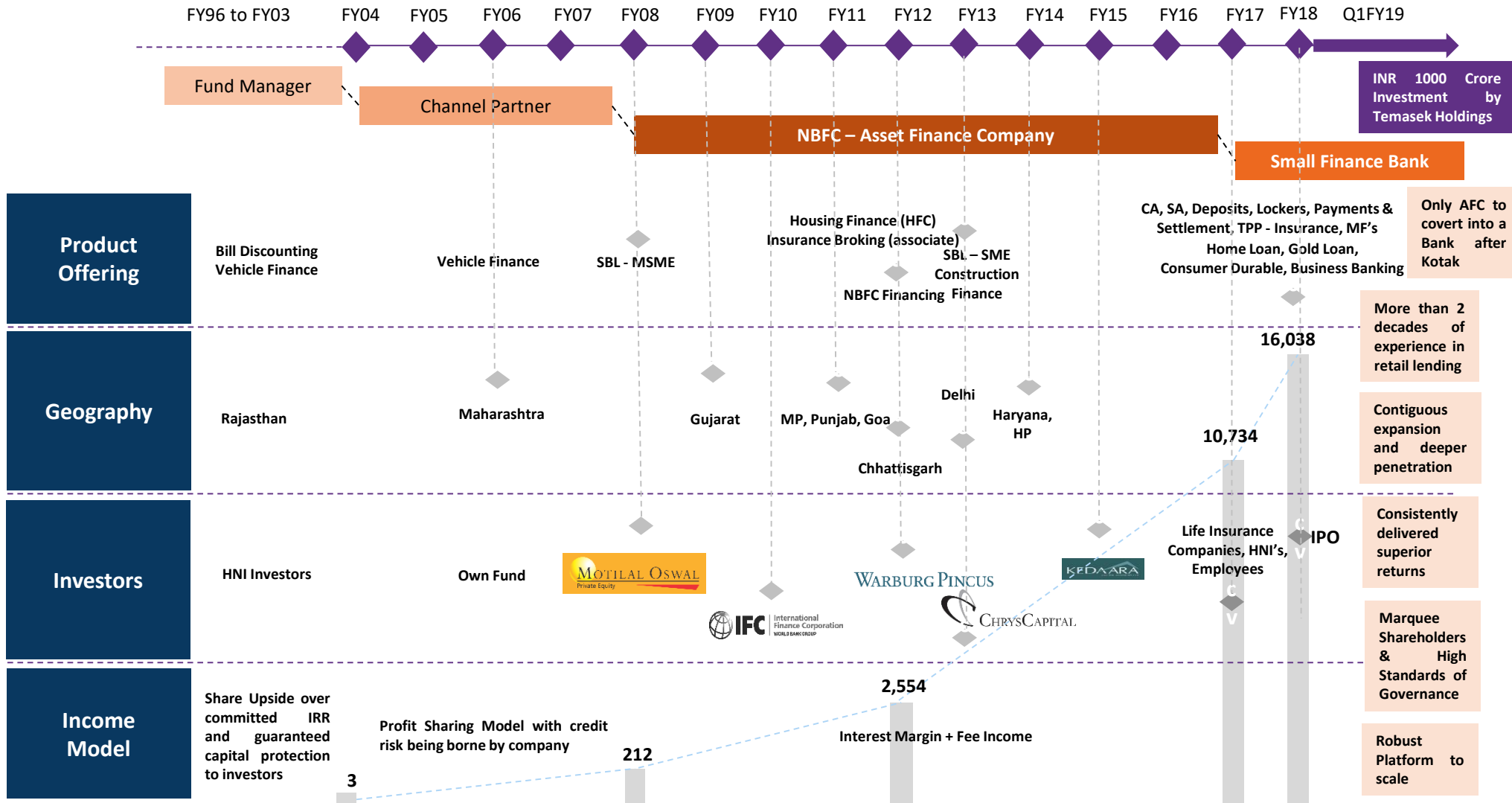
## AU Mission

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					

# Well entrenched contiguous distribution franchise addressing underserved customer segments

11 States

395 Branches,  
96 Asset Centers

292 ATMs

11,535  
employees

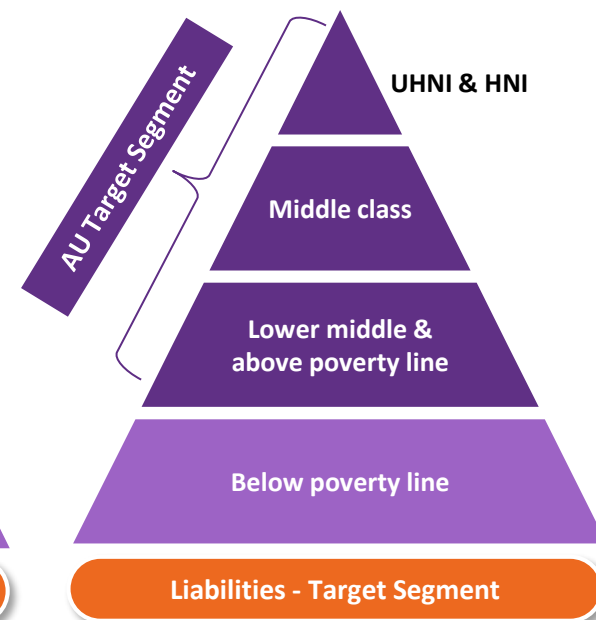
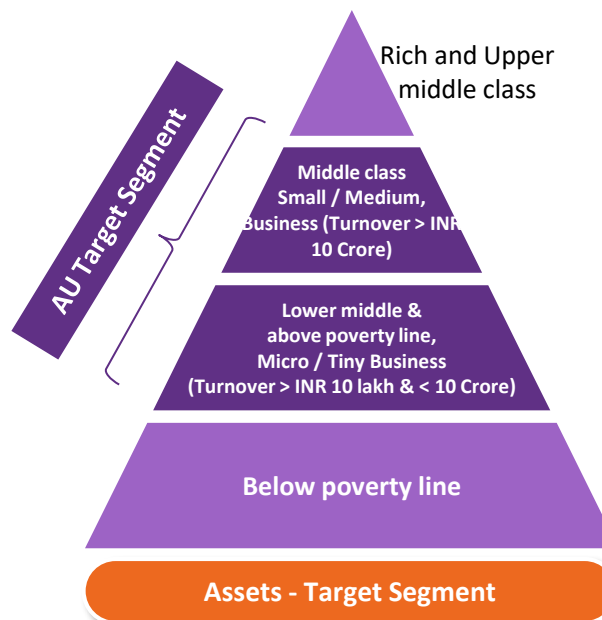
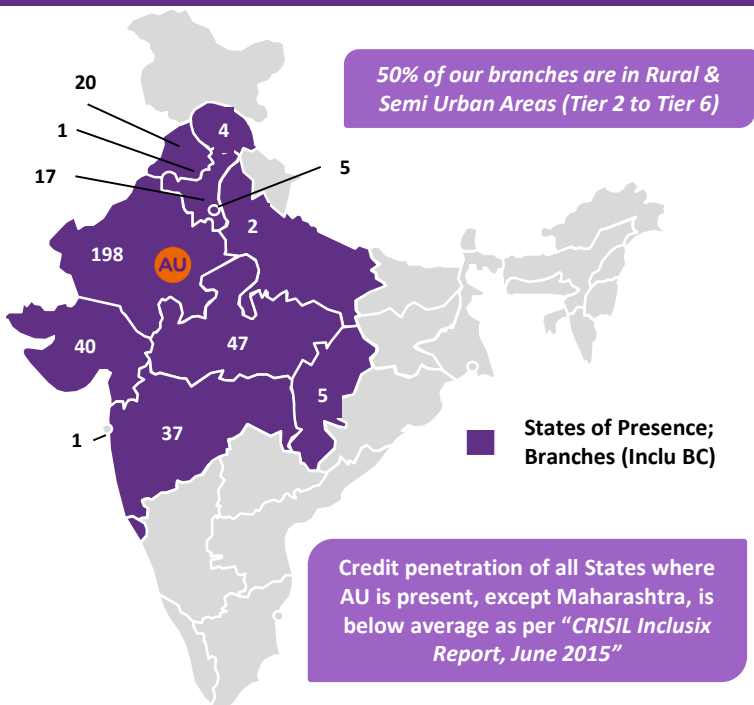
384,024 Active Loan  
Accounts

646,685 Deposit  
Accounts

28% CASA Ratio<sup>1</sup>

Deep Penetration into Core States and Expansion into other States

Targeting Customers with Limited Access to Formal Banking Channel



- ✓ Built distribution through a **contiguous expansion strategy** which ensured in-depth local understanding & intelligence, tailor made products & services, strong customer connect, referrals for credit, check, ease of operations / oversight and local hiring;
- ✓ Over 2 decades of experience in **serving low & middle income individuals** and **micro / small businesses** which are credit worthy but have no or limited credit history; offering significant growth opportunities and customer loyalty;
- ✓ Adapted low cost Hub & Spoke model enabling **operational efficiency** and **optimum turnaround times**;

<sup>1</sup> Calculated based on Deposits excluding Certificate of Deposits of INR 1,928 Crore

## 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

- 38 Seater call center
- 3 supervisors
- 1 Unit head
- Tele-calling team focusing customer service and collections operating in English and select regional languages

### Banking Ombudsman

- 65 Banking ombudsman cases
- No award in any of case
- Only one case is pending

## 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

# 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,  
IMGC, CERSAI, PFRDA, etc.



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

MD, INR 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

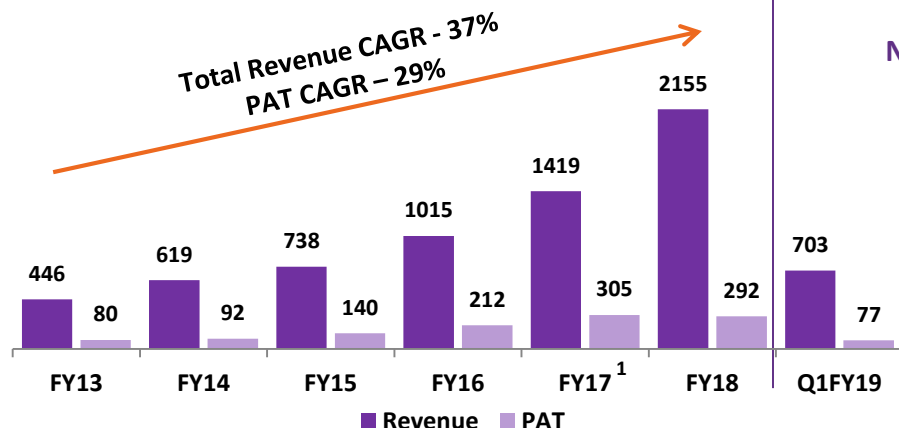


-  Q3 / 9M FY 18 Summary Financial Performance
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# Robust Operating and Financial Performance (1/2)

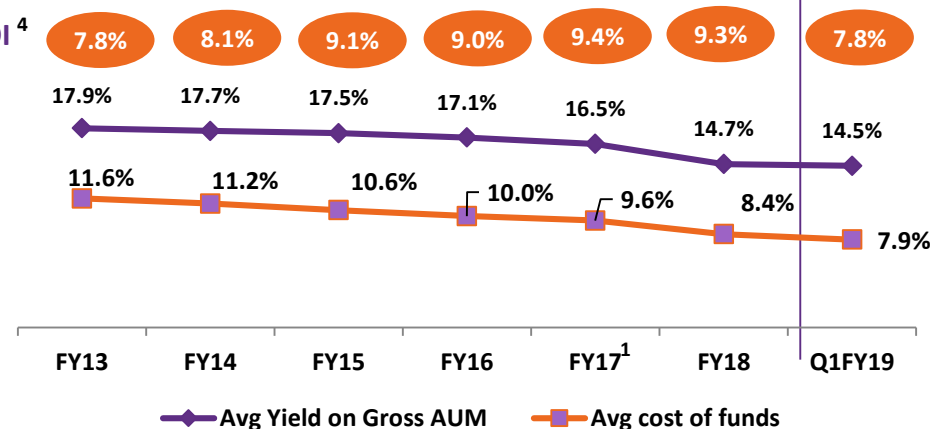
## Total Revenue and PAT

INR Crore

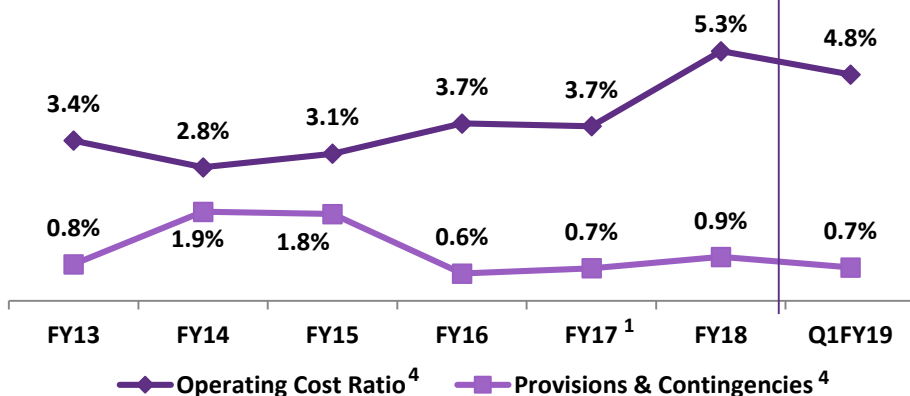


## Yields<sup>2</sup> and Cost of Funds<sup>3</sup>

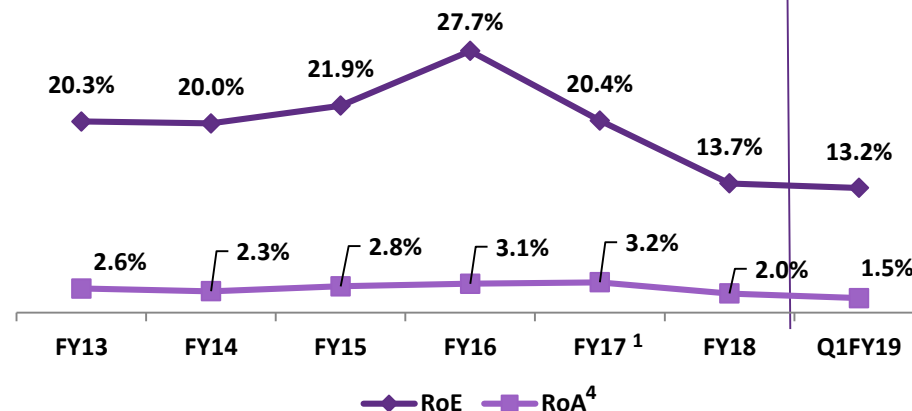
NII + OI<sup>4</sup>



## 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

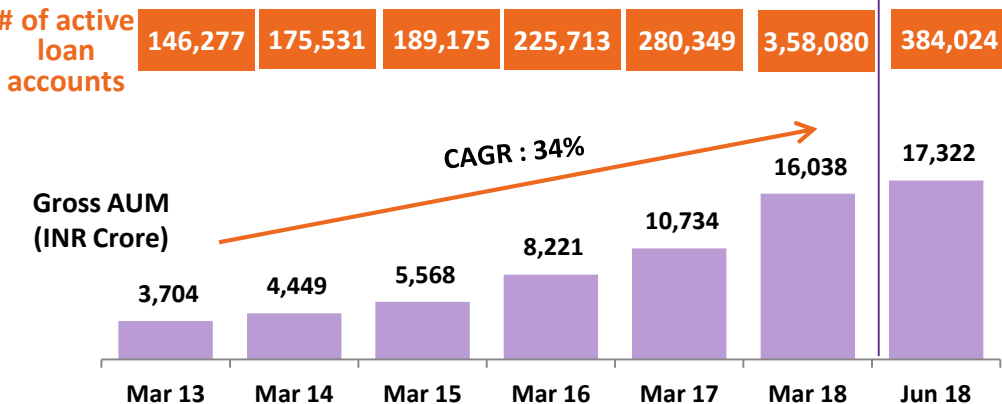
2. Average Yield on Gross AUM represent weighted average Yield on Gross AUM, weights being AUM of each loan outstanding as of last day of the relevant period.

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.

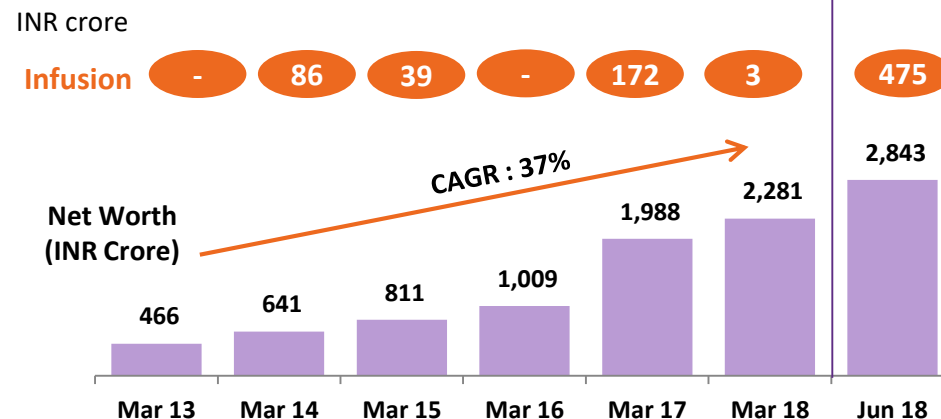
4. NII+OI, Operating Cost ratio, Provision & Contingencies ratio, RoA & RoE are calculated on Average Gross AUM till FY17 whereas for FY18 & Q1FY19 all such ratios are represented as % of Average Total Assets: Annualized for Q1FY19

# Robust Operating and Financial Performance (2/2)

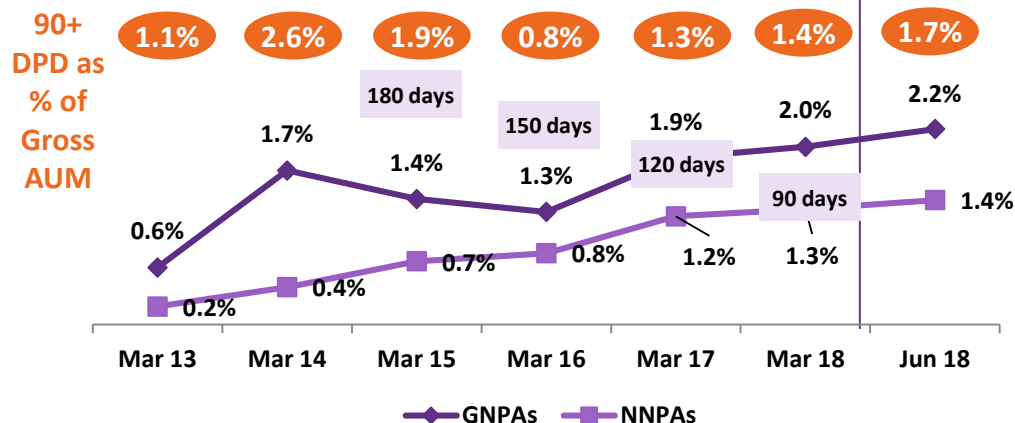
## Growth Trajectory



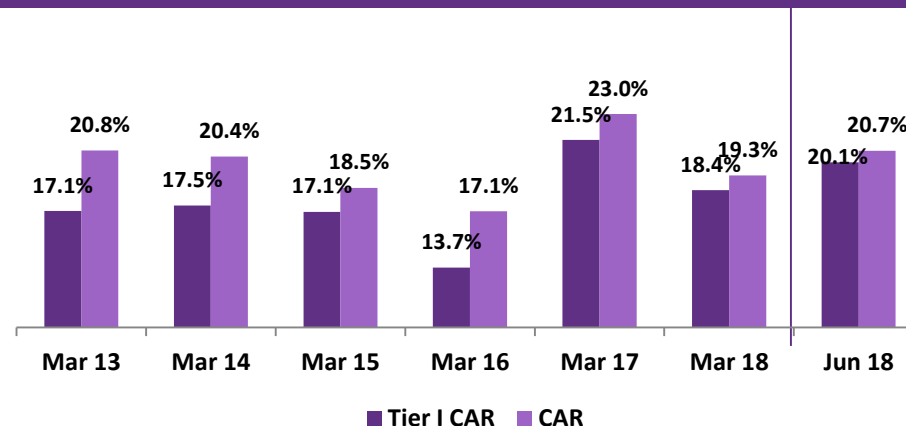
## Network and Capital Infusion



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



## Capital Adequacy

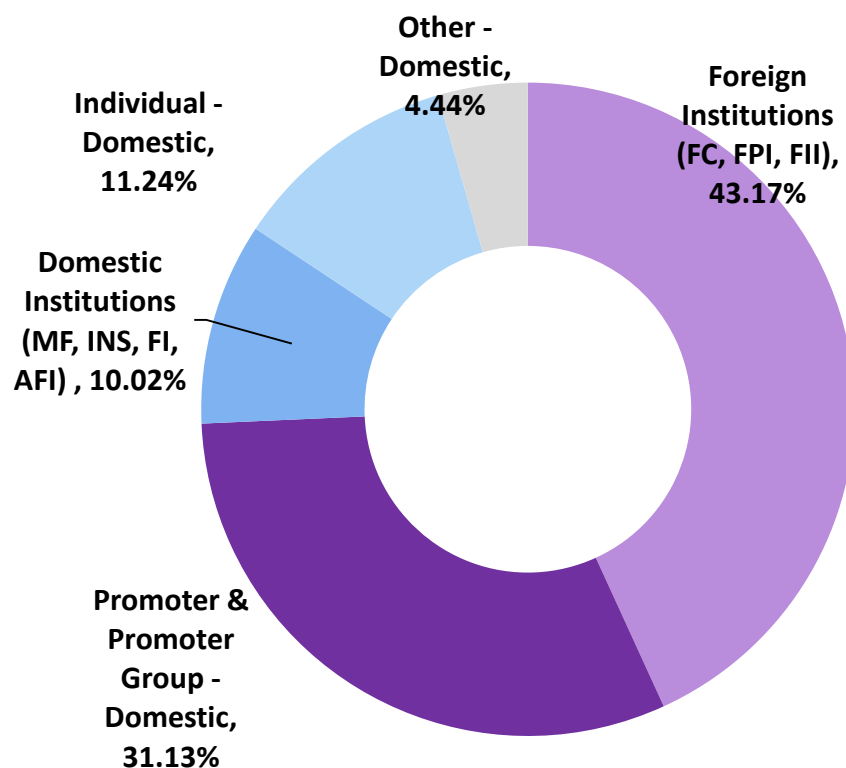


Internal accruals constitute a significant portion of the net worth. Net worth as at Mar 31, 2018 of INR 2,843 Cr includes capital infusion of ~INR 1,100 cr and balance are internal accruals

<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 in line with regulatory requirements.

# Marquee Shareholders Base – As on Jun 30, 2018

Shareholding Pattern



Total No. of Shareholders

89,927

Domestic : Foreign

57:43

Key Non-Promoter Shareholders (Holding above 1%)

Holding

Redwood Investment (Warburg Pincus)	14.98%
International Finance Corporation	7.57%
Temasek Holdings	4.81%
Ourea Holdings (incl. Kedara Capital I)	3.74%
Labh Investments (ChrysCapital VI LLC)	3.59%
SBI Mutual Fund (through its various MF schemes)	2.66%
ICICI Pru Life Insurance	1.62%
SBI Life Insurance	1.62%
Amansa Holdings	1.51%
Wasatch Holdings (incl. its various funds)	1.40%
Steadview Capital (incl. its various funds)	1.26%
Motilal Oswal Securities	1.10%
Motilal Oswal MF	1.10%
Nomura (incl. its various funds)	1.06%

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



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*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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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