



Date: 29th October, 2017

Department of Corporate Service - Listing
The Bombay Stock Exchange Limited,
Department of Corporate Services,
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai 400001,
Maharashtra.

Listing Department
National Stock Exchange of India Limited,
Listing Department
Exchange Plaza, Bandra Kurla Complex,
Bandra East, Mumbai 400051,
Maharashtra.

Scrip Code: 540611

Scrip Code: AUBANK

Dear Sirs,

Sub: Presentation to Investors and Press release on the unaudited financial results for the Quarter 2 and Half Year ending on 30th September, 2017.

In terms of Regulation 30 SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015 and other applicable regulation enclosed herein the Press Release and Investors Presentation of the Bank on the unaudited financial results for the Quarter 2 and Half Year ending on 30th September, 2017.

The Press Release and Investors Presentation may also be accessed on the website of the bank at the link www.aubank.in

Kindly acknowledge the receipt and make available the same to public at large.

Thanking You,

Yours faithfully,

For AU SMALL FINANCE BANK LIMITED

MANMOHAN PARNAMI

COMPANY SECRETARY AND COMPLIANCE OFFICER

investorrelations@aubank.in

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AU SMALL FINANCE BANK LIMITED
19-A Dhuleshwar Garden, Ajmer Road,
Jaipur - 302001, Rajasthan, India
Phone: +91 141 4110060/61, Fax: +91 141 4110090
CIN: L36911RJ1996PLC011381
Formerly known as **Au Financiers (India) Limited**

info@aubank.in | www.aubank.in



Press Release

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

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

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

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

Incremental cost of funds significantly lower in H1 at 6.7%

Jaipur, October 29, 2017: AU SMALL FINANCE BANK LTD. [BSE: 540611; NSE: AUBANK], has announced its financial performance for the second quarter ended September 30, 2017.

Summary of Business Performance in Q2FY18

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

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

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

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

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

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

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

About AU Small Finance Bank Limited

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

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

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

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

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

web: www.aubank.in | twitter: [@aubankindia](https://twitter.com/aubankindia) | facebook : <https://www.facebook.com/aubankindia/>

Disclaimer

Certain statements are included in this release which contain words or phrases such as “will,” “aim,” “will likely result,” “believe,” “expect,” “will continue,” “anticipate,” “estimate,” “intend,” “plan,” “contemplate,” “seek to,” “future,” “objective,” “goal,” “project,” “should,” “will pursue” and similar expressions or variations of these expressions, that are “forward-looking statements.” Actual results may differ materially from those suggested by the forward-looking statements due to certain risks or uncertainties associated with our expectations with respect to, but not limited to, our ability to implement our strategy successfully, the market acceptance of and demand for various banking services, future levels of our non-performing loans, our growth and expansion, the adequacy of our allowance for credit and investment losses, technological changes, volatility in investment income, our ability to market new products, cash flow projections, the outcome of any legal, tax or regulatory proceedings in India and in other jurisdictions we are or become a party to, the future impact of new accounting standards, our ability to pay dividends, the impact of changes in banking regulations and other regulatory changes on us in India and other jurisdictions, our ability to roll over our short-term funding sources and our exposure to market and operational risks. By their nature, certain of the market risk disclosures are only estimates and could be materially different from what may actually occur in the future. As a result, actual future gains, losses or impact on net income could materially differ from those that have been estimated. In addition, other factors that could cause actual results to differ materially from those estimated by the forward-looking statements contained in this document include, but are not limited to: general economic and political conditions, instability or uncertainty in India and the other countries which have an impact on our business activities or investments caused by any factor, including terrorist attacks in India, the United States or elsewhere, anti-terrorist or other attacks by the United States, a United States-led coalition or any other country, tensions between India and Pakistan related to the Kashmir region or between India and China, military armament or social unrest in any part of India; the monetary and interest rate policies of the government of India, natural calamities, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices; the performance of the financial markets in India and globally, changes in Indian and foreign laws and regulations, including tax, accounting and banking regulations, changes in competition and the pricing environment in India, and regional or general changes in asset valuations.

For Further information, please contact

AU SMALL FINANCE BANK LIMITED	
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AU
SMALL
FINANCE
BANK

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Q2FY18
Investor
Presentation

29th October 2017

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

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-  Retail Bank, Wholesale Bank Snapshot
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Q2 / 1H FY18 Performance Summary



- Robust AUM growth of ~30% y-o-y; Total Loans Rs. 12,000+ crore with ~85% Retail Loans of Rs. 10,000+ crore
- Led by ~45% surge in Disbursements y-o-y, Disbursals of more than Rs. 2,500 crore in the quarter (up 67% q-o-q)
- Granular Deposits Book at ~Rs. 2,000 crore with CASA ratio of 33%; More than 1,75,000 Deposits a/cs
- Average AUM IRR of 15.7%; Average Cost of Funds of 8.8%
- Net Interest Income of Rs. 220 crore for Q2FY18 and Rs. 403 crore in 1HFY18; Up 12% and 11% (y-o-y) respectively
- Total Income of Rs. 508 crore (Up 41% y-o-y) partly led by growth in other operating income; Stood at Rs. 927 crore in 1HYFY18 , Up 37% y-o-y
- Cost to Income Ratio was expectedly at ~55% and ~52% in Q2FY18 and 1HFY18; First full quarter post bank transitioning
- Stable Asset Quality with GNPA & NNPA of 3.1% and 2.1% respectively
- PAT was Rs. 68 crore for Q2FY18 as against Rs. 62 crore in Q1FY18. For 1HFY18 PAT stood at Rs. 130 crore.
- ROA (annualized) marginally better over Q1FY18 at 1.8%; Likewise RoE (annualized) rose to 13.1% in Q2FY18
- Well Capitalized with CRAR of 20.6% and Tier – I CRAR of 19.7%

Q2 / 1H FY18 Key Financials & Y-o-Y Comparison



Select P&L Highlights

In INR Crore

Total Income		Net Interest Income		PPOP		Profit After Tax ¹	
Q2	H1	Q2	H1	Q2	H1	Q2	H1
508	927	220	403	144	268	68	130
↑41%	↑37%	↑12%	↑11%	↓9%	↓1%	↓20%	↓10%

Select Business Highlights

In INR Crore

Gross AUM	Disbursements ²	Deposits	Net Worth
12,134	4,033	1,978	2,113
↑30%	↑29%	NA	↑24%

Assets Quality & Capital Adequacy

Gross NPA ³	Net NPA ³	CRAR	Tier 1 CRAR
3.1%	2.1%	20.6%	19.7%
Vs.2.4% (Q2FY17)	Vs.1.8% (Q2FY17)	Vs.24.5% (Q2FY17)	Vs.22.3% (Q2FY17)

Operational Highlights

# Branches	# Asset Centers	#ATMs	# Active Customer A/cs ⁴	# Employees
301	113	287	4,79,207	9,974

NA – Not Applicable

1 Q2FY17 Profit After Tax adjusted for exceptional items for comparison with Q2FY18

2 For 1HFY18. Disbursement during Q2FY18 was Rs. 2,520 crores

3 GNPA recognized on 90 DPD basis as on 30th Sep, 2017 while it was based on 120 DPD as on 30th Sep, 2016

4 Active Loan Customers Accounts – 3,03,756, Active Liabilities Customers Accounts – 1,75,451

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Q2 / 1H FY18 Assets & Liabilities – Business Updates



20 years experience in Retail Assets + Bank Platform = Wider Customer Base, New Products, Cross Sell Opportunities

- Disbursed ~37000 new loans in Q2FY18;
- All segments of Retail Bank¹ witnessed strong growth in Q2; Wheels, SBL- MSME, SBL-SME y-o-y Disbursements grew 23%, 43% and 8% respectively
- In Wholesale Bank¹ - Rode on own NBFC background and favourable external market environment; NBFC Disbursements up ~90% y-o-y
- Operating in more segments, Acquiring rate sensitive customers in our core markets
 - Business Banking started in Q1FY18, clocked ~Rs. 90+ crore Disbursements in Q2 itself;
 - Piloted Digital Consumer Durable Loans with card-less EMI option
 - Scaling up Gold Loan and Agri SME Loans

Building Granular Liabilities Book

- More than 100% growth in Deposits in Q2FY18 q-o-q
- Within Internet Banking - added RTGS facility across all IFSC codes
- Started Digital onboarding of Saving a/cs customers; onboarded almost 70% new saving a/cs through Tab Banking in the month of Sept 2017
- Piloted Digital Consumer Durable Loans with card-less EMI options

**Q2 / 1H
FY18
Distribution
&
Treasury Updates**



Strengthening & Leveraging AU Bank Distribution Network

- Received Corporate Agency Approval from IRDAI for distribution of 3rd party Insurance Products
- Tied up with Aditya Birla Health Insurance Co Ltd; Agreement Signing stage with another leading Indian insurance carrier for general insurance
- Received AMFI Registration Number from AMFI to act as Mutual Fund Distributor; Signed Distribution agreement with Top 11 Assets Management Companies
- Expanded Distribution, opened 17 new branches and crossed 300 bank branches mark; added 36 new ATMs
- Strengthened the human capital; added 900+ employees including key additions in the leadership team

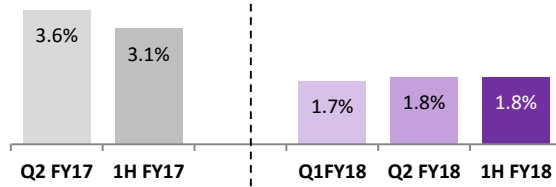
Treasury

- Executed PSLC deals of additional Rs. 2615 crore during Q2FY18 generating additional premium income of ~Rs. 22 crore
- Incremental Cost of Fund in 1HFY18 at ~6.7% leading to decline Average Cost of Funds to ~8.8% as on Sep 30, 2017
- Incremental deposits were raised at 6.65% in 1HFY18
- Grandfathered Secured NCDs of around Rs. 1000 crore converted into Unsecured NCD enabling capital release and thereby contributed in improving capital adequacy

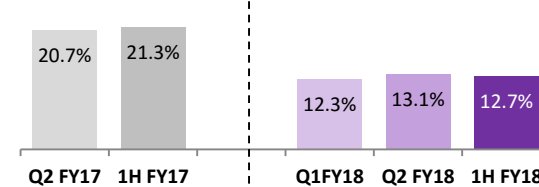
Steady ROA & ROE in Q2FY18

Despite a sharp but expected increase in Cost to Income Ratio in Q2FY18, both ROA and ROE have stabilized at Q1FY18 levels because of improved NII & other operating income

RoA¹ (%)

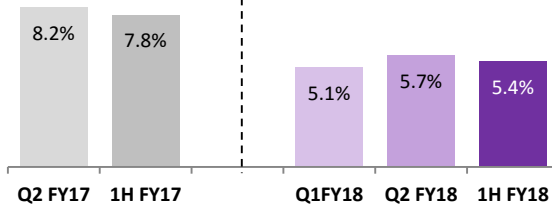


RoE² (%)

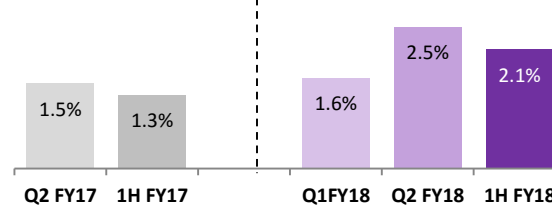


ROA / ROE – Components

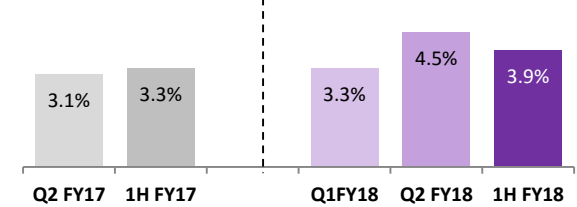
NII¹ (%)



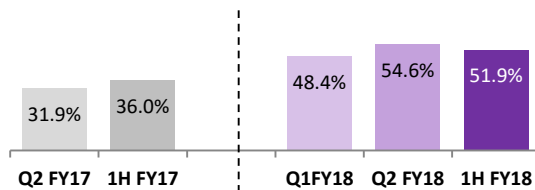
Other Income³ (%)



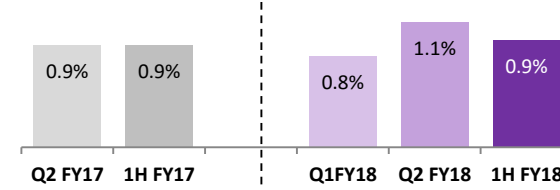
Opex¹ (%)



Cost to Income Ratio⁴ (%)



Provisions & Contingencies¹ (%)



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

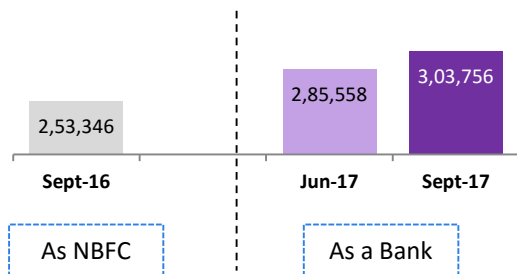
2 Annualized; Q2FY17 and 1HFY17 ROE's calculated on PAT after adjusting for exceptional items

3 Other income includes processing fee and other charges collected, profit on sale/purchase of mutual fund, recovery from loans written off, PSLC etc; As % of sum of Avg. Total Assets and Avg. Securitization & Assignment AUM; Annualized

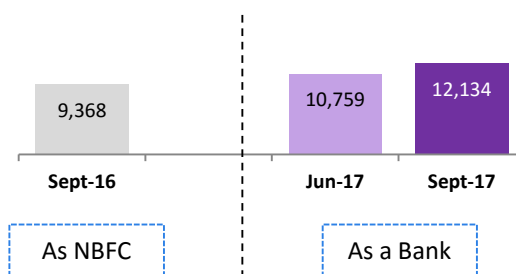
4 Cost to Income Ratio represents Operating Cost to sum of NII and Other Income

Key Performance Matrix

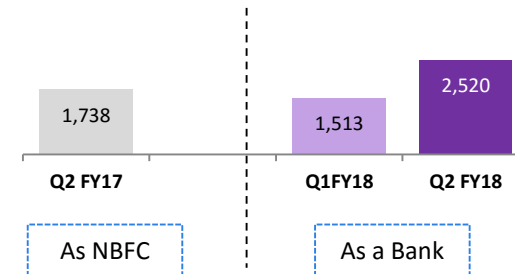
Active Loan Accounts



Gross AUM¹ INR Crore

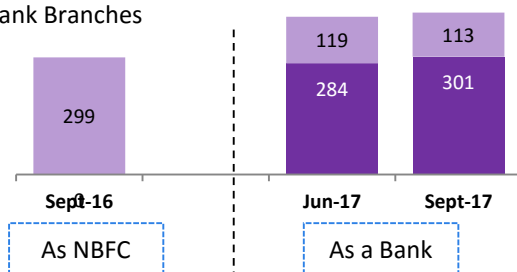


Disbursements INR Crore

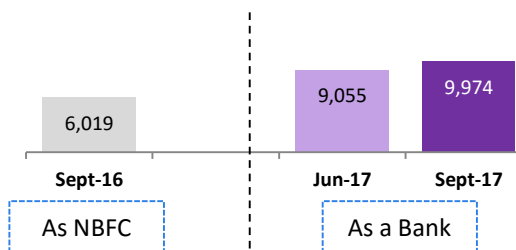


■ Asset Centers
■ Bank Branches

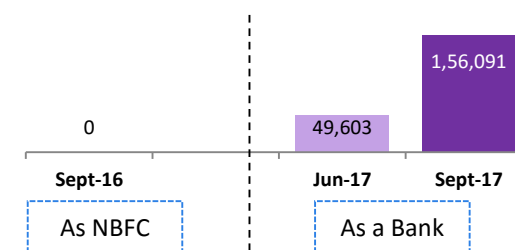
Branches²



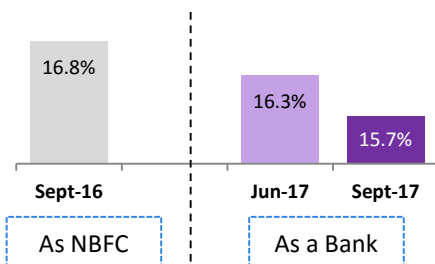
Employees



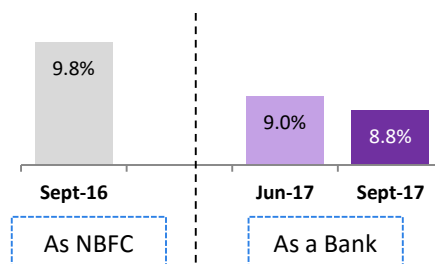
No. of CA, SA Accounts



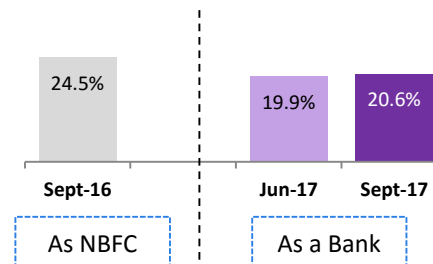
Avg. Yield on Gross AUM³



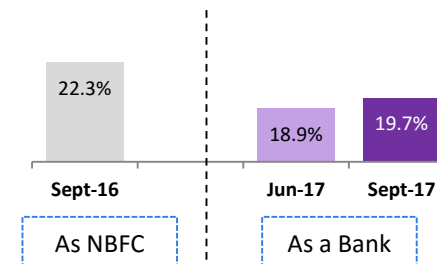
Avg. Cost of Funds⁴



CRAR



Tier I CRAR



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

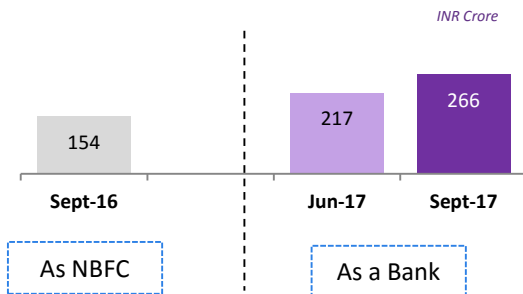
² Branches as on 30th Sept 2016 refers to Branches in NBFC form.

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

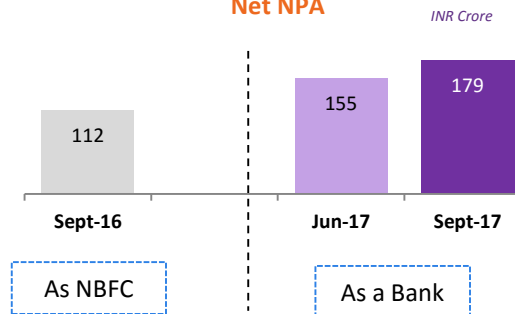
⁴ Average Cost of Funds represents simple average of monthly weighted average interest cost on deposits & borrowings and cost of securitization and assignment, weights being daily average deposits & borrowings and principal outstanding of securitisation and assignment transaction as of the last day of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

Consistent Asset Quality

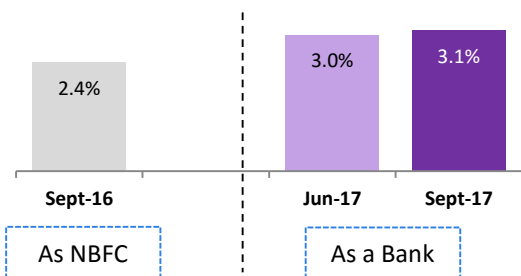
Gross NPA¹



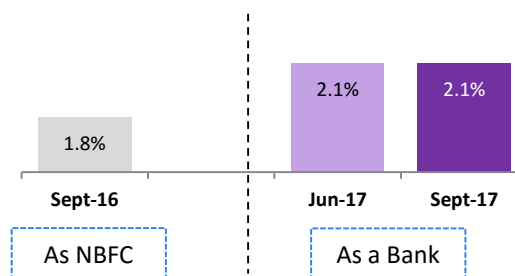
Net NPA



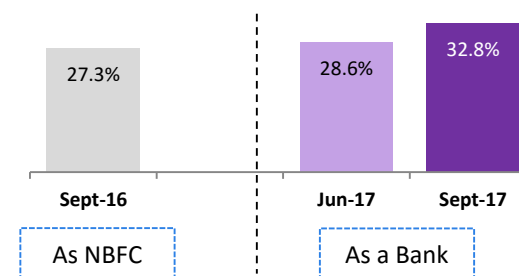
Gross NPA¹



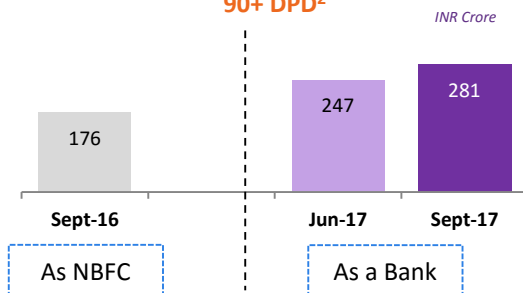
Net NPA



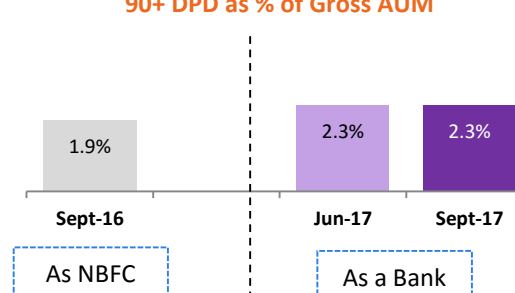
Provision Coverage Ratio



90+ DPD²

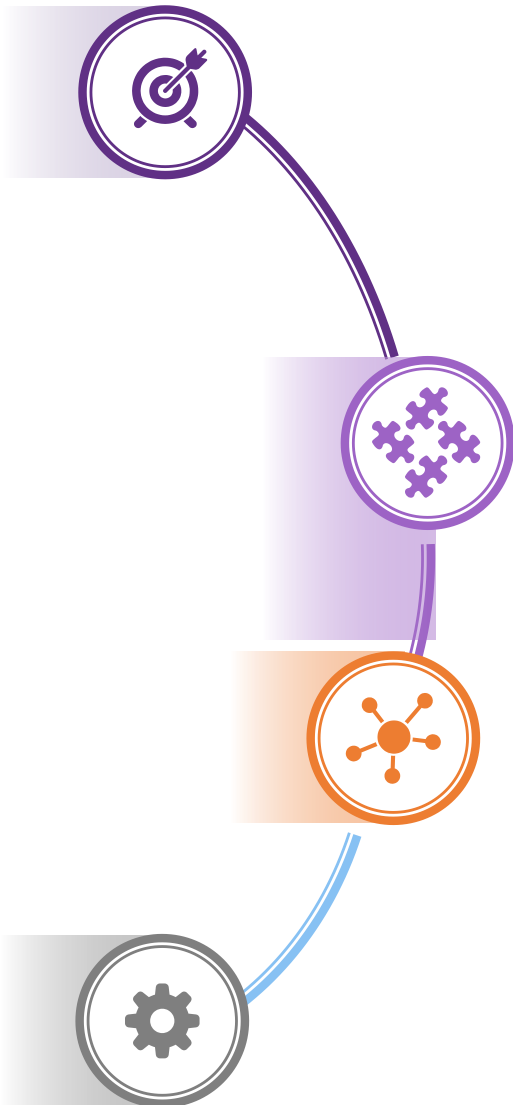


90+ DPD as % of Gross AUM



¹ Gross NPA as on 30th Sept 2017 and as on 30th June 2017 is based on Gross NPA recognition at 90 Days Past Due where as Gross NPA as on 30th Sept 2016 was based on Gross NPA recognition at 120 Days Past Due.

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



Retail, Wholesale Bank – Diversify Products Mix

- Leverage existing customer base of ~500,000 customers and continue to be a asset led bank
- Launch / scale up digital distribution model for Two Wheeler Loans and CD Loans
- Re-enter Housing Finance
- Cross-sell liabilities products, insurance and mutual fund products to existing customers
- Generate referral to build early momentum in customer acquisitions through digital app
- Capitalize on ability to understand customer cashflows and serve wider customer segments



Liabilities – Enhance customer experience, add Digital Channels

- Offer Corporate Net Banking, CMS, Bill Pay facilities
- Aadhar enabled payment services & marching ahead in digital journey
- Build full product suite including personal loans, gold loans etc. over time
- Digital onboarding of Individual Joint A/cs, Current A/cs



Distribution






- Leverage existing branch network and deepen presence
- Evaluating alternate distribution channel including Business Correspondent & Digital models



Technology

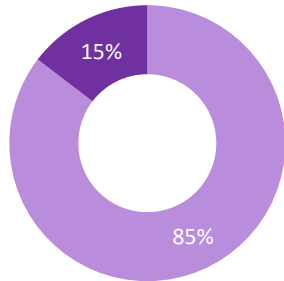
- Significant investment in IT infrastructure
- Upgradation of existing technology with automated and digitized platforms



-  Q2/ 1H FY18 Performance Summary
-  Retail Bank, Wholesale Bank Snapshot
-  Liabilities Snapshot
-  About AU Small Finance Bank
-  Q2FY18 Financials & Shareholding

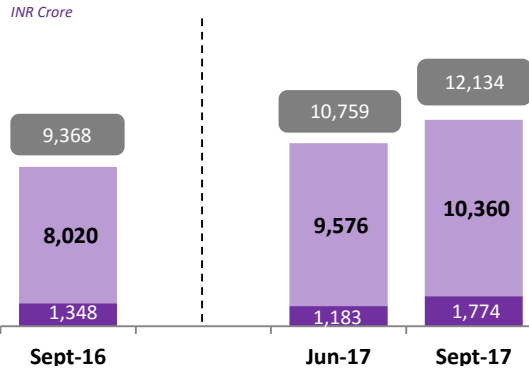
Retail & Wholesale Bank Snapshot – I

Retail Bank Assets comprise ~85% of Gross AUM of Rs. 12,134 Crore



■ Retail Bank ■ Wholesale Bank

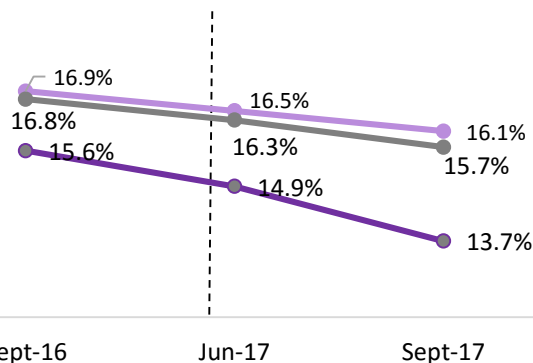
In Q2FY18 AUM surged by 30 % y-o-y; Retail Bank AUM crossed Rs. 10,000 crore mark (up 29% y-o-y)



■ Retail Bank ■ Wholesale Bank ■ Total

AUM Growth	Q-o-Q	Y-o-Y
Total	12.8%	29.5%
Retail Bank	8.2%	29.2%
Wholesale Bank	50.0%	31.6%

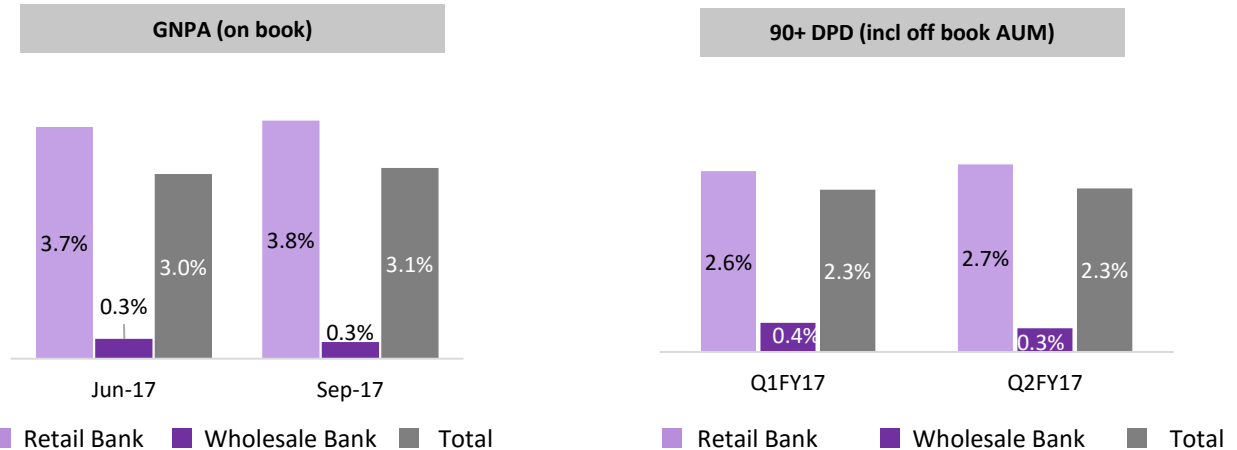
Reduction in Yields due to benefits of Banking Platform and basis market and product dynamics



As NBFC

As a Bank

Consistent Asset Quality, GNPA & NNPA levels same as Q1FY18

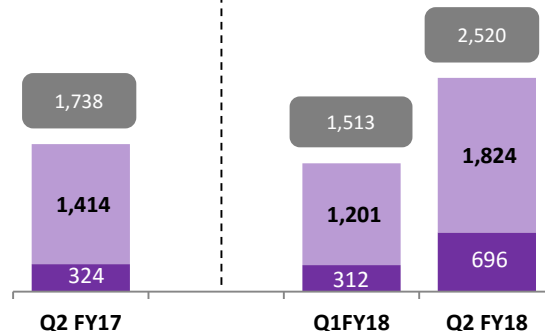


■ Retail Bank ■ Wholesale Bank ■ Total

■ Retail Bank ■ Wholesale Bank ■ Total

- Disbursements growth led by growth in all segments of Retail Bank and Wholesale Bank
 - Overall Disbursements crossed Rs. 2500 crore mark

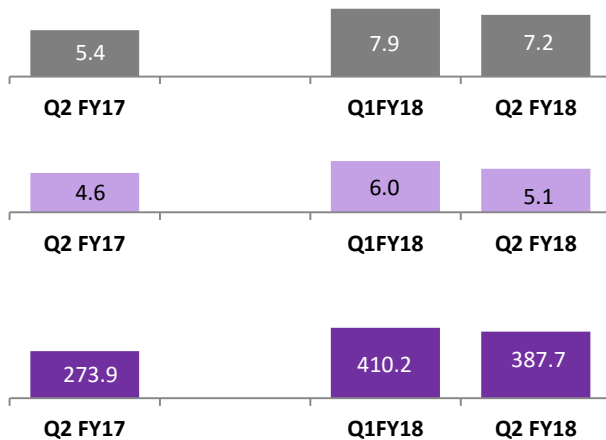
INR Crore



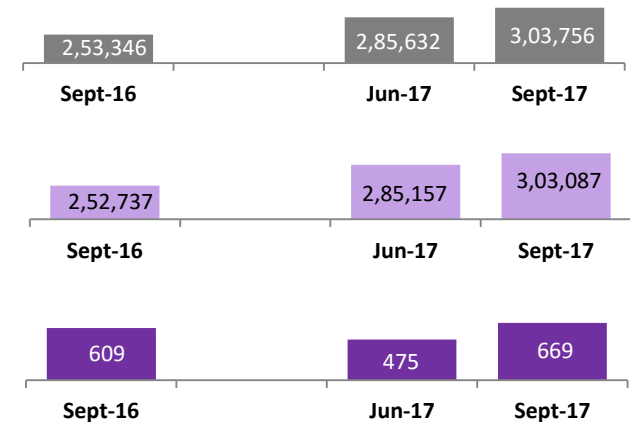
Disbursement Growth	Q-o-Q	Y-o-Y
Total	66.5%	45.0%
Retail Bank	51.9%	29.0%
Wholesale Bank	122.8%	114.5%

■ Retail Bank ■ Wholesale Bank ■ Total

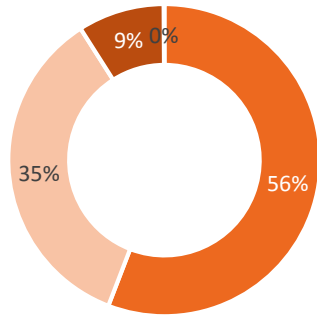
Average Ticket Size (in Rs. Lacs)



Active Customers Loan Accounts

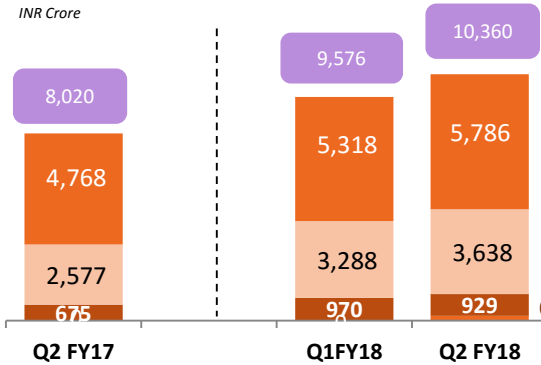


Retail Assets AUM Mix by Products – Wheels, MSME, SME and GL+CD+Agri SME



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

In Q2FY18 Retail Bank AUM by ~29% Y-o-Y; Pilot Tested Consumer Durable Loans in Raj, Hah & Haryana



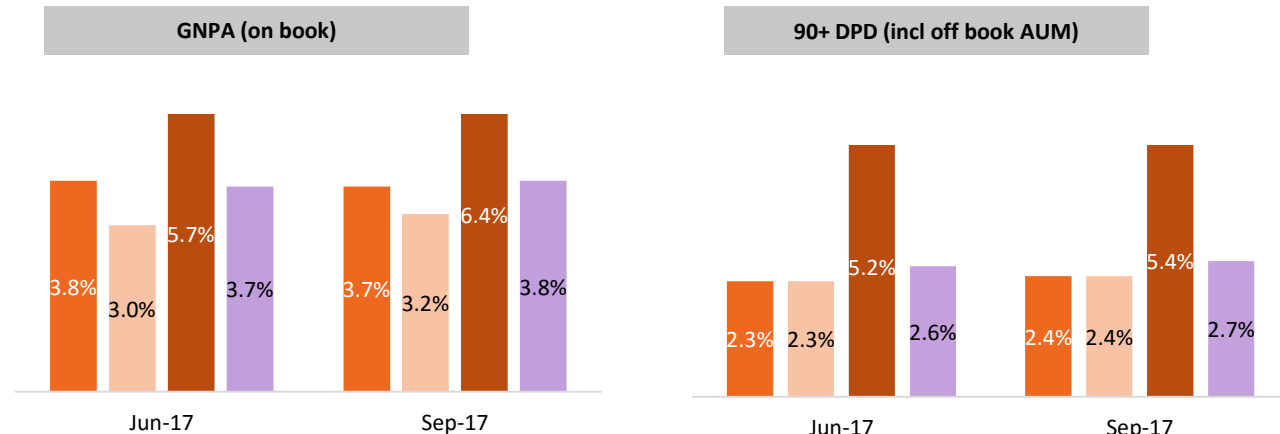
AUM Growth	Q-o-Q	Y-o-Y
Overall Retail Bank	8.2%	29.2%
Wheels	8.8%	21.4%
SBL MSME	10.6%	41.2%
SBL – SME	-4.2%	37.6%

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

Product Wise Average IRR Range

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

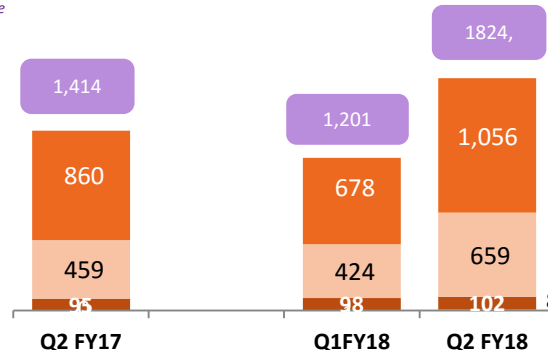
Consistent Asset Quality, GNPA & NNPA levels same as Q1FY18



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

Retail Assets Disbursements growth led by growth in all segments Overall Retail Disbursements

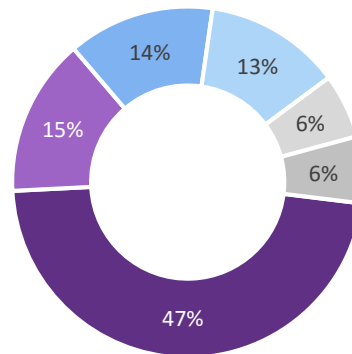
INR Crore



Products	Q-o-Q	Y-o-Y
Overall Retail Bank	51.9%	29.0%
Wheels	55.7%	22.8%
SBL MSME	55.5%	43.4%
SBL - SME	4.3%	8.1%

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

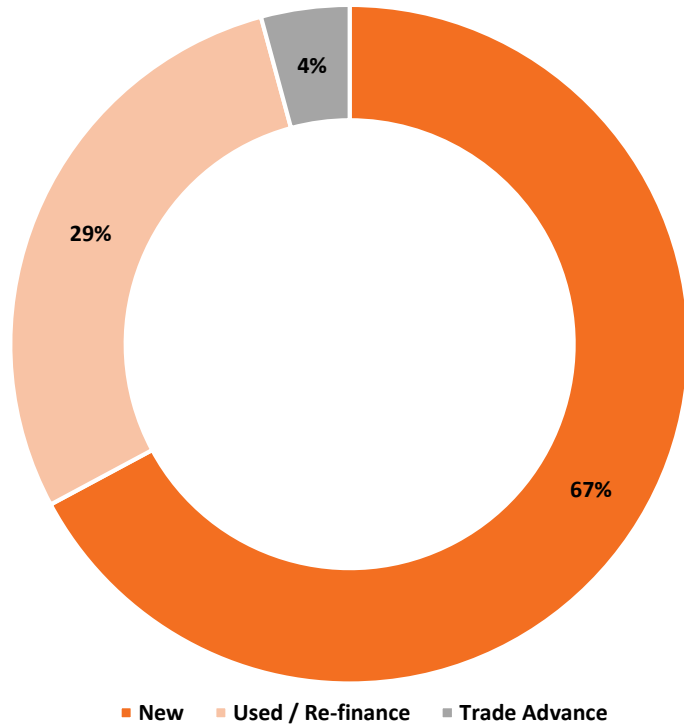
Retail Assets Regional Break-up



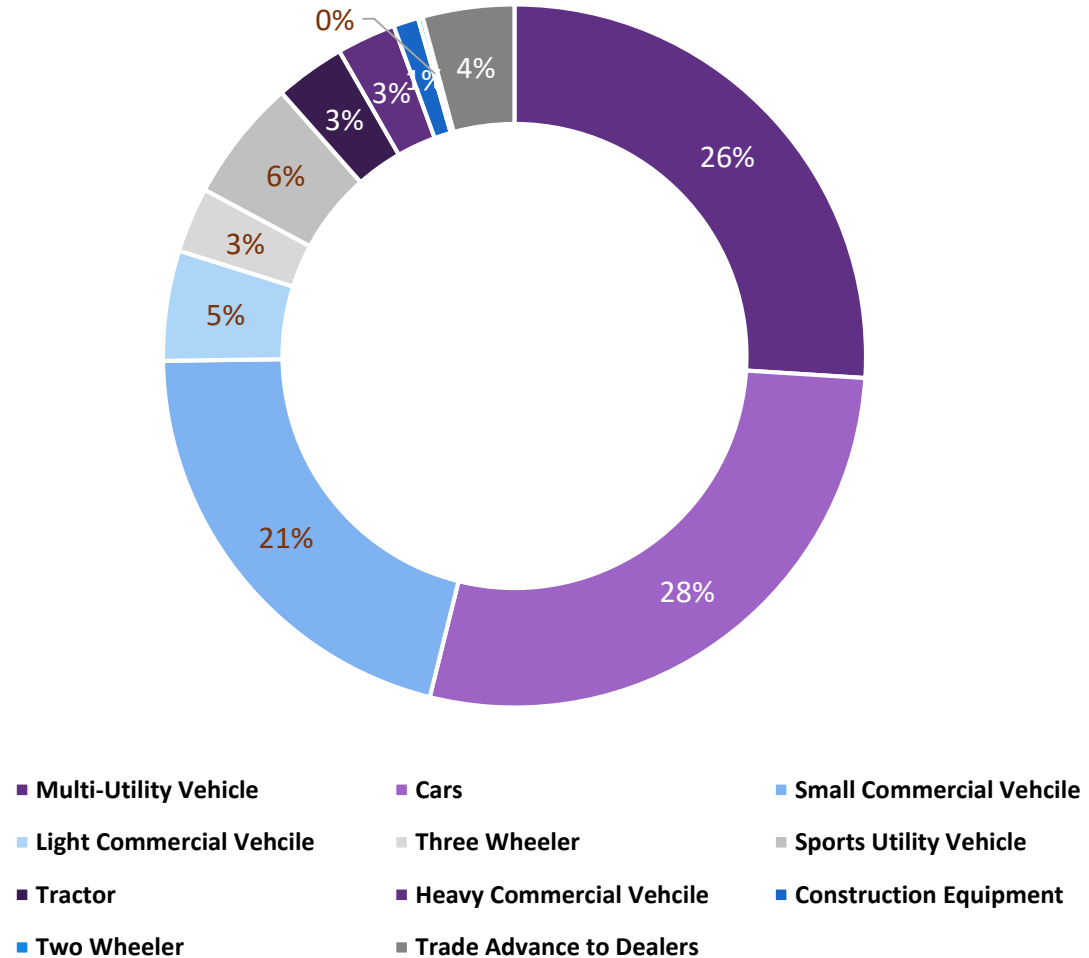
- Rajasthan
- Gujarat
- Maharashtra
- Madhya Pradesh
- Delhi
- Punjab + CG + Haryana + HP + Goa

Wheels Book Split by Ownership & Product Types

Wheels AUM break up – New vs Old



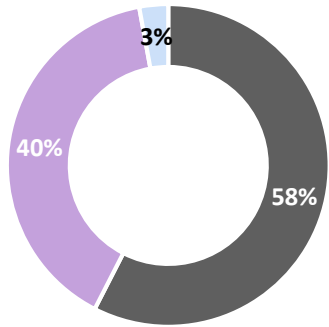
Wheels AUM break up – Vehicle types



As on 30th Sep 2017

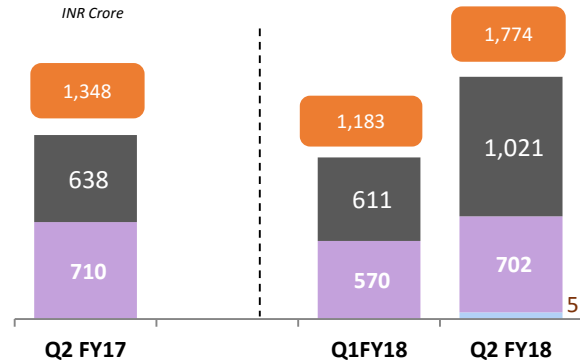
Wholesale Bank Snapshot

Wholesale Bank Assets AUM Break-up – Exposure to NBFC ~60%



■ NBFC ■ Real Estate Group ■ Business Banking

In Q2FY18 Wholesale Bank AUM by ~32% Y-o-Y; NBFC clocked growth over 60% Y-o-Y



■ NBFC ■ Real Estate Group ■ Business Banking

AUM Growth	Q-o-Q	Y-o-Y
Overall Wholesale Bank	50.0%	31.6%
NBFC	67.1%	59.9%
Real Estate Group	23.0%	-1.1%
Busi Bkg	n.a.	n.m.

■ NBFC ■ Real Estate Group ■ Business Banking

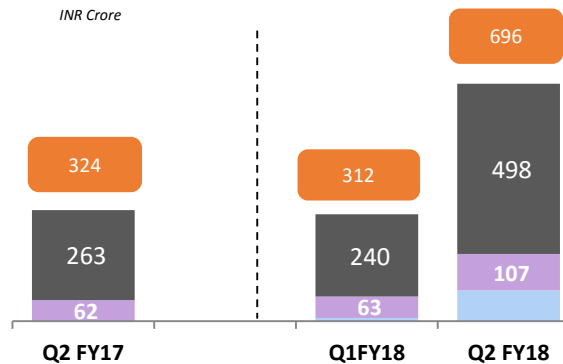
Product Wise Average IRR Range

NBFC 10%-14%

Real Estate Group 14%-19%

Business Banking 10%-12%

Wholesale Bank Disbursement Break-up; NBFCs Disbursements grew over 89% Y-o-Y






■ NBFC ■ Real Estate Group ■ Business Banking

Disbursement Growth	Q-o-Q	Y-o-Y
Overall Wholesale Bank	122.8%	114.5%
NBFC	108.0%	89.6%
Real Estate Group	71.1%	74.1%
Busi Bkg	n.a.	n.m.

■ NBFC ■ Real Estate Group ■ Business Banking



-  Q2FY18 Performance Summary
-  Retail Bank, Wholesale Bank Snapshot
-  **Liabilities Snapshot**
-  About AU Small Finance Bank
-  Q2FY18 Financials & Shareholding

Well entrenched distribution franchise

11 States

301 Branches &
113 Asset Centers

287 ATMs

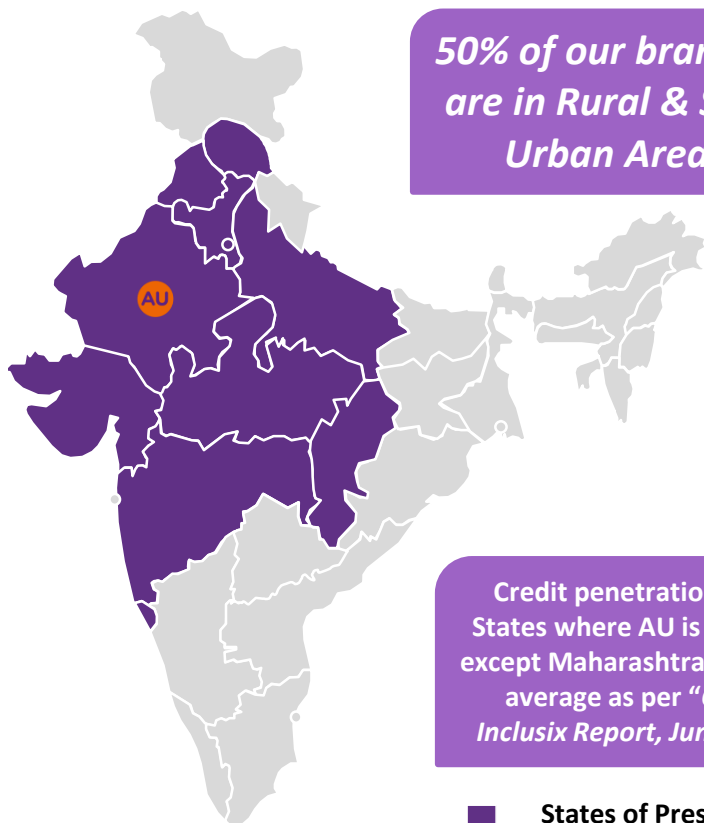
9,974
employees

303,756 Active Loan
Accounts

156,091 CASA
Accounts

33% CASA Ratio

Deep Penetration into Core States and Expansion into Growth Geographies



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

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

States of Presence

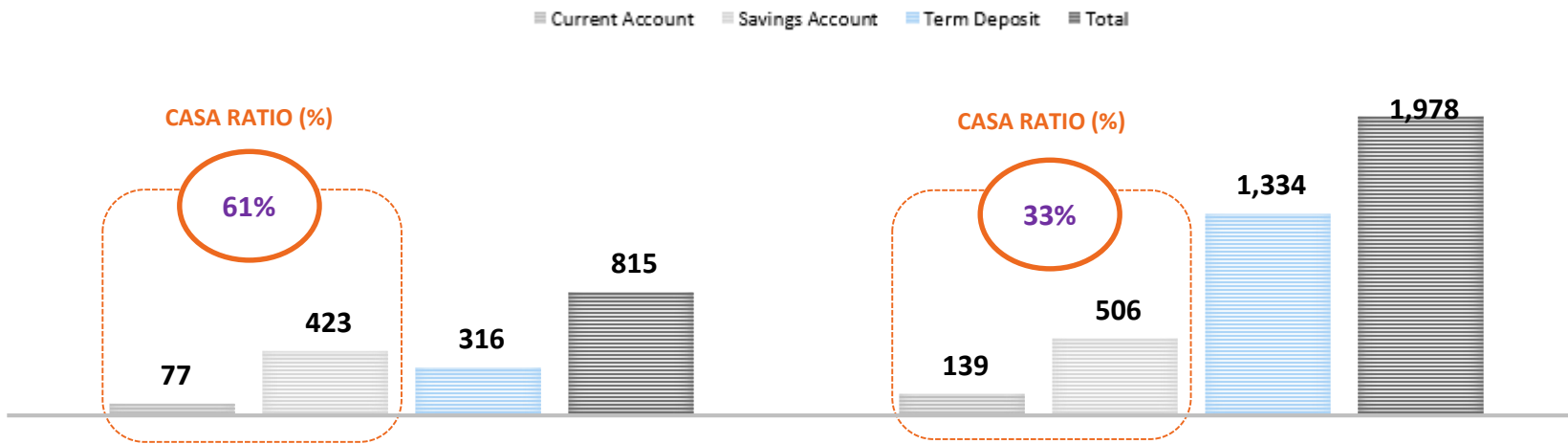
Branch Distribution

State	Metropolitan	Urban	Semi-urban			Rural		Total
	Tier 1	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5	Tier 6	
Rajasthan	14	23	19	43	21	3	14	137
Gujarat	8	20	4	5	3	-	-	40
Madhya Pradesh	5	16	7	9	-	-	-	37
Maharashtra	12	16	6	2	1	-	-	37
Punjab	1	11	4	2	-	-	-	18
Haryana	1	11	1	1	-	-	-	14
Chhattishgarh	1	4	-	-	-	-	-	5
NCT of Delhi	5	-	-	-	-	-	-	5
Himachal Pradesh	-	1	-	2	1	-	-	4
Uttar Pradesh	1	1	-	-	-	-	-	2
Chandigarh	-	1	-	-	-	-	-	1
Goa	-	-	1	-	-	-	-	1
Total	48	104	42	64	26	3	14	301

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

Liabilities, Branch Banking, Cross Sell - Snapshot

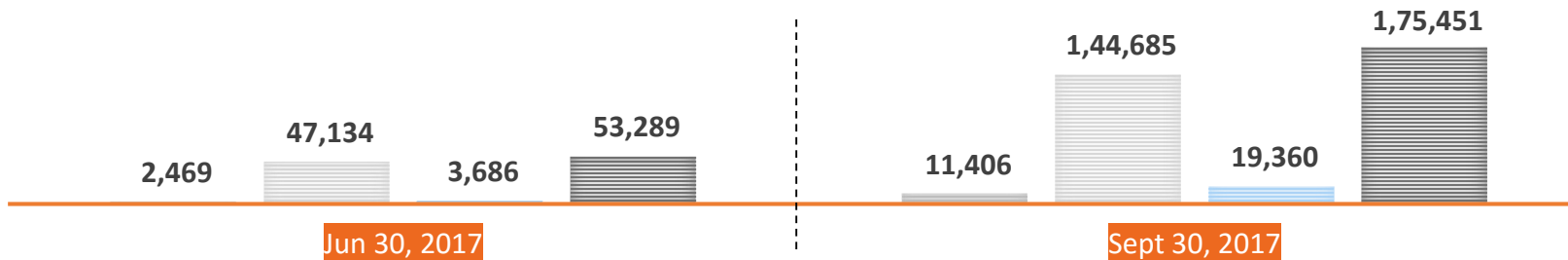
Rapidly building granular retail deposit franchise (value), CASA Ratio of 33%



Growth in Q2

143%

Rapidly building granular retail deposit franchise - No of Accounts



229%

ATS in Q2



Current Account	Savings Account	Term Deposit	Total
1.2 Lacs	0.35 Lacs	6.89 Lacs	1.13 Lacs

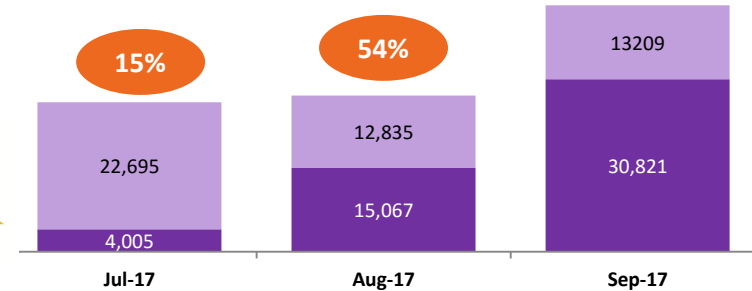


Aadhaar linked TAB-based “Paperless” account opening

- Completely automated individual Saving’s account opening – 100% Straight Through Process
- Clocking average of ~2,500 accounts opened per day
- All sales executives are equipped with such TAB devices



Savings A/c opened via TAB



POS services successfully initiated for our customers

- Bijlipay on-boarded with our existing partner, ITSL
- Kickstarted with successful installation of over 50 machines



NEFT & RTGS made live on Internet Banking platform.

UPI integration is underway



95.7% of Cumulative uptime was achieved for ATMs ; Achieved 13.7 Lakh+ card transactions



Received Corporate Agency Approval from IRDAI for distributing 3rd party Insurance Products

- Tied up with Aditya Birla Health Insurance Co Ltd;
- Agreement Signing stage with another leading Indian insurance carrier for general insurance



Received AMFI Registration Number from AMFI to act as Mutual Fund Distributor;

- Signed Distribution agreement with Top 11 Assets Management Companies



Association of
Mutual Funds in India

Liabilities Product Portfolio	Savings Accounts	Insurance (3 rd Party)
	Current Accounts	ATMs
	Fixed Deposit	Lockers
	Recurring Deposits	Debit Cards
	Net Banking	
	TAB Banking	
	Mobile Banking	

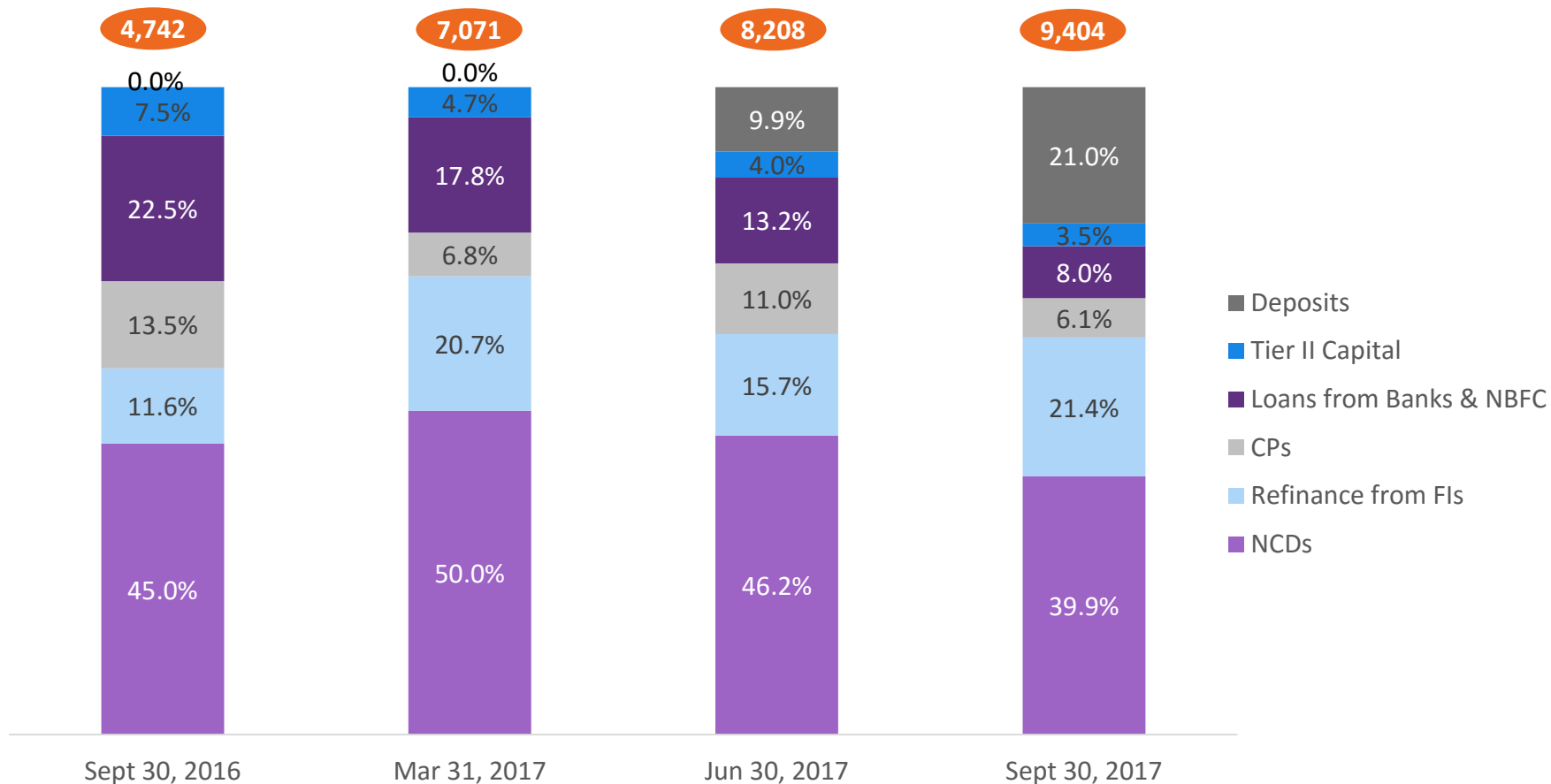
Key Features

- ✓ Few Product Variants - Easy to remember & recollect
- ✓ Go-to-Market approach
- ✓ True Anywhere Banking – No home branch concept
- ✓ Extended Banking Hours
- ✓ Monthly Interest Pay-out
- ✓ Higher Interest Rate
- ✓ Pre-Qualified Overdraft facility for our existing Asset Customers
- ✓ Auto Upgrade of Features and therefore No Fear of Charging
- ✓ Simple Forms, Less Forms
- ✓ No Deposit Slips
- ✓ Customer “Instruction”, not request

Diversified Liabilities Portfolio

Increasing proportion of Deposits further diversifying the funding profile

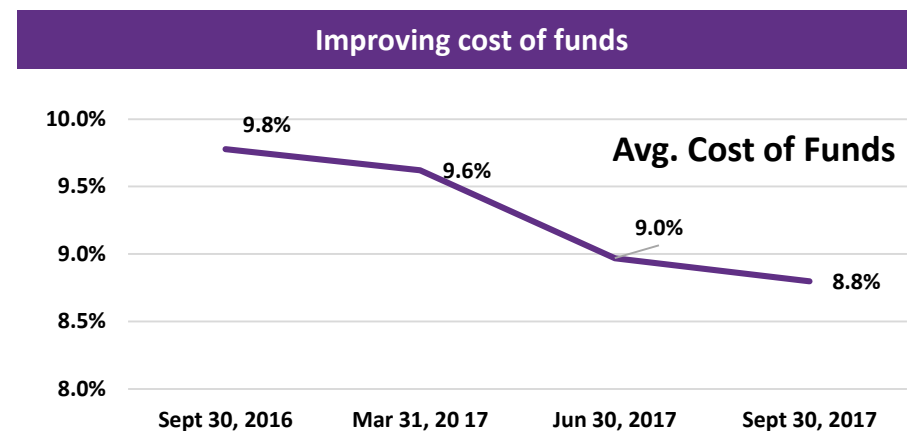
All figures in INR Cr



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

[@]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.

Cost of Funds raised in H1FY18	O/s Amount as on Sept 30,2017 (INR Crore)	ROI %
Before Bank conversion (from Apr 1, 2017 to Apr 19, 2017)	793	8.15%
Post bank conversion (from Apr 19, 2017 to Sept 30, 2017)	3,058	6.70%
Grand Total	3,851	7.40%








Treasury Update

- Executed PSLC deals of additional Rs. 2,615 crore during Q2FY18 generating additional premium income of ~Rs. 22 crore
- Incremental Cost of Fund in 1HFY18 at ~6.7% leading to decline Average Cost of Funds to ~8.8% as on Sep 30, 2017
- Incremental deposits were raised at 6.65% in 1HFY18
- Grandfathered Secured NCDs of Rs. 1000 crore converted into Unsecured NCD enabling capital release and thereby contributed in improving capital adequacy

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



-  Q2FY18 Summary Performance
-  Retail Bank, Wholesale Bank Snapshot
-  Liabilities Snapshot, , Digital, Technology Snapshot
-  **About AU Small Finance Bank**
-  Financials & Shareholding Pattern



चलो आगे बढ़ें

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

AU Bank - Retail Focused, Fast Growing, Well Capitalized, Differentiated, Customer Centric Bank (1/2)



- Mr. Sanjay Agarwal, All India Rank Holder CA - Hands on Promoter, MD & CEO of AU Bank, holding ~33% equity stake; ably supported by seasoned team
- Prominent, retail focused Bank primarily serving low & middle income individuals and businesses that have limited or no access to formal banking and finance channels
 - Wide Spread Distribution across 301 branches, 113 asset centers, 23 offices, 287 ATMs in 11 States & 1 union territory of North, West & Central India
 - 85% of our AUM of Rs. 12134 crore (Sept 30, 2017) comprising of Retail Loans

- Aggressive Growth Track Record with Excellent Asset Quality and No Legacy Issues

	Disbursements	AUM	Customers	Revenue	PAT	Net Worth	Gross NPA (90 DPD ¹)
FY12	2,083	2,554	1,02,021	253	50	394	
FY17	6,730	10,734	2,80,349	1,388	305	1,988	
FY12-FY17 CAGR	~ 26%	~ 33%	~ 22%	~ 41%	~ 44%	~38%	3.0% (Sept 30, 2017)

- Tier I - Capital Adequacy Ratio of 20.6% (Sept 30, 2017) as against regulatory requirement of 7.5%. Net worth of Rs. 2,113 crore as against required capital base of Rs. 100 crores

AU Bank - Retail Focused, Fast Growing, Well Capitalized, Differentiated Customer Centric Bank (2/2)



- Experts in Smaller Ticket Loans and Priority Sector Lending – Our Core Strength
 - 20 years of track record of doing smaller loans; Avg ticket size of around Rs. 5 lacs in Retail loans
- Customer Centricity - No / Minimal forms, Higher Interest Rates, Monthly Interest Payout, Extended Banking & Locker Hours, True Anywhere Banking, Tab Based A/c opening, etc.
- Matured / Customer centric technology stack including CBS, CRM, LOS, OBDX and OFSA functionalities
- Offering comprehensive suite of banking products and services under Retail Bank, Wholesale Bank, Liabilities, Digital Bank.
- Marquee Investor Institution base including IFC Washington (member of World Bank Group), Warburg Pincus etc.
- Listed on NSE and BSE; Market Capitalization of Rs. 15,396 Crore as of 10th July 17 (date of listing)
- Long-term credit rating of “A+” and Short-term credit rating “A1+”

Key Milestones | Our Journey

**FY
96-07**

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

- Obtained investments from IBEF and INEF I (Motilal Oswal) & IFC & Infusion by Promoters

- Attained the status of Systemically Important Non-Deposit Taking Asset Finance Company".

- Started MSME finance (Secured Business Loans)

- Commenced operations in Gujarat

**FY
08-10**

**FY
11-12**

- Entered SME Finance, NBFC finance and Real Estate Group; Set up Housing & Insurance Broking subsidiaries

- Obtained PE funding from Warburg Pincus & IFC

- Expanded in Punjab, Madhya Pradesh and Goa

- PE Investment by ChrysCap & Kedaara

- Two notch long term rating upgrade by CRISIL to CRISIL A / Stable

- Assigned long term rating of IND A+ / Stable from India Ratings

- Entered Delhi, Himachal Pradesh and Haryana

**FY
13-15**

FY16

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

- Divestment in Au Housing Finance Ltd & other subsidiaries / associates

- Secondary market sale of shares by foreign shareholders to domestic shareholders to the extent of ~15% to meet SFB regulations

- Receipt of final SFB license

FY17

H1FY18

- Commenced SFB operations – offering full fledged banking product & services

- Started offering Business Banking, Two-Wheeler Loans, Gold Loans, Agri-SME Loans

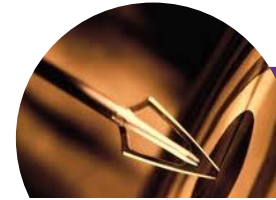
- INR 1,913 Cr IPO; Oversubscribed by 54x; Listed on NSE & BSE

- Registered as Corporate Agent with IRDA for Bancassurance



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

Table of Contents

-  Q2 Summary Financial Performance
-  Retail Bank, Wholesale Bank Snapshot
-  Liabilities Snapshot, , Digital, Technology Snapshot
-  About AU Small Finance Bank
-  Financials & Shareholding Pattern

Profit & Loss Statement

(All Figures in INR Crore)	Q2FY18	Q2FY17	Y-o-Y	H1FY18	H1FY17	Y-o-Y	Q1 FY18	FY17
	Unaudited	Unaudited		Unaudited	Audited		Unaudited	Audited
Income								
Interest Earned	410	324	27%	771	616	25%	361	1,287
Interest Expended	191	128	48%	368	253	46%	178	500
Net Interest Income	220	195	12%	403	364	11%	183	786
Other Income ¹	97	36	169%	155	60	160%	58	132
Total Net Income	317	232	37%	558	423	32%	241	918
Expenses								
Operating Expenses								
Employee Cost	100	35	188%	171	75	129%	71	193
Other Operating Expenses	73	39	86%	119	78	53%	46	156
Operating Profit before Provisions and Contingencies	144	158	-9%	268	271	-1%	124	569
Provisions (other than tax) and Contingencies	41	22	88%	70	44	61%	29	96
Exceptional Items	-	-23	-100%	-	670	-100%	-	670
Profit Before Tax	103	113	-8%	198	898	-78%	95	1,143
Tax expenses	35	42	-17%	68	236	-71%	34	321
Profit After Tax	68	70	-3%	130	661	-80%	62	822
Profit After Tax (adjusted for exceptional items)	68	85	-20%	130	144	-10%	62	305

¹ Other income includes processing fee and other charges collected, profit on sale/purchase of mutual fund, recovery from loans written off, PSLC etc.

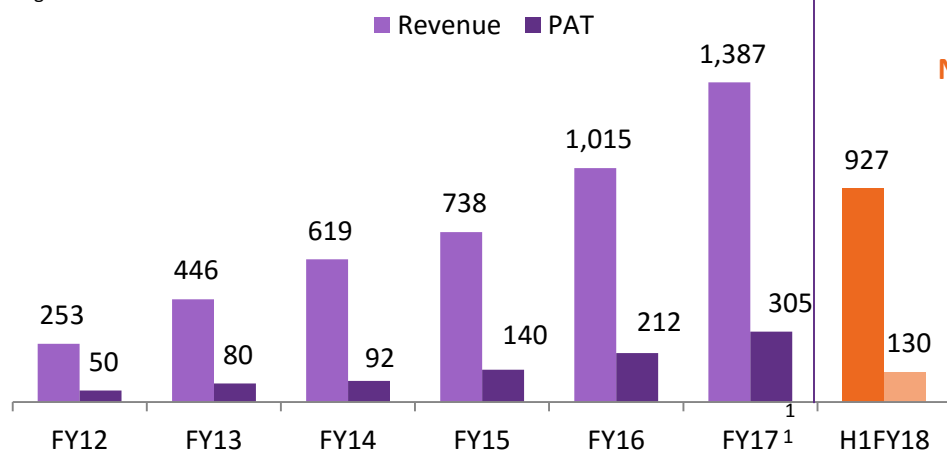
Balance Sheet

(All Figures in INR Crore)	Sept 30, 2017	Sept 30, 2016	Y-o-Y	Jun 30, 2017	Mar 31, 2017
	Unaudited	Audited		Unaudited	Audited
<u>Liabilities</u>					
Capital	284	46	522%	284	284
Reserves and Surplus	1,828	1,652	11%	1,764	1,703
Deposits	1,978	-	N.A.	815	-
Borrowings	7,442	4,742	57%	7,393	7,071
Other Liabilities and Provisions	799	574	39%	717	709
Total Liabilities	12,332	7,015	76%	10,973	9,768
<u>Assets</u>					
Cash and Balances with R B I	313	10	N.A.	320	13
Balances with banks and Money at Call and Short Notice	884	160	451%	623	611
Investments	1,978	362	447%	2,251	2,150
Advances	8,535	6,290	36%	7,198	6,551
Fixed Assets	393	75	421%	360	276
Other Assets	228	117	94%	221	166
Total Assets	12,332	7,015	76%	10,973	9,768

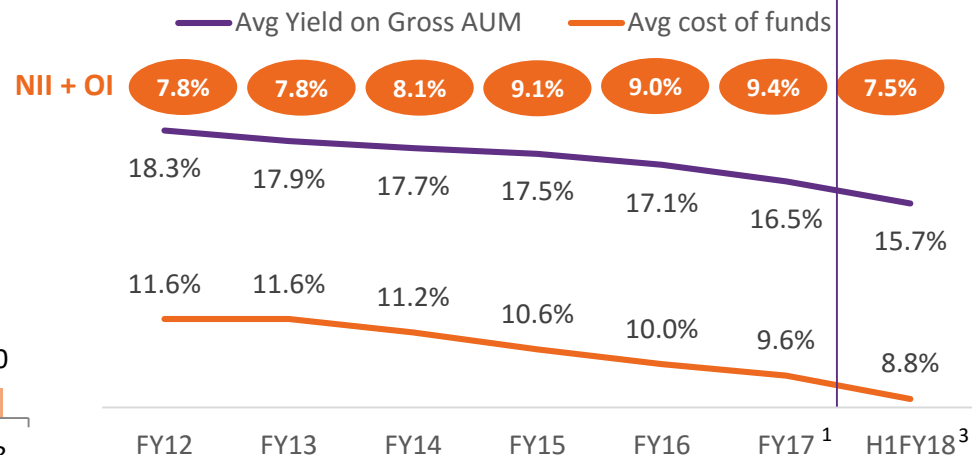
Robust Operating and Financial Performance (1/2)

Total Revenue and PAT

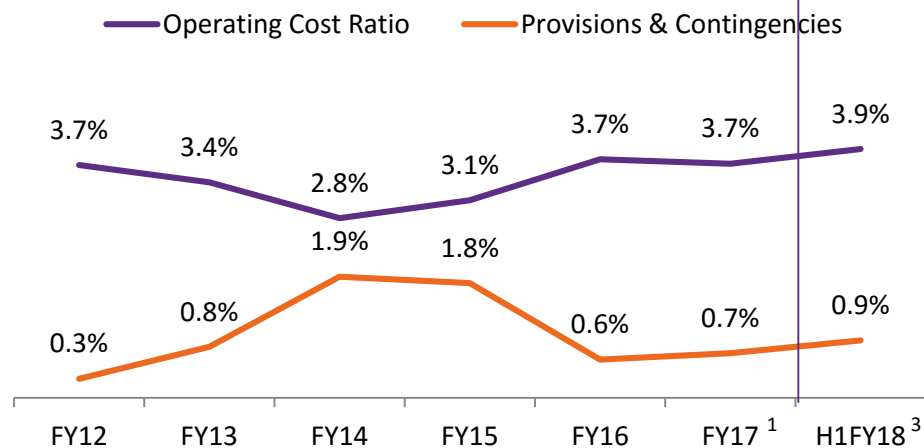
All figures in INR Cr



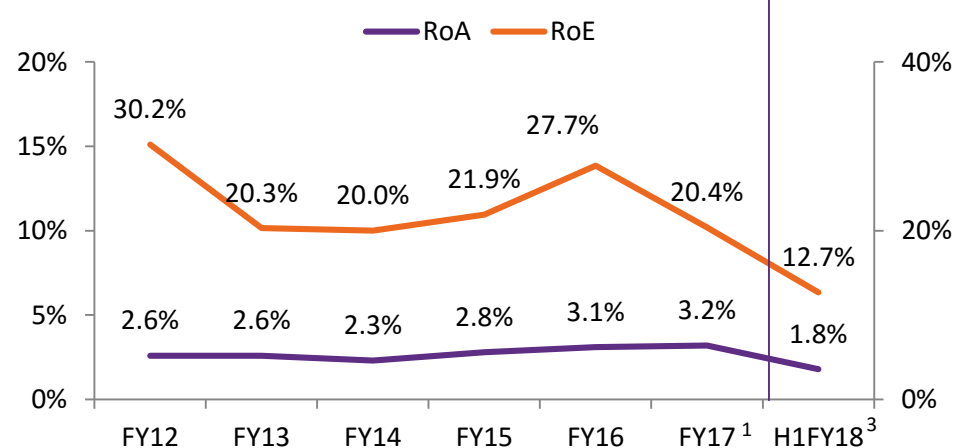
Yields and Cost of Funds²



Opex and Provisions & Contingencies Ratio



Consistent returns (RoA & RoE)



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

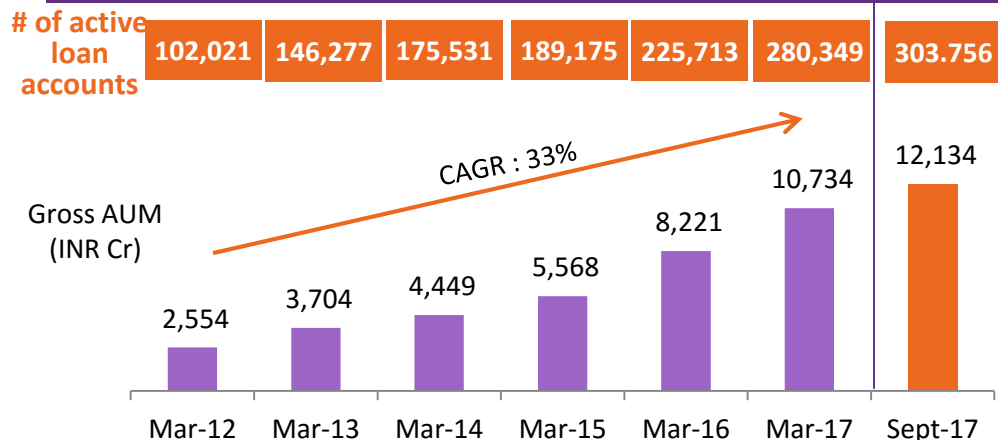
2. Cost of Funds represents simple average of monthly weighted average cost of borrowings and cost of securitization and assignment

3. Annualized

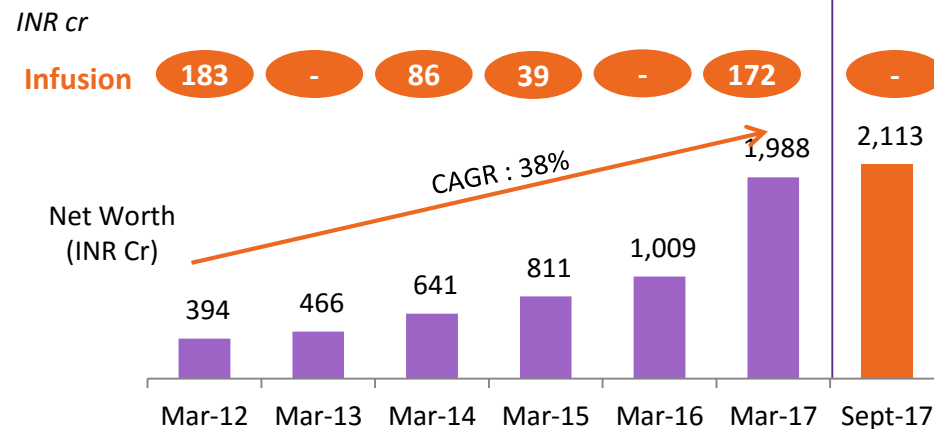
4. NII+OI, Operating Cost ratio, Provision & Contingencies ratio, RoA & RoE are calculated on Average Gross AUM till FY17 whereas for Q1FY18 all such ratios are represented as% of Average Total Assets and Assignment AUM:

Robust Operating and Financial Performance (2/2)

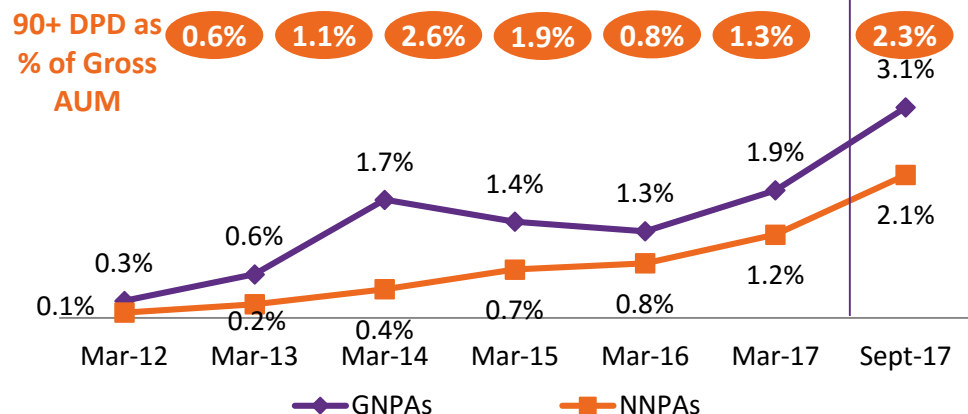
Growth Trajectory



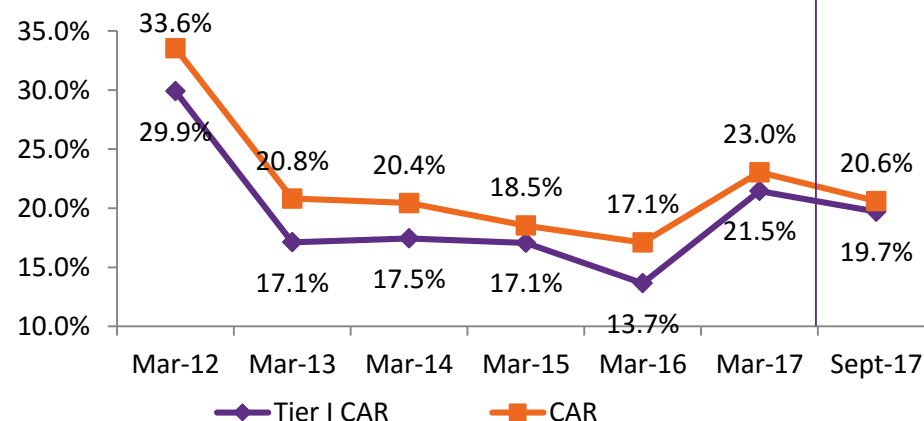
Networth and Capital Infusion



Gross NPA¹, Net NPA & 90+DPD



Capital Adequacy

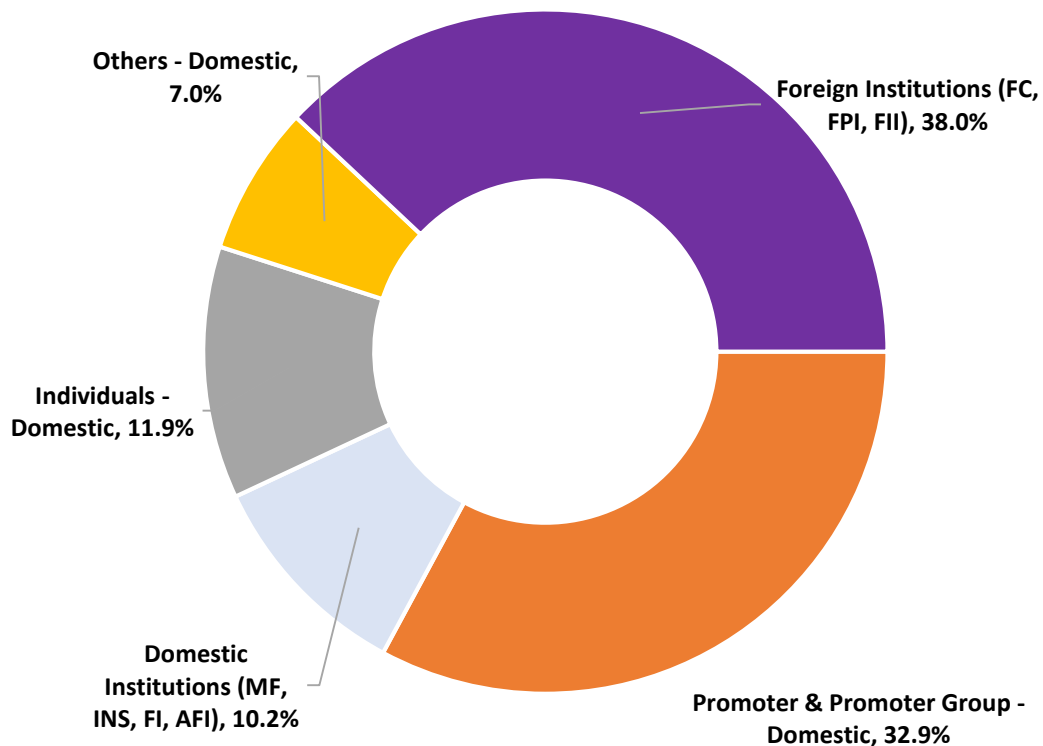


Internal accruals constitute a significant portion of the net worth. Networth as at Sept 30, 2017 of Rs. 2,113 Cr includes capital infusion of INR 579 cr and balance are internal accruals

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

Marquee Shareholders Base – As on 30th Sep 2017

Shareholding Break –up



Key Non-Promoter Shareholders (Holding above 1%)

Holding

Redwood Investment (Warburg Pincus)	15.82%
International Finance Corporation	7.99%
Ourea Holdings (Kedara Capital I)	3.95%
Labh Investments (ChrysCapital VI LLC)	3.80%
SBI Mutual Fund (through its various MF schemes)	3.62%
ICICI Pru Life Insurance	1.71%
SBI Life Insurance	1.71%
Motilal Oswal Mutual Fund (through its various MF schemes)	1.58%
Amansa Holdings	1.22%
Motilal Oswal Securities	1.15%

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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