

Ref. No.: AUSFB/SEC/2019-20/486

Date: 15th February 2020

Listing Department National Stock Exchange of India Limited, Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai 400051, Maharashtra. Symbol: AUBANK	Department of Corporate Services, The BSE Limited, PhirozJeejeebhoy Towers, Dalal Street, Mumbai 400001, Maharashtra. Scrp Code: 540611
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Dear Sir(s),

Sub: Disclosure under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In reference to our letter Ref No: AUSFB/SEC/2019-20/484 dated 13th Feb 2020 regarding investors and analysts meet held at Mumbai on 12th February 2020 at the Edelweiss India Conference 2020 , we also hereby enclose the presentation covering the business update of the bank.

You are requested to take note of above and bring it to the notice of all concerned.

Thanking You,
FOR AU SMALL FINANCE BANK LIMITED



Manmohan Parnami
Company Secretary & Compliance Officer
Enclosure: Presentation

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



**AU
SMALL
FINANCE
BANK**

Crossed the Halfway Mark

Retail Focused | Technology Led | Customer Centric | Well Capitalized | Fast Learning



February 12, 2020

April 2017



The Beginning
as SFB

December 2019



Crossed the
Halfway Mark

First 11 quarters'
Performance &
Learnings

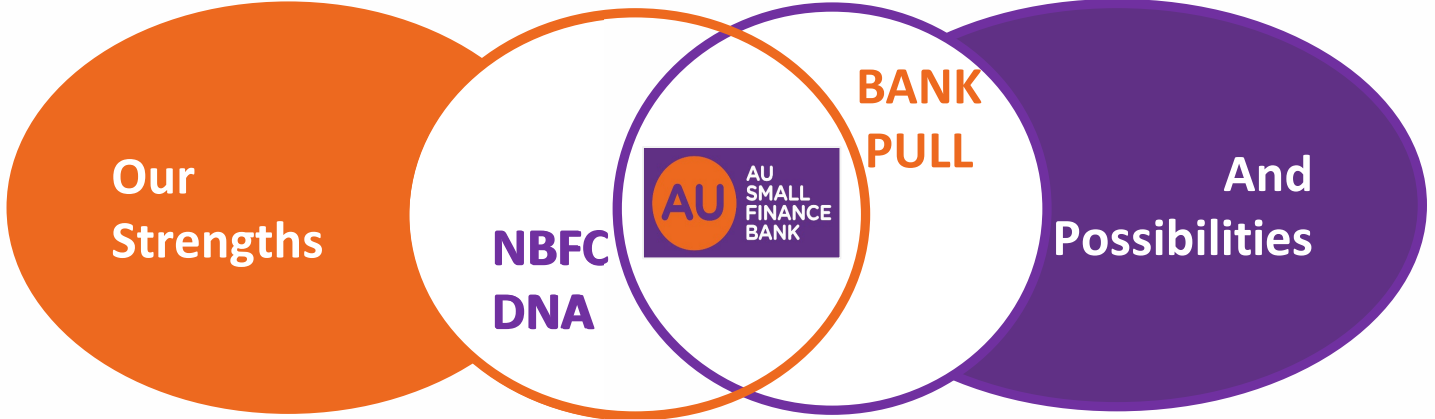
April 2022



Completion of
5 years as SFB

Next 9 quarters'
Expectations &
Way forward

AU Bank - Leveraging best of both worlds



“ear to the ground”, agility, push and cost-conscious approach

Bank Brand –The biggest multiplier, a natural Pull

24+ years of small ticket, secured lending vintage in niche product / customer segments

Comprehensive suite of products and services -a significant cross-sell lever; Untapped markets

Nuanced understanding of “perceived risks” with resilient pricing power

Strong Balance Sheet, healthy capital adequacy; compliant with SFB guidelines

Strong underwriting, monitoring and collections – core DNA

Operating Leverage – Unfolding gradually. Investing in Brand, Engagement, Tech, Product and Distribution

Execution Focused Leadership Team
Stable and Seasoned Second Line

Tangibles of last 11 quarters



Our Own Expectations

Outcome

Disbursements Growth

35-40%

55%

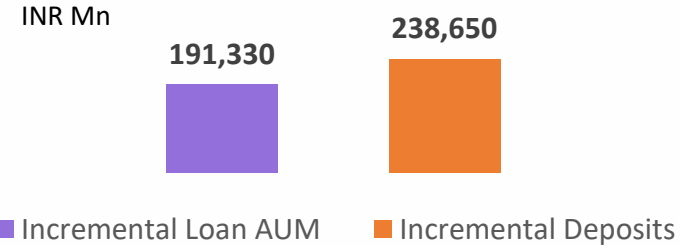
Proportion of Retail

Born Retail, would continue to be 80%

80%+

Deposits Accretion

To fund incremental disbursements



Return on Average Assets

Should be >1.0%

~1.8% (9M)

Return on Average Equity

Should not be in single digit

~17.4% (9M)

Limitless Opportunities, Perpetual Journey

Particulars	31-Mar-2017	31-Dec-2019	Growth
Touchpoints	301	624	2.1 Times
Total Assets (INR Mn)	97,810	383,940	3.9 Times
Net Worth (INR Mn)	19,880	42,370	2.1 Times
Total Customer A/c's	280,349	2,059,245	7.3 Times
Loan AUM (INR Mn)	107,340	298,670	2.8 Times
Total Deposits (INR Mn)	0	238,650	n.m.
CASA + Retail TD (INR Mn)	0	105,170	n.m.
Employees	8,515	15,308	1.8 Times
No of Product Offerings	5	29	n.m.

- Transition from NBFC to Bank
- IPO
- Scheduled Commercial Bank
- Preferential Equity issuance of INR 10 billion to Temasek Holdings
- Credit Rating upgraded to AA- / Stable
- Strong growth in Advances & Deposits, stable asset quality and ROA of ~1.8%
- Inducted 3 new independent directors taking the strength of the board to 10 members with 7 independent directors

Operational Highlights

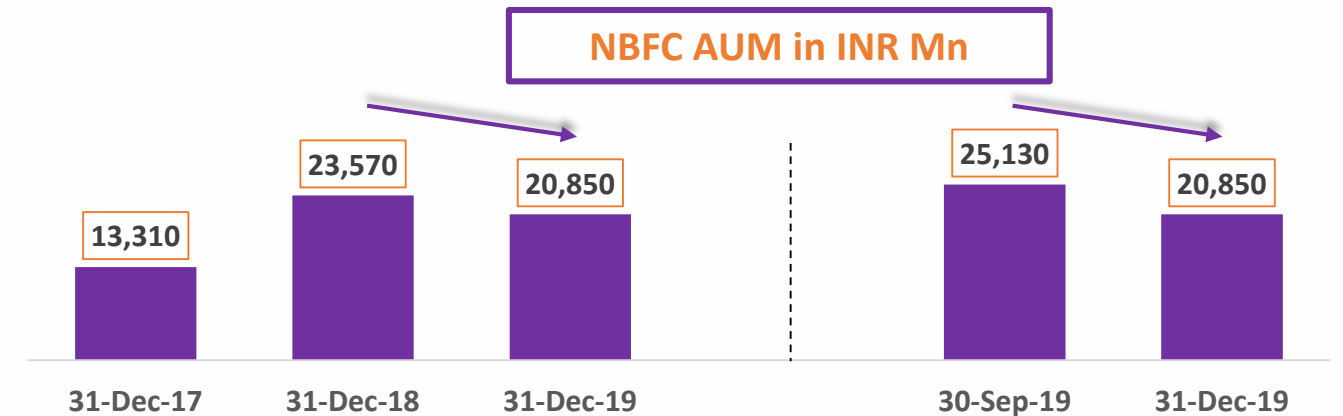
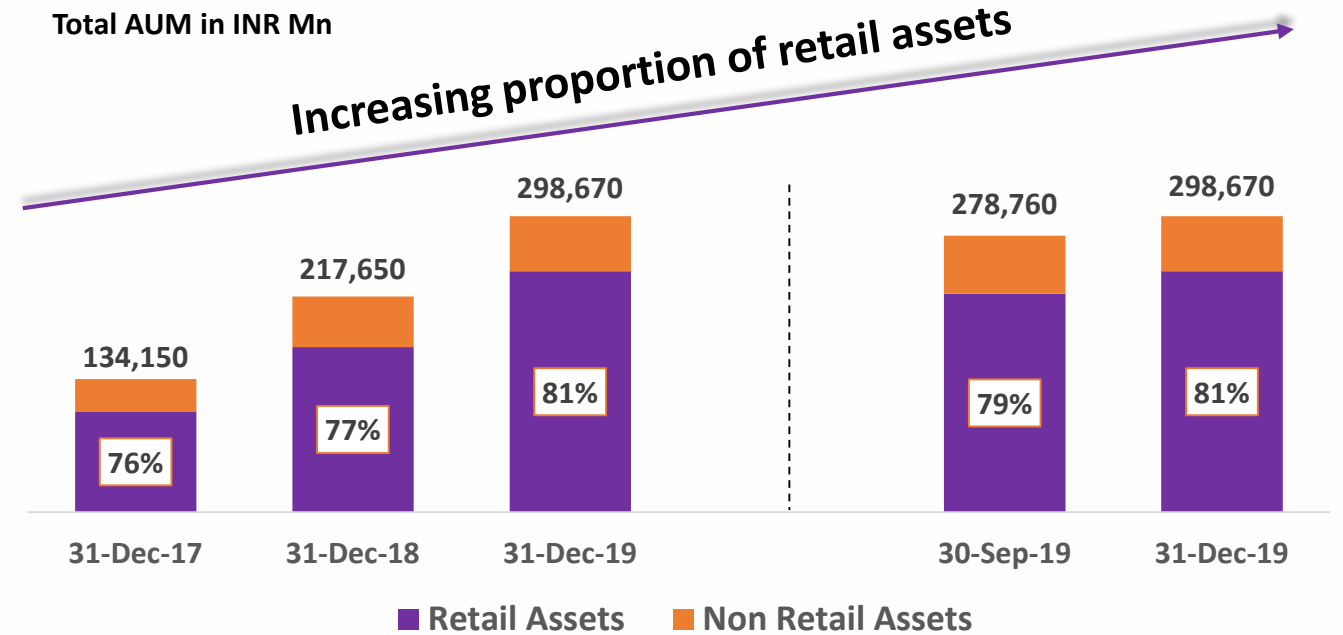


Continued focus on growing Retail Assets

98% of total AUM is secured

Shrinking NBFC book

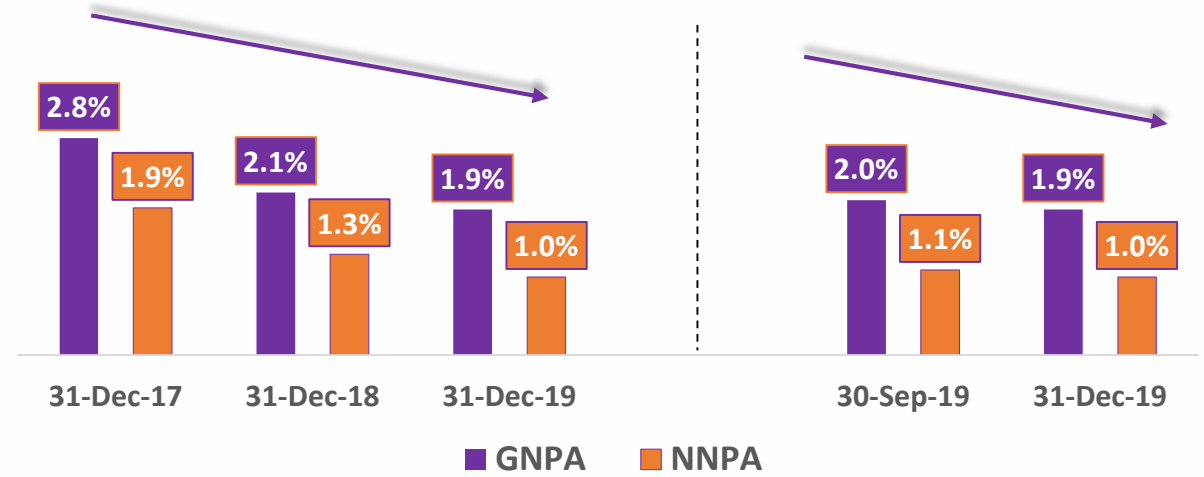
Diversified portfolio of 162 entities with ATS of INR 130 Mn



Operational Highlights

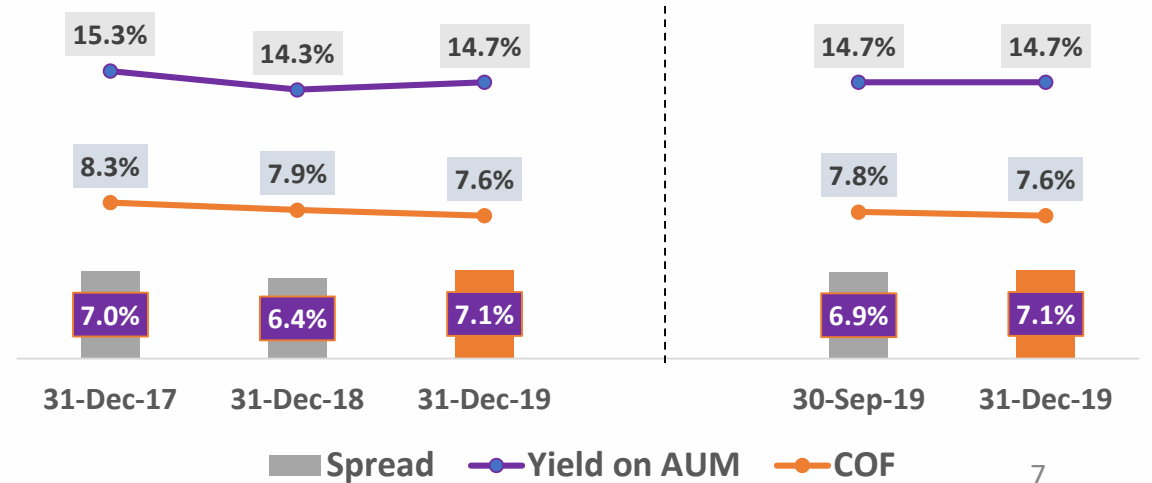
Superior Asset quality

despite
slowdown and daily NPA tagging



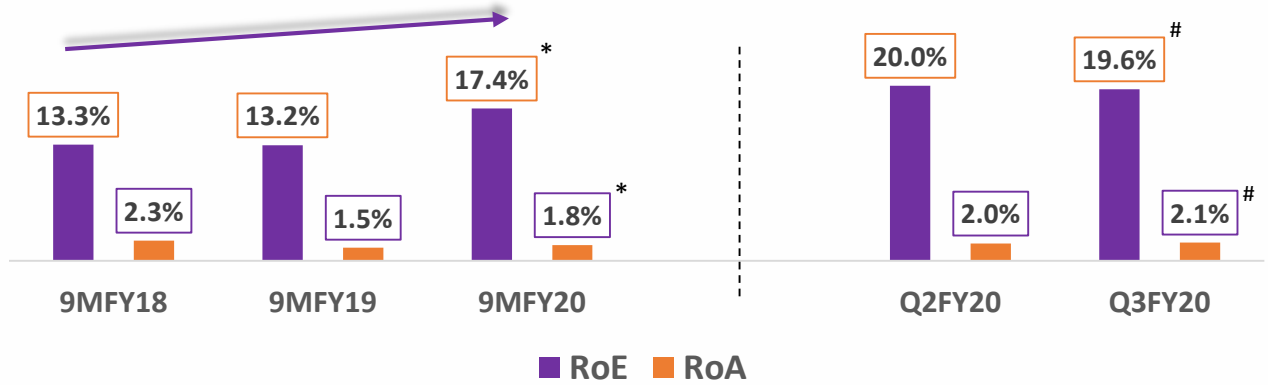
Improvement in spreads by

- Increase in yields
- Reduction in cost of funds



Operational Highlights

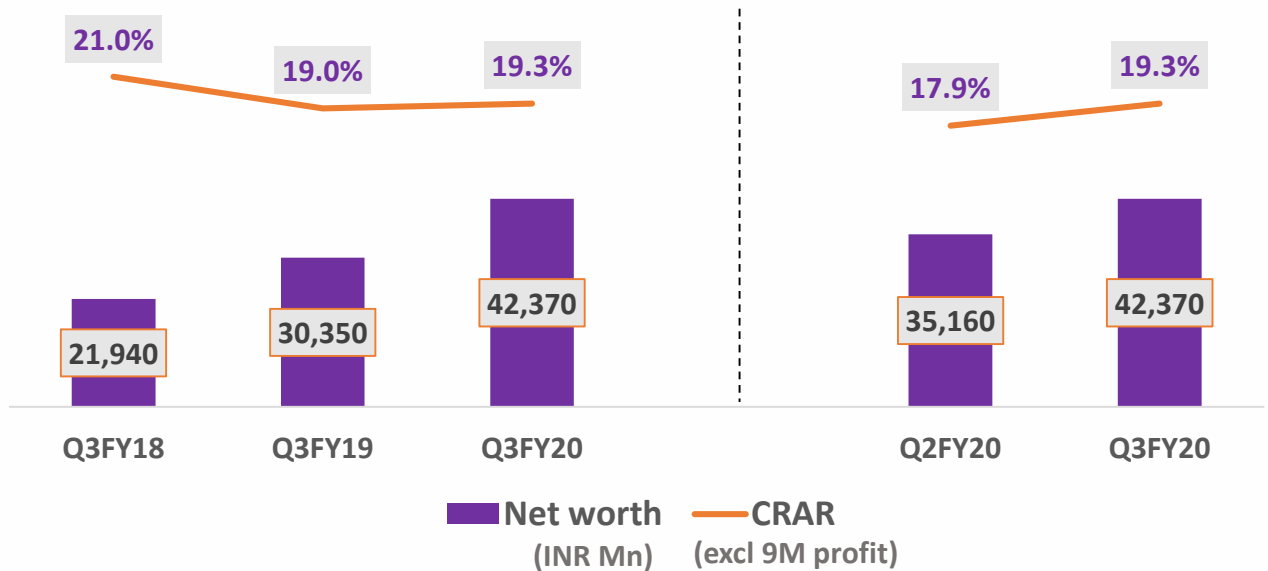
RoE and RoA show marked improvement



Adequately capitalized for growth

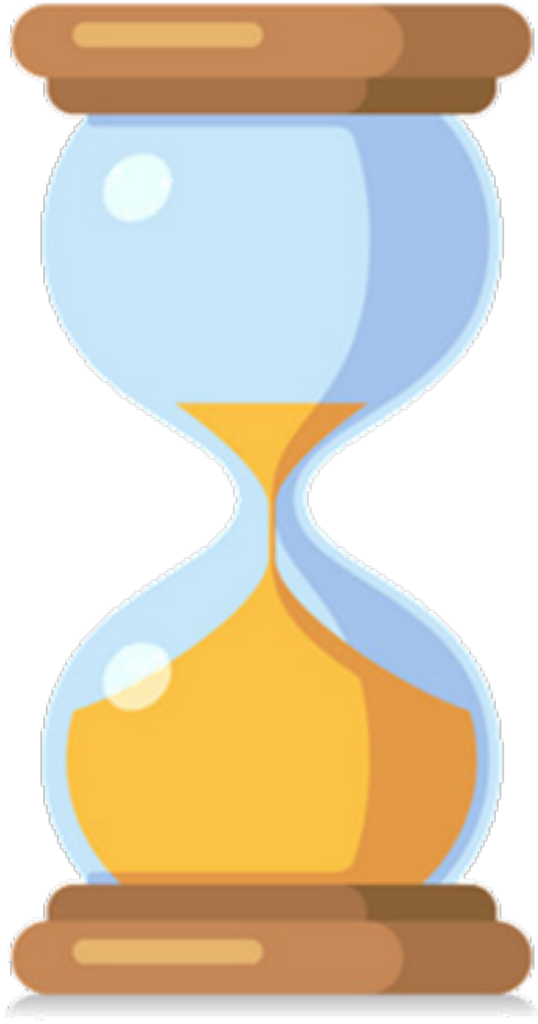
- Investment of INR 5.25 Bn from Temasek in Dec 2019

- Additional buffer of investment in Aavas Financiers Ltd of ~INR 9 Bn at current market valuation



* Excluding profit on sale of shares in Aavas Financiers Limited (RoA – 2.1%, RoE – 19.9%)

Received INR 5.25 Bn from Temasek post warrant conversion in Dec 2019



The Upcoming Time

A forever journey

Product Highlights

Personal Banking



Savings A/C

Term Deposit

Insurance
&

Investment

Wheels Loan

Home Loan

CD Loan

Gold Loan

Unsecured Loan

Deposits

Advances

Commercial Banking



Current A/C

SBL

Business Banking

Trade FOREX

Agri SME

NBFC

REG

Deposits

Advances

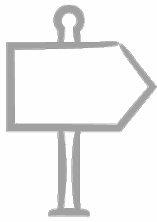
Key Enablers

AU Built on strong Foundation



Detailing & Execution oriented, pricing the risk, robust asset quality

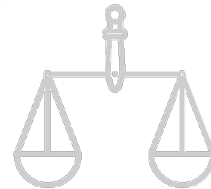
AU Led by AU Dharma



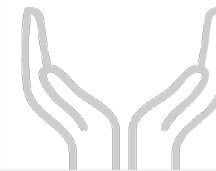
AU Focus on building the Character of the Bank



समझदारी (Sensibility)

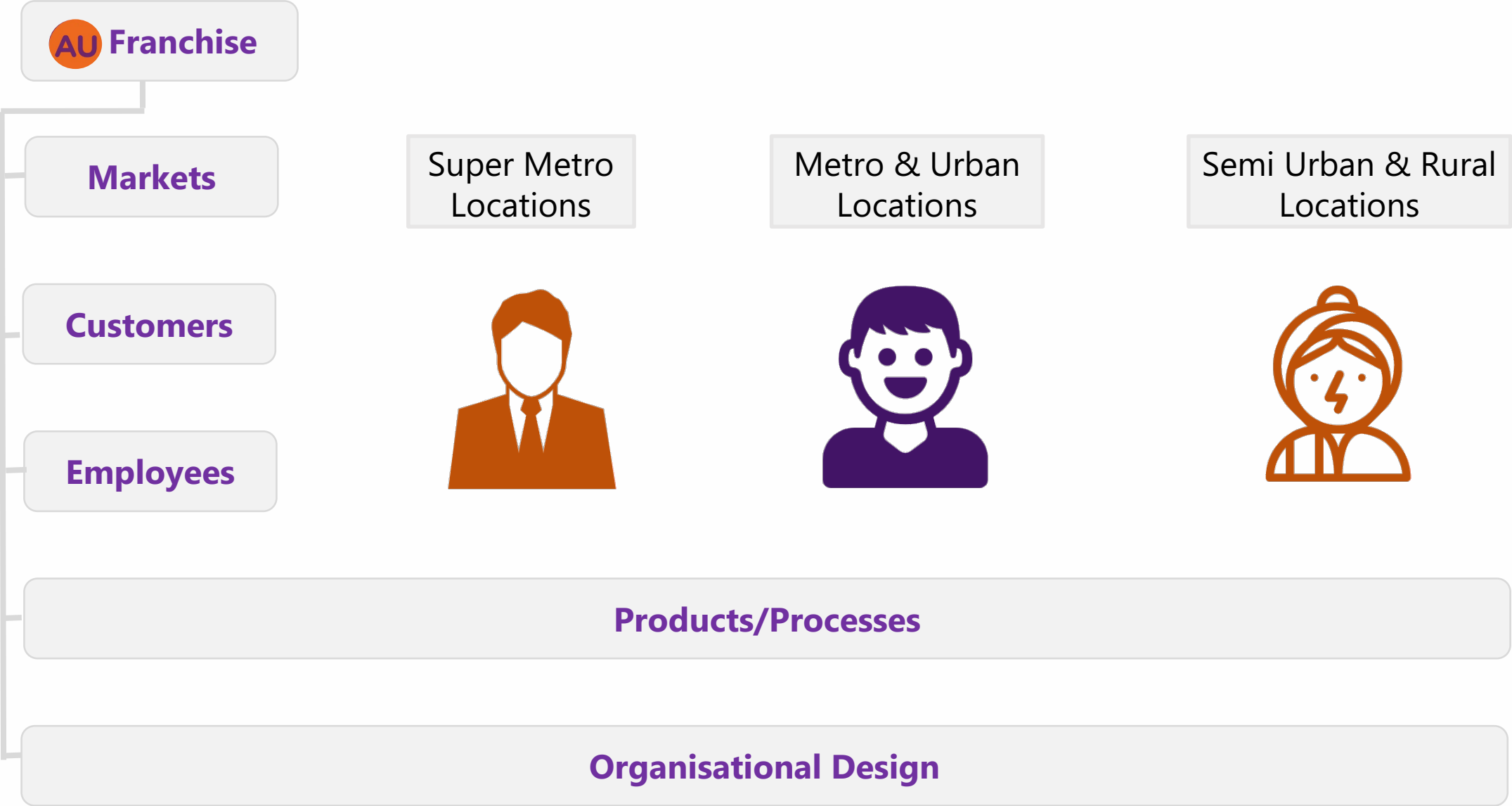


ईमानदारी (Honesty)



ज़िम्मेदारी (Responsibility)

Building the Franchise



3 Pillars of a Bank



Bank

Deposits

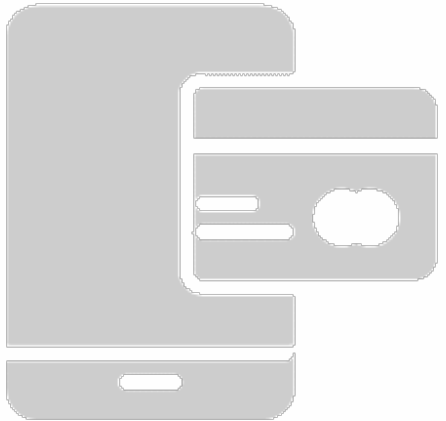
Customer

Discretionary



Advances

Requirement



Payments

Necessity

Tech and other initiatives



Two-Wheeler paperless, end-to-end digital journey (Similar digital journeys for Wheels and SBL are in process)



Analytics driven pre-approved Personal loan & Consumer Durable Loan, scaling up business with FinTech partners



Live with all payment modes




Paperless onboarding for Branch Banking customer with digital account opening flows for CA, SA, FD; ~95% accounts are opened under 30 minutes.



Saving Account on Whatsapp, an industry first initiative



Contactless premier best-in-class debit card launched -  Superior customer value proposition through hyper local tie ups and offers on our Debit Cards



Comprehensive corporate Internet Banking solution



Best-in-class Mobile Banking App coming soon

Key takeaways



- ❑ A niche market for SFBs – opportunity in a growing India
- ❑ Bank is the safest, stable, inspiring and most responsible business model
- ❑ Continuation of our understanding of asset business important to take the Bank to next level



- ❑ Creation of value proposition for attracting deposits
- ❑ Branch Banking to be made viable sooner than later










- ❑ Shift from product centric to customer centric business model
- ❑ The Customer should become profitable for the success of a bank



- ❑ Serving customers better – strong focus on cross sell
- ❑ ‘Phygital’ distribution important for success

Limitless Opportunities.....

Mapping some of the opportunities in Presence, Deposit & Lending space

	India	AU Bank	Opportunities
Districts	727	243	
Deposits (INR)	131.3 Tn	230 Bn	
New Vehicle (9M)	2.1 Mn	0.055 Mn	
Used Vehicle (FY19)	4 Mn	0.11 Mn	
Two-Wheeler	13.8 Mn	0.01 Mn	
No. of MSMEs	63.3 Mn	0.11 Mn	
Housing shortage	18.78 Mn	.005 Mn	

Challenges



**Economic
Slowdown**



**Attrition at
junior level**



**Trust
in making**

Compliance with Licensing Guidelines



79%

of our loans to priority sector

Financial Inclusion is in our DNA

59%

of loans less than 25 lakh

Granular

28%

of our branches in rural areas

Reaching every remote corner

Way forward

- ❑ Right combination of **4Ds Data, Digital and Distribution** will allow us to deliver **Delight** to our 'Customers'
- ❑ Consistently **Grow Assets by 30-35% p.a.**; Assets Targeted to reach at USD 10 billion by 2022
- ❑ Funded by **Granular Deposit Base**; Deposits targeted to fund ~80% of Loan AUM
- ❑ **Focus on Input**
- ❑ Aspiring to become a Universal Bank

Distribution Strategy

Well Capitalised

Technology Led Bank

If we grow the right way, then we build a brand. If we build a brand, then we will be forever!



Thanks

RBI

The Government of India

Shareholders

Partners

Customers

All of you

चलो आगे बढ़ें !