

Ref. No.: AUSFB/SEC/2021-22/172

Date: 31st August 2021

To,

National Stock Exchange of India Ltd. Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (East), Mumbai 400051, Maharashtra. NSE Symbol: AUBANK	BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400001, Maharashtra. Scrip Code: 540611
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Dear Sir/Madam,

Sub: Clarification on Media Speculation

To address media speculation, we would like to clarify on the points below:

- **Chief Risk Officer (“CRO”):**

In our disclosure on 29th August 2021, we stated the reasons around Mr. Alok Gupta’s resignation. For further information, we wish to inform that Mr. Alok Gupta was hired to replace Mr. Mayank Markanday (the then-CRO) who is still in the Bank (since August 2016 and remained as a CRO till 31st March’ 2021). Mr. Markanday moved to his current position of Chief of Credit Card Business to further fulfil his career aspirations within Bank. The Bank also agreed to the move as having a risk professional is helpful in building an unsecured product line.

Mr. Deepak Jain, our new CRO, is a highly experienced professional and has been with the organisation since 2010 in positions of CFO and thereafter as COO.

Appointment of a new CRO is a disclosable event (as per RBI Circular No. DBR.BP.BC.No.65/21.04.103/2016-17 dated 27th April 2017) which requires disclosure at the earlier of appointment of new CRO or last day of existing CRO’s term, which we made within the regulatory timelines.

- **Head of Internal Audit:**

Role of Internal Audit function is around ensuring adherence to internal control & processes designed and approved by Audit Committee and the Board of Directors. We have a full-fledged Internal Audit team with ~50 members and 7 external concurrent audit firms which have remained stable over the last 4 years.

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CIN: L36911RJ1996PLC011381

Further, we had Statutory Auditors, S.R. Batliboi & Associates LLP and Audit Committee which have remained consistent for last 8 years. As per RBI circular on auditor rotation, we have appointed two reputed audit firms, M/s Deloitte Haskins & Sell and M/s G.M. Kapadia & Co., for a period of 3 (three) years starting from FY 2021-22.

We had proactively brought in Mr. Sumit Dhir in place of incumbent (Mr. Nitin Gupta who had joined the Bank in 2015) in April'21, to further build our Internal Audit function. Mr. Sumit Dhir has expressed his desire to move back to his hometown Delhi due to changes in his personal circumstances following Covid 2nd wave. He continues to be on our rolls as Head of Internal Audit and we remain in discussions with him for a possible retention. These retention discussions are as per our usual HR practices and strategy which we follow for the entire senior management team to manage business continuity, confidentiality, and competitiveness.

Change in Head of Internal Audit (who is an officer of the bank) is an internal HR matter and does not require any SEBI disclosure.

- **Senior Management Team:**

We categorically want to confirm that there is not a single other resignation in the top-50 senior management team or the Board of Directors. The senior management team (top-50) has an average vintage of ~6.5 years with AU and remains very excited around our journey to create a leading banking franchise. Some challenges remain around Jaipur location which we are addressing by scaling up Mumbai and other regional offices at key cities (like Delhi, Pune, Indore, Chandigarh etc). We had disclosed this consideration in our Q1 earnings call on 6th August 2021 and AGM on 17th August 2021.

As the largest SFB, AU has successfully attracted talent over the last 12-18 months. During this period, the Bank strengthened its senior management team with ~100 hires at senior positions in Tech, Sales, Risk, Audit, Credit, HR, and Control positions including Chief Technology Officer, Chief Digital Officer, Lead - Tech Initiatives and Distribution Strategy, Head of Agri Business, Chief Risk Officer (“CRO”), Chief of Credit – Commercial Banking, Chief HR Officer, Head of Internal Audit, Head of IT Audit and Head of Legal amongst others. Business continues to perform well as per our commentary in Q1 earnings call. Asset quality remains stable and last two months collection have given us further confidence. AU remains an attractive franchise for talent.

- We will organise an investor call at 8:30 AM (IST) tomorrow morning (1st September-2021) to address any further queries. The call will be attended by our Chairman of the Board, Chairman of the NRC committee and MD & CEO.

Thanking You,

Yours faithfully,

For AU SMALL FINANCE BANK LIMITED



Manmohan Parnami
Company Secretary and Compliance Officer
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