

5,56,887

CUSTOMER ACCOUNTS

₹ 10,734 Cr.

ASSET UNDER MANAGEMENT

8,515

EMPLOYEES

THE BETTER  
YOU START,  
THE FARTHER  
YOU GO.

## FINANCIERS TURNING INTO BANKERS



It's a proud moment for Au FINANCIERS (INDIA) LIMITED  
having received the License  
on 20th December, 2016 from RBI for  
**AU SMALL FINANCE BANK**

### Forward Looking Statement

In this Annual Report, we have disclosed forward looking information to enable investors to comprehend our prospects and take investment decisions. This report and other statements – written and oral – that we periodically make contain forward looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward looking statements will be realised, although we believe we have been prudent in our assumptions. The achievements of results are subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise.

### Disclaimer

"A licence authorising the Bank to carry on small finance bank business has been obtained from the Reserve Bank of India in terms of Section 22 of the Banking Regulation Act, 1949. It must be distinctly understood, however, that in issuing the licence, the Reserve Bank of India does not undertake any responsibility for the financial soundness of the bank or for the correctness of any of the statements made or opinion expressed in this connection." (RBI Disclaimer issued via letter dated 20th Dec-16)

↑ ₹ **6,730** cr  
DISBURSEMENT

↑ ₹ **10,734** cr  
ASSETS UNDER  
MANAGEMENT (AUM)

↑ ₹ **1,387** cr  
REVENUE

↑ ₹ **822** cr  
PROFIT AFTER TAX (PAT)

Amount as on FY 2016-17

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# चलो आगे बढ़ें



Commencing our joyful journey as Small Finance Bank on 19th April, 2017



**We are honoured!**  
Thanks for your overwhelming support.



With the trust and confidence that our investors reposed in us, our IPO was oversubscribed by 54 times. It was followed by our Company's successful listing on the National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE) on 10th July, 2017.



Incorporated in 1996, AU Small Finance Bank (previously known as Au Financiers (India) Limited) emerged as a prominent, retail-focused Non-Banking Finance Company (NBFC) prior to becoming a Small Finance Bank. It is mainly serving low and middle income individuals and businesses that have limited or no access to formal banking and finance channels.

We primarily operated in vehicle finance, comprising Micro, Small and Medium Enterprises (MSME) loans and Small and Medium Enterprises (SME) loans. Our Company was categorised as a 'Systemically Important', Non-Deposit Accepting Asset Finance Company (NBFC-ND-SI-AFC) by the Reserve Bank of India.

During FY 2015-16, our hard work of two decades was rewarded with the Reserve Bank of India's 'in-principle approval' for converting into a small finance bank. Moreover, we received a licence from the RBI to set up a small finance bank on 20th December, 2016 and we are the only NBFC categorised as an asset finance company to obtain such a licence.

In April 2017, as we transformed into a bank, we expanded and strengthened our business model to offer a diverse suite of banking products and services. We leveraged our asset-based lending strengths, existing customer base and cost-efficient technology driven model. Taking a leap forward, we also got listed on the National Stock Exchange and the Bombay Stock Exchange on 10th July, 2017.

We believe that our transition to a small finance bank offers us a significant growth potential. The RBI's objective to start this new segment of banking was to create inclusive growth.

As an NBFC, we had provided financial solutions to the unbanked and the underbanked sections of the population for over two decades.

Now, as we move forward, we aim to be a retail focused, preferred, trusted small finance bank, offering integrated and tailored solutions to more customers.

As a small finance bank, we have taken multiple initiatives for building a differentiated simplified customer-centric Bank.

We enriched our portfolio of products.

We invested in best-in-class infrastructure.

We widened our network of branches.

We built a robust technology platform.

We built strong audit and compliance framework.

We incorporated risk and governance practices.

We prepared a dynamic team to provide quality services to stakeholders and our customers.

The year also saw the launch of our initial public offer, which attracted an overwhelming response from esteemed investors. We are humbled and honoured by the faith that our growing fraternity of stakeholders have reposed in us.

In our maiden post-IPO Report, we demonstrated our capability and the commitment to take appropriate initiatives to gain momentum and go farther because we believe we have started our journey in right earnest.

With our credo 'चलो आगे बढ़ें' we are partnering progress with our customers.





## VISION STATEMENT

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.



## MISSION STATEMENT

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 & 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 ₹ 1 trillion book size and a client base of 10 Mn+ delighted customers



### 1 INTEGRITY

We are fair and consistent in all our dealings - employees, customers, partners or shareholders



### 2 CUSTOMER FOCUS

If our customers need it we will make it happen



### 3 BIAS FOR ACTION

Urgency in everything we do



### 4 RESPONSIBLY ENTREPRENEURIAL

100% ownership accountability and 0% excuses



### 5 WORK HARD AND LOOK FOR DETAILS

Willing to go the extra mile in everything we do and thoroughly understand customer needs, issues and organisational delivery model



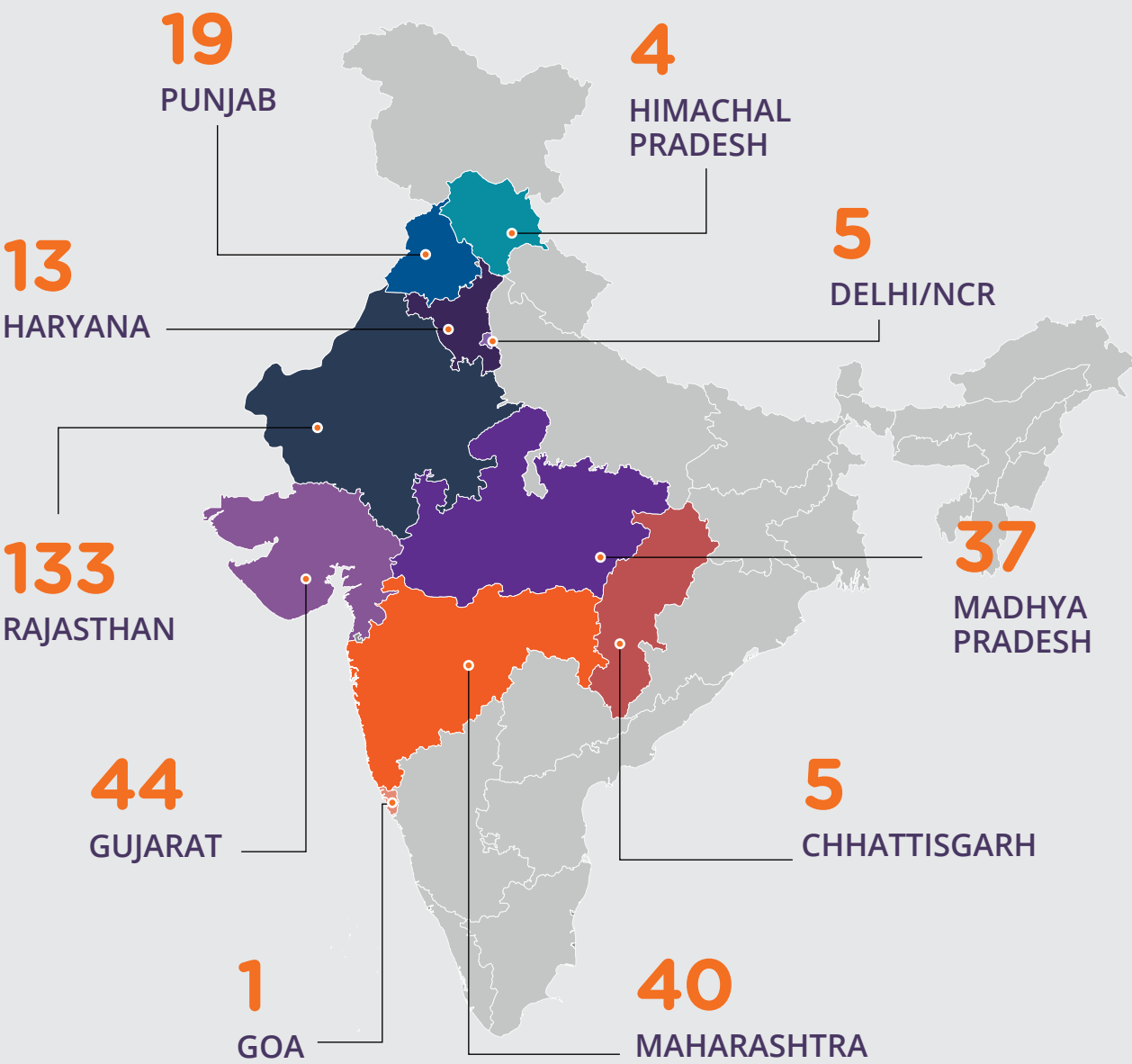
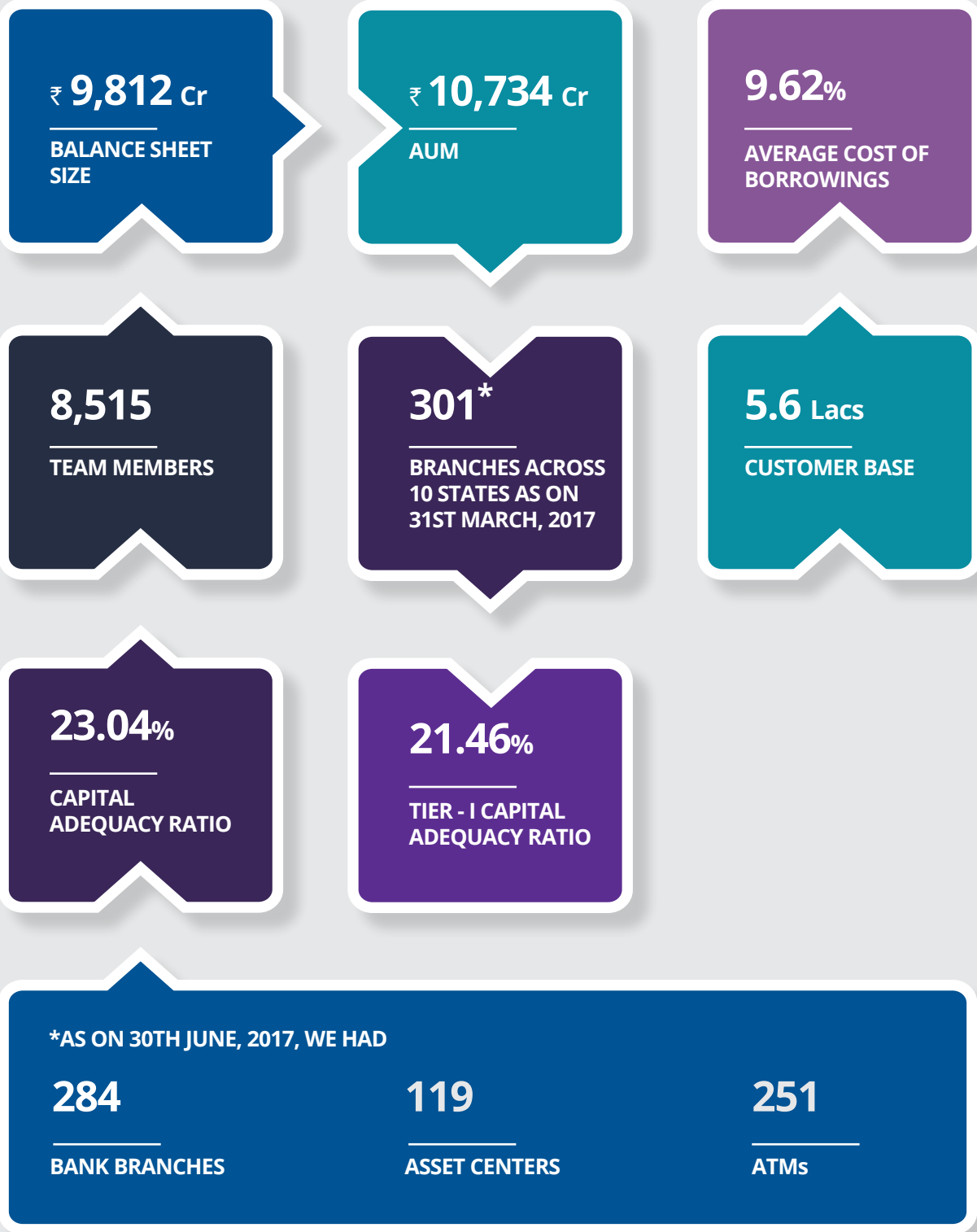
### 6 NURTURE TALENT AND SUCCEED TOGETHER

We nurture talent and together we are a great team working for common goals

AU  
DHARMA  
THE WAY  
WE WORK

The Big Picture is Encouraging

Our Footprint



Offerings that Meet Every Need



Savings Account

At AU Small Finance Bank, we have designed our savings account product bouquet, based on the philosophy of relevance. Each variant of our savings account represents our philosophy and aims to cater to a differentiating and significant demographic aspect of one's life.

Samarth

It is our flagship savings account and is aimed at providing our customers with a 'holistic' and 'hassle-free' banking experience through best-in-class features, services and conveniences. The Samarth Savings Account is the ideal blend of financial freedom and security.

Bachpan

It is a simple saving instrument for children. The Bachpan Savings Account allows children to understand the concept of finance and banking, while giving them a first-hand banking experience.

Vidyaarthi

AU's Vidyaarthi Savings Account is aimed at meeting student-specific banking needs.



Samarth Pravasi

This provides an enhanced banking experience for Non-Resident Indians (NRIs) and Persons of Indian Origin (PIOs). Samarth Pravasi Savings Account helps to manage overseas earnings with best-in-class services like high interest rate, monthly interest payouts and many more.

Tejaswini

This savings account is meant for women who take on many roles today.

Varishtha

A savings account for senior citizens, tailor-made to offer them a host of services like discounts on locker rentals, higher interest rates on fixed deposits and doorstep banking.

Aarambh

This is AU's basic savings account that allows customers to meet their basic expectations from a savings account.

Pragati

A comprehensive salary savings account, designed to keep professionals and service-class individuals in mind.

Sahyog

A multi-functional savings account providing top-notch banking services to institutions, especially government-related institutions.



Current Account

Our Current Account variants cater to all requirements of the business community. With us, businessmen can relax, while handling their daily transactions, credits, payouts and transfers.

Mangalam

Our flagship business account offers customers bespoke solutions for their business needs with seamless transactional experience.

Shubh Labh

This is designed for dynamic businesses, which require customised financial solutions to keep them abreast of market demands. Subh Labh offers secured transactional independence to these businesses.

Shubh Shuruaat

An account exclusively designed for India's start-ups. All businesses recognised or registered with incubators, the Department of Industrial Policy and Promotion (DIPP), accelerators among others are eligible for Shubh Shuruaat.

Parivahan

A Current Account specially designed for transport businesses, it allows them to improve efficiencies of fuel management, vehicle maintenance expenses, collections and payments.

Paryatan

This current account variant offers tour operators, travel agents and hotels to provide better services, by improving their collections from customers and payments to partners.

Vikray

This is a current account offering for retailers, focused on securing the day-end cash deposits and streamlining collections.

AU Samriddhi

An exclusive current account for AU's existing asset customers with benefits like no minimum balance commitment for the first year.



Term Deposits

AU offers a variety of Term Deposits options, where the savings are invested, as a single payment or in recurring installments for a fixed time period. It offers a fixed rate of interest.

Fixed Deposit

Our fixed deposit schemes come with great rates, flexibility and security. We offer higher interest for our senior citizens and quarterly and monthly payout options.

Regular Fixed Deposit

Our regular fixed deposit gives greater flexibility and security with benefits like higher interest for our senior citizens, also, quarterly and monthly payout options.

Five-year tax saving Fixed Deposit

This term deposit option allows customers to grow their wealth in five years, with deposits between ₹ 1000 and ₹ 1.5 lakh.

Sweep-in facility

This facility allows customers to link their existing fixed deposit to their savings or current account.

Recurring Deposits

Our recurring deposits (RDs) allow customers to choose a duration and amount to invest every month and earn guaranteed returns similar to regular fixed deposits.



Debit Cards

Apart from our carefully designed product portfolio, we offer a range of additional features and benefits tied together in our debit cards. Our debit card bouquet comprises:





RETAIL BANKING



Wheels

After financing commercial vehicles for years, now our wheels loan segment has expanded to fund a variety of needs related to vehicles.

Commercial Vehicle Loan

We help our customers grow their business and add more vehicles to their fleet.

Auto and Car Loan

With this loan segment, we help our customers fulfil their dream of buying their first car.

Tractors Loan

We provide loans for the purchase of new and used tractors; and support with re-finance as well.

Two Wheelers Loan

Our two-wheeler loan segment funds motorcycles, scooters and mopeds, among others.

Construction Equipment Loan

We offer simplified loans for procuring construction equipment to business owners.



Secured Business Loan

We help small entrepreneurs with loans that are available without much hassle and with easy repayment options.



Gold Loan

We help people optimise their investment with our easy gold loans.



Agri Term Loan

We support farmers to meet their production and investment credit requirements.

WHOLESALE BANKING



NBFC

Having been a part of the NBFC space ourselves, we have first-hand perspective and experience

of specific NBFC needs at various stages in their business cycles. We are committed to change this space with customer-centric approach.



Business Banking

We provide finance to micro small and medium enterprises (MSMEs), small and medium enterprises (SMEs) for their working capital needs to all segments of business.



Real Estate

Real estate developers can avail our loans to meet their working capital demands for various construction-related tasks.

GOVERNMENT BANKING



We have established a specialised government banking group to cater to banking requirements of governments and Public-Sector Undertakings (PSUs), various boards and other government departments.

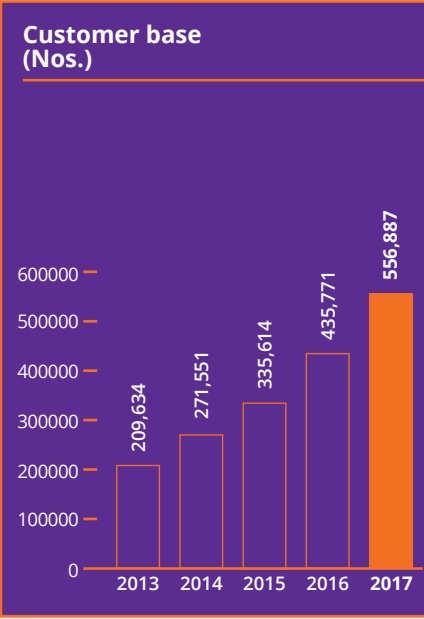
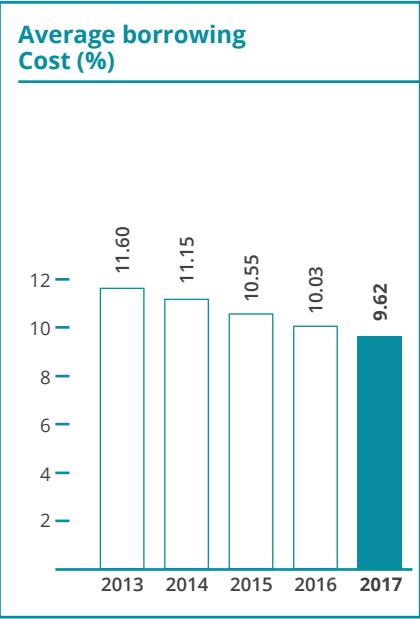
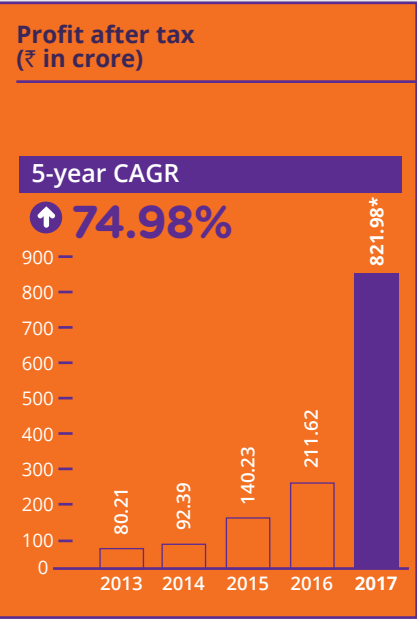
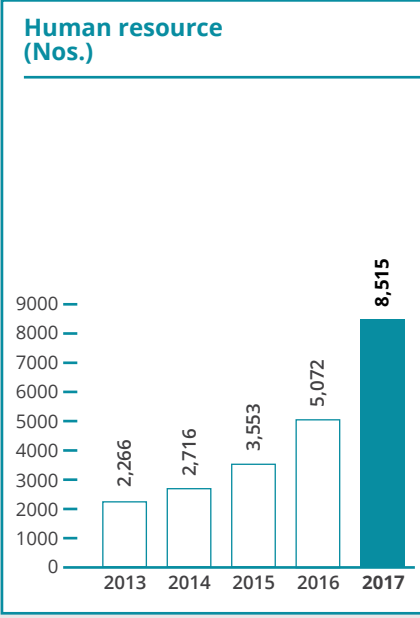
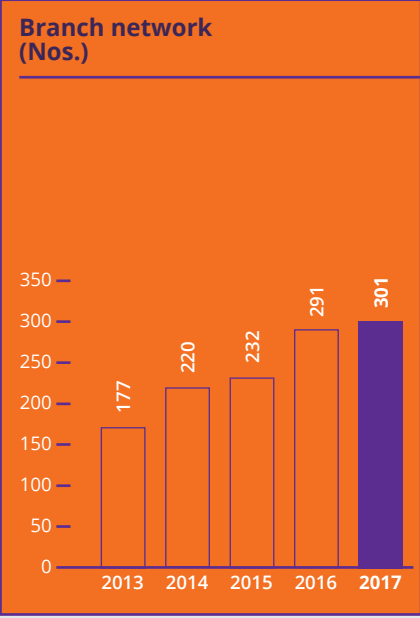
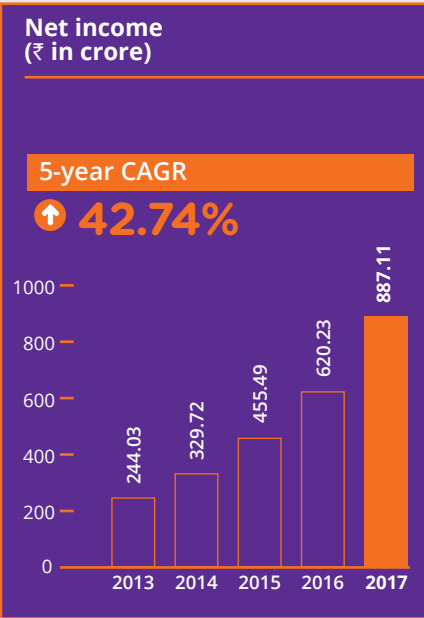
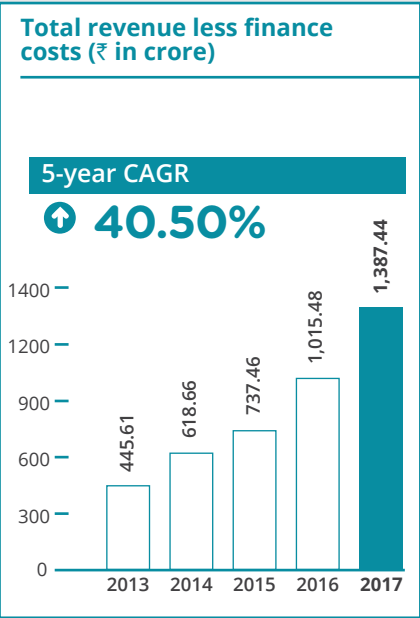
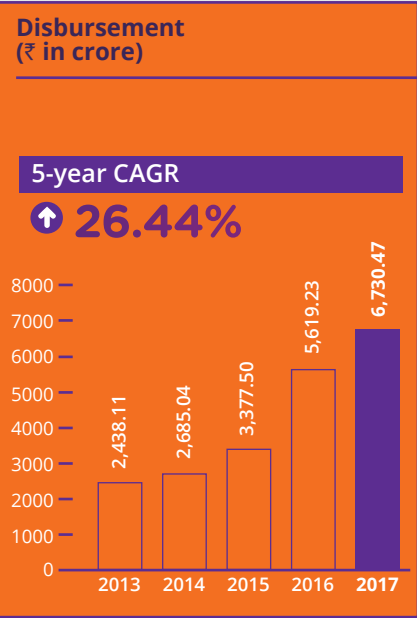
We provide them a custom-made 'institutional value proposition' by bundling the following:

- ▶ Sahyog, a special savings account for government institutions.
- ▶ Pragati, our exclusive salary offering for the respective government institutions or department's employees.
- ▶ Term deposits at attractive interest rates.





Our Performance



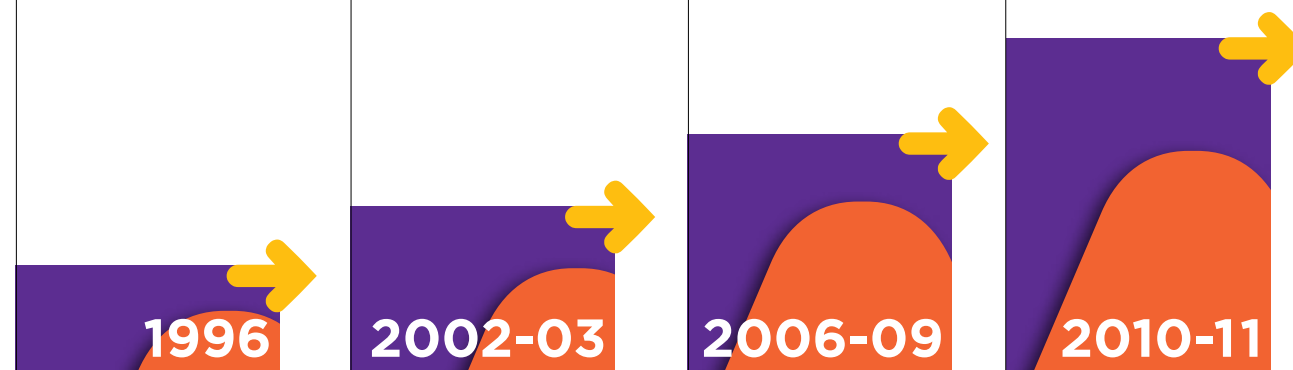
Key ratios	2012-13	2013-14	2014-15	2015-16	2016-17
Return on Equity	20.25	20.05	21.94	27.74	20.36*
Return on Assets	2.56	2.27	2.80	3.07	3.22*
Capital Adequacy Ratio (CAR)	20.82	20.44	18.54	17.10	23.04
Tier - I Capital Adequacy Ratio	17.12	17.45	17.07	13.66	21.46

\*Calculated after exclusion of profits from exceptional items.

\*PAT is including profit from exceptional items

## Building Blocks

- |  |  |   |   |
|--|--|---|---|
| <p>▶ AU's eventful journey started in 1996. AU SMALL FINANCE BANK LIMITED was initially incorporated in the name of L.N. Finco Gems Private Limited on 10th January, 1996. It was promoted by its founder, Mr. Sanjay Agarwal, a first-generation entrepreneur and an all-India rank holder Chartered Accountant. The Company was incorporated as a private limited company in Rajasthan, with an authorised share capital of ₹ 0.1 million.</p> <p>▶ The Company started its business with vehicle finance.</p> | <p>▶ The Company received the certificate of registration from the RBI under Section 45 IA of the RBI Act, to carry on the business of non-banking financial institution without accepting public deposits.</p> <p>▶ The Company built its commercial association with HDFC Bank, as a channel business partner on a risk-sharing model for its commercial vehicles (CV) business.</p> | <p>▶ The Company expanded its base to venture into Maharashtra.</p> <p>▶ The Company obtained an investment of ₹ 200 million from India Business Excellence Fund and India Business Excellence Fund-1 (private equity funds Advised by Motilal Oswal Private Equity).</p> <p>▶ The Company spread its reach into Gujarat.</p> | <p>▶ Received fresh certificate of registration under Section 45-IA of the RBI Act from the RBI, pursuant to which the RBI has classified our Company as a NBFC-ND-AFC.</p> <p>▶ The Company obtained investments of ₹ 350 million, ₹ 60 million and ₹ 140 million, from International Finance Corporation, a member of the World Bank Group (IFC), IBE Fund and IBE Fund-I, respectively.</p> <p>▶ The Company attained the status of 'Systemically Important Non-Deposit Taking Asset Finance Company'.</p> <p>▶ Started offering Housing Loans, through whole-time subsidiary, Au Housing Finance Private Limited.</p> <p>▶ The Company further expanded its operations into Punjab, Madhya Pradesh and Goa.</p> |
|--|--|---|---|



- |   |  |  |  |
|---|--|--|--|
| <ul style="list-style-type: none"> <li>▶ The Company obtained investments worth ₹ 1,500 million and ₹ 330.44 million from Redwood Investment Ltd (Fund Advised by Warburg Pincus) and International Finance Corporation (IFC, a member of the World Bank Group), respectively.</li> <li>▶ Established Au Insurance Broking Services Private Limited to provide insurance and broking services.</li> <li>▶ The Company's operations penetrated in Delhi, Himachal Pradesh and Haryana.</li> <li>▶ Credit rating upgraded two notches to CRISIL A / Stable for long-term credit facilities.</li> <li>▶ Forbes India featured Au Financiers as a company that attracted investors, despite economic slowdown.</li> </ul> | <ul style="list-style-type: none"> <li>▶ The Company was assigned credit rating of IND A+ / Stable for long-term credit facilities and IND A1+ for short-term credit facilities.</li> <li>▶ Received a credit rating of CARE A+ for long-term banking facilities by CARE ratings.</li> <li>▶ Became the only Asset Financing Company (AFC) to receive 'in-principle' approval from the RBI for establishing a Small Finance Bank.</li> </ul> | <ul style="list-style-type: none"> <li>▶ The Company received final approval from the RBI for transforming its business into a Small Finance Bank.</li> <li>▶ Brickwork Ratings upgraded long-term credit rating to BWRAA with stable outlook.</li> <li>▶ Assigned a credit rating of CRISIL A/ watch positive by CRISIL Ratings.</li> <li>▶ Pursuant to the RBI approval, dated 6th April and 18th May, 2016, the Company successfully divested its equity stake into Au Housing Finance Limited, Index Money Limited and Au Insurance Broking Services Private Limited at incredible valuation.</li> <li>▶ Pursuant to the RBI approval, dated 6th September, 2016, divested 29.53% of the total shareholding of M Power Micro Finance Private Limited.</li> </ul> | <ul style="list-style-type: none"> <li>▶ AU adjudged runner-up in 'Best Retail NBFC' category by Outlook Money Awards, 2016</li> <li>▶ In April 2017, pursuant to transformation of AU from an NBFC to Small Finance Bank, name of the Company was changed to AU Small Finance Bank Limited and commenced operation as a Small Finance Bank with focus on financial inclusion by providing banking services to unbanked and underbanked.</li> <li>▶ AU Small Finance Bank ₹ 1,913 crore IPO had overwhelming response and Bank got Listed on 10th July, 2017.</li> </ul> |
|---|--|--|--|

