

SEARCHABLE FORMAT

Ref. No.: AUSFB/SEC/2018-19/270

Date: 09th August, 2018

To,

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

Sub: Disclosure under Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Pursuant to the applicable provisions of the Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached Annual Report of the Bank for the Financial Year ended on 31st March, 2018, which has been duly approved and adopted by the Members as per provisions of Companies Act, 2013 at the Annual General Meeting of the Bank held on Tuesday, 07th August, 2018.

Kindly take above on your records.

Thanking You,

Yours faithfully,

FOR AU SMALL FINANCE BANK LIMITED

Sd/-

Manmohan Parnami

Company Secretary & Compliance Officer

Registered Office

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**

Building A bank U always wanted

EXECUTION PROPELLED BY
VISION | COURAGE | CONVICTION

Annual Report 2017-18



Ethics and
governance



Technology
driven



Ease
of banking



Financial
Inclusion



Customer
first

Building a differentiated bank

Last fiscal, we undertook one big leap; which was to transform ourselves into a bank and to accomplish that we took several important initiatives.

For us, becoming a bank was a natural progression and a well-earned extension of the relentless work of serving the financial needs of millions of unserved and underserved people for the last 22 years. At the same time, we fully realise the greater fiduciary responsibility that comes with the banking platform and as a

custodian of public money. In a short timeframe, we have already built a strong and robust risk, compliance and governance framework which is commensurate with scale and pedigree of this iconic platform of a bank.

In our transitioning, we were greatly aided by our background, long standing track record, differentiated business model, distribution franchise and strong execution focus. These

core USPs are helping us to establish ourselves faster on the banking platform.

Sticking to our DNA and management philosophy, we challenged the status-quo in banking and tried to bring in a fresh perspective with features such as monthly interest pay-outs on deposits, paperless and digital customer acquisition, no 'home branch' concept, extended banking hours, no slips for cash deposits or withdrawal or Real Time Gross Settlement (RTGS), among others.

FIRST-YEAR REPORT CARD

- Commenced banking operations on 19th April 2017 with 200+ bank branches. Gradually expanded to nearly 500 customer touch points covering 377 branches including 71 Bank Correspondents, 97 asset centres, 23 offices and 292 ATMs
- Initial Public Offer (IPO) of ₹1,913 crore (entirely Offer for Sale) – oversubscribed by 54x. Listed on NSE and BSE
- Got the Scheduled Bank status on 1st November 2017. Became a Fortune India 500 Company
- Long-term rating upgrade from India Ratings & Research and CARE Ratings to 'AA- / Stable'
- Leveraged distribution franchise for cross selling
 - Tied up with 17 asset management companies (AMCs) for distributing Mutual Funds
 - Corporate agency tie-up with Aditya Birla Health Insurance, Cholamandalam MS General Insurance

- Tied up with Future Generali Life Insurance (in April 2018)

- Started new product lines such as Agri-SME Loan, Gold Loan, Home Loan and Consumer Durable Loan. Installed 450+ point of sale (POS) machines

ALONG WITH THIS MAJOR TRANSITION, WE DELIVERED ANOTHER STRONG SET OF RESULTS

- Clocked 61% growth in disbursements, gross AUM grew ~49% to ₹16,038 crore and NNPA's stood at 1.3%
- Branch banking division got an encouraging and overwhelming response – Current Account (CA), Savings Account (SA) and Term Deposits clocked at ₹7,923 crore (including certificate of deposit of ₹1,181 crore)
- Despite impact of higher cost of transitioning reported PAT of ₹292 crore
- A dividend of 5% proposed by our Board

While we may seem to have addressed a lot of things in the first year, we feel that building a pan-India, trusted, preferred and a truly customer centric retail franchise will be a long-term journey. We look forward to tread this exciting journey with the continued support and guidance of all our stakeholders.

चलो आगे बढ़ें।

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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 December 2016)

Consistent growth trajectory

5-year CAGR

Gross assets under management

34.1%

Disbursements

34.7%

Total income

37.1%

Profit after tax

29.5%

Our world in a nutshell



11
States



306
Branches, 71 Business
Correspondents and
97 asset centres



292
ATMs



23
Offices



531,062
Deposit accounts



AA- / Stable
Long Term credit rating



11,151
Employees



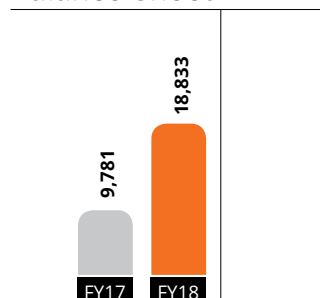
19.3%
Capital adequacy
ratio



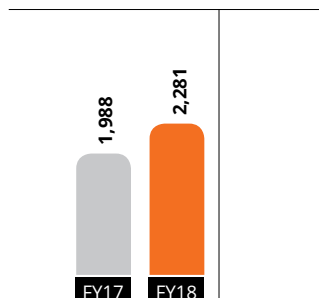
>1 lakh
General and health
insurance policies distributed

Key highlights

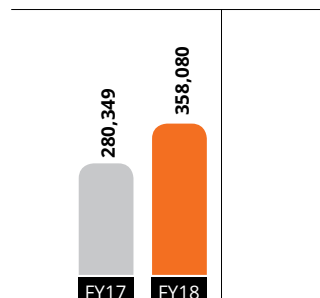
₹18,833 crore
Balance Sheet



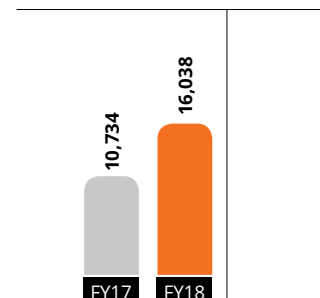
₹2,281 crore
Net worth



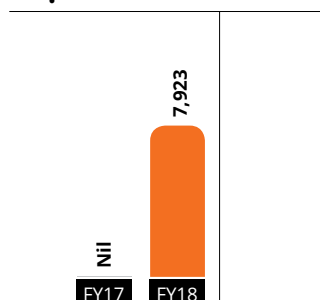
358,080
Active loan accounts



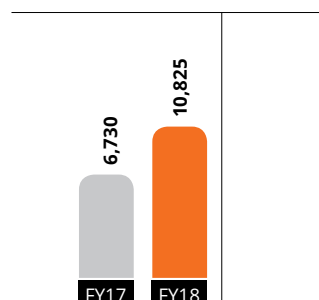
₹16,038 crore
AUM



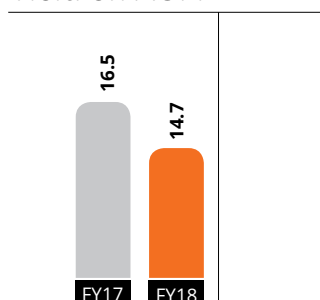
₹7,923 crore
Deposits



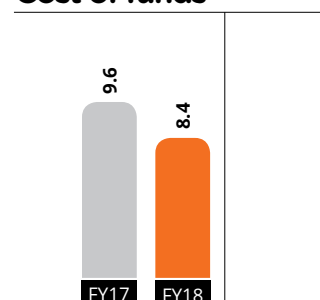
₹10,825 crore
Disbursements



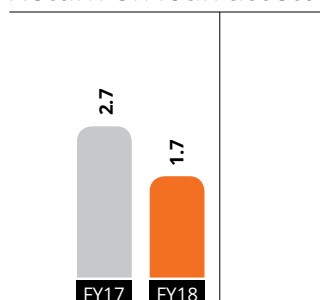
14.7%
Yield on AUM



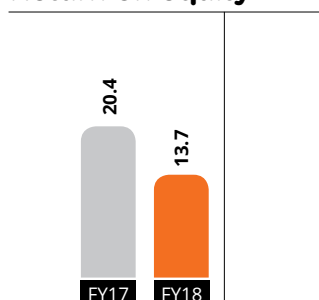
8.4%
Cost of funds



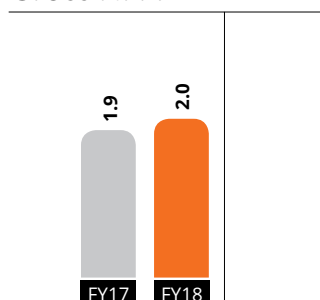
1.7%
Return on loan assets



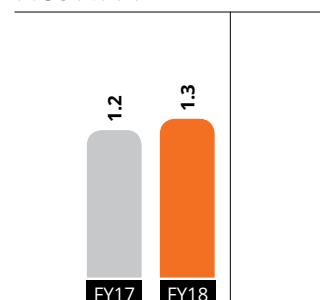
13.7%
Return on equity



2.0%
Gross NPA



1.3%
Net NPA



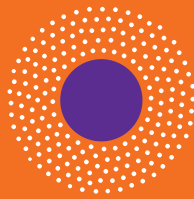
● Au Financiers (As NBFC) ● AU Small Finance Bank (As Bank)

*Graphs not to scale

Long Term Credit Rating: AA- / Stable (India Ratings, Care Ratings)

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

**AU Small Finance
Bank was given the status of a
Scheduled Bank
by Reserve Bank of India in
November 2017**



**We have reached a new
milestone. This year, AU Bank
featured in the list of**

**Fortune
India 500 companies**

**We could achieve these milestones
owing to the relentless support of our all
stakeholders**

Thank you for believing in us!

We had a successful track record of over two decades as an NBFC. In our new avatar as a next-generation bank, we remain committed to playing our part in the development of the nation.

A solid foundation and a differentiated business model, deep network of ~500 touch points, comprehensive product suites, strong customer service orientation and an execution-oriented team assures and motivates us to evolve, develop and scale new heights at this new banking platform. These attributes and our approach have helped us settle in fast and lay a strong foundation for future. We have made a small beginning, and have a long way to go.

We would like to thank our investors, shareholders, team members, customers and partners for their continued support throughout our journey.

We would especially like to thank Reserve Bank of India (RBI) for entrusting us with the responsibility of providing banking services to the unserved and underserved pockets of India to drive financial inclusion.

We would also like to thank SEBI, NHB, NABARD, IRDAI and SIDBI for their continued guidance and support.



एयू बैंक से जुड़े हर खास रिश्ते को धन्यवाद ।

Our journey

22 years of trust and service

We have evolved from a retail-focused Non-Banking Finance Company (NBFC) into a Small Finance Bank (SFB). Our operating model is lean, our credit processes are robust and our business model is technology driven and cost-efficient. Our recently expanded comprehensive product suite strongly aids us to holistically serve our customers for their banking, financing, investment and insurance needs.

Revisiting our past



FY95-96 to FY01-02

- Started by a first-generation entrepreneur as a Non-Deposit taking NBFC in one-room office with no capital
- Built the business with HNI support for six years



FY02-03 to FY06-07

- Became Channel Business Partner for HDFC Bank in Rajasthan and subsequently in Maharashtra



FY07-08 to FY14-15

- Attracted investment from Marquee Investors including Motilal Oswal, IFC, Warburg Pincus, Chrys Capital and Kedaara Capital
- Built successful subsidiary/associate companies – Au Housing and Au Insurance
- Expanded from one to six products and from one state to 10

