

Growing

the right way

SCALABLE

STABLE

BANKABLE

INCLUSIVE
GROWTH

CUSTOMER
CENTRIC

TEAM
ORIENTED

WELL
CAPITALISED

STRONG
GOVERNANCE

TECHNOLOGY
DRIVEN

DIFFERENTIATED
APPROACH

2018-19
ANNUAL REPORT



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Creating value for all stakeholders



PEOPLE

Nurturing a passionate team of

12,623

committed AU bankers.



CUSTOMERS

Delivering customised solutions to our

12 lakh+

loyal customers.



COMMUNITIES

We impacted over

2 lakh

lives through our social and financial inclusion drives.



SHAREHOLDERS

We have reported Total Shareholder Return (TSR) of

34%

as on 31st March 2019 from our date of listing 10th July 2017.

(Issue price: ₹358 and closing price (NSE) as on 31st March 2019: ₹595.6)

Welcome to AU Small Finance Bank

In India's dynamic banking landscape, we are focussed on remaining nimble with customer-first, ear-to-the-ground approach. At AU Small Finance Bank (AU Bank), we provide comprehensive banking services with simplicity and convenience, serve diverse set of customers and help drive India's inclusive growth agenda. Headquartered at Jaipur, Rajasthan, we are a Fortune India 500 Company and a Scheduled Commercial Bank.

We began our journey in 1996 as Au Financiers and under the guidelines of the Reserve Bank of India (RBI), worked relentlessly for over two decades as a retail-focussed, customer-centric, systematically important asset financing Non-Banking Financial Company (NBFC). We catered to the unserved and underserved low-and middle-income individuals and micro/small businesses, before starting of our banking operation in April 2017. This transition was a natural progression as it significantly complements our strong vintage in secured retail asset lending, last-mile distribution and local know-how, allowing us to serve our customers holistically for their financial requirements.

In the two years since we became a bank, we have added nearly a million new customers, grown distribution to 572 touchpoints and

expanded offerings to 27 products and solutions across key verticals of financing, deposits, insurance, transaction banking, mutual funds, business banking and digital banking.

As on 31st March 2019, our balance sheet size stood at ₹32,623 crore including total deposits of ₹19,422 crore with 15.2 lakh active customer accounts. We have consistently maintained a very good asset quality and a strong capital adequacy. Despite being in the investment mode, we have run our operations profitably, delivering strong results in all previous quarters, besides distributing dividend every year since listing.

We are listed on the NSE (AUBANK) and the BSE (540611). Marquee investment institutions such as Temasek Holdings, Nomura and Warburg Pincus have shown their faith in the AU franchise. Our promoter, MD & CEO, Mr. Sanjay Agarwal is ably supported by a team of 12,600+ passionate professionals.

A solid foundation and a differentiated business model, deep network, a comprehensive product suite, strong customer service orientation and an execution-oriented team motivate us to scale new heights in the new era of value-focussed, agile banking.

572

Touchpoints (322 bank branches, 86 banking outlets, 83 asset centres, 67 Banking Correspondents and 14 offices)

543*

ATMs

1,00,000+

Internet and mobile banking users

AA-/Stable

Long-term credit rating from four rating agencies (CRISIL Rating, India Ratings, ICRA Ratings and CARE Ratings)

*Including 251 ATMs in collaboration with RajCOMP Info Services Ltd. (RISL) and Cash Management Services (CMS)

Growth Attributes

Strong performance
underpinned by
quality

BALANCE SHEET SIZE (₹ in crore)

32,623
FY 19

18,833
FY 18

73% ▲

LOAN ASSETS UNDER MANAGEMENT (AUM) (₹ in crore)

24,246
FY 19

16,188
FY 18

50% ▲

ACTIVE LOAN ACCOUNTS (No.)

4,95,209
FY 19

3,58,080
FY 18













38% ▲

DISBURSEMENTS (₹ in crore)

16,077
FY 19

10,825
FY 18

49% ▲

YIELD ON AUM (%)	DEPOSIT ACCOUNTS (No.)	RETURN ON AVERAGE EQUITY (ROAE) (%)
 FY 19 14.3 FY 18 14.7 42 bps ▼	 FY 19 10,28,726 FY 18 5,31,062 94% ▲	 FY 19 14.0 FY 18 13.7 35 bps ▲
GROSS NPA (%)	COST OF FUNDS (%)	NET WORTH (₹ in crore)
 FY 19 2.0 FY 18 2.0 3 bps ▲	 FY 19 7.9 FY 18 8.4 54 bps ▼	 FY 19 3,163 FY 18 2,281 39% ▲
NET NPA (%)	NET INTEREST MARGIN (NIM) (%)	CAPITAL ADEQUACY RATIO (CAR) (%)
 FY 19 1.3 FY 18 1.3 2 bps ▲	 FY 19 5.5 FY 18 7.0 145 bps ▼	 FY 19 19.3 FY 18 19.3
DEPOSITS MOBILISED (₹ in crore)	RETURN ON AVERAGE TOTAL ASSET (ROAA) (%)	CAPITAL ADEQUACY RATIO - TIER I (%)
 FY 19 19,422 FY 18 7,923 145% ▲	 FY 19 1.5 FY 18 2.0 56 bps ▼	 FY 19 16.0 FY 18 18.4 246 bps ▼

AU Bank DNA

Bridging aspirations and achievements

For over two decades, we have been relentlessly serving our customers in the remotest locations of North, West and Central India and helping them fulfil their aspirations.

Now, as a modern young bank, we have further expanded our spectrum of offerings with a solutions-orientated attitude. Our comprehensive product suite supports the financial aspirations of our customers for their savings, payments, transactions, borrowings, investments and insurance requirements. Our deep local know-how and strong focus on customer centricity differentiate us and allow us to empower and transform the lives of our 12 lakh+ customers.

At AU Bank, financial inclusion goes beyond providing banking services to the unreached. We empower our customers' journeys and believe in '*Unki jeet mein hamaari jeet hai*' (We win when they win).

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.

Mission

To build one of india's largest retail franchise 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+ million delighted customers



INTEGRITY

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



NURTURE TALENT AND SUCCEED TOGETHER

We nurture talent and together we are a great team



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



CUSTOMER FOCUS

If our customers need it, we will make it happen



BIAS FOR ACTION

Urgency in everything we do



RESPONSIBLY ENTREPRENEURIAL

100% ownership and 0% excuses

AU Dharma

The way we work

Our six guiding pillars of AU Dharma underpin the way in which we work and deliver. Each of these tenets positively influences us to do the right things and in the right way.

Product Suite

Delivering on customer aspirations

We aspire to be an all-in-one bank for our customers with a wide range of financial products and services that meet their every need. We are committed to continuously upgrading our products and solutions in line with the evolving needs of our customers.



**VEHICLE
LOAN**



**COMMERCIAL
VEHICLE LOAN**



**TRACTOR
LOAN**



**TWO-WHEELER
LOAN**



**SECURED
BUSINESS LOAN
-MSME/SME**



**HOME
LOAN**



**GOLD
LOAN**



**AGRI-SME
LOAN**



**CONSUMER
FINANCE**





**CONSTRUCTION
& BUILDER
FINANCE**



**BUSINESS BANKING,
TRADE FINANCE
& FOREX**



**NBFC/HFC/MFI
LENDING**



**SAVINGS
ACCOUNT**



**CURRENT
ACCOUNT**



**FIXED & RECURRING
DEPOSIT**



LOCKER



**POS
MACHINE**



**MUTUAL
FUND**



**LIFE & HEALTH
INSURANCE**



**GENERAL & FIRE
INSURANCE**



**EXPERIENCE
24X7 BANKING WITH
OUR MOBILE AND
NET BANKING SERVICES**

**DOWNLOAD
AND
EXPERIENCE
OUR AU
ABHI APP**

GET IT ON
Google Play



Growing the right way

India's banking sector is one of the most resilient, firmly regulated and well-capitalised financial ecosystems. Further, a population base of 1.3 billion people, Government's focus on financial inclusion and a fast emerging digital infrastructure present stellar growth opportunities therein.

Capitalising on our two-decade rich expertise as an NBFC, we have successfully traversed the early days of our banking journey. We remain committed to playing our part in the nation's progress while scaling as a next-generation bank.

As a Bank, we began our journey when the economy was transitioning through three key reforms: Demonetisation, Goods & Services Tax (GST) rollout and Insolvency and Bankruptcy Code (IBC). Despite the macro headwinds, we maintained a strong momentum in asset lending while maintaining stable asset quality. We also gained healthy traction in our deposit franchise. However, this is just the beginning, and we have a long way to go.

Our strategy has always been to challenge the status quo. As a new-age bank, we sidestepped some of the benchmarked industry processes and features. We ushered in several unique banking innovations, including

monthly interest pay-outs on Savings Account, paperless and digital customer acquisitions, no 'home branch' concept, extended banking hours, no slips for cash deposits or withdrawal and no form for Real Time Gross Settlement (RTGS) transactions. We also expanded our network and distribution, and extended our products and services offering.

In addition, we fortified our systems and processes by investing in critical areas of compliance, risk management, distribution, governance and information technology. For more details on these initiatives, please refer to our Annual Report of FY 2017-18, (www.aubank.in/annual-report).

In our second year, we continued to gain newer insights and experiences. Our efforts were anchored on building a Stable, Scalable and Bankable institution. We maintained our focus on regulations, governance, compliance, asset quality, customer convenience, customer

centricity, business prudence, risk management, financial inclusion, digitalisation and profitability.

Our aim is to be among the first port of call for our customers and remain relevant for all their banking requirements. To achieve this, we will make judicious investments in the key domains of **digital, data and distribution**; make our value proposition superior and stronger, manage our risks better and run our operations profitably, which will allow us to **delight** our customers, shareholders, people, regulators and other stakeholders.

We believe, with the macro and micro trending in happy harmony, India is now at a vantage point for exponential value creation. We hope to enjoy the continued trust of all our stakeholders to help us grow responsibly and the right way.