

Saluting



Real Life Heroes

COURAGE | COMPASSION | CHARACTER

HopeOnTheHorizon

PLASMA DONOR
QUARANTINE VENTILATOR N-95 MASKS
ESSENTIAL SERVICES D-DIMER
WORK FROM HOME
BIO BUBBLE
ISOLATION
HERD IMMUNITY
SOCIAL DISTANCING
PHYSICAL DISTANCING
FALSE NEGATIVE
QUARANTINE
PANDEMIC
STAYING STRONG
COVID POSITIVE
ASYMPTOMATIC
PPE KITS
RT-PCR
FRONTLINE WORKERS
SECOND WAVE
SANITIZERS
PHYSICAL DISTANCING
CONTAINMENT ZONE
VACCINATION
MORATORIUM
LOCKDOWN
REMDESIVIR
ANTIBODIES
K-SHAPED RECOVERY
FLATTENING THE CURVE
NEW NORMAL
DOUBLE MASKING

Courage

of more than a billion
bravehearts shines in
the darkest hour

11th March 2020 was just like any other day. It was Wednesday, and billions of people in India and other parts of the world went about with their lives just as they did always – going to workplaces, meeting people, travelling, having food and drinks together, shaking hands and hugging each other. Yet on that day, the World Health Organisation, after much deliberation and analysis, declared the virus COVID-19 as a global pandemic. A lethal invisible enemy with power to destroy lives and livelihoods, suddenly emerged on the global consciousness from nowhere.

**For India,
the challenge
was more
overwhelming.**

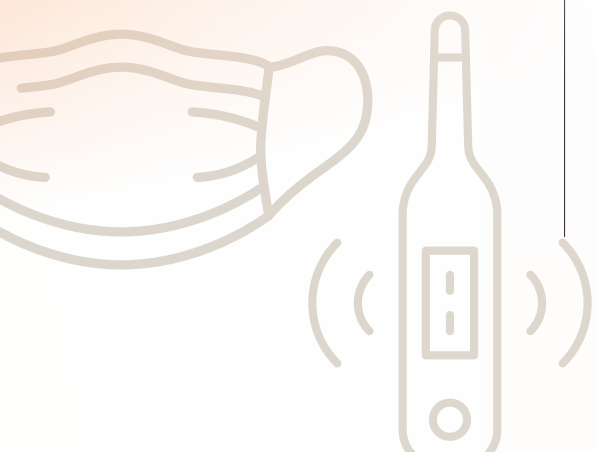
The reasons:
Large and dense
population which
makes social
distancing very
difficult; stretched
healthcare
infrastructure
and very
little time on hand.

However, the citizens of India showed exemplary courage and maturity in dealing with the menace. India's COVID-19 diary of FY 2020-21 is replete with supreme sacrifices of citizens and proactive initiatives of institutions, which complemented each other and rallied together.

Here is a brief account of the major events that led to India's efficient and effective response:

- On 24th March 2020, the Government of India imposed a nationwide lockdown for 21 days, limiting the movement of 1.38 billion Indians, to contain the virus spread
- With coordination among central and state governments, India's healthcare infrastructure was quickly ramped up and doctors, along with frontline healthcare workers, knew that they had a mission to achieve like no other before
- It became incumbent upon the essential services to keep things running and support the people who were unable to step out of their houses. Individuals employed in hospitals, pharmacies, police and security services, civic services, administration, fruits and vegetable selling, grocery stores, dairy, banking and insurance, media, e-commerce etc. along with volunteers from NSS, NCC etc. rose to the occasion and displayed character in fighting this pandemic
- Responding to the Prime Minister's call to show gratitude to frontline workers, citizens across the country clapped and lighted candles on 22nd March and 5th April 2020
- The Government of India's calibrated policy stimulus began with direct support in cash and distributed essentials, and progressively broadened into a comprehensive package (AatmaNirbhar Bharat Abhiyaan) to provide support to the various sectors of the economy, and the most vulnerable sections of society. In FY 2020-21, it cumulated to 15.7% of GDP, including liquidity and other measures taken by the RBI
- Entrepreneurs, actors and philanthropists contributed generously to support the vulnerable sections of society, especially migrant workers who needed help in returning to their homes
- By maintaining national supply chains, Indian Railways ensured critical help in the nation's darkest hour since the Partition. During the last year's lockdown, 60 lakh migrant workers took 4,450 Shramik specials to reach their home states. Railways prepared 4,000 coaches with 64,000 beds as isolation wards for COVID patients. Oxygen Express trains are serving the nation during the second surge of the virus
- As on February 2021, 174 doctors, 116 nurses and 199 healthcare workers laid their lives to save millions of others. A large number of security personnel and civic staff also succumbed to the infection while fulfilling their duty to ensure proper implementation of COVID-related guidelines
- India has always been proactive in supporting the global community in times of dire need. Even as India was organising its vaccine roll-out, the Government of India announced an elaborate 'vaccine diplomacy' strategy for providing vaccines to most of its neighbours (Afghanistan, Bangladesh, Bhutan, Maldives, Nepal, and Sri Lanka), and a sizable number of other developing countries, including those from Africa and South America
- India's scientists showed fine acumen in rolling out an indigenously developed vaccine to inoculate the population, while vaccines imported from other countries were simultaneously rolled out for maximum coverage. On 16th January 2021, India commenced one of the largest vaccination drives in the world. By the end of June 2021, India had administered over 30 crore doses which included both first and second doses

We, at AU Bank, salute the resilient spirit and hard work of the frontline workers, governments and institutions. It is because of their relentless efforts that today we are better prepared to deal with the pandemic. As we, as a nation, stretch our resources and endurance to eradicate the virus, the finest aspects of human character and capability are increasingly coming to the fore.



A global movement expands the circle of compassion

As the second wave of COVID-19 ravaged large swathes of India, hospital beds, oxygen supplies, blood plasma, and medicines became scarce. To provide help, a citizen's movement gained momentum as common people took to social media – posting helplines and responding to requests from unknown people.



Indian corporates joined hands with the Government extending leadership, solidarity and collaboration to deal with the pandemic. It is estimated that private and public sector corporates used their Corporate Social Responsibility (CSR) funds to contribute ~USD 750m to the PM CARES Fund along with various associations, industry bodies and individuals. The Government also leveraged public-private partnership to create applications like 'Arogya Setu' and 'Co-WIN' which helped in registration, tracking, tracing and administration of various COVID-related measures. Numerous corporates came forward and voluntary groups were formed to arrange for critical supplies (medicines and oxygen) and set up hospital-like facilities; Automobile majors committed to using their supply lines to produce ventilators; several non-profit organisations provided food and other essentials to quarantined individuals; and IT companies and various institutions built live dashboards and tracking applications.

COVID 2.0

As India grapples with a devastating second wave, one aspect of the crisis stood out as a silver lining: the world responded with unparalleled solidarity. Valuable consignments of urgently required medical equipment like liquid oxygen, oxygen generators and concentrators, ventilators and drugs like Remdesivir and Tocilizumab, poured in from across the continents. Over 40

countries committed to providing India with essential supplies that we urgently needed.

The outpouring of solidarity with India was not only at the Government-to-Government level, but we also saw contributions from multinational corporates and the Indian diaspora across the world. As India's External Affairs Minister Shri. S. Jaishankar aptly quoted, "What you describe as aid, we call friendship." The policy of extending friendship and support to developing and developed countries by sending medicines like hydroxychloroquine, paracetamol etc. and vaccines when they were in peril during the first wave was reciprocated when coronavirus cases surged in India during the second wave.

On 30th April 2021, India became the first country to report over 4 lakh new cases in a 24-hour period. Amidst the surge in daily cases, also came the story of a rising force in India, one where every individual stepped up to help the other. Numerous stories of real-life unsung heroes came to the fore – people who showed endless kindness to unknown people just on one call on social media platforms like WhatsApp, Twitter, Instagram and Facebook.

They may not be on the frontline, but these people made large difference by rallying volunteers, building digital tools to disseminate verified leads and information, auctioning their talent to raise awareness and money for charity, setting counselling workshops or simply giving a free ride to people visiting hospitals.

A photograph of two men wearing face masks, sitting at a desk and looking at documents. The man on the left is wearing a grey shirt and a blue surgical mask, with a lanyard around his neck. The man on the right is wearing a blue shirt, glasses, and a blue surgical mask. They are both looking down at papers on the desk. The background is slightly blurred, showing an office environment with a clock on the wall.

We can't heal the world
today, but

resilience of human character

is the first step
towards achieving it.

We, at AU Bank, are happy to serve our customers, people and communities to help ease suffering and stand together with all citizens.

As a trusted institution for millions of people for over 25 years, we knew that our responsibility to show resilience in the face of an overwhelming adversity was utmost. We took this challenge as an opportunity to serve our customers, serve the nation and play our role as an essential service provider with compassion and empathy.

Communication became key in this entire period – be it with customers or with employees. Working from their homes, various sales, credit and operations team ensured they reach out to our customers, explain them about the pandemic, check on their well-being and if needed, provide support, wherever possible. For employees, information about the disease, the necessary safety protocols to combat the virus, and the emergency contact details become a key part of communication. We reached out to all our employees via digital platforms, mailers and information pamphlets to detail out what they need to do, how to deal with the pandemic and how to protect themselves while continuing to serve our customers.

Despite operational challenges, the Customer Support team at AU Bank worked hard to provide a seamless banking experience. We kept our branches open, maintained 100% uptime on all our digital channels and provided doorstep banking for the convenience of citizens. We managed this while adhering to all prescribed safety protocols, local lockdown rules and regulatory guidelines.

We initiated various measures to address community priorities, and extended help to healthcare and frontline professionals, among others. We also supported various organisations, including the state governments, in amplifying their initiatives. Overall, our efforts benefitted 5+ lakh people through the year.

The Bank, along with AU Foundation, undertook multiple initiatives to contribute to societal well-being. Apart from committing ₹5 crore towards COVID-19 relief measures (including ₹2 crore to PM CARES Fund and ₹51 lakh each to Delhi and Maharashtra Chief Minister), the team worked tirelessly towards providing hot-cooked meals, dry-ration kits and sanitisation equipments to the vulnerable sections of the society.

The second wave was more severe on us when we lost 13 of our employees compared to loss of one life in the first wave. We deeply mourn the loss of our 14 dear friends and colleagues to COVID. We are taking all necessary steps to combat the pandemic-induced crisis and with every passing day, we are bringing back normalcy and robustness in every aspect of our operations. We are optimistic about witnessing a stronger drive for revival and inclusive growth. We look forward to the continued support of all stakeholders, as we navigate the new normal.

Read more on page 40-44

Inspired by real life heroes

Amidst the headwinds unleashed by the pandemic, India's frontline heroes have walked the talk – leading by example and demonstrating virtues that inspire us all.



“Unprecedented times need unprecedented effort. Since last year and a half, entire humanity has come together to solve COVID-19. We thought that each one of us must contribute to make things better for our loved ones. We felt every skill in the right direction would help solve this problem faster, may it be a healthcare provider or anyone else. Being a group programmer, we are proud that we contributed in a small way last year with Aarogya Setu and this year on Eka care. So, let's be positive, motivated, optimistic and come out even stronger & more competent than ever before.”

Vikalp Sahani
CEO, Eka Care & Volunteer Architect of Arogya Setu

We are grateful to these intrepid warriors, whose efforts and supreme sacrifices are bringing us closer to victory against the virus every single day.

COVID-19 has attempted to rip apart the very fabric of our lives, but human resilience

will triumph in the end. It has proved to be far more powerful than any threat to our existence on the planet.

We, at AU Bank, put our faith in the human attributes of courage, compassion and character that have made progress possible for centuries.



As we continue our journey, we are reminded of the Greek philosopher Epictetus' eternal wisdom.

“The greater the difficulty, the more glory in surmounting it.”



AU BANK
0101
GATEWAY TO
DIGITAL LIFE

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We are building one of India's best-in-class retail banking franchise with the goal to make the banking experience of customers much simpler and sharper. For over 25 years, we have built ourselves and accomplished many milestones, and now, the power and responsibility of the banking platform attained in the last 4 years is helping us evolve significantly. We have made significant strides in our journey of becoming a tech-led, retail-focused Bank with a sustainable business model supported by strong regulatory guidelines. As the world fast-tracks digital adoption, we are reimagining processes, capturing customers' imagination, and building contemporary digital infrastructure to make a more resilient enterprise. We are automating routine operations and making complex decisions simpler by adapting to changing realities and leveraging technology.

We offer 30+ products across 15 states and two Union Territories of India. AU Bank is a Fortune India 500 Company, enjoying the trust and support of millions of customers and stakeholders.

Achievements

20 lakh+

Live customer base as on 31st March 2021 (Asset +Liability)

5.5 lakh+

New customers acquired

1.8 lakh+

Vehicles financed with Wheels Loans

35K+

Businesses transformed with Secured Business Loans (SBL)

FY 2020-21

In our journey towards providing a simpler, smarter, safer and rewarding banking experience to our customers, digital is central in our way forward.

Our constant endeavour is to ensure that our customers across regions benefit from our stability as a well-governed Bank, and our presence in the digital ecosystem. We see ourselves as the bridge that connects the financially underserved and accelerates change in the society – a change that benefits all and includes all. In the span of four years as a tech-led, customer-centric and retail focused bank, we have taken a number of key initiatives, while adding new products and service journeys along the way.

Today, we have almost four lakh Netbanking/ Mobile Banking users, and the number is growing fast. To drive scale, we are constantly innovating to drive end-to-end contactless banking. We are also expanding our branches and other touchpoints across Urban and Core markets. Our approach is differentiated based on the markets we operate in, and the customers we engage with.

The emphasis is always on staying close to the customer, understanding his/her financial requirements, and then providing services that help build trust. Our systems and processes are built to bring method to the madness of retail banking and pursue quality growth that is customer-centric, scalable and sustainable.



Digital banking highlights

3.7 lakh*

Mobile/Internet banking registered customers

61%

Of financial transactions through remote channels (including current account)

75 K

QRs installed

2.2 K

Accounts opened through Video KYC

*excluding closed accounts
Numbers approximated and rounded off.
Figures of FY 2020-21

About the report

This report is prepared in accordance with the International Integrated Reporting Council's (IIRC) International <IR> Framework. It provides our stakeholders with a concise and fair assessment of our ability to use our experience and expertise to create sustainable value.

Reporting period

The report covers the period between 1st April 2020 and 31st March 2021. This report provides material information relating to our strategy and business model, operating context, material risks, stakeholder interests, performance, prospects and governance.

Reporting boundary

The report covers the Bank's primary activities across all operating geographies, operations, business segments and key support functions.

Financial and non-financial reporting

The report provides both financial and non-financial performance, opportunities, risks and outcomes attributable to or associated with our key stakeholders, which have a significant impact on our ability to create value.

Materiality

Our material issues are most important to us and our stakeholders and have an impact on our ability to create value. These topics are influenced by the economic, social and environmental context in which we operate.

Targeted readers

This report is primarily intended to address the information requirements of long-term investors (existing and prospective). We also present information relevant to the way we create value for other key stakeholders, including our people, clients, regulators and society.

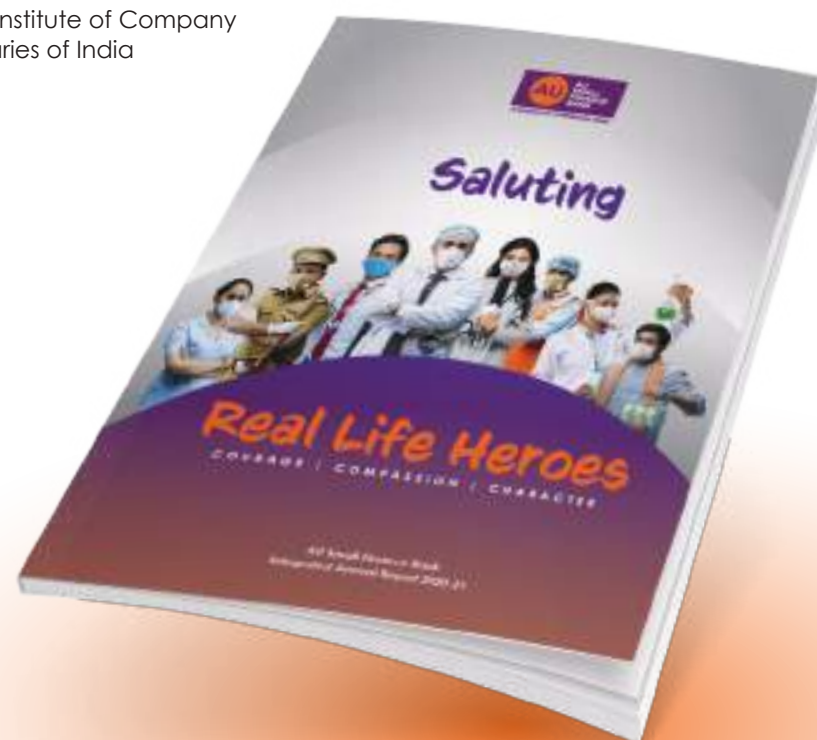
Framework, guidelines and standards

This report has been prepared in accordance with the below principles and guidelines:

- International Integrated Reporting Framework of the International Integrated Reporting Council (IIRC)
- The Companies Act, 2013 (and the rules made thereunder)
- Indian Accounting Standards
- Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
- Secretarial Standards issued by the Institute of Company Secretaries of India

Responsibility statement

The management acknowledges the integrity of this integrated report, which in our opinion addresses all the issues that are material to the Bank's ability to create value and fairly presents its integrated performance. The management has applied their mind collectively to the preparation and presentation of this report and confirms that this report has been prepared in accordance with the International <IR> Framework.



Navigation icons

Our capitals

Our ability to create long-term value is fundamentally dependent on various forms of capitals available to us (inputs), how we use them (value-enhancing activities), and the value we deliver (outputs and outcomes).



Financial capital

Our shareholders' equity, funding from investors, depositors and lenders, and retained earnings used to drive our business and day-to-day operations.



Manufactured capital

Our wide branch network, digital assets and best-in-class IT infrastructure provide a solid platform for us to conduct business and create value.



Intellectual capital

Our differentiated digital eco-system across products and services, communication capabilities, applications, data analytics and cyber security.



Human capital

Our professional team with their diverse skills, range of experiences, and motivations to develop, improve and innovate processes, products and services through meritocracy, team-work, leadership and collaboration.



Social and relationship capital

Our key stakeholders and how we engage with them, reflecting our ability to share value and to improve individual and collective well-being.



Natural capital

Our impact on natural resources through our operations and business activities. Steps taken to manage include attempting to remain carbon-neutral and effective usage of energy and waste management.

Our strategic objectives



Build a credible, trust-worthy and sustainable bank that inspires generations to come



Act as a responsible catalyst to serve financial needs of the unserved and unreached



Bring efficiency in intermediation between savers and borrowers



Unlock human potential

Our key stakeholders

- Customers
- Employees
- Regulators and Governments
- Partners and Associates
- Society
- Environment
- Investors and Shareholders



Corporate identity

A culture of transparency and high performance

On the strength of a culture of transparency and high performance developed over the years, we have earned a leading position in India's Small Finance Bank (SFB) universe. Our expertise in the banking platform is supported by our strong IT backbone, prudent risk management framework and robust human resource processes, policies and systems.

We have completed four years as a Bank and our successful navigation of the challenges in FY 2020-21 was a result of our 25+ years of working on the ground and staying connected with our customers.

With the evolution of technology and adoption of digital channels, traditional definition of 'Trust' is being redefined. Vintage of an institution does not guarantee trust and loyalty of its customers anymore. The new-age customer is ever more demanding and seeks convenience, consistency and reliability. The exponential rise of ecommerce and start-ups is a testimony of this emerging trend. Thus, as a tech-led bank with a focus on retail assets and liabilities, we are well-positioned to earn the 'Trust' of our customers and stakeholders.

At AU Bank, we are optimising the mix of physical infrastructure and digital capability ('Phygital') to expand our network and become a pan-India bank.

As we customise our services in accordance with the personas of our target audience in the Urban markets, we continue to strengthen our offerings for our Core centres.

Our strong presence in rural and semi-urban markets enables us to deliver essential banking services to the last-mile customer and our urban branches act as a catalyst for bringing efficiency in intermediation between savers and borrowers. Our community intervention, propelled by AU Foundation, primarily focuses on livelihood enhancement, sports for development, and financial and digital literacy.

As we move forward, we will continue to leverage our brand outreach, digital capabilities, local insights, balance sheet strength and pricing power to optimise the risk-return metrics and generate positive outcomes for all our stakeholders.

Bank in numbers

₹51,591 cr ↑ 22% Total balance sheet assets	₹37,712 cr ↑ 22% Loan assets under management	₹35,979 cr ↑ 38% Deposits	₹6,275 cr ↑ 43% Net worth
₹1,171 cr ↑ 73% PAT	23.4% ↑ 545 bps Return on average equity (ROAE)*	23.4% ↑ 138 bps Capital adequacy ratio	2.2% ↑ 137 bps Net NPA

*ROAE calculated after subtracting ₹625.5 crore raised in March 2021 from Net Worth

Figures of FY 2020-21
 ↑ YoY Growth

Our Touchpoints



Note: Core Market Banking and Urban Market Banking is AU Bank's internal terminology.